

Towards Cities Primarily Geared to Market Requirements?

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1. Introduction

This report is based on a survey - recently finished at the German Institute for Urban Studies - that discusses the topic of "urban development" from a specific viewpoint.¹

In this survey, statements regarding the future development of (German) cities are not derived from an abstract analysis of social and economic trends of development; they are obtained by investigating the ideas, needs and strategical goals of those social forces that greatly influence the structure and appearance of the urban landscape. These forces are made up of specialists at the national level, of decision-makers from the political and economic sector, but also of public administrators.

Two hypotheses emerge from our research. Cities are the places where, in general, internationally and nationally important developments and trends become effective. Yet, the decisions concerning these developments - and this is the second hypothesis - are often rules less by hard data and prognoses than by individual perceptions and assessments.

Some of the crucial questions that the survey attempted to answer are: Which are the main factors with regard to further urban development? Which demands and strategies can be deduced from these factors, that are relevant in the urban context? What will be their consequences for the further development of cities and urban space?

2. Main Factors Influencing Urban Development

With respect to the determinants of future urban development the survey shows that, in spite of many variations with regard to details, economic aspects and processes definitely come first. These are viewed as radical and internationally effective changes. They reach from drastic changes on the world market and the intensifying global division of labour and production to extensive processes of economic concentration and restructuring. They also concern an increasing tertiarization and the implementation of new technologies that facilitate and accelerate the process of economic restructuring. These processes and changes are caused by a world-wide modernization impulse aimed at improving and heightening the present effectiveness of production and capital investment.

¹ The results of this study were published in May 1990: Werner Heinz, "Stadtenwicklung und Strukturwandel" (Stuttgart 1990).

A further acceleration of these dynamics of economic development is expected, due to the establishment of the Common Market in Europe and the growth in sales and investment opportunities in Eastern Europe. It will affect all (German) cities, albeit with differences as to their intensity and their form.

The results of this development cannot be predicted with certainty. One may expect a further intensification of already existing local and regional differences and disparities or, on the one hand, significant changes in the present hierarchy of cities.

An example is provided by the growing internationalization of production, services and labour markets. Their direct and indirect effects can be noticed in many cities. But, dependent on the site, on the structure and on the size of individual cities these effects may vary: reduction of production and loss of local significance, on the one hand, opportunities for change and for increasing investments, together with an increase of local influence, on the other hand.

Because of the spatial separation between production processes and management and control functions, due to an internationalization of the production, cities with mining- or shipyard-industries are experiencing changes. They are at the mercy of decisions taken by multinational companies. Yet, in cities like Frankfurt the consequences of internationalization are mainly positive: a further concentration of nationally and internationally important agencies and organisms; an extension and expansion of financial activities and of commercial fairs; an increase in the international importance of Frankfurt airport etc.

In German cities, increasing tertiarization is considered the decisive determinant for future urban development. The proportion of inhabitants of the so-called old "Länder of the FRG" who are working in the service sector is continuously increasing and passed the 50% threshold in 1987. The actual extent of this development becomes visible when one leaves sectorial assessments and analyses concrete activities. Well over 70% of all employees subject to compulsory national insurance work in what is called, broadly speaking, services.

In spite of the large number of people employed in the service sector, cities have been warned - by representatives of economic corporations, in particular - against an unilateral orientation towards this sector. One reason for these warnings is that there are many functional and structural relations between production and the services. Another reason is that the strong export-orientation of the German economy is an important impediment to a general de-industrialization. In 1988, with an export volume of 323 billion U.S. dollars, the FRG was the largest exporter world-wide: 26,8% of the whole economic output of the FRG were apportioned to export.

Far reaching consequences on urban development are also expected because industry has been simultaneously restructured. This process implies conflicting changes and developments in the industrial sector, i.e. phenomena that have often been described with terms like de-, re- and neo-industrialization. The consequences of this process for German cities are expected to vary from one city to another, while being generally rather positive.

Internationalization, tertiarization, the restructuring of the industrial sector and the implementation of new technologies also restructure local labour markets.

Radical changes in production technologies, due to the introduction of micro-electronics, are bringing about more "flexibility of the labour force": new modes of job sharing, new forms of spatial and temporal connection between man and machine. For

instance, there are increasing numbers of couples working different hours or even in different cities, and who are forced to practice a "love at a distance". A totally new stratification of the work force is making its appearance with respect to qualification and organization of work. Quite often a high and stable surplus of unqualified or "wrongly-qualified" people is found, while a demand for specific qualifications remains difficult to meet.

Economic change and new market conditions - this is a result of the study - serve to further intensify local and regional competition. Natural locational factors loose significance while socially produced ones become more important. Thus a growing number of cities becomes (potential) competitors for new business and investors. Simultaneously, a growing internationalization causes the network of local competition to become increasingly complex: world-wide, European, national and regional relationships all combine. For instance, a given city can be in competition with its surrounding areas on the retail sector, with other German cities with regard to cultural activities, and with foreign cities as to special products of the industrial or of the service sector.

