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# Demographic Change and Local Development: Shrinkage, Regeneration and Social Dynamics

Cristina Martinez-Fernandez, Naoko Kubo,
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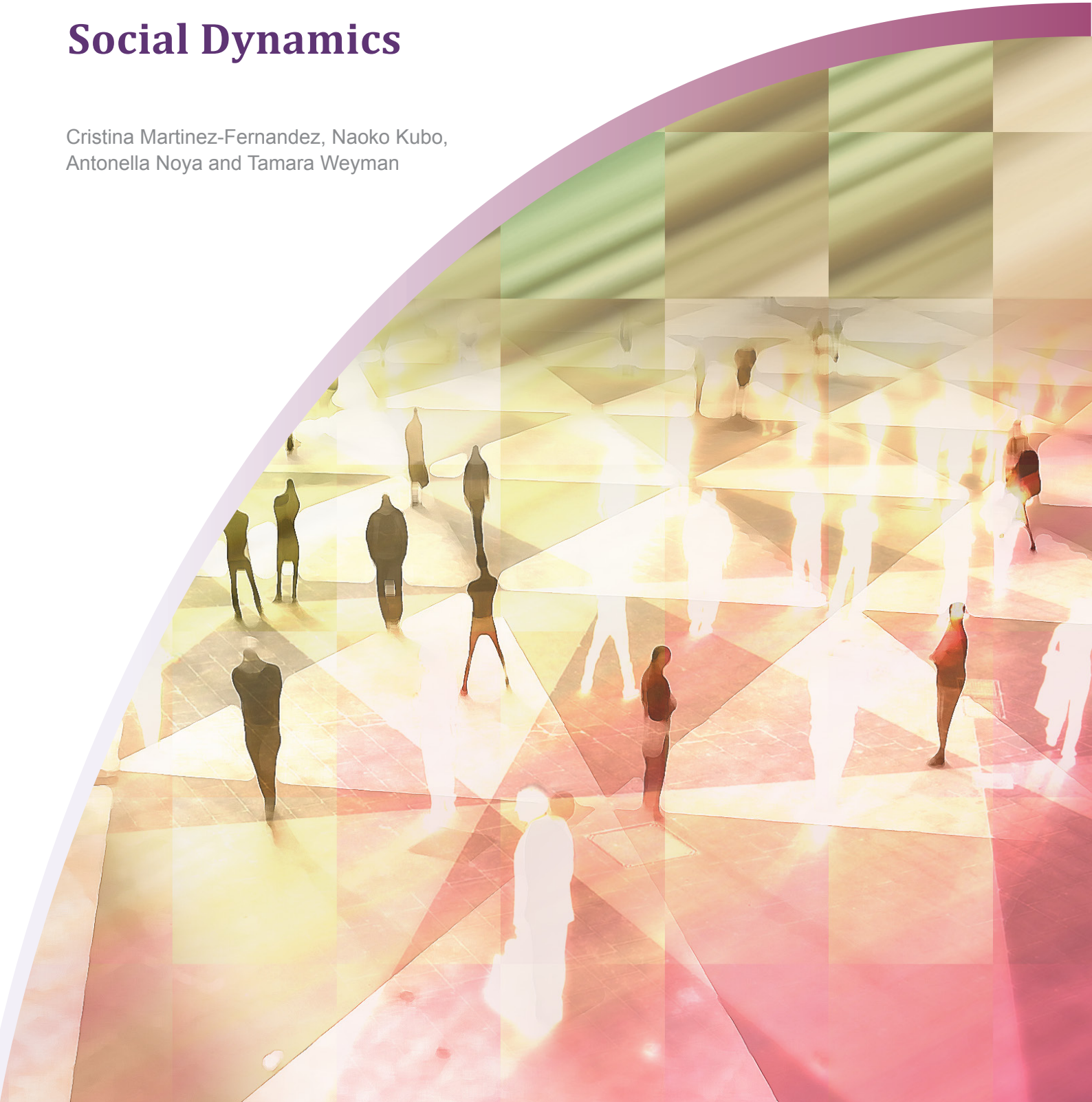

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# FOREWORD

OECD countries are affected by demographic change at the local level in different ways. For example, many countries have been experiencing a decline in the urban population over the past few decades due to suburbanisation and de-industrialisation, which has resulted in a wide range of socio-economic issues (e.g. increased unemployment rate, decrease in revenue, degradation of properties). Mainly due to falling fertility rates, many cities and regions in OECD countries are likely to continue to "shrink" in the coming decades, even with some increases in population due to migration (from within or outside the country). Some notable examples can be found in Eastern Germany and Japan.

This report highlights the issues faced by local areas against the backdrop of policies or planning models that have directed local development in the past decades (e.g. introduction of new industries such as information technology/bio-technology following the de-industrialisation of mining/manufacturing industries) but today appear less suitable than expected to ensure the sustainability of local development. There is a need for new thinking and policies to overcome some of the expected challenges ahead (e.g. ensure financing of services that are likely to see increased demand with the growth of the ageing population; balance employment opportunities for the youth and the elderly; innovate the management of urban infrastructure). The silver economy (referring to the elderly workforce) and the white economy (referring to the economic opportunities of healthcare) could be new sources of growth together with opportunities from green economy activities, but there is a need to create an enabling environment by providing appropriate support to local governments and business.

At the same time, national and local governments are already working to address the ageing workforce, which is a priority issue, and a number of programmes and initiatives are in place. For example, in Canada and Germany, programmes have been set up to help connect workers older than 50 with potential employers to ensure their continued employability; in Austria, a programme has been set up to help older workers with health problems to continue working. However, these programmes have yet to fully address the issue of social inclusion (e.g. balancing employment opportunities for the youth, the elderly and disadvantaged groups).

This report is timely in discussing cases from 20 countries around the world and particularly signalling local strategies and initiatives for policy consideration and learning. The report considers together issues at the crossroads of modern local development in the context of demographic change: population mobility and urban shrinkage, regeneration strategies to stimulate sustainable growth, and social dynamics underpinning community stability.

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# EXECUTIVE SUMMARY

Countries across the world are affected in different ways by demographic change at the local level. For example, decline in the urban population due to suburbanisation and de-industrialisation, has resulted in a wide range of socio-economic issues (e.g. increased unemployment rate, decrease in revenue, degradation of properties). As a result of falling fertility rates, many cities and regions in OECD member countries are likely to continue to "shrink" in the coming decades, even with some increases in population due to migration (from within or from outside the country).

Demographic change is one of the key challenges today for local development together with globalisation, knowledge/technological shift, climate change and the development of the green economy, inclusiveness and poverty. Strategic solutions cannot be based on addressing one of these factors alone but must take into account the interplay of these elements within a particular local area of development (urban or rural). At the same time that there are important challenges to be addressed, there are also opportunities to be fostered such as the development of the "silver" economy of older entrepreneurs, the "white" economy for medical services for the elderly population, or the natural "green" advantage of shrinking areas. However, policy responses are still fragmented and there is no articulation of a sustainable answer to ensure and increase the quality of life in the light of these changes.

In order to succeed in addressing the challenges associated with demographic change, it cannot be left to the market alone to find a solution, effective policy interventions are needed. A multi-disciplinary approach with a long-term perspective is crucial and all actors (government, social partners, community organisations, etc.) need to share responsibilities. There is a need for new ways of thinking regarding ageing and older workers' output to overcome some of the expected challenges and to ensure financing of services that are likely to increase, with the growth of an ageing population, but a declining resource base (OECD, 2011a).

This report presents chapters detailing cases from 20 countries divided under the following sections: community shrinkage and sustainability, regeneration strategies for communities, and the social dynamics of demographic change.

## Community shrinkage and sustainability

Overall, the contributing chapters of this part indicate that there is a need for local governments to accept the growing trends of community shrinkage and to adapt to the emerging demographic trends of an ageing and declining population. From an economic sustainability point of view, the chapters underline the importance of diversifying the local economic base and exploiting local resources (e.g. natural environment for tourism or other renewable products) as well as other sources of growth (e.g. the "silver" and the "green" economies). Furthermore, collective efforts by both national and local governments are important in better managing the fluctuating trends (i.e. population growth and shrinkage in a given geographic area) and to respond appropriately to the changing environment (as seen in the examples of Finland and Poland). Efforts made at the individual city/municipality level alone may not be sufficient, and more consolidated regional efforts may be required. From an environmental sustainability point of view, shrinkage could offer opportunities (e.g. it may remove environmental pressures and increase green spaces), but adequate management and resources will be required in order to ensure the sustainability of cities/regions (e.g. to re-size infrastructure and unused space). It is also important to include different



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stakeholders in decision-making processes, particularly local communities that are most affected by the shrinkage process. Local governments have wide-ranging responsibilities in dealing with community shrinkage. The declining resource base is expected to pose additional challenges and careful assessments are needed in prioritising and allocating appropriate funds (e.g. EU funds) in managing community shrinkage.

**Regeneration strategies for communities**

Local communities facing demographic changes are responding in different ways. In some cases, regeneration tries to address social phenomena while in others major economic changes are responsible for out-migration of large population from the the local area. The examples provided in this part show the diversity of actions needed as well as the interrelation of elements, for effective strategies to take place. Notably, many of the regeneration strategies try to re-orient the paradigm of growth to pragmatic downsizing (Germany) while in other cases the focus is on improving residential housing and living conditions, strengthening future socio-economic structures, and improving urban governance (Switzerland). Some countries continue efforts towards brownfield site regeneration, social planning, and housing policy (Czech Republic) while others think in terms of a new urban governance system, regeneration strategies, and new development models for residential use (Spain). In some countries there is no explicit urban policy imposed by the central state, existing planning documents are not sufficiently used for the clear identification of shrinkage processes in cities, and the potential of local planning is not sufficiently utilised for setting the context of different kinds of development priorities (Slovak Republic).

**Social dynamics of demographic change**

The complexity of the interaction between demographic change and shrinkage is especially witnessed when the social dynamics are considered. Keeping social cohesion and inflating new social dynamism in shrinking areas, where the economic and social fabrics are eroded and where groups at risk of exclusion live (elderly, lone parents, long-term unemployed) require a set of integrated approaches. Co-constructed, holistic policies and socially innovative practices and programmes are needed to provide services to the elderly, to families and the excluded. Social innovation, whose aim is to improve the quality of life of individuals and communities,[1] has a central role to play in addressing these issues. Intangible factors such as culture and creativity can be excellent levers for the revitalisation of shrinking areas, and skills development and transfer can harness capabilities in shrinking areas.

**Emerging policy responses**

Common policy responses to the demographic challenges identified by author contributions within this report include the following:

***Community shrinkage and sustainability***

- Specific policies for areas in decline need to be tailored to a comprehensive local strategic approach employing a multitude of efforts, such as greening, revitalisation, economic development, social cohesion.

- There is a need to employ sustainability measures for declining areas by diversifying local utilisation of natural resources by incorporating other values in addition to the industrial ones, such as offering sustainable environments for housing and nature tourism businesses.

1. See the OECD LEED Forum on Social Innovations: *www.oecd.org/cfe/leed/socialinnovation*.



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- Declining areas require local actions for development such as business/industry clusters, marketing, skills and employment programmes, focusing on new growth areas such as the green and silver economies, to boost the local economy.

- Local development needs to focus on attracting youth and encouraging entrepreneurs to settle within declining areas through a systematic process of incentives and networking strategies aimed at target-group programmes for reducing unemployment and more active implementation of revitalisation programmes.

- Local programmes for declining areas need to be supported, not only by the local, regional and national governments, but also by supra-national authorities such as the EU for developing regions.

- Governance needs to be strengthened by establishing rich communication, networking or partnerships to encourage leadership, involvement by all stakeholders (public, private and community sectors), and provision of funds/resources.

***Regeneration strategies for communities***

- Specific policies for regeneration require robust and flexible strategies that encourage creative solutions; a model of urban governance with a clear vision and operational objectives incorporating local, regional and inter-municipal co-operation; the integration of multiple public and private stakeholders.

- Local strategies of urban restructuring may prepare declining areas for the consequences of demographic change and urban shrinkage, and offer favourable conditions for new development opportunities.

- Regeneration strategies need to be long term and have a comprehensive strategic agenda, focusing on a detailed analysis of the conditions of the urban area and interactions of its actors and institutions. They need to integrate economic, socio-educational and urban policies and consolidate efforts in relation to innovation, entrepreneurship and human capital. Strategies should be aimed at improving the physical condition, social and economic situations and environmental amelioration, to achieve better urban quality.

- Maintaining employment is critical to regeneration strategies, therefore it is essential to examine opportunities to strengthen and stimulate economic activity in the region, creating conditions for business opportunities to be supported by regional and municipal authorities focusing on emerging activities especially in high-tech and knowledge-based activities.

- Regeneration planning documents need to incorporate citizens' participation and involve leading local stakeholders in the preparation of the local policy, thereby increasing the awareness of demographic change within the local community to assist in the adoption of more realistic provisions/measures.

- To develop regeneration strategies, the quality of local population forecasting has to be improved. A common legal framework for small-scale surveys; a set of indicators for demographic change, which is simple to use and update; and co-ordination and co-operation to ensure consistency and synergy of data are needed. This would allow the development of a local urban perspective in planning policies and decision-making processes.



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- There is a need to continue to support funding of ongoing research into sustainable urban forms, particularly in areas of decline and to promote the uptake of research outcomes.

***Social dynamics of demographic change***

- Social inclusion is important within the social dynamics of demographic change for local development to allow local populations to take an active part in the economic and social life of their community. Involving people will help build trust in the community and has the potential to influence individual decisions about whether to stay or leave the area. Social inclusion can also contribute to the community learning process by helping people understand how society works and how they can improve their own lives.

- There is a need to give priority to improving local living conditions (housing, public space), which could serve the needs of the existing population and attract new inhabitants, such as increasing the quality of the housing stock to help retain the most well-off population, and maintaining the provision of social housing to avoid the displacement of low-income households.

- Policy makers must recognise the importance of the vibrant social cultural climate in urban areas in order to promote the quality of life and economic prosperity of the city. Public policy should not only focus on places or industries but on people as well, creating opportunities for people to exercise their creativity.

- Regional employment pacts should be established to complement local approaches, providing a simple and effective mode of governance whereby stakeholders communicate and co-operate as equal partners, thus encouraging local empowerment. The implementation of local employment programmes can activate hidden reserves of the labour market and reduce the effect of the shrinking workforce due to ageing.

- It is important to raise awareness of the benefits and challenges of active ageing to employers and encourage them to invest in their staff and stimulate age-friendly HR policies; organise initiatives to eradicate the negative perceptions of age; encourage guidance and counselling services that incorporate a life-cycle perspective, that promote employability and that are adapted to the needs and abilities of the ageing population.



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# PART I
# THE CROSSROADS OF DEMOGRAPHIC CHANGE AND LOCAL DEVELOPMENT

By
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Demographic change is affecting all OECD member countries and developing economies. Fertility rates are falling, the population is ageing, youth unemployment is a challenge and the complexity of urban-rural shrinkage is posing numerous challenges for industrial development, job creation and sustainable development agendas. Strategic solutions cannot be based on addressing one of these factors alone but need to take into account the interplay of these elements within a particular local area of development (urban or rural) (OECD, 2011a). The increased relevance of the local level as the place where the integration of approaches and strategies occurs is well reflected in recent literature and is at the core of the OECD LEED's mission and many of its publications (Potter, 2008; Clark et al., 2010; OECD/International Labour Office, 2011). Chiefly, the local approach integrates particular characteristics of communities, especially in relation to human capital, industrial composition and the social distribution of the population (Martinez-Fernandez et al., 2011).

This report is a comprehensive review of contemporary research and analysis of demographic change in OECD countries and some emerging economies. It shows analytical trends and emerging themes for policy attention.

**Indicators of demographic change**

There are two reliable indicators of demographic change, usually available at the "local level": population trajectories and ageing indexes. These indicators are useful in describing the demographic situation in a particular area but they do not explain why the situation has occurred nor do they provide strategies about what can be done about it.

Indicators at the national level provide the overall context of demographic change against which local communities can interpret their own trends. Thus, global and country level data is useful for the policy-making challenges. In order to provide a global picture of the extent of demographic change and for the purposes of this report, four indicators were selected: population change, fertility rates, youth population, ageing population. OECD member countries, G20 and MENA countries are included in the following analysis. Although MENA countries are significant for understanding migration dynamics with European countries, no case studies are included in this report.

**Population change** – although the world population is increasing, population growth rate is declining (see Figure I.1). The world population in 1960 was 3.04 billion people. By 2010, this total had more than doubled to 6.87 billion people, an increase of 3.83 billion people over 50 years. As Figure I.1 illustrates, the population growth rate has been in decline since 1962-1963 (2.2%) to 1.12% in 2010-2011, a change of -1.08%. According to the US Census Bureau (2004) the slowdown in population growth can be traced primarily to declines in fertility and their projection suggest that the fertility rate for the world as a whole will drop below the replacement rate before 2050.



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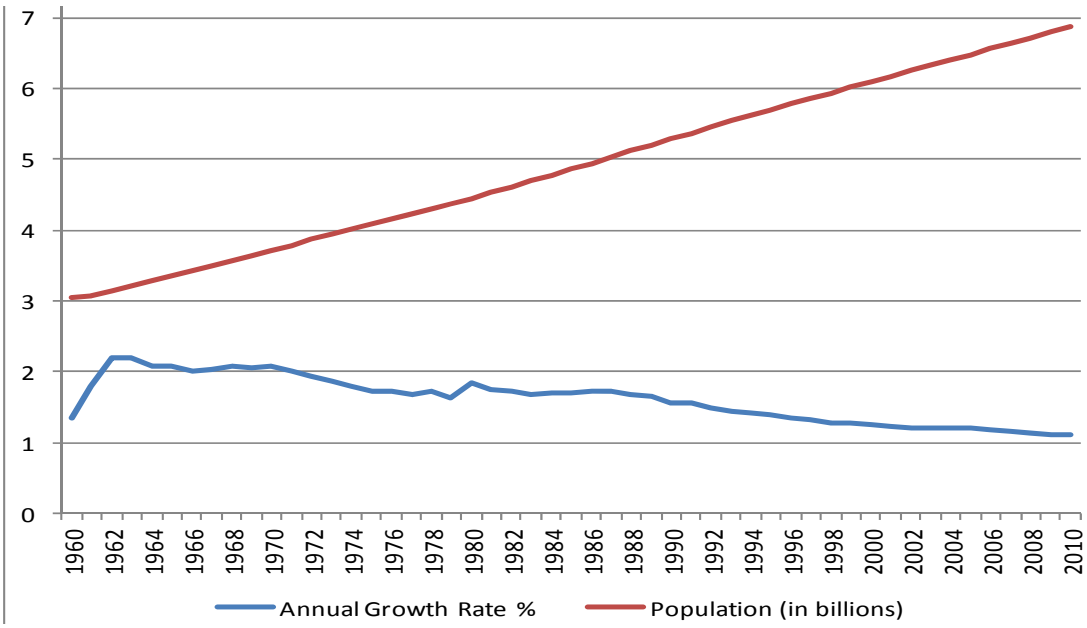
Figure I.1. **World total population and growth rates, 1960-2010**




*Source:* Developed with data from the US Census Bureau, International database.

Figure I.2. illustrates the population growth rate change between 1960 and 2010. The majority of countries across the globe have had a low negative change (between -0.1% and -4.9%) with exceptions in Africa and the Middle East with low positive change (between 0.1% and 4.9%). The map clearly shows that although the total world population continues to increase, the growth rate has been declining. Figure I.3 shows population growth rates for 1960 and 2010 for OECD countries, G20 countries and MENA countries. What can be observed from these figures is that the majority of countries present a declining growth rate apart from Luxemburg (OECD) and Bahrain, West Bank Gaza, Qatar, United Arab Emirates, Yemen and Iraq (MENA). They reveal that the largest negative change has occurred in Kuwait (MENA), Korea (OECD/G20), Jordan (MENA) and Mexico (OECD/G20). In 2010 there was a negative trend in Eastern European countries, particularly Estonia, Hungary and Poland along with Japan. Germany and Portugal were close to having zero population growth.



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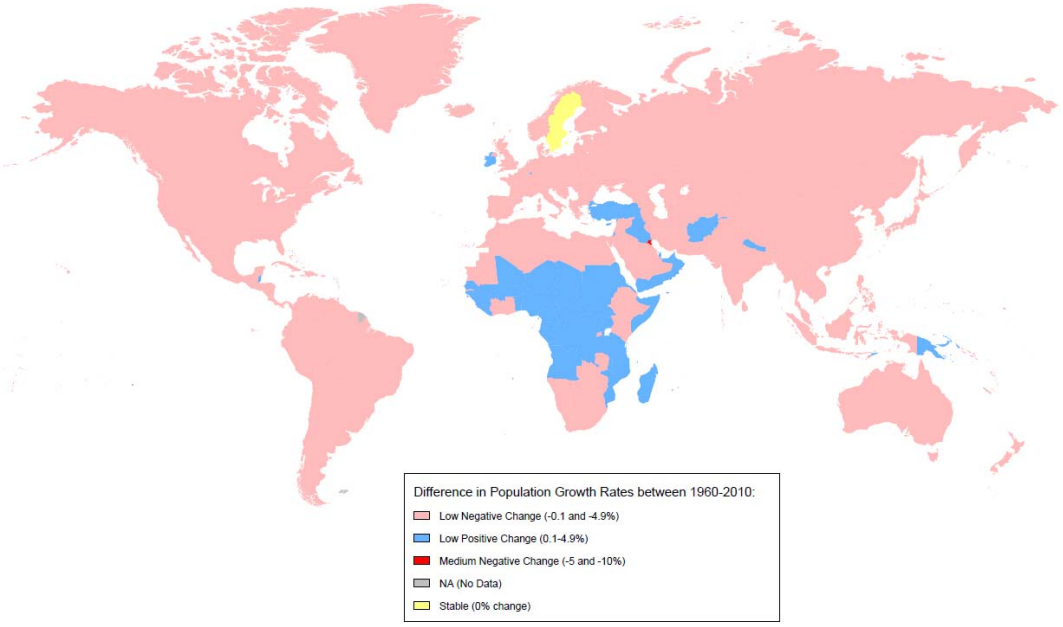
Figure I.2. **Change in population growth rates, 1960-2010**




*Source:* Map produced using the following sources: OECD (2010), *OECD Factbook 2010: Economic, Environmental and Social Statistics*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/factbook-2010-en*; World Bank (2011), *Open Data (database)*, *http://data.worldbank.org*.

Figure I.3. **Comparison of population growth rate (%), 1960 and 2010**

OECD member countries

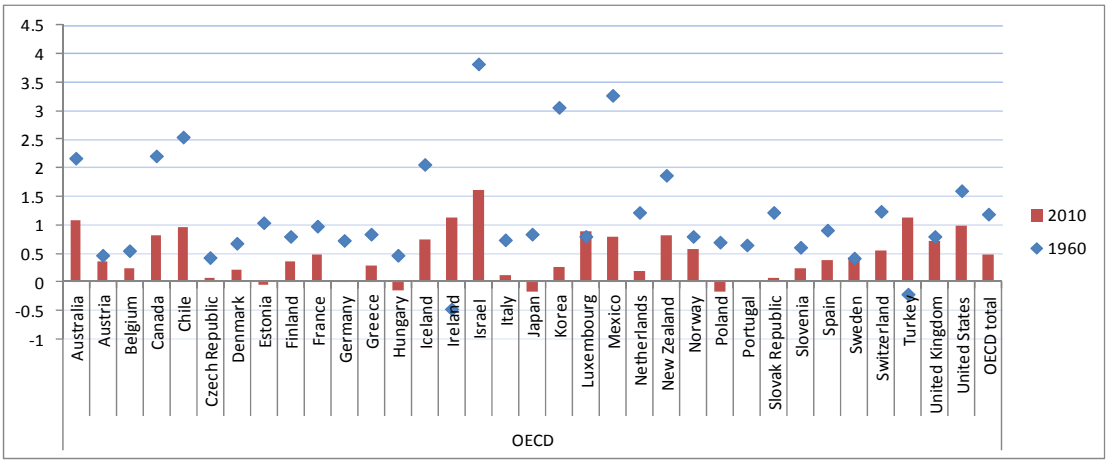





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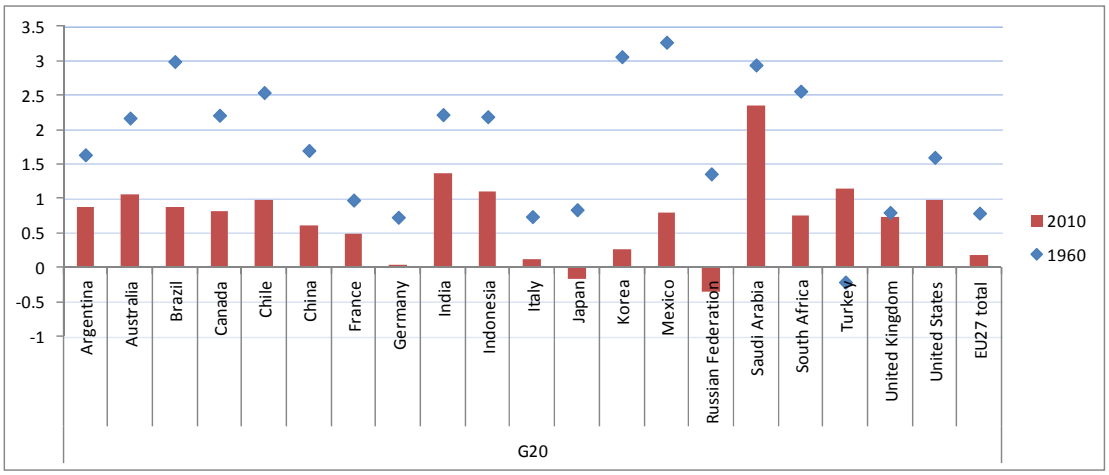
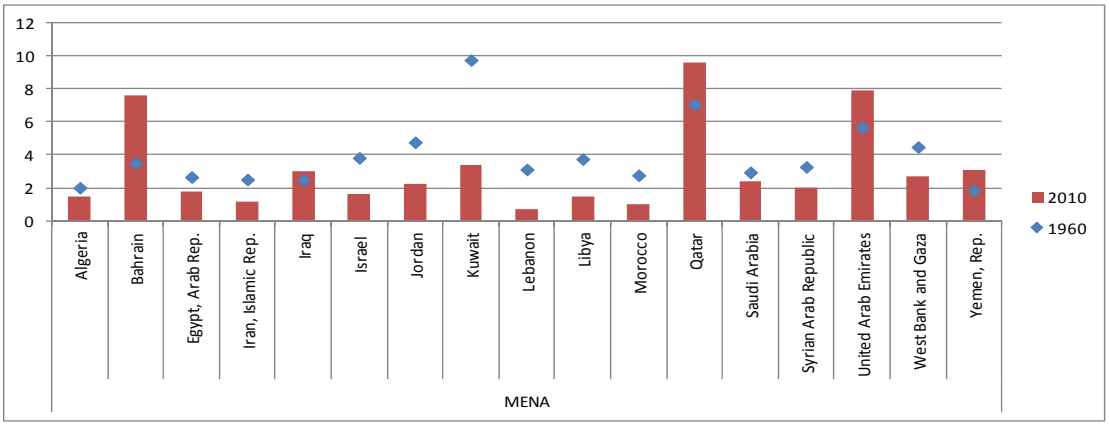
Figure I.3. **Comparison of population growth rate (%), 1960 and 2010** *(cont'd)*

G20 countries




MENA countries




*Note:* West Bank and Gaza is from 1991; India is from 1989.

*Source*: Based on data from OECD (2010), *OECD Factbook 2010: Economic, Environmental and Social Statistics*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/factbook-2010-en*; World Bank (2011), *Open Data (database)*, *http://data.worldbank.org*.

**Fertility rate**[1] – Figure I.4 illustrates the negative fertility rate change from 1970 to 2008 across the majority of countries across the world, the exception being Finland. Figure I.5 shows fertility rates in 1970 and 2008 for OECD, G20 and MENA countries. On average, fertility rates declined across OECD, G20 and MENA countries, most notably within the MENA countries of Algeria, Kuwait, Libya, United Arab Emirates, Iran, Morocco, Qatar, Syria, Saudi Arabia and Jordan; other countries include Korea, Mexico and China. Countries that present a near stable fertility rate are Denmark, Sweden and the Russian Federation, while Finland had the only positive fertility rate change.

1. Number of children born to women aged 15 to 49.



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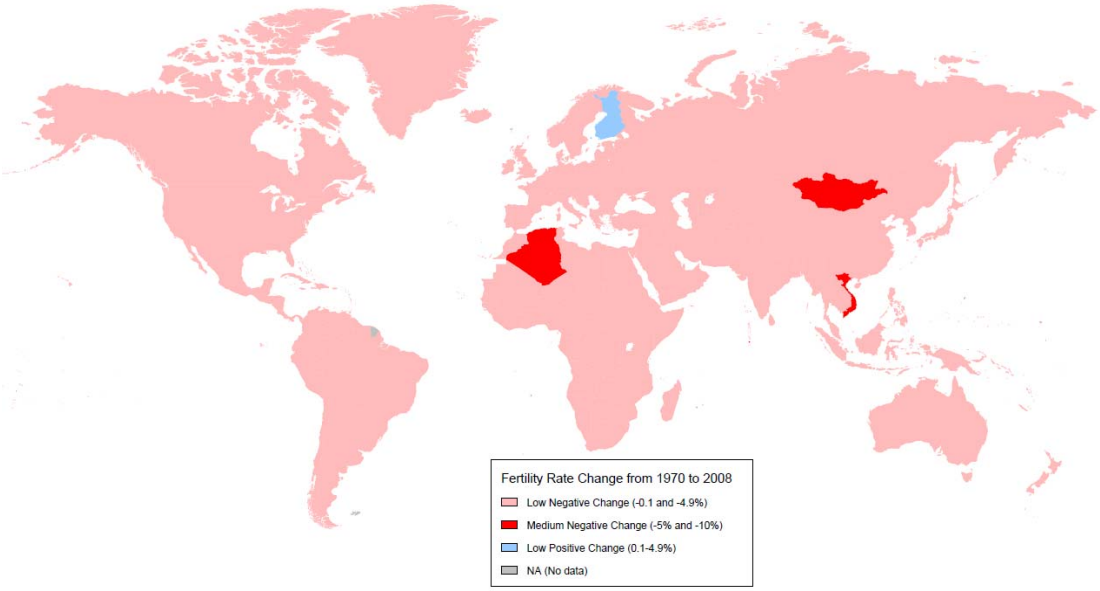
Figure I.4. **Change in fertility rates, 1970-2008**




*Note:* dates vary for some countries.

*Source:* Map produced using the following sources: OECD (2010), *OECD Factbook 2010: Economic, Environmental and Social Statistics*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/factbook-2010-en*; World Bank (2011), *Open Data (database)*, *http://data.worldbank.org*.

Figure I.5. **Comparison of fertility rates, 1970 and 2008**

OECD member countries

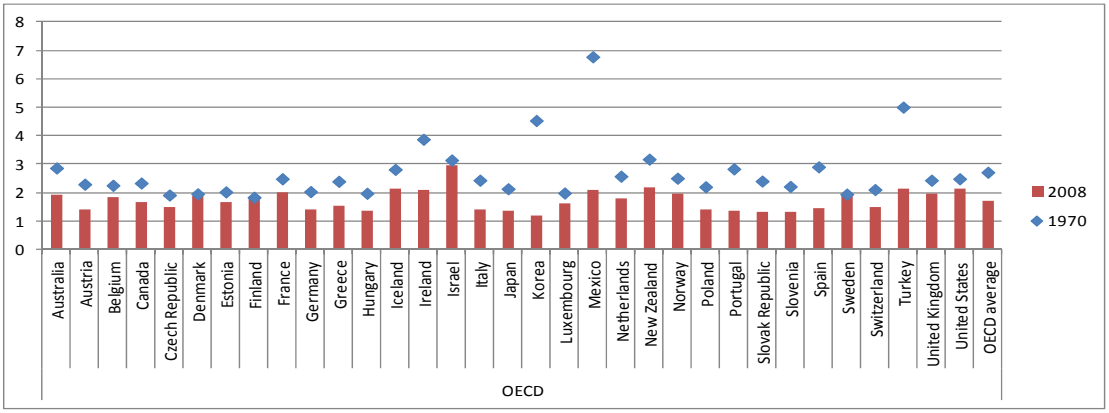





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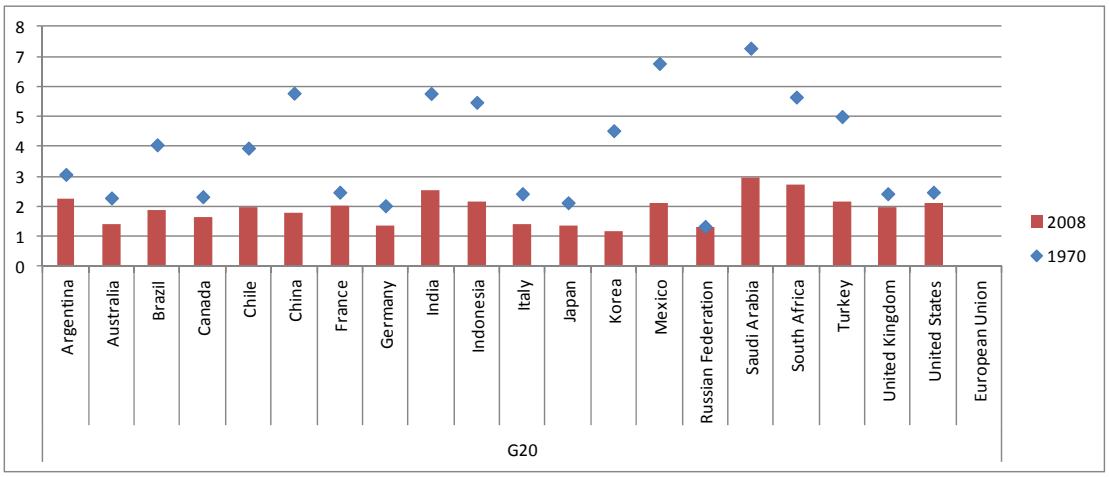
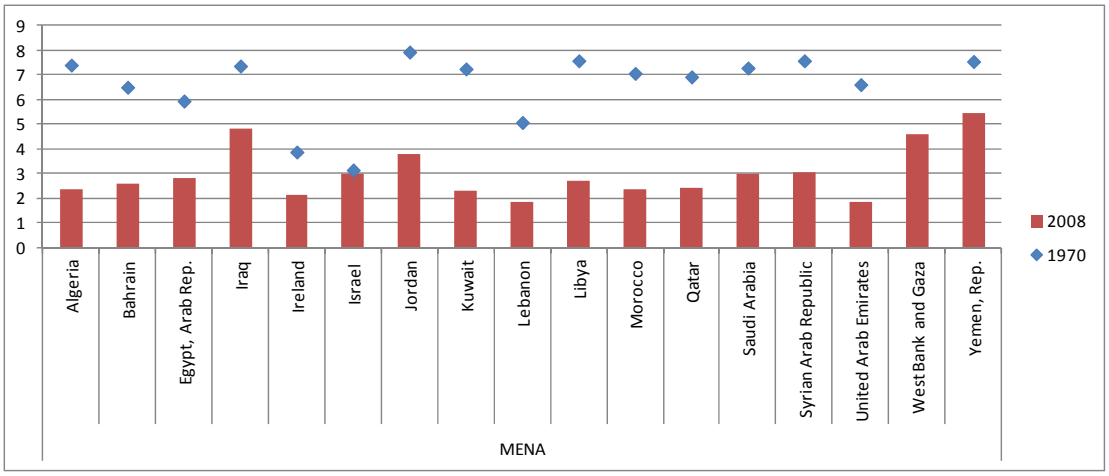
Figure I.5. **Comparison of fertility rates, 1970 and 2008** *(cont'd)*

G20 countries




MENA countries




*Note*: 1980 data: Estonia, Israel, Brazil; 2006 data: Chile, China, India, Russian Federation, South Africa; 1990 data: West Bank and Gaza; 1995 data: Russian Federation; 2007 data: Australia, Canada, Slovenia, United States. For the G20 countries, data was not available for the EU.

*Source*: based on data from OECD (2010), *OECD Factbook 2010: Economic, Environmental and Social Statistics*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/factbook-2010-en*; World Bank (2011), *Open Data (database)*, *http://data.worldbank.org*.

**Youth population rate**[2] – Figure I.6 illustrates that there has been a high negative change in youth population rates across the majority of countries except in some countries in Africa. Figure I.7 shows the youth population rate in 1960 and 2010 for OECD, G20 and MENA countries. The largest negative change occurred within MENA countries – Kuwait, United Arab Emirates, and Bahrain; other countries include Korea and China. Iraq and Yeman from the MENA group had a minor positive change in the youth population rate.

2. Percentage of persons aged less than 15.



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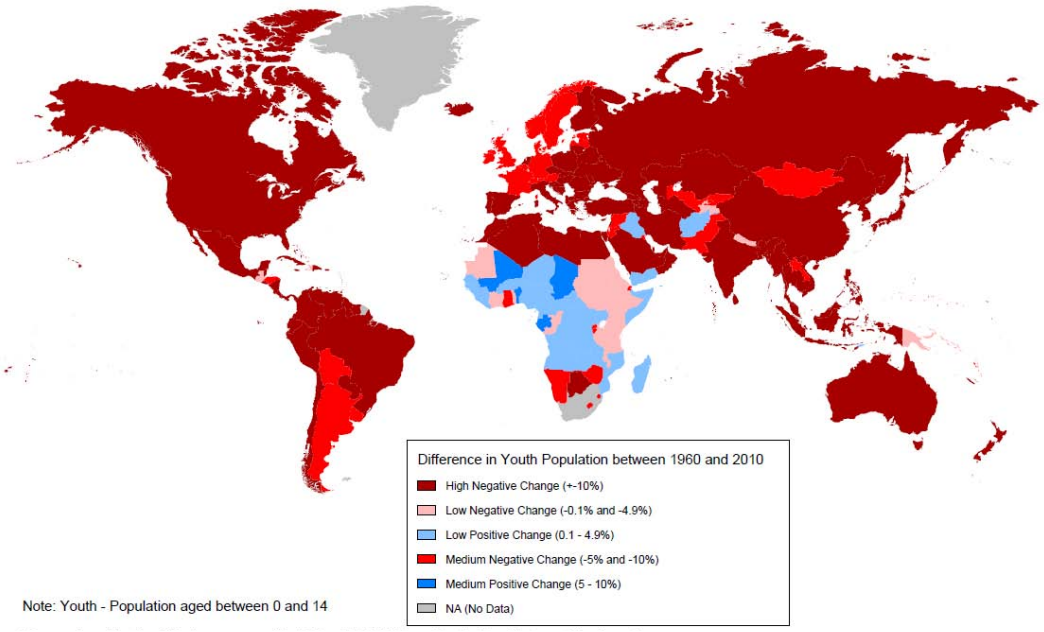
Figure I.6. **Change in youth population rate, 1960-2010**




*Note:* youth: population aged between 0 and 14.

*Source:* based on data from World Bank (2011), *Open Data (database), http://data.worldbank.org*.

Figure I.7. **Comparison of youth population rate (%) between 1960 and 2010**

OECD member countries

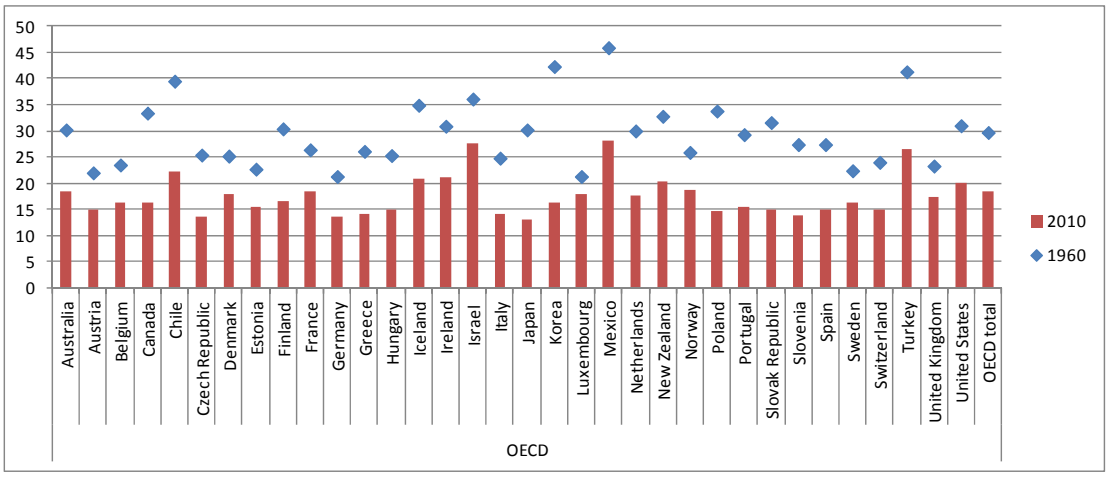





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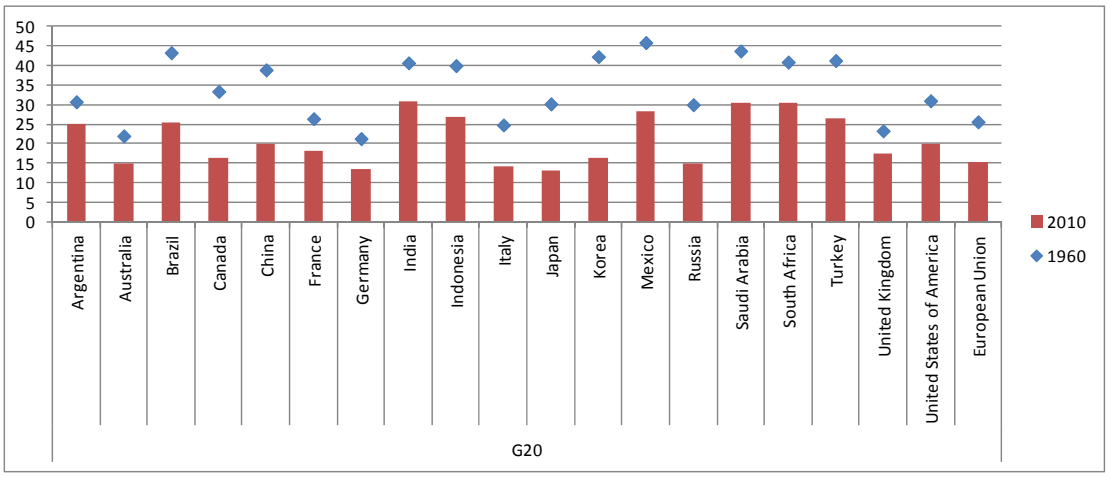
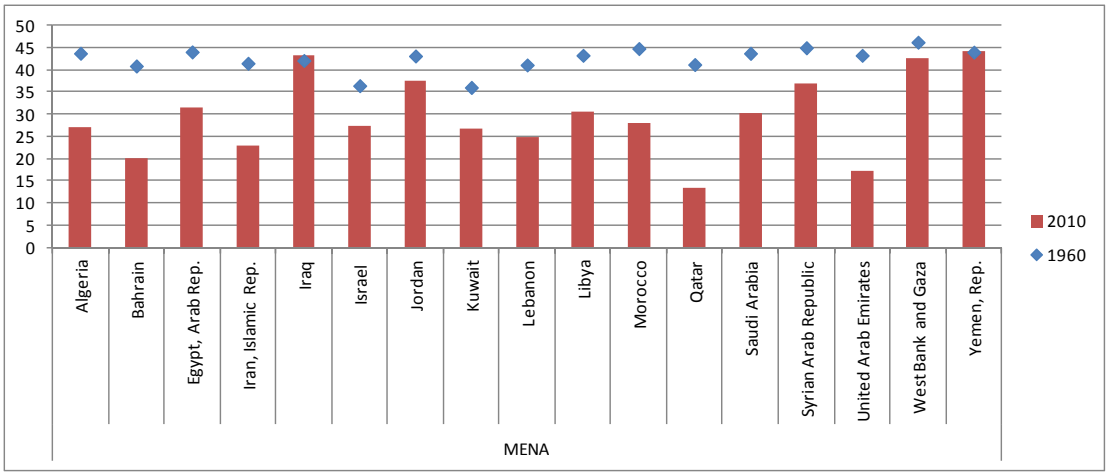
Figure I.7. **Comparison of youth population rate (%) between 1960 and 2010** *(cont'd)*

G20 countries




MENA countries




*Source*: based on data from World Bank (2011), *Open Data (database), http://data.worldbank.org.*

**Elderly population rates**[3] – Figure I.8 illustrates the elderly population rate change from 1960 to 2010. There is a clear trend of overall ageing across the world with minor exceptions within Africa and the Middle East. Figure I.9 shows elderly population rates in 1960 and 2010 for OECD, G20 and MENA countries. The steady increase of elderly people can be observed in the majority of countries; those leading this increase are Japan, Italy and Greece followed by Finland, Portugal, Spain and Germany within the OECD and G20 countries. A few countries mainly within the MENA region have had a negative elderly change, including the United Arab Emirates, Qatar, West Bank and Gaza, Syria, Jordan, Saudi Arabia and Yemen.

3. Population aged over 65.



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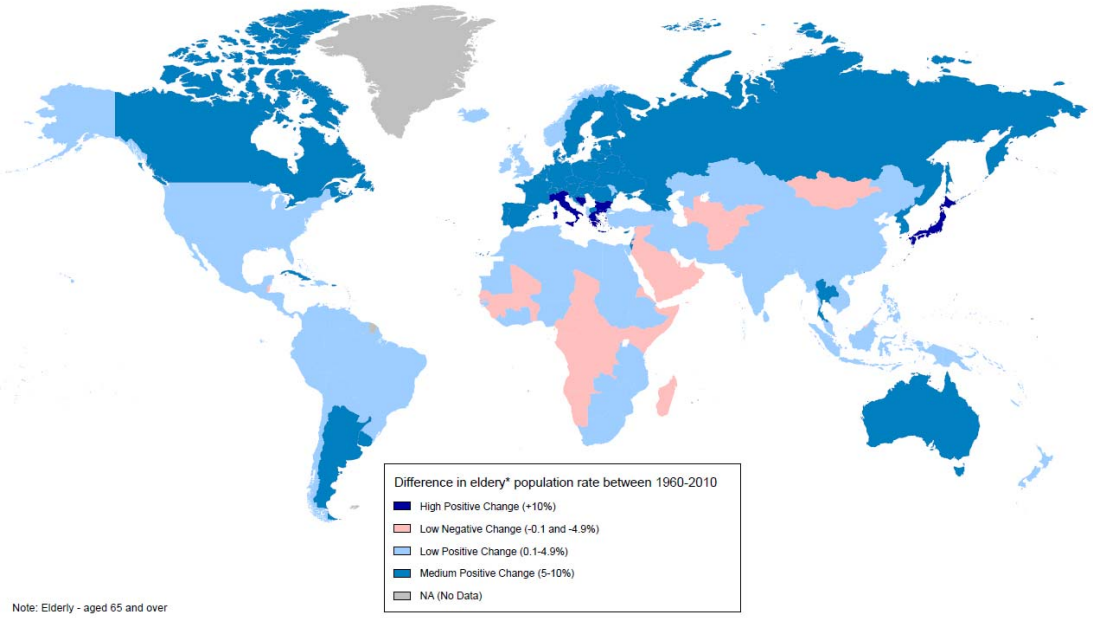
Figure I.8. **Change in elderly population rate, 1960-2010**




*Source:* Map produced using the following sources: OECD (2010), *OECD Factbook 2010: Economic, Environmental and Social Statistics*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/factbook-2010-en*; World Bank (2011), *Open Data (database)*, *http://data.worldbank.org*.

Figure I.9. **Comparison of elderly population rate (%) between 1960 and 2010**

OECD member countries

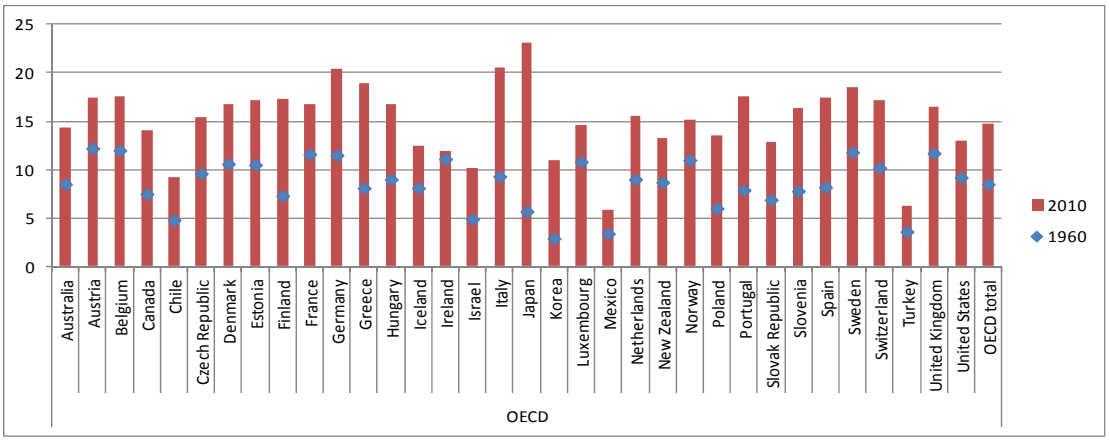





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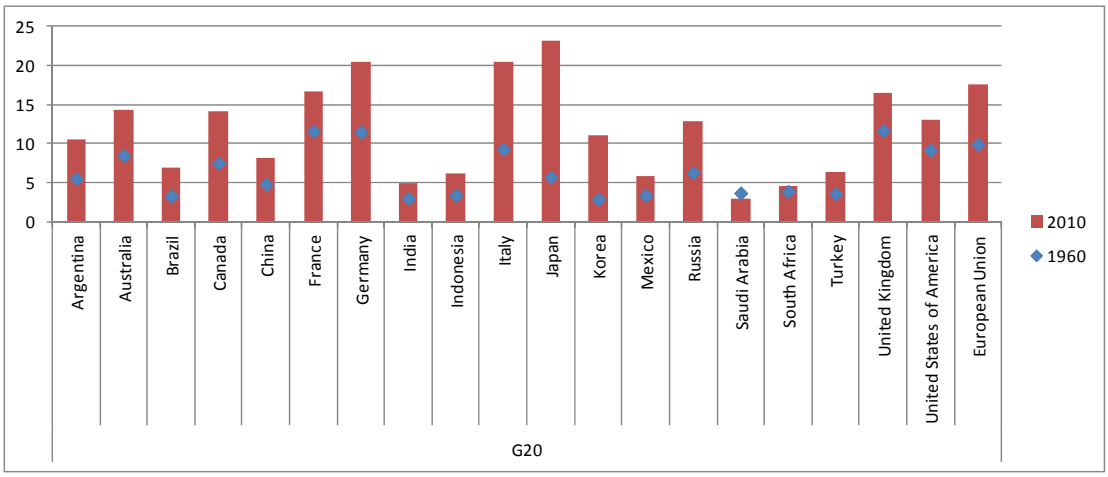
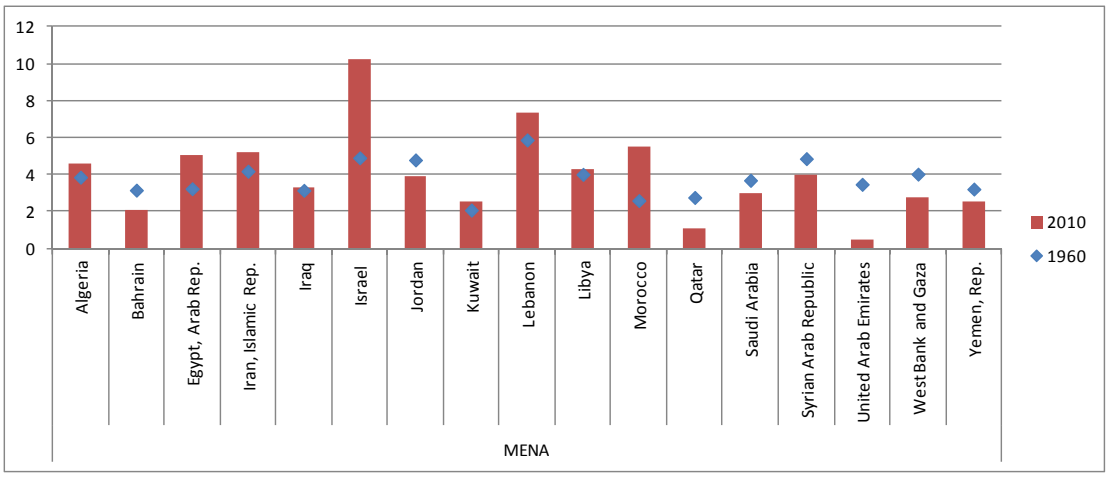
Figure I.9. **Comparison of elderly population rate (%) between 1960 and 2010** *(cont'd)*

G20 countries




MENA countries




*Source*: based on data from OECD (2010), *OECD Factbook 2010: Economic, Environmental and Social Statistics*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/factbook-2010-en*; World Bank (2011), *Open Data (database)*, *http://data.worldbank.org*.

The figures above illustrate a global picture of demographic trends, revealing that certain countries are experiencing changes in a more profound manner. However, these figures cannot be applied to all communities within countries; indeed, within each country the characteristics of demographic change can be as diverse as the country comparison.

## Dynamics of demographic change at the local level

The international contraction pattern that is being observed today has multiple causes and it cannot be explained without a cross-cutting analytical approach. On one side are global dynamics such as the ageing of the baby-boomer generation and the low fertility rate (notable examples are found in East Germany, Eastern European countries and Japan). On the other side are localised, specific dynamics such as lifestyle/socio-political changes (suburbanisation in metropolitan regions, post-socialist transformation); economic/industrial changes experienced by all industrialised countries (de-industrialisation, de-urbanisation, de-corporatisation, spatial mismatches); environmental changes (environmental disasters



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and climate change); and externally imposed changes for political, religious or historic reasons (conflicts and wars, administrative changes/territorial re-classification, political changes such as regulatory enforcement) (Martinez-Fernandez et al, 2012; Reckien and Martinez-Fernandez, 2010; Martinez-Fernandez and Wu, 2007; Pallagts et al., 2009).

The challenges for social inclusion of ageing populations also call for a re-evaluation of the role of older people and a new solidarity between generations as by 2030 it is estimated that two active people (15-65) will have to take care of one inactive person (+65) (World Economic Forum, 2007). According to the US Census report, the population over 65 will double to 1.3 billion by 2040, accounting for 14% of the total global population (Kinsella and He, 2009), forcing major increases in public expenditure that could slow economic growth in OECD countries. Thus, policies and programmes for ageing people need to be thought out and designed with a view to future generations' needs in order to create sustainable inter-generational development. Innovation, and particularly social innovation, have a critical role to play to respond to these challenges and initiatives.

Migration is a key element in this debate; indeed, without immigration, the population in countries such as Germany would fall to 62 million by 2050 (now 82 million) and even if 220 000 immigrants arrive per year, the population will still decrease. Immigration cannot stop population decline, only diminish it; and the story is the same for skilled labour (CEMR, 2006).

At the same time, opportunities will emerge for what is now called the "silver" sector (business and services specifically designed/oriented for the 65 and over population) which is not new but can expand much further both in quantity and especially in quality of employment. Migrant skills can become more important for social inclusion, most importantly because migrants have been occupying a large subsector of elderly care in OECD countries at the low end and so they are already well positioned and integrated in employment networks. This therefore will help them to play a bigger role and to increase the quality of services and access to better jobs within the "silver" economy. Sectors of potential rapid growth in activity and employment are building and housing, health and wellness, tourism and leisure, and education and learning.

The cost of pension payments and fewer workers to pay for them is of course a source of worry for public institutions. However, there are also other equally problematic factors such as the disappearance of the financial base of entire communities. There are difficulties in providing services to citizens, the obsolescence of local infrastructure, the increase of criminal activity in shrinking urban areas, the invisible loss of skills and talents, and the challenging task for the private and public sectors of creating jobs in a context of constant decline/crisis. For some communities the solution has been to re-grow greener and smaller (e.g. the city of Youngstown in the United States, Großräschen and Leipzig in Eastern Germany) or promoting a total reorientation of the local economy towards low-carbon and green tourism (e.g. El Bierzo region in Spain; Datong in China). There are still communities that have yet to figure out plans (e.g. Vorkouta in the Russian Federation, Walbrzych in Poland).

The financial crisis has highlighted how the mobility of people and the ageing of the population are major reasons for up-skilling and developing a more productive OECD labour force. The factors are multiple and still little understood. On the one hand, we have the mobility of people across countries and regions with some communities at the sending end (resulting in a shrinkage of the population – notably post-resource intensive areas) while other areas experience net gains (e.g. capital cities and regional centres). On the other hand, we have communities and entire countries such as Germany or Japan with a low fertility rate and a rapidly ageing population, a process that is often combined with out-migration of young people and therefore accelerating the process of shrinkage. Some industry sectors are also ageing at a higher speed than others and this is an added challenge for up-skilling the workforce and designing training plans (e.g. heavy manufacturing adaptation to low-carbon economy).



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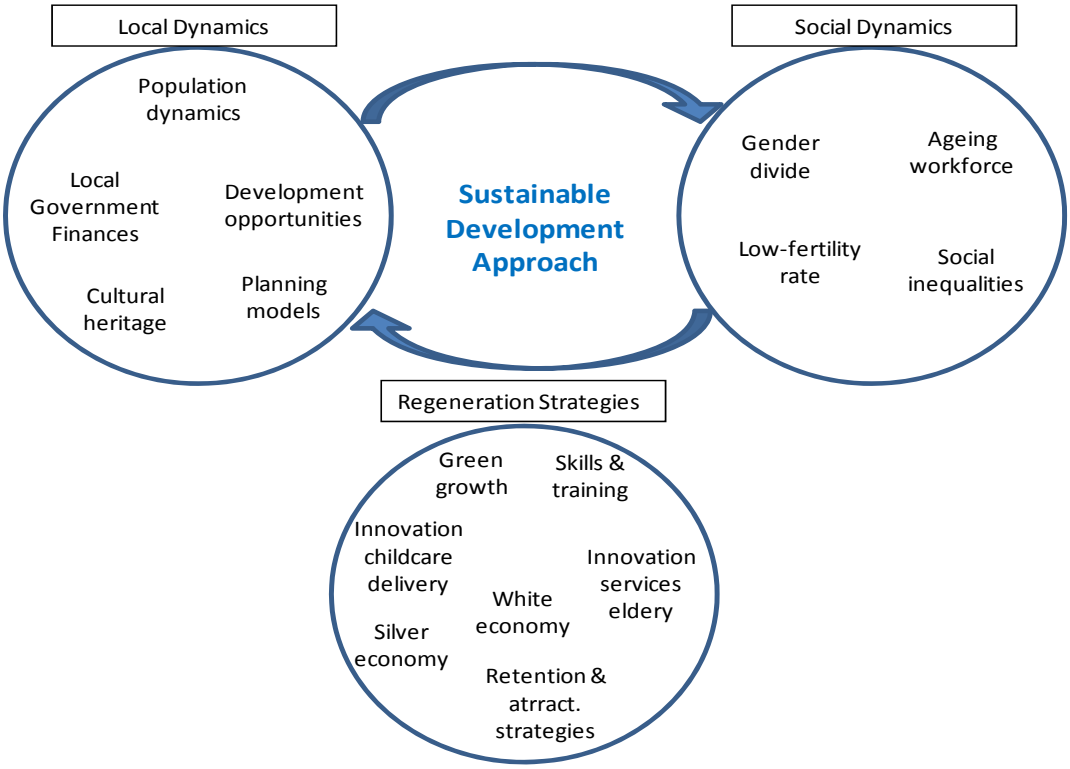
These themes are discussed in this report as they interrelate with policy and strategic outputs along with the social and local dynamics. The different elements at play for local communities are shown in Figure I.10.

Figure I.10. **Dynamics of demographic change and local economic development**




The following boxes discuss some of the themes[4] involved in the policy analysis of demographic change as they affect local development: *i)* issues of place, space and sustainable development; *ii)* issues of the increase and implications of an ageing society; *iii)* issues of skills and technology for a changing society; and *iv)* issues of migration implications and labour market needs. These themes are not exhaustive but they represent broad areas that analysts and practitioners are carrying out today.

Box I.1. **Place, space and sustainable development**

The importance of sustainable development underlines the need of adopting a long-term approach that considers economic, social and environmental issues at the same time. The twin effects of demographic change and shrinkage are a complex and multi-dimensional process, and increasingly, a worldwide phenomenon. However, the local level stands as a fundamental level of analysis and policies. Local governments and organisations are expressing a strong need for expertise to deal with associated challenges, particularly regarding local labour markets.

4. Themes were discussed in a workshop organised by the OECD LEED Programme on "Policies and Strategies for Demographic Change: Skills, Employment and Sustainable Development", June 2011; OECD (2011a), "Summary note of OECD workshop", OECD workshop on "Policies and Strategies for Demographic Change: Skills, Employment and Sustainable Development", 20 June 2011, OECD, Paris.



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Box I.1. **Place, space and sustainable development** *(cont'd)*

The process of urban shrinkage is one of the products of the inter-relationship between globalisation, de-industrialisation and demographic change. It creates a negative spiral of unemployment, loss of services, deterioration of infrastructure and housing, loss of amenities, negative image of territories (due to the deterioration of the surrounding environment) often leading to the out-migration of young and skilled inhabitants and to the difficulty of attracting new people. In the end, this creates a phenomenon of socio-spatial segregation.

To address territorial shrinkage there are several aspects of possible policies and strategic approaches that can be suggested. Policies should foster social innovation, which could provide fresh ideas to manage shrinkage, particularly through new actors such as social entrepreneurs and social enterprises (Noya, 2009). Challenges can be turned into opportunities, through multi-dimensional and innovative approaches. In addition, social innovation could be embedded in the policy strategies to foster, for example, the silver economy, green growth or smart planning in view of population decline.

Including multiple actors is important; from new private actors such as social entrepreneurs, together with other public stakeholders (national and local), business, education and training organisations, trade unions, and NGOs. The necessity of policy co-ordination and coherence, particularly between the national and the local level, is crucial to increase the effectiveness of policy delivery and implementation of programmes and strategies by local actors.

*Source*: OECD (2011), "Summary note of OECD workshop", OECD workshop on "Policies and Strategies for Demographic Change: Skills, Employment and Sustainable Development", 20 June 2011, OECD, Paris.

Box I.2. **The increase and implications of an ageing society**

Decreasing fertility rates and increasing life expectancy have resulted in big changes in the population structure in the majority of developed countries. The OECD has extensive expertise in the area of demographic change, including the analysis of its impact on the labour market, employment, migration and pension policies. The OECD's response after the recent economic crisis and in relation to the ageing population issue is to encourage people to work longer, to improve their skills, and at the same time, to promote stronger incentives for employers to hire and retain older workers.

CEDEFOP's skills supply and demand forecast indicates that the shift from a manufacturing to a services-based economy will continue in the forthcoming years, and the share of people over 50 in the labour force will increase in all sectors and occupations. The new generation is more qualified (increased supply of skills) than older generations, and future occupations will require a higher level of qualifications that often cannot be filled by the current labour force (skills mismatch). Skills often become outdated quickly, and those with limited/low skill sets encounter difficulties in staying in the labour market. Therefore, improving training policies could help retrain people and assist them to find new jobs, possibly in different fields (OECD, 2011a; CEDEFOP, 2011).

To face the social impact of demographic change, the inter-generational approach can be useful in narrowing the gap between different age groups and in helping disadvantaged people. A number of projects realised by the Calouste Gulbenkian Foundation have shown that bringing people together, especially elderly people and youngsters, is fundamental to increasing civic participation, building communities, improving health and creating better employment opportunities.

*Source*: OECD (2011), "Summary note of OECD workshop", OECD workshop on "Policies and Strategies for Demographic Change: Skills, Employment and Sustainable Development", 20 June 2011, OECD, Paris.



