

Benchmarking Performances between European Metropolises



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“ Command centres “ in the global economy

The scientific theory on “metropolitanisation” defines the world’s cities as hubs joined to networks in the post-Ford globalised economy, in particular within networks of advanced services supplied to businesses. These are the cores of our innovative and creative industries and “command centres” of the global economy.

What lessons do political leaders draw from this theoretical vision? One general lesson is that major towns and cities must compete with one another to access these networks and assert their position in them. This results in an undermining of regional cohesion policies. The outcome is also that many cities, reacting to benchmark studies conducted by the same consultancy firms who apply similar methodologies and hence which produce the same findings, propose services or conduct capital infrastructure investment policies which may be useful, even decisive for cities that implemented them first, but which become redundant and unnecessarily expensive for cities that implement them later.

The priority on exogenous and globalised economies at the expense of local development

The political conclusion drawn from this theoretical vision is the belief that economic growth can only be achieved by entering into this exogenous and globalised economy: the endogenous economy,

which in all towns and cities, even those with the most globalised economies, represents a very large part of the local economy, is neglected. This does not mean that the minority share of the globalised economy is not a driver. In the Lower Middle Ages when international trade recovered, the latter represented only a negligible percentage of the Western European economy. However, it was the driving force behind economic recovery. However, we should not overlook the potential of the local economy.

With regard to these theoretical considerations and to their political impact, I have tried to collect data or some of the data from a study conducted on behalf of the DATAR in order to raise two questions: do the major cities or those assumed to be the most metropolitanised perform better economically, in particular in terms of GDP per inhabitant? Do these cities also perform the best socially? This is a key question because in many metropolises, there is no longer a link between economic performance and unemployment.

Complex comparative data

We compared data by identically segmenting metropolitan regions and functional urban areas based on population density thresholds and commuter travel.

We examined the location of different elements characteristic of metropolitanisation based on a set of data concerning facilities, accessibility, the presence of institutions and firms, frequentation, their impact, economic structures and cultural, scientific and political positioning.

We evaluated the product of each urban area based on data supplied on the NUTS-3 scale, with proportional spreads for NUTS-3 units not fully included within the scope of our metropolitan areas. All defined European metropolitan areas with populations of up to 200,000 were considered.

We took into account the GDP level per inhabitant but also trends during the periods 1995-2001 and 2001-2008. The trends were compared with the European benchmark and versus national benchmarks.

Despite the progress in European integration, national frameworks seem the most relevant when determining the economic performances of towns, cities and regions: the national level is the most revealing in terms of explaining the variance in economic performances between different regional entities in Europe. Regarding Germany and Italy, we also considered two sub-national benchmarks, northern and southern Italy and former East and West Germany; in the two latter countries, the north and south in the first case and the west and the east in the second case, have different economic systems based on rationales that are not totally in sync.

Trends related to the size of metropolitan areas

What do the trends in GDP/inhabitant reveal about different types of city?

	<i>Size of the FUAs (thousands inhab.)</i>	EU 27 = 100			National averages (or sub-national in Italy and Germany) = 100		
		1995	2001	2008	1995	2001	2008
<i>Central- Eastern</i>	50 – 100	54	49	57	89	84	82
	100 – 200	60	53	60	89	88	85
	200 – 500	51	46	55	98	95	91
	500 – 1,000	72	73	91	128	132	133
	> 1,000	75	78	96	138	148	158
	Capitals (b)	75	87	114	155	176	187
<i>Mediterra- nean</i>	Non-cap.> 500	71	65	75	104	112	114
	50 – 100	84	84	82	98	95	92
	100 – 200	80	82	80	94	93	90
	200 – 500	83	86	88	96	95	97
	500 – 1,000	87	90	86	100	100	96
<i>Western</i>	> 1,000	94	98	101	110	109	109
	50 – 100	111	109	102	89	87	86
	100 – 200	113	108	103	87	86	85
	200 – 500	117	115	109	94	92	91
	500 – 1,000	129	123	118	98	97	96
<i>EU27 Switzerland</i> +	> 1,000	137	137	132	110	111	110
	50 – 100	90	86	84	91	88	87
	100 – 200	99	93	91	89	87	86
	200 – 500	102	98	96	95	93	92
	500 – 1,000	115	110	109	102	103	103
	> 1,000	121	121	121	114	117	118

The greater the size of urban areas, the higher their GDP. This is particularly striking in the major cities of Central and Eastern Europe, in particular in capital cities, even small capital cities such as in the Baltic countries whose populations are under one million inhabitants.

The capitals of Central and Eastern Europe score 187 versus the national average. This is less true in Western Europe but the average index rises from 86 for cities with 50 to 100 thousand inhabitants to 110 for cities with over 1 million inhabitants.

However, these findings must be put into context. The privileged position of the major cities in Western Europe is not growing.

This raises questions in the dynamic meaning of "metropolitanisation".

On the other hand, in Central and Eastern Europe, the privileged position of leading cities continues to grow although the pace of growth was slightly lower at the beginning of the year 2000 than during the Nineties.

