

COMPARISON OF STRUCTURAL ADJUSTMENT PROCESSES OF FORMER TEXTILE CITIES

57th ERSA Congress “Social Progress for Resilient Regions”

29 August - 1 September 2017

Groningen, The Netherlands

Rüdiger Hamm

Anna Herzog

NIERS - Niederrhein Institute for Regional and Structural Research

Niederrhein University of Applied Sciences

Preface and Outline

Preface

- Normally, we wanted to present a full paper, a PPP-version of it with final results.
- Actually there is no paper and I will present
 - ideas and research questions,
 - work in progress
 - and some preliminary findings
- Why? We are looking for helpful hints and maybe for research-partnership

Outline

1. Introduction and Research Questions
2. Research Design and Methodology
3. Application and Preliminary Findings
4. Summary and Further Research

1. Introduction and Research Questions (1/3)

- **Publications of the European Commission (2011, p. 10ff) describe a vision, in which cities are expected to become ... places with a high level of attractiveness and engines of growth.**
- **I work in Mönchengladbach and live in Krefeld ... can one assume that these cities belong to the European growth engines of the future? I have some doubts!**
- **Together with 138 other German municipalities both cities are classified as “economic centers with low dynamic of economic growth” (Wegweiser Kommune, 2016)**
- **Characteristic features:**
 - **urban centers with high population density**
 - **low dynamic of economic growth**
 - **many single person households, less families**
 - **low incomes, limited purchasing power**
 - **many people receiving social transfers, poor children**
 - **often high public debt**

1. Introduction and Research Questions (2/3)

Cities like Krefeld and Mönchengladbach can be found in other parts of Germany and in other European countries, too.

Our research focusses on this type of cities, i.e. ...

- ... cities that have been quite successful in the past, but which are now slowly growing or shrinking, often faced with multifaceted social and economic problems
- ... cities currently producing doubts whether they will fulfill the expectation of being European growth engines
- ...cities which are “medium-sized” (100.000 to 500.000 inhabitants)
 - Together they play a significant role regarding population, GDP, employment and ...
 - They have been neglected by research

1. Introduction and Research Questions (3/3)

Several research questions are combined with this type of cities:

- Which factors determine their economic rise and decline?
- Which factors determine their success or failure in adapting to the necessities of structural change?
- Which factors determine their economic developments during the last years and their current situation?
- What can be done to strengthen their ability to fulfill their role as European growth engines in the future?
- Which already existing elements of regional economic theory can be used to answer these questions?

There are two possibilities to do find answers to these questions

- Analysis of existing theoretical and empirical literature – a more general approach (we try that in our other paper)
- Single or comparing case studies using the same or a similar research concept

2. Research Design and Methodology (1/3)

We have “developed” a three-step concept for such case studies:

- **Step 1: Analysis of the economic history of the chosen city/region**
- **Step 2: Quantitative analysis of its long-term economic developments**
- **Step 3: Qualitative analysis of everything happening behind figures that might be helpful for a better understanding of the figures**

Explanation of the steps

2. Research Design and Methodology (2/3)

	1. Historical Background Analysis	2. Quantitative Analysis	3. Qualitative Analysis
Aim	<ul style="list-style-type: none"> ▪ To trace the economic history of the cities – because history matters. ▪ To find out factors determining the formation, rise and prosperity of the urban agglomeration. ▪ To reveal possible path-dependencies 	<ul style="list-style-type: none"> ▪ To understand the causes of urban decline ▪ To describe urban developments since the phase of decline began ▪ To show consequences of decline ▪ To trace structural changes which took place (or not) ▪ To work out whether the city was successful or failed 	<ul style="list-style-type: none"> ▪ To analyse strategies and measures taken to react to adaptation necessities ▪ To obtain a comprehensive picture including relevant actors and assessment of their scope of action ▪ To receive additional input for historical background and quantitative analysis ▪ Ascertainment of non written input that cannot be obtained via document analysis

