

REGIONAL AND URBAN DECLINE – THEORETICAL APPROACHES, MODELS AND CLASSIFICATIONS IN THE COURSE OF TIME

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Preface and Outline

Outline

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3. Why Do (some) Cities Grow while Others Do Not?
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1. Introduction and Research Questions (1/3)

European Commission (2011, p. 10): Cities can be viewed as ... engines of growth and they are important for their surrounding areas as economic engines ...

Question: Are all types of cities able to fulfil these high expectations?

- **According to Haase et al. (2016 I) only one-third of all European cities have enjoyed continuous growth since the Second World War.**
- **And: Almost 42 % of all large European cities (population 200,000 and above) are shrinking (Turok and Mykhnenko, 2007).**
- **Urban shrinkage has become an important phenomenon in Europe.**

A motive to ask or renew some research questions:

1. Introduction and Research Questions (2/3)

Which reasons cause problems for successful growing urban agglomerations that adjustment becomes necessary?

Why are some urban agglomerations better in solving their adaption problems than others?

And why do some urban agglomerations make progress afterwards, while others limp behind?

Research project (collaboration of the authors with Martin T. Rosenfeld - IWH, Halle, Germany):

- **Main focus: Medium-Sized Cities (MSC's) – 100,000 to 500,000 inhabitants**
- **MSC's are of relevance: 44 percent of European urban population was living in cities like this in 2000 (Giffinger, R. et al. 2007 [I], p. 3).**
- **MSC's constitute a heterogeneous group of cities (well developing, shrinking, stagnating, “slowly growing”**
- **Often neglected in regional analyses.**

1. Introduction and Research Questions (3/3)

Objectives of our research:

- To take inventory of research on urban decline or/and shrinkage
- To put different elements into a common context
- To improve the understanding of urban decline (especially for the MSC's).

Paper describes ...

- ... current state of this project,
- ... hypotheses and assumptions and
- ... ideas on how to analyse these assumptions and questions
- ... but hardly any answers.

Nevertheless, this ERSA special session is a possible forum to discuss it.

2. History of Decline and Shrinking – Same Wine in Different Wineskins?

Originally: Urban agglomerations (cities) are expected to have a high adaptability if faced with the challenge to adjust

But: Nevertheless, some have not been able to do so or had many difficulties

That explains why a long-lasting research interest in regional (urban) decline as well as in shrinking (since the beginning of the 1980's).

Research interest was not a continuum, but there are “waves of research interest”.

- **Did the motives behind research change over time?**
- **Can these “waves” be explained by different causes of the adjustment processes?**

2. History of Decline and Shrinking – Same Wine in Different Wineskins?

Three “waves of research interest” can be distinguished

1. “Old industrial areas” (OIA’s). Beginning: end of 1970’s.
2. Change of political and economic system in former socialistic countries. Beginning: early 1990’s.
3. Urban shrinkage, “a worldwide, multidimensional phenomenon” (Pallagst et al. 2017, p. 9)). Beginning: first years of the millennium, after 2005.

2. History of Decline and Shrinking – Same Wine in Different Wineskins?

2.1 The First Wave: OIA's

- Traditional urban-rural pattern of regional disparities changed in the 1970's.
- New type of “problematic region” (“old industrial regions”).
- Mostly urban agglomerations (cities)
 - Industry-oriented
 - With a dominant branch of industry,
 - Confronted with economic decline,
 - but failing to adjust (Hamm/Wienert, 1990, p. 21).
- “Old” stands for an economic base going back to the 19th century
- “Industry” means a dominated by one branch of industry (e.g. textiles, clothing, coal mining, iron and steel).
- With their industrial base these regions had experienced long lasting economic growth.

