

THE BROOKINGS INSTITUTION

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GOVERNING GLOBAL CITIES FOR GROWTH AND OPPORTUNITY
A CONVERSATION WITH
LONDON MAYOR BORIS JOHNSON AND
SAN DIEGO MAYOR KEVIN FAULCONER

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Moderated Conversation:

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P R O C E E D I N G S

MR. SCHER: Good afternoon. We're going to get started. I want to welcome -- I'm Peter Scher and I'm welcoming you first in my capacity as a member of the Board of Trustees of The Brookings Institution. And I may be a little biased, but it's hard to imagine another institution, frankly, around the world, as we were just talking about with Mayor Johnson, that plays such a central role in the critical policy challenges facing leaders around the world.

I'm also here to welcome you as the head of corporate responsibility for JPMorgan Chase. We joined with Brookings back in 2012 to launch the Global Cities Initiative. What became clear to us is with nearly half of all global economic output coming from just 300 metropolitan regions, cities have become the most important engines of economic growth. And cities are clearly our best chance of providing genuine economic opportunity for more people. And with the Global Cities Initiative, or what we now refer to GCI, is doing is helping cities with data, with analysis, with collaboration to understand their core strengths and develop actionable plans to expand their global reach and to create the kind of network city-to-city to provide the type of advanced trade and commerce, to examine best practices, and to provide forums like this one today.

And what's been clear, over the last three years we've brought this initiative to cities all over the United States, to Europe, to Asia, to Latin America. And mayors and leaders face common but significant challenges, and they face these challenges at a time where the federal governments from all countries are increasingly unable to provide either leadership or resources. So as the *Miami Herald* noted when talking about this initiative, cities can't wait around for the federal government to come riding to the rescue. They have to become more innovative. They have to become more dynamic. They have to find new ways of addressing old problems because the old ways

of governing, the old dependencies on receiving national help, the old ways of thinking will only lead to a dead end. And they're recognizing that they can't do this alone, that meeting these challenges will take genuine collaboration among the public and the private and the nonprofit sectors.

We couldn't find two better examples of cities and city leaders who recognize and are providing this new kind of leadership than our guests today. London may be the most visible global city. It has been called the quintessential city, a crossroads of trade, of banking, of culture, ideas, of diplomacy. It is the most visited city in the world. But even London is looking for opportunities to grow and has been active participant in this initiative.

For those of you who have not had the honor or I should say experience, the Mayor of London is simply referred to as Boris. He is on a first-name basis with more than 8 million residents of greater London and has a unique style of governance, which is symbolized by bicycling to work through the streets of London. And I can tell you from firsthand experience he is an ever-present promoter of London at home and abroad. And he is also very mindful of London's place in the British economy and in the European Union.

San Diego is a half a world away, but it's the eighth largest city in the United States with nearly 1-1/2 million residents. And San Diego has begun to reach out to cities in the United States and abroad, becoming a key player in the Pacific Basin. And despite its long history with military bases and its tourist industry, San Diego has begun to redefine itself by building new markets and businesses, high-tech industry, healthcare, medical devices, and it has an enviable reputation. And San Diego also has become a tremendous source of energy and commitment to the GCI program.

Mayor Faulconer, who was elected last March after serving several

terms on the San Diego City Council, brings a key understanding of financial challenges at a time when California is facing many and is well known for his work. I have to say, I mentioned, I work Tuesday morning in New York to see the mayor on CNBC, and he was baited by one of the journalists talking about the relationship between San Diego and Mexico and wanted to sort of get him to rail against immigrants and the Mexico relationship. And he said, no, no, let's talk about the strengths of this region. I told Bruce it would have made him cry just to listen to it.

San Diego and London are just two very strong examples of how cities are increasingly seeing the benefits of being part of a global network. So we thank you both for being here.

It's a great pleasure for me to turn the program over to Bruce Katz, who, I think, as most of you know, is the co-founder and the director of the Metropolitan Policy Project, director of the Global Cities Initiative. And I think there are very few people I can imagine who have written about, who have thought about, who have spoken out as much about the critical role that cities play in the world than Bruce Katz. He has been called the Yoda of cities. (Laughter) Well, I've called him the Yoda of cities.

Please welcome Bruce Katz, Mayor Johnson, and Mayor Faulconer.

(Applause)

MR. KATZ: Thanks, Peter, for that introduction, I think, to be called the Yoda of anything. And welcome, everyone, and welcome, also, to folks who are watching on the live stream. And so we will be taking questions via Twitter.

As Peter said, the Global Cities Initiative is really about the evolving role of cities and the evolving role of mayors. I mean, no one disputes that cities are the engines of their national economies and the centers of global trade and investment. And, frankly, now mayors have to grapple with issues like the health of advanced

manufacturing, health of advanced industries, exports, foreign investment, in addition to their traditional remit around planning and housing and transportation and crime and education. So this is really the new world order which is an urban age, a city order.

So, Boris, I'm going to start with you.

MAYOR JOHNSON: Bruce, yes.

MR. KATZ: Welcome to Brookings.

MAYOR JOHNSON: Thank you.