2. Research Design and Methodology (3/3)

	1. Historical Background Analysis	2. Quantitative Analysis	3. Qualitative Analysis
Approach	<ul style="list-style-type: none"> ▪ Via document analysis (reference to approaches of historical research) 	<ul style="list-style-type: none"> ▪ Using long-term data for relevant indicators <ul style="list-style-type: none"> ○ Population ○ Employment ○ Unemployment ○ GDP ▪ Comparison with developments in similar regional entities or on national and federal state level 	<ul style="list-style-type: none"> ▪ Via problem focused guided interviews with experts, persons concerned and contemporary witnesses of all relevant fields ▪ Supplementary document analysis

3. Application and Preliminary Findings (1/7)

We are just applying our concept for a comparative case study for two former textile cities

- **Mulhouse (France) – ca 114.000 inhabitants (city), ca 280.000 (urban agglomeration)**
- **Located in the North-East of France (Region: Alsace-Lorraine)**
- **Mönchengladbach (Germany) – ca 270.000 inhabitants (city)**
- **Located in the West of Germany (Federal State of Northrhine-Westphalia)**



3. Application and Preliminary Findings¹ (2/7)

	1. Historical Background Analysis	2. Quantitative Analysis	3. Qualitative Analysis
Status Quo	<ul style="list-style-type: none"> ▪ Literature review in process <ul style="list-style-type: none"> • as to MG we regularly dealt with this topic in the past • as to Mulhouse we have to work that out in detail 	<ul style="list-style-type: none"> ▪ Sourcing of relevant quantitative data is nearly finished <ul style="list-style-type: none"> • as to MG we have the necessary data • as to Mulhouse data base is improvable 	<ul style="list-style-type: none"> ▪ 8 interviews conducted in Mulhouse, France (approx. 550 min audio material) ▪ 6 interviews conducted in Mönchengladbach, Germany (approx. 320 min audio material) ▪ Additional interviews seem to be necessary and might be helpful
Problems		<ul style="list-style-type: none"> ▪ Sourcing of the relevant data, especially continuous long time series for the French city ▪ Comparability of the data (different sources) ▪ Will the choice of indicators be sufficient 	<ul style="list-style-type: none"> ▪ Difficulties to find experts with long-term knowledge ▪ Age of experts depending on how long the city is already in crisis ▪ In Mulhouse mainly academic interviewees available

Partly based on a Master-Thesis; cf. Carmène NGOUANET KENFACK: Structural Adjustment processes of former textile and clothing industry cities in Germany and France: Moenchengladbach and Mulhouse in comparison. Mönchengladbach 2017.

3. Application and Preliminary Findings (3/7)

Remarks are restricted to the qualitative parts of our analysis

Literal transcription of audio files was analyzed by MAXQDA

Preliminary results!

	Mönchengladbach	Mulhouse
Key factors for formation of textile and clothing industry	<ul style="list-style-type: none"> ▪ Water (necessary for dyeing and washing and to drive machines and mills) ▪ Local know-how ▪ Raw materials 	<ul style="list-style-type: none"> ▪ Water (necessary for dyeing and washing and to drive machines and mills) ▪ Local know-how ▪ Raw materials
Early developments	<ul style="list-style-type: none"> ▪ Textile and clothing industry became <ul style="list-style-type: none"> • Main employer • Source of wealth of the city. • Induced increase of population ▪ Other fields of manufacturing: textile machinery 	<ul style="list-style-type: none"> ▪ Textile and clothing industry became <ul style="list-style-type: none"> • Main employer • Source of wealth of the city. • Induced increase of population ▪ Other fields of manufacturing: textile machinery, chemicals
Causes of Crisis	<ul style="list-style-type: none"> ▪ Trade liberalisation ▪ Lack of competitiveness because of high labor costs 	<ul style="list-style-type: none"> ▪ Trade liberalisation ▪ Lack of competitiveness because of high labor costs ▪ Lack of proximity to raw materials needed for Indienne