2. History of Decline and Shrinking – Same Wine in Different Wineskins?

2.1 The First Wave: OIA's

- Opening of markets and globalisation cause problems of regionally dominating branch.
- Relocation of manufacturing activities to less-developed countries.
- Decline started and regional growth poles became negative growth poles
- Steiner (1985, p. 388):
 - A high proportion of industries lost competitiveness, were no longer growing.
 - Decline of the regional export base led to a loss of the regional “growth engine”.
 - Cumulative reinforcement of decline.
 - A regional variant of the product-life-cycle-hypothesis can be used for description.
- Research focused on ...
 - ... understanding the reasons and the process of decline
 - ... understanding the lack of regional adaptability

2. History of Decline and Shrinking – Same Wine in Different Wineskins?

2.2. The Second Wave: Regions in Transition

- **Regions suffering from the change of economic system.**
- **Examples of this phenotype of regions can be found in all post socialist countries – e.g. in Eastern Germany, Czech Republic, Poland.**
- **Similar to OIA's but as a result of the sudden change from a centrally planned socialist economy to a market economy.**
- **Formerly protected industries abruptly became subject to worldwide competition.**
- **State of technology and productivity were too low to resist an international competition.**
- **Regional growth poles became negative growth poles followed by decline.**
- **Research focused on understanding the lack of regional adaptability.**

2. History of Decline and Shrinking – Same Wine in Different Wineskins?

2.3. The Third Wave : Urban Shrinkage

- Pallagst et al. (2017, p. 9): “... thus from the year 2005 on, ‘shrinking cities’ were labelled an emerging topic in spatial planning.” (Pallagst et al., 2017, p. 9).
- These are: “Urban areas that have experienced population loss, economic downturn, employment decline and social problems” (Martinez-Fernandez et al., 2012, 213).

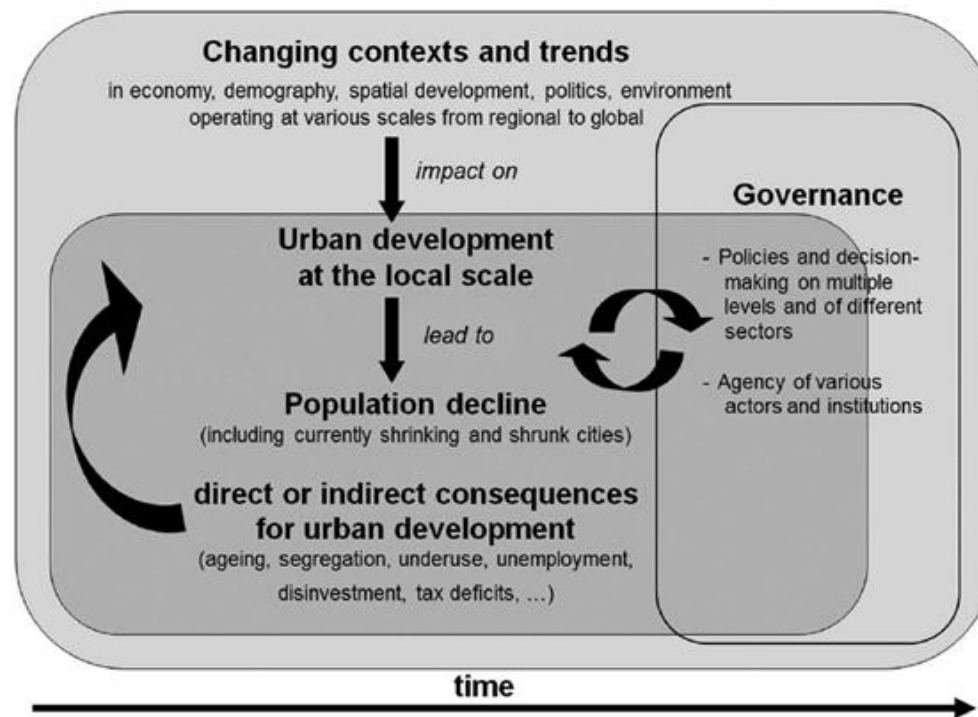
Is that: “Old wine in new wineskins” or “an emerging topic”?

- What is different?

2. History of Decline and Shrinking – Same Wine in Different Wineskins?

2.3. The Third Wave : Urban Shrinkage

1. Multicausal instead of monocausal explanations for decline (Pallagst et al., 2013).
 - Haase et al. (2014, p. 1525) mention changing economic, demographic, spatial, political and environmental contexts as causes of decline.
 - Population losses are the consequence.
 - As further consequences there are additional direct or indirect effects (e.g., housing vacancies, underuse of infrastructure, decreasing tax revenues, brownfields) .






