

In this series of occasional posts, we seek to bring historical perspectives to contemporary issues. And of course, one of the hottest issues of the day is the manner in which workstyles will change as a direct result of the Covid pandemic. Within this overall heading there is the question of location, both individual and corporate: why do people need to travel to an office each day; and why do offices need to concentrate in city centres?

For our perspective on this question, we travel back 120 years and to none other than HG Wells: better known for his *War of the Worlds* than his predictions on the world of work.

Wells produced a series of essays in the *Fortnightly Review*, between April and December 1901; published as a book in 1902.<sup>1</sup> The relevant essay here formed Chapter 2, *The Probable Diffusion of Great Cities*. Wells penned the extraordinary essay when he was aged just 34.

Taking the revolution in transport as his point of departure, Wells told readers they were living through a reorganization of human society that would alter every dimension of life (sound familiar?).



### HG Wells on commuting

At the turn of the century, when the rate of industrialisation and urbanisation change were peaking, young Herbert George predicted that the technological forces that had created the industrial metropolis were slowly turning to presage its demise. Wells argued that the seemingly inexorable concentration of people and resources in the largest cities would soon be reversed by centrifugal forces, not least the impact of transport.

*And since it has been shown that a city of pedestrians is inexorably limited by a radius of about four miles, and that a horse-using city may grow out to seven or eight, it follows that the available area of a city which can offer a cheap suburban journey of thirty miles an hour is a circle with a radius of thirty miles.*

He then extrapolated this trend, to anticipate that “*the common daily toilers of the great city of the year 2000 ... will have a radius very much larger even than that*”, given that “*thirty miles is only a very moderate estimate of speed*”. Indeed:

*the available area for the social equivalent of the favoured season-ticket holders of to-day will have a radius of over one hundred miles .... it is not too much to say that the London citizen of the year 2000 ... may have a choice of*

*nearly all England and Wales south of Nottingham and east of Exeter as his suburb.*<sup>2</sup>

Extraordinary foresight. Wells foresaw the London commuter belt we know today. But he was wrong in one important respect. Later on in his essay he gets to the centrifugal forces:

*many Londoners in the future may abandon the city office altogether, preferring to do their business in more agreeable surroundings. Such a business as book publishing, for example, has no unbreakable bonds to keep it in the region of high rent and congested streets.*

As we know, cities have maintained their centripetal pull on business and most people. Indeed, before the pandemic there was evidence of companies being attracted to move *closer* to central London where the labour pool is infinitely deeper, more highly skilled and more mobile than in suburban centres and smaller regional cities.

Wells' predictions about the demise of cities have seen many iterations. One of the most extreme came from the famous architect Frank Lloyd Wright. In the 1930s, he promoted a concept that he called Broadacre. This idea went way beyond mere suburbanisation; envisaging the city spread out over the countryside at densities low enough to permit each family to have its own homestead. The homesteads would not be isolated because their access to the superhighway grid would put them within easy reach of as many jobs and specialised services as any nineteenth century urbanite. Well, he was an architect!

### **The rise of digital disciples**

Of course, Lloyd Wright's physical 'superhighways' yielded to digital superhighways, leading to a raft of new predictions, and notably the 'death of distance' discussion which accompanied the rise of the internet: if information is equally available everywhere, at all times, then why be in the city centre when we can be telecommuting from a bucolic idyll of our choosing?

As early as Daniel Bell's *Post-industrial City*<sup>3</sup> and Jean Gottman's *Transactional City*<sup>4</sup>, the morphology of cities was expected to change radically with technological 'advancement'. Frances Cairncross' *Death of Distance* was forthright in its prediction that any activity that relied on a screen or a telephone can be carried out anywhere in the world.<sup>5</sup> The fact that this has not happened on a widespread basis (apart from in some transactional environments) suggests more subtle forces are at work.

Nevertheless, much public discourse over the past year or so has revolved around the potential for the 'pull of the centre' to weaken in favour of a more distributed pattern of work. Technological determinism is a key factor here: because the technology allows for X, it follows that X will occur. Technological determinism, an artform performed by digital disciples, has led to many false prognoses, and this is no less the case than with the 'future of cities' narrative.

In its widest sense, technology enables some things to happen that could not happen before; it opens up new opportunities; it even creates new industries and activities. But it rarely follows a linear route from cause to effect: plentiful forecasts of technology decimating jobs in the economy failed to take account of its ability to *transform* jobs and *create* new jobs. So, because technology allows for urban dissolution, it does not follow that society will follow that trajectory.

Similarly, one of the attractions of the 'death of distance' narrative is that it overcomes many of the issues around commuting and concentration, with CBDs commanding high rents and labour costs. And of course this is attractive: why commute for an hour when tech allows you to work in the suburbs? Why pay high rents downtown, when tech enables a move to a regional town and pay half? But the time and costs are borne by workers and businesses, and have been for over a century, by and large because they are offset by the advantages and externalities of being in the CBD agglomeration. Further, the evidence on cost is weak: long-term data show that occupancy costs in London today are lower in real terms than they were before the oil crisis of 1973.

### **Emergence of the network economy**

The economy has evolved over half a century from being primarily manufacturing-based to services-based and, more recently, knowledge-based. While the advancement of technology was relatively modest for most of the twentieth century, towards the end it sped up and led to an economic transformation, which we are continuing to live through in the first decades of the twenty-first century. But the critical question here is whether such transformation will involve the weakening of city structures.