MR. KATZ: We are all Londonphiles here.

MAYOR JOHNSON: Well, great, great. A joy to be back in Washington, where I last lived here when I was five years old, a fact that the Internal Revenue Service in America has not forgotten. (Laughter)

MR. KATZ: We can spend an entire hour on that. So, as Peter said, London is the quintessential global city and we all know you're a magnet for tourism and people and talent and investment and capital. We want to focus on those products you make and the services you provide.

MAYOR JOHNSON: Yes.

MR. KATZ: You've just been to Boston. You've dug out of the snow. You've been to New York. When you're abroad on a trade mission how are you selling London? What are the companies, the clusters, the sectors that you're selling?

MAYOR JOHNSON: Well, I think Peter gave a very generous introduction to London. I think, if anything, he slightly understated it. (Laughter) The truth is it still is the global financial capital. We have more people still in financial services in London than there are anywhere else on Earth, including New York. I think it's a statistic I was sometimes given by London and Partners, my overseas promotion arm, that we actually had more American banks established in London than there are in New

York itself, but that's a statistic I haven't bothered to check recently.

We also are seeing the biggest rebalancing in the London economy since the Industrial Revolution. And what's happened since the crunch, since 2008, is that you've see this boom in the whole tech sector, and that was the story. That's why we were in Boston because you've got the fin tech, you've got biotech, nanotech, ed tech, med tech, green tech, film tech, tech. (Laughter) There are about 528,000 people now involved in that sector as against about 300,000 in financial services, so that is growing very, very fast and we need to build partnerships, attract investors from America. That example's my mission here.

But I do not want you for a minute to think that we are in any way failing as a manufacturing city. I mean, it's not just services. It's not just media and culture and all the areas in which we excel. We export from London. We export chocolate cake in vast and growing quantities to France. (Laughter) I would like to just say let them eat cake made in Waltham Forest is what I told people of France. (Laughter) We export TV aerials made in Wandsworth to Korea. We export bicycles made in Chiswick to Holland. We've exported Piers Morgan to the U.S. (Laughter)

MR. KATZ: You can have him back.

MAYOR JOHNSON: Well. (Laughter) And we export, I'm delighted to say, a point I was able to make several times in Boston, we continue to export tea from London to America on which we, the British, charge no tax whatever. (Laughter) I'll just point that out.

MR. KATZ: Great answer. (Laughter) I knew we would come back to tea at some point.

MAYOR JOHNSON: Unlike other things.

MR. KATZ: So, Mayor Faulconer, San Diego is probably the best

transformation story in the United States. I mean, you were flat on your back a couple decades ago, heavy emphasis on aerospace and defense, and now you've become a truly diversified economy of tech and innovation. And you're engaging not just with Tijuana to the south, but with really cities all over the world.

So let's say you're on a trade mission to a random city, let's say London.

How are you --

MAYOR FAULCONER: That's a good example, I like that.

MR. KATZ: How are you selling San Diego, companies, clusters, sectors?

MAYOR FAULCONER: Well, you know, I appreciate the talk about the role that we're playing with Mexico and particularly Tijuana. I mean, we were talking about that just the other day. That's a huge strength for us in San Diego. It's an asset. It's a competitive advantage and one that as mayor not only do I welcome, but I promote and foster every chance I get.

And when we look at, for example, what we're doing in medical device manufacturing, we don't say it's two cities, San Diego and Tijuana. We say it's one region, one mega region. If you combine what we're doing in medical device manufacturing, we are the largest region for medical device manufacturing on the planet. So we have that unique combination, I think, in San Diego of entrepreneurial spirit, all of the skill set, but increasingly it's innovation.

The mayor and I were just talking about that a little earlier. That's what's driving, that's what's happening certainly in London and in San Diego. And so if we look at just a few statistics on that that I think are illustrative of what's happening in San Diego, last year we had 400 new startups; 73 of those were in life science companies alone. And so you talk about that tremendous convergence on all of the things that we're doing,

you know, that's the future. That's the entrepreneurial spirit that we're bringing to the table.

And I think from us it's really important, but it has to be that we're saying to folks come be part of the ecosystem of talent that is hard to match across the country. What we have in San Diego with our research institutions, with our colleges and universities, and of course some of the smartest companies in the world that are bringing some of the smartest minds to bear on some of the biggest challenges, whether that's vaccines and others.

So I like our competitive advantage. The mayor and I, we love talking about it because that's how you grow jobs. That's how you grow the economy. And I can tell you, every chance that I get talking about what we're doing in San Diego, when we have a thriving economy, when we're growing small businesses and we're growing great companies, that's how we pave streets, that's how we hire more police officers, firefighters, keep our libraries and rec centers open. Inextricably linked.

MR. KATZ: So let me ask both of you a question. When we talk to companies that are involved in exports out/invest in, the German companies, Japanese companies, British companies, they all come back to the same thing: we need skilled workers. We need modern, efficient infrastructure, the infrastructure you see, the infrastructure you can't see: broadband, Internet connectivity. We need to part of a robust innovation ecosystem that you're talking about.

So when you think about London or San Diego, where are you mostly focusing on with regard to skills, infrastructure, innovation ecosystem or another?