3. Goals and Strategies of Local Urban Development Policies

This generally intensifying pressure for competition causes German cities to continually attempt to adapt and to restructure. Because conditions and scopes of action remain different in different cities, these activities vary. However, they are increasingly oriented towards identical or similar goals, such as the "strengthening of local competitiveness" and the "improvement of site characteristics".

The strategies applied to achieve these goals focus on the improvement of so-called "hard" and "soft" site characteristics: good traffic conditions and connections, sufficient supplies of industrial areas and qualified workers, are still regarded as basic prerequisites of urban and economic development.

The reorganization of local and supra-local transportation systems is one of the "hard" implementation factors. Planning strategies, for instance the reduction and concentration of rail networks, the implementation of high speed trains, and an intensification of air traffic aimed at strengthening and improving the attractiveness of the FRG within the Common Market, leads cities to expect long-term consequences. If they are integrated into the projects, then consequences are expected to be positive; if they are not, then consequences are expected to be negative.

Consequently, most cities and municipalities attribute a high priority to being connected to the new network of rail and air traffic. They want to improve their Inter-City-Trains' connections or to expand their regional airport, the objective remaining the same: to be better connected with the traffic junction Frankfurt and thereby with the international markets.

The evolution of railway freight traffic is particularly relevant to urban development. Centrally located freight railway stations are abandoned and transferred to the local periphery. Often, extensive inner city areas become available for new uses, and this shapes the urban landscape (an example thereof is given by the "Media-Park" in Cologne).

A sufficient supply of industrial sites, meeting the most modern standards, is also regarded to be of substantial significance for the spatial development of cities.

However, the decisions made by private investors with regard to new locations are no longer determined by factors such as traffic connections and availability of areas for industrial uses, or supply of qualified workers and employees. Most locations satisfy such criteria. Today, additional "soft" site characteristics - like image, atmosphere, urban shape and urbanity - play an increasing role.

Depending on their financial and structural situation, individual cities may pay more or less attention to this dimension. They reduce car traffic or provide more green areas, upgrade - visually and aesthetically - their centre, invest in protection and preservation of historical monuments; but cities are also rediscovering inner city water space and green areas, following the model adopted quite recently by Anglo-American countries (cities are again moving towards their rivers).

The goal "improvement of soft site characteristics" is also met by sponsoring and building new facilities for education, sports or leisure time, often with an extravagant architecture. Large cultural projects are undertaken, like the construction of museums and opera houses or the organization of a broad spectrum of exhibitions, festivals and celebrations connected to the commemoration of urban events.

Furthermore, in a growing number of cities space is being used according to a novel concept, that of the 'park': for instance technology parks, industrial parks, science parks or cultural parks.

In addition to these "ingredients for increasing local attractiveness" cities with a special historical, scenic or environmental patrimony try to develop local tourism, together with congress and conference facilities. In terms of urban development, there is a building boom in the hotel business, while new congress-, city-halls or conference facilities are being constructed; important efforts are also made to upgrade the local gastronomy.

Central starting points for improving the local image are the city centres and their close surroundings. These areas are regarded as the "main trump" held by cities: they are what visitors from outside see first, and often exclusively. Urban image and urban identity are therefore often equated with the specific shape and appearance of these spaces.

As far as the goal of "strengthening local competitiveness" goes, most of the strategies mentioned above aim mainly at achieving external effects. Addressees are foreign investors, tourists and visitors. The local population and their needs are receding more and more into the background.

In order to accompany and support these upgrading activities, German cities are orienting themselves towards the strategies and methods typical of the private sector. It is thus not surprising that, in a growing number of cities, publicity and advertising campaigns, as well as city marketing strategies, have become the main instruments of local policies aiming at urban and economic development.

In the words of the former mayor of a South German city, the crucial point is "to optimize the sale of the product 'city' under changing market conditions". A clear and consistent outward profile is considered to be an essential prerequisite of urban marketing-strategies; in other words: cities require a corporate identity, oriented to the business sector, and often concerned only with questions of outer appearance. Spectacular individual projects or the whole city and its upgraded image may serve as vehicles to this endeavour.

Local efforts to improve the urban image and to market the city are being carried on and becoming stronger; they are influenced by surveys interested in local images or by tests that have been made in large numbers. These appear to have often been oriented to the interests of the business sector.

The results of such investigations nevertheless show that the image of a city is assessed differently according to specific interests. There is quite often a blatant difference between the images perceived outside or inside the city. In a survey about the city image, using mainly structural data and done by the University of Reading, the city of Frankfurt, for instance, comes first among 117 European cities (before Venice); according to another survey of young German employees, Frankfurt ranks number 44 among 50 German cities; and in a consultation of the urban population in 10 German cities Frankfurt takes place seven.