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Box I.3. **Skills and technology for a changing society**

Societies are adjusting to the ageing of populations and the shrinkage of labour markets through the development of new skills and technologies. The case of Japan exemplifies how the spatial distribution of urban shrinkage shows that social dynamics (e.g. fertility rates and changes in family composition) is a dominant factor of population decline as much as natural de-growth. In rapidly shrinking rural areas, for example, activities to rebuild cultural heritage could assure the transfer of skills as key tacit knowledge to future generations, through the inter-regional sharing of engineering skills from one Japanese region to another.

Japan is also initiating information and communication technology (ICT) projects for a silver society. ICT has become central to the reorganisation of care services, especially health-care delivery, but effective implementation faces a range of issues, from opportunities for innovation in services to institutional support and familiarisation of people over 65 to digital services. Japan, which spends 1.6% of its GDP to enable ageing with ICT, benefits from the fastest and least expensive broadband among OECD countries. The effective implementation of ICT in the care system requires the involvement of non-market activities, for which a number of governmental actions can be taken.

The projected 2020 figures on job creation and job replacement in the EU underline the continuous domination of the service sector on future labour markets and the growing demand for high-level qualifications, requiring social/cultural, technical and managerial skills. Structural educational progress is needed to raise productivity and allow active ageing, especially in shrinking regions.

Lastly, ageing societies need to reform financial and institutional aspects of educational progress and in-service training, as well as policy choices that balance pro-active formal education with better assessments of labour market requirements.

*Source*: OECD (2011), "Summary note of OECD workshop", OECD workshop on "Policies and Strategies for Demographic Change: Skills, Employment and Sustainable Development", 20 June 2011, OECD, Paris.

**Box I.4. Migration implications and labour market needs**

Population decline and shrinkage are not homogenous within a country as territorial dimensions of internal mobility need to be considered; therefore, an analysis at the local level is important for understanding demographic mobility and finding appropriate policy responses. It is also important to anticipate the trends and identify the regions that will be shrinking in the future, in order to assist them effectively and to share the lessons learnt from other areas.

In the Netherlands, an intergovernmental plan aimed at maintaining the level of liveability in shrinking areas was launched in 2009 in three regions, with a priority focus on increasing awareness. The role of the government focused on knowledge sharing, monitoring, networking and facilitating planning. The regions are primarily responsible for solving problems related to housing, the labour market and services. In the context of this policy, the new concept of "economic vitality" is being developed. It aims to promote economic growth in the context of population decline by reducing the mismatch between the supply and demand on the labour market and focusing on investing in a few strong locally embedded sectors.

Migration is often seen as a possible solution to reduce the population demise and rebalance the labour force structure, although countries with a long history of immigration can face different situations. The size of migration flows, the typology (families or young people) and the levels of qualification of the immigrants vary significantly within and across countries.

In recent years, a number of immigration policies have been adopted across OECD countries. Regardless of their openness towards the immigrants, country policies do not seem to always be consistent over time and are often not adapted to the demographic and labour market needs (OECD, 2011c). In this respect, national governments should allow local governments more flexibility to develop policies focusing on a broader set of issues, which respond to the local needs.



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Box I.4. **Migration implications and labour market needs** *(cont'd)*

Migration is often a choice but is determined in response to socio-economic condictions and environmental degradation. In this latter case, migration flows are generally internal/cross-border and temporary depending on the size and the impact of the natural/environmental disaster affecting the area. Migration is usually selective and vulnerable groups generally tend to stay due to limited availability to resources. On the contrary, those who leave are the strongest groups of the population, and for them, migration could be a positive mechanism for adapting to environmental disasters and livelihood diversification. Durable solutions should be identified to mitigate impacts of forced or mass migration and encourage the interplay between migration and sustainable development.

*Source*: OECD (2011), "Summary note of OECD workshop", OECD workshop on "Policies and Strategies for Demographic Change: Skills, Employment and Sustainable Development", 20 June 2011, OECD, Paris.

**Emerging policy responses to demographic change at local level**

In many ways, these are new challenges of globalisation rapidly materialising at the local level, but very few local authorities are adopting an integrative strategic approach that is not linear and that takes into account the complex interaction of the issues discussed above. It is increasingly urgent to develop strategies, policies and programmes adapted to the specific local situation but with a strong understanding of the global dynamics in place. There are seven areas of notable policy and strategic focus for sustainable local economic and job development in view of demographic change scenarios (European Commission, 2008; Martinez-Fernandez, 2010):

1. **Sustainable planning models for shrinking communities.** Urbanisation is not taking place at the same pace everywhere and countries and territories, chiefly at the local level, experience huge differences as to how demographic change is affecting them. The planning discipline itself has developed a strong anchor to transitional economic models of urban growth and therefore the new situation of demographic change and shrinkage is outside the "international planning box". Addressing the issue of sustainable development models that move away from the growth paradigm requires different instruments and strategies strongly anchored to the local situation and the manifestations of shrinkage.

2. **Addressing low fertility rates** through policies that better support families, in particular better conditions for working parents and for those entering the labour market. Much work still needs to be done by public institutions to raise awareness of the critical need to support families beyond standard working conditions in the public and private sectors (chiefly in SMEs) as well as the need to provide good and flexible access to childcare. Awareness programmes might need to be integrated early and systematically in business training curriculums.

3. **Promoting tailored quality employment for the population over 65,** raising labour force participation and facilitating entrepreneurship providing new opportunities for the over 65 age group to engage in employment that is adapted to their age characteristics and that takes advantage of the accumulative knowledge acquired during their working life. Training and skills development systems will play an even more important role in the years to come as companies, especially SMEs, and their older workers adjust to the new imperatives of the low-carbon and silver economy. The assumption by employment systems that job routines are the same independent of the age of the employee needs to be challenged, taking into account the changing physical conditions of workers as they become older. New roles for older workers as mentors of younger workers also need to be developed in line with emerging intergenerational approaches.



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4. **Developing the silver economy.** Many OECD member countries are fast becoming an elderly society. Japan, for example, will top 25% of the population aged 65 or over by 2015. In light of this demographic change, governments face critical policy challenges in the areas of welfare services for elderly citizens, policies aiming to raise birth rates, and social inclusion of the elderly. At the same time, new opportunities are emerging in the areas of the so-called "silver economy" where new technologies, products and services are being designed for and, sometimes by, the senior population. For example, care services will experience higher demand in quantity but especially in quality as well as increased opportunities in the leisure sector.

5. **Reforming local labour markets to increase productivity** and economic performance. The potential for further employment growth beyond pre-crisis levels is uncertain and therefore productivity will become the main engine of growth. The retirement of the baby boomers can potentially stress productivity. This is one of the key issues worldwide at the same time as society focuses on increasing quality and decent jobs. Training and skills development programmes and activities will become increasingly important for productivity gains and for fomenting entrepreneurship skills as well as green and silver skills. Intergenerational approaches for transferring knowledge and developing intergenerational knowledge-intensive activities are useful ways towards increasing performance.

6. **Integrating migrants in declining labour markets.** The role of migrants in alleviating labour market shortages increases as the baby-boomers retire and the silver economy expands beyond the traditional low-paid jobs in geriatric care and into high knowledge intensity jobs in leisure, healthcare and medical devices innovation. Challenges for training and skills development of a needed migrant population will also require new skills in the area of multi-cultural awareness and cross-cultural communication that would also need to influence changes in attitude of public and private employers.

7. **Assuring public finances of local areas** remain sustainable to address: *i)* the growing needs of an ageing society that will require higher demand for pensions, health and long-term care; and *ii)* provision and maintenance of current and new infrastructure of shrinking communities with a disappearing financial base. Supra-national and national governments have a role to play here together with local government institutions to assure there policies and strategies are aligned.

In summary, by not developing political strategies and guidelines that tackle demographic change, communities and local areas risk not only loosing competitiveness or becoming disconnected from the globalisation grid but chiefly becoming further rooted in population, economic and employment shrinkage – or "triple helix shrinkage". Table I.1 shows a matrix of combined growth and shrinkage effects from which joining the pathway to sustainable development poses greater challenges (Martinez-Fernandez, 2010).

Local institutions need to develop a "demographic check" system that informs of their needs in line with demographic dynamics. Training and skills development programmes of public sector employees will play an increasing role in understanding demographic dynamics in their area of policy and strategic planning.



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Table I.1. **Triple helix shrinkage**

| | Growth | | | Shrinkage | | |
|---|---|---|---|---|---|---|
| | Population | Economy | Employment | Population | Economy | Employment |
| Population GROWTH | | | | | Falling income per head | Unemployment – skills surplus |
| Economy | Growth | | | | | |
| Employment | Growth | High-skilled equilibrium | | Skills gap and shortages | Low-skilled equilibrium | |
| Population | | Attractive shrinkage | Skills gaps and shortages | | | |
| Economy SHRINKAGE | Falling income per head | | Low-skilled equilibrium | Shrinkage helix 2: decline of business activity | | |
| Employment | Shrinkage helix 1: unemployment – skills surplus | Higher productivity, greater income disparities | | Adapted shrinkage | Shrinkage helix 3: *h*igh unemployment – loss of skills | |

*Source*: Martinez-Fernandez, C. (2010), "Knowledge-intensive service activities in the success of the Australian mining industry", *The Services Industries Journal*, 30: 55-70, 1 January 2010.

## Structure of the report

This report is structured in three themes, categorised into regional continents to assist readability:

1. community shrinkage and sustainability;
2. regeneration strategies for local communities; and
3. social dynamics of demographic change.

There are 29 chapters from 20 countries from the Americas, Europe and Asia-Pacific regions discussed in this report. The distribution of country case studies can be seen from Figure I.11.



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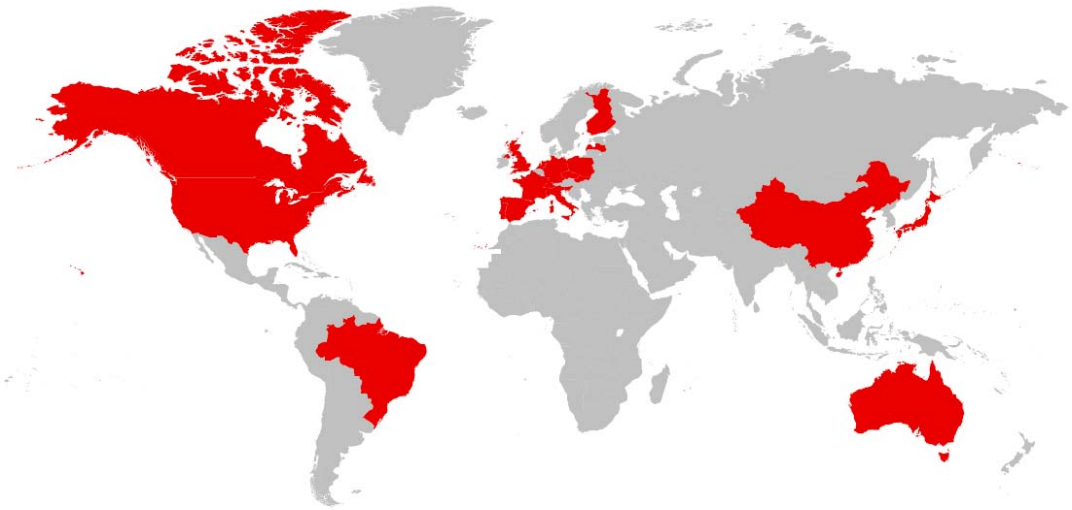
Figure I.11. **Country case studies distribution**



*Note:* A few chapters discuss Europe as a whole and one is a hypothetical approach.



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# PART II

# COMMUNITY SHRINKAGE AND SUSTAINABILITY



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# INTRODUCTION

**BY**
**NAOKO KUBO**

Community shrinkage has been increasingly observed in many OECD countries. Chapter contributions in this part highlight many factors that contribute to shrinkage in a particular geographic area (e.g. social, economic, political, demographic, environmental, or a combination of a few), emphasising how these areas are coping with the effects of shrinkage on the local economy and the environment. Community shrinkage is likely to become an increasing challenge for local governments in view of the general trends of ageing and declining birth rates in OECD countries.

Karina Pallagst in "Shrinking cities in the United States: policies and strategies" highlights revitalisation efforts of shrinking urban regions in the United States, which is largely due to economic reasons (the US population as a whole is growing). Over 10% of US urban regions have been losing population over the years due to economic decline, which is a prominent phenomenon in the Rust Belt region of the Mid-West. In the past, cities applied demolition plans to facilitate new development, but in view of the population shrinkage in these regions, some cities are now adopting "smart" growth approaches that may still involve some demolition efforts, but are more geared towards right-sizing with a focus on increasing greenery in the living environment (e.g. creating parks and urban gardens).

Japan, as illustrated by Sophie Buhnik in "Urban shrinkage patterns in Japan: the case of the Osaka Metropolitan Area", is an example of an OECD country that is rapidly ageing with low birth rates. Traditionally, ageing and population shrinkage in rural areas due to out-migration to urban areas were considered as a major socio-economic problem. However, an ageing and declining working-age population (in spite of continuous inflow of migrants from the rural areas) is now starting to affect some of the metropolis, although somewhat unevenly. It is predicted that some of the metropolis will lose about 20% of its population by 2050 as the inflows of migrants from rural areas will no longer offset natural population de-growth and Japan does not have an open immigration policy. As a result, there will be vacant houses, closed shops, underutilised infrastructures and public spaces, which could lead to creating distances between the remaining ageing population and services (e.g. public transport), creating isolation and lack of services to the local residents. Therefore, local governments will need to carefully assess future needs against a declining resource base and maximise existing resources (e.g. NGOs, volunteers) to support the ageing society. It may require consolidated regional efforts, as dealing with it only at the city/municipality level may not be sufficient.

In Australia, there seems to be a history of shrinkage in many cities, due to economic (e.g. economic restructuring), demographic and environmental reasons (e.g. drought). Tamara Weyman and Cristina Martinez-Fernandez in "Demographic change and shrinkage in Australian communities" indicate that some cities have already been working on stabilising their economy and population as well as exploring the sustainability of their community by accepting the shrinking reality. However, overall there is still limited acknowledgement of the need for a new type of planning. Further efforts are needed, for example, to plan for quality and explore new sources of growth (e.g. silver and green economies).



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Juha Kotilainen, Ilkka Eisto and Eero Vatanen in "Search for sustainable means for managing shrinkage in a peripheral city in Finland" provide an example of a Finnish city which has been dealing with the shrinkage issue since the 1970s and has adopted different policies over time which have had different impacts. For example, the declining employment in the forestry sector (following mechanisation) has lead to the introduction of industrial parks. However, similar to the case of Poland, combined with the globalisation effect, this approach only had short-term effects. The implementation of major regional policies to create a social welfare state in the 1980s also lead to employment opportunities in the public administration, education and social services up until the 1990s. It is expected that a diversified use of natural resources in the 21st century (e.g. different kinds of forestry products and bio-energy) combined with other sectors (e.g. tourism, real estate) may lead to a more sustainable economic development, although rapid growth may not be expected.

The case study of the Netherlands "Sustainability and shrinkage: three case studies in Zuid-Limburg" by Lieke Dreijerink, Laura van der Noort, and Jaap Kortman illustrates the challenges that local governments face in managing shrinking areas which they view as more challenging than managing growing areas. This is because of the significant amount of resources required to adequately maintain buildings (or demolish some, where needed) and green spaces, as well as to deal with the lack of a social safety net (e.g. growing physical distance between people and services) along with a lack of economic opportunities. Sustainability is a key concept for local governments and examples of approaches taken by the locals (including inhabitants and businesses) in addressing the issue of shrinkage are highlighted.

The urban shrinkage in Poland is due to a combination of economic and political changes. According to "Urban shrinkage and the post-socialist transformation: the case of Wałbrzych" by Tadeusz Stryjakiewicz, Emilia Jaroszewska and Przemysław Ciesiółka, in addition to the de-industrialisation and transition from a command to a market-oriented economy in the late 1980s and 1990s, Poland's accession to the European Union has lead to population decline in many regions, including old industrial ones. Walbrzych is a good case in point. Out-migration to the more prosperous economic regions of Western Europe combined with natural low birth rates and a negative internal migration rate makes it a great challenge for local governments to cope with the challenges associated with shrinkage. One measure is to establish special economic zones to attract foreign investment, in order to boost the local economy and to create jobs for those previously employed e.g. in the mining industry. An example of such a measure is the one established in Wałbrzych in the late 1990s, which contributed positively to the local labour market in the short term. However, it did not prove to be a long-term solution, as foreign companies are constantly searching for ways to lower opportunity costs and are ready to move out, which turned out to be the case in Wałbrzych. The local government has been exploring ways to revitalise its economy with multiple projects that can provide long-term stability, some of which support local entrepreneurship and creative industries using funds from the European Union.



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*CHAPTER 1:*

# SHRINKING CITIES IN THE UNITED STATES: POLICIES AND STRATEGIES

BY
KARINA M. PALLAGST



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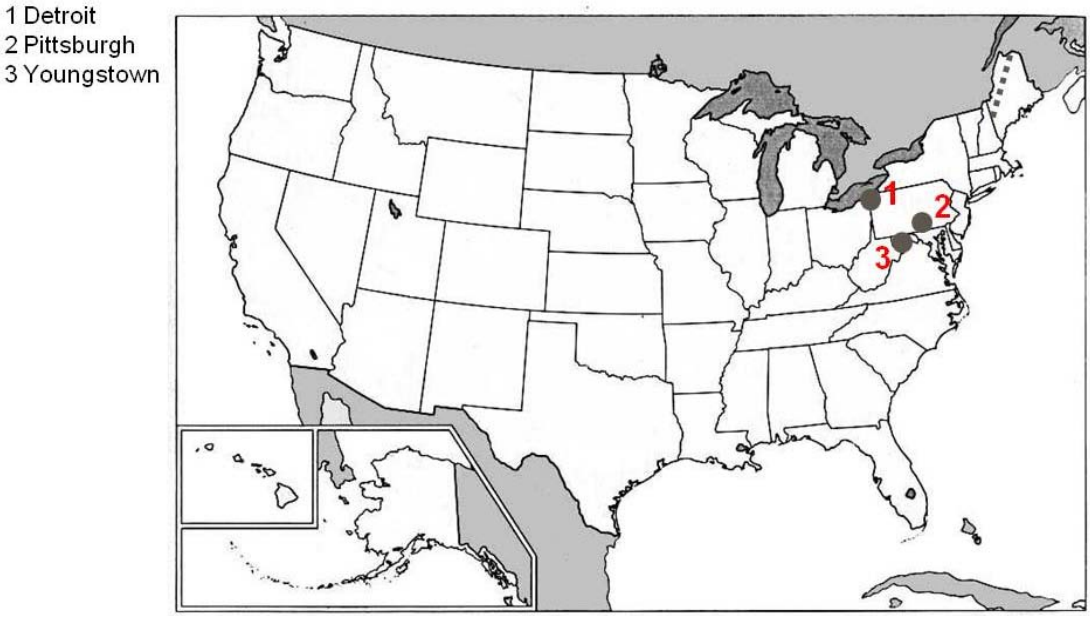
## Introduction

Shrinking cities in the United States used to be a taboo topic, not fitting in the agenda of local politicians. Nevertheless, 13% of the urban regions in the United States have lost population in recent years (Pallagst and Wiechmann, 2005). Only recently, fuelled by the current economic crisis, a small number of cities are retrofitting their planning agendas and their footprints in line with more realistic and sustainable planning. This chapter will present some of the usual suspects of shrinking cities in the Rust Belt of the United States, displaying old and new policies in cities that have been shrinking over many years and their development paths or planning for dealing with shrinkage: Pittsburgh, Youngstown and Detroit. While Pittsburgh can be considered a "typical" example of shrinkage and the related strategies, Youngstown and Detroit have chosen more realistic planning visions apart from growth.

## Brief description of the cases under study

Figure 1.1 displays the location of the cases presented in this chapter.

Figure 1.1. **Location of case studies**




### *Pittsburgh, Pennsylvania*

Pittsburgh can be labeled as a traditional example of a shrinking US city. During the course of Pittsburgh's economic decline since the 1950s, a myriad of economic and planning strategies has been applied, making the city a representative case of urban shrinkage, its strategies and possible policy changes in planning. Looking back, Pittsburgh's first reaction to decline was understandable given its prosperous past: trying to bring population and businesses back to the city, in line with a radical modernisation of the urban core. The first policy implemented by the city, Rennaissance I, was in part a bulldozing programme, clearing out former industrial sites while making room for high-rise buildings. In addition, large flagship projects such as Point State Park were created and new highways were built.



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The interest of existing entrepreneurs to maintain the competitiveness of Pittsburgh played an important role in the first revitalisation efforts. To steer this process, the Urban Redevelopment Authority of Pittsburgh was founded in 1946 as one of the first institutions of its kind in the United States (Economou, 1997). Since the 1960s, discontent had been rising among citizens with the "bulldozer" mentality of redevelopment in a "clear 'em out and tear 'em down"-style. As a result, development policies were focused to a larger extent towards the neighborhood level, enhancing housing development and a valuation of historic buildings (Lubove, 1969).

At the beginning of the 1980s, a national economic crisis set off a second wave of revitalisation referred to as Renaissance II (Crowley, 2001). This policy aimed at finding a stronger, diversified economic foundation for the city, based on high-tech industries, education, health care, culture and tourism. Projects implemented were related to a "public/private/neighborhood partnership", which was facilitated by the newly established Community Development Corporation (Lubove, 1996).

Pittsburgh's most recent revitalisation efforts are related to a number of core projects known as the "Big Splash" (Hunter Interests Inc., 2002). This endeavor focuses on reviving high-end retail – a land use mostly to be found in large suburban shopping malls – in the downtown area.

***Youngstown, West Virginia***

For many years, the city of Youngstown was caught in a downward spiral triggered by the downturn in the steel industry. Youngstown's population was cut in half due to out-migration, from 166 000 people in 1960 to a relatively consolidated number of about 67 000 people in 2010.

The magnitude of shrinking made it clear from the beginning of the new millennium that conventional methods of US urban planning were reaching their limits in dealing with the shrinkage: "This [decline] puts everyone involved … into an unknown territory where they must find a way to plan for the future of a radically smaller city" (Rugare, 2004: 6). To cope with the problem of high vacancy rates, the city initiated the policy process Youngstown 2010, combining the creation of a vision for the future with the implementation of a comprehensive plan based on the vision (Urban Strategies Inc., 2000).

The vision sketched out for the city until the year 2010 appears surprisingly realistic as it explicitly stresses the path to a smaller city which is not focused on population growth (Urban Strategies Inc., 2000). Moreover, Youngstown should become the role model of a sustainable city of medium size, and define its role under the premises of a new economy as outlined by the next paragraph.

The whole process aims at rebuilding the city at a downsized scale with new principles, e.g. not planning for new settlement areas, but creating a land-management pool to make room for new parks and green spaces, and strengthening the existing local businesses in the health, education, public administration and cultural sectors. Regional governance plays an important role, especially in the search for solutions on a regional scale through stronger inter-local co-operation. The ecological component is also of special relevance: rebuilding the city offers the chance for a "greener" system of space and place (Urban Strategies Inc., 2000). Measures of implementation are the creation of a system of parks and open green spaces in the city and the revitalisation of the Mahogany River for recreation purposes (Urban Strategies Inc., 2000).

***Detroit, Michigan***

Detroit is a prominent example of a shrinking city because of its size and the amount of population loss. Like other Rust Belt cities, Detroit lost half of its population between the 1950s and the year 2000. Due to the downturn in the car manufacturing industry, the city lost about 900 000 people.



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Like many other US cities such as Pittsburg and Youngstown, Detroit has a history of policies in order to revitalise its core or specific neighborhoods with high crime rates. In 1990, the Planning Commission tried to implement a plan, called "Detroit Vacant Land Survey" which aimed at relocating residents, demolishing buildings, and shutting down city services in order to save costs. This plan was, however, doomed to fail, as it was solely a top-down planning exercise that did not take the citizens of the respective neighborhoods into adequate consideration (Freeman, undated).

In recent years, many on-the-ground initiatives have taken root, which share the belief that Detroit needs a turnaround in planning and policy making. One of them is the Next Detroit Neighborhood Initiative.[1] This initiative tries to engage citizens in the systematic stabilisation of targeted neighborhoods by means of revitalisation, private-public partnerships and project management. Most importantly, they share the belief that planning needs to change its focus on growth and prioritise smaller scale planning and livability.

Nevertheless, due to the high vacancies and amount of deterioration, some neighborhoods do not show significant potential for revitalisation. As Connolly points out: "some… neighborhoods simply have nothing left to revitalize" (Connolly, 2010: 1). In order to deal with these areas, in 2010, the mayor initiated a large-scale residential demolition programme in order to right-size Detroit (City of Detroit, Mayor's Office, 2010). In addition, an academic discourse fuelled by the online planning platform Planetizen is accompanying Detroit's path of shrinkage with some arguing against tear-downs and for preservation, others seconding the mayor's approach. Connolly (2010), for example, suggests four elements which should be applied in line with the demolition programme:

- plan comprehensively;
- downsize infrastructure;
- focus growth;
- engage the suburbs.

While the demolition programme has had a slow start, the discourse on shrinkage processes in Detroit is certainly not over.

**Discussion of findings regarding policies and strategies for dealing with shrinkage**

The example of **Pittsburgh** demonstrates different policies of revitalisation in the United States, which were also applied in other US cities.

- 1950s: tear-downs and new construction following modernity's rigid development principles (with new high-rise buildings and auto-oriented developments).
- 1960s and 1970s: shift in trends towards preservation of historic buildings and enhanced citizen participation.
- 1980s: diversification of the economy, revitalisation on the level of neighborhoods, by means of community building, and focusing on key projects and events such as sports stadiums (incrementalism).

1. *www.nextdetroit.org*.



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- 1990s: mixed use in the city centre (retail, housing, office and hotel), and reconsideration of pedestrian-friendly spaces.

**Youngstown** has reacted to the enormous loss of population with a strategy of "urban conversion", oriented towards enhanced quality of life and sustainable development. The breach with the growth pattern in land-use planning and development that can be observed in the Youngstown case is almost revolutionary given US planning traditions: for the first time, a shift in paradigm is about to occur leading from growth to "shrinking smart". Youngstown's example could also add "green" to US planning.

With its right-sizing approach, the city of **Detroit** is following Youngstown's footsteps towards a realistic planning path. The chances for the right-sizing programme to be successful lie in the collaboration with the neighborhood initiatives in order to make the targeted neighborhoods more sustainable, despite the fact that the mayor's programme is, yet again, another demolition effort. This could be achieved by embedding the programme in the efforts to make US cities greener (e.g. by creating parks and greenbelts, promoting urban agriculture, etc).

**Conclusions and policy recommendations**

The case studies mentioned above display different types of shrinking cities and different ways of urban and regional planning coping with shrinkage in the United States: traditional revitalisation (Pittsburgh and Detroit) and new sustainable planning paths (Youngstown and Detroit).

On the background of the growth-oriented development of settlement structures in the United States, and when considering the examples presented in this chapter, new planning efforts can be found in recent years. Among them are right-sizing and applying the "green" as a model for planning and revitalisation, in contrast to urban growth. The examples of Youngstown and Detroit can be viewed as the attempt of shrinking cities to turn away from the existing growth paradigm. Nevertheless, in face of the traditional focus of US planning on economic and urban growth, it has to be doubted if this initiates a trend reversal. At least for these cities, it offers a sensible and realistic alternative which could be thought-provoking for cities in comparable situations.

Lessons to be learnt from the examples mentioned above and policy recommendations include:

- Greening appears to be a trend which could prove to be a tangible and effective solution for shrinking cities in order to turn around vacant land.

- Given the experiences many cities have had over the course of the years, it seems reasonable not to follow one single approach (be it greening or downtown revitalisation), but to employ a multitude of efforts. These should, however, not be applied separate from one another, but carefully tailored into a strategic approach in order to make use of possible synergy effects.

- The strategic approach mentioned above should be part of a visioning process in order to give the involved stakeholders and the citizens' a perspective and a positive attitude when it comes to managing shrinkage or "shrinking smart".

- The vision mentioned above should be tangible in the sense that it offers clear measures with which citizens would be able to assess the success of the actions applied.



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*CHAPTER 2:*

# URBAN SHRINKAGE PATTERNS IN JAPAN: THE CASE OF THE OSAKA METROPOLITAN AREA

**BY**
**SOPHIE BUHNIK**



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## Introduction

Since the mid-2000s, Japan has lost population and aged faster than any other OECD country, to the point of impeding the recovery of its economy in the aftermath of the financial crisis in the 1990s. The prospect of a progression into an ultra-aged society was already a foregone conclusion in the late 1960s (Matsutani, 2006) and is one of the most discussed topics among Japanese economists and sociologists. By 2010, almost all Japanese cities were on the brink of population decline.

Up until the 2000s, the combination of a negative reproductive balance and out-migrations were primarily affecting Japan's rural regions. By contrast, Japan's metropolises have continuously attracted students and working-age residents, whose arrival partly offsets the effects of low birth rates.[1] However, in the 1990s, the pace of the nationwide demographic de-growth and ageing went "all too fast" (Matsutani, 2006), and domestic migrations can no longer compensate even for Japan's largest cities. Thus, the decline of densely urbanised regions has started earlier than expected, and more economic pressure will be put on metropolitan work pools as the 20-54 age bracket begins to decline faster than in the already depopulated peripheries.

It also became more apparent in the 1990s that negative demographic trends do not alone explain an uneven exposure to urban shrinkage inside and between major Japanese cities: centralisation in the Japanese megalopolis, especially in the Tokyo region, reversal of real-estate market prices and tougher global economic competition must also be taken into account. Research on the articulation between global factors and local causes of urban shrinkage in Japan still needs to be furthered through regional case studies (Hattori, 2010; Matanle and Sato, 2010).

We will first explain why the Osaka Metropolitan Area[2] is losing population faster than other Japanese metropolises of comparable size. In addition, within this metropolitan area, the stronger decline of suburbs contrasts with the relative revitalisation of Osaka's city centre. Finally, we will discuss the implications for community sustainability of such patterns of urban decline linked to age-selective migrations, and we will underline the need to integrate on a metropolitan level the various policies implemented by private operators, local governments and citizen associations.

## Japan's post-climax demographics and Osaka's situation

### *The weight of the demographic factor and the distribution of shrinkage in Japan*

In Japan, urban shrinkage seems to be mostly linked to demographic transition and the progression of an ultra ageing society. Since the late 1990s, annual growth rates of the Japanese population have stagnated, and even plunged negatively in 2005 (Japan Statistics Bureau). The roots of this decline are very low birth rates gradually falling below already low death rates. These low proportions are currently not compensated by immigration rates, although openings to foreign immigrants have been broadened (Ito, 2010).

1. This paper was written before the earthquake on 11 March 2011 and does not reflect possible consequences of the earthquake, especially its impacts on residential migrations in and out of the Tokyo region.

2. Our delimitation of the Osaka Metropolitan Area follows Kanemoto and Tokuoka's definition of metropolitan areas (2002), which takes daily commuting as one of its main criteria: we refer to this definition in our maps and when we talk about the Osaka agglomeration. Osaka is also the heart of the Hanshin, a conurbation comprising the intertwined metropolitan areas of Osaka, Kyoto and Kobe; we decided to put it aside for a more precise, municipal-scaled observation of sprawl and decline around one employment core (Osaka's city centre).



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This decline is combined with the ageing of the Japanese population, which progressed at an alarming rate during the 2000s: in 2007, people over 65 years old accounted for 21% of the total population, well above the current proportion of people less than 15 years old (around 15%). If current demographic trends continue, Japan's population may continue to shrink from its peak of 127.5 million inhabitants in 2005, to a population of less than 100 million by 2050. Already 1 605 of Japan's 2 217 municipalities lost residents between 2000 and 2005, with the greatest impacts in remote areas, leading to heightened concerns among small and mid-size cities. Nevertheless, it is projected that Japan's biggest cities will lose 20% of their population by 2050.

Although population shrinkage is occurring on a national scale, the regional impacts of decline are very uneven: the 2005 national census confirms that 30 of the 47 Japanese prefectures had experienced negative rates of population change since the end of the 1990s, resulting from a combination of a negative reproductive balance and negative domestic migration rates. The prefectures located in the northern and southern peripheries of the country – except for the Okinawa islands, where the average birth rate is one of the highest of the nation – are particularly concerned: the prefectures of Aomori, Iwate and Akita in the north; the prefectures of Tottori, Shimane, Kagoshima and Miyazaki in the south; and all of the island of Shikoku lost more than 2% of their inhabitants between 2000 and 2005, and have continued to decline since 2005. Some rural regions have experienced this "double-negative demographic disequilibrium" (Matanle and Sato, 2010) since at least the 1980s. On the contrary, prefectures covering Japan's main cities (Sendai, Tokyo, Nagoya, Kyoto, Osaka, Fukuoka) kept consistent growth rates, because their labour markets attracted inflows of students and working-age residents who have, until now, offset the impacts of low birth rates on ageing. Yet Table 2.1 suggests the relative demographic stagnation of the Osaka Prefecture and its neighbouring prefectures in the 2000s, taking the year 2008 as an example. These rates stand out against the demographic vitality of the Aichi Prefecture (home to the city of Nagoya) and, above all, the prefectures encompassing the city of Tokyo. The relative stagnation of the region surrounding Osaka is linked to negative migration rates that were triggered by weaker economic performance in the 1990s. These outflows have mainly benefited more economically attractive urban areas.

***Economic restructuring in Osaka and its "Tokyo problem"***[3]

Parts of the Osaka regional economy did indeed deteriorate after the burst of the asset price bubble in 1991.The bursting prompted a vast financial crisis leading to bankruptcies, which in turn affected the domestic consumption of manufactured goods, increased unemployment and widened social inequities for more than ten years.[4] As banks were reluctant to lend for fear of bad loans, especially to SMEs, the city of Osaka lost about one-half of its factories from 1990 to 2005. Secondary industrial employment poles like Kadoma and Moriguchi in the Osaka Prefecture were also hit. Osaka's domestic production was therefore hit by the bankruptcy of SMEs in the manufacturing industry (even if partly compensated by the progress of the service industry), which represent an important part of Osaka's economy, when compared to more service-oriented cities like Tokyo and Fukuoka, or by contrast with the evolution of the automotive business in Nagoya.

3. This section is based on Hill and Fujita (1995).

4. The regional economic data in this chapter rely on statistics released by the Statistics Bureau of Japan and the METI (Ministry of Economy, Trade and Industry).



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Table 2.1. **Migration balance of several prefectures covering Japan's main metropolitan areas, 2008**

| Metropolitan area | Prefecture | Rate of in-migrants from other prefectures (%) | Rate of out-migrants to other prefectures (%) | Migration balance |
|---|---|---|---|---|
| Osaka | Osaka | 1.83 | 1.88 | Even/negative |
| Osaka | Hyogo | 1.76 | 1.76 | Even |
| Osaka | Nara | 1.87 | 2.17 | Negative |
| Osaka | Wakayama | 1.22 | 1.59 | Negative |
| Nagoya | Aichi | 1.76 | 1.51 | Positive |
| Tokyo | Tokyo-to | 3.32 | 2.67 | Positive |
| Tokyo | Saitama | 2.36 | 2.15 | Positive |
| Tokyo | Chiba | 2.72 | 2.33 | Positive |

*Source*: Japan Statistics Bureau (2010), *Japan Statistical Yearbook 2010*, Japan Statistics Bureau, Tokyo.

However, Osaka's manufacturing sector was declining before 1990 and it continued after 2002 when the Japanese economy had started to recover. With the revaluation of the yen in the 1980s, Osaka's local subcontractors have faced competition from developing Asian nations before and after the burst of the Bubble (Hill and Fujita, 1995). Therefore, while most of Japan's large cities are today maintaining lower unemployment rates than mid-size cities, Osaka's unemployment rate is notably higher (Japan Statistics Bureau).

Regardless of these industrial difficulties, Osaka and its metropolitan area maintain the second highest level of economic performance among Japanese cities: in 2006, thanks to its powerful trade functions and specialisation in high-tech industries such as robotics, Osaka represented the second largest share of Japan's GDP.[5] However, economic globalisation and a tradition of state capitalism dating back from the Meiji resortation have amplified the concentration of strategic activities in Tokyo, and hinder Osaka's entrepreneurial sector. For instance, many famous corporations born in Osaka have kept administrative functions there but moved their headquarters and activities requiring high-skilled workers to Tokyo (Hill and Fujita, 1995).

**Patterns of growth and decline in the Osaka Metropolitan Area**

The effects of population decline in Japan appeared to have been confined primarily to rural peripheries up until the 1990s. Currently, the pace of the nationwide natural decline leaves even densely populated urban areas exposed to shrinkage, yet the intensity of said exposure differs greatly among Japan's biggest cities. In urban areas with a traditionally high concentration of manufacturing activities (like Nagasaki or parts of the Osaka agglomeration), economic restructuring has decreased the attractiveness, so that they are already experiencing negative demographic trends. By contrast, cities with a more thriving economy (Tokyo and Fukuoka for instance) still benefit from positive migration rates. According to population forecasts, however, by 2015 these inflows will not compensate natural de-growth anymore, even in Tokyo. By 2030, the ageing of the current 20-54 age bracket will depress labour productivity more than what capital spending can offset (Matsutani, 2006).

Within these metropolitan areas, a closer, municipal-scaled observation emphasises the fragmentation of decline and growth. The case of Osaka's Metropolitan Area accurately illustrates these patterns which are unique to Japanese agglomerations.

5. According to various Global City rankings, the Osaka-Kobe area represents the 7th biggest metropolitan area by GDP. *Cf.* Pricewaterhouse Coopers (2009).



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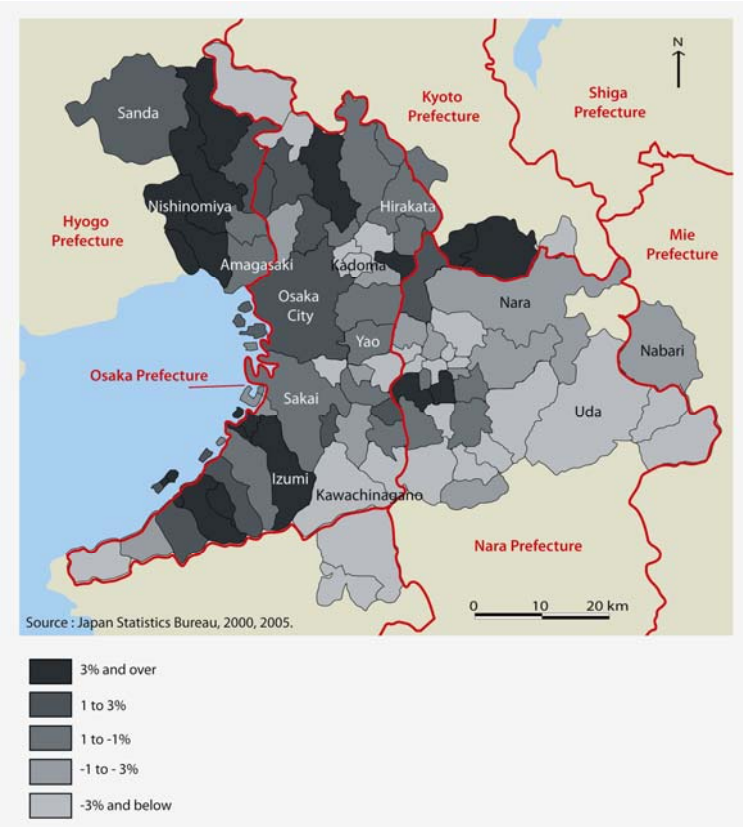
***Growth and decline in the Osaka Metropolitan Area: the shrinking suburbs***

First, the city of Osaka has experienced a slight demographic revitalisation since the early 2000s: Osaka gained approximately 30 000 inhabitants from 2000 to 2005. This is a reversing trend: the city of Osaka continuously declined after a peak of 3 160 000 inhabitants in 1965. The map of the demographic evolution of each municipality in the Osaka Metropolitan Area between 2000 and 2006 depicts the slight revitalisation of Osaka City (Figure 2.1). Meanwhile, other municipalities have grown, especially coastal municipalities and cities located in the northeastern corner of the metropolitan area. Because of its proximity to Kobe, many households affected by the 1995 earthquake have moved to this part of the Osaka region. Meanwhile, the demographic gains observed on the borders of the Osaka, Kyoto and Nara Prefectures are linked to the strong investments made for the establishment of the Kansai Science City: the arrival of more than 70 scientific and education facilities and a desire expressed by research professionals, students and other workers to commute less. These factors explain the demographic revitalisation of the suburban and rural municipalities included in the project's designated area. A key aim of this national plan was to form a consensus regarding the construction of a Science City on the borders of three prefectures, by involving Kansai local industries and local governments right from the start.

Figure 2.1. **Rate of population change in the Osaka Metropolitan Area, by municipality, 2000-2005**




*Source*: Japan Statistics Bureau (2000; 2005), "Report on the results of national census", Japan Statistics Bureau, Tokyo.

Conversely, areas with the highest rates of population decline include blue-collar cities with significant manufacturing segments in their local economies. Examples include Kadoma, Daito and Moriguchi in the Osaka Prefecture (Flüchter, 2006). Yet, not every manufacturing-oriented city of the metropolitan area suffers from economic depression: the city of Amagasaki in the Osaka Prefecture



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managed to increase its GDP in the late 2000s through improvements in per-hour productivity. However, this works only until the decline in the number of available workers becomes too significant to be compensated through such measures. The second highest rate of population decline concerns Osaka's distant suburban areas, which are particularly concerned.

***Osaka's peripheries: from attractiveness to obsolescence***

Our observation of Osaka's inner-metropolitan evolution is similar to the findings of other studies on urban decline in Japanese agglomerations of various sizes (Flüchter, 2006; Hattori, 2010; Matanle and Sato, 2010), including Tokyo. According to these studies, residential suburban areas are particularly declining because they no longer meet the social expectations of Japanese households. In Osaka's Metropolitan Area, Senri New Town is an example: its population neared 130 000 inhabitants in 1975 but has now dropped to 94 000. Landscapes and public housing estates in such new towns are considered rather monotonous and the initial population of small nuclear families is getting older: Senri's proportion of over-65 residents is above the average of the Osaka Prefecture (Tsutsumi, 2005). Empty housing may become more common in such suburbs if planned demolitions do not take place. The relative obsolescence of the new town's built environment contrasts with the recent success of mixed-use urban projects in core cities of the metropolitan area that are specifically aimed at young households. In 2000, 62% of the condominiums built in the Osaka Prefecture were developed within a 20-kilometer radius from the centre of the city (Flüchter, 2006).

The stronger decline of suburbs can be explained by the decreasing advantage in terms of housing and commuting costs. First, real estate in many suburbs of Osaka is cheaper today than in Osaka's central districts, yet the gap is not as wide as during the Bubble era. Then, the role of commuting costs on decline patterns in Osaka's Metropolitan Area is essential. These costs have indeed become important for commuters living in suburbs not directly connected to an urban core by one railway line.

For these reasons, the young and working-age population has lost economic and social interest in the suburban way of life, and many prefer to move to central districts if they can afford it. On the contrary, retired Japanese workers and elderly households, not compelled to daily commuting, are reluctant to move from their neighbourhoods, be it central districts or suburbs. Figure 2.2 stresses the correlation between depopulation and ageing.



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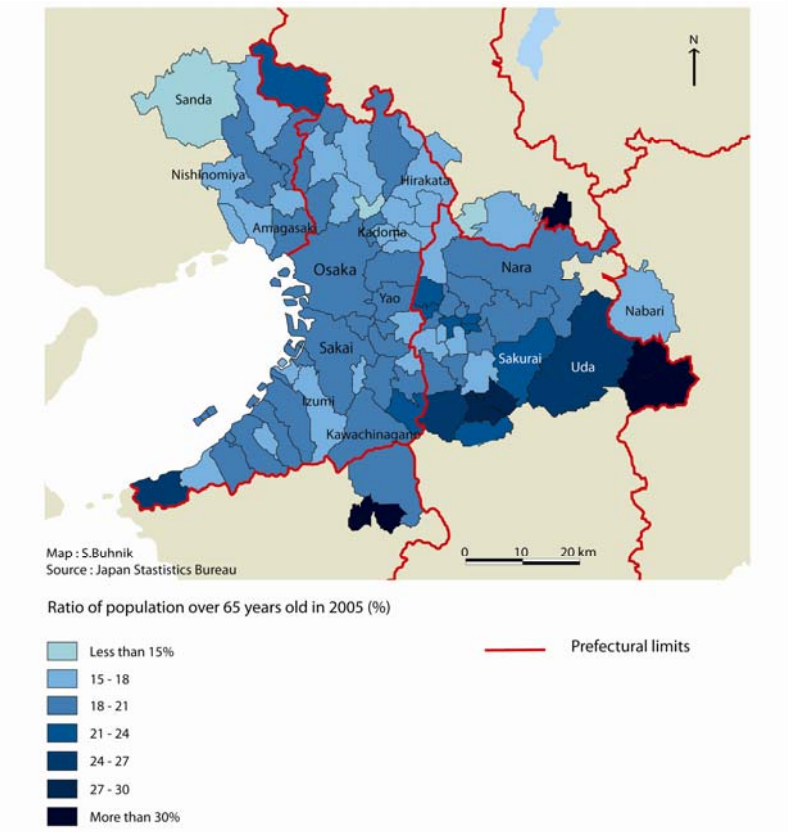
Figure 2.2. **Proportion of over 65 residents by municipality in the Osaka Metropolitan Area, 2005**




*Source*: Japan Statistics Bureau (2000; 2005), "Report on the results of national census", Japan Statistics Bureau, Tokyo.

## Living in shrinking suburbs: policy recommendations

As it seems inevitable that Osaka's peripheries will continue to lose residents, crucial planning issues have emerged, among which there is a focus on issues of mobility in daily life and access to services. At first glance, shrinkage puts an end to urban sprawl around Osaka City and subsequently offers opportunities for more sustainable urban development. From a local viewpoint, however, the emergence of urban decline leads to vacant houses, closed shops, underused infrastructures and public spaces scattered inside the urban fabric. The most evident symptom of shrinkage will be shopping streets with shutters closed: the shrinking number of customers and the competition with car user-friendly shopping centres led to their devitalisation. Because of this thinning of urban resources, the distance between remaining residents and remaining services will likely grow. Whereas the high human density of Japanese suburbs partially compensates this process, the decline in the numbers of retail shops and services aggravates the isolation of elderly residents by impeding their access to daily resources.

In addition, the population decline represents a threat to the viability of suburban transit. The predicted shrinkage will rapidly reduce the number of students and working-age passengers who commute daily, putting more pressure on the cost-effectiveness of private railway companies. If falling numbers of passengers hurt the private railway operators' financial situation, they will either raise their fares, lower the quality of service or close underused parts of their networks. In Japan, rail is still seen as the most competitive mode of transport, and planners support the concept of transit-oriented land-use planning near stations (Sakanishi, 2006).



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**Conclusion**

The Japanese population is declining at a pace unobserved in any other OECD country, meaning that by 2030, Japan's largest metropolitan areas, including Tokyo, will face strong demographic and economic contraction through the ageing of their present working-age population. As of today, population shrinkage has uneven impacts on urban areas: it is primarily affecting small and mid-size cities located in rural regions, along with areas among Japan's larger metropolises. Mainly, areas that faced more industrial restructuring after the Bubble burst are declining faster, like Nagasaki or parts of the Osaka agglomeration. A municipal-scaled observation of population changes within Osaka's Metropolitan Area in the 2000s illustrates suburban decline tendencies. A reduction of urban resources in the suburbs will create particular challenges for the elderly in meeting their daily need of access to infrastructure and services.

The awareness of upcoming population decline in Osaka's Metropolitan Area, and in Japan in general, incites local governments to initiate various policies and calls for more efficiency in the allocation of limited fiscal resources. However, more regional governance is necessary to raise the efficiency of these policies.

The following policy recommendations are proposed:

- **Supporting community stability.** As local governments acknowledge that their population is likely to diminish, maintaining a quality of life for older residents constitutes a core planning issue. In this respect, public bodies experimenting with policies adapted to sluggish demographics often support projects that use Japan's technological advances in order to enhance care services. In Osaka's Metropolitan Area, for instance, the new town of Senboku tries to promote the familiarisation of older inhabitants with new communication technologies to break isolation or maximise the use of care services. However, projects aimed at maintaining an acceptable level of urban resources will force city administrators to consider future expenditures extremely carefully and rethink urban maintenance, as tax incomes will diminish with shrinkage (Matsutani, 2006). In Senboku New Town, non-profit organisations and volunteers help to alleviate public spending in local care services (like free home deliveries and free leisure activities). Nevertheless, many volunteers are reaching the age of 60 or are already retired, and their eventual replacement raises the question of inter-generational solidarity.

- **Preserving inter-generational mix.** Migrations to city centres are selective, thus, they may strengthen a social and age differential between central districts and declining suburbs. Having more high-skilled jobs in suburbs (not only in trade or care), would contribute to keeping younger residents, since white-collar workers with children often express a desire to commute less (Sakanishi, 2006).

- **A metropolitan-level approach to the effects of urban shrinkage.** The first two recommendations could be achieved more efficiently by using an integrated approach to perspectives of demographic and economic shrinkage in Osaka's Metropolitan Area. The City of Osaka and the Government of the Osaka Prefecture have the power to design master plans, but a metropolitan government encompassing the municipalities of the Osaka, Hyoko, Nara and Kyoto Prefectures where a significant percentage of the working population commutes to Osaka's employment core, does not exist in Kansai. All over Japan, merging villages, towns and cities are enabling the mutualisation of equipment and certain types of expenditures, but a metropolitan government could go beyond this by giving more prospective information and visibility and by inciting public and private stakeholders (municipalities, transportation companies) to more accordingly co-ordinate their plans against shrinkage.



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*CHAPTER 3:*

# DEMOGRAPHIC CHANGE AND SHRINKAGE IN AUSTRALIA COMMUNITIES

**BY**
**TAMARA WEYMAN**
**AND CRISTINA MARTINEZ-FERNANDEZ**



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## Introduction

This chapter[1] presents findings from a recent study which examined population trajectories within Australian cities and regions from 1960 to 2008. The study revealed a population east coast bias whereby the majority of the population is located on the east coast; a history of population shrinkage; generations or fluctuations of shrinkage where there have been periods of growth and shrinkage; and the slowdown in the average annual population growth rate. Possible triggers of shrinkage are identified, including: globalisation resulting in economic restructuring and economic downturns; climate change (drought); and regulations/planning that leads to shrinkage. In Australia, the current policy response to urban shrinkage is planning for growth entailing expansion of human settlement and land use which gives rise to a range of specific challenges, such as housing, creating employment and providing physical and social infrastructure while minimising potential land-use conflicts and environmental impacts (Williams, 2007). Planning for growth, however, can be ineffective in cities with declining population, economic productivity and skills. Alternative approaches to manage the shrinkage and revitalisation of Australian cities are discussed.

## Australian context

Australia is one of the world's most urbanised countries with over 85% of the Australian population living in urban areas along the coastal zone of this arid continent (Martinez-Fernandez and Wu, 2007). Of the seven capital cities[2] in Australia, Perth, Melbourne, Sydney and Brisbane, are the expanding areas. The coastal towns and cities along the east coast, especially near Brisbane, are one of the fastest growing urban regions of Australia. At the same time, the Australian urban system is experiencing multiple impacts of globablisation, shifts in population due to demographic changes, and the impacts of climate change to both the regional agricultural economy and the coastal regions (Martinez-Fernandez and Wu, 2009). For example, there is consolidation within major regional towns at the expense of smaller towns in their region (Martinez-Fernandez and Wu, 2007). The process is partly driven by shrinkage of the smaller towns due to changes in the agricultural economy (Martinez-Fernandez and Wu, 2007), caused by prolonged drought conditions resulting in consolidation of small farms by corporate farming enterprises or abandonment. These corporate farming enterprises are likely to bypass local businesses as they centralise purchasing to exploit economies of scale, resulting in loss of local employment and in spending power flowing out of the region (Martinez-Fernandez and Wu, 2009).

Examples of shrinkage are more common in areas outside the major cities, inner regional cities and outer regional cities (Martinez-Fernandez and Wu, 2007). Three patterns of shrinkage were identified within Australia: urban shrinkage, rural shrinkage, and industrial centre decline (Martinez-Fernandez and Wu, 2007).

In fact, a recent analysis[3] of local government areas (LGAs) with a population greater than 10 000 from 2003 to 2005, revealed that 24 cities/towns have had a negative population growth (red triangles in Figure 3.1) and the majority of these were in the rural LGAs along the east coast of Australia, and predominately located in New South Wales. The cities that were declining significantly were Moree Plains, Narrabri, Warrumbungle Shire, Northern Grampians, Broken Hill and Tumut Shire (Table 3.1)

1. Based on an Australian Research Council (ARC) Discovery Project (DP0984530) conducted by the Urban Research Centre, University of Western Sydney by Dr. Cristina Martinez-Fernandez and Dr. Tamara Weyman.

2. State capital cities: Sydney (New South Wales – NSW), Brisbane (Queensland – QLD), Melbourne (Victoria – Vic), Adelaide (South Australia – SA), Perth (Western Australia – WA), Darwin (Northern Territory – NT), and Canberra (Australian Capital Territory – ACT).

3. ARC Discovery Project (DP0984530), 2009.



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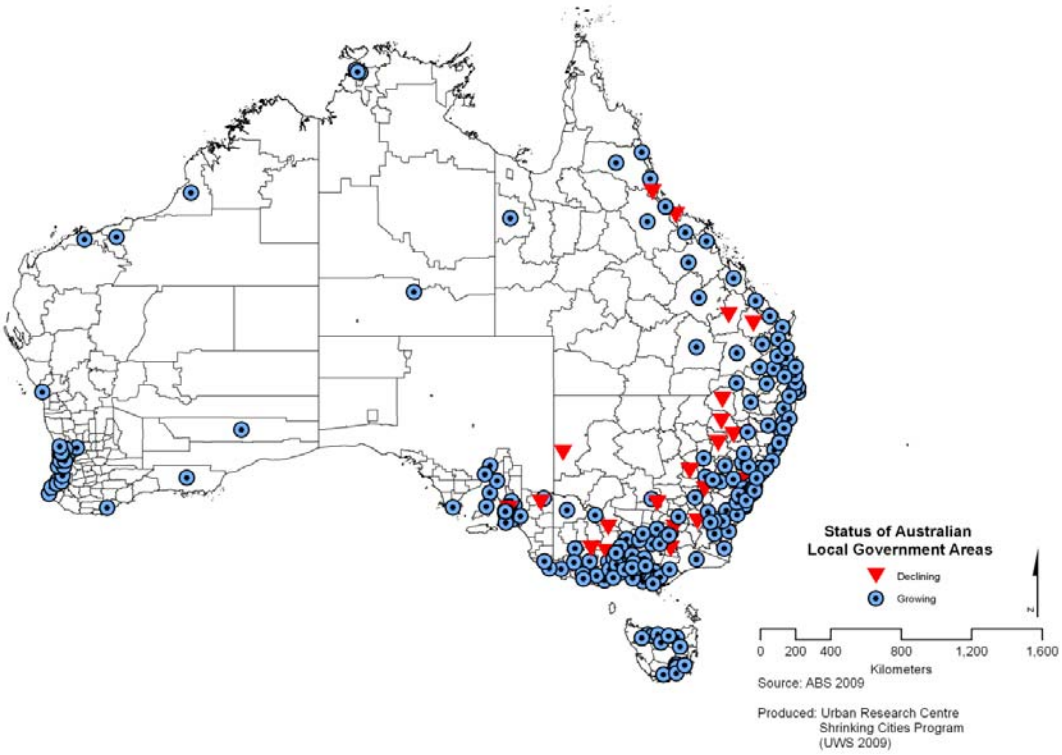
(Martinez-Fernandez et al., forthcoming). A review of the top ten shrinking cities in Australia since 1960 (i.e. the greatest negative population growth from 1960 to 2008) is listed in Table 3.1.

Figure 3.1. **Recent trajectory (2003-2008) of LGAs (population greater than 10 000)**




Significantly, the proportion of the Australian population aged over 65 is another escalating issue, in 2008 it was 13.21% and rising (Australian Bureau of Statistics, 2010). However, the top ten shrinking cities (percentage difference between 1960 and 2008, see Table 3.1) on average have an even higher rate of 15.72%. Therefore, it can be asserted that Australian cities (LGAs greater than 10 000) experiencing the most pressure from an ageing population are those that are in population decline, within rural and lifestyle environments. The local governments within these cities, which are under financial strain due to the decreasing revenue from counci rates and government support, have an increasingly important role in managing their ageing population.



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Table 3.1. **Top ten shrinking cities in Australia since 1960**

| Local government | State | SOR* zone | City size | Recent trajectory 2003-2008 | Shrinkage since 1960-2008 | Refined shrinking category | Simplified shrinking category |
|---|---|---|---|---|---|---|---|
| Broken Hill | NSW | Resource-based | Small | -2.91% | -39.77% | Continuous shrinkage | Shrinking |
| Adelaide | SA | Knowledge-intensive | Small | 29.62% | -32.90% | Medium-term stabilised shrinkage | Stabilised shrinking |
| North Burnett | QLD | Lifestyle | Small | -0.31% | -23.96% | Continuous shrinkage | Shrinkage |
| Warrumbungle | NSW | Rural | Small | -3.45% | -23.16% | Continuous shrinkage | Shrinking |
| Yarra | VIC | Knowledge-intensive | Small | 8.20% | -19.35% | Medium-term stabilised shrinkage | Stabilised shrinkage |
| Southern Grampian | VIC | Rural | Small | 2.18% | -19.05% | Recent stabilised shrinkage | Stabilised shrinkage |
| Port Pirie City and Dist | SA | Resource-based | Small | 2.04% | -16.12% | Recent stabilised shrinkage | Stabilised shrinkage |
| Woollahra | NSW | Knowledge-intensive | Small | 0.94% | -15.83% | Medium-term stabilised shrinkage | Stabilised shrinkage |
| Corangamite | VIC | Rural | Small | 0.37% | -15.58% | Medium-term Shrinkage | Shrinking |
| Marrickville | NSW | Dispersed metro | Small | 2.18% | -15.32% | Long-term shrinkage | Shrinking |

*Notes:* * The "State of the Regions" (SOR) is a report prepared by National Economics and published annually by the Australian Local Government Association. Every local government authority is allocated within a regional type or zone. The regional typologies consist of: knowledge-intensive regions, dispersed metro, independent city, lifestyle regions, resource-based, and rural regions.

*Source:* Table constructed from analysis of population statistics from the Australian Bureau of Statistics from 1960-2008.

### Policies and strategies for dealing with shrinkage

Shrinking Australian cities were affected by three parallel cycles, all of which have cumulative impacts and implications for policy response (Figure 3.2):

1. decline in economic productivity;
2. population decline;
3. loss of skills.

Current policy implementations within Australia reflect whether politicians and/or decision makers have acknowledged the fact that the population of their LGA is declining and whether or not to pursue growth or stabilisation. Policies and strategies of the most significantly shrinking cities (listed in Table 3.1) were examined and the analysis revealed that as part of all councils' planning, there is an overarching strategy/plan that encompasses major aspects of economic development, skills/education, environment, disadvantaged groups, land-use planning and asset management. Commonly, these strategies list a number of aims and objectives and associated actions, which then lead to more focused plans. The difference lies in the shrinking typology of the council's LGAs (Table 3.1), whether the LGA is in a state of continuous



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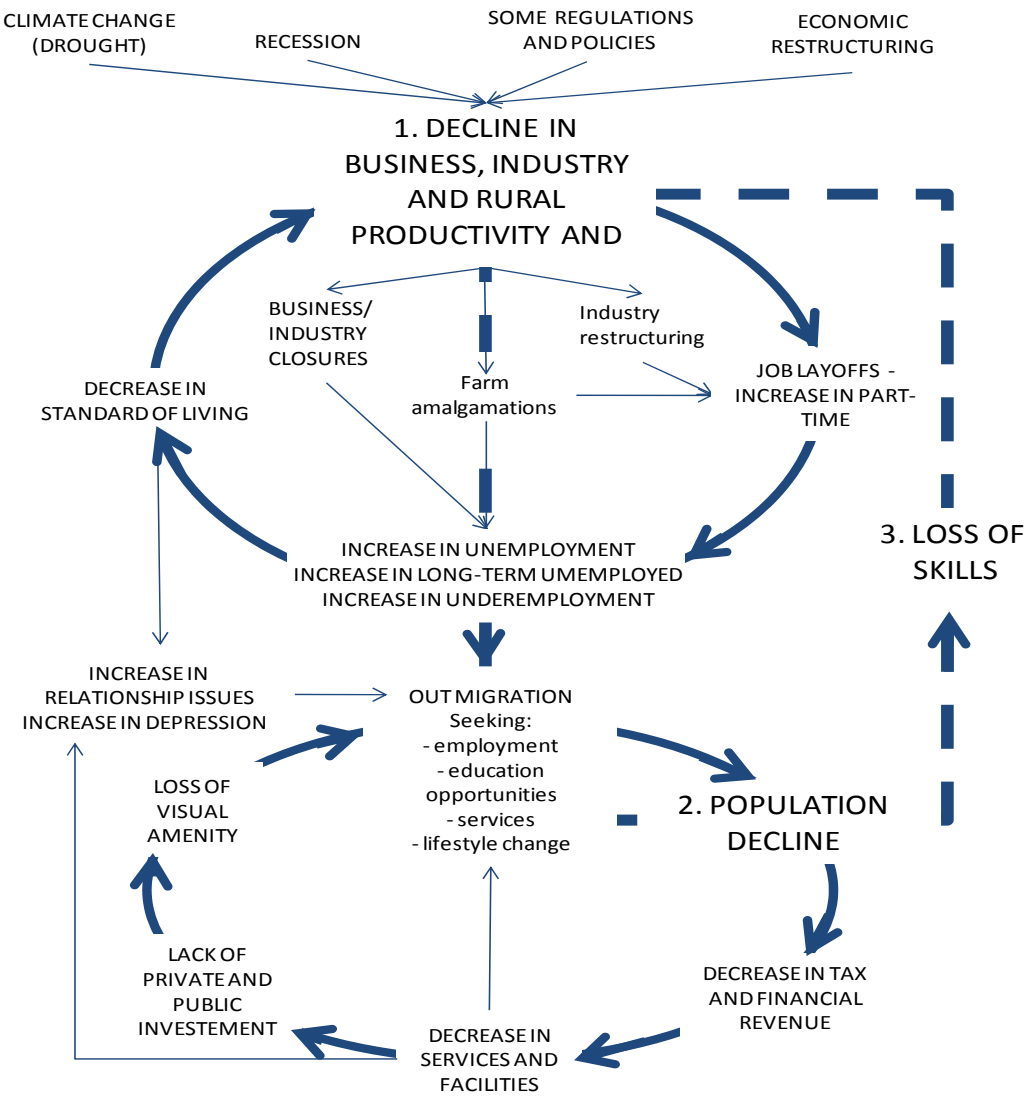
shrinkage, stabilised shrinkage or shrinking (long, medium or short term), and their overall objectives (Martinez-Fernandez et al., forthcoming):

- Three continuous shrinkage LGAs: have been in continuous population decline since 1960. These councils have identified that their cities are shrinking and have focused on economic/population stabilisation and sustainability within their individual environmental and economic context.

- Stabilised cities: do not state that their cities are stabilised or recovering from shrinkage and are focused on economic and population growth concentrating on economic development, skills and infrastructure improvements.

- Shrinking cities (on various terms): the councils state that there is population decline pressure and therefore focus on growth concentrating more on infrastructure, land use and aesthetical improvements and management of the city.

Figure 3.2. **Three cycles of shrinkage in Australia**



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Other important strategies/plans:

1. Ageing programmes are being implemented in the majority of the top ten shrinking cities (listed in Table 3.1) as part of their local social strategies (Martinez-Fernandez et al., forthcoming).

2. Youth strategies were a focal point for councils; however, only a few councils, especially within the knowledge-intensive cities (listed in Table 3.1), have developed skills/education strategies; these may be restricted by the availability of skills/education resources within the city.

3. Economic development strategies are becoming a popular way to focus on economic growth planning for LGAs. And,

4. Green policies, although currently limited, are likely to increase as climate change gains momentum (Martinez-Fernandez et al., forthcoming).