3. Application and Preliminary Findings (4/7)

	Mönchengladbach	Mulhouse
Consequences of Crisis	<ul style="list-style-type: none"> ▪ Relocation of production sites to low cost countries ▪ Plant closures ▪ High unemployment rate ▪ Loss of know-how ▪ Brownfields ▪ High poverty ▪ Low tax revenues ▪ Collective trauma 	<ul style="list-style-type: none"> ▪ Relocation of production sites to low cost countries ▪ Plant closures ▪ High unemployment rate ▪ Loss of know-how ▪ brownfields ▪ High poverty ▪ Low tax revenues ▪ Collective trauma ▪ Loss of city-attractiveness

3. Application and Preliminary Findings (5/7)

	Mönchengladbach	Mulhouse
Measures and Actors	<ul style="list-style-type: none"> ▪ State: <ul style="list-style-type: none"> • Social assist (national) • Governmental support focused on iron and steel (national, federal state) ▪ City <ul style="list-style-type: none"> • Organization of recruiting fair (GO TEXTILE!) by WFMG (city) • Reuse of old textile buildings for new activities (Textile and clothing faculty at HSNR) • Implementing "Masterplan MG 3.0" initiated and financed by firms and private people ▪ Firms: <ul style="list-style-type: none"> • Specialization (textile for car seats, conveyors belts) • Innovations • Companies followed their customers to foreign countries. 	<ul style="list-style-type: none"> ▪ State: <ul style="list-style-type: none"> • Social assist • Governmental support focused on iron and steel, heavy industries ▪ City: <ul style="list-style-type: none"> • Tried to attract new investors by renovating some brownfields • Reuse of old textile buildings for new activities (for example: Campus Fonderie of UHA) • Attracted Peugeot factory ▪ Firms: <ul style="list-style-type: none"> • Through specialization in a particular areas of the textile and clothing ▪ Workers: <ul style="list-style-type: none"> • Tried to take over as co-operative societies with support of local policy.

3. Application and Preliminary Findings (6/7)

	Mönchengladbach	Mulhouse
Facilitating Factors	<ul style="list-style-type: none"> ▪ University of Applied Sciences ▪ Masterplan MG 3.0 	<ul style="list-style-type: none"> ▪ Good geographical location at the crossroads of France, Switzerland and Germany ▪ Easy access via road, train or plane ▪ Strong will of politicians to keep the industry in the city ▪ Comeback of a desire to invest again in the textile sector ▪ Pragmatism of the citizens in Mulhouse ▪ Bilingualism of people living there
Hampering Factors	<ul style="list-style-type: none"> ▪ Problem of reconversion of former textile and clothing workers (related to age and low qualification) ▪ Too many people receiving social assistance 	<ul style="list-style-type: none"> ▪ Problem of reconversion of former textile and clothing workers (related to age and low qualification) ▪ Weak autonomy of regions and departments in France due to the centralization of decisions in Paris

3. Application and Preliminary Findings (7/7)

	Mönchengladbach	Mulhouse
Current situation	<ul style="list-style-type: none"> ▪ The city has overcome the textile crisis and its consequences ▪ Textile and clothing industry no longer are core activities; there is a loss of status as textile city ▪ Remaining textile and clothing firms are competitive and innovative; they partly are market leaders in the field of technical and creative textiles ▪ Even if production sites have been relocated, the management and headquarters are still in MG ▪ Sectors of importance nowadays: Tertiary sector especially logistics ▪ Population and employment are increasing, unemployment rate decreases and tax revenues are rising ▪ The city is attractive (geographical location and low rents). ▪ Perspectives: Thanks to the Masterplan MG 3.0, there can be more investments, more jobs, tax revenues will increase, population as well. 	<ul style="list-style-type: none"> ▪ The city has overcome the textile crisis and its consequences ▪ Textile and clothing industry no longer are core activities; there is a loss of status as textile city ▪ Despite the relocation, there are still some high-end weaving companies. DMC is a specialist in spinning and there are manufacturers of machineries like Superba. ▪ Creation of alliances between the textile and clothing factories ▪ Today other sectors are of higher importance: Tertiary sector and Peugeot factory ▪ The city is still attractive because of its good geographical location

5. Summary & Further Research Ideas

Paper presents work in progress – sorry for this, again!