MAYOR JOHNSON: The whole lot. I mean, you're completely right. That's why cities have got to compete and it is a competition.

We've got to make sure we put in the physical infrastructure, so we've

got an incredible program right now of transport infrastructure investment, the biggest since Victorian times. The Crossrail that's going in across London, the East West Rail, a huge new underground rail link. That's the biggest engineering project anywhere in Europe. We're extending the Tube. We're putting new bridges across the river. We're opening up sites across the city that were completely inaccessible before, like Battersea Power Station, which some of you may remember from the cover of the old Pink Floyd album. Nothing happened, that was basically all it was fit for, frankly. (Laughter) Nothing happened there. We're now putting the Tube, the Northern Line is being extended there. You're seeing colossal change in the east of the city thanks to infrastructure and, of course, because of the Olympic investments.

And that is helping to attract a skilled workforce from around the world. I mean, we don't have as many Mexicans, but we do have huge numbers of -- I'm sorry to say, but we do have huge numbers of French people. I'm the mayor of the fourth biggest French city on Earth. There are approximately 400,000 French men and women in London. That's more than Nantes, it's more than Strasbourg, you know. I have to worry about a German invasion if we go on with this kind of level of French -- that's a joke, by the way. (Laughter) And a joke, by the way, that I've made before in case any members of the media think it's worth reporting.

The challenge really for London is how to build up our skills base and not just in the people who come to work, but in the indigenous London population. And that is the real issue. It's how to make sure that the kids who are growing up in our cities actually are able to get the jobs, the huge numbers of high-skilled jobs that London creates, and that's where we're working. And we're working very hard on the schools.

Schools now in London, for the first time in my lifetime, are better, the inner-city schools in London are better than schools in the surrounding countryside,

which is an incredible change. I mean, you as an urbanist, Bruce, will see that is a profound, profound change.

MR. KATZ: Absolutely.

MAYOR JOHNSON: And I think people are going -- I think one of the paradoxes of this whole conversation about cities is pretty soon we're going to have to start thinking hard about what we're doing for the villages and what we're doing for the coastal towns. Sorry, apart from San Diego, you'll doing very well with the coastal (inaudible), but I was thinking about what we're doing -- I'm thinking about it in my country because those areas need just as much attention. And the triumph of the city is, I think, now accepted, we need to think about what's happening in the rest of the countryside as well.

MR. KATZ: Absolutely. Mr. Mayor.

MAYOR FAULCONER: Yes, the cities are the hub of innovation. The mayor's talking about, you know, the Tube in London. It's in part driven by technology coming out of San Diego, the Cubic Corporation, that's working on the Oyster ticketless system, not only in the Tube, but the buses and transportation. That's an example of, I think, that kind of synergy relationship that we're trying to build from city to city all across the globe.

And when you talk about infrastructure, you like to think about it in the physical infrastructure, but also from a technology standpoint, if you will a cyber infrastructure. But just in San Diego alone that's been one of the biggest pushes that we've had, particularly in the last several years and particularly when it comes to a lot of our border infrastructure, working with the federal government.

For example, we are the busiest land border crossing in the Western hemisphere in San Diego. And we were seeing border wait of times of two and three

hours at a time. We worked to get extra border lanes open and get those dollars going, and now we're seeing border wait times of 30 minutes, in some cases less. That's hugely important not only to be from an infrastructure economic-competitive standpoint, but also our close cultural ties with Tijuana, Northern Baja, our families, our culture. That's a big part of that.

Also another interesting that's just starting in San Diego is we're building a cross-border terminal. So you can park your car at Otay Mesa in San Diego, walk across a bridge directly into Rodriguez Field International Airport in Tijuana. Right? That's helping us with additional air travel, commerce, tourism. As well, we have a great airport in San Diego. It's located right downtown. It has one runway. So this is expanding those type of opportunities for us, as well.

But particularly when it comes for the cyber infrastructure, increasingly that is something that all of us -- you know, you have to be connected, but it has to be secure. And San Diego companies are really leading the effort on that infrastructure, companies like ESET and others, the Cyber Center for Technology that we have. A lot of talk, and rightfully so, about the Internet of things, right, connecting everything in your house, your home, your business, et cetera, your car, well for the Internet of things to work it has to be secure.

And so the focus that we're putting on that cyber security, cyber technology, and San Diegans and other cities across the country and the globe, that's really from an infrastructure standpoint what is going to help make us competitive. And, indeed, in order to compete, it has to be secure, and that's been a competitive advantage for us in San Diego.

MR. KATZ: So let me ask, again, both of you the same question. I mean, you're both involved with developing, delivering really modern competitiveness

agendas, global trade agendas. And you're doing it in close collaboration with the private and civic sectors: your universities, your business associations, and in some cases, as in San Diego, intermediary organizations that really bridge the gap between the public, the private, and the civic. Could you talk about those kind of relationships?

I mean, again, it's a different role of the mayor. You have formal powers, but informally you seem to really be pulling the table together of all these different stakeholders and acting as a network to get stuff done. So how does that happen in San Diego versus London?