**Conclusions and policy recommendations**

The current planning/policies in Australia are largely or predominantly geared towards a paradigm of growth. This approach is, however, ineffective in shrinking areas because of the decline in economic productivity, population and skills. Policy makers and city planners need to rethink their approach to managing shrinking cities/regions. A combination of specific approaches to manage shrinkage and revitalisation include:

- smart shrinkage/decline: reorganising and eliminating services and provision of new ones (Haarsten and Venhorst, 2010);

- planning for quality: creating the ideal living conditions, including new trends towards environmental strategies;

- actions for development: establishing business/industry clusters, marketing/promotion and focusing on programmes for skill and employment development;

- leadership and partnerships by all levels of governments and the private sector, provision of funds/resources and the establishment of community alliances towards rich networked ecosystems;

- strengthening new areas of growth such as the green and silver economies.



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*CHAPTER 4:*

# SEARCH FOR SUSTAINABLE MEANS FOR MANAGING SHRINKAGE IN A PERIPHERAL CITY IN FINLAND

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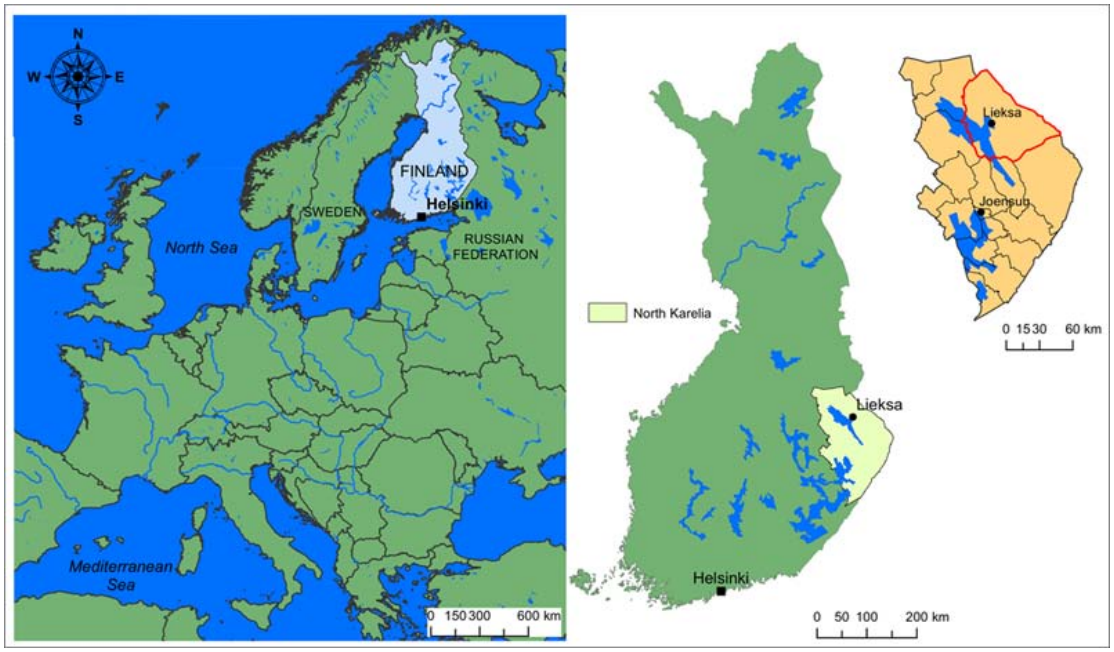
## Introduction[1]

Lieksa is a municipality in Finland (Figure 4.1) with 12 800 inhabitants, which has been continuously declining since the early 1960s (Figure 4.2). The main characteristics of Lieksa are outlined in Table 4.1. A specific feature for shrinking cities and settlements in Finland is that in the past decades many of them have grown to become economically dependent on the utilisation and processing of natural resources, most importantly timber and minerals. Recent transformations in the global division of labour have caused employment opportunities in these economic sectors to go down, resulting in out-migration. This is predominant in the case of younger generations, leading to relative ageing of the remaining population. However, new ways of drawing benefits from local natural resources, mainly forests, have also been emerging in the past two decades. The long-term strategies since the 1970s for dealing with population decline in this particular case include: establishing an industrial park, inventing new industrial opportunities for utilising local natural resources, improving services for tourism, establishing new services utilising telecommunication links, and attempting to attract newcomers, especially retired former residents, with spacious living conditions. Although none of these strategies has been enough to turn the population decline into growth, each of them have contributed to making the decline less acute. The following analysis is based on Kotilainen and Eisto (2010) and Vatanen (2010).

Figure 4.1. **Location of Lieksa, Finland**




*Source:* map prepared by Laura Mononen.

1. Research was funded by the Academy of Finland (decision number 14 793).



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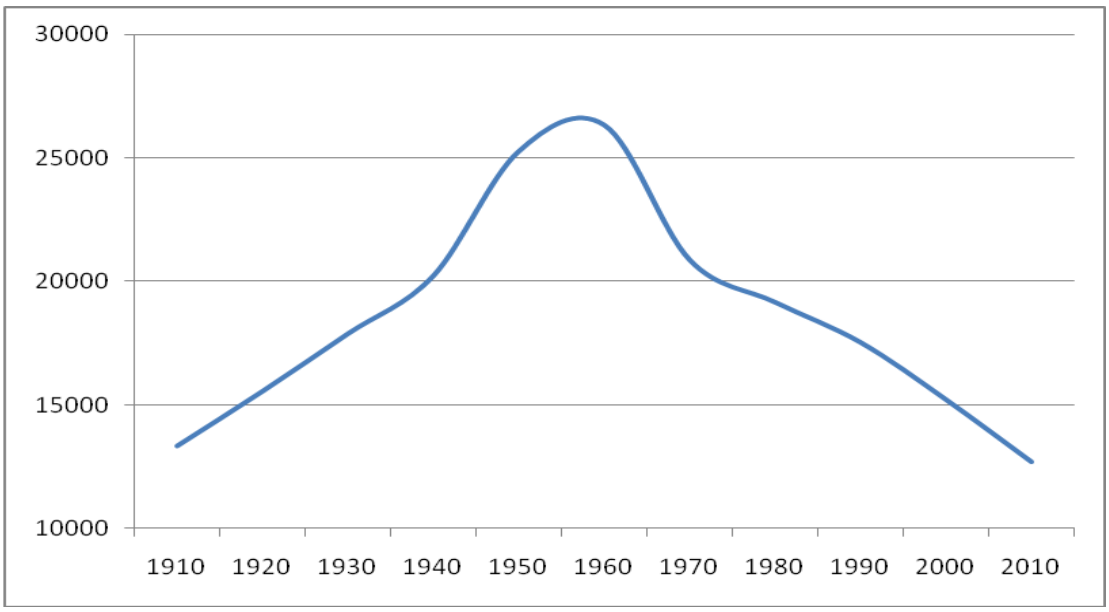
Figure 4.2. **Number of inhabitants in Lieksa, 1910-2010**




*Sources*: compiled from various sources by Vatanen (2010); Population Register Centre (2011), *www.vaestorekisterikeskus.fi*.

Table 4.1. **Main characteristics of the municipality of Lieksa**

| Municipal status | City (since 1973) |
|---|---|
| Total area | 4 000 km² |
| Distances | 528 kilometres from the national capital, Helsinki<br>93 kilometres from the regional centre, Joensuu |
| Distribution of inhabitants | *ca.* 10 000 inhabitants in the central urban part<br>*ca.* 3 000 in rural villages |
| Average age of population | Lieksa: 51 years<br>Finland: 41 years |

*Source*: Vatanen, Eero (2010), « Lieksa – luonnonvaroista riippuvainen kaupunki », in Kotilainen, Juha and Ilkka Eisto (eds.), *Luonnonvarayhdyskunnat ja muuttuva ympäristö – resilienssitutkimuksen näkökulmia Itä-Suomeen*, publications of the University of Eastern Finland, Reports and Studies in Social Sciences and Business Studies 2, Joensuu; City of Lieksa (2011), "City administration of Lieksa", *www.lieksa.fi*, 29 July 2011.

## Policies and strategies for dealing with shrinkage

The settlements in the area of present-day Lieksa experienced a growth phase in the first half of the 20th century (Figure 4.2). During those decades, the extraction and processing of local timber resources formed the core of the local economy. Much of the population decline in Lieksa since the 1960s can be explained by technological restructuring of the forest industries. The advancement of technology led to a decrease in the number of jobs, leading people to look for opportunities elsewhere. We can identify various strategies through which the city has sought to fight shrinkage. These strategies vary from economic policies that are intended to turn the local economy from decline to growth, to policies to bring in more inhabitants. These policies are all formulated by actors at the local scale, but they are not confined to the local level, as top-down policy formulation and political co-operation from the national level have been important for these policies. Moreover, the strategies are responses to the effects of global economic transformations, and more recently, some of the strategies have been seeking to draw benefits from global



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trends such as turning attention from the utilisation of nature as a resource for industries towards its recreational values.

**Previous approach: industrial parks**

Since the 1970s, policies and strategies in Finland for dealing with shrinkage have taken place on two scales: national and local. Starting in the 1960s, new directions in the policy field included major and minor regional policies. The major regional policy incorporated the construction of the Nordic welfare state, and minor regional policies were constituted of various subsidies to firms deciding to relocate their production in peripheral and restructuring municipalities. In effect, the construction of the social welfare state continuously created workplaces in education, social services and city administration until the 1990s. In Lieksa, the greatest achievement of the minor regional policy was the establishment of an industrial park. This strategy was successful in the beginning, as many rubber and plastic products manufacturing and clothing industries decided to relocate in Lieksa and the number of workforce employed in factories almost doubled from 1970 to 1980.

However, there is a downside to the industrial park strategy. The newly created manufacturing units that refined imported raw materials (textiles, rubber, steel and plastic) were based on capital loans and subsidies. The benefits turned out to be temporary, as changes in the global market, production technologies and the strategies of firms have caused manufacturing units to decrease their production figures, relocate again to other regions and countries, or close down for good. The remaining industries include manufacturing of composite construction elements for boats and trains and packaging products for the food industry.

**Recent approach: exploitation of natural resources**

A more recent industrial strategy is related to local natural resources, as there is a quest for innovation regarding new industrial forms of forest use. Despite large-scale technological transformations in the forest industry that led to the above-mentioned decrease in the number of jobs, the utilisation of forest resources for industrial purposes still dominates the local economy. It has been estimated that the utilisation of local natural resources today provides for about 25% of all local jobs, which is high compared to the Finnish average (of about 10%), and the forest industry makes up about half of all manufacturing jobs. However, the potential of industries drawing from the forest are much more diversified today than they used to be. It is likely that production of cardboard and sawn timber will continue in the near future, as well as glued laminated timber, the newest timber product, which has been in production for about a decade. One of the most important elements in terms of the use of local natural resources is the potential for the exploitation of wood as a source of bio-energy. In addition, wood chips and chopped firewood produced by new technologies are new ways of processing timber that may bring economic benefits from the local natural resources. Unfortunately for the local employment opportunities, however, the applications of these new technologies require fewer workers than the forest industries that dominated production in the 20$^{th}$ century.

**Other approaches: service sectors (tourism and real estate)**

There are two strategies related to the service sector. First, improvements are sought for in services for tourism. Tourism has a relatively long history within the municipal boundaries, as the hilly and forested Koli National Park is one of the oldest and best-known sceneries in the country. As a legacy of former development, there is a hotel and a ski lift – the oldest in Finland, in operation since 1939 – in the park. Furthermore, the municipality includes a part of the marshy Patvinsuo National Park, and, while it does not have park status, it is owned by the state and administered by *Metsähallitus* (the Finnish Forest and Park Service). The forested Ruunaa area is an important site for recreation. However, it is estimated that the employment opportunities in tourism services are unlikely to reach the level provided by processing



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industries in the past. Second, establishment of new services provided through the Internet and telephone can be seen as a strategy to overcome the structural problems of the local economy and counter shrinkage. Some of these kinds of call centre firms have been locating their operations in Lieksa in recent years.

Finally, we can identify a strategy that aims at attracting incomers based on housing conditions. It is hoped that spacious living conditions will attract incomers who would prefer the relative benefits of the area in comparison to more densely populated areas of the country. Wealthy and healthy senior citizens are desired returnees, but there are also some foreign immigrants from the neighbouring Russian Federation and EU countries as well as refugees from outside Europe. However, the increasing number of elderly newcomers will create a risk of making the demographic structure ever more biased towards older generations. From a purely economic perspective, it can be estimated that in the short run, all migrants are beneficial to the local economy by bringing with them income from external sources. Their consumption, therefore, has a positive economic effect on the revenues of the local economy. It can be prognosticated, however, that in the long run a large number of elderly incomers may cause budgetary problems for the local administration through their need for public services that are, according to the national legislation, the right of every citizen.

**Conclusions**

In order to understand today's population decline in Lieksa, we have to relate it to the growth phase caused by the pre-war expansion of industrial wood processing, which also had a significant effect on the number of inhabitants. Although there are examples of successful strategies to counter economic and population decline in the short run, the city is continuously losing its population. Regarding the success of the policy options that seek to overcome the adverse effects of shrinkage, it is possible to make the conclusion that for the strategies to have any impact, they have had to include input from the local, national and global scales.

We can differentiate, first, successfully connected and well-timed implementation of local and regional development policies in the 1970s. This strategy had short-term success in creating employment opportunities that would replace those that were lost. There were two issues related to local human resources and workforce behind the short-term success of the industrial park strategy in the 1970s. On the one hand, the turn of the decade saw the emergence of large-scale unemployment among forest workers because of mechanisation of wood processing and intensifying logging methods, and this workforce formed the basis for the new enterprises located in the industrial park. On the other hand, local administrators and politicians wanted to prevent out-migration into the labour markets of cities in southern Finland, and local re-employment activities were materialised by joining forces with the national re-industrialisation policy. As a result, we can see that the population decline slowed down somewhat in the mid-1970s.

Second, the construction of the welfare state during the 1980s had a long-lasting effect on the structure of employment opportunities on a national scale, which can still be observed in the relatively large number of employees in the municipal administration today. A key outcome of the implementation of the national welfare state policy was the establishment of new employment opportunities, especially for women, in the public administration and public health care services.

Third, the turn from industrial forest utilisation into commercial recreational activities in forest use during the early 21st century has yet to show its capacity to bring wealth to the local residents. Together the three aspects of long-term development of local nature tourism businesses, high percentage of state-owned forested lands suitable for nature conservation purposes, and reconciliation of conflicts concerning nature conservation, have created a new situation that has diversified the local utilisation of nature and changed the ways of exploiting natural resources in a more sustainable direction. In this sense, this option seems to



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be quite a promising phenomenon for a sustainable future on a local scale. However, an important question is how effective this strategy can be for dealing with the process of shrinkage. Although nature tourism is associated with a clearly visible structure of local businesses, this structure is still in a rather vulnerable state. Overall, if successful, these developments might lead to an outcome where Lieksa has a considerably smaller population than in its peak days, but it could offer alluring sustainable environments for housing and nature tourism businesses.

Policy recommendations include:

- according to the findings from this case study, diversifying the local utilisation of natural resources by incorporating other values in addition to the industrial ones would be a key to a sustainable future locally;
- with a considerably lower population level than in the peak days, the city could offer alluring sustainable environments for housing and nature tourism businesses; and
- from the perspective of local development and sustainability, remote shrinking cities and regions such as in this case, would be suitable for the production of immaterial goods and services, with no need to import heavy raw materials nor to export local natural resources.

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*CHAPTER 5:*

# SUSTAINABILITY AND SHRINKAGE: THREE CASE STUDIES IN ZUID-LIMBURG (NETHERLANDS)

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## Introduction

In the beginning of the 1970s the *Limits to Growth* report (Club of Rome, 1972) made a considerable impact with its message that population and economic growth could not continue indefinitely because of the limited availability of natural resources. This message is still a live topic today, and is mostly discussed under the term sustainability. Do the limits to growth imply that regions with demographic shrinkage are in the ideal position to create a sustainable local environment? Or do the social and financial implications of shrinkage make sustainable urban development even harder than in growing areas?

Demographic shrinkage is occurring in different parts of the Netherlands. The largest shrinkage is expected to take place in the southern part of the Province of Limburg (KEI, 2010; RPB, 2006). In total, the southern part of Limburg is expected to have 74 000 fewer inhabitants (-12%) in 2025 than in 2005 (RPB, 2006). The largest absolute shrinkage will take place in the municipalities of Heerlen, Kerkrade and Sittard-Geleen (RPB, 2006; PBL & CBS, 2010). In 2025, the municipality of Heerlen is expected to have almost 16 000 fewer inhabitants (-17%).

The municipalities of Heerlen, Kerkrade and Sittard-Geleen are developing plans to improve the quality of life for inhabitants of three areas in Hoensbroek, Kerkrade and Sittard. In order to improve the sustainability performance of the three redevelopment plans, in 2010 the Province of Limburg commissioned IVAM to perform sustainability analyses of these areas. At the time of the analyses, redevelopment plans were being developed for all three areas. The Hoensbroek area is part of the municipality of Heerlen. The three redevelopment areas in the municipalities of Heerlen, Kerkrade and Sittard-Geleen that were analysed are located in the southern part of the Province of Limburg (Figure 5.1). The three areas are of various sizes and include varying numbers of inhabitants (Table 5.1).

Figure 5.1. **Approximate location of the three analysed areas**

*Source:* Wikipedia NL.

To measure the sustainability performance of both the current situation and the redevelopment plans of the three areas, the DPL method (*Duurzaamheidsprofiel van een Locatie* – location sustainability profile) was used. DPL measures sustainability by means of 24 aspects that cover the triple bottom line: planet, people and profit. DPL recalculates input on each of the 24 aspects on a scale of 1 to 10, where 1 is the least sustainable and 10 is the most sustainable. The programme compares the performance on each



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aspect to a reference district[2] included in the programme. The reference district has a score of 6 on all aspects. The DPL method results in a sustainability profile (see Figure 5.2) that shows at a glance on which of the 24 aspects an area scores poorly and on which it scores well.

Table 5.1. **Characteristics of the three redevelopment areas**

| Redevelopment area | Area (ha) | Population |
|---|---|---|
| Hoensbroek | 800 | 20 000 |
| Kerkrade-West | 1 000 | 15 525 |
| Sittard, TASs area[1] | 54 | 2 500 |

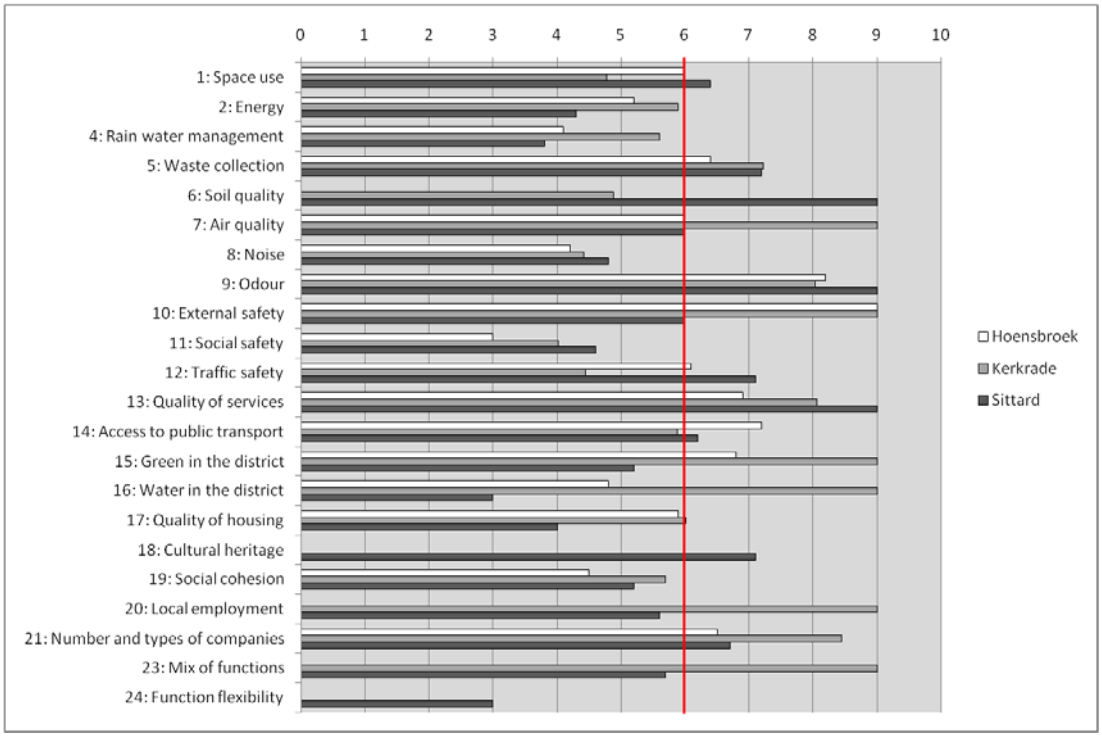
*Note:* 1. The TASs area includes the districts of Thienbunder, Achterbunder, Sanderbout and the Slachthuisterrein. This last district was, however, excluded from the analysis since it only houses a business park that would have had a relatively large effect on the analysis.

## Results and strategies for dealing with sustainability

### *Sustainability performance – current situation*

The DPL analyses of the current situation show that all three areas have both good and poor scores albeit on different aspects (see Figure 5.2; a score of 6 reflects the reference district). In general, the areas scored better than the reference district on waste collection (aspect 5), odour (9), external safety (10), quality of services (13) and number and types of companies (21). The areas scored lower than the reference district on the energy performance houses (2), separation and reuse of rain water (4), social safety (11), social cohesion (19), quality of houses (17) and noise (8).

Figure 5.2. **DPL profiles of Hoensbroek, Kerkrade and Sittard (score 6: reference)**




2. The reference district reflects an average (non-existent) district in which no sustainable measures have been taken and that meets the legislative demands (score of 6, which means it just passes).



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***Sustainability performance – future situation***

Definitive plans were to be ready in the second quarter of 2011 for all three areas. The sustainability performances of these (draft) plans have been analysed using the DPL method. The main features of the different plans and the expected effects on the DPL scores are discussed below, following the triple bottom line approach: planet, people and profit.

*Planet*

In all three plans, houses in parts of the different areas will be demolished, with fewer houses being rebuilt than demolished. From a sustainability point of view, space is considered scarce and must be used efficiently. In DPL, use of space is measured by the so-called "gross floor area" (GFA). When houses are demolished and vacant space is created, the GFA decreases; therefore for all three plans the DPL scores on space use decrease. However, the vacant plots can be developed as green space. The scores on the DPL aspect "green" will therefore increase. There are various ideas for the vacant spaces in the three areas. It is suggested to return the vacant space that is created to the surrounding "nature", but the vacant spaces in the three areas are often small patches that cannot easily be returned. Therefore, in Kerkrade the municipality plans to create a larger green corridor between the districts and the surroundings in order to enhance the connection between them. Other options for the vacant patches are to create small pocket parks or collective gardens for inhabitants (Hoensbroek, Kerkrade, and Sittard). Vacant space can also be used to create water in an area, for example a small lake, pond, *wadi* (i.e. a shallow gully that is used as a temporary water buffer to easily infiltrate water in the ground) or creek. In addition to improving the visual quality of an area, these waters can be used as overflow areas in case of heavy rains or snow. When rainwater from roofs and streets is separated from the standard sewage, this can be used to fill up these ponds and creeks. This would improve the DPL scores on the aspects "rain water management" and "water in the district".

In all three areas, the quality of the houses in the current situation is rather low. The energy performance of the majority of (public) houses is below the Dutch average for existing houses. Tenants describe their houses as small and noisy (Kerkrade, Sittard), but at the same time they are attached to their homes. Some have lived there for many years and have improved their rental houses over time. The newly built houses will meet current energy, noise and size standards in all plans. For energy, the municipalities aim for "plus" standards. Additionally, there are also plans to improve the insulation of existing houses that will not be demolished (Kerkrade, Sittard). This will improve both their noise and energy performances. Another idea is to merge houses that are too small for current standards, from two into one (Sittard). Besides rebuilding better quality houses, livability aspects like noise, external safety or odour can be improved by selective demolition. Once the worst performing houses are demolished, overall DPL scores will improve. An indication of bad performance is the distance to certain nuisance sources, like busy roads or railway tracks.

*People*

There are multiple social issues in all three areas. For example, the unemployment rate is relatively high compared to the Dutch average. Plans therefore give much attention to social programmes to improve the current situation, like creating so-called "learning jobs" for young people in which they get an education at their job (Kerkrade), involving inhabitants in the redevelopment of the area (Hoensbroek, Sittard), and stimulating existing companies to hire the long-term unemployed (Kerkrade).

As well, more people than the Dutch average feel unsafe in their own neighborhood. The vacant houses and shops can lead to degeneration and feelings of insecurity. The feelings of insecurity are expected to improve when vacant houses are demolished and new occupied houses are rebuilt or the vacant



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space is used for a new purpose. Other plans, for example, have inhabitants taking part to keep up the public space and provide new services for young people to meet each other (Hoensbroek, Kerkrade, and Sittard). Implementing these plans would probably lead to increased social safety and therefore a better score in DPL.

Finally, with a decreasing amount of inhabitants, the support for public transport is also declining. Again, there are different plans to maintain quality; for example, to create additional transport facilities (like light rail stations in Kerkrade and Sittard) and to improve the accessibility of the districts for bicycles (Hoensbroek, Kerkrade, Sittard). Implementing these plans would improve the scores on the DPL aspect "access through public transport and bikes".

*Profit*

As described above, the unemployment rate is relatively high in the three areas. This is an important issue in all plans; for example, by creating the previously discussed "learning jobs" for young people (Kerkrade), involving inhabitants in the redevelopment of the area (Hoensbroek, Sittard), or by encouraging existing companies to hire the long-term unemployed (Kerkrade).

The public support of services is declining in the three areas. There are vacant shops and houses, and the number of children enrolled in primary schools is reaching the lower limits. As a result, inhabitants have to do without certain services or have to travel some distance for them. While support is decreasing, municipalities are trying to keep up the quality of the services. There are various plans, for example clustering services (primary schools and daycare, health-care facilities and supermarkets) of different areas in so-called multiple facility buildings. Furthermore, in Kerkrade retailers are encouraged not to settle in the outer districts in order to keep the town centre lively. Moreover, modern health-care facilities are being developed and pavements are being adjusted to rollators in order to anticipate to the rise of an ageing population. Finally, there are some small-scale ideas to enable more flexibility of the functions of different buildings. For example, allowing inhabitants to start a small business from home (Sittard) or create a bed and breakfast in their home (Kerkrade). These ideas would lead to higher scores on the DPL aspects "quality of services", "number of companies" and "function flexibility".

**Conclusions and recommendations**

The DPL analyses show that the relationship of shrinkage and sustainability in urban planning is complex. Some of the more known shrinkage effects like a changing demand for housing, a decreasing support of services, drain of young and highly educated people, a shrinking economy, possibilities for space-demanding activities, and local generation of sustainable energy (KEI, 2010; RPB, 2006; PBL, 2010) are more or less visible in the sustainability analyses of the three areas. However, some of the sustainability aspects seem to be more closely related to demographic shrinkage than others. The sustainability analyses of the three areas provided insight in the sustainability performance of these areas, but they also showed differences between their scores on the various aspects.

A preliminary conclusion is that a shrinking population does not instantly lead to more sustainable districts. When demolition is inevitable, vacant green spaces appear. This is an easy win, but without additional efforts to improve the quality of these spaces it can hardly be called an improvement. Areas that are affected by demographic shrinkage and therefore need to demolish certain houses can take advantage of this opportunity to physically improve the entire district or parts of it. This physical improvement is mainly a positive side effect of shrinkage. Shrinkage also seems to have multiple negative social consequences. Social cohesion and social safety can decrease, because inhabitants need to move out of their neighborhood when their houses are demolished or vacant houses are occupied by squatters that are not always easily accepted by the neighborhood (e.g. in Sittard). Finally, on the profit side, shrinkage,



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economic activity and employment rates are interrelated in complex ways. A shrinking economy is both the cause and the effect of a shrinking number of inhabitants (KEI, 2010). The effects of demographic shrinkage on the economical side of sustainability are not directly positive.

Creating a sustainable local environment in a shrinking area seems to be a harder and different process than in a growing area. A complicating factor in the redevelopment plans for shrinkage areas is the costs of the various measures. The municipalities and housing corporations involved cannot make much money from selling new houses, since the demand of houses in a shrinking area is lower. And because of the lower demand, the housing prices are lower than average. At the same time, investing in a district, through both physical and social actions, is expensive. However, the different municipalities, housing corporations and the Province of Limburg are taking up the challenge to improve the three areas. In shrinking areas, the broad scope of sustainability and the DPL analysis based on the triple bottom line (planet, people and profit) proved to provide a good way of thinking about various possibilities for improving the areas.

The analyses lead to a number of recommendations for policy makers:

- Sustainability should be high on all policy makers' agendas, and therefore policy makers' in shrinkage areas as well. Policy makers in shrinkage areas are already future oriented, since they are thinking about how future generations in their areas can live good lives. Sustainability is a workable concept for them since it pushes them to give attention to planet, people and profit aspects that form the basis of future good lives for their inhabitants.
- Although the financial investments of sustainable measures in shrinkage areas are relatively large compared to growing or non-shrinking areas, they will pay off in time. For example, investments in sustainable energy generation in homes will pay back because of lower energy bills. Policy makers should therefore not only focus on the initial investments, but also on the lifecycle costs and benefits of sustainable measures.
- Finally, a general recommendation based on DPL analyses of over 100 districts and areas in the Netherlands is that sustainable urban development benefits greatly when connections are made to sustainable initiatives from inhabitants and businesses in the area.



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*CHAPTER 6:*

# URBAN SHRINKAGE AND THE POST-SOCIALIST TRANSFORMATION: THE CASE OF WAŁBRZYCH (POLAND)

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## Introduction

The process of urban shrinkage manifests itself in various ways in different economic systems, geographical areas and cities. In the post-communist countries of East-Central Europe (including Poland), this process – apart from general trends such as globalisation and de-industrialisation – has been strongly influenced by the transition from a command to a market-oriented, democratic system. In general, two approaches were taken towards the transition at the beginning of the 1990s: gradualistic and the so-called "shock therapy" (Stryjakiewicz, 2000; Myant and Drahokoupil, 2011). The latter particularly affected Poland and its old industrial cities and regions, where the combined effect of the processes of de-industrialisation and systemic transition has made the scale of shrinkage much bigger and more visible than in many "typical" cases of economically advanced Western countries. Therefore, the policies implemented to cope with the "shock of shrinkage" are also different, and include such forms as special economic zones (SEZs). This chapter offers an analysis of the process of shrinkage, its consequences, and the policies applied, using the old mining city of Wałbrzych as an example.

## Description of the study area

The process of urban shrinkage due to the conditions of the Polish post-socialist transformation can be best illustrated by the city of Wałbrzych. It is an old mining centre suffering steady population loss, the highest among Polish cities with a population of over 100 000, and one that is experiencing severe restructuring problems. Wałbrzych is situated in southwestern Poland in Lower Silesian *voivodeship*, close to the borders with the Czech Republic and Germany (Figure 6.1). The city lies in a picturesque valley in the central part of the Sudety Mountains. After Wrocław – the *voivodeship's* capital with its population of 632 996 – it ranks as the region's second centre with 120 197 residents. Wałbrzych is the seat of Wałbrzych *poviat*[1] inhabited by a total of 178 138 people (all data as of 31 December 2010)

Figure 6.1. **Location of Walbrzych in Poland**

1. A *voivodeship* is an administrative unit corresponding to Eurostat's NUTS 2 level and a *poviat* is a NUTS 4 unit.



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By the mid-19th century, Wałbrzych had grown into an important industrial centre. The city's main industries were mining for hard coal and coke-making. Right after the Second World War, it was the biggest industrial centre in the region. Apart from mining, there were also other industrial establishments, mostly coking plants, clothing and textile plants, as well as glass and ceramics works.

The period of transformation of the Polish economy initiated in 1990 has had a profound impact on the economic structure of the city and the entire region. The opening to global processes that the transformation involved showed how obsolescent this structure was and made its restructuring necessary. In 1990, the Wałbrzych Coal Basin was faced with the decision of its liquidation prompted by the unprofitability of mines owing to the high costs of extraction of poorly accessible coal deposits as well as under-investment, technological backwardness, and a worldwide decline in the demand for coal. The social and economic costs of this decision proved to be very high. Never before had steps towards liquidation been made on such a scale in Poland; Wałbrzych served as a sort of testing ground. However, the initial plans of shifting employment from mining to other industries turned out to be impossible to carry out in a city so highly dependent on the mining industry. According to the available sources ("Programme of the liquidation and restructuring of employment in the Julia WKWK Mining Works for the years 1993-1995", after Urbański, 2004), in 1993 there were still 7 251 miners while the combined employment in mines and associated entities (including mine-sponsored crèches, kindergartens, canteens and community centres) amounted to about 24 000 (*ca.* 50% of total employment in the city). What further aggravated the difficult situation was the generally bad economic condition of almost all other industrial plants in the city, thus leaving workers without other employment opportunities.

The most important indicator of shrinkage in Wałbrzych is **demographic change**. While in the initial transformation years there was even a slight increase in its population (caused, among other things, by an inflow of people from the surrounding villages, hard hit by the crisis brought on by the collapse of state farms), since 1995 there has been a steady and substantial decline. Over the years 1995-2010 Wałbrzych's population decreased by approximately 13.7%, with the biggest slump in one year (3%) recorded in 1999. Such a rapid population decline was largely caused by out-migration of those in search of higher wages in cities that had a better economic situation. In 2010, net migration was -5.2 per 1 000 population (Poland: -0.1). The magnet that is attracting Wałbrzych residents is the fast-developing Wrocław metropolitan area. After Poland's accession to the EU, many people have also found work in Western European countries, especially the United Kingdom. Regrettably for the local economy, a large proportion of those leaving the city are young and well-educated.

What aggravates the city's unfavourable demographic situation is the fact that its rate of natural increase has been negative for many years and one of the worst in the country. In 2010 the figure was -4.5 per 1 000 population (Poland: 0.9), while an all-time low was recorded in 2006, at -5.7.

**Wałbrzych Special Economic Zone as a tool of government policy dealing with shrinkage**

The very difficult situation of the city and the entire Wałbrzych region required prompt support and measures taken by both the Polish Government and the local authorities. Government programmes addressed to Wałbrzych were largely intended to reduce unemployment by stimulating entrepreneurship (Wałbrzych City Office, 2005).

The most important step was taken in 1997 with the creation of the **Wałbrzych Special Economic Zone** (WSEZ), called INVEST PARK. Special economic zones are selected areas in a country in which economic activity can be conducted on preferential terms, including tax exemptions (for details see Stryjakiewicz, 1999; Kryńska, 2000). The WSEZ was established on a greenfield site situated in the northern part of the city. It was a completely new investment ground prepared for this purpose. Initially the zone was to operate in the city itself and four other subzones in the region. With time, however, the WSEZ has expanded to cover the territory of southwestern Poland with 38 subzones. Still, the Wałbrzych locality has great significance in its activity.



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Despite the high local unemployment and seeming availability of labour force, WSEZ investors had many problems, especially in the initial period, with finding not only highly skilled workers (e.g. managers with a technical education and managerial staff), but also those with lower qualifications. This was mostly due to the monofunctional character of the region, for years oriented towards mining. For example, schools were traditionally geared to educating people working in this sector of the economy. Therefore, when the labour market situation changed with the establishment of WSEZ, many retraining programmes had to be organised to prepare people for other occupations.

After 14 years, the inflow of investment to the Wałbrzych zone has substantially improved the situation on the local labour market. It tops various ranking lists as the best performing zone in the country. Today some 8 300 people work in its Wałbrzych city section, while many residents have also found jobs in local firms providing various services or are subcontracted to the businesses located there.

However, the future of the zone does not look promising for at least two reasons. One is that the preferential conditions of its operation will come to an end in 2020. The other is that the largest group of investors are those from the automobile industry manufacturing car sub-assemblies, including Toyota. This concentration of firms from a single industry poses a threat of an economic slowdown in the case of a downturn in the business cycle, as best illustrated by the latest world crisis. Uneasiness is justified, particularly as the first WSEZ investor – Takata Petri – has already decided to liquidate its Wałbrzych plant and move production to a special zone in Romania. The fear that other plants may follow Takata is the fear that the history of mass lay-offs and huge unemployment of the mid-1990s may repeat itself. Regrettably, the establishment of research and development centres in the zone has not followed new investments, and its entire production rests on technologies developed abroad.

**Other policies and programmes dealing with shrinkage**

Apart from governmental measures, several institutions have been set up to cope with shrinkage and support the socio-economic transformation of Wałbrzych at the regional and local levels. The key role is played by the **Lower Silesian Agency for Regional Development** established in 1991. Its primary objective is to boost the competitiveness of enterprises on which the region relies for its long-term development and to help them adjust their objectives to meet the demands of the European market. This is supposed to be achieved, among other things, by arranging consulting for business people from the city and the region.

Since 2007, Wałbrzych can also boast the **Lower Silesian Scientific-Technological Park**. This is yet another investment, apart from the WSEZ, which supports entrepreneurship in the region. The park offers an opportunity for development to firms employing highly advanced technologies.

One of the earlier instruments supporting local entrepreneurship was the **pre-accession PHARE-Struder Programme** financed by EU funds in the years 1994-1997. It was a regional programme offering yielding assistance to areas with an obsolete structure of industry and agriculture. The city also obtained subsidies from the pre-accession PHARE fund in 2002 and 2003 (i.e. at the time of the highest registered unemployment). The main aim of those projects was to improve the situation of the labour market.

New opportunities, in the form of access to EU funds, became available to Wałbrzych after Poland joined the European Community. So far, the city has obtained resources for implementing many projects, mainly infrastructural, but also cultural, including joint transborder projects with neighbouring towns in the Czech Republic. Thanks to financial support from the **EU operational programmes** (Sectoral Operational Programme 2004-2006, Regional Operational Programme for Lower Silesian Voivodeship 2007-2013), the Wałbrzych authorities have been able to proceed with most of the planned urban renewal projects. In 2004,



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the **Local Programme of Revitalisation of Wałbrzych City** was passed. It gives priority to the renewal of the downtown and postpones the reclamation of the former coal mining and metals industry areas to later years. The first projects involving the renovation of historic tenement houses and the modernisation of public space in the city centre are already under way.

Apart from the above measures counteracting the detrimental effects of urban shrinkage, a special role can be played by **persons and activities connected with the development of the creative sector**. The ugliness of Wałbrzych has resulted in the city being perceived as the most repulsive place in Poland, according to the "Magnetism of Polish towns" report (Young and Rubicam, 2009). On the other hand, it makes the city an exceptional and inspiring place for filmmakers and representatives of artistic fields, such as literature, photography or theatre. The city has been lucky "to have attracted to its orbit eminent creative personalities who have decided to associate their art with it" (Kraskowska, 2010: 260). It might be wise for the municipal authorities to make use of this interest in order to emphasise the uniqueness of the city and seek new ideas for it together with representatives of the so-called creative class. Will it be possible to change the city's image? Will the old, repulsive, ugly Wałbrzych be replaced by a new, cared for, modern one, attractive enough for people to keep living in it? We shall know the answer in just a few years' time.

**Conclusions and policy recommendations**

Today, more than 20 years since the start of the transformation of the Polish economy, modern Wałbrzych has a brighter side associated with its special economic zone and EU financed projects, and a more gloomy side owed to the still-existing poverty visible in the streets, a dilapidated housing stock and infrastructure, high unemployment, and the poor's shafts. This is also how the city is portrayed in the media.

Despite measures taken to ease the situation on the labour market, the population keeps shrinking and the city is wrestling with big social problems. It seems that the central, regional and local authorities should make more efforts to improve the living conditions and quality of life in the city.

It was the one-sided character of the former municipal economy, with its features of typical industrial monoculture that made it so difficult to restructure the region. Unfortunately, today the poor industrial diversification of the WSEZ-based firms may pose a threat of mass lay-offs in the case of disturbances in the world economy. Hence, one can conclude that while the "shock of urban shrinkage" in Wałbrzych has been overcome, building solid foundations of long-term development may require more time and more active policies.

Concerning the negative demographic trends, those policies should seek to:

- reduce and finally stop the city's long-term negative rate of natural increase (which persistently exceeds the national average several times) and its years-long net out-migration;
- attract young, enterprising people and encourage them to settle in the city and start their own businesses there;
- create incentives for former emigrants to return and for the local people to stay in the city.

To achieve those objectives, both *in situ* and networking strategies should be employed. The first step, for example: *i)* target group programmes for reducing unemployment (such as establishing start-up funds for new businesses); and *ii)* more active implementation of revitalisation programmes combined with a greater activity of the local government in obtaining EU funds. The other, networking strategies should lead to an improvement of Wałbrzych's accessibility to nearby Wrocław, which is a dynamically developing city, but also one with quickly growing costs of living. This would make it possible for the poorer population to live in Wałbrzych while commuting to work in Wrocław.



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# PART III

# REGENERATION STRATEGIES FOR COMMUNITIES



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# INTRODUCTION

BY
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Local communities facing demographic changes are responding in different ways. In some cases, regeneration tries to address social phenomena while in others major economic changes are responsible for large population mobility out of the local area. The cases presented in this part show the diversity of actions as well as the interrelation of elements for effective strategies to take place. Such examples include:

- Germany: re-orientating the paradigm of growth to pragmatic downsizing;
- Portugal: the promotion amongst the most important target groups of housing within the city centre seems to be helping to change the image of Oporto, values and attitudes towards it;
- Italy: the need for social cohesion and the sharing of visions, perspectives and decisions with the local community and promoting the process of mutual learning, innovative and creative solutions and a public interest approach;
- Spain: new urban governance system, regeneration strategies, and new development model;
- France: relates to the problems associated with adapting strategies to local situations;
- Slovak Republic: no explicit urban policy is imposed by the central state, existing planning documents are not sufficiently used for the clear identification of shrinkage processes in cities, and the potential of local planning is not sufficiently utilised for setting the context of different kinds of development priorities;
- Latvia: proposes policy focused on skills and employment and entrepreneurship opportunities;
- Slovenia: model of decentralised concentration of settlement strategy, and improvements of the physical condition, social and economical situation and environmental amelioration, all together aiming at better urban quality;
- Czech Republic: the need for strategic planning, awareness of permanency of urban structures, brownfield site regeneration, social planning, and housing policy;
- Switzerland: improving residential housing and living conditions, strengthening future socio-economic structures, and improving urban governance;
- Europe: different data sources in Europe show that effective monitoring of underlying trends and impacts of demographic change for evidence-based strategies is lacking homogenous data and data-management.



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The chapter on "Making places in increasingly empty spaces: causes and outcomes of demographic change in Germany" by Thorsten Wiechmann and Anne Volkmann presents an interesting complex case with different strategies aiming at regeneration and adaption. As Germany is strongly affected by shrinkage due to structural economic changes and a demographic shift as well as the special situation in East Germany after 1990, it provides some interesting and innovative approaches to deal with shrinkage, though a lot of adaption remains to be done. As contraction processes are complex, dynamic, and difficult to place in local political arenas, the lack of adequate instruments for developing existing complex settlement structures with unused or underused building stocks and surplus infrastructure requires not only new tools but a new planning paradigm. The highly regarded programmes *Stadtumbau Ost* and *Stadtumbau West* by the federal government and the federal states, stand for the aspiration to adapting to the ongoing trajectories and to scale down the oversized physical structures of shrinking cities. The existence of integrated, city-wide urban development strategies become a precondition for federal funding and therefore encourage a city's adaption to the consequences of urban shrinkage. Though local action, foremost in East Germany, is often focused on the removal of abandoned residential buildings, the experiences with conversion and revitalisation strategies within the programmes can be valuable for many shrinking areas in Europe and elsewhere. Here, planners have disengaged from the illusion of new growth and aspire to conduct a pragmatic downsizing.

The chapter on "Policies and strategies for dealing with demographic change/shrinkage in Oporto (Portugal)" by Sílvia Sousa and Paulo Pinho, discusses shrinkage in Oporto and the policies and strategies for dealing with it. The main causes of population decrease in Oporto are associated with general processes of de-industrialisation, tertiarisation and the changes in standards of living and lifestyle. The chapter examines the Porto Vivo SRU, 2005 Master Plan and reveals that at the current implementation stage it is difficult to assess whether the impacts on areas and people are positive or negative. The chapter highlights important aspects such as in-depth communication and clarification, to motivate all agents; promotion amongst the most important target groups for housing within the centre (e.g. students, young people and young couples, professionals connected to the fields of creativity and knowledge, etc.).This seems to be helping to change the image of Oporto, and the values and attitudes towards it.

The chapter on "Policies and strategies for dealing with different forms of shrinkage: the case of Taranto (Italy)" by Domenico Camarda, Francesco Rotondo and Francesco Selicato, provides a brief description of the case of Taranto as a de-industrialised city, highlighting its main features of shrinkage, and then discussing findings regarding policies and strategies for dealing with shrinkage. The chapter focuses on understanding the effects of regeneration policies and urban planning strategies that are already in place, and how they respond to shrinkage at various administrative levels. The chapter highlights the need for social cohesion and the sharing of visions, perspectives and decisions with the local community and promoting the process of mutual learning, innovative and creative solutions and a public interest approach.

The chapter on "Aviles (Spain): from urban decline to the definition of a new development model" by Simón Sánchez-Moral, Ricardo Méndez and Jose Prada examines the city of Aviles, which is located on the Atlantic Arc, specialising in mining or industrial sectors that are intensive in natural resources and labour and which suffered as a result of the crisis of the Fordist production system over the last three decades. Recent changes could be interpreted as the key to the city's transition, from a situation of decline to one that can be described as a resurgence, which adjusts to the notion of a resilient city proposed by some authors. The chapter discusses the role of a new urban governance system that has made the implementation of regeneration strategies possible in recent years and the consensus on a new development model for the city.



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The chapter on "Housing strategies for a shrinking French city: the case of Roubaix (France)" by Yoan Miot, examines the city of Roubaix where urban shrinkage, as a multi-dimensional weakening process of socio-territorial competitiveness, is a complicated issue for local authorities. In the French context, with no existing tools to address it, local authorities like Roubaix are getting involved in the socio-territorial correction policies such as the Great Urban Project and the National Urban Renovation Programme. However, since the involvement in ANRU programme, some national standards have been implemented without a clear vision of their adequacy within the local dimension. If the national government standard is a way to control local authorities, it also creates the problem of developping strategies adapted to local situations. In this case, a growth-oriented strategy, like the housing diversification standard, reinforces the socio-specialisation as only new social housing supply is built in the most degraded areas, thanks to public funding.

The chapter on "Planning responses of shrinkage in the Slovak Republic's largest cities" by Ján Buček and Branislav Bleha, highlights the decades of ongoing urban growth that have been replaced by long-term urban population decline since 1989 in Slovakian cities. Post-socialist transition was accompanied by wide-scale de-industrialisation and housing construction collapse, as well as a change in family and migration behaviour. The chapter notes the absence of explicit urban policy imposed by the central state. These new development processes pose a serious challenge to urban governments. The chapter analyses the extent of the planning framework they used and deals with various aspects of shrinkage. It also identifies that existing planning documents are not sufficiently used for the clear identification of shrinkage processes in cities. At the same time, the potential of local planning is not sufficiently utilised when setting the context for different kinds of development priorities and efficient measures to deal with shrinkage.

The chapter on "Demographic and economic challenges of Latgale Region (Latvia)" by Zanda Kalnina-Lukasevica illustrates regional differences that exist within Latvia concerning employment and entrepreneurship opportunities. The high level of unemployment is leading to emigration of its residents, which is likely to create further socio-economic challenges if no intervention measures take place. At the same time, the potential for self-employment has yet to be fully exploited, which seems to have close links to the level of education attained. There is a link with the workforce qualification, willingness to invest in improving and renewing knowledge and skills, as well as readiness to take initiative and commence self-employment or business. The chapter shows the need for investment in human capital in order to facilitate entrepreneurship to ensure the long-term development of the Latgale Region.

The chapter on "Urban planning strategies for dealing with shrinkage and suburbanisation in Slovene cities" by Mojca Sasek Divjak, focuses on strategic spatial plans for two cities: Ljubljana and Koper, their principal issues for dealing with a shrinking population in central parts and a vast suburbanisation in their hinterland. The chapter discusses the model of decentralised concentration of settlement strategy within these two cities in order to promote sustainable development. It concludes by stating that urban development strategies should be aimed at improving the physical condition and environment, social and economical situation, working together for better urban quality.

The chapter on "Urban regeneration and revitalisation strategies in the Czech Republic" by Karel Schmeidler, describes the causes of demographic and social changes, the political transformation since 1989, and industrial transformation. It discusses the need for strategic planning, awareness of permanency of urban structures, brownfield site regeneration, social planning, and housing policy. The chapter concludes with an extensive list of policy recommendation for revitalisation.



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The chapter on "Regeneration strategies in shrinking urban neighbourhoods: dimensions of interventions in theory and practice (Switzerland)" by Walter Schenkel, aims at addressing questions of shrinkage processes and regeneration strategies in urban neighbourhoods such as Tscharnergut. Based on an agreement between public and private actors, the Tscharnergut neighbourhood is at the beginning of a structural change process: *i)* improving residential housing and living conditions, renewing building stock as well as urban physical structure (hardware interventions); *ii)* strengthening future socio-economic structures (social and economic interventions); *iii)* improving urban governance and the internal and external image of the declining area, based on identity and participation (software interventions). The chapter concludes with a model that transforms the vicious circle into a virtuous one by implementing an integrated urban regeneration policy (physical, socio-economic, and governance interventions).

The chapter on "Shrinkage and sustainability: a future for the Filigree City" by Helen Mulligan, examines how shrinking cities can approach the twin problems of coping with population decline and improving environmental sustainability through evolution towards a new urban form. This urban form should be responsive to the changing distribution of population, and thus contribute to the economic and social aspects of sustainability. Mechanisms of how the evolution towards such a paradigm could be realised are discussed, employing the concept of "Filigree City" introduced by the author in previous work. This is a theoretical construct employed to describe the emerging situation in many shrinking urban regions, such as sections of Greater Manchester in the United Kingdom and South Limburg in the Netherlands.

The chapter on "Strengthening the evidence base for regeneration strategies: the European statistic as a basis for creating territorial knowledge of demographic change" by Manuel Wolff, focuses on the gap between the information-demanding implementation of regeneration strategies addressing demographic change and the data reality for the European regional and urban statistic. The chapter present results based on a data survey of several European countries and official data conducted in the context of a European action, which aims to foster the interdisciplinary knowledge of regeneration strategies in shrinking cities across Europe (COST-Action TU0803) in 2010. The chapter highlights different data sources in Europe and shows that effective monitoring of underlying trends and impacts of demographic change for evidence-based strategies is lacking of homogenous data and data-management.



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*CHAPTER 7:*

# MAKING PLACES IN INCREASINGLY EMPTY SPACES: CAUSES AND OUTCOMES OF DEMOGRAPHIC CHANGE IN GERMANY

**BY**
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**The challenge of demographic change and shrinking cities in Germany**

In terms of demographic change and the effects on cities and regions, Germany presents an interesting though complex case with different strategies aiming at regeneration and adaption. The current demographic transition is not only to be found in Germany but all over the European Union. According to the Urban Audit of the European Union (EU, 2007), out of 258 European cities examined, about a third "experienced a notable decline in population", most of them located in Eastern Europe. Since the beginning of the 1970s the birth rate decreased and is now below the natural reproduction rate of 2.1 children per woman in all European countries. With an average of 1.4, Germany has one of the lowest birth rates in all of Europe. Until 2003, population development in Germany was driven by a positive balance of migration. Since then, the low birth rate cannot be compensated through in-migration. Given that it is not likely that the number of immigrants to Germany will notably increase in the next decades, the population projection of the German Federal Statistical Office predicts a decrease in population from about 82 million people in 2008 to about 77.4 million people in 2030 and between 65 and 70 million people in 2060. This goes along with an ageing society. In 2008, 20% of the population was older than 65 years. The proportion will rise to 34% in 2060 while the proportion of under 20 years old will drop by 3% to 16% in 2060 (Statistisches Bundesamt, 2009). Despite the decreasing population, the number of households in Germany will continue to grow until the year 2025 (Statistische Ämter des Bundes und der Länder, 2011).

These overall demographic trends in Germany show considerably regional variations. Nowhere in Germany is the impact of the ongoing demographic change stronger than in the former socialistic eastern part of the country. When the Berlin Wall disappeared late in 1989, 18.6 million people lived in East Germany, thereof 16.4 million in the German Democratic Republic (GDR) and 2.1 million in West-Berlin. Until 2008 this number decreased to 16.5 million, which equates to a population loss of 12%. There are manifold reasons for this extremely intense decline.

First of all, the demographic shift in East Germany is a distinctive characteristic as it differs notably from West Germany. While the reproduction rate in the GDR was higher than in West Germany through the 1980s, it dropped significantly from 1.52 to 0.77 children per woman after 1990 in a period of only four years. Since 1995, the number has slightly increased and has now achieved the national average of 1.4. These figures reflect both severe social and economic upheaval since 1990 (Statistisches Bundesamt, 2011). Second, as Glock and Häußermann (2004) point out, the transformation of the former socialist economy resulted in a process of de-industrialisation that was faster and more thorough than any such economic transformation in the western world. Whereas the German Democratic Republic was a highly industrialised state-led economy, the new *Länder* in East Germany now have the lowest rate of industrial employment within the so-called EU 15 (the members of the European Union prior to the accession of ten Eastern European countries in 2004). Different from the structural change proceeding the West German economy and society, Glock (2002) argues that in East Germany it was rather a structural break, containing severe changes in the economic, societal and administrative structure. Third, due to economic decline and high unemployment rates in East Germany the region suffers from severe out-migration, particularly of young, skilled females. However, in contrast to popular belief that out-migration is the main cause of the occurring shrinkage, two-thirds of the decrease is based on low fertility rates (Goldstein et al., 2009). Combined with increased life expectancy, the average age of the population continuously increased. Today it is around 44 years, and according to projections, it will reach nearly 50 years in 2020. Persistent migration losses add to this negative development in East Germany.

West Germany shows more heterogeneous patterns in population dynamics. It is primarily the old industrialised areas, like the former mining areas of the Ruhr and the Saarland or the harbour city of Bremerhaven, plus some rural areas like the Eifel and Schleswig-Holstein that are losing residents. On the other hand, economically competitive areas, in particular in the south of Germany, keep on growing. On the whole, symptoms of the demographic shift already obvious in East Germany, like increasing numbers



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of housing vacancies and derelict sites in cities and villages, are not yet to be found at a comparable level in West Germany. Today, regions with a population loss of more than 1% per year are still only found in East Germany. However, not all of Eastern Germany is shrinking. There are islands of growth in a sea of decline (see Table 7.1).

Table 7.1. **Selected shrinking cities in East Germany**

| City | Total resident population | | Change | |
|---|---|---|---|---|
| | 2001 | 2006 | Absolute | % p.a. |
| Chemnitz | 255 798 | 245 700 | -10 098 | -0.79% |
| Halle (Saale) | 243 045 | 235 720 | -7 325 | -0.60% |
| Erfurt | 200 126 | 202 658 | 2 532 | +0.25% |
| Potsdam | 141 907 | 148 813 | 6 906 | +0.97% |
| Cottbus | 111 125 | 103 837 | -7 288 | -1.31% |
| Gera | 109 926 | 102 733 | -7 193 | -1.31% |
| Jena | 101 157 | 102 494 | 1 337 | +0.26% |
| Neubrandenburg | 71 723 | 67 517 | -4 206 | -1.17% |
| Görlitz | 60 264 | 57 111 | -3 153 | -1.05% |
| Bitterfeld-Wolfen | 53 461 | 47 369 | -6 092 | -2.28% |
| Suhl | 46 765 | 41 861 | -4 904 | -2.10% |
| Hoyerswerda | 47 917 | 41 562 | -6 355 | -2.65% |
| Schwedt | 40 685 | 36 677 | -4 008 | -1.97% |
| Eisenhüttenstadt | 40 180 | 33 914 | -6 266 | -3.12% |
| Aschersleben | 26 694 | 25 791 | -903 | -0.68% |

*Source*: Own calculation based on official statistics by the Statistical Offices of the Laender.

East German cities with a population loss of more than 20% in the last 20 years are not hard to find. For example Schwedt/Oder had a population of about 55 000 in 1990 and lost more than 36% of its inhabitants through 2008. It is predicted that the decline will continue and in 2030 the total population will represent 23 500 persons, a loss of 55% of the inhabitants within a 40-year span. Another serious example is the city of Eisenhüttenstadt. The number of inhabitants shrank from 52 500 in 1990 to 32 200 in 2008 (-38.8%) and is predicted to decline to 20 000 in 2030. This would make a total loss of more than 60% within 40 years (Landesamt für Bauen und Verkehr Brandenburg, 2010).

**Slowly rising awareness of persistent shrinkage**

One of the first publications concerning shrinkage was an article published in 1985 in a national newspaper (*ZEIT*), written by Häußermann and Siebel. Under the title "Chances of shrinkage" (*Chancen des Schrumpfens*) the authors predicted a structural economic shift leading to shrinking phenomena in German cities. They feared a development comparable to the hollowing out of the American cities, leaving the poor and socially deprived behind. One aspect they relate to is suburbanisation. Today, urban shrinkage in Germany is not predominantly caused by suburbanisation. Although the dynamic of suburbanisation was comparably high in East Germany after 1990, it was merely catching up and has slowed down in recent years.

Despite the quoted article, shrinkage in Germany was a stigmatised subject in planning and systematically disregarded as a dominant development trend even in deprived areas. This was also true for East Germany, despite the fact that the real shape of development there had long since been obvious. However, within the administrative system, conventionally oriented towards growth objectives, shrinkage was considered intractable. Policy makers and experts in the administration were unable to cope with the issue in a constructive way. Since the turn of the millennium, however, the situation in Germany has



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changed significantly and a great deal has been written on the topic (Bontje, 2004; Brandstetter et al., 2005; Oswalt, 2006; Gestring et al., 2005; Siedentop and Wiechmann, 2007; Bernt, 2009). Suddenly, the term "shrinkage" has resonated throughout the land. Innumerable activities and events deal with the issue.

**Facing vacancy: the restructuring programmes *Stadtumbau Ost* and *Stadtumbau West***

As the physical results of the decline – the structural oversupply of buildings, plots of land, housing units and commercial spaces – became more and more obvious, policy action was required. The initial point was an independent expert commission installed by the German federal Government in 2000 to analyse the housing market problems related to contraction processes. The commission came to the assumption that in East Germany about 1 million flats (13% of the East German housing stock) were vacant and recommended tearing down housing stock on a large scale, up to 400 000 flats within 10 years (Bundesministerium für Verkehr, Bau und Wohnungswesen, 2000). As a result, in 2002 the federal government together with the federal states (*Länder*) in East Germany established an urban restructuring programme (*Stadtumbau Ost*) with deconstruction and conversion measures in housing areas and an emphasis on the revitalisation of city centres. It was intended to stabilise the housing market by demolishing abandoned or underused buildings and improving the more stable residential quarters. The existence of integrated city-wide urban development strategies became a precondition for funding for demolition of abandoned or underused buildings. The idea is that local strategies of urban restructuring should contribute to adapting the city to the consequences of urban shrinkage and should offer favourable conditions for new development opportunities. Since most strategies focus narrowly on housing market issues and local action is often confined to the removal of abandoned residential buildings (Glock and Häußermann, 2004), the emphasis shifted more and more towards revitalising cities. The first evaluation of the programme in 2007 showed, amongst other things, that it is necessary to continue tearing down vacant residential buildings. Otherwise, because of the ongoing population decline, the number of vacant flats in East Germany could rise to 1.42 million by 2020. After the first period of the programme ended in 2009, with a total budget of EUR 2.5 billion, the federal government and the *Länder* decided to run the programme for a second period until 2016. Shortly after the implementation of *Stadtumbau Ost*, a twin programme, *Stadtumbau West* was implemented in 2004 to deal with problems of urban stagnation and shrinkage in West Germany. The focus of the programme in West Germany lies mainly on revitalisation and conversation strategies, but it also includes deconstruction (Liebmann and Karsten, 2009).

It is striking that the primary perception of shrinking cities in the German debate emphasises aspects and challenges of the housing market. A broader notion of shrinking cities as symptoms of societal and physical trajectories is only nascent. However, in some ways, experiences with conversion strategies in East Germany could be of value for many de-industrialising regions in other countries. Here, maybe for the first time in modern urban planning, planners disengage from the illusion of new growth and aspire to conduct a pragmatic deconstruction.

**Multiple effects of shrinkage in Germany**

Though the juxtaposition of growth and shrinkage between East and West Germany continues, it becomes obvious that more and more regions in the western part of Germany are also facing structural decline. However, in East Germany not all regions are equally affected. Cities like Dresden, Potsdam, Jena and Erfurt have experienced an increase in population over the last decade. In economic and demographic terms, these cities with high potential in fields like culture and research have become growth poles in a shrinking environment. However, in comparison with prosperous West German cities like Munich, Frankfurt or Hamburg, the situation is still challenging. Unemployment rates remain above 10% and purchasing power is approximately 10% below the national average. Whereas in the recent past economics played a major role in the emergence of regional disparities in Germany, it is very likely that the future



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demographic development of German cities will in large be ruled by sustained low fertility rates. If this trend continues, even economically successful cities will face a population loss in the coming decades.

Besides the increasing numbers of housing vacancies and derelict sites, other symptoms can be found in the shrinking regions: through a fall in demand, shortages of skilled workers and ageing workforces, the outcomes of the shrinking process also affect the economy, leading to a downward trend. Besides, with less and less inhabitants the provision of public services is being called into question. Schools and childcare provision as well as cultural and leisure infrastructure, public transport and offerings for daily needs struggle in the face of diminishing population and financial shortcuts. Consequently, a public debate emerged on socially acceptable minimum standards for the provision of public services and infrastructures in shrinking regions. This is an urgent topic in the rural shrinking regions with low population density as well as in the shrinking cities with an ageing population and local budget deficits. Therefore, the search is on for new strategies for providing services to citizens. It contains mobile supply systems like mobile libraries as well as individual demand services, for example in public transport.

**An innovative approach: the International Exhibition Urban Redevelopment Saxony-Anhalt 2010**

An innovative approach in search of adaption strategies for shrinking cities and regions was the International Building Exhibition Urban Redevelopment Saxony-Anhalt 2010 (*IBA Stadtumbau*), established in 2002 by the state government of Saxony-Anhalt. Under the topic "Less is future" it deals with the current challenges concerning demographic change, urban decline, and economic restructuring and has called a lot of attention to shrinking cities. The International Building Exhibition 2010 considers itself as a laboratory for the cities of tomorrow with 19 cities participating under 19 different themes. It contained strategic policy approaches for regional and inter-municipal co-operation as well as approaches aiming at the local culture, identity and economy and urbanistic interventions. The Exhibition exemplified non-growth-oriented strategies and opportunities for shrinking cities and regions and is conductive to activate local stakeholders in dealing with the situation and strive for co-operation (Akbar and Schulz, 2010; International Building Exhibition Urban Development Saxony-Anhalt, 2010).

Figure 7.1. **Demolition of housing in Dessau**

*Source:* photo: Wiechmann.



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Figure 7.2. **Road deconstruction in Dessau**

*Source*: photo: Wiechmann.