These conclusions are corroborated by the following table which is limited to the largest functional urban areas with more than one million inhabitants.

2008	GDP<90	GDP 90-110	GDP>110
Improvement 1995 - 2008 (>3)	Sheffield Dortmund	Nice Saarbrücken Portsmouth	Düsseldorf Bilbao Bristol Athina London Lisboa München Rotterdam Sofia Amsterdam Bucuresti Stockholm Warszawa Nürnberg Praha Frankfurt Budapest Dresden Lodz
	Lille Tyneside Liverpool Sevilla	Marseille Manchester Bremen Bordeaux Napoli	Helsinki Madrid Paris Barcelona Roma Antwerpen Katowice Bruxelles Dublin Stuttgart Lyon Hamburg
	Cardiff	Hannover Torino Toulouse Thessaloniki Birmingham Leeds Berlin Nottingham Wien Köln	Milano
		Valencia Porto	
Stabilisation 1995 - 2008 (3 to <3)			
Deterioration 1995 - 2008 (<-3)			

The cities located in the two upper right-hand sections of the table are among the wealthiest and posted far higher or at least equal GDP/inhabitant (high) levels versus the national average between 1995 and 2008.

All Western capitals (exception Vienna and Berlin) are highlighted in orange; Central and Eastern capitals are highlighted in red.

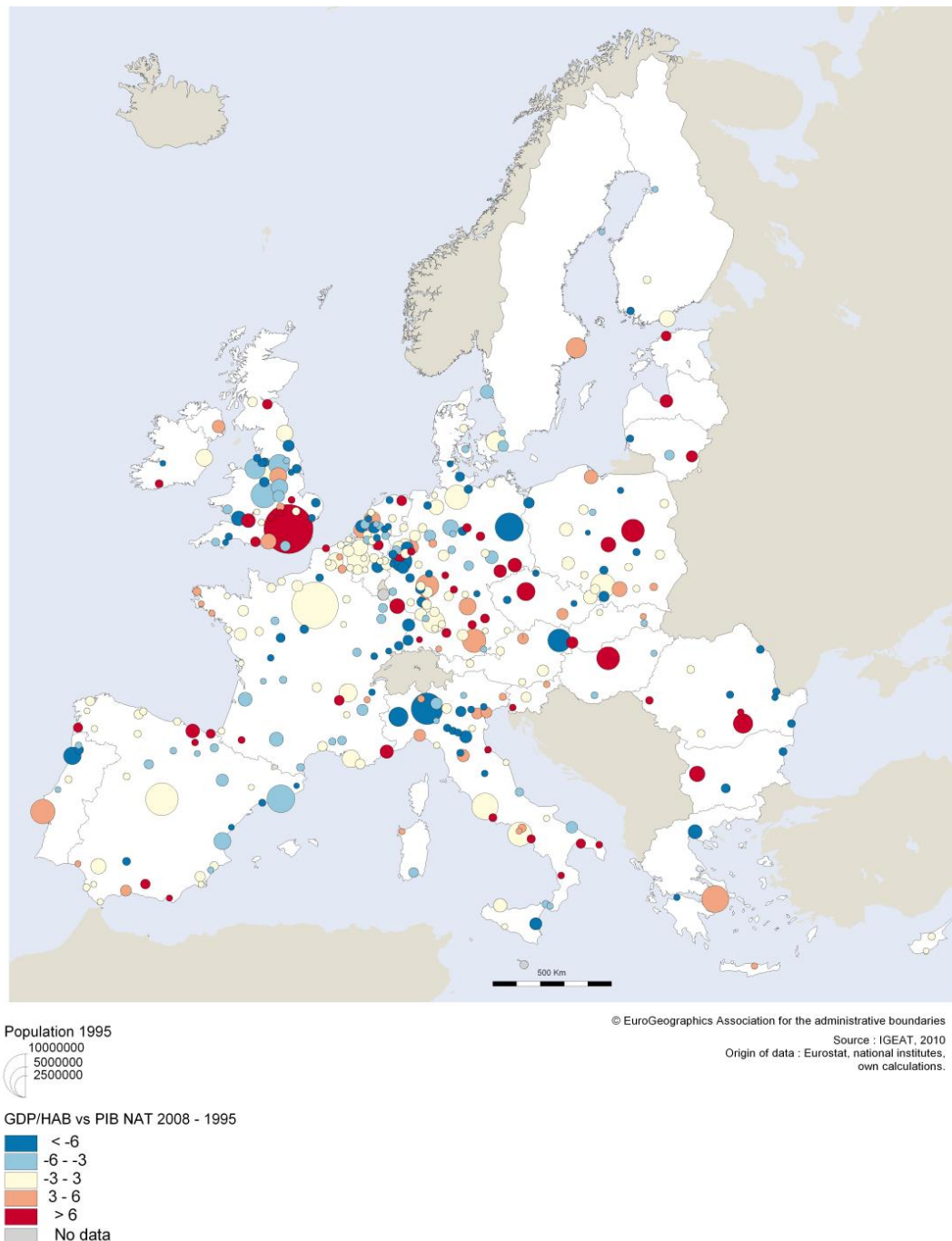
Vienna and Berlin are two capitals which have failed to live up to the expectations -at times megalomaniacal- that these cities entertained in the early 1990s with the opening up to Eastern Europe. At that time, they believed that they would be necessary transit points between Eastern and Western Europe. In fact, there is no need to stop in Berlin in a network linking Frankfurt and Warsaw.