Under changing economic and market conditions, representatives of supra-local organizations and institutions also argue in favour of a change in local administrative and political structures. They often ask for "the transference of principles of private business policies to the structure and to the conduct of local administrations". For instance, it is sometimes suggested that local communities should increasingly see themselves as enterprises, run by "urban managers". Aimed at strengthening regional competitiveness, public-private partnerships are also gaining in importance.

Finally, it is often suggested that changed conditions for competition should be met by an adjustment of local constitutions. It is seen as positive by many people that the regulations concerning South German cities provide for a strong position of the mayor and give him/her extensive decision-making powers.

4. Development of Urban Structures

It is also anticipated that cities will witness a further development and intensification in the expansion of their housing stock, along competitive lines.

Aesthetic and formal aspects are also gaining increasingly in importance. The manyfold activities concerning the development, restructuring and modernization of cities are not ruled by spatial guidelines or urban utopias. The majority of these activities - this is my hypothesis and I chose the title of this article accordingly - seem to follow an implicit guideline oriented towards market considerations and economic development. This guideline can be defined as a "conversion towards (common) market requirements and towards a competitive city". This hypothesis is further strengthened by the current switch from comprehensive urban development planning towards economic development planning and city-marketing.

This guideline seems to have similar structural and spatial consequences in many German cities, despite the widely varying conditions that are found in these cities:

- City centres are increasingly becoming areas for retail, leisure time or cultural activities, with islands for housing usually getting smaller and more expensive, and with a broad variety of tertiary sector uses, different from city to city, but generally on the increase.
- The process of tertiarization is also growing in inner city housing areas. At the same time the existing older housing stock is converted to satisfy the needs of new types of households and of new social groups.

- Areas that were formerly reserved for traffic and traffic facilities are no longer used for this purpose because of the evolution of transportation and storekeeping systems; they are thus open to new uses, predominantly in the service sector. Spectacular examples are the conversion of rivers and canals into recreation areas, the rebuilding of dock areas located close to city centres into attractive "central city uses", as well as the relocation of formal central freight yards in the urban periphery. In competition with, but also as an addition to the city centres, urban sub-centres are gaining in importance.
- The urban fringe is becoming a multifunctional zone of development. No longer does it act only as the negative counterpart to upgrading efforts in the city centre or as a "gathering place" for uses that have been displaced or relocated from central locations; it is gradually becoming a location for competitive activities, with the construction of new industrial-, technology- or science parks or large sports or leisure time facilities.
- The structural consequences of the implementation of new technologies have, so far, been less spectacular than was expected a few years ago. The requirements in work places (space, equipment and qualification) brought by the microelectronic revolution have actually changed (for instance the space required by office jobs has increased to 35-40 m² on average). However, the tendencies towards urban decentralization that had been anticipated because of new technologies (e.g. work at home) have not come true to the extent predicted.

In spite of all this, local practitioners and decision-makers do not expect any radical changes in the present urban structure and appearance for the foreseeable future.

Significant structural changes could be brought about by two developments connected with transportation systems: the implementation of further urban projects alongside supra-local traffic routes or traffic junctions, and the vertical segregation of different types of traffic, that is the tunneling of central city areas, or even of whole cities, for car traffic and/or for public passenger traffic.

In concrete reality processes of up- and downgrading prevail, that are limited in scale and scattered over the whole urban area. These processes are actually responding to a logic determined by market forces, but they are beyond comprehension with the aid of simplifying models.

5. Results and Open Questions

The results of this survey, but also many developmental features, encourage us to believe that there will be further local competition, through marketing and activities aimed at image improvement and at urban upgrading.

However, any further development of cities is confronted with the question of whether there are limits to the development policies of most cities. Thus, in recent years numerous societal, social and ecological problems have become more pressing and these will not be solved by giving priority to economic goals.

In recent years, the number of long-term unemployed social welfare recipients and of households with low income has increased continuously in most German cities; it is now remaining at a high, but stable, level especially in some big cities. Social divi-

sion and segmentation, as well as social segregation are no longer phenomena that are only observed by American urban sociologists; they are getting to be increasingly typical features of many urban populations in Germany.

Another disadvantage of these urban development policies that are oriented predominantly towards the market and external requirements is becoming more and more obvious: large numbers of inhabitants are realizing that little consideration is given to their genuine interests and needs.

Recent investigations on the image of various cities, including opinions expressed by inhabitants, the results of our study, and the results of the last local elections, indicate that the cities that invest the most in economic development and cultural activities are by no means the most attractive for their inhabitants. It is not Berlin or Frankfurt that are considered most attractive, but - according to interviews with their inhabitants - cities with relatively modest aspirations like Bremen or Mülheim on the river Ruhr.

Thus, the long-term development policies of German cities will have to take into account to a growing degree the actual social, societal and ecological conditions in a given city, that is its endogenous potential in the broadest sense.