One of the cities participating in the Exhibition is Dessau-Rosslau, which lost about 27% of its total population within 22 years. Now the city is inhabited by about 86 600 people, compared to 119 000 in 1989. Dessau-Rosslau is expecting a further loss in population due to out-migration and demographic change. Following the current prognosis, the total population will drop to about 70 000 in 2025, which means an additional loss of 16 000 inhabitants within the next 15 years and a decline of 41% within 35 years (Stadtverwaltung Dessau-Rosslau, 2011; Statistisches Landesamt Sachsen-Anhalt, 2011). Due to decline, vacancy in housing as well as in industrial and business buildings has risen. At the start of the programme *Stadtumbau Ost*, the city began to tear down vacant buildings. Between 2002 and 2006, about 1 800 flats in Dessau and Rosslau were torn down and plans for dismantling another 2 300 were made. With the beginning of the new millennium, the municipality became increasingly aware of the challenging situation, beyond the housing market. It became clear that Dessau's population would further decrease and that this process would require special management. Urban development, then oriented towards growth management, had to make a turn towards shrinkage (Steglich, 2010). As Dessau had lost its dominant city centre after World War II, a concentric downsizing from the outskirts to the city core – as practiced in many other post-socialist cities in Germany – did not come into consideration. Hence, the task was to prevent a disordered perforation of the city under shrinkage. In an interdisciplinary process, many different stakeholders came together to invent new strategies for the development of Dessau. With the theme "Urban Cores – Landscape Zones", Dessau-Rosslau participated in the International Building Exhibition. The concept is meant as a flexible, long-term strategy. It consists of two main goals: firstly, the stabilisation of vital urban cores and secondly, the implementation of new landscape zones, connecting the urban cores among each other as well as connecting the city with the urban hinterland. The concept stands for a new form of the city, turning away from the long-standing paradigm of the European city as a dense and compact urban form to a different way of coherence, enabled by multiple cores and connecting zones. This can be viewed as a pragmatic answer to the cities' decline, but also as an innovative understanding of how a city functions and what it looks like. This concept requires a paradigm shift and an open-minded view on the urban development by many stakeholders, above all the inhabitants. In practice, the implementation of



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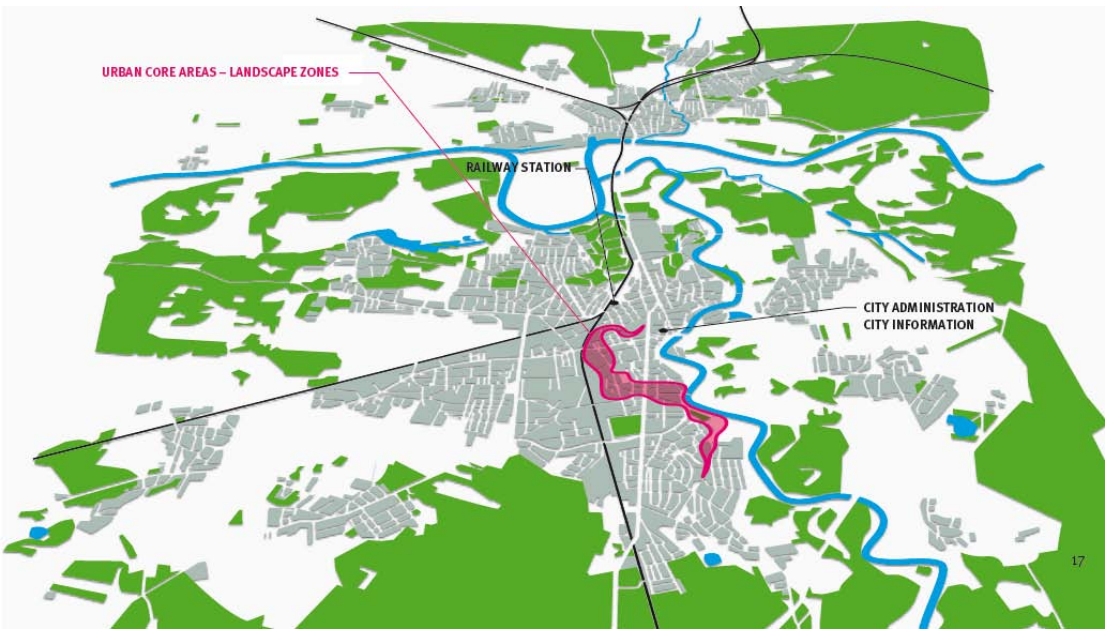
the concept meant the combination of broad plans with small-scale activities (IBA-Büro, 2006; Steglich, 2010).

Figure 7.3. **Urban core areas: landscape zones**




*Source*: IBA.

Figure 7.4. **400 m² of Dessau: claims for citizen involvement**

*Source:* Doreen Ritzau, Stiftung Bauhaus Dessau 2007.



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**Conclusions**

Over the past decades, a large amount of research has been published and many approaches have been invented regarding urban and regional shrinkage in Germany. Today there is general agreement in the shrinking cities literature that a paradigm shift is needed for planners from growth-oriented planning to "smart shrinking" (Pallagst and Wiechmann, 2005). As Germany is strongly affected by shrinkage due to structural economic changes and a demographic shift, as well as the special situation in East Germany after 1990, it provides some interesting and innovative approaches for dealing with shrinkage, though a lot of adaption remains to be done. Due to the fact that contraction processes are complex, dynamic and difficult to place in local political arenas, the lack of adequate instruments for developing existing complex settlement structures with unused or underused building stocks and surplus infrastructure requires not only new tools but a new planning paradigm. Making places in increasingly empty spaces remains a challenge to politics and planning in Germany.

The highly regarded programmes *Stadtumbau Ost* and *Stadtumbau West* by the federal government and the federal states stand for the aspiration to adapt to the ongoing trajectories and to scale down the oversized physical structures of shrinking cities. The existence of integrated, city-wide urban development strategies becomes a precondition for federal funding and therefore encourages a city's adaption to the consequences of urban shrinkage. Though local action, foremost in East Germany, is often focused on the removal of abandoned residential buildings, the experiences with conversion and revitalisation strategies within the programmes can be of value for many shrinking areas in Europe and elsewhere. Here planners have disengaged from the illusion of new growth and aspire to conduct pragmatic downsizing.

In the past years the shrinking cities debate experienced a shift towards issues like the quality of life, infrastructure and service supply. It becomes clear that in the face of ongoing population loss and financial shortcuts, new strategies need to be implemented. This concerns organisational as well as policy approaches. Regional and inter-municipal co-operation, the integration of multiple public and private stakeholders and openness for creative solutions shapes this approach. At the International Exhibition Urban Redevelopment Saxony-Anhalt 2010 under the umbrella of non-growth strategies and opportunities for cities and regions, different strategies were exemplified. The exhibition also provided a framework for nationwide and international attention to shrinkage as well as the exchange of experiences and ideas.

Finally, the public debate about minimum standards of service and infrastructure as well as the equal life chances in shrinking and prosperous areas is still active. On the one hand, these aspects refer to the fundaments of society in terms of equity and adjustment; on the other hand, financial restraints have a high significance in this debate. In the end, it leads to the question of how much differentiation between shrinking, stagnating and prosperous regions and cities can and must be made in terms of policies and life standards?

There are three key policy implications for consideration:

- In view of the high degree of uncertainty in shrinking cities, robust and flexible strategies that give way to creative solutions are required. These strategies need to incorporate regional and inter-municipal co-operation, the integration of multiple public and private stakeholders.

- Large-scale population losses require a public debate about minimum standards of service and infrastructure as well as the equal life chances in shrinking and prosperous areas. In this debate it is vital to maintain a reasonable balance between the essential priorities of equity and justice on the one hand and financial viability and sustainability on the other hand.



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- The basic societal parameters, the processes of demographic change and the partial "de-economisation" of shrinking cities has to be tackled by co-ordinated national and supranational policies. Nevertheless, local strategies of urban restructuring may contribute to adapting the city to the consequences of demographic change and urban shrinkage and may offer favourable conditions for new development opportunities.



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*CHAPTER 8:*

# POLICIES AND STRATEGIES FOR DEALING WITH DEMOGRAPHIC CHANGE/SHRINKAGE IN OPORTO (PORTUGAL)

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## Introduction

Shrinkage in Portugal is especially visible in large cities, such as the capital, the city of Lisbon, and our case study, the city of Oporto. After a short description of the case under study, this chapter discusses the findings regarding policies and strategies for dealing with shrinkage. The chapter closes with conclusions and policy recommendations.

## Brief description of the case under study

Oporto is the second most important Portuguese city, the heart of the metropolitan area of Oporto, and the main centre of the northern region, facing the sea and the Douro River. In 1996, its historic centre was classified as a UNESCO World Heritage Site. In 2001, the city of Oporto was a European Capital of Culture. The largest Portuguese university, the most visited museum of modern art in the country (*Serralves*), and other cultural focal points (e.g. *Casa da Música*/Music House) are located in Oporto. The city has good and modern transport infrastructures (e.g. *Metro do Porto*). The urban development of Oporto has, in some way, been framed by a double peripheral context, in relation to other countries in the European Union (southwestern Europe), and to the city of Lisbon (north of the capital). Although the city/municipality of Oporto is losing population as a whole, the focus of attention has been mostly on the historic centre and the downtown district, which corresponds to its core area.

The main causes of population decrease in Oporto can be associated to general processes of de-industrialisation, tertiarisation[1] and the changes in standards of living and lifestyle. Vásquez (1992) asserts that since the beginning of the 20th century peripheral municipalities polarise, almost constantly, the demographic vigour of Greater Oporto, whilst Oporto loses population. However, Vásquez notes a time lag: the progressive drop in the growth rate in the centre does not have immediate correspondence in the haste of population growth in the peripheral municipalities.

By the 1990s, there had been a population decrease, tertiarisation, functional emptying, degradation of the built heritage, and growing vacant households, generally reflected in the urban environment of the city/municipality of Oporto. In the last decade, the magnetism of new lifestyles and standards of living only offered by the periphery surpassed the charm of tradition and fading allure of Oporto. In 2011, the centre of Oporto continued to show signs of urban decline with a continuous loss of population, degradation of the housing stock and of public spaces, a certain feeling of insecurity, regression of businesses and services, and unemployment.

According to Statistics Portugal, the city of Oporto has 41.5 square kilometres with 237 559 inhabitants (2011), corresponding to an inter-Census population change rate of -13.9% (1991-2001) and – -9.1% (2001-2011); Oporto has lost 21.4% of its population in the last 20 years. Population grew gradually until the 1960s, followed by a decrease in the 1970s, but still peaking in 1981 with over 327 000 inhabitants. Nonetheless, the previously overpopulated historic centre of Oporto had been losing population since the 1940s/1950s.

The proportion of the young population under 15 is 13%, whereas population over 65 years of age amounts to approximately 20% (INE, 2009). Immigrant population only represents 2.6% of total resident population, from Brazil, the European Union, etc. (INE, 2002). In Oporto, the unemployment rate is 10.2% and the activity rate is 48% (INE, 2002). Manufacturing employs 12 878 workers, retail 30 935, and the public sector 34 231 (INE, 2004). Gross income[2] per capita in Oporto is EUR 11 675 (INE/Ministry of

1. Tertiarisation is the expansion of the tertiary/service sector, associated with de-industrialisation.

2. Translation for *rendimento bruto declarado em sede de IRS, per capita*.



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Finance, 2006 in CMP, 2010). The illiteracy rate is 4.8% and the proportion of the population over 21 attending or who have attended tertiary education is 17.6% (INE, 2002).

**Discussion of findings regarding policies and strategies for dealing with shrinkage**

In the city of Oporto, the SRU Master Plan and the Historic Centre Management Plan address issues regarding the consequences identified with shrinkage (Sousa, 2010). The Municipal Master Plan also includes references to the consequences of population decline. Together, the policies identify that demographic decline and population ageing are the main development trends in Oporto that reflect the strong decentralisation of the residential function to adjacent municipalities – more attractive and mainly more affordable to reside – causing and/or caused by young population flight, tertiarisation, negative natural increase and resettlement operations, promoted by local and central government. Depopulation is considered heterogeneous, particularly detected in the historic centre and downtown district. Declining population density is not seen as an issue in the SRU Master Plan (Porto Vivo SRU, 2005). The policies noted that buildings are often over-crowded, affecting the buildings' habitability, comfort and safety. Vacancies are mentioned and attributed to properties' average or defective state of conservation, deterioration/abandonment of buildings, difficult car parking and traffic, dirtiness, social environment degradation and even stigma, especially in the historic centre. The main difficulty of this territory is also considered to be its greatest virtue, because it contains a unique added value – built heritage –compared to its periphery competitors. From a social perspective, the historic centre of Oporto also has high unemployment and low levels of education.

The Critical Area of Urban Regeneration and Renovation (ACRRU) of Oporto has been continually extended in order to accelerate and carry out operational regeneration procedures. The goal: re-populate, bringing new families, young and creative population, and new value-added businesses, retrieving social and economic capital – the confirmation of the historic centre and the central area of Oporto as irreplaceable urban references in the metropolitan area. The solution is considered to be intensifying the rehabilitation and revitalisation of the centre. For that, it is essential to respect its characteristics, its buildings, its people and their development model in the urban transformation process. Therefore, it is regarded as necessary to act on the building stock, both in quantity and quality, without neglecting public space, the urban environment and infrastructural networks, the housing market, public facilities and services, and proximity retail activities but also to consider environmental protection, rational energy consumption and technological innovation. Attracting residents with various socio-economic standards is also important. The Master Plan states that the mobilisation of existing programmes to support housing recovery is crucial, but that other policy measures are justified in critical areas. Regarding the housing market, several documents suggest new housing policies, giving conditional support to owners and residents, and incentives for private investors, etc. The documents put emphasis on the (re)integration of resident population, promoting social development to combat segregation. In general, it is proposed to reduce urban asymmetries/development inequalities, foster equitable distribution of public investment and strengthen social and territorial cohesion (e.g. controlled costs' housing). Renovating social housing and achieving high security standards are mentioned.

The emergence of urban regeneration needs in Portuguese cities led to the creation of urban rehabilitation societies (SRUs) in 2004. The Porto Vivo SRU is a public partnership owned 60% by the central government through the Housing and Urban Rehabilitation Institute, and 40% by the local government (municipality). The Porto Vivo SRU was constituted in November 2004, assuming as general goals: *i)* the promotion of building rehabilitation, resulting from its legal framework; and *ii)* the requalification of public spaces, and social and economic revitalisation, as complementary orientation by the municipality (Costa, 2008). Four principles serve to orientate urban renewal schemes. The decisive principle is sustainability. Other principles that are deemed to be pivotal are identity, creativity and integration. The development vectors of the action are as follows:



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- the inhabitants, as a fundamental pillar of a living urban area;
- businesses as an opportunity to make the downtown district stand out in the city, and the city stand out in the region;
- commerce as a decisive factor in revitalising the city;
- tourism, culture and leisure as innate forces of the city;
- public space as amenity support; and
- strategic action, necessary for the success of the operation.

The intervention area of Porto Vivo SRU is the ACCRU with circa 1 000 hectares, about one-fourth of the municipality. A smaller area was delimited for operational reasons, called the priority intervention zone (ZIP), where efforts of urban rehabilitation have been concentrated up until now. The priority intervention zone covers an area of approximately 500 hectares (Figure 8.1). It comprises the historic centre of Oporto, the downtown district and substantial areas of the parishes of Bonfim, Santo Ildefonso, Massarelos and Cedofeita, which correspond to city growth undergone in the 18$^{th}$ and 19$^{th}$ centuries. Within the ZIP, priority intervention areas (AIP) corresponding to different sets of contiguous urban blocks, and special action areas corresponding to symbolic public spaces and buildings, have been defined and were expected to be developed until 2011. In the process of urban regeneration, Porto Vivo SRU can be faced with three different situations:

- the building owner undertakes the rehabilitation work;
- the building owner does not co-operate and Porto Vivo SRU has to select a private partner to replace him; or
- Porto Vivo SRU has to undertake the rehabilitation work due to the absence of co-operation of the building owner and to the lack of motivation of the private sector.



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Figure 8.1. **Priority intervention zone**

*Source*: Porto Vivo SRU (2005), "SRU Masterplan", Porto Vivo SRU, Porto.

The following anchor projects (in the planning and implementation stage), due to their scale, location and impact, require special emphasis as catalysts for investment (Porto Vivo SRU, 2005):

- Innovation Park, as an anchor point for the development of the east/north zone of the ZIP, with a cross-city impact. It shall represent a centre that is fundamental to the modernisation of the economic fabric and support social revitalisation.

- The riverfront, as an interface between the city and the river, with its potential of land and water, the development of tourism and leisure piers and as a site to attract families, high-quality commerce and entertainment and amusement activities. It is also considered important to reinforce the synergies and the economies of scale that a new pedestrian link between the Oporto and Gaia riverfronts could provide.

- Bolhão Market, as an anchor point for the new commerce concept, with daytime and night-time entertainment, and the binding force provided by the market, trimmed of its less prestigious segments and complemented with a catering zone and other functions, must be preserved to provide an energised market that interests the inhabitants, visitors and tourists.

- An historical tram line, connecting the hills of Leões and Batalha as a means of overcoming connections between the two places by inadequate streets that are hampered by their slopes, which would reflect on the internal cohesion of the ZIP and the commercial driving forces of the centre.



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- *Avenida da Ponte* Project, encompassing land available for a large-scale central project containing housing, commerce, hotels, services and parking at an articulation point between Oporto and Gaia at the higher level. It is already covered by a metro zone and it is necessary to structure the link between downtown and Sé, which are two of the most significant poles in the city's image.

Besides traditional spatial planning instruments such as the Regional Spatial Plan and the Municipal Master Plan, a number of programmes aimed at reversing the processes of demographic and economic decline, and urban deprivation, include the following:

- a Special Regime for Subsidising the Recovery of Rented Properties (RECRIA), focusing on the rehabilitation and renovation of rented housing;
- a Special Re-housing Programme (PER), aiming at providing new housing for population living in substandard and poor housing conditions;
- a system of incentives for the so-called Commercial Urbanism projects (URBCOM);
- the *Porto de Partida* (EQUAL) aiming at revitalising the historic centre of Oporto, centred on the provision of employment for socially vulnerable groups;
- a programme aiming at the enhancement of the Oporto townscape (*Porto com Pinta*);
- a programme focused on social exclusion and law and order issues (*Porto Feliz*), oriented towards some minorities suffering from extreme social exclusion conditions;
- the Porto Digital, a project stemming from the "Digital Portugal" programme aiming at promoting the use of information and communication technologies;
- the Oporto Sustainability Strategy focusing on a better environment and on the wise use of natural resources; and
- the National Programme on Urban Policy (POLIS XXI) supporting urban requalification projects containing innovative responses to the main urban challenges.

The objectives, both formal and informal, expressed in the SRU Master Plan (Porto Vivo SRU, 2005) are:

- re-inhabiting the Downtown District of Oporto;
- developing and promoting business in Oporto's downtown district;
- injecting new life into commerce;
- energising tourism, culture and leisure;
- structuring the public domain; and
- strategic action.



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The lead actors are the central and local governments, property holders and other private investors (e.g. housing developers), with the involvement of outside consultants (e.g. in the fields of planning, engineering and architecture). Other stakeholders involved are the residents and different partners (e.g. "Partnership for an Environmental and Energetically-oriented Downtown District").

The establishment of partnerships with public and/or private entities is an important part of operational implementation of the action. These partnerships are cemented via the sharing of experience and skills, the division of tasks and return from the interventions carried out, with a strong impetus to implement and great structural flexibility. These partnerships can be: **informal**, where only wills and responsibilities are joined and concerted action is carried out; or they can be **formal**, arising from the creation of development/operational entities for the different projects and/or activities. Porto Vivo SRU/Oporto Municipal Council has been, in liaison with the state, assessing the performance of the ground work of any intervention, technical and material support for renewal operations, and municipal or national tax support, thereby creating the framework of an incentive programme for the work, aimed at the public sphere, the corporate market and housing developers/property holders.

Being one of the first SRUs created in Portugal, the Porto Vivo SRU presents important results, accomplishing innovative procedures within a national context. It is clearly a case that deserves a closer look, aiming to understand the methodological and operational reasons for its dynamics (Costa, 2008). Until 2008, efforts were dedicated to planning, preparation, negotiation with property holders, support to investors, etc. However, by the end of the decade, the subsequent outcomes are noteworthy (Porto Vivo SRU, 2009):

- SRU Master Plan;
- 32 strategic documents developed and approved, corresponding to 719 buildings and 507 084 square metres of gross construction area;
- 30 Intervention Units/buildings concluded;
- 78 Intervention Units/buildings in rehabilitation works;
- Management Plan of the Historic Centre of Oporto, distinguished with honours by the 2009 EUROPA Gubbio Award; and
- development of initiatives for public participation and urban revitalisation.

**Conclusions/policy recommendations**

Bearing in mind the current implementation stage, it is difficult to assess whether the impacts on areas and people are positive or negative. A positive note should be given to in-depth communication and clarification, to motivate all agents. The Communication Plan of the SRU action aims at full comprehension of the project and the dimension of the planned intervention by the stakeholders (Porto Vivo SRU, 2005). Among the areas covered, the following should be highlighted: the promotion amongst the most important target groups of housing within the centre (e.g. students, young people and young couples, professionals connected to the fields of creativity and knowledge, etc.), which seems to be helping to change the image of Oporto, values and attitudes towards it. It is still too early to assess what was not achieved, or not successful, by this action. It is also still too early to identify winners and losers within different groups within the society. However, special care should be given to the existing population in the intervention areas.



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Recommendations can be made at the city policy level, based on the previous analysis and other research done by Sousa (2010), which include:

- The national level in Portugal is the one that best addresses issues related to population decline and shrinkage although, ultimately, policy implementation rests with the local level. The strong Portuguese municipal tradition and autonomy coupled with the fierce competition for public and private investments between, in particular, neighbourhood municipalities, makes the political acceptance of shrinkage and shrinkage-related policies by local authorities difficult. Indeed, these policies, based on clear, responsive and flexible national guidelines, should be accompanied by compensation and mitigation mechanisms and positive discrimination measures. The right signals should be sent. At present, municipalities' financing schemes encourage population growth, conditioning planning options and making shrinkage acceptance difficult. It is recommended that the national financial transfers' distribution system reward best practices among growing and shrinking municipalities that have the power, autonomy and flexibility to make the most of those policies.

- In this sense, taking advantage of the reflection made at the central government level would be a first step to make other levels more aware and knowledgeable, for example through top-down strategic planning guidelines on the subject of shrinkage, from central government (in the absence of an intermediate/regional level) to local governments.

- Monitoring demographic change is important in order to keep guidance updated. Unlike some European countries, Portugal has good quality, periodical, official statistical data that can easily be used in this perspective. An easily accessible and interactive platform with relevant information would allow detailed spatial and graphic data analysis and comparisons.

The recommendations for planning practitioners are associated with thinking outside the box:

- Planning practitioners primarily should be aware of demographic change and its relevance and implications for their municipality or region. In this case, thinking outside the box means escaping from the generalised tendency of only considering ways to get back on track and continue to grow in the shortest term possible or, even worse, acting as if nothing is happening, i.e. continuing to plan for urban growth. This entails understanding demographic change, especially shrinkage, what sources and resources are available, what impact demographic change is having (or will have) in the city or region, what developments are irreversible, which can be influenced and shaped, how we can plan shrinkage, what do we need to do it (legislation, actors, resources, etc.), what obstacles are expected, etc.

- Scenario planning can assist practitioners in this task, provided that the scenario choice criteria are realistic and not merely optimistic. Scenario analysis can diversify practitioners' reasoning in dealing with urban problems, and specifically with ways to constructively address the consequences of shrinkage. On the other hand, making planning processes and plans that fit either growth or shrinkage expectations would be valuable for planning practice.

- Another important question is communication. If shrinkage has not been accepted in planning practice, if truth be told, it is also because it has not been a popular word/development amongst politicians or even civil society as a whole. In this regard, communication planning to convey the right message can be helpful.



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*CHAPTER 9:*

# AVILES (SPAIN): FROM URBAN DECLINE TO THE DEFINITION OF A NEW DEVELOPMENT MODEL

**BY**
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## Introduction

Aviles is a medium-sized city that forms part of the group of shrinking cities that exist in Spain – the majority are located on the Atlantic Arc – specialising in mining or industrial sectors that are intensive in natural resources and labour, and which have suffered as a result of the Fordist production system crisis over the last three decades. Recent changes may be interpreted as the key to the transition of the city, from a situation of decline to one that can be described as a resurgence, adjusting to the notion of **resilient city** proposed by some authors. In this short report of our research, we discuss the role of a new urban governance system that has made the implementation of regeneration strategies possible in recent years and the consensus on a new development model for the city.

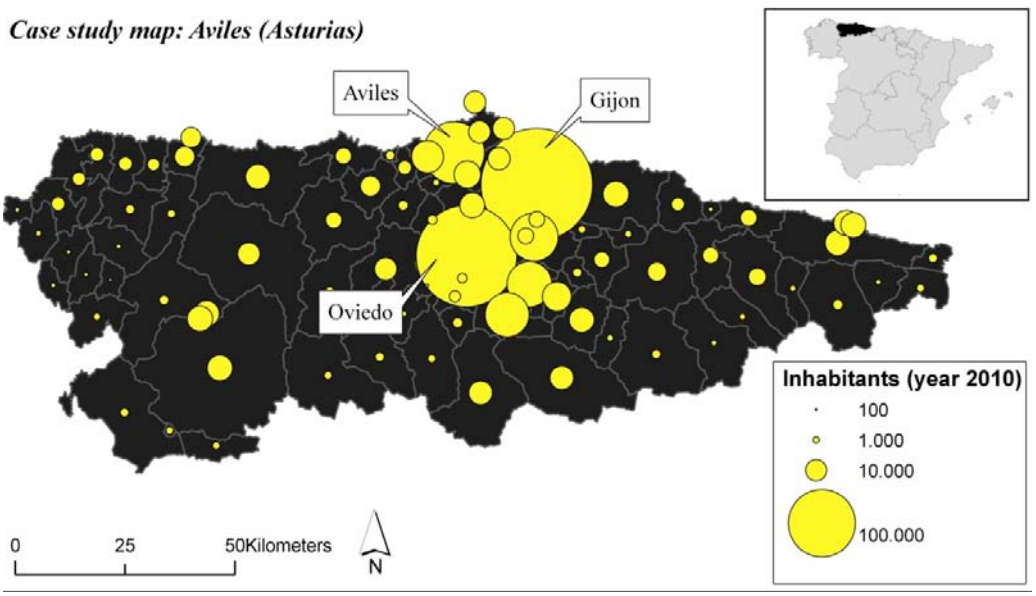
## Aviles context

Aviles is a medium-sized city (84 242 inhabitants) (Figure 9.1) on the coast of Asturias, an old-industrialised region of northern Spain which has more than 1 million inhabitants today and was especially affected by the industrial crisis that started in the mid-1970s. In the subsequent decades, the region underwent profound industrial restructuring, with severe readjustments in employment.

The city of Aviles is situated at the end of the central corridor, which traditionally attracted most of the region's economic activities and infrastructure, and is shaped today as a high-density polycentric urban area. Aviles is the third city in population in Asturias, after Oviedo (the region's capital) and Gijón (the main economic city). According to the *Urban Development Master Plan-PGOU,* the city has a surface area of around 27 square kilometres, 50% of which is allocated to urban-industrial uses and 3% to the firth-port complex, which has played a leading role in the city's economic history.

Around 1950, the Spanish Government decided to install an integrated iron and steel plant, the public company ENSIDESA (today Arcelor-Mittal). At this time, Aviles had little more than 21 000 inhabitants, which rose to 85 299 in 1975 because of a mass influx of workers from all over Spain. At that time, the iron and steel cluster employed 27 244 workers (after the absorption of other steel companies in the area), encompassing over 42% of the region's active population. In fact, the production of the cluster reached 30% of the country's steel (de la Madrid, 1999).

Figure 9.1. **Case study map: Aviles (Asturias)**



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Despite these accomplishments, Aviles had to face the process of de-industrialisation due to the global crisis in the 1970s plus the restructuring policy promoted by the Spanish Government in the 1980s. The eroding competitiveness, disinvestment and the readjustments and closures of companies were followed by the collapse of employment, with a loss of 6 714 industrial jobs during the 1990s, and an increase in unemployment rates, exceeding 18% (de la Madrid, 1999). In addition, trends such as depopulation and the progressive ageing of the population generated collective unrest due to new social problems. The severe environmental deterioration caused by the city's disorganised growth was exacerbated due to the dismantling of the industrial-port complex, the obsolescence of productive infrastructures and the proliferation of industrial wastelands and ruins (Benito, 2004), becoming a characteristic example of a shrinking city (Fol and Cunningham-Sabot, 2010).

Data from the Spanish National Census confirms that after two decades of population decrease (-3.93% between 1981 and 2001), signs of recovery were observed (+1.3% between 2001 and 2009) thanks to a recovered positive migratory balance. Demographic recuperation was accompanied by other substantial transformations; for example, according to the Spanish Social Security Fund, between 2000 and 2006 the city's employment rate rose by 9.2%, with a significant reduction in unemployment until 2008 and with diversification of local economy.

It is evident that there has been an obvious turn-around in the city's trajectory. However, such positive trends have been curtailed by the current economic crisis (in some cases Aviles is performing worse than the largest cities in the region) and some resistance to change caused by inherited territorial structures, including for instance, the limited development of the knowledge-based economy and other aspects summarised in the conclusion of this report.

**Strategies and policies**

Over the last few years (2003-2011) Aviles has been experiencing a process of revitalisation, fighting against the population and economic decline initiated by the crisis of its economic base and the questioning of its functionality (Birch et al., 2010). The key to such change resides in the strategies of multiple agents[1] involved in local development, mobilising a lot of resources and establishing internal collaboration networks, and at the same time striving for better external positioning, for instance, by increasing the participation in international city networks and initiatives. The coalitions between these actors have encouraged innovative actions at an economic and social level, whilst also promoting more participative forms of governance (Fontan et al., 2005; Musterd and Murie, 2010; Méndez, 2010). The local government has played a significant role, both by promoting numerous initiatives, such as enabling contact between the existing stakeholders in the city, as well as often acting as a connecting body with regional or national governments or the European Commission. The actions taken have strengthened urban resilience (Polèse, 2010; Pike et al., 2010) based on four types of complementary policies:

***Economic promotion policies: a competitive city***

The first objective has focused on recovering the city's business sector and its capacity to create employment, by diversifying the local economy to make it less vulnerable to **external shocks**. In order to achieve this, new business areas, which reuse the land from the old steelworks centre, have been promoted. Above all, the Principality of Asturias Business Park[2] seems emblematic. This park occupies an area of

1. Labelled as external agents to the city (European Commission, Spanish Government, Government of Asturias, transnational companies) and internal agents (Aviles City Council, business associations, trade unions, port authority, business centre, Oscar Niemeyer Foundation, Isla de la Innovación Foundation, among many others).

2. "The Government of the Principality of Asturias" is the official name of the regional government.



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over 250 hectares and has contributed to installing small- and medium-sized industrial and service-providing businesses, complementing the five large transnational companies remaining in the city (Arcelor Mittal, Asturiana de Zinc-Xstrata, Saint-Gobain, Alcoa and DuPont). In addition, an integrated transport centre in this area is already planned.

A complementary programme was launched with the aim of raising the business birth rate in a city with a strong tradition of wage-earning employment. The programme offered promotion and advice to new companies, by both the public sector on the premises of an old factory (La Curtidora Business Centre), and local business owners, associated with the chamber of commerce and industry (Business Industrial Centre, located precisely within the Asturias Business Park).

However, the most relevant project has been the enlargement of the port, a strategic asset of the city's history, aiming to boost economic activity and reinforce its multi-functional character, converting it into a new hub of activity. This involves, on the one hand, expanding the available surface area to attract more deep-draft vessels and on the other hand, moving the port's activity and depots for mines and goods to the other side of the river, further away from the city. This would reduce its urban impact, freeing up space for sport, cultural and leisure use. Finally, the promotion of fishing activities is planned through the construction of a new fish market, which would be the largest both in size and fishing captures in the region, contributing to the renovation of nearby industrial areas. The investment in infrastructure also involves the improvement of access routes by road and train, with the project of a new station that will eliminate the current barrier posed by the railway system in order to achieve a fluid connection between the city, the river and the surrounding areas, now included in the New Centrality Special Plan.

***Innovation policies: an intelligent city***

Aviles is still struggling to join the knowledge society, overcoming the legacy of the development process since the mid-20$^{th}$ century: a sectoral structure dominated by low-skilled labour activities, scarce presence of knowledge-intensive business services and human capital, along with the prevalence of large companies that perform a substantial part of their R&D activities elsewhere, as well as the absence of university facilities. Recent actions taken to reduce these weaknesses were aimed at two main points: firstly, the creation of a base of technological services. The best example being the Steel Technological Centre promoted by a private foundation and integrated within the Technological Centres Network of the Principality of Asturias, which provides technological services to small companies in the sector. It is also important to highlight the technical support towards the internationalisation of small- and medium-sized local companies by the council in collaboration with the External Promotion Society of the Principality of Asturias (ASTUREX), the Asturian Federation of Entrepreneurs (FADE) and the Aviles Chamber of Commerce.

Secondly, actions were aimed at promoting cultural industries in order to attract and increase the presence of the **creative class** and encouraging cultural tourism, that is in fact emerging today. As part of the city-marketing strategy, several initiatives can be highlighted, including the Gastronomic Tourism Plan, the renovation of the Valdés Palace Theatre and the National Short Film Competition. However, the most significant actions to place Aviles on the city-knowledge map, even at a European scale, are the construction of the Oscar Niemeyer International Cultural Centre, inaugurated in 2010, and the future promotion of the so-called "*Isla de la Innovación*" (hereinafter, Island *of* Innovation), which is currently in the design phase following a public tender to elaborate a master plan. These flagship projects englobe the desire to transform the city's image, as well as to improve the quality of the environment and the landscape in the firth area.



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***Social and environmental policies: a habitable city***

Among the measures undertaken to improve the quality of urban life, three initiatives, in very different areas, are particularly noteworthy for transforming the urban living conditions that have existed for decades. An essential task, initiated in 2003, was to clean up the firth, which was highly contaminated by industrial waste. This involved the removal of 170 000 cubic metres of mud. In addition, consortiums to manage urban waste and water supply have been created, with approval still pending for the Local Agenda 21.

An especially important policy that was launched in the 1990s was to rehabilitate the historical centre. It is guaranteed to continue thanks to the approval of the Special Plan for the Improvement of the Historical City Centre in 2010. A significant effort has also been made to improve urban facilities in order to overcome the shortcomings of a workers city, which suffered from scarcity and the low quality of its public services. A third line of action is summarised in the Masterplan, which incorporates local social cohesion policies, giving continuity to the work of the Municipal Programme for the Eradication of Shanty Towns, Rehousing and Social Integration of the Population, which was launched at the end of the 1980s and awarded the VI International Award for Best Practices to Improve the Living Environment (2006).

***Strategies to promote networks: "a city with a project"***

The process of resilience has been based on the construction of an institutional architecture and the appearance of variable coalitions of public and private agents. This combination has been able to reach basic agreements on the city's plan for the future and to negotiate conflicts, while supporting and, on occasions, financing most of the actions discussed.

In addition to collaborating on the previously described projects or in the Urban Development Master Plan (2007), it is worth highlighting the Aviles Local Pact on Progress (2008), signed between the local government and representatives of the main business and trade union associations. The pact promotes projects to encourage entrepreneurial culture and the creation of companies, employee training, housing and social services, environmental quality, digital infrastructures and connection to networks of excellence. In this respect, Aviles has also become involved in numerous international networks of cities (International Association of Education Cities, Conference of Atlantic Arc Cities, Cool Cities, Spain Convention Bureau) aimed at exchanging experiences in different areas related to economic and social development.

Despite the city consolidating its connections in a vertical sense, both with public institutions of a higher rank and widening the market participation of its tourist products, there is still a growing weakness related to the lack of proximity networks. As the city overflows into nearby municipalities, there is a need to extend the scope of urban planning. Indeed, there have already been some encouraging efforts, such as the creation of the Tourist Association of the Region of Aviles, the Regional Exhibition Institution, the Union of Traders of Aviles and the Region and the recent Regional Socio-economic Observatory.

**Conclusions and policy recommendations**

There has been a significant change in the demographic and economic trends of Aviles, compared with the situation 15 or 20 years ago. The slow recovery of the population after several decades of recession and stagnation stands out, while in economic terms there is a sense of revitalisation thanks to the increase and diversification of jobs, causing the substitution of the industry for the tertiary sector as the city's driving force.



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The keys to this regeneration include the existence of a network of local agents, led by the Aviles Council, which, after successfully generating collaboration dynamics amongst themselves, have implemented various strategies to promote the economy and employment, innovation and culture, improving the quality of life and the environment and consolidating the local system.

On the other hand, a new city project has been launched by the new Urban Development Master Plan, based on improving infrastructure and environmental quality, promoting new facilities and supporting culture and innovation in collaboration with the Oscar Niemeyer International Centre and the Island of Innovation. These flagship projects allow not only the reversal of the decadent image that the city projected a few decades ago, but also improve the self-esteem of the inhabitants. Hence, the city of Aviles can be considered today as an example of a **resilient city**, insofar as it has been able to cope with outside shocks and adapt itself positively to a new context.

Despite these achievements, the city still faces some challenges that inspire some general recommendations to policy makers included hereafter:

Firstly, the coexistence between the elements that were resistant of the previous stage and the new projects was confirmed. Clear examples are the coexistence of the coking batteries with the Niemeyer Centre and the Island of Innovation, and the multi-functional nature of the port acquired through the renovation of the docklands side by side with the old industrial port. In this regard, the heritage of the previous era still weighs heavily on the city's low capacity to join a knowledge-based economy, as the proportion of jobs and R&D in these industries is limited, especially in comparison with the region's two main cities that compete with Aviles in a wide range of aspects.

- consolidate efforts in relation to innovation, entrepreneurship and human capital;
- more clearly identify functions within the Oviedo-Gijón-Aviles triangle and strengthen inter-urban dynamics for collaboration.

Another challenge relates to the limited involvement of private agents in the city's regeneration process, demonstrated by the insufficient financial resources for many projects, which have frequently had to be implemented with public funds. The classification of Asturias as the **phasing out** region within the framework of European convergence policies and the greater limitations on the availability of funds that this implies makes it necessary to reconsider the current situation from this perspective. Recommendations:

- encourage greater participation of the private sector through public-private partnerships.

Finally, many agents interviewed have pointed out the need to develop a regional scope in many key policies (infrastructure-airports, industrial land, public services), which would make them more economically efficient and more effective in terms of development. Recommendations:

- create stable bodies to encourage co-operation between the different actors, developing new functions at a regional level;
- define the content and scope of the future territorial Masterplan for the Region of Aviles.



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*CHAPTER 10:*

# POLICIES AND STRATEGIES FOR DEALING WITH DIFFERENT FORMS OF SHRINKAGE: THE CASE OF TARANTO (ITALY)

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**AND FRANCESCO SELICATO**[1]

1. This paper is the result of a joint work of the authors. The sections entitled "Introduction", and "Statistical description of Taranto",were written by Francesco Selicato; the "De-industrialisation, suburbanisation and environmental pollution" , "Conclusions and policy recommendations" were written by Francesco Rotondo; and the section entitled "Planning and regeneration policy initiatives" was written by Domenico Camarda.



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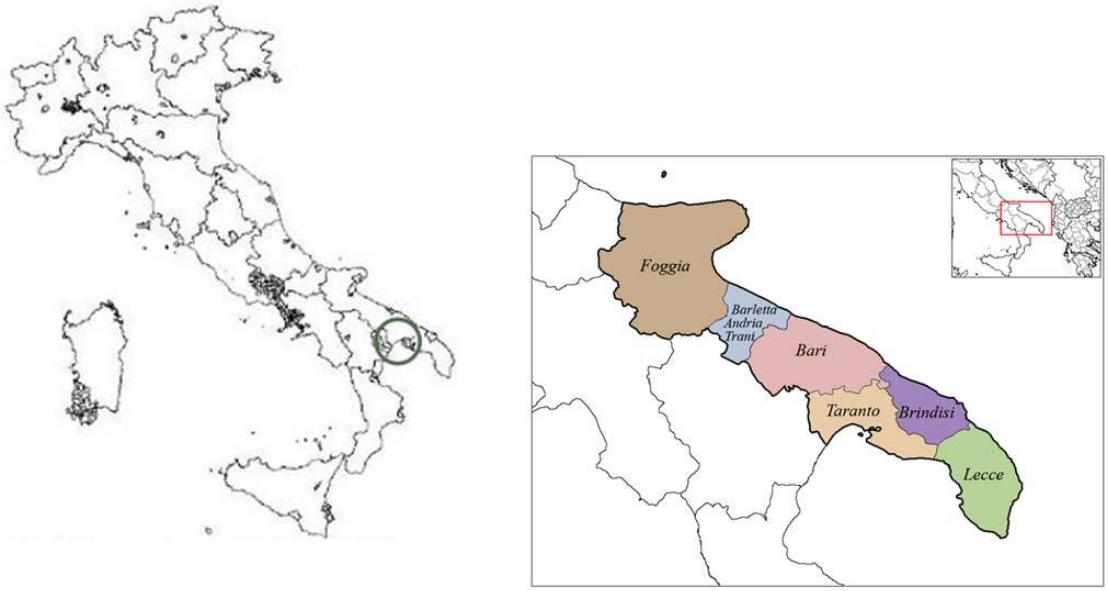
## Introduction

Urban regeneration strategies would appear to be a potential pathway for responding to shrinkage, if results were evaluated from both a physical as well as socio-economical perspective. In the case of Taranto, three interlinked causes can be identified as contributing towards such shrinkage (de-industrialisation, suburbanisation, environmental pollution). Regeneration strategies therefore need to take into account a range of different and complex needs in order to accomplish their goals. This chapter gives a brief description of the case of Taranto as a de-industrialised city, highlights its main features of shrinkage, and discusses findings regarding policies and strategies for dealing with shrinkage, attempting to understand the effects of regeneration policies and urban planning strategies already in place in terms of responding to shrinkage at various administrative levels. The chapter concludes with an evaluation of the main features of shrinkage in the case of Taranto.

## A statistical description of Taranto

The cause-effect relationship between population dynamics and the evolution of cities is bidirectional and presents a range of complex outputs, making it very difficult to identify what is the cause or the effect. In the case of the city of Taranto (Figure 10.1), possible causes and effects are closely linked with the concept of the evolution of the city taking into account the role of the environment and its relative quality, as argued below.

Figure 10.1. **City of Taranto in the south of Italy and in the Apulia regions**




A brief analysis of the major demographic, economic and social trends at the municipal level highlights possible relationships with the dynamics of urban evolution, leading to a clear understanding of the high level of shrinkage in the city. Analysis of the last available census (2008) by the Italian National Statistical Institute (ISTAT[2]), revealed that the demographic dynamics (population trends, net migration, natural balance), of the city have been constantly negative since 1981. Indeed, the population of Taranto fell from 244 101 in 1981 to 194 021 in 2008. Net migration was consistently negative from 2002 to 2008 and the city loses, on average, 1 123 inhabitants per year. The natural balance (live births/deaths) has been constantly negative with the exception of the years 2004 and 2008. In these two years the natural balance

2. All of the statistics cited are taken from *www.istat.it*.



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was, however, significantly below the average annual net migration of -1 123 inhabitants discussed above. The overall balance was still negative. Globalisation and the subsequent de-industrialisation of European economies is a major cause of urban shrinkage (Cunningham-Sabot and Fol, 2010, Martinez-Fernandez, 2010; Audirac, 2010; Oswalt and Rieniets, 2006). The relationship between the cycles of the capitalist economy, the life cycles of the city and the effects of globalisation on cities and urban regions has been the subject of much study, by authors such as Saskia Sassen (2001).

The unemployment rate for the province of Taranto is about 4% higher than the unemployment rate for the Apulia Region (18% and 14.7% respectively). Indeed, the percentage of those employed in the city of Taranto is 78% compared with 80% in the province and the region. Moreover, the total percentage of those in search of employment in the city of Taranto is 22%, compared with 20% in the province and the region. Taranto has a low level of employment compared to its local region.

In the city of Taranto, as in other European cities, the service sector accounts for the largest number of those employed, although traditional industry still accounts for 25% of total employees (13 767 employees in the industrial sector with 55 174 employees in total). The largest steel plant in Europe is located in Taranto which still employs around 13 346 workers, accounting for almost 100% of employment within the manufacturing sector in the city. The plant was founded during the 1960s as a state-owned company, under the name "Italsider" in line with fashionable economic and industrial theories of the day regarding large industrial poles. In 1995, after a long crisis in terms of both turnover and employment, the company was sold to the Riva Group (*www.rivagroup.com*), a major Italian industrial group that operates in the steel industry. Employees in the iron and steel industry are still today predominantly in the younger age brackets (21-30 years) with only 23% exceeding 40 years of age. The steel industry is still, therefore, of fundamental importance to the local labour market of the city of Taranto and its neighbouring municipalities. It would seem extremely difficult to decommission this plant given the long period of economic crisis engulfing western countries.

**De-industrialisation, suburbanisation and environmental pollution**

De-industrialisation is primarily manifested through changes in the economic sectors of the city due to the transformation of the role of the city away from traditional manufacturing. Yet, in the case of Taranto, declining industries occupy a large territorial space and employ a significant number of workers (currently around 13 000), therefore presenting a bleak outlook for the city should such industries decline and ultimately cease operation. Processes of de-industrialisation can be stimulated or overlapped by the effects of globalisation. Indeed, the same industries are flourishing in countries with low labour costs.

In the case of Taranto, environmental issues represent a significant problem in long-term trajectories as industry causing pollution and contamination potentially leads towards suburbanisation, displacing residents seeking higher standards of living in terms of environmental conditions. Environmental pollution in the city of Taranto is above all Italian and, perhaps, European levels, particularly in the case of dioxins (80 g/year[3]). High pollution, in all likelihood, along with labour shortages, are important factors pushing an important part of the working age population to emigrate out of the city. The ecological component thus plays a major role for future responsible planning actions in this shrinking city. Many planning and regeneration policy initiatives have, over time, been carried out at a national, regional, provincial and urban level in Taranto, the majority of them not explicitly linked to the shrinkage problems of the area. The following section briefly outlines the most significant characteristics of such initiatives.

3. Data from the Regional Agency for Environmental Protection of the Apulia Region (ARPA).



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**Planning and regeneration policy initiatives**

**National initiatives –** the initiative of the national government has been substantially inconsistent and fragmented in terms of facing up to the problems of de-industrialisation in Taranto, despite its historically crucial role in the industrialisation process (Borri and Camarda, 1990). In particular, after the privatisation of the steel plants, a plan for the environmental regeneration of the Taranto urban and provincial areas was drawn up in 1998, backed by both public (20%) and private (80%) funds. Action strategies totalling more than EUR 130 million were scheduled, in particular aimed at regenerating degraded and/or decommissioned industrial/urban areas, as well as at reducing pollution and managing waste disposal. Expected results showed a medium-term improvement in general environmental quality, but complications related to public financing and leveraging private funds means that plans remain largely unimplemented. The responsibility for implementing plans was passed on to the regional administrative board in 2000, thus basically removing the planning and/or proactive role of the national state from the regeneration process of Taranto. Today, governments act generally in terms of moral persuasion, mostly oriented towards preserving the daily activity of the steel plant (centre-right governments upholding private ownership, centre-left governments upholding the power of worker unions), consequently showing little interest for long-term environmental, economic, social or health benefits. Should such plans be fully implemented, the positive effects on local environmental conditions would, in turn, improve the social and economic conditions and attractiveness of the area, thus combating shrinkage trends (Haase, 2008). In any case, as an effect of the public indignation about pollution, in July 2011, the national government with the Apulia Region and the ILVA reached an agreement whereby the company will continue to produce steel in Taranto, but with a significant reduction in the noxious fumes to below the regional threshold, accepting periodic controls by independent consultants.

**Regional initiatives** – regional policy making and planning was defined in law in 1970, yet the Apulia regional Government had neither the financial resources nor enough specialised personnel to assert its administrative role. Even specific planning laws were not passed until 1980, with little focus on specific areas or particular themes – such as the environment (Camarda, 1999). In 1996, the regional government acquired greater environmental competence, but remained reactive, rather than preventive or proactive. The "Landscape and Environmental Plan" (PUTT/P), brought into force in 2000, was born from ten years of analysis but proved to be outdated by the time it was enforced. The plan is fundamentally reticent towards the problems of the de-industrialisation faced by Taranto and underestimates the feasibility of various environmental norms, raising conflict with local communities and therefore remaining largely unimplemented. The identification of policies useful in tackling the dramatic phenomenon of suburbanisation in the Taranto area boosted by the urban decay remained as very important.

Significant actions have followed the implementation of the new Planning Law of 2001, which gives importance to the singling out of territorial structures (i.e. environmental peculiarities, urban neighbourhoods, cultural heritage, etc.) as catalysts for development. Such a law is potentially vital for Taranto, in terms of its need to rethink and to regenerate its territorial structure, thus tackling urban shrinkage. At the same time, the regional government has issued updated financing norms for new housing, which whilst eco-compatible, are, however, aimed at the regeneration of the periphery, often preferring such a strategy to the regeneration of inner-city areas. In the case of Taranto, this involves the consolidation of suburbanisation and, therefore, the loss of urban population. Structural policies at the crossroads of the socio-economic and environmental milieu remain largely undeveloped by the regional administration, whilst increasingly relevant in terms of the growing entanglement of real-life domains. These policies have been announced as being, at least minimally, part of a forthcoming regional plan which has yet to be presented. Taranto suffers particularly from this situation, relying on the entrepreneurial sector in order to kick-start long-term social and economic change and, hopefully, respond to shrinkage trends (Schwartz et al., 2010).



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**Provincial initiatives** – the provincial level of government, located between the regional and municipal ones, does not actively intervene, despite the strategic prerogative that such administrative levels have traditionally had in other European industrial areas (Cullingworth and Nadin, 2006; Healey, 2009; Wannop, 1995). Undoubtedly, one reason for its ineffectiveness is explained by its short (dating from 1990) existence as an autonomous administrative board. Yet the provincial plan, a fundamental tool in territorial planning and management, in place for some time in other Apulian provinces, has not yet been implemented in Taranto. This is surprising given the heavy, pervasive and pressing phenomena of socio-economic and environmental degradation from which the area suffers.

**Urban initiatives** – the level of urban regeneration and planning is coherent with the fragmentation and the lack of incisiveness of the national and regional levels. After the industrial crisis of the 1970s and the associated paralysis in planning, no strategic, structural and shared vision in terms of transforming the territory took place. Reasoning in urban planning seems to evoke catastrophic scenarios, with even formal definitions seeming to tie into this concept, with titles such as "Program of Integrated Intervention", "Program of Urban Recovery", Program of Urban Regeneration", "Program of Urban Rehabilitation", Program of Urban Regeneration and Sustainable Territorial Development", "Program of Communitarian Initiative", "Neighbourhood Contract", "Program Contract", Territorial Pact" or "Integrated Program of Periphery Regeneration". Recent and more comprehensive planning efforts date back as far as the 1980s, with the sectorial plans of re-industrialisation and pollution reduction. Local political rhetoric remains disaffected in terms of planning, particularly due to the Taranto Master Plan of 1978 (still in force) which, it is claimed, discouraged small entrepreneurship and did little in terms of the physical environment and quality of living.

Despite the increasing loss of residents reaching -20% over the last decade, the construction of new housing under the demagogical rhetoric[4] of revitalisation and regeneration remains frequent. The Salinella neighbourhood contract (EUR 3 million), the Urban II Programme (EUR 39 million), the Tamburi Programme Agreement (EUR 68 million), the Paolo VI Programme (EUR 4 million), the Talsano Programme (EUR 4 million) and Inner City Interventions (EUR 6 million) are all autonomous programmes with different urban objectives which are potentially useful (Perrone, 2009). However, as has traditionally occurred in other European contexts, they end up being confined, uncoordinated and partial with reference to their sectors of activity and lacking objectives and regional strategies in terms of territorial organisation. Some results seems to have been achieved to cultivate the tourism industry, in which historical centre communities have been engaged in order to maximise the use of their cultural heritage and their unique waterfront to keep people in the area and to attract tourists.

## Conclusions and policy recommendations

For most OECD member countries, as already noted by Martinez-Fernandez (2010), the transformation of industrial production into the knowledge economy has developed new industries, new business, and new forms of knowledge production and innovative activity. Whilst the most prosperous cities reap the benefits of globalisation and the attraction of talent into a dynamic labour force, shrinking cities experience precisely the opposite – the negative effects of the internationalisation of markets, the migration of production and the labour force, a weakened innovation system, and the loss of vitality in terms of city life. This is true to an even greater extent for mono-industrial cities such as Taranto, where industrial decline has coincided with demographic and social decline as shown above.

4. Demagogical rhetoric is defined as using the rhetoric of regeneration the city continues to growth building new houses continuing to consume soil instead of revitalising the existing peripheries.



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In the case of Taranto, the phenomenon of population shrinkage is not only tied directly to generalised employment conditions or to the capacity of trans-national corporations to externalise their social costs (such as those resulting from productivity changes) at the expense of host communities and labour, but also to the environmental conditions of the entire territory, characterised by a high level of air and water pollution (hydrocarbons, dioxins and furans, as described above). This high level of pollution is a genuine threat to young couples, hoping to identity the best place to bring up children and establish families. However, there is a lack of social research able to identify and describe the real impact of pollution on family choices.

In this particular case of a city of around 200 000 people, three interlinked causes can be identified as contributing to such shrinkage (de-industrialisation, suburbanisation, environmental pollution). Regeneration strategies therefore need to take into account a range of different and complex needs in order to accomplish their goals.

The case of Taranto should motivate planners to reflect on policies' and programmes' goals in cities where the public sphere has often shown its weaknesses.[5] In particular, experts must identify whether there exists an integrated approach towards local economic development, skills development, and job-creation strategies and programmes in areas of shrinkage, such as Taranto. This requires matching collaborative approaches with structured and clear levels of government in order to meet the large-scale challenge of environmental pollution which often threatens, or at least complicates, the successful implementation of actions.

The literature on urban regeneration documents that physical interventions are not enough to regenerate cities or their neighbourhoods (Stouten, 2010; Tallon, 2010; Selicato and Rotondo, 2010; Couch et al., 2008; Verhage, 2005; Hull, 2001; Roberts and Sykes, 2000). One possible explanation is that conventional approaches to urban regeneration of degraded neighbourhoods have often attempted to tackle physical deterioration, carrying out traditional planning models for development, as has been the case in the city of Taranto, trying to favour new growth, building new residential areas and structures for public utilities and services.

The phenomenon of shrinkage requires different approaches to urban regeneration because in this case of vacant houses, abandoned industry and brownfield sites are present. Thus, in the case of shrinkage, it seems more appropriate to regenerate the existing city, promoting social cohesion and new local enterprise. The city thus requires actions from the "inside". Without any presumption of being exhaustive, but simply reflecting on this case study, we can make the following suggestions to policy makers based on our analysis:

1. It seems more appropriate to regenerate the existing city, promoting social cohesion and new local enterprise.

2. Physical interventions must be based on the principal of demolishing vacant buildings and reconstruction if necessary.

3. Regeneration of shrinking cities needs economic interventions such as tax breaks for enterprises and higher levels of income tax in an attempt to revitalise the local economy.

5. On 18 October 2006, the city of Taranto declared bankruptcy. After a one-year period, a special state law identified funding to repay the debts of the city.



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Such actions are necessary for the promotion of social cohesion and the sharing of visions, perspectives and decisions with the local community in a complex, time-consuming participation process, avoiding bottom-up policies, as so often desired by planners and politicians, accepting a range of different "ways of thinking" in a process of mutual learning. Furthermore, creative management, not yet codified, is of central importance to such a process. Managing the role of properties and their owners is, whilst obvious, of central importance to the urban regeneration process in shrinking cities. Such a role could, in the wider public interest, involve owners in the new use of their properties, searching for innovative and creative solutions, persuading them to ultimately abandon parasitic forms of rental earnings. Finally, a public-interest approach to the problem would appear to be fundamental, avoiding large-scale gentrification processes, identifying residential communities as a location for enjoying the results of urban regeneration, forcing new subjects and activities (often essential for the success of the regeneration process) to generate collaboration within residential communities, as has been started to do in the historic centre of Taranto.



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*CHAPTER 11:*

# HOUSING STRATEGIES FOR A SHRINKING FRENCH CITY: THE CASE OF ROUBAIX (FRANCE)

**BY**
**YOAN MIOT**



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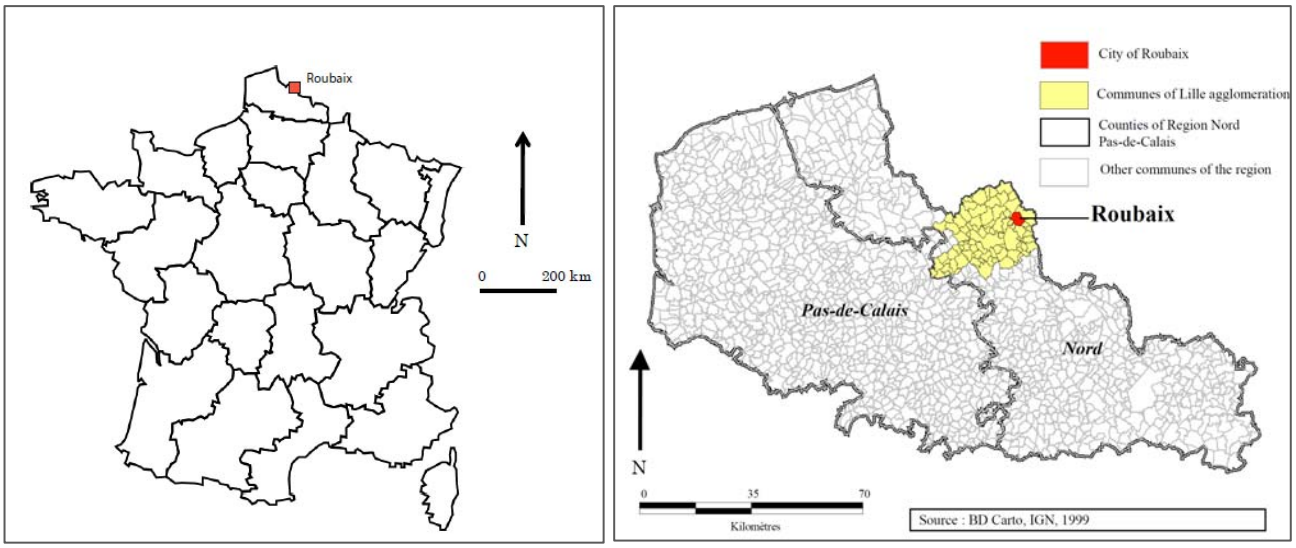
## Introduction

The city of Roubaix is implementing inner-city renewal projects in order to restore their residential attractiveness. Beyond a national definition of housing diversification, this public policy goal is locally adapted in a limited way in order to address urban and demographic shrinkage. It turns out to be a residential attractiveness strategy that is progressively becoming a central feature of public policy in renewal processes. However, inner-city projects reveal strategies of attracting new populations who are conducting economic growth, considering the creative class theory[1] (Florida, 2002): the former population appears not as a policy goal but as a social burden. Politically sensitive, socially questioned, what are the results of the housing diversification as a public policy goal?

## Roubaix, a former industrial city facing a multi-dimensional process of urban shrinkage involved in a housing diversification strategy

The city of Roubaix, located in northern France in the Lille agglomeration (Figure 11.1), is a former industrial city that is facing a multi-dimensional process of urban shrinkage. The city has been suffering from de-industrialisation and suburbanisation since 1968, which have created demographic shrinkage and a socio-spatial specialisation phenomenon, according to classical themes of urban shrinkage in Europe and in the United States (Cunningham-Sabot and Fol, 2010). Between 1968 and 2006, 24 300 industrial jobs have been lost. In spite of job creation in other economic sectors, a total of 24 000 jobs have been lost. The unemployment rate for the active population[2] increased from 3.1% to 24.38%, and for industrial workers from 4.88% to 31.23%. The population dropped from 114 547 to 97 952 inhabitants (INSEE, 2010b).

Figure 11.1. **Roubaix in France and in Nord-Pas-de-Calais**




1. Florida works on the growth factors in American metropolitan areas. He reveals that the well-educated population is increasingly attracted by a qualitative place to live than an extensive and diversified employment market.

2. For the definition, see *www.insee.fr/fr/methodes/default.asp?page=definitions/population-active-rp.htm*.



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Consequently, this socio-economic weakening has some debilitating effects on the urban fabric: 44% of dwellings are considered to be potentially unsanitary (Direction générale des impôts, 2009), property values are dropping compared to other cities with a similar population, and there are more than 30 hectares of residential and industrial brownfield[3] sites spreading over the territory.

However, in France, urban shrinkage could be defined as "a silent process" (Cunningham-Sabot and Fol, 2009). Consequently, no tools exist to cope with the multi-dimensional process of urban shrinkage. Hence, local authorities have to import tools in order to correct the socio-territorial imbalances called "*Politique de la ville*" and the "National Urban Renovation Programme" (ANRU Programme).

In this context, between 2001 and 2008, the City Council of Roubaix implemented a "*Politique de la ville*" programme (Great Urban Project) developing a strategy based on an old housing upgrading policy (Aballéa, 1987, Bonneville, 1985, René-Bazin, 2004). This policy aims to restore the social mix and to despecialise the old private housing market by:

- attracting private investment through old housing renovation –completely controlled by the public sector – and bring new demands from new residents;
- developing renovated home purchases through better solvency of home-buyers;
- promoting qualitative renovation instead of maintenance renovation for local and traditional homeowners. (ANAH et al., 2001)

Since 2007, the City Council has had to redefine its strategy and to adopt the national housing diversification standard according to the National Urban Renovation Agency (ANRU) tenets. Every city involved in the ANRU Programme has to introduce this standard into their strategies. This kind of national standard creates what Epstein (2005) called the "government from afar" of local authorities. It is a way to control the local implementation of policies from a national level of command. The "government from afar" is a result of the complicated French decentralisation process in which the national level wants to retain its influence on local authorities. However, despite its control over local authorities, this "government from afar" grants a lot of financial subsidies to local authorities which allow the development of a vast urban restructuration project. Without these national subsidies, no urban intervention could have been possible, especially since the Roubaix City Council has very little financial resources coming from local taxes due to the weight of deprivation and de-industrialisation.

Housing diversification has therefore been defined by different sources. "Social mix policies" have two targets (Commission des affaires économiques et du plan, 2005):

1. to limit the concentration of underprivileged people in deprived areas and to retain or attract a wealthier population by developing better living conditions;
2. to develop, at city scale, an affordable housing supply for underprivileged people."

Housing supply diversification is evaluated by:

- the development of housing status distribution (middle-income buying programmes, private rental supply, intermediate housing supply and social housing supply), or even the evolution of homeowners in the site;

3. Vacant lands, vacant industrial sites, sites with more than ten vacant homes (Ville de Roubaix, 2008).



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- the amount of diversification in the whole housing project;
- the transformation of housing typology in the site."(ANRU, 2007: 24).

Housing diversification is a way to readjust the social and territorial balance in housing supply. It is based on the call for property developers and social housing companies to develop new homes and new condominiums. It is a growth-oriented strategy and a supply policy based on the development of a new private housing supply in social housing areas or in deprived areas.

However, one can wonder whether it is adequate for shrinking cities like Roubaix in which new demand is weak and the market is depreciated.

**An ill-adapted strategy for unsatisfying results**

***Results of the housing diversification strategy: a national standard facing local urban shrinkage***

Although housing diversification is a national standard, the City Council of Roubaix locally defined it as a way to restore the residential attractiveness of the city. One of the strategic targets of the housing project is "developing a residential attractiveness in Roubaix for new populations attracted by heritage and cultural amenities and fixing emerging middle classes" (ANRU and Ville de Roubaix, 2007). Housing diversification aims to stop the demographic haemorrhage of the city and the social specialisation. The new housing supply has to:

- develop a new qualitative social housing supply;
- create a qualitative supply for the middle class by developing middle or low-income buying programmes;
- create and stimulate a qualitative private supply to attract the upper and wealthier middle classes.

Even if the City Council of Roubaix tries to justify and adapt this standard to the local context, housing diversification strictly corresponds to national standards. The City Council, at the request of the National Agency, adopts a housing diversification strategy in which quantitative production objectives are defined. Between 2007 and 2014, 4 500 new homes need to be built in Roubaix with 38% of social housing programme, 32% of new private housing supply and 30% of intermediate housing supply (CODRA and Ville de Roubaix, 2009). In the most deprived and damaged areas, the intermediate supply and the private supply have to play a key role in restoring the social mix. Consequently, the strategy reserves vacant sites for property developers developing intermediate and private supply.

However, after four years of development, the housing production is spatially and qualitatively imbalanced. Two main reasons explain this imbalance:

- The first is the difficulty to develop intermediate supply between social housing and private housing at city scale. This is due to the market equation of property developers. First, real estate values are very low and the new intermediate housing has to compete with cheap old homes and suburban rings supplies. Secondly, the local population is very poor and mostly unable to become owner-occupier. Consequently, property developers refuse to invest in Roubaix because the demand is considered to be weak and expected returns as degraded.