A more rapid growth of capital and port cities

The position of capitals is contrary to that of most cities with a strong industrial past. Despite the disappearance of whole swathes of industry in these cities since the 1960s and even full desindustrialisation in some cases, the recovery and reconversion of cities in this category often remain difficult. This is perhaps more due to social management structures arising from the industrial phase than to the crisis in former industrial sectors since these have largely disappeared.

Of course, there are exceptions such as Bilbao, or Lodz and Katowice in Poland, which although strongly impacted by their industrial past and by the shortage of advanced services which characterise

cities in Central and Eastern Europe, have fared quite well, as opposed to the situation in the early 1990s when these cities were in difficulty.



Cities which are also ports posted relatively poor performances in the early Nineties. Today, some of them rank among the top performers: Rotterdam, Amsterdam and Antwerp. This is also perhaps because they successfully converted into traditional ports.

Today, they are not only ports but have become logistics centres which are an integral part of world networks.

A weakening trend towards metropolisation in Western Europe and an increasing disconnection between economic performance and the size or hierarchical position of cities.

It is worth observing, at least in Western Europe, that from 1995 to 2001 and from 2001 to 2008: metropolisation¹ trends are slowing down.

On the other hand, in Western Europe, there is no longer a statistical link in the second period between the size of cities and their economic performance. This probably means that in western Europe either because these cities are easily accessible, are more likely than in Eastern Europe to fit into niche economies, specialised economies or specialised networks or because they benefit from large nearby metropolitan centres, it is possible for average size cities to perform well. In political terms, this means that the issues must not be framed less in terms of competition between leading centres and average size cities but more in terms of a win-win relationship within the networks, including those that join the major cities with small neighbouring towns and cities. Some average size cities post more mediocre performances but their size is not an inevitable handicap. Arguing in favour of polycentrism must not become an argument for the leveling of the size of cities spread across the region, such as the situation that prevailed in Central and Eastern Europe before 1990 where, outside the capital, all cities were on a par in terms of their hierarchical links with the capital.

A fine analysis reveals the statistical links between different features of cities mentioned above (structures, income levels per capita, growth rates, ranking of cities in different hierarchies). The initial part of this analysis reports a 41% total variation on the sample, which is a high figure. It drew on all the indicators that reflect centrality, metropolisation, high echelons of economic, cultural and political control as well as high levels of income per capita.

Significantly, the growth in income is totally neutral under this initial analysis, more so between 2001 and 2008 than between 1995 and 2001. This means that the rate of growth of cities, at least in Western Europe, has disconnected from their ranking on the metropolisation scale. This seems to me an extremely important conclusion politically.

Pursuing our political thinking would entail a more detailed review of the features of average size cities

that are successful and that post mediocre performances.

Conclusion

Major cities as centres of accumulated wealth and as key drivers of national economies

A preliminary general conclusion is that post-industrial or post Ford metropolisation confirms and enhances the role of major cities as centres of accumulated wealth and as key drivers of national economies. However, this does not mean that other cities cannot fit into these processes.

Metropolisation no longer implies, at least in Western Europe, the highest growth rate in the strongest metropolitan areas, even though these major cities perform better than national economies of which they are a part. This is not true in Central and Eastern Europe where, at least up until the present, the benefit of being the capital city or leading city of a network was a distinctive asset, perhaps because the number of facilities and accessibility of average cities are far lower.

These conclusions must also prompt average size cities to be fairly cautious in the policies that they wish to conduct and not to rashly embark on metropolisation policies. These average size cities will not all be Bilbaos; it is very important to give careful thought to the links with larger cities within networks, to niche or specialisation sector, and to the strengths and weaknesses or their social structures.

The Importance of not overlooking endogenous economy.

The second general conclusion, which is a corollary to the previous one, is that it is important not to overlook more local and endogenous economies or the so-called residential economy of average-size and large-size cities. We can show that today there is a closer correlation in Western Europe between rates of unemployment (and the underlying social problems), GDP per inhabitant, economic growth and the population of FUAs. This correlation is only applicable to central and eastern Europe whose capital cities all have lower rates of unemployment. Very often, the successes of metropolisation in the largest cities generate few low skill jobs, whereas these metropolises are among the cities which attract the highest number of low skill immigrants. This widens the rich-poor gap and sharpens the social divides in these cities. Brussels is a perfect example of this situation: its rate of unemployment is the highest in the country in most prosperous city, i.e. with the highest GDP per inhabitant, whereas the income of Belgians living in the centre of the country is far lower than in Flanders and Wallonia (French-speaking region of Belgium).

¹ Metropolisation is defined as a dynamic trend grows more with regard to major cities