MAYOR FAULCONER: Yes, we say we have to collaborate in order to compete, and that's our mantra. That's in our DNA in San Diego. And so we look at -- you know, this is part of the help that we're dealing with Brookings now in terms of our foreign direct investment and our export strategy to making sure we're doing that.

Also, with all of the focus that we have on new startups and entrepreneurial, one of the things we're trying to do in shifting that conversation is to say think globally first. A lot of new companies when they first start try to think about locally, then maybe statewide, and then maybe going national. We're saying think globally first and then do that.

But from a collaboration-competitive standpoint, we are so fortunate that we have groups like the EDC, we have groups like Connect with the Chamber of Commerce, others, and our great research institutions in San Diego, whether that's the Scripps Institute, West Health, Genomics. We know how to come together to help solve problems. And when we do that, we're not waiting for the state or the federal government to come in. We're controlling our own destiny. That's what you have to be able to do in order to say, hey, this is how we actually succeed, by getting all of the smart institutions together at the same place.

But also, lastly, to answer the question on the private sector, we're so fortunate in San Diego, we have great corporate leadership, great companies. Look at Qualcomm, a worldwide leader in technology. Qualcomm is doing some phenomenal programs when it comes to exposing school kids to science, technology, engineering, and math. If you ever get a chance, go to their Thinkabit program that they have, their lab in San Diego. It's phenomenal. So that harnessing of not only talent, brains, minds around the table, but to focus on young folks for education is helping making sure that we're able to train folks not just for the jobs of today, but for the jobs of tomorrow.

MR. KATZ: Public-private.

MAYOR JOHNSON: The private sector is absolutely indispensable to the growth of the city in all sorts of ways. I mean, the Olympics, for instance, was a huge -- just doing them, putting them on was a massive feat of collaboration between the private and the public sector. We could not have done it without the active support and participation of London business.

But I'm going to give you one very important example of how mentalities are now changing certainly in the UK. In order to do some of the big projects that we're talking about you can no longer simply rely on Uncle Sugar in the form of the Treasury coming up with the money. I'm afraid it is essential now to find new ways of financing these big infrastructure projects and that means getting private money in.

So one of the things that we're doing, for instance, with Crossrail is we have a big levy, a community infrastructure levy, that falls on the developers, it falls on London businesses over a certain square footage that will benefit from the Crossrail scheme. And by the way, not enough of them -- certainly the ones outside London that are going to benefit from this are not paying, which is an outrage. And when you look at a scheme like the extension of the Northern Line going down to Battersea, that is being

done on the strength of the future taxes that will be paid by the businesses and by the homes that are developed.

And the same is true of Crossrail 2. We will finance Crossrail 2 on the strength of future income generated by the private sector. That is the only way forward. We cannot simply pay for all this stuff by going, I'm afraid, to my friend George Osborne, generous though he is and he's been fantastically supportive of a lot of schemes in London, but there are a lot of projects in London. But you cannot finance -- it's going to cost us 27 billion pounds to do Crossrail 2, which is the next big thing, which is linking up the southwest and the northeast of London. That will be a colossal benefit to the city. It will solve all the problems of congestion in the southwest. It will open up huge chunks of land in the northeast. But you need business to come through with contributions, big contributions from business, and also you need the future tax increment to help pay for it.

MR. KATZ: So that's a perfect transition, and everyone in the audience and in Twitter-space, get ready for your questions, but that is the perfect transition to I think one of the central questions we have today. This Monday, in Glasgow, you had a UK Devolution Summit. The English cities, the Scottish cities, the Welsh cities, they all came together to demand essentially a transfer of power from Whitehall, your central government, down to your cities. And to some extent, you've already been the beneficiary of it. You've been a huge advocate for more devolution.

MAYOR JOHNSON: Yes, yes, but we've got to go further.

MR. KATZ: Right.

MAYOR JOHNSON: This thing is in its infancy in the UK by comparison with America. It is an absolute disgrace. It's totally wrong in my view that a city like New York, I think, basically is able to control about 50 percent of the taxes it raises or the tax generated by New York. I think I've got -- roughly 50 percent is controlled by

democratically elected politicians within New York, the mayoralty or others. In London, that figure is 7 percent. And admittedly, I've got a budget of 18 billion pounds or whatever, but it is not enough to do all the things that we need to do. And it's not enough for us to have a concerted strategic view about how to take our city forward.

And the answer is, obviously, that there should be a tradeoff. There should be more fiscal devolution in exchange for central government stepping back. So they give us the freedom, but they, as it were, cut our budgets by the same amount.

MR. KATZ: Yes, sure.

MAYOR JOHNSON: If you understand what I'm -- it's fiscally neutral. It's fiscally neutral for the central government. There's no lose for the Treasury. They simply give us the mandate to go for policies that will produce economic growth and new housing and new jobs, which will, in turn, lead to more revenue.

But at the moment, we're stymied because we have to go begging for penny packets of funding to deliver new projects. And so it's urgent.

And I think, by the way, I don't want to sound too evangelical about this, but I think when you look at the state of politics in Britain, there is no question that it is going through a very rocky period. And politicians are not thought generally to be in touch with people. There's a lack of communication. There's a lack of -- people don't feel that the politicians are answering their needs.