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- The second reason is the lack of attractiveness of the Urban Project perimeters, which is why production is geographically imbalanced. The outskirts are the most deprived and damaged areas in the city. Only the new social housing supply is being developed because social housing companies have direct subsidies from the ANRU to build new homes and also because some of them are para-public organisations. As a result, in the most deprived eastern parts of the city, the new social housing supply represents 75% of the new housing programme even though the city's strategy limits the social housing programme to 40% (Ville de Roubaix, 2009).

This imbalance fixes and repeats the social specialisation of the area, which is contrary to the objective of the housing diversification standard.

In addition to the production imbalance, the new private housing supply is not affordable for the local middle-class because prices are too high, based on the average income of the French population and of the Lille region (INSEE, 2010). For the middle class housing market, a double price competition exists against Roubaix's new private housing supply: the suburban ring and old housing supplies of Roubaix offer parking lots and gardens and are bigger than the new housing supply.

To summarise, the housing diversification standard is a growth-oriented strategy which is risky in a shrinking city as it could reinforce social specialisation, develop vacancy risk or create new housing supply artificially. Moreover, national standards controlling local authorities appear ill-adapted for such local situations as urban shrinkage. However, even if the social diversification goal is not reached in part due to the national definition of the standard, national subsidies allow the development of new social qualitative dwellings and the renewal of brownfields, which would not have otherwise been possible. We will study the unsatisfying results of the housing diversification strategy from the point of view of the former strategy of Roubaix, the old private de-specialisation market strategy.

**Results of the old private housing de-specialisation market strategy**

The former strategy of Roubaix, developed during the Great Urban Project, involving fewer national standards, led to better results than the housing diversification strategy. The former national policy allowed the development of specific strategies for local authorities according to the local context. It explained why the City Council of Roubaix, like other cities undergoing similar problems, is implementing strategies focused on old inner city areas. The strategy is based on a Housing Restoration Operation, which grants financial subsidies to renters and homeowners who upgrade their homes. The Housing Restoration Operation lasted seven years, from 2001 to 2008.

First of all, the superior results of the market de-specialisation strategy were helped by the French housing crisis and the price growth since 1998 seen nationally and in the biggest urban agglomerations (Driant, 2009). Housing transactions[4] showed a steady price growth in Roubaix between 2001 and 2010. However, although prices are increasing, territorial imbalances are perpetuated and no clear catching up effects could be measured. Added to this is the fact that property developers are returning to Roubaix city centre. In 2001, Roubaix was one of the most inexpensive cities in France; growth was fast during the past decade, but only two years presented a more significant growth rate than the rest of the country.[5] In 2010,

4. Based on local data, coming from city pre-emption rights, we develop observations of the local housing market. Prices, the geographical repartition of transactions and spatial origin of buyers (Roubaix, Lille agglomeration and outside Lille agglomeration) are studied annually to understand the functioning and the transformation of the local housing market since 2001 (Ville de Roubaix, 2010).

5. Comparing the local housing observatory data with the INSEE data.



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Roubaix was still one of the cheapest cities in France. Secondly, price growth does not correct territorial imbalances in Roubaix: the cheapest areas remain the same.

However, if the price growth does not correct the territorial imbalances, the steady price growth of real estate in the Lille agglomeration creates a social and geographical de-specialisation in Roubaix's housing market. Considering buyers' geographical origins, the number of newcomers from the Lille region and from further afield has increased. This shift might be explained by the price growth in Lille and its first suburban rings, which since 2009, has become the most expensive city in old housing after the Paris region. A significant part of newcomers are young households who cannot afford a home or a flat in Lille or attractive suburban rings. More than 25% of newcomers present a gentrifying profile (Bidou-Zacahariasen, 2006; Authier, 1995) and come from attractive suburban rings or Lille (Ville de Roubaix, 2010)[6]. They are young households, more often young professional and intermediate workers without a family, and it is their first home purchase. They are attracted by individual houses with a small garden and urban and cultural life and heritage. Astonishingly, this population most strongly approves the urban renovation, even if they never lived in Roubaix before. For these newcomers, purchasing their homes in Roubaix may be like placing a bet: they are expecting a quick return thanks to the price growth. Roubaix is not their first choice but rather a trade-off between urban life, price and localisation.

Strictly considering the Housing Upgrading Operation, the effects of the public policy seem to be limited. For homeowners, upgrading housing efficiency does not assess the quantitative goal. At the end of the operation, only 580 homeowners received subsidies for upgrading their homes. The average upgrading costs were about EUR 9 000 and over 10% of renovation by homeowners did not reach EUR 3 000, even though up to 70% of the costs could have been financed and all the subsidies paid in advance by public authorities.[7] Consequently, the Housing Upgrading Operation does not manage the promotion of qualitative renovation for homeowners because Roubaix's homeowners are mainly insolvent and among the poorest people in the city, living in highly degraded houses, which require major financial intervention. However, 15% of new homeowners with a higher level of renovation (EUR 15 000) have participated in the programme. In this context, the de-specialisation market strategy seems to be more adequate than the new housing supply diversification strategy when trying to attract new demands in deprived areas.

Considering the rental private supply goal, in 2010, 433 houses were completely renovated by investors. In terms of figures, the target was not reached but qualitatively, the Housing Restoration Operation exceeds targets: EUR 76 000 of renovation works. Concerning the type of housing supply which is renovated, more and more social rentals are developed by investors (EUR 5.5/m²) because more subsidies are offered for this type of housing, considering the National Housing Agency standards, and because more and more investors are seeking important tax cuts as well as wanting to ensure the rentability of their homes.[8] The development of social rents does not match the initial goal of public authorities. In a divided metropolitan housing market, lower rents could attract the poorest people from the entire Lille metropolis, reinforcing the social specialisation of Roubaix.

In summary, market de-specialisation succeeds in creating qualitative renovation, but could fail in blocking the social specialisation of old inner cities. The city of Roubaix is facing new stakes in light of these results: how can Roubaix keep the newcomers from Lille and suburban rings? Given the preliminary gentrification movement, how can Roubaix reach a social mix between newcomers and the former population?

6. Data from a sociological investigation carried out among 100 newcomers during the summer 2010 (Ville de Roubaix, 2010).

7. Data from the Local Housing Observatory (Ville de Roubaix, 2011).

8. *Ibid*.



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**Conclusions and policy recommendations**

Through this case study of Roubaix, urban shrinkage, as a multi-dimensional weakening process of socio-territorial competitiveness, is a complicated issue for local authorities. In the French context, with no existing tools to address it, local authorities like those in Roubaix are becoming involved in the socio-territorial correction policies such as the Great Urban Project and the National Urban Renovation Programme.

However, since involvement in the ANRU programme, some national standards have been implemented without a clear vision of their adequacy within the local dimension. If the national government standard is a way to control local authorities, it also poses a problem for developing strategies adapted to local situations. A growth-oriented strategy, like the housing diversification standard, reinforces the socio-specialisation since only new social housing is built, in the most degraded areas. Even if Roubaix is one of the cheapest cities in France, the new private housing supply is still unaffordable for its inhabitants, and is cannibalised by the outer rings' supply and private old offers which are of better quality. It could develop the vacancy rate and limit the attractiveness of the city for property developers and new property renters. However, the "government from afar" is ambivalent because providing a high level of subsidies to local authorities allows recycling brownfields, the production of social qualitative dwellings and large-scale urban projects which would not be possible considering the local financial resources.

Considering the private housing market de-specialisation strategy, the quantitative targets have not been reached because the majority of Roubaix's homeowners are poor and insolvent. Despite a high level of subsidies, upgrading opportunities are limited and, given the highly damaged private housing supply of Roubaix, are often not worth a qualitative restoration. Considering the old and private rental supply, the targets are qualitatively reached but not quantitatively. The level of rents, in a split and tense metropolitan housing market, could reinforce the social specialisation of the old inner city. Social diversification is emerging in Roubaix only thanks to the steady growth of the Lille agglomeration's housing market.

If the housing market and prices are a key resource for local development, the policy is not necessarily worth its costs and could have the opposite effect on the most deprived people for whom housing prices constitute an increasingly heavy part of their revenue. Consequently, the housing market, in shrinking cities, is clearly a part of the solution but also a part of the problem. Local authorities must be careful of market and growth-oriented strategies because, with few existing controls, they could reinforce the multi-dimensional process of shrinkage.

Moreover, beyond the social mix goal, housing strategies developed according to the housing diversification standard are inspired by the gentrification (Bidou-Zachariasen, 2006) and the creative class theories (Florida, 2002). They develop the idea that attracting a new population, allegedly wealthier, could correct the territorial imbalance. However, as François Ascher (2010: 143) writes about urban attractiveness:

> "local development is more and more implemented through the ability of attracting the young and graduated middle class. Which causes some problems […]. These social classes only represent a minor part of employment, but they constitute a key resource for development […]. It might cause some difficulties because local public authorities may be compelled to do a lot for attracting and retaining a minority and wealthy social group although, otherwise, they would not meet requirements of local and poor social group [...]. But, it is politically sensitive to communicate about what we do to attract wealthy newcomers although some serious social problems exist."



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This quotation summarises the residential attractiveness paradox as a public policy goal: for whom are public authorities developing policies for? Who are the fair and legitimate beneficiaries of public policies? As long as there is no social mix, urban shrinkage is likely to get worse if public policies exclude prospects for the local population.

Other, more integrated policies can be explored such as mixing urban and economic intervention for the development of industrial and high-skilled jobs and socio-educational policy to address the main local causes of urban shrinkage: de-industrialisation and unemployment.

Key policy recommendations include:

- Housing is a part of the problem and a part of the solution in shrinking cities, but intervention must be based on a detailed diagnosis to determine the local causes of shrinkage.
- Policy makers should be aware of market-based strategies because the process is mainly uncontrollable: if the strategy succeeds, a gentrification process could evict the former population and if it fails, social diversification could reinforce social specialisation.
- When it comes to urban shrinkage, locally adapted strategies lead to better results than the implementation of national ones.
- For old industrial shrinking cities, strategies need to be more comprehensive, mixing economic, socio-educational and urban policies to address the main local causes of shrinkage: de-industrialisation and unemployment.
- Housing policy makers should shift from residential attractiveness to residential place attachment strategies for both the local population and newcomers moving out of the city.



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*CHAPTER 12 :*

# PLANNING RESPONSES OF SHRINKAGE IN THE SLOVAK REPUBLIC'S LARGEST CITIES

**BY**
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**AND BRANISLAV BLEHA**



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## Introduction[1]

As in Central and Eastern European cities, Slovakian cities are also facing shrinkage. Decades of ongoing urban growth have been replaced by long-term urban population decline since 1989. Wide-scale de-industrialisation, housing construction collapse, as well as different family and migration behaviour have accompanied the post-socialist transition. In the absence of explicit urban policy imposed by the central state, these new development processes pose a serious challenge to urban governments. This chapter analyses the extent of the planning framework have used and deals with various aspects of shrinkage. It also identifies that existing planning documents are not sufficiently used for clearly identifying shrinkage processes in cities. At the same time, the potential of local planning is not sufficiently utilised for setting the context of different kinds of development priorities and efficient measures to deal with shrinkage.

## Slovak Republic's context

Shrinkage in cities is not frequently researched in the Slovak Republic; however, authors that have outlined selected demographic features include Slavík et al. (2005), Finka and Petríková (2006), and Bleha and Buček (2010). The intention of this chapter is to raise awareness of shrinkage in Slovakian cities; however, a good indicator that this has already begun to occur is the reference of shrinkage in the main local planning documents. "Planning response" is among the growing fields of interest within the "shrinkage" debate (Wiechmann, 2008, Hollander et al., 2009, Pallagst, 2010). In this contribution, this chapter focuses on shrinking is cities with a population above 50 000 between 1996-2009, which includes 11 of the largest Slovakian cities (including the 2 largest cities of Bratislava and Košice) (Table 12.1). Eight of these cities serve as seats of regional self-governments, including the capital city of Bratislava, with the exception of Martin, Poprad and Prievidza (Figure 12.1). Approximately 25% of the Slovakian population live within these cities.

Table 12.1. **Population size in the biggest Slovak cities**

| City | Population (as of 31 December 1996) | Population (as of 31 December 2009) |
|---|---|---|
| Bratislava | 452 288 | 431 061 |
| Košice | 241 606 | 233 880 |
| Prešov | 93 147 | 91 193 |
| Žilina | 86 811 | 85 252 |
| Nitra | 87 569 | 83 692 |
| Banská Bystrica | 85 052 | 79 990 |
| Trnava | 70 202 | 67 605 |
| Martin | 60 917 | 58 166 |
| Trenčín | 59 039 | 56 514 |
| Poprad | 55 303 | 54 433 |
| Prievidza | 57 395 | 50 351 |

*Source*: Statistical Office of the Slovak Republic (1996; 2010), "Annual data on population dynamics" (in Slovak), available at *www.statistics.sk*.

1. This contribution was supported by VEGA Grant No. 1/0709/11 "Adaptability of spatial systems during the post-transformation period".



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Figure 12.1. **Cities with population above 50 000 in the Slovak Republic, 2009 (within regional borders)**

*Source*: population data provided by Statistical Office of the Slovak Republic (2010), "Annual data on population dynamics" (in Slovak), available at *www.statistics.sk*.

Over the last decade, the planning framework has expanded significantly at the local level. This has been achieved through improved management approaches in fields like spatial development, business support, local workforce, transport infrastructure and city marketing. This chapter focuses on the management of shrinkage within selected planning documents adopted at the local level in the Slovak Republic. Three types of plans that cover shrinkage are: **master plans** as key documents in territorial planning, **programmes of economic and social development** representing strategic development planning, and **community plans of social services** focusing on social services. As official documents required by legislation, they are adopted by city councils and provide the main regulatory framework for not only the local government but also for other parties active in local life. Eleven programmes of economic and social development (for all the cities in the sample) and nine adopted community plans of social services were analysed. Five master plans that were adopted or revised within the last decade were also evaluated. Due to the fact that planning documents cover an entire area of the city, we debate shrinking within this spatial framework.

From a demographic point of view, urban shrinkage is a reality in the Slovak Republic. The number of inhabitants is decreasing in most of its 138 cities. During the analysed period (1996-2009), the population of cities decreased by almost 100 000 inhabitants, while a further 100 000 inhabitants live in rural settlements. Approximately half of urban population loss is caused by population developments in 11 of the largest Slovakian cities. All of these cities with more than 50 000 inhabitants lost between 1.5% and 7.5% of their population between 1996 and 2009. A negative migration balance and a decline in the total fertility rate have lead to the overall decrease of population. Population has been redistributed from cities to rural settlements especially residential suburbanisation, which has expanded in the majority of larger cities' hinterland. The population dynamics have improved in Bratislava over recent years, thanks to growth in migration (Bratislava has had a positive annual migration balance since 2005) as well as natural increase since 2006 (mostly because of the positive economic development and new workplaces). In addition, from 1996-2009 all 11 cities recorded an increase in mean age, with some having a mean age already above 40. A decrease in cities' population combined with population ageing can be considered the most alarming issue, especially from the point of view of financing social services.



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**Shrinkage in local planning documents**

The two basic approaches to shrinkage that should be included in planning documents are: *i)* clearly identifying shrinkage. This is the role of the planning documents' analytical sections. Among the results, there should be data and other evidence confirming the existence of shrinkage. Clear identification includes characteristics of its dynamic nature, which are necessary for any planning considerations; *ii)* the adoption of new development priorities, appropriate measures, tools, etc. should be reflected in more regulatory oriented and executive sections of planning documents. This is especially the case within the "programming" sections in programmes of economic and social development.[2]

The analysis of primary demographic identification of shrinkage in the analytical sections of planning documents[3] revealed that not all available plans satisfactorily fulfilled this expectation. Most had elaborated demographic analyses containing an overview of basic indicators of population dynamics and structures. However, only a few cities had adequate population forecasts based on the application of the cohort-component method (a more precise method of population projection taking into account the age and sex distribution of the population), with a sufficient explanation of introductory assumptions and accompanied by a transparent and logical presentation of the results. The dynamics of population change in most cities fluctuate annually. In some cases, only a few years after the adoption of their plan, real population development is already different. Therefore, depending on their analytical sections, the significance of the level of shrinkage awareness is hard to achieve. Only a few cities know in detail the scope of shrinkage they are facing.

An examination of the interaction between shrinkage and planning in cities was based on selected, frequently mentioned shrinkage issues. These include: land use, housing, technical infrastructure, social facilities and services, as well as local finance (following e.g. Wiechmann, 2008; Hollander et al., 2009; Moss, 2008; Wolf and Amirkhanyan, 2009). The aim was to evaluate the extent of the planning/programming sections of local documents that contain a shrinkage-induced course of action. It was the assumption that despite the frequent lack of adept identification of shrinkage, that unintentional shrinking-related planning priorities and measures within planning documents could help reduce the impact of shrinkage. We respect the fact that the concept of shrinking is more or less unknown in the Slovak Republic, but partial measures can be adopted because of selected process evaluation (e.g. land use changes).

One of the most visible links to shrinkage processes concerns land use especially related to de-industrialisation. Large areas of former industrial plants are now vacant and disused in cities. While those areas close to city centres are often already restructured and given new functions, large pieces of unused and derelict land inside the compact urban environment remain. Some cities have attempted to classify them as brownfield locations and plan to detail specific projects for their future use by the business sector.[4] At the same time, new industrial locations (such as industrial parks) are being prepared for construction or as land reserves in master plans. All such land-based activities are part of undertakings to attract new investors within new workplaces. In many cases, new investment inflow is the foundation for calculated future growth, despite accepting longer term development difficulties. Often new development

2. Programmes of economic and social development as adopted in the following cities: Banská Bystrica, Bratislava, Košice, Martin, Nitra, Poprad, Prešov, Prievidza, Trenčín, Trnava, Žilina.

3. Master plans as adopted in the following cities: Bratislava, Nitra, Prešov, Prievidza, Trenčín.

4. Besides their own resources, local self-governments can obtain support for their brownfield locations revitalisation projects from EU funds. They focus on redevelopment, technical infrastructure modernisation, land clearance and the elimination of environmental burdens in these locations.



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objectives are formulated within already built-up areas of a city. Preference is given to available vacant land and the compact city form of development, e.g. in housing construction.

In comparison to other countries (especially Germany), housing is not considered as an important feature of shrinkage in Slovakian cities (such as the problem with vacant houses). Large-scale housing privatisation occurred in the 1990s whereby most housing is private and is considered the direct responsibility of citizens. Citizens' housing needs are supported by various tools introduced by central state and local governments (such as support of savings in building societies, technical infrastructure subsidies, social housing construction, and land availability). From the urban shrinkage point of view in the Slovak Republic, large socialist housing estates are the most vulnerable. Planning documents emphasise the need for their regeneration, modernisation, or improving their energy efficiency. Cities are interested in the humanisation of these housing estates' living environment to prevent their degradation. Housing estates have a large role to play due to the housing shortage within Slovakian cities. New housing construction had declined particularly during the 1990s in the absence of housing support tools during the early period of economic transition. Nevertheless, planned extensive new housing locations will probably be under reconsideration by local self-governments in future plans, based on exaggerated population growth forecasts in current plans.

A capacity growth-based approach is applied to technical infrastructure planning in cities. Plans mostly focus on solving infrastructure needs in areas of new development, replacing older infrastructure, and completing missing environmental infrastructure (sewage networks, water cleaning). There is a lack of attention to the dangers of infrastructure overcapacity, even though it already exists. Capacity growth-based planning relates to the perception of development reserve and good potential; however, wider considerations on infrastructure capabilities are absent.

Population decrease also results in financial losses for local self-government and a threat to public service provision. Programmes of economic and social development include analyses of local self-government finance (incomes/expenditure flows and structure, property base and indebtedness are inevitable for formulating financial measures). An important source of local finance is personal income tax – 70.3% of the total amount is distributed to local self-governments in the Slovak Republic. The tax is distributed according to the official number of permanently registered local residents. Changes in population numbers immediately affect the amount of funds transferred from this tax to local budgets. Lower populations have had a negative financial effect on particular groups of inhabitants, for example, pupils at local schools, whereby the transfer of resources from the state budget for education is calculated predominantly on a per pupil base. Therefore, the decreasing number of pupils results in fewer resources for local education networks placing financial pressure on sustaining existing school facilities. Many cities also lack the resources to cope with certain shrinkage-based issues such as the regeneration of old industrial land, or investments in social services, for example the elderly. Despite the outlined logical links, more direct local financial aspects of shrinkage are not taken into consideration.

The examination of community plans of social services[5] concerning the elderly population and families with children (sometimes as families in crisis, as pointed out in several plans) revealed that considerably more attention is being paid to the elderly population. Cities frequently stated insufficient capacities and a lack of diversity in service provision to the elderly population. Many plans identified unfavourable demographic developments as a threat to local social service provision. Cities' plans stated the immediate need to increase capacities, whereby investment is needed for the construction of new facilities for the elderly. Often the strategy is to reduce waiting lists for various facilities serving elderly citizens and/or conversion plans such as transforming facilities serving children to facilities serving elderly citizens.

5. Community plans of social services (2009-2010) as adopted in the following cities: Banská Bystrica, Košice, Martin, Poprad, Prešov, Prievidza, Trenčín, Trnava, Žilina.



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Cities' community plans of social services also focused more on preventing crises within families, to assist families with handicapped children, etc. rather than on a proactive family policy that could potentially improve development through children and family-oriented measures (e.g. increase the number of places in pre-school facilities, more free time centres, support of single-parent families, more social housing, not mentioning possible pro-natality measures).

**Conclusions**

The issue of shrinkage should be moved to the forefront of the scientific and political debate on urban development in the Slovak Republic. Although population development analyses confirm the shrinkage of cities, there is a lack of a wider debate on this issue. This is due to the perception by planning authorities that the impacts of shrinkage are mild and less complex in nature (for example, there is no problem of vacant housing, as a typical feature of shrinkage in many countries), as well as the absence of cities facing very pressing and wide-ranging shrinkage-related challenges. There is a longer term underestimation of the impacts of shrinkage on cities. Urban shrinkage has also been overshadowed by long-term dominant post-socialist transition and the transformation debate. It confirms the fact that there has been no wider attention given to the concept of shrinkage in Slovak social sciences. The move to the post-transformation period offers the chance for many new scientific concepts in urban development, including shrinkage.

The traditional growth-based nature of local planning has to be challenged. Plans at the local level are prepared as documents "drawing" positive future developments. Being not only professional but also political documents (adopted by city councils), among their traditional roles is to formulate optimistic growth that offers positive expectations. Although city councils are already forced to adopt shrinkage-related decisions under the pressure of population development or financial pressures (such as school closures), these impacts are not extensively included in the planning documents. Less positive decisions are adopted outside the existing planning framework, i.e. outside the systematic preparation for such a situation (they are initiated under the pressure of momentary development, operational and financial analysis). The role of planners and other professionals is to persuade the local political elite that plans should be more realistic and should be used to better prepare for real situations and not to give the illusion of future growth. Plans need to have a more balanced awareness of the future.

Despite a suitable general framework, planning at the urban level does not provide a sufficient practical tool to address shrinkage in the Slovak Republic, and in most cases, it is overlooked in planning documents. The Slovakian case confirms that planning documents and related policies do not reflect current urban development trends, but are reactive (with delays), as identified by Wiechmann (2008). There is a strong need to improve the analytical sections of planning documents in order to more precisely identify city demographic dynamics for future planning purposes, such as shrinkage processes. Improving the analytical sections also means inviting specialists to elaborate more sophisticated analyses and forecasts. Shrinkage is a serious challenge for the Slovakian planning system, and planners are not yet prepared for "non-growth" development and adaptation to shrinkage. Urban planners, city representatives, and officials are not prepared to think systematically about different development priorities, or new kinds of measures suitable for shrinking cities. A more extensive theoretical debate and research on shrinkage, subsequently followed by new guidelines for elaborating local plans is needed in the Slovak Republic.

Key recommendations for policy makers:

- The quality of local population forecasting has to be improved. This can be achieved by involving demographers/geodemographers well trained in population forecasting with elaborating plans, or by central state-initiated population forecasts being elaborated by specialised institutions experienced in such kind of forecasting (e.g. for all cities). This could improve the quality of planning in general (in all types of plans).



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- Planning documents have to be more realistic. A positive influence would gain extensive citizens' participation, leading local stakeholders to become directly involved (from private and non-governmental sectors) in the preparation of the plans, as well as by external professional review of plans prepared for adoption by the city council (for example, two or three external experts). It could increase awareness of shrinking within the local community and help to adopt more realistic measures.

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*CHAPTER 13:*

# DEMOGRAPHIC AND ECONOMIC CHALLENGES OF LATGALE REGION, LATVIA

**BY**
**ZANDA KALNINA-LUKASEVICA**



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## Introduction

The Baltic Sea Region is one of the most socially, economically and technologically developed regions in the world. The Baltic Sea Region is often characterised by such examples as the commitment of Denmark to become completely independent of fossil energy resources by 2050, the achievements of Finland in the high-tech field, and the ability of Estonia to effectively implement e-management solutions. The region has a high level of GDP, in the world's context – limited social inequality, leading places in Doing Business and Global Competitiveness indexes.

At the same time, the Baltic Sea Region is facing major challenges for the development of a balanced and sustainable socio-economic structure. Rapid ageing of society and depopulation of territories are taking place in the region, including in Latvia.

Negative demographic trends have become an increasing challenge for the economy of Latvia – the average age of residents has increased from 36 to 40 years over the past 20 years; if the birth rate and/or immigration do not grow, this trend will continue (Kazaks, 2011). The trend that is more extensively referred to as "shrinking cities and regions" is increasingly depleting the human capital of the region and is in causal connection with employment opportunities as well as regional rates of innovation and productivity. There are also high internal differences in human capital development and productivity performance.

In this chapter, we look at the Latgale Region in Latvia, which is a prominent example of shrinkage. We conclude that greater return for increasing and developing economic activity in the Latgale Region may be obtained from targeted investment into human capital, skills, knowledge, and quality of the workforce in combination with a co-ordinated economic policy and improvements in business activity rates and well-designed integrated governance.

## Characteristics of the Latgale Region

Table 13.1. **Characteristics of the Latgale Region**

| | Latgale Region | Comparison with Latvia |
|---|---|---|
| Population (2011) | 335 013 | 15% of total population in Latvia |
| Area | 14 549 km$^2$ | 22.5% of total area of Latvia |
| Population density (2011) | 23 per 1 km$^2$ | 34.5 per 1 km$^2$ in Latvia |
| Registered unemployment rate (February 2011) | 22.8% | 14.5% in Latvia |
| GDP per inhabitant (2008) | EUR 5 600 | EUR 10 200 in Latvia |

The Latgale Region is an EU border region; it shares borders with the Russian Federation in the east, the Republic of Belarus in the southeast, and the Republic of Lithuania in the south. According to the current administrative division, the Latgale Region incorporates 19 counties and 2 republican cities (Rezekne and Daugavpils) that have the same administrative status as the counties. Figure 13.1 illustrates the location of the Latgale Region in Latvia.



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Figure 13.1. **Location of the Latgale Region**

In the context of clearly visible demographic changes, the Latgale Region is facing the following negative tendencies:

- In the ten-year period from 2000 to 2010, the population in the Latgale Region decreased by almost 14%, compared with Latvia as a whole by approximately 6.5%. Major differences in the natural increase of population are also evident. It was -1.02% in Latgale in 2010, and since 2000, when the natural growth was on the level of -0.75%, it has been steadily dropping down into negative figures. Throughout Latvia, natural growth rates have fluctuated between -0.31 and -0.56 in recent years.

- Latgale has had a significantly higher unemployment rate than the Latvian average for along time. This also applies to the first months of 2011: it had an extremely high rate of 22.8%, when effects of the 2009 economic crisis in Latvia started to diminish and the registered unemployment rate in the capital city Riga had dropped below 10%.

- One of the factors closely related to the unemployment level is the business activity rate and the creation of new jobs. Six new companies per 1 000 residents were registered in Latvia in 2010, but in Latgale this rate was only 0.04. At the same time, a lack of qualified labour is already impeding the creation of new companies and jobs in the region. In particular, the lack of qualified and sufficient amount of labour is mentioned by investors as being one of the main reasons preventing the development of new service centres or production in economically depressed regions.

As a result there is significantly lower GDP per capita in the Latgale Region. Altogether economic and demographic trends in the region create threats for sustainable long-term development of the region.

One of the findings of recent OECD research *How Regions Grow: Trends and Analysis* (2009) is that regional growth rates are closely interrelated with productivity and innovation rates and they are followed by the accessibility of infrastructure, number of population and unemployment rates.



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The Latgale Region in Latvia shows a slower growth of productivity compared to most of the 20 fastest growing OECD regions. To further outline the situation it is worth mentioning the Summary Innovation Index. Latvia, Lithuania and Estonia are behind the average EU indicators. Index dimension analysis shows that, for example, Latvia and especially the regions outside the capital city Riga lag significantly behind in the number of innovators and innovation transfers and commercialisation. The regions lagging behind not only have a lower level of entrepreneurship activity but also significantly lower private sector investment in R&D activities.

**Investments in infrastructure (hardware) and human capital (software)**

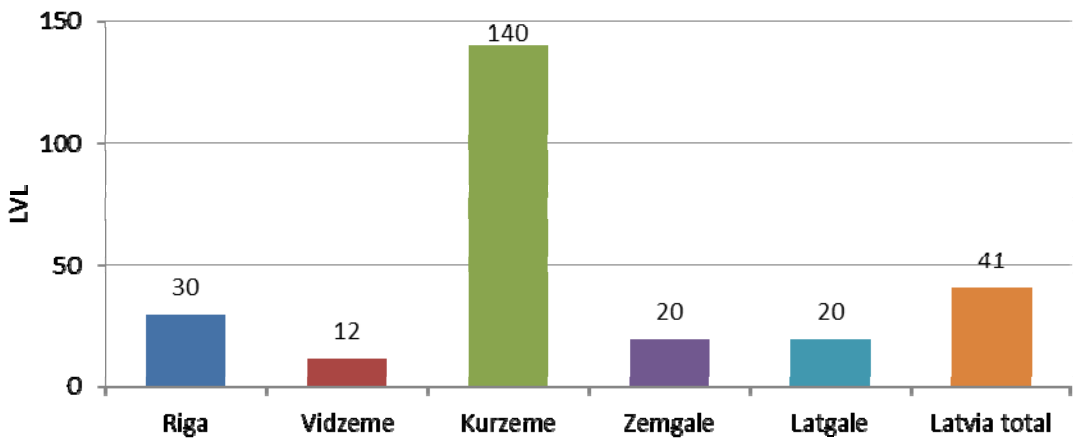
The Latgale Region has been economically less developed for several decades. Nevertheless, the radical differences during the last few years and the especially strong impact of the economic crisis and the following slower regeneration of the economy makes one consider the comparatively lower investment in human capital development over the last five to ten years. One can also make the assumption for the possible lack of investment in human capital development in the Latgale Region.

Analysis of the amount of investment between 2004 and 2010 from EU structural funds and the comparative indicators of the regions has revealed the following: in Latvia, in total there were almost three times more funds invested in the development of infrastructure throughout the previous EU financing period than invested into the development of human capital. Also, the breakdown of all investment between the regions differs about three times if calculated per resident. If, for instance, it was LVL 321 per resident in the Kurzeme Region, then in the Latgale Region the investment would have been three times less, or LVL 110 per resident (Ministry of Finance, 27 May 2011, the situation as of 31 December 2010.)

The comparison of the European Regional Development Fundused for infrastructure investment reveal smaller differences. There are LVL 63 per resident invested in the Latgale Region, or half the Latvian national average, where in other regions the fluctuation is from LVL 88 per resident in Zemgale to LVL 162 in the region surrounding Riga (as of 31 March 2009.)

At the same time, analysis on the use of financing allocated for human capital between the regions reveals dramatic differences, sometimes by as much as ten times. There are LVL 140 per resident invested from the European Social Fund financing in Kurzeme, LVL 20 in Zemgale and Latgale, but only LVL 12 in Vidzeme (Figure 13.2).

Figure 13.2. **Completed European Social Fund projects by region as at 31 March 2009 (LVL / per capita)**



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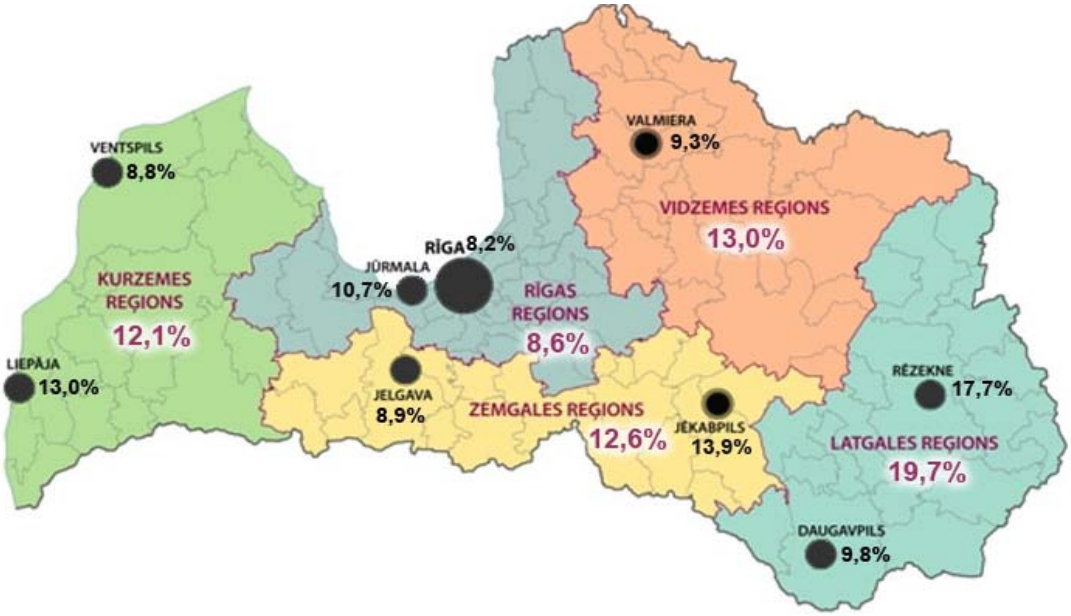
There is no doubt that precisely distinguishing the causality between the volume of investment and development achievements of the region is difficult. Additional arguments about the importance of investment in developing human capital are provided by differences in unemployment between the Kurzeme, Zemgale and Vidzeme Regions. Historically, there was no significant difference in the pace of development between these regions. However, in 2010 and the first quarter of 2011, the Kurzeme Region, which had greater investment in the human capital, had a comparatively lower level of registered unemployment. It was followed by the Zemgale Region and the Vidzeme Region featuring slightly higher unemployment indicators (Figure 13.3).

Figure 13.3. **Registered unemployment rate in Latvia, September 2011**




**Survey of residents –development potential**

A representative sociological survey (SKDS, 2011) was carried out in March 2011 by asking questions on the willingness of residents in Latvia to study, increase and renew their skills and qualification. The results indicate several alarming long-term trends: *i)* a high level of willingness to go abroad in search of a better job; *ii)* a low willingness to invest in increasing one's own competitiveness in the labour market; and *iii)* an extremely low willingness to start a business.

Figure 13.4 illustrates that only approximately 30% of the respondents indicated that they are planning to study in order to increase their qualifications or re-qualify and change their profession. It will be increasingly problematic to maintain an occupation in the context of changing economic conditions in the absence of a willingness to invest in one's own qualifications. Therefore, employees with "old skills" will become uncompetitive. Significantly, 33% of respondents with higher education confirmed their willingness to study while only 26% of residents with a basic education did so. This indicates the direct impact of the level and quality of education on citizen's assessment of what is required to ensure their competitiveness in the labour market.



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Figure 13.4. **Answers to the question "If thinking about the future, what are you planning to do to ensure your job and income in the long-term perspective?"**

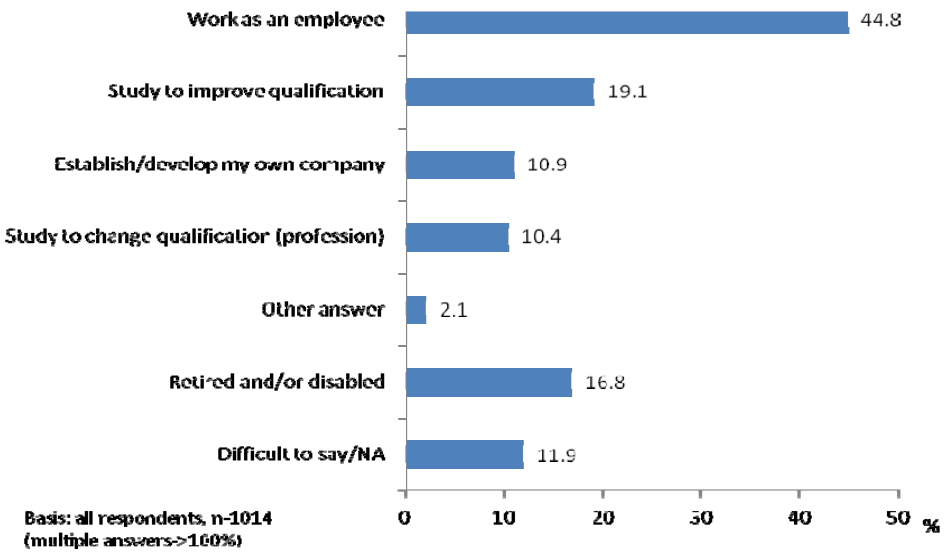
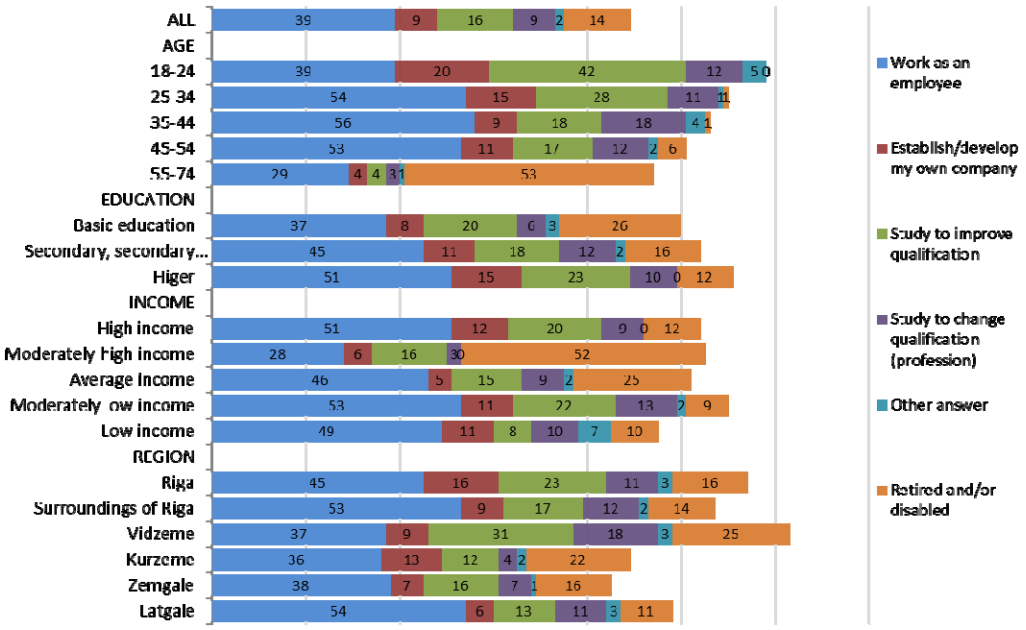



Figure13.5 illustrates that a significantly higher proportion of the population in the Latgale Region (54%), compared with the Vidzeme Region (36%), prefers to work as an employee. Only 6% from Latgale are considering the possibility of establishing their own company while in the capital city of Riga 16% of residents and 10.9% throughout Latvia on average, have expressed their willingness to start a company.

Figure 13.5. **Answers to the question: "If thinking about the future, which of the following are you planning to do to ensure your job and income over the long term?" (%)**



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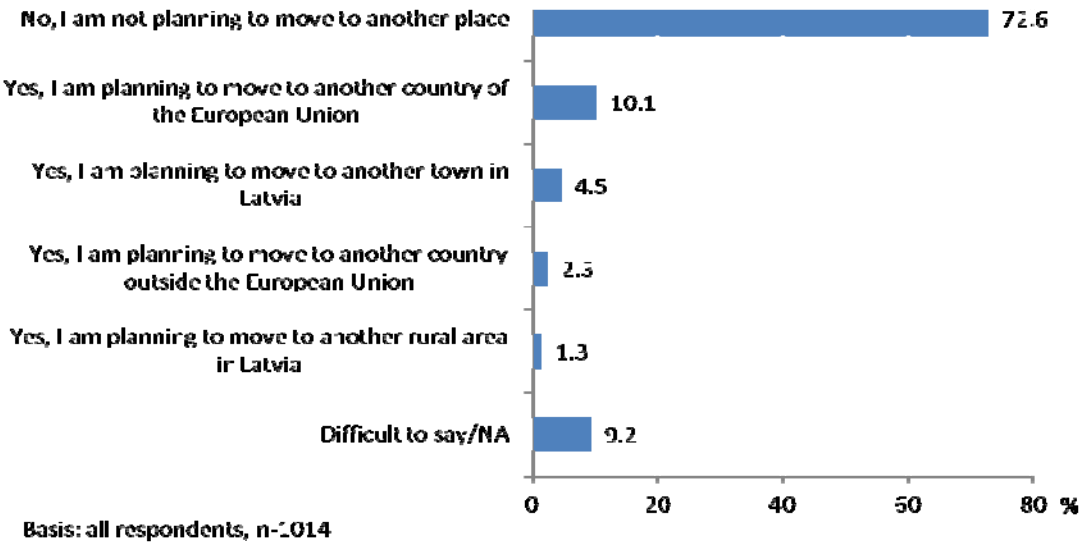
Analysis of the differences between various groups of respondents (Figure 13.5) shows that the greater the age and the higher the education, the less often people plan to move to another place of residence. The amount of income does not noticeably influence the willingness to move, but there is a distinct feature that the lower the income the higher the willingness to move, which may be explained by the lack of job. The region of residence does not have an influence in most cases, except on the residents of Latgale where the willingness to move is higher.

The same study revealed the main obstacles for starting a business. These are dominated by the lack of knowledge, experience, skills, information and support, not by the infrastructure or technical resource limitations. More than 50% of the respondents mentioned reasons related to skills, knowledge and lack of personal capabilities or initiative, for not starting their own business.

In 2009, in response to the question: "if your family's standard of living dropped, which three of the activities mentioned below would you take first?", the majority of people expressed the wish for another or better paid job; only approximately 13% of residents were prepared to start their own business or self-employment. During the last years, the readiness to start a company has decreased even more.

A sociological survey of residents of Latvia in March 2011 found that 18.2% of the respondents are planning to relocate, including 12.4% to another country and only 5.8% to another populated area within Latvia. One of the main factors of this is the high unemployment rate (Figure 13.6).

Figure 13.6. **Answers to the question: "If thinking about the future, are you planning to change your place of residence (move to another part of Latvia or abroad)?"**




As the reason for potential migration from the Latgale Region, 55.9% of the respondents indicated the desire to find a more interesting or better paid job. Therefore, the lack of jobs creates the highest incentive for emigration and simultaneously the greatest threat for long-term development of the region.

Overall, this indicates the increasing trend to choose emigration as the solution for economic difficulties of the household, rather than becoming self-employed or starting their own business. This in turn indicates challenges to the financial sustainability of the state and municipality because the higher the unemployment the more people emigrate, the greater the burden on the respective social budgets. Figure 13.7 illustrates the differences between regions and age and income groups.



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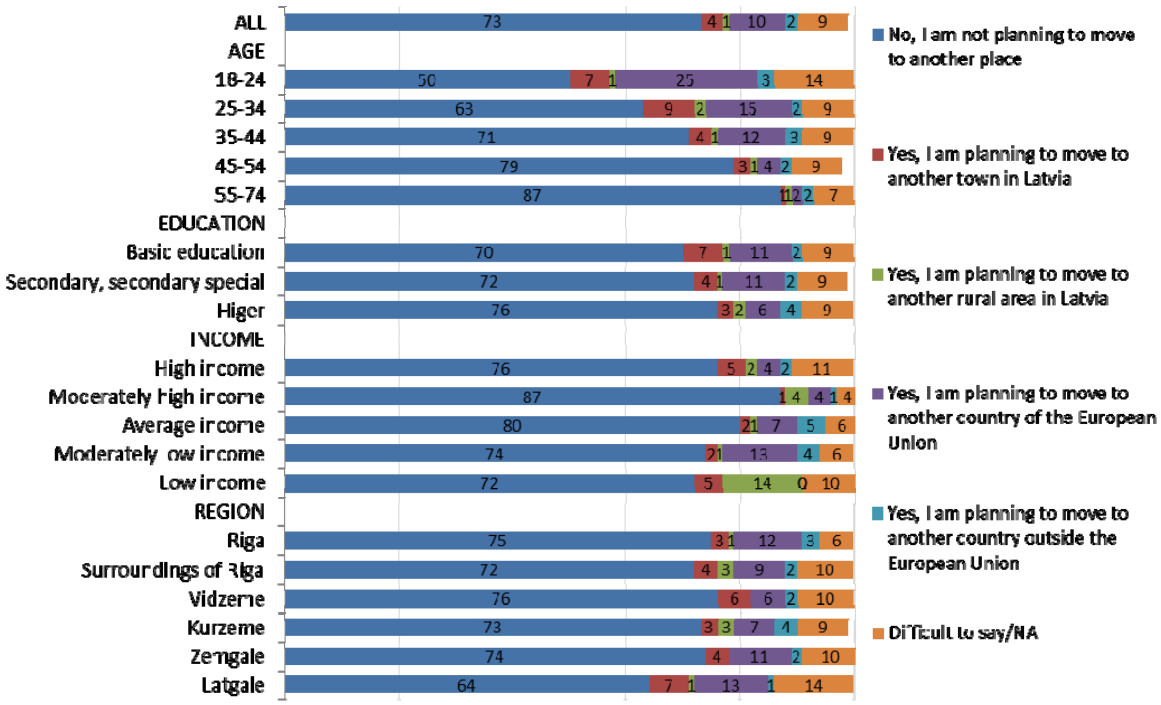
Figure 13.7. **Answers to the question: "If thinking about the future, are you planning to change your the place of residence (move to another part of Latvia or abroad)?" (%)**




Even if it is due to targeted policies, the expansive emigration wave has been halted, the demographic projections indicate that, albeit at a slower pace, over the medium term depopulation in Latvia will take place anyway. The chances of returning to positive population number dynamics are only forecasted in the long-term perspective (Austers, 2010). Thus, Latgale and other regions with similar economic and demographic structures have a choice between uncontrolled and controlled, or smart/intelligent shrinking.

## Policy implications

The differences in the development of regions in Latvia and the demographic and economic trends and individual choices and motivation discussed above, indicate the possible consequences of the policy implemented over the last 20 years. Analysis of the development of the Latgale Region over a longer period leads to the conclusion that the present situation (when recovery after the financial and economic crisis is the slowest compared with other regions of Latvia and when unemployment remains the highest and outflow of the workforce continues) can be linked with the level of productivity and job opportunities, compared to other regions.

In the Latgale Region, the quality of the workforce and future perspectives are most at risk compared with the other regions of Latvia. In particular, the lack of qualified and sufficient number of labour force is mentioned by investors as being one of the main reasons preventing the development of new service centres or production in economically depressed regions.

Future development will therefore be determined by both the policies chosen by the government and municipalities and the involvement of the population in their implementation as well as, to a large extent, the choices made at the household level for ensuring private welfare. If residents do not choose to improve



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their competitiveness in the labour market, then the possibilities for developing a knowledge-based economy will be considerably limited. There will be restricted possibilities for innovation and increase of productivity as well as the ability of the economy to match new markets and situations.

The data reveal that if some parts of the economy are growing faster than average then it is increasing its market share in the global economy. In turn, the economies growing slower than the average pace are losing their market share. Therefore, in the long term, the economy will not only maintain the present situation instead of developing, but will stagnate rapidly and lose its market potential. In the case of such a scenario, a sharp decline in wealth may be expected within approximately a ten-year period (Kalnina-Lukasevica, 2011b). The subsequent consequences are helical – the decrease of population – due to the absence of well-paid jobs, more and more young and talented people will economically migrate. As a result, the remaining companies will have to compete even harder to attract an appropriate and qualified workforce.

This indicates that the emphasis on which the regional economic development strategies of the Baltic countries should concentrate on is ensuring an increase in productivity. Consequently, analysis shows that the level of productivity in the Latgale Region can be increased by improving the qualifications of the workforce. Investment into knowledge and skills, which has been carried out over the past 20 years, has provided rather slow returns and very limited influence on the economy. Nevertheless, it will determine the competitiveness of regions during the next 10-20 years directly and at a much faster pace (Kalnina-Lukasevica, 2011b). This investment concerns a wide range of policy areas dealing with the quality of the workforce and youth unemployment as well as the silver economy and growing care sector. Investments in physical infrastructure will provide the required positive effect on the economic structure and its growth rates only when significant improvements in human capital and the appropriateness of the workforce to the rapidly changing economic situation will take place. We cannot expect economic development in territories with decreasing human capital. To improve the socio-economic growth of regions, a multi-dimensional response has to be implemented.

**Conclusions and policy recommendations**

- In the light of rapid demographic changes, primarily greater return for increasing and developing economic activity in the Latgale Region may be obtained from targeted investment into human capital, skills, knowledge, the quality of the workforce in combination with a co-ordinated economic policy and improvements in business activity rates and well-designed integrated governance. It can be concluded that investments into human capital, and not only investments in basic infrastructure, will primarily determine the development potential of Latvian regions in the coming years. Both of these priorities are not mutually exclusive. Nevertheless, it is essential to recognise the priorities and the aspects of mutual influence.

- To solve the socio-economic development problems and depopulation of the NUTS 3 (Nomenclature of Units for Territorial Statistics) level regions of the Baltic countries, the development of human capital and promotion of entrepreneurship must first be carried out. This is connected with attracting foreign direct investments, the establishment of innovative companies and the stimulation of their development and closer and more effective links with scientific institutions. The focus of the regional economic development strategies should be to make improvements in productivity and innovation ability. To create new jobs, there is a need to increase the readiness to take initiative and start self-employment or businesses which are closely connected with the availability of high-quality education and life-long learning possibilities.



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- The two other necessary pillars to ensure the socio-economic development of the region are, first, enforcement of modern governance and integrated planning practice and, second, development of infrastructure of the region (Kalnina-Lukasevica, 2011a). Strong links between local development planning and investments, and enforcement of educational programmes and entrepreneurial development in the territory are crucial. It is important to make changes in the education system, aimed at increasing the ability and motivation to develop and run businesses, and local incentives can have an effect on this. It requires comprehensive changes in the territorial development management.

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*CHAPTER 14:*

# URBAN PLANNING STRATEGIES FOR DEALING WITH SHRINKAGE AND SUBURBANISATION IN SLOVENE CITIES

**BY**
**MOJCA SASEK DIVJAK**



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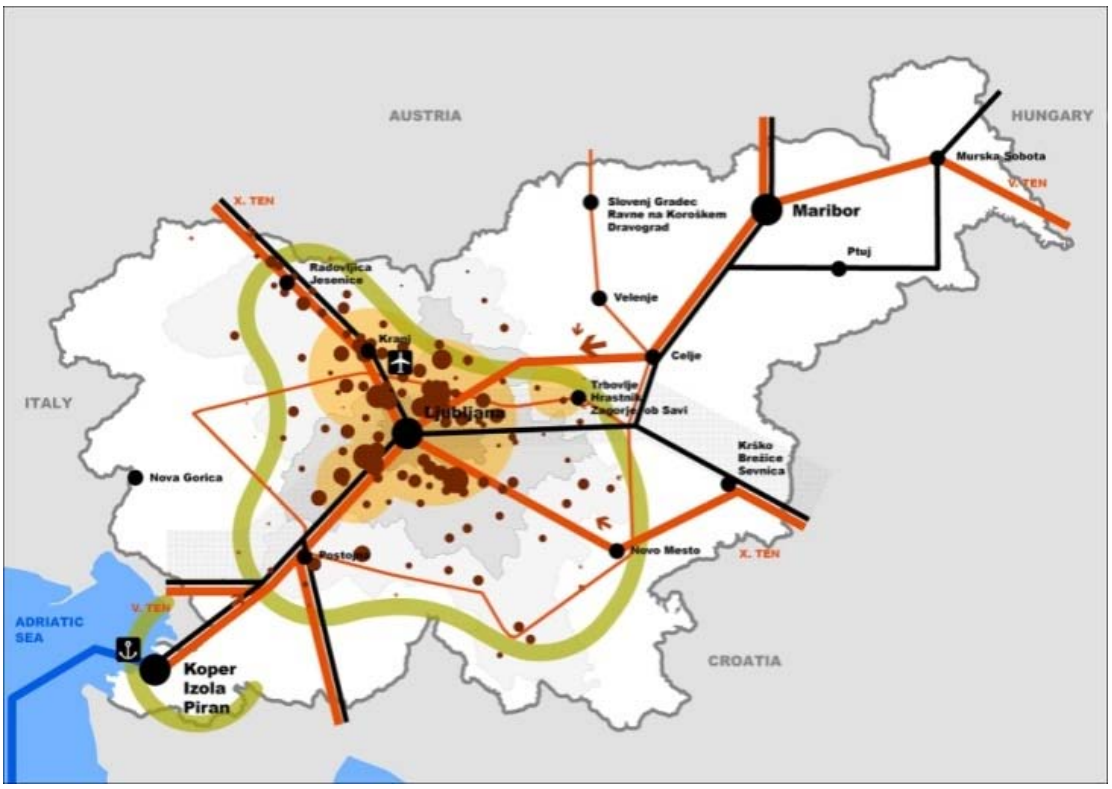
## Introduction

Slovenia is a Central European country of 20 256 square kilometres with a population of approximately 2 million. Geographically, it links together the Alpine, Pannonian and Mediterranean regions. Throughout history, its territory has been an important transport, cultural and geographical crossroads. The variety of geographical formations is also reflected in the development and structure of its economy, the distribution of its population, the types of settlements, and the polycentric development of Slovenia as a whole. In the 1960s and 1970s, it witnessed accelerated urbanisation when the percentage of the urban population grew gradually. After 1981, settling flows began to run in the opposite direction – from towns to town edges and suburban villages. Already in the beginning of the 1990s, a third of the Slovene population lived in suburban areas (Ravbar, 2000). For these areas, dispersed growth was a major characteristic. We can legitimately speak about a spatial reorganisation of the population and because of suburban sprawl, about shrinkage of population in main cities (Ljubljana, Maribor, Celje, Koper). Major demographic issues of these cities are: gradually decreasing population, low fertility, and population ageing. Extensive suburbanisation with relatively low settlement densities has negative effects on efficient **land exploitation**, environment and economy.

This chapter focuses on strategic spatial plans for two cities: Ljubljana (Sasek Divjak, 2008) and Koper (Sasek Divjak, 2005), their principal issues for dealing with a shrinking population in central parts and a vast suburbanisation in their hinterland. In order to promote sustainable development, the model of a decentralised concentration of settlement has been adopted and implemented.

Figure 14.1. **Slovenia's territory with Pan-European transport corridors**




*Note:* (V. TEN: the east-west corridor in Trans-European Networks, from Venice to Kiev and X. TEN: from Salzburg to Thessaloniki), the central lysituated capital city Ljubljana and its urban region at an intersection of these important traffic routes and the "gateway city" Koper, the Adriatic port and the main centre of the coastal region.

*Source*: Sasek Divjak (2008), "Urban planning for the strategic spatial development of Ljubljana", *Urbani izziv*, *letnik*, 19(1): 11-24, UIRS, Ljubljana.



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It comprises three strategies:

1. The development of the central built-up urban area and its historical core.

2. The renewal, revitalisation and transformation of central urban surfaces, especially to improve the urban structure. In this way, they increase their attractiveness for existent and potential inhabitants;

3. In suburbanised and rural areas the development with smaller concentration centres and good network connection between them. An important principle of the decentralised concentration model is to connect regional structures of urban growth to public transport routes and their stations. The principle enables regeneration of these areas, which need new economic investments, with restructuring and new urban functions. The main aim is to concentrate settling, reduce city sprawl and also to get more residents to use public transport instead of cars.

**The model of decentralised concentration for Ljubljana**

As the capital city, Ljubljana is a political, cultural and economic centre. One of the main development problems in the Ljubljana region is also the great extent of suburban sprawl. There are more than 270 000 inhabitants within the municipal boundary, but inclusion of the outlying districts (in the functional urban region) increases the total to more than 500 000 inhabitants.

In the past, the rapid growth in the population of the Municipality of Ljubljana (ML) ceased in the middle of the 1980s at 250 000 inhabitants. The consequences of the intensive immigration in the past are now reflected in an above-average share of elderly population in ML, while the ageing process is further intensified because the younger population is moving away, mostly to the neighbouring municipalities. ML needs to stop this negative migration trend and increase its attractiveness to young people.

***Inner city area of Ljubljana***

In accordance with the new Municipality Spatial Plan, which was elaborated from 2006-2010 and accepted in the 2012, the main strategies for the development of the central built-up urban area are the renewal, revitalisation and transformation of degraded urban surfaces, with the aim to improve the urban structure, the image of the city and the quality of life. On the bases of these strategies, Ljubljana is becoming more attractive to new investments, tourism, congress activities, etc. A few examples include:

- In Ljubljana, the former Yugoslav army areas and bigger industry complexes were mainly constructed on the city edges, but as the city grew, they became part of the inner city fabric. These degraded urban areas represented a valuable possibility for the development of the city through the inner city's restructuring. In the Spatial Plan, they were designed for predominantly residential use, but also for offices, academies of the University of Ljubljana, schools and parks. Some of these buildings have already been constructed or are under construction.

- A few years ago Ljubljana ran a campaign "Ljubljana – My Town", where the municipality was involved in the reconstruction of the facades and roofs of important buildings (which are mainly protected as cultural heritage) (Municipality of Ljubljana, 2009). As a result, many building shells have been renovated, especially in the old city core.

- Part of the campaign was also the regulation of public areas and adaptation for disabled people (removing architectural barriers in the built environment).



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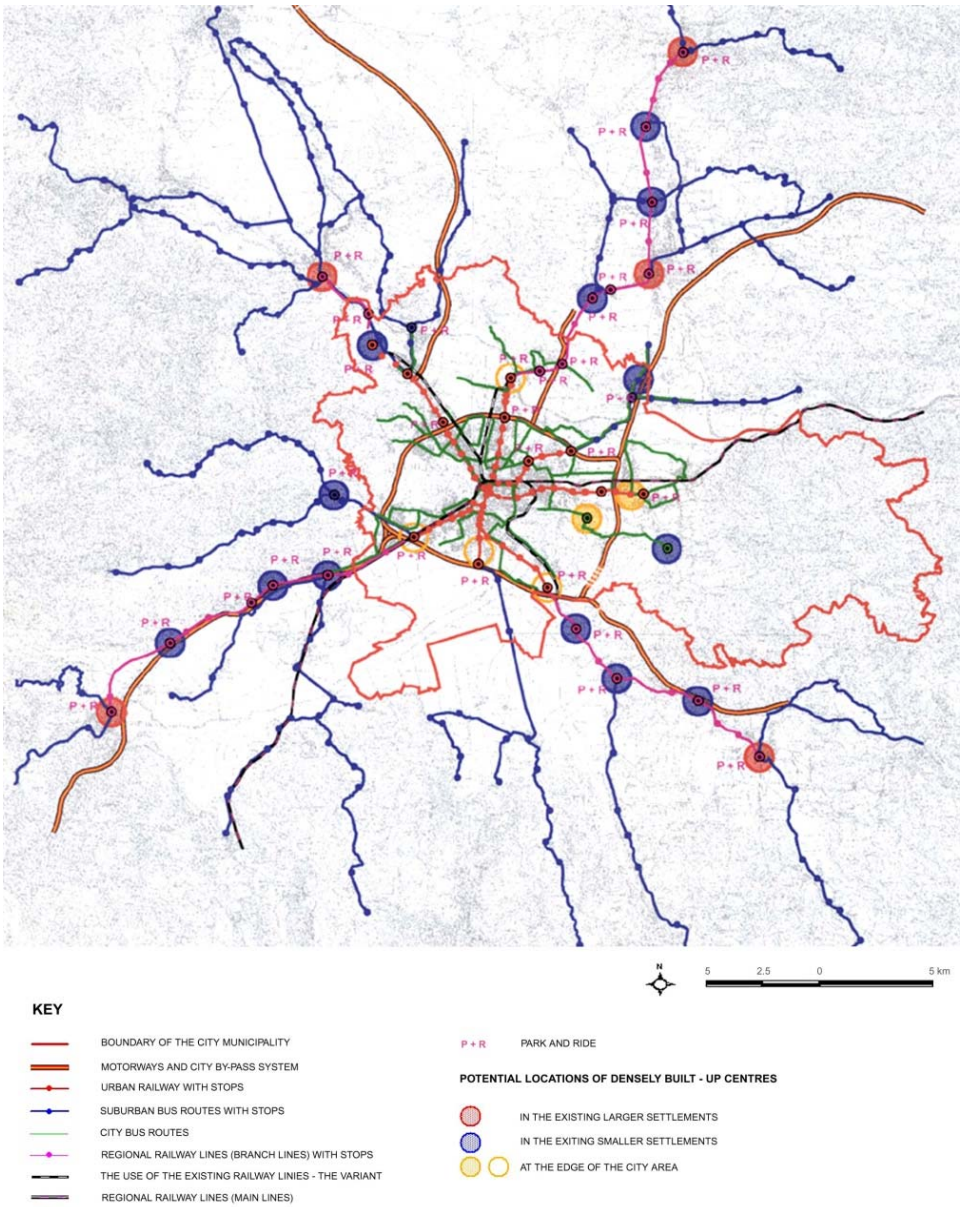
- Additionally through other projects, other city areas have been renovated, including the open areas of the city (squares, streets, parks, a few bridges and embankments of the Ljubljanica River).

***Densely built-up centres in the suburban space***

A star-like shape is typical of the regional development of Ljubljana: a densely built-up city area stretches up to the round (circumferential) by-pass (Figure 14.2). From the by-pass outwards, the city has been expanding in the shape of five branches. Along those directions, dispersed housing of single-family houses prevails, frequently as dormitories that need the concentration of functions and upgrading in the sense of creating new job opportunities.

Figure 14.2. **Model of decentralised concentration in Ljubljana functional region**




*Source*: Sasek Divjak (2008), "Urban planning for the strategic spatial development of Ljubljana", *Urbani izziv*, *letnik*, 19(1): 11-24, UIRS, Ljubljana.



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Taking into consideration the sustainable aspects of the city development and the problems caused by the traffic in the inner city, the solution to this issue is to discharge the traffic pressure on the centre by applying the decentralised settlement model. This model gives priority to the development of several urban sub-centres or densely built-up settlements (providing housing, services, employment opportunities, recreation) that would function almost independently along public transport lines. In such a way, the dispersed suburban housing pattern of mainly detached single-family houses would become more densely built-up and improved by a better supply. The city would grow along densely built-up axes with centres linked with a rapid public transport system (especially in the corridors of the light railway).

**The model of decentralised concentration for Koper**

The town of Koper is the third most important regional centre of Slovenia and is one of the most important northern Adriatic ports. It has a favourable strategic position for communications with the rest of Slovenia and with other countries of Central Europe. The city proper (i.e. urban settlement) has 25 000 inhabitants.

The central part of the city of Koper is the administrative, economic, and university centre. In the Strategic Spatial Plan for the Municipality of Koper significant development strings run from the centre of Koper to the hinterland and link together suburban and rural settlements by main traffic infrastructure (car and bus). The plan (Sasek Divjak, Cotic, Cvar, Cargo, Kucan, and Trbizan, 2005) includes strategies for the following.

***The central city of Koper***

- Development of the city and its historic core (renewal of the existing urban structure, revitalisation of the historic core, refurbishment of the University of Primorska premises). The University of Primorska (established in 2003) has an essential role in the renewal of the historic core and in the revitalisation of the whole city.

- A larger city park, sports and recreation grounds between Koper and Semedela as an interspace between the old and the new parts of the city.