My recent book traced the evolution of the modern office over four distinct 'ages: from market, to factory, to corporate to digital; suggesting that a fifth age – the network – was getting underway.<sup>6</sup> Curiously the key feature of both the first and fifth ages is knowledge. My prediction was foreseen 25 years ago, by Manuel Castells and the late, great Peter Hall:

*Major multinational corporations continue to be the strategic nerve centers of the economy, and some of its most innovative actors. What is changing is the organisational form, both for large corporations and for small businesses. Networks are the critical form for the flexible process of production. They include networks between large firms, between small and large firms, between small firms themselves, and within large firms that are decentralising their internal structure [into] quasi-independent units.<sup>7</sup>*

Castells and Hall were describing the network economy, in which networks of organisations, individuals, and specialists replace monolithic corporate structures. Small companies will compete and collaborate with large companies; corporate islands will become more permeable, and specialist will work with specialist. Trust and respect will replace command and control. Networks will be the defining feature of the office economy.

In the network office era, the centripetal forces of the CBD will strengthen rather than weaken. While the nineteenth century rationale for the CBD was minimisation of transport costs, the twenty-first century rationale is the optimisation of the 'network economy': a subtle form of agglomeration economics.

Agglomeration has been the invisible glue holding the office economy together in dense clusters. Whether in accounting, advertising, banking, consulting, finance, legal, and media; or in coding, developing, graphic designing, programming and software engineering; or in architecture, construction, design, engineering, planning and surveying, the office economy is bound together in enormously complex webs of relationships, involving partnering, collaborating, networking and socialising, and which drive innovation and higher output. At their most basic, the webs form vast job markets and supply chains; at their most sophisticated they form sustainable and competitive business ecosystems.

These networks are not replicable in a fully dispersed world. It is something of a paradox that, since the dawning of the digital office, the pulling power of some city centres has strengthened rather than weakened. Despite the growing ability of individuals to work remotely and for organisations to move to the suburbs or set up a distributed model, centripetal forces have grown.

At the same time, an agglomeration is not fixed in time and space. There are countless historic examples of clustering activity that have emerged, evolved and extinguished, for all manner of reasons. London's transformation from a physical trading cluster, based on its docks to a financial services trading cluster is a case in point. Over the past two centuries, London has evolved: it has adapted to new challenges; it has changed shape; activities have come and gone. Today's Shoreditch is yesterday's Hatton Garden.

### **So, where do we go from here?**

Urbanist Michael Glaeser is positive about the future of cities: "*a few decades of high technology can't trump millions of years of evolution*", going on to suggest that connecting in cyberspace "*will never be the same as sharing a meal or a smile or a kiss. Our species learns primarily from the aural, visual and olfactory clues given off by our fellow humans.*"<sup>8</sup>

More seriously, Glaeser points to the paradox in which "*the declining cost of connecting over long distances has only increased the returns to clustering close together*", while humanity's ability to rise to new challenges "*needs all the strength it can muster, and that strength resides in the connecting corridors of dense urban areas*".

But this positivism comes with a caveat: cities will not continue to function as they have in the past; companies will not operate as they have in the past, and workers will not work as they have in the past. The office economy will change rapidly as buildings and the spaces between them come to be used differently. Just like the monolithic corporations of the 1970s, monolithic office blocks have had their day.

The binary choice of CBD for work and suburbs for living must yield to a far richer, more nuanced urban experience of living and working. But to achieve this cities will need to innovate and change: they will need to compete.

Here are my suggestions summarising the impact of the network economy on cities and work.

**Networks** Hierarchical, task-driven corporate islands will yield to networks of organisations, individuals and specialists, each bound together by a common sense of purpose and shared interest. Business ecosystems will involve large and small companies working together, with contingent workers and specialists across extensive and collaborative relationships. Networks will be the defining feature of the office economy, underlining the need for the CBD to offer more than office blocks.

**Experience** CBDs will undergo a renaissance as they become safer, cleaner and experiential. They will diversify in terms of the main activities, with more social infrastructure; and an emphasis on 'place and people' rather than simply 'work'.

**Job markets** In an era when job mobility has never been higher (nor, perhaps, job security, lower), and when small businesses, contract workers, contingent workers and specialists all rely on rapid and frictionless transfer between contracts, CBDs provide broad, deep and accessible job markets.

**Commuting** Physical concentration and mass transit connections (which are increasingly sustainable) will endure as a model for urban development. Commuting time on mass transit is no longer 'dead time'; and crowding is a problem of under-investment not an argument to reverse urban morphology.

The 'hub and spoke' model, in which workers make use of a local facility rather than travelling to the CBD each day, is fraught with problems. First, in European cities there is rarely sufficient critical mass of workers to justify such localisation. Secondly, such hubs would tend to be in secondary locations, and unlikely to attract top talent and cater for wellbeing. Thirdly, multiple locations tend to introduce multiple cultures which create management risks.

**The office building** Long-term, inflexible and capital intensive real estate will yield to a commodity model: turned on and off as required by customers, while receiving value adding service. Monolithic buildings will go the same way as monolithic corporations: buildings will become more mixed use and experiential. Large floorplates will shrink and buildings will become more loose-fit.

**Role of the workplace** The changes described in this paper add up to a re-definition of the role, or purpose of the workplace. Its previous role was as a relatively static backdrop to process-dominated work, with a rigid, hierarchical workforce. Undifferentiated workers were managed within a one-size-fits-all approach in which cost minimisation was paramount.

The emerging role of the network office is to provide a dynamic, experiential, healthy, lower density, welcoming and functional environment; one that focuses on connectivity, collaboration, socialising and learning. It will help define and express the values of the employer.

### Sign off ....

The debate about whether staff travel to the office one or five days a week is something of a distraction: agile working has been growing for two decades and Finance Directors will determine how much rent a business can afford.

The office will continue its evolution into a new, network age, and will remain an integral facet of the CBD, until we no longer have offices. Now that would be truly revolutionary.

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