- **Preliminary results are based on the experts' statements**
 - **Sometimes I do not agree with them!**
 - **Sometimes statements are superficial!**
 - **Sometimes they forgot to mention important aspects!**
 - **In general: I have some doubts whether this kind of qualitative research is sufficient to understand the complicated structures of actors on the city-level**
- **Helpful for our research would be:**
 - **Critical comments on our concept**
 - **Ideas how to get long-term data (employment, structures, GDP, unemployment) for French cities**
 - **Ideas how to analyze the actors and their roles and urban governance structures, respectively, on the city-level**

4. Summary and Further Research Ideas

- **Next steps and further research**
 - **Fill all the gaps you have seen!**
 - **Include micro level data into the analysis: analysis of successful and failing companies and their strategies and trajectories in order to better understand factors for success or failure**
 - **To find research partners willing to cooperate with us: We would like to include further case studies (further cities) working with the same or a similar research design in order to achieve comparability**

Literature

- Boschma, Ron; Lambooy, Jan (1999): The prospects of an adjustment policy based on collective learning in old industrial regions. In *GeoJournal* 49 (4), pp. 391–399.
- Europäische Kommission (2011): Städte von morgen. Herausforderungen, Visionen, Wege nach vorn. Luxemburg: Amt für Veröff. der Europ. Union. Available online at <http://dx.doi.org/10.2776/5198>.
- Florida, Richard; Adler, Patrick; Mellander, Charlotta (2017): The city as innovation machine. In *Regional Studies* 51 (1), pp. 86–96.
- Friedrichs, Jürgen (1993): A Theory of Urban Decline. Economy, Demography and Political Elites. In *Urban Stud.* 30 (6), pp. 907–917.
- Grabher, Gernot (Ed.) (1994): The embedded firm. On the socioeconomics of industrial networks.
- Haase, Annegret; Rink, Dieter; Großmann, Katrin; Bernt, Matthias; Mykhnenko, Vlad (2014): Conceptualizing urban shrinkage. In *Environ. Plann. A* 46 (7), pp. 1519–1534.
- Mayer, Heike; Knox, Paul L. (2009): Cittaslow: ein Programm für nachhaltige Stadtentwicklung. In Herbert Popp (Ed.): Raumstrukturen und aktuelle Entwicklungsprozesse in Deutschland. Bayreuth (Bayreuther Kontaktstudium Geographie, 5), pp. 207–221.
- Milbert, Antonia (2015): Wachsen oder schrumpfen? Wachsen Sie noch oder schrumpfen Sie schon? Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR). Bonn (12/2015).
- Ngouanet Kenfack, Carmène (2017): Structural Adjustment processes of former textile and clothing industry cities in Germany and France: Moenchengladbach and Mulhouse in comparison. Master-Thesis, Mönchengladbach 2017.
- Norton, R. D.; Rees, J. (1979): The product cycle and the spatial decentralization of American manufacturing. In *Regional Studies* 13 (2), pp. 141–151.
- Schöler, Klaus (1999): Die Entwicklung westdeutscher Städte in der Nachkriegszeit. In Lothar Baar, Dietmar Petzina (Eds.): *Deutsch-deutsche Wirtschaft 1945 bis 1990. Strukturveränderungen, Innovationen und regionaler Wandel ; ein Vergleich.* St. Katharinen, pp. 137–152.
- Steiner, Michael (1985): Old Industrial Areas. A Theoretical Approach. In *Urban Studies* 22 (5), pp. 387–398.
- Storper, Michael (2008): Why Does a City Grow? Specialization, Human Capital, or Institutions? 2008.

Thank You for Your Interest!

Do you have

questions?

Hochschule Niederrhein
University of Applied Sciences



NIERS

Institut für Regional-
und Strukturforschung
Institute for Regional-
and Structural Research

2. Theoretical Considerations

Theories explaining city growth or decline