- Enlargement of the port of Koper (Luka Koper) with a third wharf.

- Replacement of the existing motorway Koper-Izola, which lies along the coast, with a new motorway which is planned through a tunnel in the hinterland. Along the coastal belt, new tourist, sports and recreation programmes will be situated. It will become a multi-purpose surface (for walking, cycling, roller skating, local bus route, etc.).

***Densely built-up centres in the suburban space***

- Future urbanisation is linked to the development of public transport in order to reduce private car transport and environmental pollution.

- Changes in lifestyle and in work will bring closer links between the workplace and living environment (cleaner service and small business activities).

- Retail shops, catering, services represent a focus of the settlements situated alongside the bus routes.



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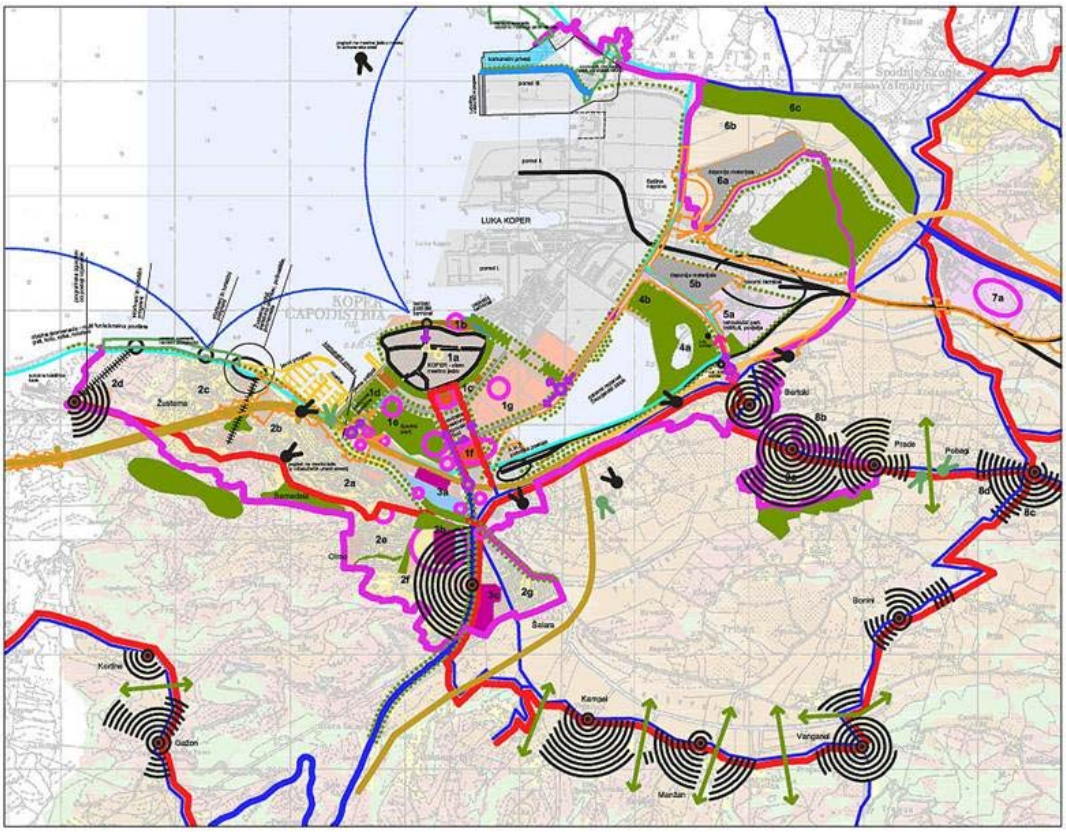
The plan for a larger Koper (the city and the nearby settlements), proposes development concentration with double strategies (Figure 14.3):

- renewals, refurbishments and concentration within the framework of the existing urban surfaces (a priority task, a short-term assignment);
- acquisition of new areas (long-term plans with regard to additional needs).

Figure 14.3. **Model of decentralised concentration for Koper (black rimmed) and suburban settlements (future urbanisation linked to the development of public transport)**




*Source*: Sasek Divjak, M., Cotic, B., Cvar, A., Cargo, E., Kucan, A., Trbizan, G. (2005), *The Concept of the Spatial Development of the Municipality of Koper*, Urban Planning Institute of the Republic of Slovenia.

## Conclusions and recommendations

In spite of the decreasing population in the central parts of cities, urban development strategies should be aimed at improving the physical condition, social and economical situation, and environmental amelioration, to improve urban quality. Policy strategies can be divided in two main groups:

**Strategies for the central urban areas** (the central parts of Ljubljana and Koper). Cities should plan to stop negative migration trends from the old centres with flats that are more accessible, new employment opportunities and better living conditions by:

1. The physical improvement of built-up areas:
   - the revitalisation, and renewal of historical core;



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- transformation and renewal of degraded urban areas (mainly industrial zones and abandoned military complexes, older residential areas);
- recovery and arrangement of open spaces (squares, streets, parks, bridges, embankments),
- green areas in the city;
- renovation of the façades of main streets, improving the quality of building stock;
- improvement and renovation of communal infrastructure;
- improvement of traffic system – especially public transport, cycling traffic and pedestrian surfaces;

2. Better social and economic conditions (new working places – new university, more affordable flats).
3. Environmental improvements: less pollution (better quality of air, water and soil, prevention of noise, more sustainable traffic system).

**Strategies for the suburban areas** (municipalities of Ljubljana and Koper). The construction of decentralised concentration centres in the suburbanised areas represents a sustainable way of solving problems that have emerged with dispersed housing. Planned structures of urban growth should be linked to the routes of public transport. We should abandon the model of mono-structural urbanisation and adopt mixed land use, but also more variegated social pattern of settling. Such changes in land use would discharge major centres and would bring about better and healthier living conditions.

The implementation of our proposed models could contribute to the following improvements in the urban environment:

- condensation of settling and better use of land;
- better urban standard, upgrading of functions;
- new job opportunities;
- better communal and other infrastructures;
- promotion of sustainable modes of transport;
- higher concentration of population in connection with public transport stations.

Giving new contents to suburban areas is intended as the impulse for rehabilitation and overall functional transformation of the monotonous and low-density residential suburban areas.



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*CHAPTER 15:*

# URBAN REGENERATION AND REVITALISATION STRATEGIES IN THE CZECH REPUBLIC

**BY**
**KAREL SCHMEIDLER**



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## Introduction

Currently, in the Czech Republic as well as in other countries of the European Union, one-sixth of towns and cities are shrinking, which is so-called shrinking cities, i.e. cities decreasing their size or importance, or changing in a certain way, e.g. declining. The movement of inhabitants predominantly occurs between towns and cities, not from cities to the countryside.

In the Czech Republic as in other Central and Eastern European cities, there are many different cases of shrinkage because of different historical development, industrial bases, demographical backgrounds. This phenomenon is linked to the diverse economic, societal and urban problems they face. To maintain a certain quality of life for their inhabitants, philosophies, attitudes and strategies for reasonable urban renewal must be developed. Since the inhabitants are an essential resource for cities, it is necessary to find strategies which will contribute to permanent sustainable development in stagnating and shrinking cities.

Shrinking cities are not a new phenomenon in Czech and Moravian lands. The phenomenon was caused by wars, diseases and following economic decline of regions. In the 20$^{th}$ century, in the post-war period, state and communist authorities limited population growth in some cities. For example, Prague was limited to 1 000 000 inhabitants; some cities had other limits. The ideal size of the socialist city was limited to between 300 000 and 400 000 inhabitants because of sustainable ecology, efficient economy and healthy social life. In the 1980s, a centralistic system of settlement structure was introduced, where some cities were stimulated to grow and others were limited.

A new wave of shrinking cities phenomenon began in the late 1980s and then in the early 1990s. The timing of the changes in urban structure is closely related to changes in the economy (a small economic crisis occurred between 1991 and 1994). People who had been commuting to work in factories, in towns and cities, lost their employment. New work opportunities were not available and in many cases, people reacted by changing their reasonable working location and most preferred to have lesser paid jobs but closer to home. Due to this trend, cities lost a large amount of commuters (about 10%).

An increase in car usage and increasing mobility of inhabitants made the countryside more accessible and large areas around big cities have been enclosed with new suburban development. Some parts of the countryside are prospering more than peripheral parts of cities mainly due to cheaper prices of real estate. Entrepreneurs suddenly realised that suburban and rural areas are very attractive for their good accessibility, cheap land and good environmental conditions. Due to this phenomenon, cities are losing their exclusivity arising from the great concentration of people in their space.

Industrial restructuring is a common reason for shrinking cities in the Czech Republic. The most disadvantaged regions are Ústecký district and Moravskoslezský district. These regions were important mining areas in the past, but now, after the decline of the mining industry, they are socially and economically restricted. Educated people are leaving, the unemployment rate is rising, cities are losing money due to lower taxes and social pathological phenomena like high divorce rates, alcoholism and poverty are more common. The Czech Government had to implement special development programmes, such as projects for better employment – new courses to acquire skills, computer literacy and psychological counselling – for these regions, in order to prevent the situation from getting worse.

Gradual shrinkage is also occurring in cites that are not structurally disadvantaged. In the Czech Republic, many medium-size cities (100 000-500 000 inhabitants) are also shrinking such as Brno, Olomouc, Pardubice or Hradec Králové. These cities are relatively prospering centres; however, they are losing population due to the force of demographical trends and migration out of city centres. As a result, these cities have decreasing economic activities and are stagnating and losing their importance. This trend also occurs in some small towns; however, many small towns are growing depending on whether they are



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located in a central or peripheral region. Towns in the central regions are sometimes massively growing because of an influx of immigrants. Other mostly remote towns are losing their population due to high unemployment. Unemployment and economical decline often endanger towns in peripheral regions. In some remote areas, former mercantile towns are now just larger villages because they have lost their town functions.

Nowadays, towns and cities are struggling with the loss of permanently residing population. The decline of population is the consequence of the current demographic trends such as declining natural growth due to lower birth rates and migration. The negative **trend in the natural growth and birth rates** is a consequence of changes in society's values, for example the development of women's position in society, their education and career, attitudes towards contraception or induced abortion, the compatibility of family and professional lives. The tools to affect the birth rate should predominantly be provided by government (national family policy, support for families and women), although the extent of the effectiveness of national population policy and duration of its effect is unclear.

Population **migration** is a phenomenon the city is able to influence, such as support for new jobs, housing development, services infrastructure, transport accessibility, up to a certain extent with the use of suitable measures, for example regeneration strategies.

The fact that a majority of the towns and cities in the Czech Republic are suffering population decrease, decline makes these towns and cities compete with one another, with every town or city fighting to keep their inhabitants and attract new ones. Since it is a long-term development trend, the situation may not be dealt with by a single non-conceptual measure. Towns and cities need to realise potential risks related to a declining population and implement strategies which contribute to sustainable development in shrinking cities. Demographic studies (Base, 2004) predict further population decrease in the future, which stresses the need to recognise the existence of the phenomenon of shrinking cities and the importance of political initiatives dealing with this issue. The policy of permanently sustainable development of towns and cities may not be implemented separately from its environment; planning needs to be performed in co-ordination with regional planning, and it is necessary to address central bodies with the changes (e.g. obsolete legislation preventing further development).

**Political transformation since 1989**

In the Czech Republic, the phenomenon of shrinking cities is closely related to the political transformation in 1989. The adoption of a market economy, a real multi-party political system and personal freedom led to adoption of western lifestyles. A number of social, demographic and economic changes have occurred which have had an impact on the current conditions in towns and cities. Until the 1990s, demographic development in the Czech Republic was characterised by urbanisation –population migrating to towns and cities. However, since the beginning of 1990s, population trends have differentiated – a decrease in population in large cities and the decline of city centres, a process of suburbanisation appears to a greater degree.

The 1991 census coincided with the change of the regime in 1989, and needs to be appreciated as a lucky coincidence. It offers a source of micro-spatial data (at the level of city neighbourhoods) for research of the initial situation of towns and cities at the beginning of the transformation – or their condition at the end of the era of state socialism (Steinführerova, 2003). At the time of writing, the most recent census, which provided comparable data, took place in 2001. This data should be considered obsolete after the beginning of 2011, when the new census was to take place. The individual cities also have available data from the time period between censuses, but unless the whole city is viewed as a single unit, the differences between individual city neighbourhoods disappear. However, the inner differentiations inside the cities provide valuable sources of information for comparison and analysis of development and policy trends.



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**Industrial transformation**

The phenomenon of shrinking cities in the Czech Republic generally affects cities which rely on fossil fuel excavation, heavy industry, and related industries. These towns and cities were branded as working class cities, polluted environments, and towns and cities without high culture. The Velvet Revolution in November 1989 brought liberalisation and opened the economy to global competition. This competition revealed a number of weaknesses of the industrial and mining sectors, which were unable to survive the transformation period in their former form. Thus, the process of adaptation of these sectors started and in some cases, the industries were discontinued (e.g. discontinued mining in North Moravia and North Bohemia). The de-industrialisation led to a higher unemployment rate and economic decline in these regions. The affected regions faced a new challenge of adopting to new conditions and the necessity of shifting from mass industrial production towards production based on quality, innovation, and services. Their success depends on the quality of strategic planning which needs to include support of R&D institutions, as well as "soft" development factors such as attractive living conditions, good quality environment (clean air and water, city vegetation and parks), recreational and cultural facilities, safety, better image and public relations (PR), etc.

Probably the most typical example of a region/city in the Czech Republic impacted by the transformation process is the Moravian-Silesian Region and the city of Ostrava, whose relation to the phenomenon of shrinkage is dealt with by a project called "SHRINK SMART". Ostrava grew on the economic basis of coal mining, coal coke production, iron and steel production, and related industries under a different political context between 1828 and 1989. The de-industrialisation process started at the beginning of the 1990s. As early as 1994, all coal mines and the majority of coal coke plants were closed, and the decline in production in related industries caused the unemployment rate to increase which peaked in 2003, when it reached 18%. The unemployment rate has been decreasing since 2004 because of the revitalisation process – implementation of structural change in industry. A research report "Urban shrinkage in Ostrava, Czech Republic" (Rumpel et al., 2010) within the project SHRINK SMART, identifies the following problems and challenges for the future regarding the threat of shrinking:

- diversification of the regional economy by supporting economic activities with added value and creating more (qualified) jobs;
- maintenance and modernisation of housing estates;
- issue of exclusion/integration of Roma population;
- solutions for poor environmental conditions– particularly in the eastern part of the city. (Rumpel et al., 2010)



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Figure 15.1. **Interrelated factors of urban sustainability**

**Strategic plans**

Our suggestion for better control of affected cities is to rely on best practices that have been developed for some Czech, Moravian and Silesian regions. To ensure effective governance over the development towards sustainability within shrinking towns and cities, it is necessary to monitor the tools used – particularly in taxation, regional transport and residential policies, and land-use planning.[1]

In order to be competitive and develop further, towns and cities need to analyse their current situation, determine future goals, and formulate a way to implement these goals. **Strategic plans for urban development** are documents which can be used to reach these goals. They reflect urban development over long periods of time. The strategic plans consist of SWOT analysis focused on strengths, weaknesses, opportunities and threats for the city. The strategies are based on organising development based on individual interest harmonisation, so that the city can prosper as a whole.[2] These strategies help to make decisions on priorities and investment funds, which are always insufficient in any city. The goals of an urban strategic plan could be focused "in", i.e. higher effectiveness of local public administration, or "out", e.g. to improve conditions for businesses and living in the city. The development of the plan takes place in a preparatory phase, which should initiate conceptual and long-term social, economic, and environmental urban policy (Ministry of the Interior of the Czech Republic, n.d.). No less important are regular updates of these strategic plans, since the outdated plans may become obstacles for further development. Strategic plans are followed by other documents, which represent the goals of the strategy and ways to reach them.

One of the related documents that may be used to significantly influence economic urban development is the **integrated urban development plan** (IUDP). IUDP is a basic programme document for a city to allow development regarding the use of public support from EU structural funds while

1. Final report of an R&D project within WA – Research for the needs of state administration, No. WA-005-05-Z10: Impact of population trends on strategic development of regions and localities, Ministry for Regional Development.

2. *http://cs.wikipedia.org/wiki/Strategick%C3%BD_pl%C3%A1n_rozvoje.*



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providing the synergy of interventions of particular operational programmes and resource concentration. Integrated plans are implemented through several individual projects, which can be supported from one or more operational programmes. The integrated urban development plan is a basic co-ordination framework related to the general vision and strategy of the city, in order to identify and deal with problems of developing parts of the city in relation to the use of support from EU structural funds in the programme period 2007-2013 (Ministry for Regional Development, 2007).

IUDP is one of the effective tools of urban policies of individual statutory cities in the Czech Republic, which provides co-ordination of departmental and regional policies in towns and cities. At the same time, it is a tool for using resources from structural funds with the aim to reach a synergic effect of individual interventions supporting the selected towns and cities as poles for regional development through allocating funds to geographically determined urban zones or within a solution-finding process of a key issue of urban development (Ministry of the Interior of the Czech Republic, n.d.). A good quality IUDP is a basic prerequisite for obtaining the maximum possible amount of resources from EU funds.

**Urban structures**

In principle, regeneration strategies expect a change, remedy, improvement of the current situation. However, a change is only one part of the urban transformation; the other which needs to be taken into account is a permanency (Steinführerova, 2003). The importance of urban heritage outlasting different social systems needs to be stressed. The relative **permanency of urban structures** makes urban participants tolerate an urban structure which they took over, regardless whether they accept it, change its use, rebuild it, or demolish it. The continuity of urban structures stretches over long periods of time and resists changes of macro-structural conditions and modernisation efforts. The importance of material, predominantly construction, permanencies is accepted as relevant for the present urban condition, but it is necessary to take into account the social-spatial permanency (relatively permanent adoption of urban areas by groups of participants – the main factor being the ownership relations and their long-term continuity – inheritance relations) and symbolic permanency (traditional ideas and assessments which overreach social dynamics as well as urban changes). We would be naive to think that a single political decision may discontinue the permanency. Although such a decision may attempt to influence it, the permanency still needs to be respected.

The status of **permanent residency** also becomes a problem for cities. The current system of budgetary policy of taxation is based on the number of inhabitants with permanent residency in a given town or city (according to Czech Statistical Authority records). In 2007, 53% of municipal budgets came from tax incomes, which represents a substantial fund. Thus, the number of inhabitants with personal residency is an important factor regarding the financial income of towns and cities. However, this funding system becomes a problem for large cities. Such cities are natural regional centres offering a wide range of services, jobs, and education not only for inhabitants with permanent residency. In fact, urban infrastructure in cities is used by many more people than is provided by statistics for the number of population. Statistics regarding the number of these people are only estimates. In Brno,[3] capital of Moravia, the estimates are approximately 150 000 people. This fact opens the issue of designing infrastructure capacity as well as the issue of funding resources. Therefore, larger cities call for a change in allocating the tax incomes, or for re-introducing the status of temporary residency.

3. Brno is located in the central part of Europe, in the Czech Republic. The city of Brno is the second largest city in the Czech Republic with a population of 370 000 (Prague is the largest city by far; one in every ten Czech citizens lives there. Prague is followed by Brno in the southeast, Ostrava in the northeast and Plzen in the western part of the territory). It is the metropolis of the South Moravia Region; at the same time, it represents the centre of Moravia, one of the historic Czech Crown Lands.



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Municipalities have virtually no official right to make new residents apply for permanent residency. They may only motivate inhabitants to apply for permanent residency, or support this motivation through the introduction of discriminatory measures with regard to inhabitants without permanent residency.

**Brownfields**

So-called brownfields, abandoned factories and industrial areas within city boundaries, have become an obstacle for development and a serious problem. They slow down the development of areas, particularly urban ones, prevent economic development, have a negative impact on the environment, have negative socio-economic impacts, and generally contribute to a bad image of the whole area. Due to high costs and risks related to the regeneration of brownfields, the private sector is not interested in investing in their regeneration. The Czech Government realised this and in 2008 formulated the National Strategy of Brownfield Regeneration. The vision of the strategy is to create general healthier areas, extend offers for businesses, improve the environment in all of its components, and effectively use formerly neglected areas, stressing the need to create a high-quality urban and landscape structure, while taking into account the cultural-historical, economic, environmental, and social viewpoints. Suitable regeneration offers new opportunities for businesses, and therefore a growth of economic activity in the regenerated area, which leads to creation of new jobs and the removal of environmental burdens. Based on the Search Study (produced by the Czech Invest agency in co-operation with all regions in 2005-2007), there were 2 355 brownfields in the Czech Republic occupying 10 326 hectares with a total built-up area of 4 206 930 square metres (approximately 421 hectares). The study synthesised data from all regions, except Prague, and recorded brownfields from approximately 1 hectare in size, but excluding the so-called "mining brownfields". The rough estimate of costs to revitalise these localities is approximately CZK 200 billion. However, the total number of brownfields is much higher: in 2004, the estimates ranged between 8 500 and 11 700 brownfield localities with a total area of 27 000-38 000 hectares. Information on brownfields is collected in the *National Database of Brownfields*. The primary aim of the strategy, which proved its importance in Northern Moravia and Northern Bohemia regions, is to create suitable conditions for fast and effective implementation of regeneration projects and prevention of new brownfields. The strategy will succeed as long as the maximum amount of European resources for brownfield regeneration in the programme period 2007-2013 are used (in particular, using the maximum available resources from EU funds intended for Central Europe – Eastern Germany, Czech Republic and Poland). The Ministry of Industry and Trade together with Ministry of Environment and the Ministry of Finance are responsible for the issue of brownfield regeneration in the Czech Republic. Due to the number of brownfields and specific conditions in individual regions in the Czech Republic, co-operation at regional and local levels is essential. Suitably implemented regeneration will give an impulse for further development for a region/municipality. Nowadays, these zones prevent the development of individual parts of the city, sometimes of entire towns or cities; however, at the same time, they have certain development potential and opportunities for businesses.

**Population**

The Czech Republic may be considered as an immigration country with a long-term positive balance of foreign migrants, particularly immigrants from the east – the Slovak Republic, Ukraine and other countries from the former Soviet Union, and Vietnam. Immigration from abroad partially compensates for the low birth-rate and the ageing of the Czech population. Creating conditions for non-conflicting assimilation of newly arriving people and actively attracting qualified people from abroad may be an opportunity for towns and cities to acquire economically active inhabitants. One problem may be the Czech xenophobic and its negative attitude to foreigners especially from non-European countries.



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The basic pillar of the society is still the family, which is the basis for improving the demographic situation and permanently sustainable development, as well as for preserving democratic values. Therefore, the EU, state, towns and cities should promote families and support them (Cermak, 2005).

The South Moravian city of Brno provides an example, which dedicated a chapter to families in its document "Strategy for Brno" (2005). The issue of family support stretches across all priorities in the strategy, which is why it was chosen as its horizontal theme because of its impact on all other issues. In 2008, Brno introduced new subsidies for family projects, which supported pro-family activities mainly focused on family cohesion and functions, preventing the social exclusion of child-caring parents, supporting family and work compatibility, and family leisure time. In the spring of 2008, Brno became an official member of the international network of children-friendly cities "Cities for Children". This European network associates cities that want to improve the situation for children and families living in these cities. Family Point is another important project, which has been implemented. It provides a contact and consultancy centre for families to satisfy their needs. Family Point is very popular and has become an inspiration for other cities considering its introduction. The city of Brno also decided to improve communication with families through the introduction of new websites for families (City of Brno, 2008).

**Housing policy**

The availability of housing and job opportunities is one of the basic pillars of future development and family policy. Housing policies in towns and cities should look for a sustainable rate between the regeneration of the existing housing facilities and construction of new flats. Even today, housing is affected by the mass housing estate constructions of the past; particularly in the 1970s and 1980s, the construction of flats through planned building of concrete housing estates. Nowadays the highest demand is for cheaper, smaller, one or two-room flats, but the supply does not comply. The market of flats in the Czech Republic is still undeveloped; flats are expensive and unreachable for most people, especially with the ageing population and the demand for barrier-free access. Towns and cities may only need to perform detailed analysis of the housing demand and formulate appropriate measures in order to improve the situation in view of the population changes.

For example, the "General Development Plan for Housing in Brno", which is an analytical document containing available housing data concerning the development conditions in the Czech Republic – updated the legislative framework for housing and detailed updated data on housing development in Brno. It contains data on various characteristics and dispositions of economic basis in the area of housing, basic demographic characteristics, social standpoints and social benefit overviews, such as information on the Housing Development Fund, the Flat Construction Fund and an overview of available subsidies. The first General Development Plan was produced in July 1997 and was updated in June 1999 and June 2002. The last update took place in September 2008.[4] Thanks to this, the city of Brno became more attractive for young and educated people with a positive impact on demographical development.

**Conclusions and policy recommendations**

Steinführerova (2007), who has been studying cities in Central Europe on a long-term basis, stresses that it is impossible for these cities to just take the theoretical framework of "shrinking cities" as it was invented in the United States and Western European countries, and apply it to post-communist countries. The cities in Central and Eastern Europe have undergone a specific development and provide us with new research issues.

4. See *www.brno.cz/sprava-mesta/magistrat-mesta-brna/usek-hospodarsky/bytovy-odbor/generel-bydleni-mesta-brna.*



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European human settlements are living organisms. With regard to demographic, economic, and social development, they change, grow, stagnate, or shrink. We need to ask the question whether Czech towns and cities are able to develop their potential and their inhabitants' potential to ensure their future prosperity and long-term existence? The following policy recommendations might be very useful to revitalise Central European cities:

1. Traditional Czech education on the faculties of architecture and planning is oriented towards continuous growth and development. This attitude needs to be revised and the shrinking process must be accepted as a part of future development. Cities may shrink, but the quality of life of their citizens should be kept high.

2. Further development of the city will depend on the size and quality of the working population. Influx and outflow will be influenced by a whole series of conditions. Among the most important conditions will be opportunities for finding and keeping employment, opportunities for improved standards of living, living conditions and the availability of housing, and opportunities for obtaining a higher education for young people. Maintaining employment is a critical issue and the ways it is dealt with will have an influence on all of the other issues. It is necessary to look for opportunities to strengthen and stimulate economic activity in the region. That is why it is necessary to analyse the opportunities for the development of industry in the region and, on the basis of these analyses, create conditions for business opportunities. The economic base of the city and its region should be supported by regional and municipal authorities. Economic transition should be on a fast track and support new emerging activities, especially high-tech and knowledge-based activities.

The development plans presuppose the maintenance of or even increase in production for companies which:

- make good-quality products at reasonable market prices;
- operate with regard to the environment and population of the region;
- process local raw materials;
- are beneficial for the region (maintenance of historical monuments, culture, information, countryside, etc.).

The European Union and Czech Government should support the development of these cities with respect to their infrastructure. It could encourage the growth of areas that have considerable development potential by creating free trade zones, tax-free zones or tax breaks, so that the city can compete effectively with better-equipped and more developed regions. Additional opportunities concern strengthening production investment and adapting production and processing facilities to new products, as well as improving infrastructure, which can further contribute to economic development. All of this will have to be carried out over an extended period of time.

The Small Business Support Centre should be established to promote, assist and support business, especially small business. The centre should be independent, but close co-operation must exist between the city council and the business chamber. The mission of the support centre will be to:

- establish a prosperous business community to the benefit of all;
- make all available and applicable information and support services accessible to all;



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- promote and encourage healthy competition;
- give the educational system a very important role.

The demographical situation can be countered by pro-natality measures like supported housing for young families, extended maternity leave, sufficient preschools, creating part-time jobs for young mothers and other measures.

People should be kept in the core cities by enhancing the attractiveness of living in central urban areas. This should be done by improving the quality of life through the latest architectural standards, economical achievements of the city and ideas of the inhabitants related to their living environment. The five key performance areas are community development, community safety, infrastructure services, area development and corporate services.

Suburbanisation should be limited by putting in place restrictions for the use of private cars. Living in the cities should be made attractive again.

The generalised findings of individual cases of successful urban re-development show that the ideal would be to have a compact city with the mobility that protects the living environment. Such a city would not only be able to stop the drain of people from it, but might even increase the population. This would have positive consequences on social diversity, the protection of natural resources, the concentration and optimisation of urban services, possibilities for building optimised intra-city transport routes, and the construction of cycling routes and pedestrian zones.[5] The use of high-quality public transport would increase. It has been proven that the intra-city passenger transport by personal automobiles can be limited by the introduction of effective public transport; and can decrease the volume of private transport by up to 20%-30%. Compact urban structures and mobility that protects the environment will also result in a higher economic effectiveness by making the city centres more attractive, and lower the cost of infrastructure and transport routes.

5. Every year, Europeans spend over EUR 500 billion for transport. Losses caused by delays and incidents are estimated at EUR 150 billion a year. New solutions are therefore sought that would enable the reduction of the high incident rate, traffic congestion and air pollution. The only solution for the future will probably be more consistent, more flexible and more effective traffic management using intelligent traffic systems.



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*CHAPTER 16:*

# REGENERATION STRATEGIES IN SHRINKING URBAN NEIGHBOURHOODS: DIMENSIONS OF INTERVENTIONS IN THEORY AND PRACTICE (SWITZERLAND)

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## Introduction

This chapter aims at addressing questions of shrinkage processes and regeneration strategies in urban neighbourhoods. It focuses more specifically on a case study that corresponds to relevant developments and challenges of urban regeneration in Switzerland. The Tscharnergut is an urban neighbourhood with high-rise buildings from the 1950s, concentrates socially disadvantaged groups, and has a rather bad image. In that sense, Tscharnergut is representative of many neighbourhoods in European cities where regeneration is a key issue. Based on an agreement between the public and private actors, the Tscharnergut neighbourhood is at the beginning of a structural change process: *i)* improving residential housing and living conditions, renewing building stock as well as urban physical structure (hardware interventions); *ii)* strengthening future socio-economic structures (social and economic interventions); *iii)* improving urban governance, based on an agreement between the housing associations (owners) and city authorities, and the internal and external image of the declining area, based on identity and participation (software interventions).

## The Swiss context

Many cities are undergoing dramatic structural change, and there is an urgent need to revitalise abandoned and declining municipalities. **Urban regeneration** can be defined as a comprehensive and integrated vision and action which leads to resolving urban problems and seeks to bring about lasting improvement in the economic, physical, social, and environmental conditions of an area subject to change (Roberts and Sykes, 2000: 17). It must be underscored that shrinkage can be seen as a problem. Another approach is to accept it and **to find ways to deal with it**. This will affect the approach of urban governance.

Most Swiss core cities lost population between 1970 and 2000, but a demographic turn-around has been observed during the last decade. The traditional pattern of Swiss cities, for example, demographic decline and over-representation of socially disadvantaged groups – is being challenged by new trends. Rediscovery of core cities as attractive residential areas can be observed, as shown notably by regeneration of former industrial areas. However, the decline of some suburban municipalities and urban neighbourhoods has continued. The main reason for this is the **generational cycle**. Shrinkage in such spaces is often related to their social structure and bad image ("bedroom communities"; "welfare ghettos"). This leads to the well-known but hardly analysed discrepancy between neighbourhood images viewed from the inside and the outside (Image Project, 2008). The main objective of the Tschernergut case study (a regeneration process in an urban neighbourhood with high-rise buildings from the 1950s in the city of Berne) is to identify some essential ideas at the heart of comprehensive planning concepts in order to develop an argument for new approaches to promote urban regeneration.

If a better understanding of shrinkage is needed, the same can be said about regeneration policies and more generally about the strategies and instruments implemented to cope with urban decline (Couch et al., 2003; Eckardt and Kreisl, 2004; Paddison et al., 2007; Tallon, 2010). Generally, the **priority objectives** of urban regeneration can be specified in the following dimensions (Image Project, 2008):

1. Improving housing and living conditions of residents in older districts, renewing their building stock as well as the urban physical structure, and increasing regional and communal accessibility (**"hardware" = physical infrastructure interventions**).

2. Strengthening the vitality and economic functions of such districts, renewing the social structure, and improving the educational and employment situation (**"human resource" = social and economic interventions**).



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3. Improving urban governance and the in- and outside image of declining areas, based on culture, innovation, participation, and environment (**"software" = image and governance interventions**).

Within the urban neighbourhood Tscharnergut the **problem of shrinkage** was already recognised at the outset of the 1990s. At that time, under subscription was seen as the greatest problem, based on ageing and a lop-sided mix of flats (nearly 70% three-room flats). The number of residents declined by about 4 600 (1970) to 2 900 (1990). During the same period the portion of foreigners doubled from 9% to 19%, and a sharp reduction occurred in the segment of families with children. In 2008, three working modules were defined in a basis study (see Schenkel, 2008): "house and space" (**hardware**), "market and tenant" (**human resources**), and "identity and image" (**software**). The partners (proprietors, the city of Berne) accepted the start-up approach and goals by signing an agreement with the joint intent to assure the short-, medium-, and long-range future of Tscharnergut. This **concept of governance** has to be understood as the transverse aspect of the chosen regeneration approach. The following sections examine hardware, human resources and software dimensions in terms of theoretical and best practice aspects.

**Hardware: physical infrastructure interventions**

Traditional urban regeneration strategies are aimed at physical improvement of buildings (renovation, demolition, new housing supply) and infrastructures (services, transport, public space). Many governments believe that urban planning and better housing will automatically help solve all kinds of social problems. Physical interventions would lead to solving problems such as crime, social disintegration, unemployment, and even poverty. However, it is not always clear if physical investments can reverse the demographic decline, but they are often the **most costly ones**. Physical strategies and measures can be divided into three categories (Wassenberg et al., 2007): *i)* physical measures aimed at **improving the environment** are visible to all, and serve as an apparent sign that improvements are on their way; *ii)* physical measures aimed at **improving the quality of buildings –** upgrading the built stock's quality (both housing and other building types) – are important in most cases; *iii)* physical measures **to improve economic and social conditions** while decreasing unemployment aim to improve physical situations of buildings and living environments. Physical strategies can also be carried out to achieve social, economic, psychological, financial, or other goals.

The neighbourhood of Tscharnergut is a high-rise and disk-shaped block district in a "working-class" area of Berne. The five 20-storey high-rises, eight 8-storey **disk-shaped blocks of flats**, the three 4-storey multi-family houses, the 18 single-family houses, and two remote heating centres were built in stages between 1959 and 1965. The centre with leisure facilities, restaurant, and shopping centre belongs to an umbrella organisation (Tscharnergut AG); the post office, kindergarten, and primary school belong to the city property administration. The Tscharnergut **proprietors** mainly involve the same organisations that were granted a 100-year building lease to realise the major Tscharnergut development of a 125 000 square metres area in a 6 July 1958 referendum (three housing associations and the city of Berne). The high-rise buildings are now in relatively good condition. Regarding the disk-shaped block of flats, there is a major but varying need for rehabilitation. Additionally, the entire structural ensemble is listed in the inventory of buildings meriting conservation.

**Human resources: social and economic interventions**

Another point to be addressed is the **demand side of urban regeneration** (Bromley et al., 2007). To be successful, a regeneration strategy must respond to a demand (e.g. households' residential aspirations). To understand and analyse the residential choice of households it is of utmost importance in determining what can make a city (or part of it) more attractive and enable new demographic growth. Different dimensions can be identified in the residential choice of households: profile (who they are), trajectories



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(where they come from), motivations (why they moved), and the process of choice (trade-offs involved in the decision to move) (Porter et al., 2009).

Within the case of the Tscharnergut neighbourhood, the population in the region of Berne will indeed continue to increase, but shifts will occur in reference to age structure and origin. Various facets in **social space analysis** of urban development in Berne (2009) were studied between 1990 and 2000. Segregation of social space has increased in Berne-Bethlehem, the city district including Tscharnergut: During the 1980s and 1990s the low status groups from north Berne districts shifted to west Berne areas – particularly to Berne-Bethlehem. Integration within the small area has generally increased. More than 20% of those aged 30 or older who live in Berne-Bethlehem graduated from obligatory schooling only or are dropouts. Evaluation of taxable income for 2008 with related education showed that it lay far below the city of Berne average. Yet those claiming social welfare aid in Berne-Bethlehem lay twice as high as Berne's average.

Table 16.1. **Social data in Berne and west Berne, 2008**

| | Taxable income | % of social welfare recipients | % of foreigners |
|---|---|---|---|
| City of Berne | 35 000 | 4.8 | 21.7 |
| Bümpliz | 31 000 | 8.4 | 27.8 |
| Oberbottigen | 34 300 | 4.9 | 8.1 |
| Stöckacker | 29 950 | 10.2 | 32.5 |
| Bethlehem | 27 800 | 9.8 | 35.1 |

*Source*: City of Berne Statistical Services (2009), *Monitoring Social Space City Development*, Berne, p. 32.

The increase in average quotients in age development ultimately means that the portion of those gainfully employed or retired compared to the non-working population will be notably higher. Due to the expectation of decreasing pensions, the danger of elderly poverty increases for retirees. At the same time, flats with low rent, good infrastructure, and social services are especially important for these people. The demand for flats for the third and fourth life stage will clearly increase. Thus **"ageing in place"**, that is, striving for greater autonomy, will become a trend. At the same time, this will bring about a higher degree of comfort, peace, and security. In residential terms "ageing in place" calls for a combination of infrastructure and services.

Regeneration should be seen as a multi-dimensional and multi-faceted process aimed at improving the quality of the urban fabric and the natural environment as well as reconstructing the local economy. Issues such as social inclusion appear central to the regeneration agenda. Consequently, urban regeneration must concentrate on **integrating social and economic goals** (McGregor and McConnachie, 1995). Yet the day-to-day practices of municipalities often handle social planning and economic regeneration separately. Economic regeneration is regarded as the province of a set of independent measures designed to support the economy. Investment in people through increased support for and provision of appropriate training and support for realisation of entrepreneurial ideas is regarded as under-represented in local economic regeneration practices (Noon et al, 2000: 62).

The real-estate market in the Berne region is limited in its dynamism yet manageable in its total framework. The most important driver of supply remains population development. Given the background of ageing and atrophy, signs are increasing that certain regional apartment markets are developing into supply-side markets. That is to say, population growth will weaken from 2020, and **demand for rental flats** will decrease. A consensus exists that the rental flat market will become more competitive due to the condominium apartment market. Among other reasons, this will occur owing to spatial segregation. Younger families and seniors, both groups belonging to the upper-middle class, are returning to the city. Risks of vacancies are slight. However, the low rent in west Berne can unlock a potential increase in value. A stronger and stable social mixture must not only be carried out through technical redevelopment of



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buildings but through changes in portals, flat planning, the housing setting, and also in the service sector and cultural offering. The product is not "a flat" but "living", that is, the neighbourhood becomes a decisive local factor.

**Software: image and governance interventions**

Over recent decades, the idea of a house has changed from the simple function of having a roof over one's head towards an individualised concept of living. Today the **identity and atmosphere of the neighbourhood**, its architecture, and services that come with a house are very important. People who look for new accommodation also look for the pleasure and emotional uplift of living in a certain neighbourhood. A shift has taken place from a feeling of "a house" to "my home". Thus, the norms and values evaluation is important and can contribute to the expansive strategy: **difference in lifestyle** implies a difference in housing and living requirements and is a tool to attract new inhabitants and new job opportunities. Comparable studies frequently make use of the term "lifestyle" when they assess future market developments. In contrast to this, studies on districts lay great emphasis on the fact that lifestyle analyses, linked if appropriate with specific neighbourhood branding processes, extend far beyond marketing.

In the case of the Tscharnergut neighbourhood, the continuing trend toward **individualisation** calls for higher requirements concerning flat plans and design of exterior space. The desire for more comfort raises the question if more services for the aged, single parents, children, and youth with integration problems will be needed in the future. Segregation and concentration of traditional worker milieus of Swiss and foreign origin as well as population groups with low social status and low incomes in west Berne are more sharply segregated today than in 1990. This could be counteracted with redevelopment over an extended time frame and by adapting the flat supply as well as its quality. Given this background, **new mixes of residents** could be more actively supported. Individualised lifestyles could be used as an opportunity to differentiate Tscharnergut quality of life without having to surrender the binding overall picture. Families with children and young people should remain a central demand group. They contribute to district life, to development of the social network and serve as an equalising element between young and old, Swiss and migrants, etc.

**Conclusion – how to break the vicious circle**

Figure 16.1 provides an illustration of **circles related to the causes of urban shrinkage and urban regeneration processes**. It indicates the variety of themes and topics involved in urban regeneration and the multiplicity of interrelated outputs. It connects analysis of dependencies (problem) with analysis of structures (institutions) and actions (actors). Its main goal is to transform the vicious circle into a virtuous one by implementing an integrated urban regeneration policy (physical, socio-economic, and governance interventions). Results are clear and realistic visions, a good image, new residents, good living quality, and new economic opportunities.



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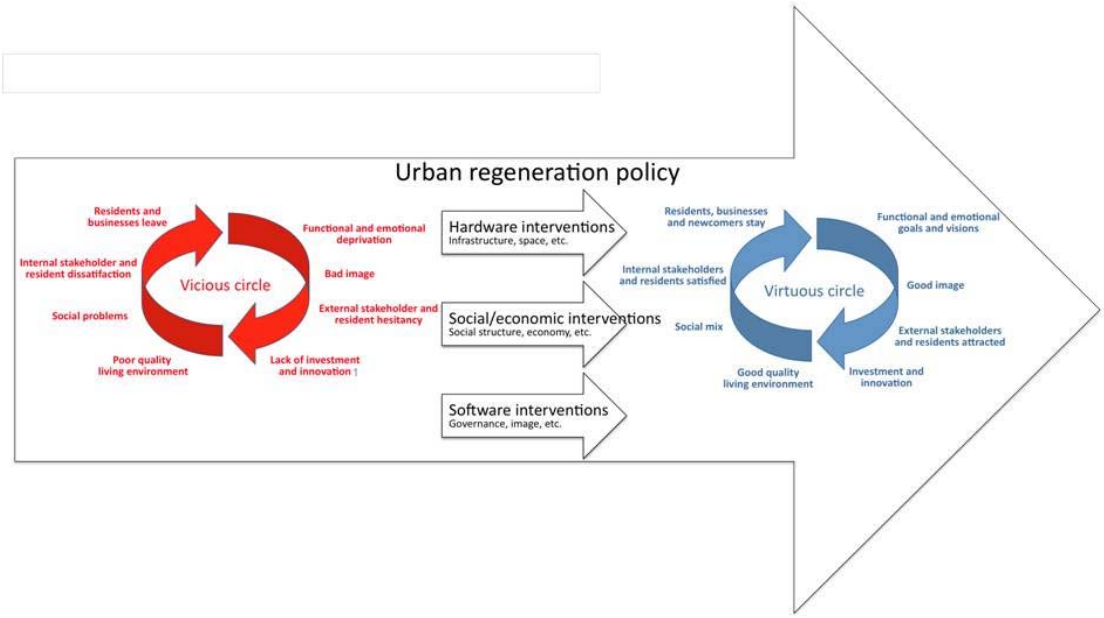
Figure 16.1. **Urban regeneration: to break the vicious cycle**




*Source*: Based on IMAGE Project (2008), *Transforming Neighbourhoods, Improving Cities. New Tools for Neighbourhood Regeneration*, Interreg IIIB NWE, Delft, revised by the author.

As a **recommendation**, urban regeneration in shrinking neighbourhoods needs a **long-term strategic agenda** including:

1. **detailed analyses** of the urban area condition and the interplay of actors and institutions;

2. a binding model of **urban governance** tackling changing attitudes, questions of identity and a clearly articulated vision with operational objectives (agreement);

3. to understand neighbourhood regeneration as a combination of the **functional logic** (economic growth, physical change) and the **emotional logic** (identities, "how people feel" in their neighbourhood, participation, branding).

The most important principles, as mentioned above, have been implemented at Tscharnergut, with a focus on some specific recommendations:

1. Strive for a **good mixture** of young and old, singles and families (by offering good infrastructure, services, etc.), and the proprietors could reach better agreement in matters of supply, rental practice and marketing, so that a positive strategy for the entire Tscharnergut becomes visible for the residential composition.

2. The Tscharnergut has a **good image** among residents, but the image outside is problematical, i.e. the inside image should be used outside for image improvement (a language that relates the history and philosophy of this district development). A neighbourhood brand – as a visible lighthouse for future spatial, economic and social developments – can be one result.



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3. It needs **good ideas for sizing and equipping flats**, i.e. groups seeking affordable flats also make claims for individuality. It should create possibilities for "ageing in place" with specific services and common activity areas.

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# *CHAPTER 17:*

# SHRINKAGE AND SUSTAINABILITY: A FUTURE FOR THE FILIGREE CITY

**BY**
**HELEN MULLIGAN**



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## Introduction

Issues of climate change are bringing increasing attention to ways in which urban sustainability can be fostered. Sustainability can be defined in a number of different ways, but is often envisaged in terms of "triple bottom line" of economy, equity and environment suggested by John Elkington (1994). Here, the focus is on issues of environmental sustainability, with particular reference to the case of shrinking cities.

The challenges of demographic change, and particularly in this instance the challenges of population loss associated with shrinkage, may seem difficult to square with the parallel aim of improving environmental sustainability.

This chapter examines how shrinking cities can approach these twin problems of coping with population decline and improving environmental sustainability, through evolution towards a new urban form. This urban form should be responsive to the changing distribution of population, and thus also contribute to the economic and social aspects of sustainability. Mechanisms of how the evolution towards such a paradigm could be realised are discussed, employing the concept of "Filigree City" introduced by the author in previous work. This is a theoretical construct employed to describe the emerging situation in many shrinking urban regions, such as sections of Greater Manchester in the United Kingdom and South Limburg in the Netherlands.

The form of such a Filigree City could in many respects resemble the well-known paradigm of a garden city, as described by Ebenezer Howard more than a century ago, and realised in numerous successful urban plans. The experience in practice of cities developed in accord with Howard's principles give confidence that such a paradigm is achievable. Challenges remain, however, in implementing policies to achieve these aims, not least in funding. The chapter concludes with some recommendations on how this may be addressed.

## The Filigree City paradigm

Planning in situations of urban shrinkage should aim for a certain urban form in order to minimise negative impacts on environmental sustainability, in particular energy use in transport and buildings. Appropriate urban form will vary with climatic zone and other specific local conditions (see discussion in Mulligan, 2011). In a temperate climate, for example, an appropriate form could be the "Filigree City", in which dense urban nodes – with a few tens of thousands of inhabitants – are interspersed with green spaces.

This accords well with urban size to minimise travel distance by car observed by Banister (2007). It also enables many local services to be accessed by public transport (see Table 17.1).

Table 17.1. **Typical urban densities**

| | Units per hectare |
|---|---|
| Los Angeles – average net density | 15 |
| Minimum density for bus service* | 25 |
| London – average net density | 42 |
| Minimum density for tram service* | 60 |
| Density of c.19th terraced housing, SE England | 80 |
| Central accessible urban density* | 93 |
| Kowloon, Hong Kong, China | 1 250 |

*Note:* *Authors' estimates.

*Source*: Rudlin and Falk (1995), *Building the 21st Century Home: the Sustainable Urban Neighbourhood*, Architectural Press, Oxford.



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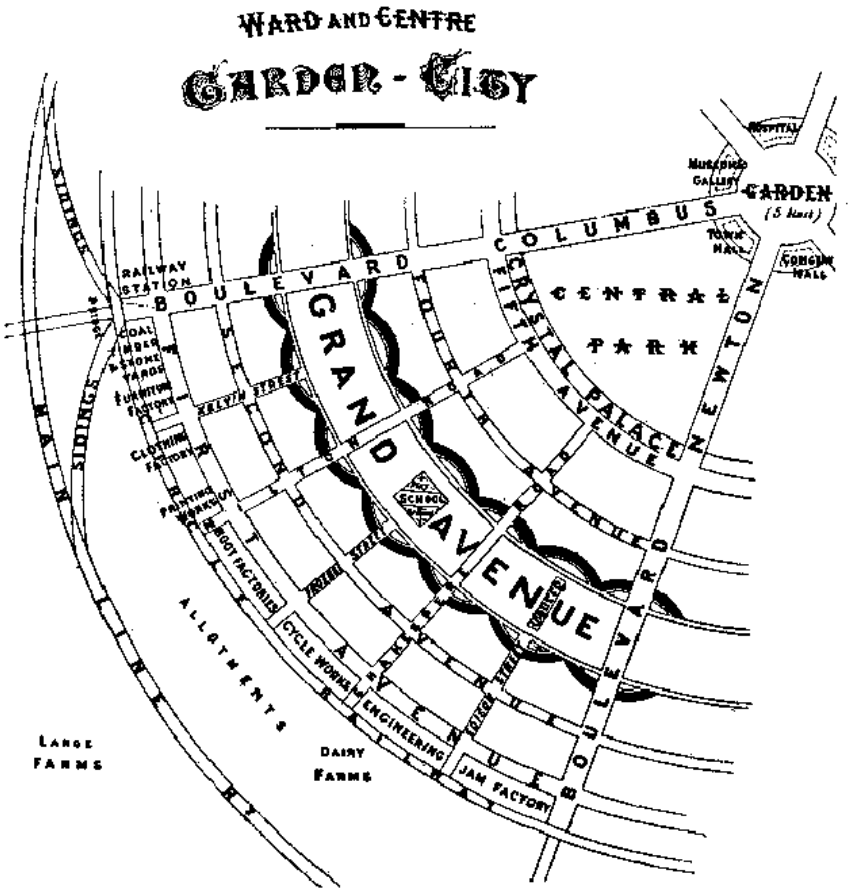
**Experience from the garden city movement**

The garden city concept promoted at the end of the Victorian age, notably by Ebenezer Howard, and brought to fruition in the prototype settlements of Letchworth and Welwyn Garden City to the north of London.

Howard's powerful diagram of the "Three Magnets" of Town, County and Town-Country is well known, as is his idealised plan for a new city to be laid out in a circular array surrounding a central park (Figure 17.1). He envisaged a settlement density of 5.5 dwellings per acre (13.6/hectare): this is somewhat lower than the density of low-concentration cities such as Los Angeles (Table 17.1). However, Howard clearly had in mind a household size larger that is currently the norm in the developed world. His planned overall population density of 74/hectares equates to 34 units/hectare at an average household size of 2.2 (EHCS, 2005) – a density appreciably lower than that of London, but nonetheless able to support a public transport service.

Figure 17.1. **An idealised garden city, intermingling town and country**




*Source*: Howard Ebenezer (2nd ed., 1902), *Garden Cities of Tomorrow: illustrated edition,* S. Sonneschein & Co., London, reprinted Dodo Press.



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The optimum size for such a garden city, as calculated by Howard, would be around 30 000 inhabitants, similar to the dense nodes of the Filigree City as described above. The 1 000 acres (approximately 400 hectares) of built-up area would be surrounded by 5 000 acres (2 000 hectares) of green space; a network of such cities surrounded by their own green space could thus have centre only 3.25 miles (5.2 kilometres) apart and be connected by 5-minute rail journeys.

Such an idealised form naturally requires a greenfield site, or one on which most previous development has been demolished. Howard's financial calculations, to support a case for investing in this new city type, rely on the purchase of land at agricultural values. The prototype towns of southeast England were realised in locations that were not densely developed prior to the establishment of the Garden City trusts.

Nevertheless, Howard devoted some later pages of his influential work *Garden Cities of Tomorrow* (Howard, 1902) to the question of how an existing metropolis – such as London itself – could evolve into something resembling the garden city ideal, and might in fact be forced to do so by changing economic circumstances. This is the situation in which many shrinking cities find themselves: the challenge is often how to finance public services – including urban planning functions – from a diminishing resource base.

**Financing the shift**

Howard was writing in an age when rates of building development in England had many similarities with what is now being experienced in the developing world: he estimates that only one person in 20 was living in a house more than 60 years old. One hundred years later, nearly 40% of the national housing stock is that age (EHCS, 2005), and replacement rates have shrunk to 1%-2% per year.

In the face of circumstances arising from climate change, a case can be made for boosting this rate in order to improve the carbon emission performance of the housing stock as a whole. This is an important element in a national strategy for reducing carbon emissions – for example around 26% of the UK total is attributable to housing (DECC, 2011).

While the upgrading of the existing housing stock is a central strand of policy in reducing emissions from housing, new buildings – to the energy performance standards of current regulations or above – is arguably the most cost-effective way of providing housing units to a high standard in terms of energy use. However, "the extent to which new buildings are a solution depends on the rate which old, inefficient properties are removed from the stock, by demolition" (Boardman, 2007: 33). Rather than promoting the carbon-efficient upgrade of all older buildings, we should first consider whether they are well located with regard to transport, services and population needs. Redevelopment in smart nodes could be a better use of scarce resources.

How this will apply in particular circumstances depends on national policy. In some situations, there is an opportunity to fund redevelopment in economically depressed areas through national budgets, for example through targeting of climate change funds. Rich countries are spending considerable sums in this area – in the United Kingdom, the total budget of the Department for Energy and Climate Change is over GBP 3 billion per year. Some is spent on sustainable transportation policies, and some on improving the emissions profile of national building stocks. This latter part, however, is in general non-geographically specific – in other words, the location of an existing building is not taken into account in assessing it for an upgrading subsidy.



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**Conclusion**

It makes no sense to invest public funds in building rehabilitation based solely on the condition of the building itself, and the consequent reduction in energy use for environmental conditioning. From a sustainability viewpoint, the building's location is also an important factor, both in terms of trip generation, location relative to public transport, and contribution to place making in a wider sense. In short, it is essential to take decisions on energy efficient upgrading from the building to the urban scale. To address the twin challenges of demographic shifts and of climate change, this is what is needed.

The climate change agenda can thus be used to catalyse the re-invigoration of the shrinking city, in generating new and sustainable urban form. This policy could be reconsidered, in order to direct substantial funds to:

- continue to support funding of ongoing research into sustainable urban forms, particularly in areas of urban shrinkage;
- promote uptake of research outcomes, assisting redevelopment towards more sustainable urban forms;
- support upgrades to existing building only where they are well located – from a sustainability viewpoint – and adaptable to current needs.



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*CHAPTER 18:*

# STRENGTHENING THE EVIDENCE BASE FOR REGENERATION STRATEGIES: THE EUROPEAN STATISTIC AS A BASIS FOR CREATING TERRITORIAL KNOWLEDGE OF DEMOGRAPHIC CHANGE

**BY**
**MANUEL WOLFF**



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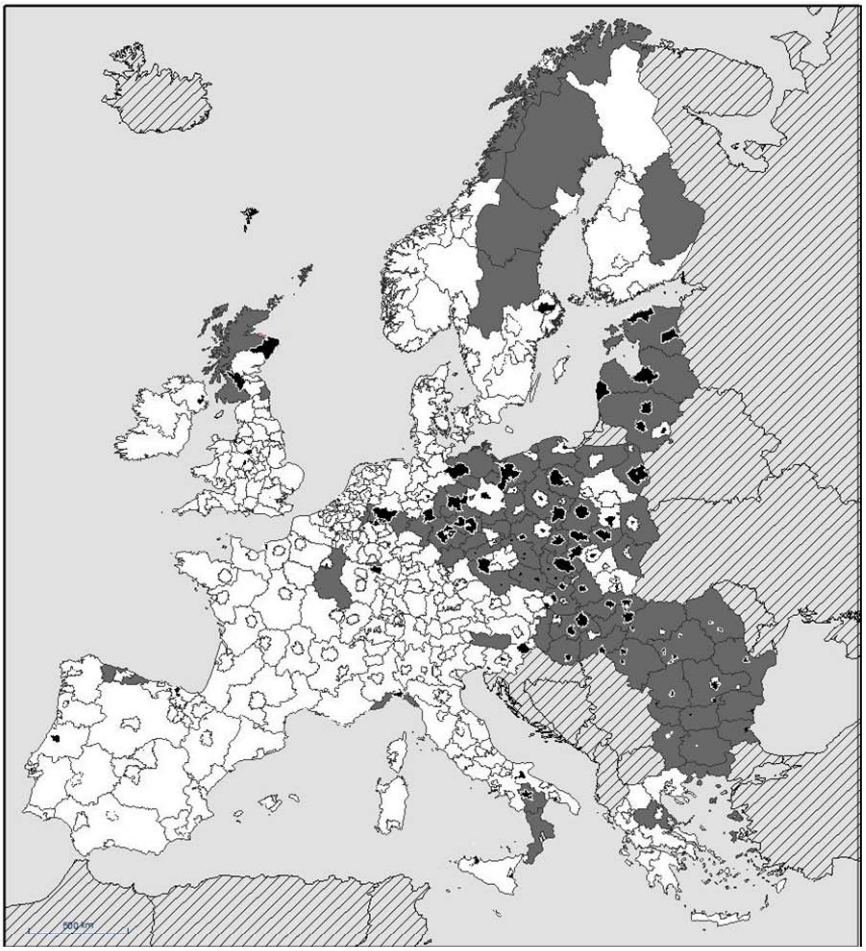
## Introduction

The establishment of territorial knowledge based on statistical data about cities and regions in Europe facing demographic challenges is like opening Pandora's Box. For decades, Europe has been facing wide variations in demographic dynamics and patterns (Figur 18.1). Cities especially experience the extremes of both: population growth with all its advantages and disadvantages as well as decline with depopulation and ageing (Hungarian Presidency of the Council of the European Union, 2011). To address the multiple dimensions of demographic change and its territorially different impacts on the urban economy (labour and housing market), society (social structure, public service provision) and environment, it is necessary to adopt integrated regeneration strategies for European cities.

Figure 18.1. **Population development, 2001-2004**



*Note:* (core city, large urban zone and NUTS 2). Black/grey: absolute decrease; white: absolute increase.

*Source*: Eurostat (2009), "Statistics: regions and cities", *http://epp.eurostat.ec.europa.eu/portal/page/portal/region_cities/regional_statistics/data/database*, last accessed 28 September 2009; Urban Audit (2009), *www.urbanaudit.eu*; Brinkoff, T. (2009), "Statistics and maps of the major cities, agglomerations and administrative divisions for all countries of the world", *www.citypopulation.de*, last accessed 2 October 2009.



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Thereby, regeneration strategies need to be complemented with monitoring of demographic and socio-economic processes for several reasons. First, it is important to create an initial information base covering past and present (and even future) trends of the city. Second, it essential to estimate whether the original objectives of the strategy remain relevant or whether adjustments are required in the light of changing circumstances. Finally, monitoring can help to answer the question whether the strategy is making satisfactory progress towards the results set out initially or whether new activities are required to keep the strategy on target. Although monitoring is essential for informing, developing and implementing regeneration strategies, it is even more challenging because those strategies are processes towards cross-cutting themes.

In order to avoid unintended side effects on other policy areas or on the territories (Territorial Agenda of the EU 2020), evidence-based policy-making processes and the implementation of integrated regeneration strategies need to be linked with detailed analysis of the demographic situation, trends and its impacts. Thereby, the question of availability and comparability of data for European cities and regions is a key challenge for monitoring demographic trends, especially with regard to the Europe 2020 Strategy. The demand to meet the multi-dimensional character of the demographic change and its impacts (like on the housing market or technical infrastructure) and to combine demographic, economic and social indicators hurdles detailed analysis, so far.

This chapter focuses on the gap between the information-demanding implementation of regeneration strategies addressing demographic change and the data reality of the European regional and urban statistics. The results are based on a data survey of several European countries and official data conducted in the context of a European action, which aims to foster the interdisciplinary knowledge of regeneration strategies in shrinking cities across Europe (COST-Action TU0803) in 2010. The chapter highlights different data sources in Europe and will show that effective monitoring of underlying trends and impacts of demographic change for evidence-based strategies is lacking of homogenous data and data management. Finally, policy options for establishing monitoring tools are introduced.

**The matter of scale**

Demographic change and its different patterns of monitoring territorial trends–-especially on a small scale –-are becoming more relevant (locally defined monitoring system). Thereby the different use of spatial references is problematic and challenging for a scientific comparison of cities and regions among Europe. Many European countries use an administrative city definition, which is determined by a certain population. However, the population threshold varies and an administrative defined city does not necessarily cover the "true" city in its expansion (problem of over- and under-bounded cities). Other countries define their cities on the basis of political decisions and use different criteria (minimum population, institutional and administrative importance, economic strength) especially in Eastern European countries like Poland. Administrative defined units are used as the basis of the official European regional statistic (NUTS classification – "nomenclature of territorial units for statistics"). However, a direct comparison of equal areas using the NUTS classification is problematic for two reasons. On the one hand, NUTS units vary regarding their size, population and shape (low densely populated areas are unproportionally huge for corresponding to the NUTS population threshold). Due to a small population certain NUTS levels cannot be formed in countries like Estonia or Cyprus. On the other hand, certain cities can be covered by a NUTS unit while others are under- or overrepresented by a NUTS unit of the same level.

Most data are available for NUTS level 2, whereas less data can be obtained for NUTS level 3 (Eurostat, 2010b). In general, many data sources do not go below the regional level. Only the use of small spatial units (e.g. "local administrative units" – LAU) allows a more accurate picture of demographic trends. However, neither the data of NUTS nor of LAU units are perfectly harmonised in Europe



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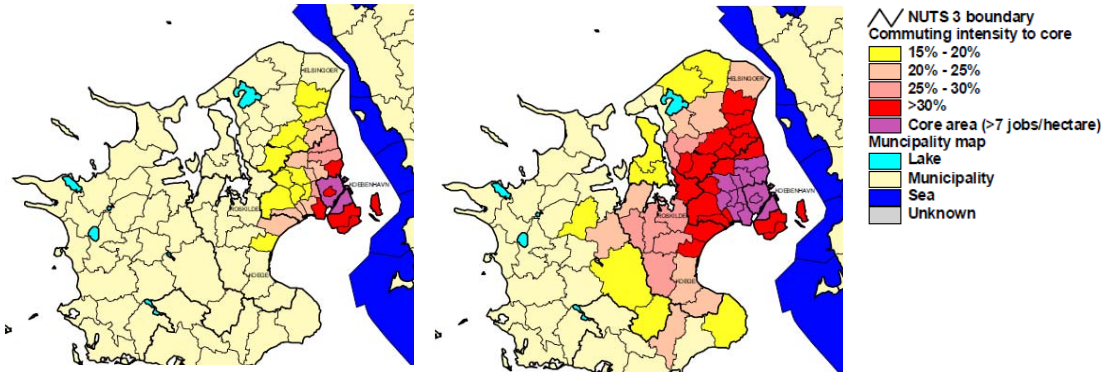
(Carlquist, 2006). Additionally, problems of a longitude analysis result from the change of the reference areas at NUTS and LAU level. By contrast, national spatial reforms are in many cases not oriented on the criteria of the NUTS classification.

Although political-administrative units are suitable for the implementation of political strategies, they can hardly cover certain socio-economic interrelations, for example economic networks, local labour market relations, commuting areas or social interrelations, which are not limited to the administrative city boundaries (Österreichisches Institut für Raumplanung, 2006). Those functional relations and processes need to be analysed in the extended urban-regional area. This kind of functional definition allows a distinction between core and surrounding areas which is needed to catch certain processes (e.g. suburbanisation). Moreover, a functional definition also reflects dynamics and is of advantage for strategic policy planning (Cheshire, 1997). However, some countries like France use a formal functional definition while other countries like Spain designed them empirically (Guérois, 2003). Additionally, the parametres for defining the unit vary significantly (threshold for population or jobs, commuting values). However, functional defined units are very common (van Kempen et al., 2005) and are used by the official European urban statistic (Urban Audit). In the Urban Audit the core city is defined by administrative units according to the national definition (usually LAU2, sometimes LAU1) while the extended urban region ("large urban zone" – LUZ) is described by commuter areas (between 10% and 20% of the working population commuting into the central city) (Eurostat, 2010a). The LUZ is aggregated by using administrative units (NUTS 3 or LAU1) or by using the national statistical functional definition (e.g. France). In addition, for some cities a LUZ does not exist, as the administrative boundary of the core city already surrounds the city environs (Urban Audit, 2010). Another problem is the determination of the LUZ. After the survey in 2004, recalculations for creating comparable units (e.g. Denmark, Netherlands or Spain) lead in some countries to much larger areas than the previously used LUZ (Carlquist, 2006). The countries were recommended to adjust their LUZ based on these calculations (Figure 18.2). Although the result of these modifications have improved the comparison of LUZ, an analysis of the time series is difficult. Despite these modifications on the basis of certain parametres the correspondence with "real" functional urban regions is still questionable (Bretagnolle, 2009). In addition, the comparability of the Urban Audit data (especially of the LUZ) is limited due to the varying structures of local government in the countries (Feldmann, 2008).