Devolution is obviously the way forward. Push power downwards to the level of cities. And I think you'll galvanize British politics if you do that.

MR. KATZ: So U.S., a very different place, very highly devolved, power's very diffuse across levels of government and sectors of society, but our national government, to be kind, is dysfunctional. And so if you were king for the day and you were thinking about what you need your state to do --

MAYOR FAULCONER: I find it very interesting how often just in the few days I've been here people have wanted to -- seem to want to return to some sort of monarchical system. (Laughter) It comes up. The only question people ever ask me is how is the queen and what type of sandwiches do they eat at Buckingham Palace and what is the name of her favorite Corgi? This is literally all -- I cannot believe it. (Laughter) I mean, what happened 1776, folks?

MR. KATZ: We're a center of monarchist thinking at Brookings. King for the day, what do you need?

MAYOR FAULCONER: Look, we have our histories with obviously the federal government and the state government. And I think you're right, when you talk about what's happening in Washington, I mean, if you look at the gridlock in Washington, you know, change that by what's happening in cities, we have to be working together. I mean, that's what we do. It's not about Republican, Democrat, or Independent. It's what's the right thing that we should be doing?

And yes, you're going to have disagreements from time to time, but if you treat people with dignity and respect, try to be problem-solution-oriented, you can usually come to a good solution. That's my personal style and I think the best approach when we're trying to get things done. But when we're talking a lot in San Diego, we don't wait for the state government or the federal government to come in and solve our problems. We'd be waiting for a long time if we did that. We have to, and we do, control our own destiny.

You know, if I could change what the state is doing, I would certainly have more investment in road, particularly higher education, our UC and our CSU system. But, you know, in the meantime, what we're doing in San Diego is we're trying to work collaboratively. We're trying to get working with our corporate partners. For

example, we're doing a great program with GE on smart cities, on our streetlights. Let's make it more intelligent. Let's move that traffic. Let's find our parking patterns and all that. We are doing that. We're not going to wait for others to do that for us.

So I think that independence, if you will, is a hallmark of cities and it's what allows us to actually be successful without waiting forever.

MR. KATZ: So this devolution movement really is going to be global?

MAYOR JOHNSON: And the rest of the UK. London is already 25 percent of UK GDP or getting on for that figure. And the key point to get across is the rest of the UK wins from this because the more London politicians are incentivized to go for growth and to have -- with fiscal control, but more tax, my city will export to the rest of the country. It already exports about 19 billion pounds a year. So it's win-win from the point of view of the Treasury.

Anyway, if you could help me get that message over, I'd be much obliged to The Brookings Institution. We're getting there slowly, but it's painful.

MR. KATZ: Yes, that'll be an easier message than the monarchy.

So we're going to go to Q&A. For folks basically writing in from the Twittersphere, use the hashtag #globalcities. I've got a question in the back.

MR. WATKINS: Thank you, Bruce. Thank you for another fine program, Bruce. Kent Watkins, chairman of the National Academy of Housing and Sustainable Communities.

I'd like to address this question to both the mayors about their environmental action plans and how that might influence and impact on the COP 21 agreement process coming up in Paris December and, also, how particularly that would involve a green-equals-jobs kind of economic development aspect.

MAYOR JOHNSON: Well, I'm a firm believer that green equals jobs.

There's absolutely no question that green technology is taking off in London. It's one of the biggest assembly for the financing of green technology of all kinds. And what we're trying to do is to drive that technological progress in London with the regulatory tools that we have. I'll give you one example.

The ultra-low emissions zone that we are bringing in in 2020 is a world first. There's no other city that -- I mean, actually you'll probably tell me San Diego's already done it, but never mind. I'm going to claim it's a world first.

MR. KATZ: That's okay, you can.

MAYOR JOHNSON: We are going to make sure that the center of our city is inaccessible to all except vehicles that have virtually zero tailpipe emission or zero tailpipe emission, if you see what I mean. And that is driving technological change. And it means the taxis have to get ready, the buses have to improve, people are starting to have to think because that's a very short time away now. People are starting to think about what kind of car they're going to want to buy if they're going to drive into the center of town.

And in terms of driving jobs, I was up at a place called Keighley in Yorkshire where they make clamps. And I had no idea what clamps were. They're round things and they clamp -- well, it clamps. (Laughter) And these clamps are absolutely indispensable to every single exhaust-moderating system, every catalytic converter. You need a circular clamp of the kind that they make in Keighley.

And they basically are slugging it out with the Germans, but every time we introduce a new stipulation saying that we need cleaner cars, they make more clamps. They have more jobs in Yorkshire. So I'm a believer in the whole agenda.

And we're improving air quality. I mean, the air quality in London now is virtually of alpine freshness. (Laughter) There was a moment recently, when there was

a poor air quality day and it was actually -- the air was worse in Norfolk than it was in London. And the day is not far enough when the children of Norfolk will be bussed into London to breathe or deep gulps of Hyde Park air.

Anyway, that's all right. That's all right. It's got better, it's got a way to go, but technology is the way to do it.