2. History of Decline and Shrinking – Same Wine in Different Wineskins?

2.3. The Third Wave : Urban Shrinkage

- **Other differences?**
 2. **Cities affected by shrinkage changed:** As there are different causes, shrinkage concerns different types of urban agglomerations.
 3. **Scientific disciplines changed a little:** Research on OIA's mainly has been conducted by economists. Urban-shrinkage-research is more a research topic of urban planners.
 4. **Methods changed:** Development of population is used as main, sometimes sole indicator.
 5. **Research priorities changed:** Urban planners focus on explaining the consequences of shrinkage and not the phenomenon of shrinkage itself (Mayer, Knox 2009; Haase et al. 2014).
- **This is where we want to continue! Central question: What explains urban growth and shrinkage?**

3. Why Do (some) Cities Grow while Others Do Not?

Michael Storper (2010, p. 2028ff) distinguishes three forces of growth:

- **Specialization**  Comparative advantage, advantages of proximity (localization economies – e.g. forward and backward linkages of the dominant industry, possibility for labor pooling, technological spillovers).
- **Human Capital**  Has a positive impact on productivity. Allows a recombination of knowledge. Region must be able to attract people with different skills.
- **Institutions**  A variety of things, from de jure rules to de facto governance. The ways that public-sector agencies and private-sector groups and individuals interact.

Storper also emphasises and discusses the interrelations and interdependencies between these three factors.

3. Why Do (some) Cities Grow while Others Do Not?

Human capital is closely tied to innovativeness. Role of innovativeness for economic growth is accentuated in a recent paper by Florida et al. (2017). They state:

1. Innovation is concentrated in cities
2. In the future: Development (growth by doing new things different than before based on innovation) instead of expansion (mere growth in size)
3. “Scope and diversity trump scale and specialization” as driver of regional growth (Florida et al, 2017, p. 91).
4. Following J. Jacobs (new innovations mainly start in cities): Cities are the enabling infrastructure for innovation.
5. Consequence: Urban agglomerations and cities will gain increasing importance as drivers of economic growth.

3. Why Do (some) Cities Grow while Others Do Not?

From a city's viewpoint:

It is necessary to be a city to have innovations.

But is being a city also sufficient to guarantee success with innovation?

And what are the sufficient conditions for a city's innovativeness?

Hypothesis (to be tested in the future):

- **Rise and development of urban agglomerations in the past can be best explained by the interaction of specialization, human capital (innovation) and institutions.**
- **But one of these three factors has the highest explanatory power.**
- **Urban agglomerations more assigned to scope and diversity (urbanization economies) have been more successful in necessary adjustment processes than those assigned to scale and specialization (specialisation economies)?**

4. Summary and Further Research

Handle with care! Most things must be substantiated and confirmed!

Result of Part 1:

Phases of research interest in the topic of declining and/or shrinking cities.

- **First two phases: Especially manufacturing urban agglomerations with specialized economies suffered from decline – often medium-sized.**
- **Third phase: Multicausal explanations lead to regional losses of population – often medium-sized – cities.**

4. Summary and Further Research

Part 2

Combination of ideas from Storper and Florida et al. end with a hypothesis:

- A city's ability to adjust depends on the factors explaining the former rise of this agglomeration.
- If this rise can be mainly explained by economies of specialization, there is a regional lack of innovative power.
- Innovativeness in general is higher in those cities where growth had been driven by economies of urbanization in former times.

4. Summary and Further Research

Next steps:

- To improve theoretical background
- To test the hypothesis by analysing case studies of cities in decline
- And to look for answers:
 - Which types of cities are affected by slow growth, shrinkage and decline?
 - Which factors increase the risk for becoming a shrinking city?
 - Which factors increase the cities' ability to adjust to structural change?
 - Are old industrial medium-sized cities more vulnerable to shrinkage because they still suffer the consequences of adjustment processes decades ago?

List of References cf. submitted paper

Thank You for Your Interest!

Do you have

questions?

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