Figure 18.2. **Commuting field around Copenhagen Core City 2001 for the determination of LUZ in Urban Audit**




*Note:* Primarily determination (left) and recalculation after survey 2004 (right).

*Source*: Carlquist, T. (2006), "Territorial change management at Eurostat and its support for comparisons in time in geographical analyses". SCORUS Conference in Wroclaw 30 August – 1 September 2006, invited paper session on "Geographical analyses: making the most of existing data", European Commission, Eurostat, Luxembourg.



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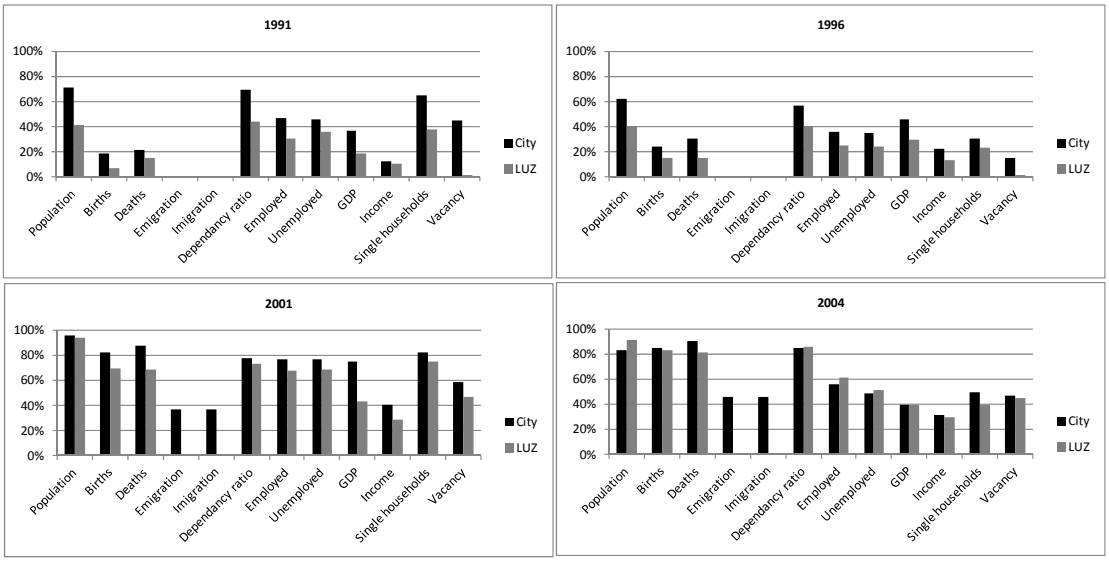
**The matter of comparability**

The availability of data in European countries is very heterogeneous. While low-scaled demographic data is more or less available, certain other indicators e.g. for the labour market or the economy, can be hardly obtained. Gross domestic product is only available at the municipal level (Austria, Spain orTurkey) for only a few countries and is mostly based on NUTS 3 units (France, Germany, Greece, Sweden). Moreover, mainly social indicators are hardly available or used homogenously with regard to an international comparison. While most data is provided by the national statistical offices, mainly social or real estate data need to be obtained by other sources (banks, insurance companies or private stakeholders like INFAS in Germany). In Poland, detailed data on migration groups can be obtained by regional statistical offices. The variety of data sources demands a big effort for data proofing and harmonising (e.g. spatial and time reference, etc.) as well as co-ordination.

For the NUTS units, a variety of data is provided due to the regulation, which particularly ensures that statistical data of each member of the European Union is available and delivered. By contrast, a major disadvantage of the Urban Audit is the voluntary data delivery. Although about 330-350 variables are available, they show enormous data gaps and are not available to the same extent over time (Figure 18.3). Gaps primarily result from lacking census surveys, as they were carried out in 2001/2002 in a number of member countries. In addition, new indicators were calculated based on several variables. An indicator is recorded as missing when a needed variable is missing (not collected or delivered).

Figure 18.3. **Availability of data in Urban Audit**




*Source:* Urban Audit Dataset (2009).

Basically, indicators for a qualitative description are missing (such as age and qualification groups in the labour market, social indicators). In addition, more data is available for the core city than for the LUZ (e.g. migration). Even if indicators are available, they are lacking metadata in many country reports (e.g. in the Urban Audit Round 2003/2004 [Eurostat, 2007: S.16]).

An international comparison is limited due to the usage of different definitions of certain indicators. Not all countries use international standards like NACE (separation of economic sectors) or INSCED (separation of education and qualification). Mainly data regarding property, business statistics, skill level of the unemployed and income data is hardly comparable among the member countries. Furthermore, the change of definitions like of population, employed and unemployed people in France; the affiliation of



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employed people to an economic sector in Sweden; or the measurement of the 2008 population in Slovenia hurdles an international comparison.

In addition, problems arise from the respective different data collection methods of the countries. In particular, the handling of immigration numbers like in Spain or Italy can cast doubt on the reliability and comparability of statistical sources (problem of legal status and over/underestimation). The number of jobs could vary as well because the number can be estimated from household surveys or from business surveys (Wong, 2006). Another difficulty is that certain data show an incomplete spatial coverage like real estate prices in Poland, Spain or Sweden (can only be obtained for bigger cities). The 2011 census offers an opportunity to validate sample surveys.

Since demographic trends show a non-linear evolution, the time reference is important to consider for European comparisons and retrospective analysis (several intervals). However, the time reference and time periods of available data in the countries are heterogeneous. In general, the frequency of surveys in the countries has increased over the last decades. However, a mismatch between regular (e.g. annual) surveys and definition changes of indicators is obvious. The frequency of surveys is different (Portugal ten years, Slovenia and Spain annual). Moreover, detailed and separated demographic data (age or qualification groups) is hardly available before 1990, economic and labour market data before 1995 or 1999. Data on household structure and income are recorded mainly in census surveys (every ten years) and comparable data is hardly available before 2000.

In particular, territorial changes are a significant problem on the statistical data delivery, even for official European statistics. For LAU units, mainly census data in a ten-year cycle is provided. Within this decade, there are usually numerous territorial changes. Important administrative limit changes in the countries but also EU-enlargement lead to adjustments of the NUTS regulation (the last modification was in 2007).[1] Consequently, data is hardly available for several "new" units or has to be reconstructed for every limit change (Eurostat, 2010a). Thereby, the periods for NUTS data series vary according to the indicator (Carlquist, 2006).

**Policy options and recommendations**

From the described problems of availability, territorial changes and a lack of standardisation, the statistical systems in Europe are not (yet) adequate for a detailed analysis of demographic trends over time. However, there is a strong need for international comparisons of cities and regions in order to establish regeneration strategies facing demographic challenges and promote the exchange of experience in Europe. Thereby, the political focus should take the following options and tools for measuring and monitoring urban and regional demographic trends and impacts into consideration:

***Common legal frame for surveys on small scales***

The availability and consistency of local (disaggregated) data needs to be improved. With regard to a consistent statistical basis, proper regulation for data surveys (common time frame and survey approach) and their spatial reference is necessary. In this regard, a legal regulation for data collection at the LAU level was adopted in 2008 and a first analysis report of LAU units was expected for 2011 (Eurostat, 2010b). In order to describe demographic tendencies and effects, the European Commission – supported by the member countries – is asked to strengthen the collection of certain data on a small scale beyond regional level while ensuring that the administrative burden on member countries does not increase.

1. The next NUTS version will come into effect in 2012 and is based on the reference year 2010 (the actual version is based on 2006) (Eurostat, 2010b).



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***Set of indicators for demographic change, which are simple to use and update***

Although a combination of demographic, economic and social indicators is needed to cover the various dimensions of demographic trends, the exact choice shall avoid information overload and confusion. However, the choice from existing data has to be based on the actual comparability of the data (time and space). In this regard, data and indicators for monitoring demographic trends and impacts on cities and regions shall be chosen in close co-ordination between policy makers at the European and national level with researchers of demographic change and other stakeholders.

***A common theoretical framework for demographic change***

Strong methodological support and comprehensive knowledge of the territorial impact of demographic change and its multi-dimensional challenges are required to inform EU policy. To guide the selection and interpretation of indicators and policy use, a theoretical framework as well as a logical, analytical and consistent approach to monitor demographic trends is needed (Wong, 2006). The ESPON programme should take into account the challenges of demographic impacts on cities and regions like formulated in the Territorial Agenda 2020 in its research activity.

***Homogenous database for the improvement of political decisions***

Because demographic trends are non-linear, an analysis over a long period is demanded. Therefore, an annual survey with 30 key indicators for European cities was initiated in 2009 (Feldmann, 2008). However, data gaps result from a missing regulation compared to the NUTS classification. Moreover, there is still a discrepancy between the individual limit changes of the administrative units in each country and the European classification (e.g. NUTS). Those changes are challenging for the comparison of time series. The disadvantage for the results of an indicator-based comparison with Urban Audit data is the lack of a "qualitative" separation for several important indicators (e.g. missing data on skill level of employed people or the affliction to economic sector limits the possibilities of managing the human capital). The European Commission is asked to present an overview of available and missing indicators with regard to a common theoretical frame on demographic change and to formulate recommendations for improvements (Territorial Agenda of the EU 2020).

***Vertical and horizontal harmonisation of data***

The low degree of standardisation of data, especially for small territorial units, is crucial and hurdles a cross-border comparison. The (top-down) harmonisation process by Eurostat needs to be strengthened not only vertically (among different spatial scales) but also horizontally (across different policy sectors) (Wong, 2006). Different policies need regeneration strategies at a different scale and therefore different spatial units of observation. However, supra-local strategies can hardly be transferred to local level and vice versa. But an efficient interplay of different sector-related policies at each territorial level is essential for co-ordinated monitoring.

***Co-ordination and co-operation to ensure consistency and synergy of data***

Effective co-ordination of different policies and actors is not only important for the already mentioned harmonisation of different data but also for the creation of a common understanding of the use of the monitoring outputs. This would improve the work of national and European institutions dealing with demographic change. The importance of policy-consultative analysis of demographic trends in cities and regions together with the number of data sources increased. In this regard, regional and local actors as well as different public and private stakeholders could be involved in the data collection process. However, this would mean an increased effort for harmonising and a demand for strict regulations on the one hand, and the need for an effective organisation and management of data on the other hand. The data (local urban and



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regional) can be delivered to the European Commission and be processed into European datasets with methodologically sound and comparable information (Territorial Agenda of the EU 2020). Close co-operation between EU institutions, member countries, regional and local authorities, and private actors is required to ensure co-ordinated contribution of local, regional and national statistics.

***The need for a low-scaled functional perspective in monitoring processes***

Different demographic trends and their impacts are not limited to administrative boundaries. The various socio-demographic and economic dynamics and interrelations can be mirrored at a regional-urban scale (functional units or regions). Compared monitoring of those functional areas and their surrounding regions (e.g. peri-urban neighbourhoods) would provide the opportunity of analysing strengths and weaknesses and, moreover, opportunities which result from the combination of endogenous and exogenous potentials. But even after the modification for the creation of a unique functional determination of large urban zones (LUZ) in the Urban Audit, these areas are not perfectly comparable. Eurostat is addressed to improve the creation of homogenous functional areas for surveys.

***The need for an urban perspective in planning policies and decision-making processes***

Although functional units are adequate to measure demographic trends and impacts, their results do not match the target-scale of political or planning objectives. Regeneration strategies addressing demographic challenges still focus on administrative units. NUTS units are regarded as political or economic "action space" and are used, for example, as a basis for the regional policy of the European Union (Structural and Cohesion Funds). With regard to the Europe 2020 Strategy, the existing assessment practices and requirements of the EU should incorporate relevant territorial considerations in terms of demographic trends and impacts (focus on functional areas, choice of indicators, etc.) (Territorial Agenda of the EU 2020). Thereby, research outputs of the ESPON programme in agreement with the European Commission can better serve policy-making processes facing demographic change.

**Conclusion – the challenge of creating territorial knowledge for regeneration strategies**

The patterns of demographic change are various across Europe. Regeneration strategies at all levels addressing demographic change need to establish a clear understanding of the situation and tendency of affected cities and regions. Thereby, the interpretation of monitoring results on demographic change and sharing that information with policy makers, regional partners and other relevant stakeholders will encourage the planning and implementation of active regeneration strategies facing demographic change. Cross-border comparisons offer territories at varying scales to find common solutions and to share experience in the long run. The territorial co-operation and co-ordination of regeneration strategies needs to be supported by instruments such as monitoring the territorial trends and impacts of demographic change.

However, this monitoring is particularly difficult to achieve. The data situation in Europe, especially at a small scale, does not meet the need of a variety of homogenous data to cover the multi-dimensional developments of demographic challenges. A major challenge is the linkage of planning or sectoral political strategies with detailed statistical monitoring at all relevant levels. The co-operation of countries, regions and cities will contribute to improve the European data situation and is the key to fostering smart, inclusive and sustainable regeneration strategies and territorial cohesion in the EU (Territorial Agenda of the EU 2020). Monitoring demographic change and the associated question of long-term and homogeneous data in Europe establish a new form of a territorial knowledge base of demographic trends. Developing systems to capture more detailed demographic data can provide a basic standard to guide and control regeneration strategies and facilitate an effective respond and flexible reaction to the key challenges of demographic change in Europe.



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# PART IV

# SOCIAL DYNAMICS OF DEMOGRAPHIC CHANGE



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# INTRODUCTION

BY
ANTONELLA NOYA

The complexity of the intersection between demographic change and shrinkage is especially witnessed when the social dynamics are considered. Keeping social cohesion and inflating new social dynamism in shrinking areas, where the economic and social fabrics are eroded, and where groups at-risk of exclusion live (elderly, lone parents, long-term unemployed) require a set of integrated approaches. Co-constructed, holistic policies and social innovative practices and programmes are needed to provide services to the elderly, to families and the excluded. Social innovation, whose aim is to improve the quality of life of individuals and communities[1] has a central role to play in addressing these issues. Intangible factors as culture and creativity can be excellent levers for revitalisating shrinking areas and skill development and transfer can harness capabilities in shrinking areas.

This is the overall message inspired by the different chapters of this part and their recommendations. While the chapters presented here are not meant to suggest a comprehensive set of policy recommendations covering all the relevant policy areas, some important ones are considered such as ageing population, including ageing workers, housing, cultural heritage, skills transfer, creativity and social networks.

The chapter on "Urban shrinkage in Brazil: the social economic effect" by Sergio Moraes discusses how population mobility and shrinkage in urban inner areas within the Brazilian metropolis might be related to socio-economic inequality, lack of social housing policies and the speculative land market dynamics rather than to the de-industrialisation like in Europe or the United States. The author uses São Paulo as an example to illustrate shrinkage of inner cities (or more specifically, unbalanced occupation of city centres), where the upper-middle class resides in well-established neighbourhoods and the lower income class resides in the periphery of the city, where services and infrastructure are poor and provide limited socio-economic opportunities for the residents. Since the 1980s, the introduction of the new Constitution and democratisation of the country as well as the introduction of new laws has lead to improvements in this area (e.g. decreasing inequality, democratising urban land use and repairing urban infrastructure), but the full results are yet to be seen. The author provides a number of policy recommendations in view of achieving an effective social justice.

The chapter on "Skill development and transfer in shrinking regions: case study of the Shikinen-sengu of the Ise shrine (Japan)" by Tetsuji Uemura, presents a unique example of skill development and tacit transfer of traditional skills from a physical infrastructure sustainability perspective. Ise is a typical shrinking city known for its unique redevelopment activity of Okage-Yokocho, the Edo style restored high street in front of the Ise shrine, a touristic attraction. The *Shikinen-sengu* (scheduled rebuild of the architecture of the Ise shrine every 20 years since AD 690) is taken as an example of the tacit skill transfer in a shrinking region. The skills required are very special and only apply to the rebuilding required in the city. A core group of 30 engineers is the pillar of the system of rebuilding and of the transfer of skills to the 160 engineers who are needed for the *Shikinen-sengu* and who become part of a regional network of skilled

1. See the OECD LEED Forum on social innovations *www.oecd.org/cfe/leed/socialinnovation*.



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engineers after having worked on the scheduled rebuilding. The chapter shows that in comparison to the trend of maintaining infrastructure over a long period, short life span based on scheduled rebuilding and a component reuse system enables the transfer of tacit skills from one generation to another and it is therefore interesting from an intergenerational approach in terms of skills transfer.

The chapter on "Social exclusion of the elderly in China: one potential challenge resulting from the rapid population ageing" by Wenmeng Feng, presents survey results from elderly populations in both rural and urban sample areas. The survey focused on six dimensions including: economic situation, social rights, social participation, social integration, perception of loneliness and social support. It was ascertained that the rural elderly are more likely to be at risk of social exclusion. Meanwhile, compared with elderly men, elderly women are more likely to be at risk of social exclusion. Important policy suggestions include establishing a welfare system, constructing formal supporting frameworks in villages/communities, and exploring the potential of the elderly in achieving an active ageing society.

The chapter "Supporting older workers in Canada's vulnerable communities: the case of the Targeted Imitative for Older Workers" by the Department Human Resources and Skills Development Canada examines Canada's increasing ageing population and an ageing labour force and the challenge to support older workers. The chapter particularly focuses on older workers in vulnerable communities and the impact of a small-scaled targeted programme called "Targeted Initiative for Older Workers (TIOW)" which is a partnership between the federal government and provincial/territorial governments. The chapter revealed that this small-scaled targeted programme was a success for unemployed older workers and beneficial for employers, due to its flexibility and group-based approach.

The chapter on "Socio-spatial dimension of urban shrinkage (France)" by Sylvie Fol, focuses on the socio-spatial aspects of urban shrinkage in French shrinking cities. It examines the effects of the strategies adopted to tackle urban shrinkage and their repercussions on the rise of the social spatial division at the local level. While France is not the European country in which the urban shrinkage and its consequences are the most dramatic, shrinkage is happening in France too, for different reasons, in large urban areas (de-industrialisation) and in small towns (loss of population). While there are not any policies explicitly designed and labelled to tackle urban shrinkage, over the last 20 years there have been several programmes to tackle urban shrinkage whose results can be questioned in terms of their socio-spatial effects. Some cases are presented in the study where the programmes adopted have increased the socio-spatial disparities rather than reducing them. The chapter shows that the policies designed at the national level to counter the effects of shrinking cities suffer from achieving a good balance between improving the attractiveness of declining territories, rationalising the implantation of public services and maintaining territorial and social cohesion, while at the local level strategies reveal a need to solve the tensions between responding to the needs of the poor and attracting new business and population. Recommendations on how to insure attractiveness while preserving social cohesion are provided and the importance of the political choices made at local level to achieve this balance are recalled.

The chapter on "People's climate in shrinking areas: the case of Heerlen, the Netherlands: how investing in culture and social networks improves the quality of life in shrinking areas", by Nol Reverda, Maurice Hermans and Maja Rocak presents the case of the city of Heerlen in which the investments in culture, creative communication and in engaging with communities prove to be successful in creating a positive climate in the city, which is experiencing nowadays a "cultural spring". The establishment of a creative people's climate has been central in the city's urban strategies. Two projects are presented: a community-based open web platform, the Zachte G Network for Creative Economy, where creative individuals display their talent and work and connect cultural and creative entrepreneurship and Design for Emptiness Challenge, a project gathering entrepreneurs, artists and developers to build concepts for empty buildings in the town centre. The case of Heerlen challenges the common sense that shrinking areas are



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places without ideas, creativity and innovation and shows that investing in people's climate is as important as investing in the local and regional economy.

The chapter on "Perspective 50 plus: regional employment pacts for older long-term unemployed persons (Germany)" by Reiner Aster and Daniel F. Heuermann, presents the German federal programme "Perspective 50 plus" launched in 2005 as part of the overall Initiative 50 plus, which aims to improve employment opportunities for the elderly. The programme re-activated more than 580 000 long-term unemployed persons above the age of 50 between 2005 and 2011 and re-integrated 160 000 of these into the regular labour market. The regional level is targeted by the programme and regional employment pacts (which are supposed to cover all relevant stakeholders in the region) and were offered a budget for the re-integration of older long-term unemployed persons into the labour market. The programme has a special focus on gender mainstream acknowledging that unemployed women above of the age of 50 face particular challenges in finding jobs, and includes special projects specifically targeting women with migrant backgrounds. The lessons learnt within the first five years of the programme can be classified along two categories: how institutional arrangements can be configured so as to deliver effective active labour market policies (governance aspects) and new ways of working with long-term unemployed (methods and approaches).

The chapter on "Successful active ageing in dynamic society" by Jasper van Loo argues that it is essential to consider the trends taking place in parallel with that of population ageing as they have a strong influence on the successfulness of active ageing policies. The changes in the work environment are central to active ageing and cannot therefore be ignored. In fact, they not only have an impact on the work content, but also have a fundamental influence on what organisations and employees expect from each other. The chapter discusses several issues and trends in a person's working life (which typically ranges from the age at which people start working until retirement) and reviews developments in organisations that have a profound influence on successful active ageing in modern societies by their impact on careers and the responsibility for career development. It also identifies several barriers and labour market tensions that hamper successful active ageing and concludes by listing a number of challenges that can guide future policies aimed at making active ageing a success. These issues are particularly important in regions or urban areas which are confronted with substantial population ageing and declining populations.

The chapter on "A place to be proud of: heritage and social inclusion in shrinking cities (Germany and the United Kingdom)" by André Mulder analyses the use of heritage in the regeneration of old industrial cities with a shrinking population by taking the German "building exhibitions" (IBAs) and the English "housing market renewal pathfinders" examples and most especially considering the Chimney Pot Park within the Manchester Salford Housing Market Renewal Pathfinder area and the Schungelberg Garden City, part of the IBA Emscher Park projects. These projects have much in common, despite the different paths of shrinking in the two countries, as both build on the cultural heritage of the area and are partly funded by public money. In terms of social inclusion, the lesson learnt from the projects is that social inclusion is also about the process and not only about the end. Giving people a say in what happens helps to build trust in the community.

The chapter on "The impact of European demographic trends on regional and urban development" by Eva Geröhazi, Josef Hegedus et al., is an extract of a larger synthesis report on "The impact of European demographic trends on regional and urban development". The report underlines that demographic change is a threat challenging the sustainability of labour markets by the fast ageing of the population but that also has impacts in territorial terms reinforcing the disparities between the cities and regions of Europe and provides recommendations for local urban policies which should be integrated vertically and horizontally and benefit from transversal co-operation.



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The implications of an ageing population and a shrinking workforce is discussed within the chapter on "Productivity and local employment as contributors to growth: *vis-à-vis* the demographic shift in the EU" by Jörg Peschner. The chapter discusses Europe's long-term growth potential and the employment objective within the Europe 2020 strategy. It examines the impact of different labour-supply development scenarios on Europe's economic growth paths and reviews positive regional employment scenarios that could ease the pressure on productivity. The author highlights the need to utilise socially inclusive sources of productivity yields (e.g. education and skills formation) to avoid stagnation and be open to attract qualified migrants, tap into female and older people employment and encourage intra-regional mobility as sources of employment growth.



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*CHAPTER 19:*

# URBAN SHRINKAGE IN BRAZIL

BY
SERGIO TORRES MORAES



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## Introduction

The lack of adequate social housing policies and the speculative land market dynamics made Brazilian cities' urban patterns reflect Brazil's huge socio-economic inequality, pointed out as the major cause of population mobility within metropolitan areas. Nowadays, the portrait of Brazilian metropolis is characterised by centres endowed with good infrastructure but lacking dwellers, contrasting with the huge peripheral urban areas that lack even basic infrastructure. Since 2001, a progressive new federal law, the Statute of the City, opened new hopes and perspectives for urban development and might bring social justice to urban planning and development in Brazil.

## The Brazilian context

The longtime low-wage policies of the Brazilian industry associated with the lack of adequate social housing policies have kept low-income workers from participating in the real estate market and forced them to live in squatter settlements on the city's periphery, as their only alternative for housing (Maricato, 2001). At the same time, lack of land market regulations kept the metropolis' old city centres as a convoluted territory full of infrastructure and empty housing units.

Globalisation can explain the population mobility between Brazilian cities but socio-economic inequality is the major cause of the population dynamic, clearly observed in the cities' territorial patterns, where few highly developed business centres contrast with the huge peripheral urban areas that lack even basic infrastructure.

In Brazilian cities, population growth happens mostly in areas where the cost of land is low and population decreases where real estate investments grow most significantly, resulting in high land costs in areas with better infrastructure. As there are no or few social housing policies, building companies refrain from selling or renting residential projects to poor people, which would be unprofitable. This dynamic keeps a large amount of empty houses in city centres. In spite of new laws aiming to reverse the unequal occupation and fragmentation in cities, the lack of social housing policies linked to urban development make it difficult to deal with the problem.

This chapter aims to discuss how population mobility and urban inner areas shrinkage within the Brazilian metropolis might be related to socio-economic inequality, lack of social housing policies and to the speculative land market dynamics.

## Case description – City of São Paulo

In Brazil, the phenomenon of urban shrinkage does not follow the patterns found in Europe or the United States. In fact, the Brazilian population's dynamic results more from the strong socio-economic inequality than from de-industrialisation factors. Historical and cultural roots have been maintaining a strong socio-economic inequality clearly expressed in the cities' territorial organisation.

The increase of population in the periphery of Brazilian cities results from the extension of existing poor areas: the urban poor live in non-infrastructure areas at the edge of cities, threatening fragile environment and preservation areas. At the same time, several high and medium income central areas of the cities are nowadays losing population (Torres et al., 2007).

São Paulo City – the biggest Brazilian city – could be cited as the paradigmatic example of Brazilian intra-urban population mobility. In the 1940s, São Paulo affirmed its primal role in Brazil's development, undergoing huge transformations in its urban fabric due mainly to a real estate boom and land speculation that was marked by the construction of high-rise buildings. The city government contributed by rising land values through road building and transport development, favoring capital accumulation in the real estate market (Somekh, 2008).



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After 1960, several downtown businesses moved away to the highlands of the Paulista Avenue neighborhood in the southwest of the city. This formerly aristocratic neighborhood subsequently became the most valuable area of the city, where offices, banks and corporate headquarters are located. At the same time, the implantation of the metro subway's central station (1972) right in the city centre and pedestrianisation of the streets contributed to the abandonment of the city centre by the elites who owned cars and could use them to flee from the urban centre to the southwest and elsewhere. Thereafter, low-income people who depended on public transportation started to develop business activities in the central area (Rolnik, 2001).

At the same time, housing policies developed during the 1970s and 1980s led to the further expansion of the city's fabric on its periphery. As a result, since 1980, 180 000 residents left the central area of the city. Projections indicate that more than 26 000 should leave in the next ten years (Dantas, 2010). Nowadays, 400 000 of urban housing stock of the city is empty, most in consolidate city centres (Rolnik, 2006).

**Housing and urban policies**

Through the 20th century, the Brazilian urban legislation did not help to minimise or to regulate social conflicts (unemployment, lack of housing and sanitation, high crime rate, illiteracy, etc.) in a very unequal society. Instead, every urban regulation seemed aimed at preserving and creating profit to the real estate market (Quinto Jr., 2003). In the 1940s, the government allowed retirement pension funds to finance housing, but the system was more aimed at sustaining the real estate market than to incentivising social housing, since most of the population lacking housing was not formally employed and had no access to the government programme. This government policy ended up financing an apartment building boom at the end of World War II (Bonduki, 1998) that transformed the city's centre profile, triggering a gentrification process.

At that time, the upper and middle classes came to live close to the city centre or close to the new centralities generated by the new real estate frontier where their jobs and their services were located, and the workers were left close to the factories far away from everything (Quinto Jr., 2003).

In the 1960's, another attempt to create a financial system[1] for low-income housing had relative success. When it ended in 1985, about 4.4 million houses had been financed, but only a third was "social housing." The programmes developed by the National Housing Bank (BNH) between 1970 and 1990 were marked by huge housing complexes on the extreme periphery, segregating the poor families in "ghettos" where there was a lack any social or economic opportunities. This became a frontier for new slums and a trigger for a wave of violence in the 1990s (Rolnik, 2001).

In the last three decades of the 20th century, the real estate market continued opening new frontiers aimed at the medium and high income population. This fact contributed to the abandonment of the old central areas in spite of the presence of good buildings and good basic infrastructure and accessibility. A land market strategy depreciated the city centre, pushing the elite from it and marking the paradoxal character of Brazilian cities: at the same time that we find precarious slums at the expanding periphery (sometimes merged with high-income gated condominiums), we have old city centres full of empty housing units (Rolnik, 2001). It is estimated (Fundação João Pinheiro, 2005 data source) that the housing deficit in Brazilian cities is 7 million dwellings and there are around 5 million empty houses and flats in the city centre of the bigger Brazilian cities.

1. The Financial Housing System (SFH) to be linked to the National Housing Bank (BNH) was active from 1964 to 1985.



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In 1984, the beginning of the process of re-democratisation of Brazil allowed the resurgence of a more mobilised society through trade unions, civic organisations, social movements, residents' associations and other collective channels. They demanded social welfare polices and shaped the "National Movement for Urban Reform" (MNRU). In 1986, for the first time, all Brazilians were allowed to participate directly in the new federal Constitution. The MNRU helped produce a document demanding urban reforms, such as the autonomy of municipal government; democratic management of cities; social right to housing; right to the regularisation of informal settlements; social function of urban property; and the need to combat real estate speculation in urban areas (Fernandes, 2007).

Even though there was no political consensus on most of the demands, the principle of democratic management of cities was fully endorsed in the new 1988 Constitution. It provided legal and political instruments to widen direct participation in the decision-making process. This led to the approval in 2001 of a progressive federal law known as "Statute of the City" that regulates urban reforms: it brought good initiatives to cope with urban development, inequality and democracy, explicitly recognising the "right to the city." The statute was created on the principle of the "social function of property and of the city" and aims to promote land reform in urban areas to change the elitist nature of previous policies and programmes. Its key point is the democratisation of the local decision-making structure: it provides a number of legal, urban and fiscal instruments that municipal administrations can use to induce and/or to inhibit urban development according to criteria of social inclusion and environmental sustainability (Fernandes, 2007).

After decades of urban development marked by imbalances at all levels, the approval of the "Statute of the City" opened new hopes and perspectives for urban planning and development. However, many scholars have been raising questions about the implementation of the law and reaching effective social justice with this new set of territorial policies. The most important point of the new law for this discussion is the enforcement for the indication of areas for low-income housing purposes. The *Zona Especial de Interesse Social* (ZEIS)[2] is required by law in the municipal master plans. These areas should be located in well infrastructured areas in city centres, in an attempt to reverse centuries of inequality and the city's fragmentation. Setting up areas for ZEIS in strategic master plans could bring some hope for empty and degraded central areas.

In São Paulo, a serious attempt to recover and to repopulate central areas lean on an instrument of the Statute of the City called "Urban Operations Trust" (UOT).[3] The UOT consists of a group of actions and measures for the urban environment, co-ordinated by the municipal government and associated with owners, renters and private investors who want to start or complete physical, social and/or environmental improvements (Moraes, 2010). UOTs should establish specific urban parameters for subdivision, land use and occupancy, and other regulations for building in specific areas of the city. These parameters should make master plan regulations more flexible, allowing the public administration to capitalise on building potential and get financial resources to operate. The resources should be applied within the UOT perimeter and a significant percentage should be invested in social housing programmes to have an income redistributive effect. UOT rules should plan for ways for the public to oversee and manage the process and implementation (Somehk, 2008). Furthermore, the UOT has to pay for itself. Investors should pay for urban social and local improvements without draining public resources: the improvements will increase the value of their property(s) and compensate the investment. Within the Strategic Master Plan of the city, the UOT could help revert the downtown exodus. To accomplish this aim, it is necessary that the partnership with the developers include in the renew projects a mix of activities and promote socio-economic diversity.

2. ZEIS are special zones for low-income housing. They have this specific use and specific regulation is needed to keep its character.

3. In Portuguese: *Operações Urbanas Consorciadas*.



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**Conclusions and policy recommendations**

The urban development in Brazil's large and medium cities is unfair. For decades, public administration neglected and failed in strategies for a more democratic urban development. The lack of adequate social housing policies tends to keep the low-income population segregated and far away from central areas with good infrastructure.

The real estate market also plays a key role in this socio-economic unequal panorama, opening new frontiers within the metropolitan area and devaluating former centralities as a speculative game strategy.

Within this panorama, the city centres and subcentres within the metropolitan area have been losing population, growing in height and increasingly gentrified. The rise of the "globalised" new world economic order also impacted the biggest Brazilian cities significantly, reinforcing old centralities, creating new ones, defining vectors of population occupancy and increasing the strong contrast between wealth and poverty (Sassen, 1998). This new territorial fabric is complex and involves the gentrification of city centres, construction of edge cities, industrial districts, shopping centres and business centres within or outside of the metropolitan area.

The effort to recover the city's social balance in the Brazilian urban environment relies on new socially focused planning policies and a progressive new federal law, the Statute of the City. It might produce good initiatives to decrease inequality, democratise urban land use and repair fractures in the urban fabric, but it is still difficult to evaluate whether the new law will be able to reverse centuries of inequality.

**Policy recommendations** for an unequal urban socio-economic context in order to reach effective social justice:

- to allow the society to actively participate in the decision-making process, since the control of urban development cannot be left to market forces or to the municipal government alone;
- to guarantee the social right to housing (regularising consolidated informal settlements or implementing new settlements in appropriate areas) within comprehensive housing policy;
- to combat land and property speculation in urban areas through urban legal instruments according to each singular context, as compulsory subdivision, construction and utilisation orders, extra-fiscal use of local property tax progressively over time, onerous transfer of building rights, etc.
- to promote more effective linkage between the state, the private sector and the community sectors through partnerships within a clearly defined legal-political and fiscal framework, defining "urban operations trust" within the municipal master plan.



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IBGE (Instituto Brasileiro de Geografia e Estatística) – *www.ibge.gov.br/home.*

SEMPLA (Secretaria Municipal do Planejamento, Orçamento e Gestão) – Prefeitura do Município de São Paulo – *www.prefeitura.sp.gov.br/cidade/secretarias/planejamento.*



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*CHAPTER 20:*

# SKILL DEVELOPMENT AND TRANSFER IN SHRINKING REGIONS: CASE STUDY OF THE *SHIKINEN-SENGU* OF THE ISE SHRINE (JAPAN)

**BY**
**TETSUJI UEMURA**



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## Introduction

The typical revival plans for shrinking cities discussed in Japan usually assume either financial investment at the national level or prefectural level (Onishi, 2004), the increase in the number of interregional demographic shift (Nukaga, 2001; Taira, 2005), or controlling investment in infrastructure development (Taira, 2005). Otherwise, the importance of the social entrepreneur is stressed (Uemura, 2006). However, research has not discussed a system for sustaining regional activity or an interregional system to support local activities.

Ise is a typical shrinking city in Japan, but it is also famous for the unique regional redevelopment activity of Okage-Yokocho, the Edo-style restored high street in front of the Ise shrine, initiated by the local sweet company Akafuku, attracts tourists.[1] It is a very interesting case of reinvigoration of a shrinking city, but there are similar cases elsewhere in the world, most notably rural cathedral cities.

The Ise case can also provide a unique example of skill development and transfer of traditional skills from a physical infrastructure sustainability perspective. Physical infrastructure is the foundation of society and even in shrinking regions infrastructure should be maintained to a certain level as long as people live there. On the other hand, skills belong to people, particularly tacit knowledge, and once a population declines, the number of engineers and artisans also diminishes. There is a risk, therefore, that the proficiency of infrastructure maintenance will disappear. For this reason, discussion on how to transfer tacit skills to future generations is also important to sustain the shrinking city in terms of physical infrastructure or building development and maintenance.

This chapter focuses on the skills transfer issue related to the Ise shrine in order to highlight the policy implications of tacit skills transfer in this shrinking region. For this purpose, the *Shikinen-sengu* (scheduled rebuilding of the architecture of the Ise shrine every 20 years) (Uemura, 2011) is taken as an example.

## City of Ise and the Ise shrine

The Ise shrine is located in the city of Ise (Figure 20.1). Ise is a historical cathedral city and has many cultural heritage sites. In 2005, three neighbouring municipalities (towns and villages[2] of Obata, Futami and Misono) merged with Ise. In 2010, there were 130 000 inhabitants in the post-merger city, although the population has decreased since 1985. The suburban area of Ise, namely, Obata and Misono, however, saw an increase in population in the same period. Twenty-five per cent of the population is expected to be lost by 2035 (Figure 20.2), according to the National Institute of Population and Social Security Research (2008). Consequently, this area is a typically shrinking city from a demographic perspective.

With more than 1 300 years of history, the Ise shrine is the most venerated of the Shinto religion. It consists of *Naiku*, enshrining *Amaterasu-ōmikami* (the deity of the sun) and *Geku*, enshrining *Toyouke no ōmikami* (the deity of agriculture and industry). The architecture is very simple but unique, known as *Yui Itsu Shinmei Dukuri*, which describes a thatched roof on a wooden structure without a foundation stone. It is believed that the style derives from the warehouses for storing rice that dates from before the Kofun era (around the 5th century A.D.) (Ise Bunka sya, 2008).

1. See *www.ise-kanko.jp/english/index.html.*

2. Japan has three levels of governmental bodies: national government, prefectural government and municipalities. Municipalities consist of cities, towns and villages. These three types are decided by their population. Once a municipality becomes a city or town, it can not be downgraded, even if it the population decreases or it no longer satisfies the criteria.



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Figure 20.1. **Location of case study area and Ise shrine**

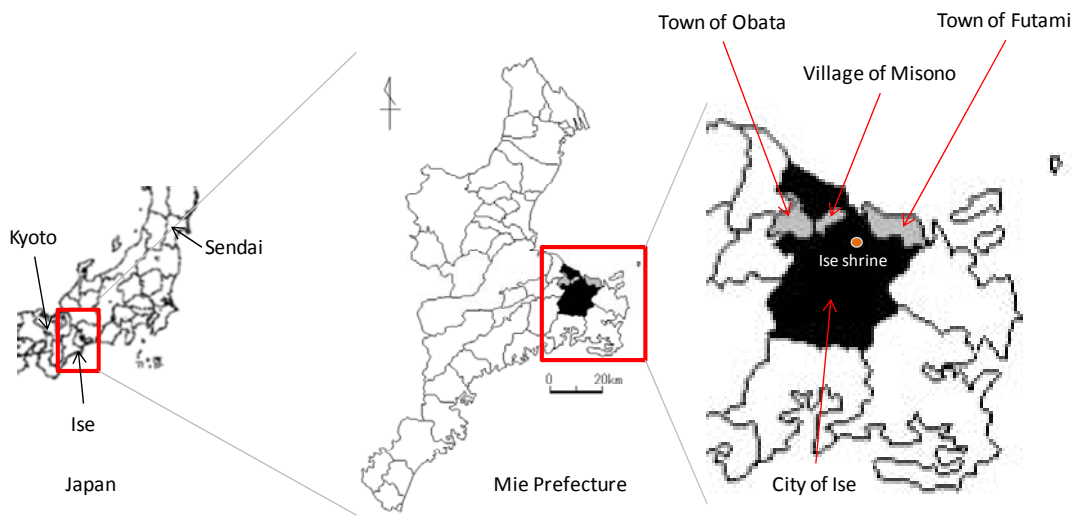
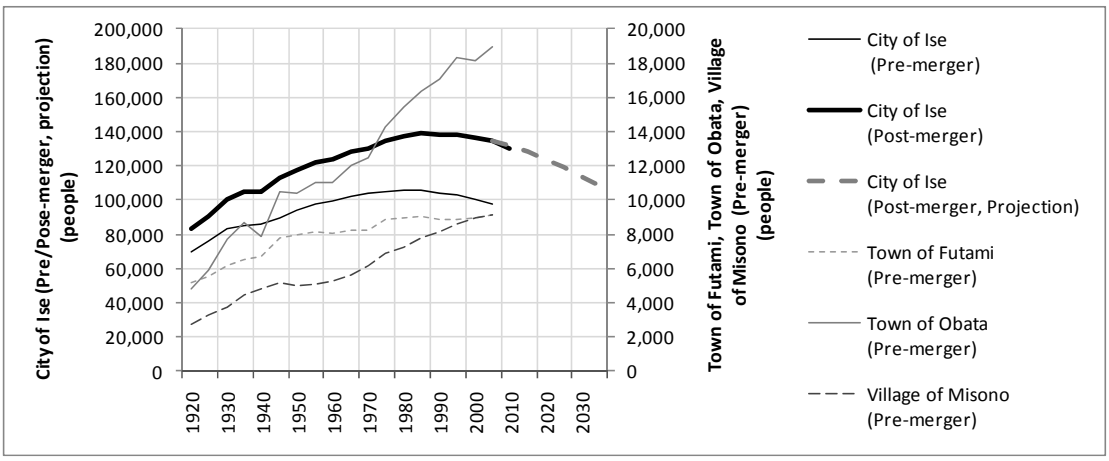



Figure 20.2. **Population trends in the city of Ise**




*Source*: Population Census of Japan between 1920 and 2010, and National Institute of Population and Social Security Research (2008), *Population Projection in Each Municipality: December 2008* [*Nihon no Shi Ku Cho Son betsu Shorai Suikei Jinko (Heisei 20 nen 12 Gatsu Suikei)*], National Institute of Population and Social Security Research, Tokyo (Japanese).

Since 690 A.D., in the era of the Emperor Jito, the Jingu Sicho[3] of the Ise shrine has conducted scheduled rebuilding to the same design, known as *Shikinen-sengu*, every 20 years, using the same construction technology to maintain the purity of the shrines. The 62nd *Shikinen-sengu* is scheduled for 2013.

This chapter focuses on how *Shikinen-sengu* still works even in a depopulated area, because a fall in the population also brings a decline in the number of engineers and artisans. Discussion is on how to maintain their numbers.

In order to investigate this phenomenon, interviews were held on 8 June 2009 with Mr. Nozaki of the Yamada log-processing factory of the Ise shrine.

3. *Jingu Sicho* is the administrative organisation of the Ise shrine.



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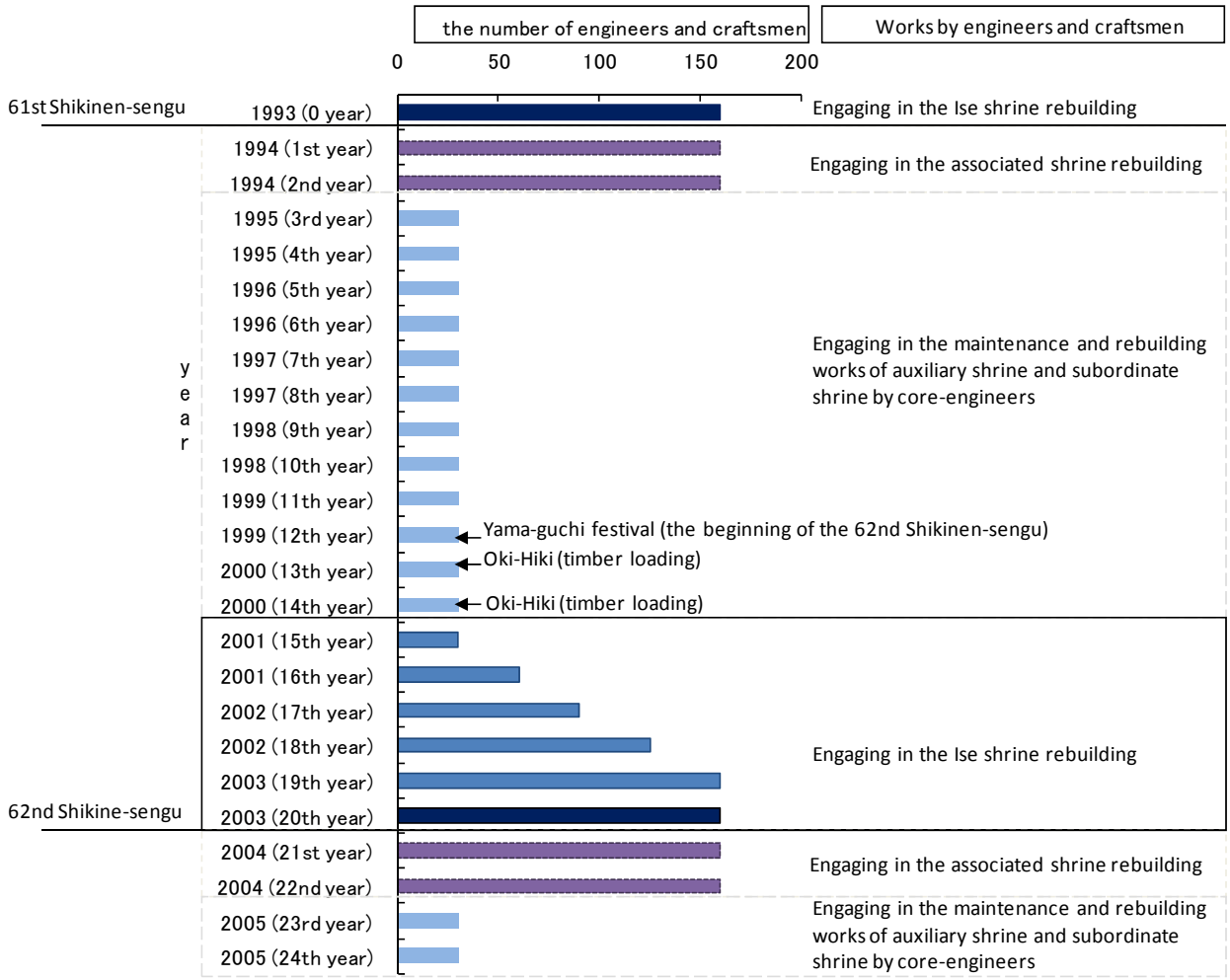
## Results and discussion

The core system retains 30 engineers (considered as core engineers) regardless of the amount of work required. *Shikinen-sengu* is conducted by the temporary agency known as *Jingu Shikinen Zouei Cho* (Ise Shrine Scheduled Rebuilding Organization), which hires 160 engineers for the *Shikinen-sengu*. Once the work for the *Shikinen-sengu* is completed, the organisation is dissolved apart from approximately 30 engineers who can become leaders or middle-class engineers in the next scheduled rebuilding. Those engineers are then in charge of the rebuilding and maintenance of associated, auxiliary and subordinate shrines in the intervals between the *Shikinen-sengu*. In addition, they prepare for the next scheduled rebuilding. The other redundant engineers (approximately 130) are then employed all over Japan for the next five or six years until the scheduled rebuilding begins again (Figure 20.3).

Figure 20.3. **Trends, works and number of engineers for the Shikinen-sengu at the Ise shrine**




In the past, all engineers and artisans were hired from the Ise region. However, owing to the change of architectural style of private houses and the shrinking construction market, the number of skilled workers familiar with the traditional architecture of the Ise shrine has been declining in the merged Ise city area. As a result, engineers and artisans, particularly thatchers, had to be recruited from the Kyoto and Sendai areas (Figure 20.2.) for the last *Shikinen-sengu*.



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The Ise shrine does not require the specific skills of traditional architecture. Therefore, the temporary engineers and artisans (usually carpenters working on private house construction), once hired, are trained by core engineers in the Ise shrine procedures. For the 62nd *Shikinen-sengu*, it is planned that the temporary engineers will be recruited from wider areas by a personal network referencing of engineers.

**Concluding remarks and policy implications**

This study reviewed the unique case of the Ise shrine and abstracted hypothetical policy implications for skilled labour market issues in shrinking cities from the skill transfer perspective. In comparison to the trend in Japan of maintaining infrastructure over a long period, short life span based on scheduled rebuilding and a component reuse system in the Ise shrine enables the transfer of tacit skills. This system is supported by stable employment of core engineers and the regional sharing of generally skilled temporary engineers.

A shrinking area is not isolated from other regions. In order for shrinking cities to revive or survive, in terms of the skilled worker market, co-operation with other regions should be considered.

Shortening the life span of infrastructure goes against the grain of development and management, but it does have its merits from the skill transfer point of view. It should be considered that the Ise case reveals the potential of a different type of infrastructure development management in a shrinking region.

The Ise shrine case suggests **three policy implications** in terms of realising the transfer of traditional skills in a shrinking region to future generations. These are:

- the rebuilding activity based on the component reusing system assures the transfer of skills as key tacit knowledge to future generations;
- the stable employment of a minimum number of engineers and craftsmen for the skill transfer is significant even when there are no opportunities to use such skills as in the intervals between the scheduled rebuilding;
- not only the core engineers but also supporting temporary engineers with general engineering skills are also important. Temporary engineers can be shared with other regions.

First, the scheduled rebuilding that applies the same technology based on a component reusing system is the key to transferring tacit skills to future generations. As seen in the Ise shrine case, 20 years is a workable period for skill transfer because engineers and artisans can experience *Shikinen-sengu* two or three times in their lives. This provides them with opportunities to pass on their tacit knowledge to the next generation. Furthermore, concrete, stone or even timber structure normally has a long life, which could be increased using asset management technologies to cope with the decline in financial resources and in the number of engineers, in order to maintain them when population decline occurs. However, the engineers cannot experience construction works of infrastructure structure owing to this longer life of infrastructure. In this regard, short life span and scheduled rebuilding is a completely opposing idea, but enables the successful transfer of knowledge.

Of course, this idea also has its weak points. Rebuilding is costly and not all of the latest technologies can be preserved. Therefore, the entity-developing infrastructure has to choose, more or less, the technology that should be maintained. Otherwise, other strategies, such as standardisation of design, the system of reusing components of infrastructure, should be introduced.

This rebuilding is supported by the the reuse of components. For example, the timber from the previous main shrine is used for the gate of the auxiliary or subordinate shrine. This reuse system can reduce the total infrastructure development costs.



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Second, the stable employment of a minimum number of engineers and artisans (30 core engineers in the case of the Ise shrine) is significant even when – as, for example, in the intervals between the *Shikinen-sengu* – there are no opportunities to use the transferred skills. Normally, infrastructure developers in Japan procure contractors for construction and maintenance. The public tender system for procurement is very open and transparent, but contractors often change. As a result, there is not enough tacit knowledge. A stable employment of engineers in infrastructure development can realise the transfer of key tacit engineering knowledge.

Third, the support of temporary engineers with general engineering skills is important. The reason for continuing the tradition of rebuilding the architecture of the Ise shrine is to recruit supportive temporary engineers educated by the core engineers. This objective, however, is affected by regional shrinkage, as mentioned before. Accordingly, compiling an interregional network of engineers with related but general skills is a good strategy for securing their support. It is also important for the skilled labour market in shrinking cities.

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*CHAPTER 21:*

# SOCIAL EXCLUSION OF THE ELDERLY IN CHINA: ONE POTENTIAL CHALLENGE RESULTING FROM THE RAPID POPULATION AGEING

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## Introduction

The last decades have witnessed the rapid ageing of the population worldwide. China is not an exception. The census conducted in 2010 shows that the proportion of people aged 65 and over accounted for 8.87% of the population by 2010. According to the United Nation's World Population Prospects in 2010, the proportion of people aged 65 and over in China will reach 14% of the population by 2025. In order to face the rapid population ageing, researchers and policy makers have paid great attention to elderly-related issues.

In general, older persons are considered a vulnerable group, mainly because they risk a reduced of participation rate in various domains of life through the loss of paid work, a decrease in income and an increase in health problems. The extent to which this actually occurs and whether it translates into forms of social exclusion is largely an open question (Jehoel-Gijsbers and Vrooman, 2008). In the field of social exclusion-related studies, more and more attention has been paid to the elderly in the past decade internationally. However, studies with respect to the elderly in China from the perspective of social exclusion have been quite limited.

Figure 21.1. **Survey locations**

Based on the six surveys conducted in China from 2008 to 2010 – four rural surveys in Yunnan, Hunan, Hainan and Inner Mongolia and two urban surveys in Shanghai and Beijing (survey locations are shown as red dots in Figure 21.1) – this chapter provides a discussion on social exclusion of the elderly (aged 60 and older) in contemporary China in the following six dimensions: economic situation, social rights, social participation, social integration, perception of loneliness, and social support. Through the analysis, this chapter aims to provide answers to the following four questions: *i)* in which aspects and to what degree are the elderly placed at the risk of social exclusion? *ii)* to what degree do the elderly in rural areas differ in social exclusion from the elderly in urban areas? *iii)* which factors determine whether the elderly are socially excluded? *iv)* which factors determine the differences in social exclusion of the elderly between rural areas and urban areas?



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## Analysis and discussion

### *Analysis*

An analysis of the demographic characteristics of the respondents underlines differences and similarities in both rural areas and urban areas: for instance, in both areas, one quarter of the elderly are widowed. But, the rural elderly have a much lower level of educational attainment than the urban elderly. A further correlation analysis between "gender" and "educational attainment" shows that in both rural and urban areas, the educational attainment of females is much lower than those of males. As for the number of children, the surveys show that in urban areas, the average number of children is 2.4 whist in rural areas it is 3.2.

*Economic situation*

Among the urban respondants, 93.8% have retired and mainly resort to their pension for their later life. In contrast, 71% of the rural respondents have to continue engaging in agricultural activities to obtain financial income. In general, the elderly earn much less than working people. The average monthly income of urban respondents is CNY 2 003 (about USD 300). The average monthly income of rural respondents is only CNY 268 (about USD 40). A big income gap exists between the rural elderly and the urban elderly.

A correlation analysis between gender and income shows that female elderly are more likely to be economically excluded. Among the urban respondents, the average monthly income of males is CNY 2 031, and the average monthly income of females is CNY 1 431. Among rural respondents, the monthly income of males is CNY 345, and the average monthly income of females is CNY 175.

A correlation analysis regarding age and income reveals that differences also exist between different age groups in rural areas. Generally speaking, the income of the elderly declines as their age increases. Among the rural respondents, the average monthly income for persons aged 60-69 is CNY 360, for persons aged 70-79 it is CNY 196 and for persons aged 80 and over it is CNY 186. In contrast, no difference has been found between the different age groups in urban respondents.

A correlation analysis regarding educational attainment and economic income reveals that the income difference among different educational attainment groups is statistically significant in both rural and urban areas. Higher educational attainment is usually correlated with higher income. Among the urban respondents, the average monthly income for the illiterate group is CNY 1 097, for the primary school group CNY 1 402, for the middle school group CNY 1 606, for the high school group CNY 1 896, for the college group CNY 2 130, and for the bachelor degree and above group CNY 3 405. Among the rural respondents, the monthly average income for the illiterate group is CNY 190, for the primary school group CNY 271, for the middle school group CNY 478, and for the high school group CNY 537. As shown in the above results, the contribution of educational attainment to economic income is more prominent in rural areas.

A correlation analysis regarding marital status and economic income reveals interesting results. Although differences in income between different martial status groups have been proven to be statistically significant for both rural respondents and urban respondents, income distribution among the rural respondents and the urban respondents has been found to be quite different. Among the rural respondents, the monthly average income for a single person is CNY 137, for married people CNY 308, for a divorced person CNY 583, and for a widowed person CNY 155. In contrast, among the urban respondents, the monthly average income for a single person is CNY 1 376, for married people CNY 1 801, for a divorced person CNY 897, and for a widowed person CNY 1 400. It is obvious that among the urban respondents,



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those who are divorced are more likely to experience financial difficulties; whilst among the rural respondents, those who are single or widowed are more likely to be placed at risk of economic exclusion.

Inadequate access to economic resources has affected the quality of life of the elderly. As the analysis concerning respondents' expenditure has shown, the average monthly expenditure of urban respondents is CNY 1 448, whilst the average monthly expenditure of rural respondents is only CNY 212. Further analysis shows that in contrast to the fact that the expenditure of the rural respondents mainly focuses on food and the maintenance of personal relationships, the expenditure of the urban respondents has shown greater diversity. In general, the urban elderly have more options concerning their expenditure.

*Social rights*

In contrast to the drastic difference in the pension entitlement between the rural respondents and the urban respondents, the entitlements to medical insurance between these two groups have shown great similarities. Eighty-seven per cent of the urban respondents and 88.8% of the rural respondents are covered by medical insurance. However, the medical insurance scheme enjoyed by most of the urban respondents is "Citizen Basic Medical Insurance", whilst the most often used medical insurance scheme among the rural respondents is "New Rural Cooperative Medical Insurance". Between these two schemes, the most prominent difference is the extent of support. In general, compensations provided by New Rural Cooperative Medical Insurance are much less than those provided by Citizen Basic Medical Insurance. When asked what was the biggest difficulty encountered during illness, those who answered "without enough money" account for 31% of the total urban respondents. In contrast, among the rural respondents, those answering "without enough money" account for 51%. The above results demonstrate that although medical insurance schemes are available to most Chinese elderly, the limited extent of support provided by these schemes has weakened the elderly's affordability to medical expenses. As a result, the elderly in China are more likely to experience social exclusion in terms of the affordability of medical expenses.

A correlation analysis regarding age and the affordability of medical expenses shows that increased age does not translate into lower medical expense affordability in rural areas. Among the rural respondents, there weren't any differences among age groups for those who responded "without enough money" when answering what the biggest difficulty encountered during illness. However, among the urban elderly, a small difference was found between these three age groups. In particular, the proportion of respondents answering "without enough money" in each of the three groups was as follows: 33.6% in the 60-69 group, 30.0% in the 70-79 group, and 31.2% in the 80 and older group.

Currently, the availability of hospitals for the elderly in China is not a problem. This can be reflected from the low proportion of respondents who have cited "the traffic" as the biggest problem during their illness. In spite of the availability of hospitals, the increased age has impacted older people's ability to seek medical treatment. The analysis shows that the number of people who are incapable of seeking treatment on their own increases sharply as people age. When answering what was the biggest problem encountered during illness, urban respondents who cited "inability to seek medical treatment on his/her own" accounted for 2.2% in the 60-69 group, 12.7% in the 70-79 group, and 26.4% in the 80 and older group. In contrast, among the rural respondents, those who were unable "to seek medical treatment on his/her own" accounted for 6.4% in the 60-69 group, 9.1% in the 70-79 group, and 14.3% in the 80 and older group.

*Social participation*

In contemporary China, participation of the elderly into social activities in rural areas has not been taken for granted. Given the fact that most of the elderly still need to engage in agricultural activities to earn their living, little time has been spared for the rural elderly to take part in social activities. In contrast, in urban areas, with the support from pensions, the elderly are capable of taking a more active part in social



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activities. When asked whether or not they have been taking part in social activities in their daily life, 34.5% of the respondents answered yes. Further analysis regarding the relationships between the participation in social activities and gender/age reveal that although there is no difference between males and females in the participation in social activities, age has affected the older people's social participation. As shown in the results, the respondents who answered "yes" account for 46.7% in the 60-69 group, 38.0% in the 70-79 group and 6.5% in the 80 and older group.

A closer look at the character of the social activities reveals that among the various social activities proposed by the urban respondents, "activities to keep public safety", "entertainment activities" and "activities to improve environment" are the three most frequently cited ones. In particular, among the respondents who have been participating in social activities, 59.2% chose "activities to keep public safety", 18.3% chose "entertainment activities" and those who chose "activities to improve environment" accounted for 11.3%.

*Social integration*

With respect to social integration, relationships with family members, friends and neighbours were analysed.

As the relationship with family members is concerned, differences were found between the rural respondents and the urban respondents. When asked "what is your evaluation regarding your relationship with your family members?", 61.1% of urban respondents answered "excellent", 28.9% answered "good", and those who answered "common" only accounted for 8.0%. In contrast, among the rural respondents, 42.1% answered "excellent", 39.6% answered "good", and those answering "common" accounted for 13.7%. This comparison reveals that in general the urban elderly have a better relationship with their family members.

When asked " what is your evaluation regarding your relationship with your neighbours?", 50.2% of urban respondents answered "excellent", 35.6% answered "good", and those who answered "common" accounted for 13.5%. In contrast, among the rural respondents, 46.5% answered "excellent", 42.2% answered "good", and those answering "common" accounted for 9.5%. This comparison reveals a relatively complicated situation. Although a greater proportion of urban elderly hold "excellent relationships" with their neighbours, more rural elderly have built "good relationships" with their neighbours. Put in another way, compared with the rural elderly, the urban older people's relationship with their neighbours tend to be more polarised.

For China's rural elderly, most of their activities have been limited to local villages. Thus when asked about the relationship with their friends, most of the rural respondents tended to consider their neighbours friends. In contrast, urban elderly usually clearly distinguished their neighbours and friends. To explore their relationship with friends, the question "when in trouble, do you usually to talk with your friends?" was asked. The respondents who expressed reluctance accounted for 62.5%. When asked "with whom do you talk with?", most of the respondents chose "spouse", "daughter" and "son" as the answer. This result shows that most of the elderly have not kept closer relations with their friends.

*Perception of loneliness*

As for as the perception of loneliness is concerned, clear differences were found between the rural respondents and the urban respondents. When asked "how often do you feel lonely?", among the urban respondents, those answering "never" accounted for 51.2%. In contrast, among the rural respondents, those answering "never" only accounted for 39.6%. This comparison reveals that compared with the urban elderly, rural older people's perception of loneliness is much higher.



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A correlation analysis regarding gender and perception of loneliness reveals that among the urban respondents, "gender" has not affected the older people's perception of loneliness. In contrast, among the rural respondents, differences were found between male and female respondents. In general, the female rural respondents are more likely to feel lonely in their daily life.

With respect to the difference in perception of loneliness between different age groups, a correlation analysis was also conducted. The result reveals that both among the rural respondents and among the urban respondents, the older they get, the more lonely they feel in their daily lives.[2]

*Social support*

As age increases, social support has become more and more important in one individual's later life. In this regard, the following four aspects were examined: availability of caretaker during daily life; availability of caretaker during illness; evaluation of children's fulfilment in their filial duty and availability of support from community/village officials.

When asked "are you capable of dealing with daily affairs on your own", 86.9% of urban respondents answered "fully capable", 11.3% answered "partially capable" and those answering "completely incapable" accounted for 1.8%. Among rural respondents, 84.4% answered "fully capable", 12.9% answered "partially capable" and those answering "completely incapable" accounted for 2.7%. This result reveals that among the elderly, the loss of capability to deal with daily affairs is not severe.

When asked "who is the main caretaker in your daily life?", differences were found between the rural respondents and the urban respondents. In particular, among the rural respondents, 43.0% chose "spouse", 40.3% chose "son/daughter-in-law", and those choosing "daughter/son-in-law" only accounted for 8.6%. In contrast, among the urban respondents, 32.5% chose "spouse", 24.6% chose "son/daughter-in-law", and those choosing "daughter/son-in-law" accounted for 21.9%. In addition, among the urban respondents, those answering "to hire a helper" also accounted for 5.3%, and those answering "neighbours" accounted for 4.4%. Meanwhile, among the rural respondents, those who answered "no one to resort to" accounted for 4.4%. The above results have disclosed several things. Firstly, for both rural and urban older people, family members play a central role in providing social support to their daily life. Secondly, compared with the balanced support from both son(s) and daughter(s) in urban areas, the support to the older people in rural areas is mainly from son(s). Thirdly, in rural areas, seeking support is basically limited to family members; whist in urban areas, seeking support has gone beyond family limits. Fourthly, the absence of a caretaker in rural older people's daily life should be paid attention to by policy makers and scholars.

In urban areas, nurses usually are the main caretakers during an individual's illness. However, in rural areas, the shortage of medical resources has resulted in the lack of enough nurses in the local hospitals. As a result, the elderly have to resort to their family members in seeking support during their illness. When asked "who is the main caretaker during your illness?", among the rural respondents, 45.8% answered "spouse", 39.2% answered "children staying in the hometown" and 4.3% answered "the migrated children". From this result, two things should be noticed. Firstly, in rural areas younger family members also play a central role in providing support to older family members during illness. Secondly, as a result of population migration from rural areas to urban areas, changes have happened to the caretaking activities among rural families. In particular, compared with migrated children, children staying at home usually

2. By dividing the respondent s into three age groups: people aged 60-69, 70-79 and 80 and over, correlation analyses were carried out between "age" and "perception of loneliness". Results show that the differences found in both rural elderly and urban elderly are statistically significant. For the rural elderly, the result is $\chi 2=52.770; df = 12; p<0.001$. For the urban elderly, the result is $\chi 2=21.268; df = 10; p<0.05$.