MAYOR FAULCONER: You know, our natural environment is part of our quality of life. It is in San Diego. When you think about the ocean or Mission Bay, our sunshine, our air, we have to take steps to protect that and do that.

And, in fact, one of the things that I put forward, once again, cities I think leading the way on this, we just put forward a San Diego Climate Action Plan that I strongly believe in. It talks about us as a city setting that goal of 50 percent renewable energy. It talks about making sure that as we move forward with new construction and development of residences in San Diego, that they're prewired for the electric vehicles, you know, so make it easier for folks to do that as we're seeing that transition.

And people want to do that. It's going to help our air quality. It's going to be the right thing to do I think for job growth, as well, and it's just going to make common sense. But increasingly, people understand the absolute connection to, is this a city that I can live in? Is this a city that has good schools? Are there other bike lanes that I can ride my bike? Are there things that, you know, from an electrical -- solar electricity standpoint, that helps us not just to compete, but, as I said, it's a function of who we are and the quality of life.

MAYOR JOHNSON: Mayor, do you have difficulty with some of your electorate when you want to put in bike lanes?

MAYOR FAULCONER: We do.

MAYOR JOHNSON: Yes.

MAYOR FAULCONER: But we're working on that.

MAYOR JOHNSON: Good. But this is one of the things that city governments face, is in order to do something difficult, like put in great bike lanes, you have to infuriate a lot of people, I'm afraid to say. And these decisions are tough to take. But the bike lane that we're putting in, we're putting in a huge new east-west cycle lane and there's a great deal of apprehension about it, but it is going to be superb. I'm looking at LBC Radio here because they take a particular interest in it and they've got one particular broadcaster who always tries to kill me about this bike lane. But it will be massively to the benefit of London.

MAYOR FAULCONER: I'll come right with you.

MAYOR JOHNSON: Will you come ride with me? Thank you.

MR. KATZ: The Boris bikes?

MAYOR JOHNSON: Yes, well, those are also very successful. Very successful.

MR. KATZ: Arturo. And could you tell us who you are?

AMBASSADOR SARUKHAN: Thanks, Bruce. Arturo Sarukhan, former Mexican ambassador to the U.S. and a senior nonresident fellow here at Brookings. Great to be with both of you.

San Diego is certainly the prime example of a transported metropolis with Tijuana and even with Mexicali. London is at the forefront of this renewal of the city state as a very salient feature of the 21st century international system. One question for the Mayor of London because this is -- it may not be as relevant for San Diego. It is for New York City, it certainly is for London. As the cities as hubs of entrepreneurship, creative industries, talent, the tourism industry, people, residents of a city like London are being priced out.

MAYOR JOHNSON: Sure.

AMBASSADOR SARUKHAN: How do you deal with the challenge of maintaining the cosmopolitan nature of a city like London, but allowing long-time residents to not be priced out into the suburbs?

MAYOR JOHNSON: Well, I mean, this is the number one issue facing my city at the moment. This faces all of us in London. In a sense, as people like Mike Bloomberg always say to me, this is a nice problem to have. You know, the London property market has not always shown the strength that it currently shows. It went through the real doldrums in the '70s and the '60s. The population declined massively. London was a very miserable, empty kind of monochrome kind of place. You know, it was -- the environment wasn't as wonderful as it is today.

Huge numbers of people want to come and work there, not just from around the world, but from the rest of Britain. By the way, the property values are not shooting up. And if you go around the rest of the UK, you will find that you can pick up houses very cheaply in some of our cities elsewhere in the country.

So the issue is how do you deal with it? There's only one answer. You don't engineer a great collapse in property values because that would, frankly, not be popular nor economically sensible. What you do is you build hundreds of thousands more homes on brownfield sites, such as we have in abundance and such as I tried briefly to describe in my introductory remarks. We have got huge amounts of space now.

London is just going over 8.6 million, just has actually a few weeks ago, a couple of weeks ago. We had the 8,600,001 citizen was born in a London maternity ward, and so we went over 8.6 million for the first time since 1939. And we've been this big before and we have the land to build the homes on, and particularly in the east of the city on the sites where -- you know, that were left derelict after the collapse of much of

the docks and other such industries.

The only thing you've got to do is put in the transport infrastructure. And I return to my point, transport infrastructure, mass transit is absolutely critical to pulling this off. And that gets us back to the devolution of fiscal authority. Unless you have the ability to plan long term the fiscal certainty that enables you to borrow, to finance the kind of transport infrastructure project you're talking about, you will not be able to build the housing in the numbers that a city like London requires. So everywhere and always, the answer to the demand is supply.

MR. KATZ: Question here in the second row.

MS. KURTZLEBEN: Hi. Danielle Kurtzleben. I write for Vox.com.

I'm curious, so the U.S. and the UK, if I'm understanding correctly, both have relatively low, as nations, level of social mobility. But, of course, it's a local phenomenon. And I'm wondering what are the best ways that you found to promote those in your cities?

MR. KATZ: Great question. Great question.

MAYOR JOHNSON: Well, you're absolutely right that social mobility is something that in the UK certainly, I mean, I can't comment about the U.S., but in the UK social mobility, by many standards, many measurements has actually declined in the last few decades. And there's a great deal of analysis about why that might be.

I think that unquestionably one of the great factors that drove social mobility in the post-war period was the system of selective education, which enabled people from poor backgrounds, low-income backgrounds to get a fantastic education and dramatically change their life circumstances. Now, that system was very largely removed because it was, in many cases, very painful. It led to feelings of resentment. It was not popular, by the way, with many Conservative voters, to say nothing of Labor voters. As is

often pointed out, it was Mrs. Thatcher who abolished more grammar schools or oversaw the closure of more grammar schools than any other Education Secretary.

So there's no particular political party that can be blamed for this phenomenon, but that is in the mix. I'm not saying it's the sole factor, by any means, but that is certainly in the mix.

What is the answer, because I think to restore grammar schools so-called would not be popular, the answer is I think to focus back on education, back on what's going on in our schools. And I'm a believer, and this is an unfashionable point of view in some -- I'm a believer in the emancipating power of higher education and getting kids from all backgrounds on the path to higher education.

Everybody says, you know, lots of people say, well, it's better to give kids who aren't suited to higher education, get them into trades, get them into apprenticeships, get them skills; universities are often a waste of time. All the evidence is that if you go from a poor background into university, you will dramatically improve your life chances and you will add about \$200,000 over your lifetime to your income. I'm making that figure up, but it's something like that. (Laughter) It's some stupendous figure of that order. It probably doesn't sound very stupendous to an American audience, but there is a considerable financial benefit to kids who get into HE. So focus on early years and then give people the opportunity all the way up.

MR. KATZ: Do you ever get fact checked in Britain?

MAYOR JOHNSON: No, I'm flagging that one up as one that needs checking, but it popped into my head.

MAYOR FAULCONER: And I would just add it begins and ends with education, always, and training. And, in fact, one of the things we were talking about earlier in the session, you talk about the skills gap, that is real. That is real in San Diego.

That is real in cities across the country. I'm sure that's real in London, as well. And so how are we -- as we're growing these economies, as we're saying be part of innovation, be part of what's happening in technology and healthcare and life sciences, we have to make sure that San Diegans have the opportunity to benefit in that.

And so, increasingly, one of the things that we're doing in San Diego is not only working with our research institutions and our four-year universities, but, increasingly, our community colleges. We're providing the real-world training that can help somebody instantly, within six months or a year, not four years, to be part of advanced manufacturing, be part of some of the breakthroughs that are happening. So that opportunity, I think, is what can often make the difference between success and failure.

And when I'm out talking, I talk a lot about "one San Diego." That's what I'm talking about, making sure that our city is great when every neighborhood is great and everybody has access to enjoy the benefits of what we're doing in terms of our economy. It has to have that opportunity, but it does begin and end with education and training and development.

MAYOR JOHNSON: And by the way, I think the tech sector offers a great deal of hope because a lot of the kids that we're trying reach may not be formerly much good at -- have succeeded very well in school, but they do know about BlackBerrys or whatever. They do know about apps. And many of them can get fantastic placements and internships in these young startup companies and go on to fantastic careers.

MR. KATZ: I've got Sandy and then Neal and then -- so please introduce yourself.

MR. APGAR: Mayor Johnson, Sandy Apgar, Urban Land Institute. With your other recent publishing interest, if Mr. Churchill were here today or, for that matter, in

London, in any role you would assign, what actions would he take to unlock the gridlock and help the devolution you're describing?

MAYOR JOHNSON: Well, obviously, he would do exactly what I suggest. (Laughter) Look, I think he would -- I mean, he made a great speech in favor of devolution, admittedly, when he was a Member of Parliament for a Scottish seat, so perhaps he'd have to be viewed through that optic. He was a believer. I mean, he called for the substantial devolution of powers to Scotland and to Wales and to London, again, in his early Churchillian incarnation. I don't think it was one of those ideas that he kept to the forefront of his mind throughout. He had other concerns then supervened. I think he certainly would have supported it.

To get it done you simply have to get the Treasury to understand that they will make more money out of this. They have nothing to fear. Even a Labor mayor couldn't possibly make a hash of it. Well, I mean, he might make a hash of it, but, you know, there could be ways of protecting the tax base, there could be ways of protecting business and the taxpayer against the depredations of somebody who might want to abuse the system, and I think Winston Churchill would have got it done. I think it is something that, as I say, will electrify and detoxify a lot of politics in Britain.

MR. KATZ: So Neal Peirce, who's one of our great urban journalists, has the next question.

MR. PEIRCE: Thanks, Bruce. I may be an urban journalist, but I have a question that has to do with the city and the country.

Mayor Johnson talked about the triumph of the city and he said it was time for us to think more about the countryside and the villages on the coast and so on. Is that a responsibility of the city or how does the city -- in the era where the city has risen and the rural areas are not doing as well in education, technology, you name it, what's

the city's role or how would you address that problem?

MAYOR JOHNSON: Well, I think we're all in this together to coin a phrase and we should -- obviously it's in the interest of the whole community to think about how everyone else is doing. And the triumph of the city is good news for the whole nation in the sense that the economic growth will be of benefit to the rest of the country. But, again, I think we need to think of ways of improving communication, ways of improving electronic communication, but also physical communication.

One of the great dogs that hasn't barked in this whole conversation is there was an idea about 15 years ago, maybe longer, that we would all basically be sitting at home on the Internet doing something called telecottaging, whatever the hell that was supposed to mean, and communicating. Nobody would need to go to the office anymore. There would be no -- do you remember all that nonsense?

MR. KATZ: Absolutely.

MAYOR JOHNSON: It's total nonsense.

MR. KATZ: Total nonsense.

MAYOR JOHNSON: It's turned out to be the opposite. It's turned out that the more communication and contact people have down the web, the more they want to see each other, the more relationships they form, the more vital it is to have mass transit. So when you think about social exclusion in the rural areas, poverty of all kinds, you need to think also about physical communication, and so you need to think about high-speed links.

And I have to say the one idea that really attracts me and you're going to think I'm off the wall here, but I love what this guy Elon Musk is talking about. That has got to be right. Now, this --

MR. KATZ: Which part of what he's talking about? (Laughter)

MAYOR JOHNSON: Okay. Well, his idea about the Hyperloop.

MR. KATZ: Yes.

MAYOR JOHNSON: Now, this is technology that is very old now, the maglev. The idea of the semi-evacuated tube and the rest of it, this is old stuff or rather it's an old stuff, but hasn't yet been put into practice. If you did it in an effective way, you could start to hook up areas, I'm thinking particularly in my country, that are in need of better and faster communication. But you could do it, if you tunnelized it, you could do it without destroying the countryside.

And one of the issues we have in Britain is that when we want to improve our big mass transit projects, like the railways, because it's so beautiful but so small and so densely populated, that involves a massive amount of physical destruction. So HS2, this high-speed link to Birmingham and to Manchester, is going to carve through the Chilterns and cause a great deal of environmental destruction. Now, wouldn't it be a fine thing if we could use what was originally British technology invented in Imperial College, the maglev, and hook us up with that system as well?

So I think that there's all sorts of ways in which the areas that are falling behind need to be helped. They're helped by tax exports, but also by better communications.

MR. KATZ: Well, you've had a growth of suburban poverty in the greater metropolis, so these issues of accessibility are front and center.

MAYOR FAULCONER: It's huge, the issues of accessibility, the issues of mobility. But just back on the issue of, for example, connecting folks. We have a very robust branch library system in the City of San Diego throughout our entire city branch libraries. And there were some that said that libraries were going to be obsolete, right, that the Internet was going to change that; that nobody was going to go in and use their

library system anymore.

MAYOR JOHNSON: Absolutely.

MAYOR FAULCONER: No, of course not.

MAYOR JOHNSON: We're opening libraries in London.

MAYOR FAULCONER: Yes. And we're extending library hours, additional library hours. You know, we look back at the recession, you know, as we're finally starting to come out of that, we've had some of the highest usage at libraries that we've ever had. And so what I'm saying is libraries are centers of learning and centers of the community to come together and interact with each other, and so we're doing some really unique programs.

We're helping kids come in after school, taking advantage of the library. Folks that are already there do afterschool tutoring and mentoring, one-on-one. Then there is a pilot program in 18 libraries across the city, phenomenally successful. People are clamoring to get in.

We've also said use the Library Foundation, once again using technology at the library, to come on in. For some of those folks that hadn't gotten their high school diploma, you can do that online now with a very innovative program that we're doing.

So connecting our neighborhoods, connecting different parts of the city, I'm a huge believer that the cities play a big role on that when we're talking about gathering spaces and centers of knowledge and learning. It's not just about checking a book out.

MR. KATZ: So last question because the mayor has to leave. Both of you, anytime you're successful at the local level, and you're running for Parliament, everyone immediately talks about you should be prime minister, you should be governor

or you should be senator.

MAYOR JOHNSON: Yes, well, he should be governor. (Laughter)

MAYOR FAULCONER: I used to be a prime minister. (Laughter)

MR. KATZ: You guys have great jobs.

MAYOR JOHNSON: I know.

MR. KATZ: Why would you possibly want to go?

MAYOR JOHNSON: Well, the trouble is you shouldn't outstay your welcome. I will have done eight years, which is long innings.

MR. KATZ: A long time.

MAYOR JOHNSON: Those are long innings. And I do love it. I love every second. I think it's the most fantastic job in the world. But in the end, you know, all politicians rightly approach the moment of mortality. Like Akela in *The Jungle Book*, we make our last leap and that's it and that moment. So, yes, I've got to find a new crag to leap on to, so that's the point. (Laughter)

MR. KATZ: That's great.

MAYOR JOHNSON: That's why we enter Parliament.

MR. KATZ: Please say you're not leaving.

MAYOR FAULCONER: I've been on the job for 11 months. I love what I'm doing. I'm going to stay doing exactly what I'm doing.

MR. KATZ: Okay. Everyone, let's thank the Mayor of London and the Mayor of San Diego. (Applause)

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