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provide more caretaking activities to their parents during illness. In return, the migrated children have provided more financial support by sending remittances to their parents (Wenmeng Feng, 2006).

The above results have demonstrated the importance of family members in providing support to the elderly in China's rural areas. In Chinese culture, to be filial to one's parents has long been regarded as an indispensable element. Thus, the evaluation of children's fulfilment in their filial duty to parents can reflect the extent to which the elderly have obtained support from their children. When asked "are you satisfied with your children's fulfilment to their filial duty? ", among the rural respondents, 83.2% answered "satisfied", and those who answered "unsatisfied" only accounted for 3.3%. Further correlation analyses reveal that although no differences can be found among different age groups, compared with male older people, female older people's satisfaction is higher (i.e. 81.1% vs. 85.9%).

As for as the availability of support from community/village officials is concerned, the surveys reveal that, among the urban respondents, 42.3% reported having often sought support from community officials when in trouble. Similarly, among the rural respondents, those who had often sought help from village officials accounted for 49.7%. However, analysis concerning the absence of support when in trouble shows that, among rural respondents, 21.3% had experienced this kind of situation. In contrast, among the urban respondents, those who reported similar experiences only accounted for 7.3%. This comparison reveals that in terms of availability of support from neighbourhood, the rural elderly are more likely to be at risk of social exclusion.

***Discussion***

It is almost unavoidable for an older person to encounter various types of social exclusions in his/her later life. However, as revealed from the above analyses, among China's elderly, enormous inequalities in social exclusions have been found. Compared with the elderly living in urban areas, the elderly living in rural areas are more likely to be placed at risk of social exclusion in each dimension. To explore what factors have caused this enormous inequality is critical in understanding the social exclusion of the elderly in contemporary China.

A look at China's development pattern in the past can probably facilitate one's understanding regarding the unequal distribution of social exclusion among the elderly. It is no doubt that China's rapid economic development in the past three decades has brought great changes to Chinese society. However, this economic prosperity has not been shared equally between rural sectors and urban sectors. Almost in every aspect, urban areas have always been favoured at the expense of the countryside. As a result, the countryside as a whole has poorly lagged behind urban areas in both economic conditions and social development. As individuals living in this social context, it is not a surprise that the rural elderly are more likely to be placed at the risk of social exclusion.

The difference in institutional arrangements between rural areas and urban areas, on the other side, has also exacerbated the existing inequality between the countryside and urban areas. As revealed in this study, in contrast to the fact that most of the urban elderly are entitled to pension, in rural areas the elderly who are entitled to pension only account for less than 10%. This institutional absence, combined with the existing poor economic conditions, has placed a great amount of rural elderly at the risk of social exclusion. Furthermore, as shown in the analysis with respect to medical insurance, to make a policy is in itself important; however, to make a policy which is meaningful is more important. In order to eliminate the unequal distribution of the social exclusion among the elderly, more effort needs to be made in the establishment of an unbiased social security system.



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In combating social exclusion among the elderly, the influences of culture should also receive enough attention. As revealed in the above analyses, culture can bring out both positive and negative results simultaneously. On the one hand, the lower educational attainment and the poorer economic situation of women can be explained by the discrimination against women in Chinese society. On the other hand, being filial to one's parents is an indispensable component in Chinese culture that has ensured that most of the elderly can obtain strong support from their children in later life.

By the end of the year 2010, China's domestic migrants had reached 2.2 million. Given the importance of family members in the provision of support to the elderly, the enormous migration from rural areas to urban areas has also brought great challenges to the fight against social exclusion in China's countryside. As revealed in this study, family members' out-migration has weakened the family's function in raising its old members. Since the members who have migrated are mainly the younger members, the members left in the hometown are more likely to be the older persons rather than the children. As a result, the family has become an "Empty Nest". As more and more rural workers leave the countryside, it is expected that more and more "Empty Nests" will appear in China's rural areas. In the coming years, this trend should be watched carefully.

**Conclusions and policy recommendations**

Based on the above analyses, we can draw the following conclusions:

1. Social exclusion can be analysed in the following dimensions: economic situation, social rights, social participation, social integration, perception of loneliness and social support. In each of the six dimensions, social exclusion has been found among the elderly in contemporary China.

2. Compared with the urban elderly, the rural elderly are more likely to be placed at the risk of social exclusion. Meanwhile, compared with the older male population, the older female population is more likely to be placed at the risk of social exclusion. In general, the female rural older people are most likely to be economically excluded.

3. In rural areas, increasing age is usually accompanied by decreasing income. In contrast, in urban areas, no such relationship has been found. In both rural areas and urban areas, the higher an older person's educational attainment, the more economic income he/she can obtain. Among the urban elderly, people who are divorced are more likely to experience financial difficulties; whilst among the rural elderly, people who are single or widowed are more likely to be placed at the risk of economic exclusion.

4. Although medical insurance schemes are available to most Chinese elderly, the limited support provided by these schemes has weakened older people's affordability of medical expenses. As a result, the elderly in China are more likely to experience social exclusion in terms of affordability of medical expenses. In addition, although the availability of hospitals for the elderly is not a problem, increased age impacts older people's ability to seek medical treatment.

5. Compared with the rural elderly, the urban elderly have been taking a more active role in the participation of social activities. In addition, the activities to keep public safety and to improve environment have become the most popular ones among the urban older people.

6. Compared with the rural elderly, the urban older people's evaluation with respect to their relationship with family members is higher. However, as for as the relationship with their neighbours is concerned, the evaluation among the urban elderly tends to be more polarised.



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7. Compared with the urban elderly, the rural elderly's perception of loneliness is much higher. In addition, among the rural elderly, older females are more likely to feel lonely in their daily life. As age increases, more and more elderly tend to feel lonely in their daily life.

8. For both rural older people and urban older people, family members have been playing a central role in providing social support to their daily life. Compared with the equal support from both son(s) and daughter(s) in urban areas, the provisions of support to the older people in rural areas are mainly from son(s). In addition, as a result of population migration from rural areas to urban areas, changes have taken place in the caretaking activities among rural families. The existence of the elderly who have no access to caretakers during their daily life should be noticed by both policy makers and scholars.

Discovering the social exclusion of the elderly in China only provides the starting point for the fight against social exclusion. As shown in the above analyses, social exclusion of the elderly has become a potential challenge to Chinese society. If no measures are taken, as China's population continues to age, social exclusion of the elderly is expected to become more and more serious in the society. In the coming years, prompt and effective actions/measures by the government are urgently needed. Key policy recommendations from the analysis include:

***1. Establish a welfare system covering the whole population step by step.***

Currently, China's welfare system is incomplete. Nowadays, a large part of the rural residents are still not covered by the pension system. In addition, the level of support of the New Rural Cooperative Medical Insurance is still quite low. In the coming years, the central government needs to work together with the local government to change this situation. As far as the New Rural Cooperative Medical Insurance is concerned, the level of support needs to be raised. As for the rural pension system, two steps are needed. The first step is to enlarge pension coverage to all rural residents. The second step is to raise its level of support. During the process of establishing institutional arrangements, attention needs to be paid to the disparities between men and women and between different age groups.

***2. Construct a formal support framework in villages/communities.***

The establishment of a welfare system can only provide financial support to the elderly. However, as the survey results show, physical and mental support is also important to the elderly. In the past decades, population out-migration in rural areas and family downsizing in urban areas have weakened informal support from the family. Under these circumstances, to construct a formal support framework in villages/communities is of great importance. During this process, how to work out an effective way in the constructing of formal supporting frameworks needs to be explored thoroughly.

***3. Explore the potential of the elderly and achieve an active ageing society.***

Faced with the rapid population ageing and the enormous existence of the elderly, providing support alone can not solve the problem. To enlarge the coverage of pensions and to raise its level of support will undoubtedly result in the rapidly increased fiscal burden of the government. Furthermore, to construct more formal support frameworks in villages/communities lies with the existence of enormous young workers in the society. However, what if the society as a whole has aged and the supply of young workers has shrunk to an inadequate level? The answer lies with the elderly themselves. In the coming years, how to explore the potential of the elderly (namely, how to enable the elderly with a healthier and more active life in the society) needs to be studied thoroughly.



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*CHAPTER 22:*

# SUPPORTING OLDER WORKERS IN CANADA'S VULNERABLE COMMUNITIES: THE CASE OF THE TARGETED INITIATIVE FOR OLDER WORKERS

**HUMAN RESOURCES AND SKILLS DEVELOPMENT CANADA**



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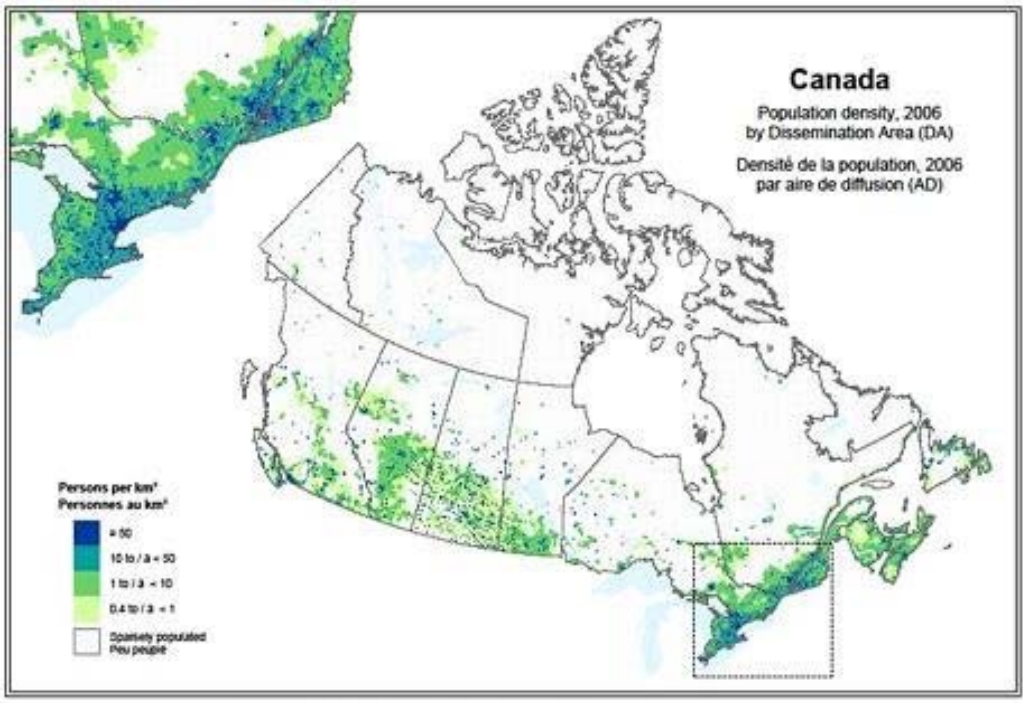
## Introduction

Like most industrialised countries, Canada is facing the demographic challenges of an ageing population and an ageing workforce. Despite overall employment gains over the last decade, older workers, once unemployed, face many challenges in finding new employment, especially those living in vulnerable communities.[1] The Government of Canada's response to supporting unemployed older workers in vulnerable communities includes the Targeted Initiative for Older Workers (TIOW), a partnership between the federal government and provincial/territorial governments. This chapter will examine the situation of older workers in Canada's vulnerable communities as well as the impact of TIOW.

## Older workers and population ageing in Canada

As a result of its geographically large size and small population, Canada has a large number of small communities in rural and remote areas with low economic diversification (Figure 22.1). The shrinkage of small communities in Canada is particularly visible in the difference between the urban/rural split in 1966 (74% urban/26% rural) and 2006 (80% urban/20% rural, Statistics Canada, 2007). Many of these communities rely on resource-based industries, have higher unemployment rates, limited economic infrastructure to support employment transitions, and an out-migration of young and mobile workers. These challenges were exacerbated during the recent economic downturn, with the crisis accelerating the ongoing downward employment adjustment process in these declining industries. Older workers are over-represented in these traditional sectors and face unique challenges in navigating the changing economy.

Figure 22.1. **Population density, 2006 by dissemination area in Canada**




*Source*: Statistics Canada (2007), *2006 Census of Canada*, Statistics Canada, Ottawa, Ontario, produced by the Geography Division.

1. Vulnerable communities are generally defined as those where there is ongoing high unemployment and/or where the community is highly dependent on a single employer or industry sector which has faced major downsizing or a closure.



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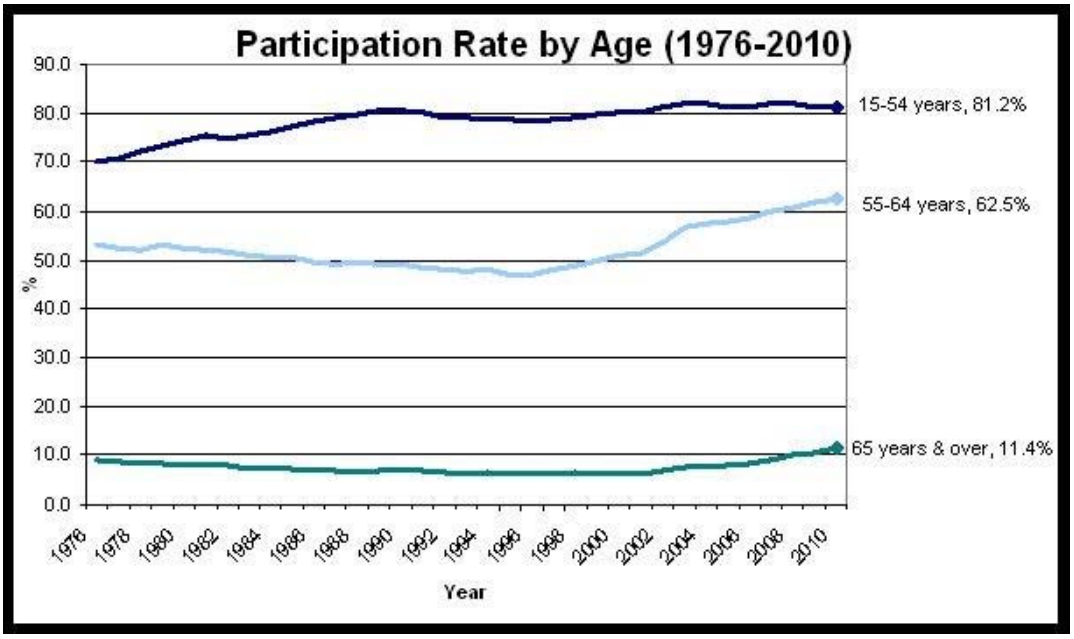
By 2036, it is predicted that nearly one in four Canadians will be over the age of 65, nearly double that of 2009 (Statistics Canada, 2010b) and, as a result, older workers will have an increasingly larger share of the labour force and increasing participation rates (Figure 22.2). The 2010 participation rate of persons aged 55-64 (62.5%) ranked 4th among G7 countries and 13th among OECD countries (Statistics Canada, 2010 and OECD Stats Extract).[2]

Figure 22.2. **Participation rate by age, 1967-2010**




*Source*: Statistics Canada (2010), *Labour Force Survey*, Statistics Canada, Ottawa, Ontario.

Older workers fared relatively well in Canada both before and during the recent recession. Over the past decade (from 2000 to 2010) the number of employed Canadians 55 years of age and older has nearly doubled (from 1.5 million to 2.9 million) and the employment rate of Canadians 55 to 64 increased from 48% to 58%, all due primarily to population ageing (Statistics Canada, 2010a). These gains by older workers in the past decade have resulted in an ageing workforce, where one out of six of all employed in Canada is an older worker (up from one out of ten in 2000) (Statistics Canada, 2011b). Older workers in Canada (age 55 and above) have an unemployment rate of 6.2% (November 2011), below the overall unemployment rate of 7.4% (November 2011) (Statistics Canada, 2011).

Given anticipated older worker retirements in the next few years due to the ageing population, significant pressure will be put on the economy, resulting in: more acute skills shortages; reduced real GDP growth; and increased fiscal pressure. Extending the participation of older workers is critical to addressing the pressure of looming labour shortages and productivity challenges.

***Employment situation of displaced older workers***

Although less likely to lose their jobs, once unemployed, older workers are at greater risk of long-term unemployment. The average duration of unemployment for those aged 55 to 64 was 28.2 weeks in 2010, compared to 22.5 weeks for those aged 25-54 (Human Resources and Skills Development

2. Labour force participation rates for all persons aged 54-65 (accessed 10 December 2011).



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Canada, 2011b). They also face major wage reductions when returning to work, with older laid-off workers (aged 45 to 64) losing about 40% of their earnings compared to their previous employment (Finnie and Gray, 2011). These older workers (who are most at risk) are often low-skilled and work in traditional industries. Transitions into new employment can be difficult for these older workers as well, as they are often long-tenured workers with a specific skill set who have not previously had to update their skills.

Findings from recent research, including the *Survey of Older Workers* (Statistics Canada, 2008) and *HRSDC Consultations with Older Workers and Employers: Summary of What We Heard* (Human Resources and Skills Development Canada, 2011a), indicate that older workers often face major barriers in finding and retaining employment, including:

- age discrimination and stereotypes;
- financial disincentives to work (e.g. reduced pension);
- lack of training opportunities;
- outdated skill sets (or lack of transferable skills);
- health problems or disability; and
- lack of workplace flexibility.

**History of federal support for older workers**

Recognising the important role of older workers in the economy and their contribution to the Canadian workforce, Canada has a long history of programming to support the labour market participation of older workers (Figure 22.3). Federal activities targeting unemployed older workers began in 1987 with the Program for Older Worker Adjustment (POWA). This was a passive measure targeted to older workers at the pre-retirement stage who had lost jobs as part of a mass layoff. It was expected that participants would remain in the programme until they found or created a job for themselves or reached age 65. The programme ended in 1997 as it proved to be expensive, a disincentive to employment, and increasingly inconsistent with the need to maintain and encourage high participation rates.

The Older Worker Pilot Projects Initiative (OWPPI) replaced POWA in 1999 and ran until 2006. Pilots were meant to test employability approaches with provinces and territories by funding projects designed to re-integrate unemployed older workers into sustainable employment. It was also an innovative alternative to early retirement programmes, in the context of evolving labour market and demographic needs. OWPPI resulted in lessons learnt on what works for unemployed older workers in Canada, which were then used in the development and design of the Targeted Initiative for Older Workers.



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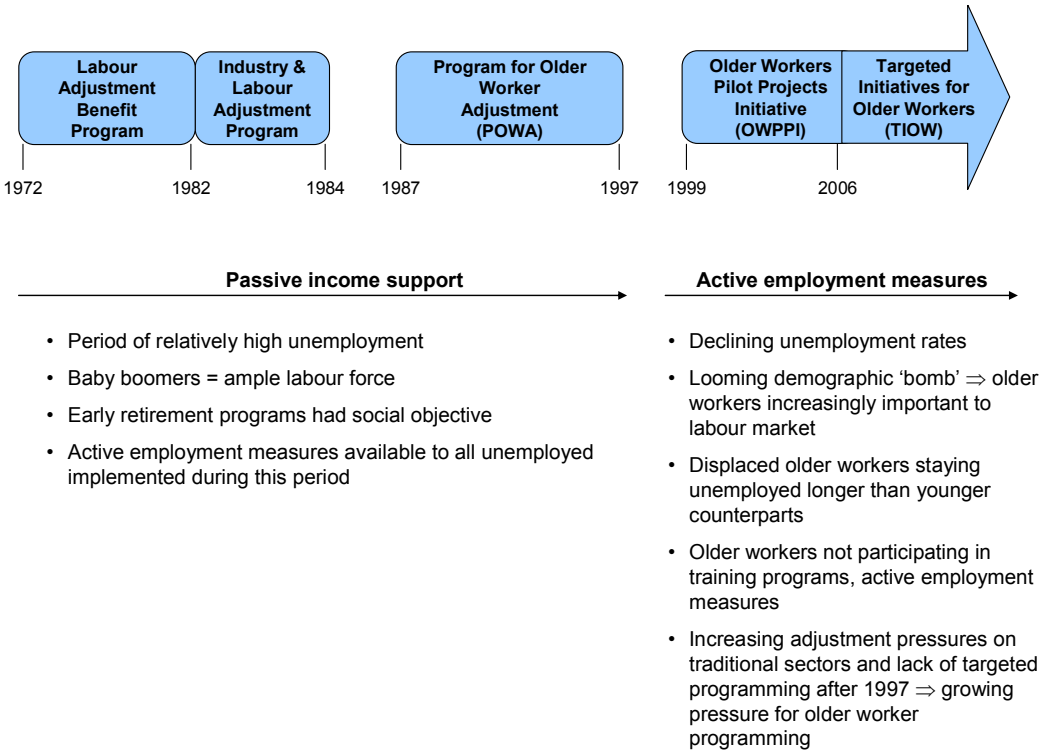
Figure 22.3. **History of programming to support the labour market participation of older workers**




*Source*: Human Resources and Skills Development Canada (2011). Presented at the Organization for Economic Co-operation and Development (OECD) Local Economic and Employment Development (LEED) Directing Committee, Paris, 21-22 November 2011.

## Targeted Initiative for Older Workers

Launched in 2006,[3] TIOW is a federal-provincial/territorial cost-shared initiative designed to provide support to unemployed older workers in communities affected by significant downsizing and/or ongoing high unemployment through programming aimed at reintegrating them into the workforce. The objectives of the programme are to provide unemployed older workers in vulnerable communities with the support needed to obtain new employment and, in labour markets with little likelihood of immediate employment, programming is aimed at increasing the employability of older workers and extending their labour market participation while their communities undergo adjustment.

TIOW is available to workers aged 55 to 64 living in an eligible community (workers aged 50 to 54 or over age 64 and still in the labour market may also participate) and primarily targets older workers most in need (i.e. those no longer eligible for employment insurance) and working in traditional, and often vulnerable, sectors.

Eligible communities are cities or towns that have a population of 250 000 or less and are experiencing ongoing high unemployment and/or a high reliance on a single employer or industry affected by downsizing or closures. Priority is also given to vulnerable communities and older workers affected by

3. The Government of Canada launched TIOW in 2006 with CAD 70 million over two years. In 2008, a further CAD 90 million was invested to extend the initiative until 31 March 2012. In response to the economic downturn, Canada's Economic Action Plan provided an additional CAD 60 million over three years (2009-2012). To further help unemployed older workers, Budget 2011 announced an extension of TIOW by CAD 50 million over two years until 31 March 2014.



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downsizing or closures in traditional sectors such as forestry, fishing, textile and apparel, agriculture, and mining. Targeted communities are a mix of several local economies, and include those with a low-skilled equilibrium (low education levels and few high-skilled occupations) and those experiencing skills gaps and shortages (many available jobs but a shortage of skilled workers).

***Programme activities***

TIOW uses a unique model to meet the employment needs of older workers. Training is offered in a group-based setting which allows unemployed older workers to interact with peers who are in similar circumstances and have similar learning needs.

Each TIOW project offers a comprehensive suite of interventions tailored to the needs of older workers and local labour market conditions, including: employment assistance activities (e.g. CV writing, counselling, and interview techniques) and at least two employability improvement activities (e.g. prior-learning assessment, skills upgrading, literacy and essential skills, computer training, and self-employment assistance). On average, projects offer ten employability improvement activities per participant. Project duration varies from 5 to 26 weeks but most participants spend an average of 3 months in TIOW programmes. Most projects also include a job-shadowing or work experience component with a local employer or community organisation.

Participants are offered income support while participating in projects. Project sponsors pay allowances while participants are involved in developmental activities and are paid a wage or wage subsidy (depending on whether they are employed by a community-based organisation or private sector employer) during the work experience portion of the project.

**Successful partnership model**

TIOW is national in scope, with agreements signed between the federal government and all 13 provinces and territories. Under this model, the federal government contributes a maximum of 70% of total TIOW programme costs per region and the participating province or territory contributes a minimum of 30%. The Government of Canada (through the Department of Human Resources and Skills Development) is responsible for providing the broader policy framework and criteria for eligible participants and communities, and the provincial/territorial governments are responsible for targeting communities, the design and delivery of the projects, and tailoring projects to local needs. Project sponsors (normally community-based organisations) deliver project activities in partnership with local labour market partners, economic development organisations, and educational institutes.

The "joined-up" approach used by TIOW allows the programme to use the strengths of the various levels of government and the local organisations delivering the training. Projects are often embedded in regional economic development strategies and complement existing employment programming and adjustment initiatives in the region.

**Community impact – examples of TIOW projects**

***Bell Island, Newfoundland and Labrador***

Bell Island is a small, ferry-accessible community in Conception Bay with a population of less than 3 000 people. The area, including surrounding communities, has been economically challenged since the closure of the iron ore mines in 1966 and experiences high rates of long-term unemployment. At the start of this project, the unemployment rate on Bell Island was 27% (2009).



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The 21-week TIOW project titled "WISE – Women Interested in Successful Employment" was designed specifically for women aged 55 to 64 with a focus on developing transferable skills. Project activities included essential skills training, job search techniques, group mentoring and portfolio development.

As a result of their participation, the majority of participants found jobs on the island or in nearby communities. Key success factors for these participants in finding jobs has been increased confidence as well as the relationships built with project sponsors and local employers.

Prior-learning assessment also played a key role with the WISE project. The majority of the women participating in the project had been unemployed for several years, were discouraged, and ready to withdraw from the labour force altogether. Identifying their transferable skills (i.e. from past employment or volunteer responsibilities) was critical in helping them find employment.

***Laurentians, Quebec***

This project took place in the Antoine-Labelle Regional County Municipality, an area with a high reliance on the forestry sector (where many unemployed older workers had spent their entire working lives). The area has a population of close to 35 000 and a 10.6% unemployment rate (2006).

One of the first TIOW projects in Canada, the six-month project was designed to help older workers upgrade their skills and transition to new secondary wood-product industries. The group-based component was located in a woodworking factory rather than a classroom, where trainers were able to identify the participant's transferable skills and provide practical training. There was also a heavy focus on coaching during and after programme participation.

Since 2007, 125 participants (mostly men) have benefited from this project and close to 90 have found employment with local employers. Participants also regained confidence in their ability to secure employment in new occupations.

***Regina, Saskatchewan***

The province of Saskatchewan was affected by layoffs in traditional industries during the 2008-2009 economic downturn, particularly in the forestry, agriculture, and mining sectors. Though the overall unemployment rate in the province was low, the unemployment rate for older workers was higher due to the layoffs in these traditional industries.

The 12-week project in the city of Regina (population of 179 246 in 2006) entitled "Put Your Wisdom to Work – Again" offered employment assistance activities in a group setting, building participants' self-esteem in the process. Participants were trained in the latest job search techniques and also learned how to address difficult questions from potential employers such as the anticipated length of their career, their age, a previous job loss, and their potential impact on company benefit plans.

All participants were able to take advantage of a two-week job-shadowing placement, which, for some, resulted in jobs with the host employer. Of the 15 participants, 12 found employment immediately following the project.

**Results**

As of December 2011, over 16 200 unemployed older workers have been served through 338 TIOW projects.



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Evidence shows the TIOW has supported local community adjustment in Canada. Projects have proven integral to local development strategies and older worker training is often tailored to meet emerging sector needs. Evaluation results (Human Resources and Skills Development Canada, 2010) have found that, overall, the programme has been successful:

- the vast majority of participants (75%) found employment during or after their participation in TIOW;
- 44% were employed 8 months after participation in the programme and this number remained constant at 41% after 18 months;
- 80% of participants reported they felt more employable as a result of the project activities;
- 75% of those who worked after the programme experienced a change in their work setting (50% changed sectors, 25% changed employers).

These results are particularly positive given that 30% of TIOW participants did not have a high school diploma, 50% were unemployed more than a year prior to participation, and 57.6% were in communities with unemployment rates of 10.1% or more.

The programme has also proven beneficial for employers, of whom a large majority have indicated that they would participate in TIOW again. The majority of employers retained those participants they employed through the work experience portion of the project for a period of time following the project. Employers also identified the wage subsidy as a key incentive for their participation and appreciated the ability to fill workforce gaps with experienced workers.

**Conclusions and lessons learnt**

TIOW is a small-scale but highly targeted programme. Participant numbers are few compared to the overall number of unemployed older workers in Canada; however, the targeted approach ensures that the programme reaches and strengthens the labour market participation of those who are living in the most vulnerable communities. Based on the experience of the programme, the following lessons learnt and best practices have been identified:

- **Flexibility:** flexibility and the ability to tailor projects to the specific needs of the individuals and local economies was identified by stakeholders as a key factor in the success of the programme.
- **Group-based approach:** the group-based training has also been identified as integral to success with this population as it enables peer support.
- **Sharing of best practices and results:** informs programme policy that can be used for other populations (e.g. youth or Aboriginal) and other labour market programmes for older workers.
- **Research:** it is also important to continue to seek an understanding of the impacts of population ageing. HRSD has conducted research in 2010 and 2011 to help further inform policy related to the labour market participation of older workers:
    - *Canada's Aging Workforce: A National Conference on Maximizing Employment Opportunities for Mature Workers (Summary Report)* (February 2011): on behalf of HRSDC, the Public Policy Forum organised a national conference in October 2010 to explore the current challenges and opportunities related to the labour market participation of older workers.



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- *HRSDC Consultations with Older Workers and Employers: Summary of What We Heard* (October 2011): in early 2011 through a series of roundtables, HRSDC consulted with Canadians to better understand the labour market challenges for older workers and employers. Consultations had a particular focus on the workplace practices and conditions that affect the labour market attachment of older workers.



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*CHAPTER 23:*

# THE SOCIO-SPATIAL DIMENSIONS OF URBAN SHRINKAGE (FRANCE)

**BY**
**SYLVIE FOL**



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## Introduction

Many studies have analysed the socio-spatial effects of urban decline. In the United States, the combination of residential suburbanisation, de-industrialisation and the decentralisation of employment led to a segregation process characterised by the concentration of very poor households, especially minorities, in inner cities (Downs, 1997, 1999; Beauregard, 2003). In Western Europe, the processes are partly different. The persistence of strong welfare states tended to lessen the impact of urban decline in terms of accentuated poverty and segregation (Musterd and Andersson, 2005). However, de-industrialisation had dramatic effects on the social context of cities. The downward spiral of urban decline, which displays very similar trends in both Eastern and Western European countries, has been described in several studies (OECD, 1983; Friedrichs, 1993; Bontje, 2004; Fol and Cunningham-Sabot, 2010). As unemployment rises, the number of households needing public assistance increases while the city's tax revenues fall, leaving little capital available for investment. This downward spiral includes a selective out-migration process that occurs in shrinking cities. As the number of jobs falls, the younger and better educated employees leave while the older and less qualified workers remain in the city (OECD, 1983; Friedrichs, 1993). For those remaining in shrinking cities, finding a job appears more and more difficult, since their skills do not match the skills required for the new employment opportunities. As unemployment and poverty are on the rise, urban shrinkage tends, at the same time, to increase socio-spatial segregation. A rising concentration of poverty appears to be a usual outcome of urban shrinkage: as the total population decreases, the share of low-income households is on the rise and in addition, these households tend to be gathered in the same neighbourhoods.

This chapter focuses on the socio-spatial aspects of urban shrinkage in the case of French shrinking cities. It also examines the effects of the strategies put in place to tackle urban shrinkage and their repercussions on the rise of socio-spatial divisions at the local level.

## Urban shrinkage in France and its socio-spatial effects

France is certainly not the country in Europe where the consequences of urban shrinkage are the most widespread and dramatic (Turok and Mykhnenko, 2007; European Commission, 2007; Baron et al., 2010). However, despite relatively strong population growth at the national level,[1] urban shrinkage is occurring in France on a rather broad scale. In the long run, Paulus (2004) showed that out of 354 urban areas,[2] 147 (more than 41%) experienced relative or absolute decline between 1954 and 1999. Two major patterns of urban decline can be distinguished, one based on the regional dimension of urban shrinkage and related to de-industrialisation and one linked to city size. Both types of shrinking cities display strong trends toward an accentuation of social exclusion and socio-spatial disparities.

The first pattern of urban shrinkage is related to de-industrialisation. According to Paulus (2004), the 38 cities that experienced absolute decline between 1954 and 1999 were mostly located in old industrial regions. Their population decrease can be attributed to the quasi-exclusive specialisation of these cities in economic activities in recession. Between 1990 and 1999, out of the 52 largest urban areas in France,[3] 8 were shrinking, almost all of them located in declining industrial regions such as Lorraine,

1. Since 1999, France has had an annual population growth rate of 0.7%, which is among the highest in Europe (DATAR, 2008).

2. The number of urban areas fell to 354 at the 1999 census, mainly because of the absorption of small urban areas by bigger ones, more rarely because of their contraction below the threshold of employment needed for them to be defined as urban areas (Paulus, 2004).

3. The largest urban areas are those with a population of more than 150 000 inhabitants.



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Nord-Pas-de-Calais and Haute-Normandie.[4] Economic development in these shrinking cities was traditionally based on mining, port industries, or another single industry. Urban decline linked to de-industrialisation had tremendous socio-spatial effects. Population decline was accompanied by the out-migration of middle-class households in search of a better social and urban environment. This resulted in a concentration of low-income population and immigrants in the old city centres and in large social housing estates. The same process can be found in other declining industrial cities in France (Cunningham-Sabot and Roth, 2011) and in small shrinking cities as well.

The second pattern of urban shrinkage in France is related to city size. Most French shrinking cities are small urban areas,[5] located in the middle of the country (Julien, 2000). While urban growth has been recently concentrated in littoral regions, near the borders (especially Alsace and the Alps) and following important transport infrastructures, small shrinking urban areas are located in the heartland of France, isolated from infrastructure networks and larger urban centres (Cunningham-Sabot and Fol, 2007). In the last decades, whereas large cities have benefited from the concentration of activities, services, employment and population, smaller cities have been more and more short-circuited and left behind in terms of population, activities and information flows (Pumain, 1999). Unable to reach a size that would allow them to offer a wide range of services and industries, they can only develop a small number of industries and the lack of diversity produces a rather rigid and fragile local employment market. Their isolation, both geographical and in terms of information networks, creates few opportunities for innovation and diversification (Lugan, 1994).

While no policies explicitly designed and labeled to tackle urban shrinkage exist in France, several programmes put in place in the last 20 years can be analysed as "anti-urban shrinkage" tools. However, their socio-spatial effects can be questioned both at the national and local levels.

**Policy responses to urban shrinkage in France: an accentuation of socio-spatial disparities?**

Despite the acuity of its manifestations in some places, urban shrinkage is not a high-profile issue at the national level in France. This lack of interest and analysis is probably due in large part to the demographic fact that, along with Ireland, France is among the rare countries in Europe currently unaffected by population decline. However, this quasi absence of interest and analysis might also be explained by the characteristics of the urban areas that are affected: most of them are small and weigh very little in the nation's economy. Although urban shrinkage remains a "silent process" in France (Cunningham-Sabot and Fol, 2009), it does not mean that decline has not been recognised as an issue at the national level. The objectives of the various programmes that have been put in place are focused on the restoration of competiveness in de-industrialised regions either by helping investment through direct financial support to firms or by creating the conditions of industrial re-development through support to local initiatives. In parallel, the same focus on competiveness is driving a trend toward the rationalisation of public spending and policies, resulting in the downsizing or even suppression of public services. Small towns are particularly hit by this process, which has strong effects in terms of economic vitality, local employment and social development.

While the economic decline of former industrial and mining regions has been well analysed (Wachter, 1991), the attention of scholars and policy makers in France is more focused on the regional level than on the urban level and few studies have been dedicated to the decline of industrial cities (Sabot, 1999). Similarly, until recently most policies focused on industrial decline have been targeted on a

4. These urban areas are: Saint-Etienne (Rhône-Alpes), Douai (Nord-Pas-de-Calais), Montbéliard (Franche-Comté), Lens (Nord-Pas-de-Calais), Béthune (Nord-Pas-de-Calais), Le Havre (Haute-Normandie), Valenciennes (Nord-Pas-de-Calais) and Thionville (Lorraine).

5. Most of them have less than 50 000 inhabitants.



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larger scale than the city. The first programmes on economic reconversion were launched in 1968 to support the regeneration of mining and industrial regions (Lorraine and Nord Pas-de-Calais). In 1984, the DATAR (*Délégation à l'aménagement du territoire et à l'attractivité régionale*) created the "poles de conversion" and intensified the support given to de-industrialised regions. The "*Fonds national d'aménagement du territoire*" (FNADT) was set up in 1995 to provide financial support to various programmes, some of them dedicated to the economic regeneration of declining territories. Two types of funding have been put in place: the first one, to help investment in declining or deprived regions, takes the form of direct financial support to businesses (*Prime à l'aménagement du territoire*); the second one, dedicated to local regeneration programmes ("*contrats de site*" and "*contrats territoriaux*"), support local governments' projects. These programmes, which concern different territorial scales ("*départements*", "*pays*", urban areas, "*bassins*"[6]), aim at facilitating the arrival of new economic activities, improving the local economic environment and creating employment opportunities. The funding by the FNADT can be significant in those territories marked by high unemployment and a fragile industrial context: EUR 9.4 million for the "*département des Ardennes*"; EUR 7.9 million for the "*territoire de Belfort*".[7]

At the same time, there is a recent but strong trend in French national policies toward the rationalisation of public spending (RGPP), which results in the suppression of public services and infrastructure (hospitals, tribunals, military facilities). These services used to have a significant impact on local employment and economic activities (e.g. the hospital often being the first local employer) and their closing can generate a total destructuring of the local economy including retail, local services, etc. Local actors manifest a strong resistance, whatever their political affiliation, against this national policy that reveals tensions and contradictions between two objectives: competiveness and socio-territorial cohesion.

At the local level, regeneration policies aim to attract new activities and new population growth (Wilson and Wouters, 2003; Boland, 2007). Local authorities tend to favor economic development through efforts to attract new businesses and active partnership with private actors (DiGaetano and Lawless, 1999; Fol and Sabot, 2003). In some cases, the idea of social mix justifies strategies whose implicit goal is to gentrify the city and improve its image. This last objective is often linked with efforts to rebuild public space and create new places for the usage of the middle class (Rousseau, 2010). Cultural policies, the renovation of heritage buildings and public space tend to become common tools to local policies implemented in shrinking cities (Rousseau, 2010). Standardised policies aiming at attracting new residents from the middle class put emphasis on culture-led regeneration and the preservation of local heritage (Boland, 2007; Rousseau, 2010).

Cases of local policies tending to reinforce socio-spatial disparities while aiming at reversing urban shrinkage have been studied in France. In the case of Saint-Etienne, Cunningham-Sabot and Roth (2011) showed that urban regeneration strategies are based on the redesigning of public space and culture-led policies to attract middle class households who once left Saint-Etienne for its surrounding area. At the same time, the municipality is trying to stop the influx of poor households attracted by cheap housing and today concentrated in the city centre. The local discourse on the necessity of social mix serves as a justification of a "soft gentrification strategy" implemented through high-standing real estate projects. The rise in property and rent prices resulting from these strategies is problematic for low-income households that still represent the majority of Saint-Etienne's population. However the development of pockets of relative wealth leads to a socio-spatial fragmentation of the city (Cunningham-Sabot and Roth, 2011). The case of Roubaix studied by Rousseau (2010) and Miot (2011) describes very similar policies based on image and culture-led regeneration strategies. The creation of a new housing supply by private developers

6. The 101 "*départements*" in France are both administrative subdivisions of the state (led by a prefect) and local institutions with their own government. "*Pays*" and "*bassins*" regroup municipalities with a common project of development funded by the state. "*Pays*" are usually located in rural areas.

7 The "*Territoire de Belfort*" is a "*département*".



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aims at attracting middle class households in order to achieve social mix. Here again, this explicit goal is used as a euphemism for the gentrification process that is implicitly implemented in the city.

**Conclusion**

In France as well as in other countries, urban shrinkage has resulted in growing socio-spatial disparities. At the national level, shrinking cities represent a challenging issue for planning policies, since policy responses tend to hesitate between improving the attractiveness of declining territories, rationalising the implantation of public services and facilities, and maintaining territorial and social cohesion. At the local level, there are tensions between responding to the needs of the poor and attracting new business and population.

While there are many similarities between strategies put in place to reverse urban shrinkage, it is important to underline that political choices made at the local level and can make a difference (Albecker, 2010; Albecker and Fol, 2010; Miot, 2011). The degree to which local actors decide to control private investment and negotiate public-private partnerships is important and defines, to a certain extent, the social outcomes of regeneration strategies. Local public actors can use negotiation with developers as a tool to attract investment while trying to control the type of new population that will move to the city (Pollard, 2009).

The **strategies that local actors** could implement in order to avoid the perverse effects of regeneration policies on socio-spatial divisions include:

- giving priority to the improvement of local conditions of living (housing, public space), which could both serve the needs of the existing population and attract new inhabitants;
- creating incentives to retain the most well-off population by increasing the quality of the housing stock (paying attention to the balance between the existing housing stock and new developments that could worsen the vacancy problem);
- maintaining the provision of social housing to avoid the displacement of low-income households during the regeneration process and create the basis for social mix;
- controlling the interventions of developers by negotiating the type of residential developments that will be delivered (for example asking them to include social housing).



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# CHAPTER 24:

# PEOPLE'S CLIMATE IN SHRINKING AREAS: THE CASE OF HEERLEN, THE NETHERLANDS: HOW INVESTING IN CULTURE AND SOCIAL NETWORKS IMPROVES THE QUALITY OF LIFE IN SHRINKING AREAS

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## Introduction

This chapter presents a case study of the City of Heerlen, Netherlands, a shrinking city that identifies cultural policy as an important factor in vitalising the city. Heerlen has made significant investments into culture and is experiencing a "cultural spring". This promotes a positive climate in the city, despite the shrinking and ageing population. This chapter identifies examples of good practice for the revitalisation of the city, in particular how culture and the development of social networks are contributing. It explores: Zachte G Network for Creative Economy: a community of creative individuals in the region of Heerlen, connecting cultural and creative entrepreneurship; and Design for Emptiness-Challenge: a project in which entrepreneurs, artists and project developers build concepts for empty buildings in the town centre. The project mobilises citizens to participate actively in the discussion on shrinking cities. Finally, the chapter ends with conclusions, in which the importance of investing in people's climate in general and cultural policies in particular, in a shrinking city is emphasised.

## Description of the case under study: City of Heerlen

The City of Heerlen is a city of Parkstad Limburg Region in the south of the Netherlands (Figure 24.1). Heerlen has approximately 90 000 inhabitants and its population is decreasing. It is predicted (CBS, 2011) that Heerlen's population will drop to a bit over 70 000 by 2040 (Table 24.1).

Figure 24.1. **Region Parkstad Limburg**

*Source*: Kenniscentrum voor bevolkingsdaling (2010), "Kenniscentrum voor bevolkingsdaling", available at *www.bevolkingsdaling.nl*, accessed 20 October 2010.



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Table 24.1. **Population projection for the city Heerlen**

| | Total population |
|---|---|
| 2010 | 89 757 |
| 2020 | 86 634 |
| 2040 | 73 303 |

*Source*: CBS (2011), *Statline*. available from *http://statline.cbs.nl*, accessed 19 January 2011.

Heerlen is a former mining region on the periphery of the Netherlands close to the German and Belgian borders. The mining industry was developed at the beginning of the 20th century, which contributed to fast growth of the city. However, mines were closed in 1970s and consequently had an enormous impact on the social and economic structure, employment and cultural and economic development in Heerlen (Latten and Musterd, 2009).

After the closing of the mines, a process of decay started to unfold in Parkstad with Heerlen as the centre of this region. Since the mines where not only responsible for the economy but also for the social structures, the radical closing of the mines led to problems on the social level such as drug and alcohol abuse, trafficking, high unemployment rates and an image of "one of the worst livable cities in the Netherlands" (de Volkskrant, 2011).

Heerlen has been experiencing population decline since 1997 and became politically active in this field in 2004 due to the increasing problems in the housing market. Since then, many local government actions have been carried out to explore ways of turning a shrinking city into an opportunity for those living and working there. Heerlen is developing strategies in order to deal with its transformation in general and shrinking population in particular.

**Strategies for dealing with shrinkage: examples of good practice**

The City of Heerlen is investing in a vibrant social and cultural environment – the "people's climate" of Richard Florida (Florida, 2002) – in order to improve the quality of life. Nowadays, places are becoming more relevant to both the economy and individual lives. The choice of where to live, therefore, is not an arbitrary one. In fact, cities have significant influence over the jobs and careers we have access to, over the people we meet, and our ability to lead meaningful lives (Florida, 2008).

The following two projects, examples of good practices related to population decline, are presented:

- Zachte G Network for Creative Economy;
- Design for Emptiness and crowd sourcing.[1]

These projects are examples of Heerlen's strategy to improve people's climate in general and in particular the cultural climate, and to deal with the consequences of a declining population.

1. In this context "crowd sourcing" is seen as outsourcing a task to a large group of people by using an open call. Characteristics are openness and transparency.



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### *Zachte G Network for Creative Economy*

Zachte G[2] (Figure 24.2) is a virtual, open web platform on which inhabitants can display their talent and work. Its mission is to contribute to a vital climate for creative people in Parkstad Limburg. A climate in which there is room for initiative, experimentation and diversity. Zachte G is shaped by the input of its users and members and collectively the platform provides an image of the talent-richness of Limburg (Zachte G, 2011).

Figure 24.2. **Zachte G Network for Creative Economy**

Zachte G contributes in forming new networks for young talented people making this talent more visible for the outside. To do this it makes use of modern media to overcome physical distance.

Besides a platform for creative talents, Zachte G also promotes engagement and discussion on issues that are relevant for the future of this region (Zachte G, 2011). The challenges that the declining and ageing population pose is one of the important issues. In 2009, three spokespersons within the creative industry in Limburg, M. Hermans, E. v Houtem and M. Tabbers, published the *Krimpmanifest* (2009). The manifest called for a collaborative effort and mobilisation of the creative industry in facing the demographic challenge. Finally, a statement from the more involved young people in the discussion asserted that it is about maintaining a vital, open and creative climate in which young creative people can live and work. Zachte G could play a role in developing strategies to deal with declining population because its members provide the shrinking-process with fresh input.

### *Design for Emptiness Challenge: as an example of crowd sourcing*

In 2010, Zachte G proposed to the city of Heerlen, to organise a challenge called "Design for Emptiness" (Figure 24.3). It was a strategy to increase the involvement of creative professionals in the issues of vacancy. Since Zachte G consisted of a community of more than 400 creative individuals, it was

2. *Zachte G-creative energie uit Limburg* in Dutch is translated into Soft G-creative energy from Limburg. "Soft G" refers to the way G is pronounced in Limburg (as opposed to hard G from the north of the Netherlands). Pronunciation of G ("*Zachte G*") is seen as a part of Limburg's identity. For the purpose of this chapter "Zachte G" will be used.



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proposed to activate them. With a prize of EUR 10 000, the Zachte G community was challenged to hand in concepts, ideas or strategies that provided creative solutions for vacant buildings in the city centre of Heerlen. There was, however, one important condition: if the contribution was voted winner then it had to be brought into practice in 2010.

Processes of shrinking and ageing population have increased the vacancy rate in the city centre of Heerlen. Within the Parkstad-Limburg region there is a vacancy of more than 100 000 square metres of shopping space, while at the same time plans exists to build 60 000 square metres of new shopping space.

However, there is a need for payable office space in the city centre of Heerlen. Young professionals, artists or cultural producers are often not able to pay the market value of inner city space. But it needs a change of mindset by authorities and recognition that young professionals, artists or cultural producers bring financial, creative and social capital to the inner city. "Design for Emptiness" was intended to bring this particular point to attention (Design for Emptiness, 2011). By staging a public vote during the *i_beta/2010* event and by setting up a vacant lot in the inner city of Heerlen as the domain for the exhibition of the prize winners, it drew a lot of attention by the press and visitors to the city of Heerlen.

Figure 24.3. **Design for emptiness advertisement in Heerlen**

In December of 2010 the "Design for Emptiness" winners opened their fashion and art shops. Besides providing this opportunity for the winner, it also provided the municipality of Heerlen with the richness of some 30 practical ideas and plans on how to deal with vacancy. Often these were "out-of-the-box" and sometimes even too abstract to bring into practice. In conclusion, it can be stated that on a small scale the principle of crowd sourcing has been successful in bringing ideas to the surface that probably would not have been thought of otherwise.



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**Discussion**

Shrinking areas are often associated with economic decline and mental regression – they are areas without growth and thus lack ideas, creativity and innovation (Reverda, 2010). However, shrinking places are places in transition and transformation, challenging people to come up with and invent new ways of thinking and acting, in order to maintain proper standards for the quality of life. Shrinking areas are thus inviting people to energise their innovative capacities. In this context, culture and creativity play a central role and contribute significantly to standards of life, especially in shrinking areas (Reverda, 2010).

Investing in people's climate is as important as investing in the local and regional economy (Florida, 2002). The City of Heerlen has recognised this and is investing in its culture in particular. The establishment of a creative people's climate as a stimulus for a better social and economic future is a core part of the city's urban strategy. Marlet (2009) states that investments in culture have a positive impact on the attractiveness and economic performance of the city.

Heerlen recognises that modern citizens, and especially the members of the creative class, search for places of free thinking and acting, for an open public space in which they share their thoughts with people, who are alike and different. They are attracted to jobs that are offered in a vibrant social cultural environment: the "people's climate". An open public space, a vibrant network, is fundamental for both the regional quality of life and the regional economy (Florida, 2010). Heerlen offers that urban climate, in which talent and technology can prosper in a tolerant environment – shrinking cities as the spaces by excellence for creativity and innovation. Namely, shrinking cities, being the places of transition and transformation, form in this respect the ideal laboratories to facilitate these basic ambitions.

**Conclusion**

In this chapter, we have explored the importance of investing in people's climate in a shrinking area. Investing in people's climate is as important as investing in the local and regional economy (Florida, 2002). The basic idea is that old industrial cities, such as Heerlen, do not need to grow in order to improve. Focus should be on people, not (just) places or industries, when it comes to public policies. Also, community, grass roots initiatives should be recognised as crucial aspects in raising the economic metabolism of an area. Together with the development of physical, virtual and social networks, a vibrant public space with vital and meaningful interactions will lead to a people's climate, enabling quality of life and prosperity of the area (Florida, 2010).

In order to achieve this level of quality of life, culture needs to play a significant role. The transition from an agricultural to an industrial age, which is visible in the history of the city of Heerlen (Figure 24.4), was based on natural resources: from landownership to a mining industry. Nowadays, the transition is moving away towards a knowledge-based area, founded on culture, human intelligence and creativity. Furthermore, when looking at the socio-economic situation of Heerlen, the key to prepare for the future lies not only in the provision of welfare programmes and the creation of low-paid jobs in the service sector, but in promoting the creativity of people. Thus, the city of Heerlen is well-known for its "cultural spring".

Further on, as a result of the discussion, some **policy objectives can be recommended**.

1. Policy makers must recognise the importance of the vibrant social and cultural climate[3] in the city in order to promote quality of life and economic prosperity of the city. When it comes to public policy, the focus should be on people, not (just) places or industries.

3. In this paper referred to as **people's climate**.



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2. Policy makers must create opportunities where people can exercise their creativity by using shrinking (e.g. by allowing young people to use vacant properties for their business, etc.).

3. Policy makers have to use shrinkage as an opportunity to stimulate creative and innovative activities in order to counteract economic downsizing.

Figure 24.4. **City of Heerlen**

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*CHAPTER 25:*

# PERSPECTIVE 50 PLUS: REGIONAL EMPLOYMENT PACTS FOR OLDER LONG-TERM UNEMPLOYED PERSONS (GERMANY)[1]

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1. A federal programme of the German Ministry of Labour and Social Affairs (BMAS).



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**Introduction**

The long-standing exclusion of "50 plus" unemployed persons from the labour market becomes ever less affordable for society, the statutory pension insurance, the economy and for the older long-term unemployed themselves. Based on this insight, implementing employment strategies for older long-term unemployed persons has become a high priority for the German Government. Therefore, the federal programme Perspective 50 Plus was launched in 2005 as part of the overall Initiative 50 Plus with the aim to improve employment opportunities for the elderly.

The objectives of the federal programme Perspective 50 Plus are:

- to re-activate and re-integrate older long-term unemployed into the regular labour market, i.e. into jobs subject to social insurance contribution, by establishing regional employment pacts across Germany;
- to raise public awareness of this issue, i.e. in particular to change the attitudes of employers and enterprises towards older long-term unemployed and to change the mentality of the long-term unemployed;
- to mainstream good practice examples and innovative tools that have been successfully tested and implemented within the employment pacts.

As a result of the programme, more than 580 000 long-term unemployed persons above the age of 50 have been (re-)activated during the past six years (2005-2011). Of these, more than 160 000 were successfully (re-)integrated into the regular labour market.[2]

**Rationale**

As it is the case in many other OECD-countries, the structure of unemployment in Germany exhibits an increasing share of elderly persons, especially among the long-term unemployed. At the same time, early retirement schemes have increasingly become a burden for social security systems as they set incentives for workers to retire well below the age of 65 and for companies to dismiss older employees. With the adoption of the Lisbon Agenda in 2000, the German Government responded to this situation by agreeing on a "turnaround of 180 degrees". It launched the Initiative 50 Plus with the intent to change the direction of active employment policies towards maintaining employees in jobs and to thereby combat unemployment. The Initiative 50 Plus covers a number of strategies and approaches to promote more and better employment for elderly people, including the Perspective 50 Plus programme, as well as various other measures such as an increase in the pension age to 67 until 2029. Partly as a result of these efforts, the employment rate of people aged between 55 and 64 years in Germany surpassed the Lisbon target of 50% in 2008 and had reached 57% by the end of 2009.

As a defining feature, the Perspective 50 Plus programme directly addresses the regional level by offering local networks ("regional employment pacts") a special budget for the re-integration of older long-term unemployed persons into the regular labour market. For the German Federal Ministry of Labour and Social Affairs, this is the first time after decades of centralised labour market policies to collaborate directly with the regions. In fact, the programme is financed and monitored by the Ministry of Labour and Social Affairs, while former programmes and centralised instruments have so far been implemented by the Federal Employment Agency.

2. All statistical information is taken from the internal database of the programme Perspective 50 Plus.



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**Target group, objectives and structure**

The programme is targeted at long-term unemployed persons above the age of 50. Job centres in Germany, which are responsible for the implementation of active and passive labour market policies for the long-term unemployed, have traditionally perceived the activation and integration of this group as a particular challenge.

In response, the focus of the Perspective 50 Plus programme is to encourage local actors to develop effective methods and approaches to re-activate and re-integrate older long-term unemployed into the regular labour market. In addition, the programme aims to raise public awareness of the issue of demographic change, to alter the attitudes of employers and enterprises e.g. through public campaigns, and to identify and mainstream examples of good practice and innovative tools.

The core idea of the Perspective 50 Plus programme is to set incentives for regional and local actors to form local alliances ("regional employment pacts") in order to develop and implement new and effective strategies and instruments for sustainable integration of older long-term unemployed into the regular labour market. Employment pacts are supposed to cover all relevant stakeholders within a region, such as job centres, training providers, non-governmental organisations, employers, social partners, welfare organisations, churches and health insurance.

**General approach and local partners**

The local partners contribute to the employment pacts by bringing in their respective knowledge and competences. Due to the heterogeneity of the partners involved, local employment pacts are able to combine approaches from labour market, employment, social and health policies. In general, there is a high degree of diversity not only in the organisational structure of the pacts, but also in the methods and approaches the pacts use for activating and re-integrating their target group.

Job centres and training providers usually bring in their expertise on placement and training approaches. These include, e.g. assessments, training measures, internships, placement activities which are adapted to the special needs of the target group and the region, special coaching schemes for business start-ups, and the provision of wage subsidies to enterprises.

Non-governmental organisations, welfare organisations and churches usually have a long-standing experience in working with unemployed persons and benefit from their position outside the context of labour market institutions. As such, they are important partners for motivating people and for providing individual support and assistance in addressing personal problems.

Employers and employer associations are not only of crucial importance as providers of employment, but also as strategic partners for the design of activation measures within the pacts. One example is the highly successful measure "learning duos: young guides old", where young and old unemployed persons are activated jointly. In addition, companies have played an increasingly important role as partners in publicity campaigns on the regional and national level.

It is well known that deficiencies in physical and psychological health are often pivotal barriers towards taking up employment, a finding that is of prime relevance in the context of the older long-term unemployed. Addressing this issue, hospitals, health care professionals, medical associations, gyms, and health insurance companies are of an increasing importance as strategic partners in the programme and as providers of health care and rehabilitation services.



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**Stages of the programme**

***Experimental phase (2005-2007)***

The programme started with an ideas competition in 2005, leading to the submission of more than 250 project ideas. Out of these, 62 projects, covering 93 regions (NUTS 3; out of 440 in Germany) were chosen by the Federal Ministry of Labour and Social Affairs and provided with financial support for a period of three years. During the first phase of the programme, the newly born pacts developed a broad range of new instruments and approaches for their work with the target group. As a result, more than 22 000 persons with an average duration of unemployment of about four years were integrated into regular jobs during this first phase.

***Consolidation and enlargement phase (2008-2010)***

During the second phase (2008-2010), the focus of attention shifted from innovation and experimentation towards increasing the number of persons benefitting from the programme. Many of the ideas that had been developed in the first phase and had turned out to be successful were mainstreamed and an increasing number of participants were taken into the programme. The 62 regional pacts expanded from 93 involved job centres (2005) to 194 job centres (2008), to 232 job centres (2009), and to 348 job centres (2010). The budget of the programme grew from EUR 90 million in 2008 to EUR 250 million in 2010 (excluding costs of consulting, monitoring, and evaluation of the programme).

***Mainstreaming phase (2011-2015)***

With the beginning of the third phase, the number of pacts increased from 62 to 78. Eleven of the 16 additional pacts were newly founded; the other 5 split off from already existing pacts. Since the beginning of 2011, 421 job centres, i.e. 96% of all regions in Germany, are participating in the programme. The annual budget amounts to EUR 350 million. The goal for the year 2011 was to re-integrate 65 000 persons into regular jobs. Of these, more than 33 000 integrations had already been reached by the end of June 2011. On a strategic level, the current phase is dedicated towards mainstreaming, i.e. the main challenge is to make sure that successful structures and approaches can be transferred into the standard set of active labour market policies in Germany when the programme ends in 2015.

**Results**

Perspective 50 Plus has proven to be a successful programme for the activation and professional (re-)integration of older long-term unemployed persons. Between 2005 and 2006, about 80 000 persons were activated and of these well above 20% were integrated into the regular labour market (22 562). Despite the financial crisis, the second phase turned out to be equally successful. In 2008, 73 804 persons were activated and out of these 19 493 picked up a job. In 2009, out of 124 701 activated persons, 31 113 were integrated into regular employment. In 2010, 188 817 long-term unemployed were activated and 56 137 were successfully placed into jobs in the regular labour market.

In total, between 2005 and 2011, more than 580 000 older long-term unemployed across Germany were activated and more than 160 000 of these found a job in the regular labour market.

**Gender mainstreaming as a specific focus within the programme**

Unemployed women above the age of 50 face particular challenges in finding jobs within the regular labour market. This is mainly due to discontinuities in their careers, prolonged periods of part-time employment (both usually arising from times of child-raising), out-dated qualifications, as well as gender-specific roles in the larger family (including child care of grandchildren and elderly care for



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parents). These observations are similar across all regions in Germany (although they are more pronounced in Western Germany, especially in rural regions) and apply in particular to women with migration background.

These challenges have been recognised in the design of the programme and employment pacts are obliged to put special emphasis on gender mainstreaming approaches. Consequently, a number of regional networks have developed innovative strategies for activating and integrating long-term unemployed women. These strategies are usually characterised by a long-term perspective and often combine group work with individual coaching, provide additional social and educational support, and offer probationary work opportunities and internships.

Several projects specifically target women with migrant backgrounds, who often suffer from social isolation, lack of formal training and trauma from war-related violence. The project "Kreativ-Treff" in Offenbach organises voluntary discussion groups and offers participants internships and probationary work opportunities for these women. The objective is to create mutual trust and to allow for an exchange of experiences in order to strengthen the women's self-esteem and allow them to reflect on their self-perception and their visions.

These projects are highly successful in preparing women for the general labour market. In some of them, up to 35% of the participating women take up a job in the regular labour market. However, despite the success of these projects, a lot remains to be done in order to provide women with equal opportunities. Hence, while the share of women in activation measures ranges around 43%, only 37% of all integrated persons are female. In addition, only 32% of all integrations longer than six months are contributed by women while at the same time 53% of all mini-jobs (jobs with a monthly salary below EUR 400) are taken up by female participants. These numbers show that women, on average, face less opportunities for returning to the general labour market than men and – if they succeed in returning – more than proportionally resort to fixed-term and part-time employment. Hence, while the issue of gender mainstreaming has been recognised and several promising projects have been implemented, raising successful approaches on a larger scale remains an issue for the time to come.

**Conclusions and policy recommendations**

The lessons learnt within the first five years of the programme can be classified into two categories. First, a lot has been learnt about how institutional arrangements can be configured in order to deliver effective active labour market policies (governance aspects). Second, during the experimental phase of the programme, new ways of working with long-term unemployed persons have been developed and were successfully implemented (methods and approaches).

***Governance aspects***

Taking a regional approach and establishing regional employment pacts have turned out as successful strategies for implementing target group specific employment policies. For the Federal Ministry of Labour and Social Affairs, this was the first time to address the regions directly when designing and implementing active labour market policies as, in general, employment policies are codified in the social security codes and are commonly implemented by the Federal Employment Agency through its branch offices. In contrast to the rigidity of these legal instruments, the regional approach of the Perspective 50 Plus programme offers a high degree of freedom for regional actors to develop and implement their own context-specific strategies, instruments and methods. As a result, there is a broad variety of approaches and concepts, which are adapted to the regional and local context.



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Complementing this "localness" of approaches, another success factor is the use of a simple and effective mode of governance, i.e. of financial planning and control. By the end of each year, the Ministry of Labour and Social Affairs negotiates with the pacts their targets for the coming year. The annual budget each pact receives depends on the numbers of activations and integrations the pact wishes to achieve in the coming year. This simplification of rules leads to a reduction of the administrative burden, as the main indicators are easy to apply. As a result, budgets are not distributed according to problem indicators (like unemployment rates and other social indicators as usual in the mainstream programmes), but according to success factors, such as the number of integrations and activations planned by the pacts. Equipped with individual budgets, pacts are then free to develop and apply their own methods and approaches and, thereupon, to deliver tailor-made local projects.

Finally, the Ministry of Labour and Social Affairs, the intermediary for the programme management and the employment pacts communicate and co-operate as equal partners. On the federal level, a steering committee has been set up, involving the representatives of the employment pacts in a rotating system, chaired by the ministry and the programme management. This type of common decision making leads to a high degree of identification, motivation and innovation.

In these respects, the project represents a new approach in the German labour market policies which may change or at least challenge the traditional, centralised system and may become a forerunner towards an institutional reform, as the success of the programme encourages the management of the job centres to aim towards institutional reforms not only for the age group "50 plus", but for the entire organisation and for other target groups.

***Methods and approaches***

A broad variety of methods and approaches has been explored during the past six years. One of the main findings is that the empowerment approach, which has been recognised as an overall strategy within the pacts, is more effective that the often prevailing deficit approach. Empowerment means that the placement officers in the pacts work with the target group on an individual level and strengthen their individual abilities and skills, rather than looking at a potential lack of ability and qualification.

The pacts often directly address local enterprises, in particular small and very small enterprises, as it has turned out that their potential and willingness for hiring persons from the target group is substantial. Unlocking this potential requires pacts to know the needs of local enterprises and to match supply and demand in a personal, uncomplicated and immediate way.

Reducing the ratio between placement officers and unemployed persons guarantees closer and more effective guidance of jobseekers. Outside the programme, one placement officer is, on average, in charge of about 150 clients, while in Perspective 50 Plus this ratio usually ranges between 1:20 and 1:80.

Combining health care promotion with labour market strategies has turned out to be vital for success. As older long-term unemployed persons often face substantial health problems, which often are one of the main obstacles to re-entering the labour market, many pacts combine health and labour market issues. This is partly the result of a federal campaign, launched in 2009 within the programme, which places the issue of physical and psychological health at the centre of attention.

Different groups of persons experience unemployment in different ways. Successful pacts have considered this and have designed and implemented projects and methods that respond to the individual needs of different groups of persons. Hence, virtually all pacts nowadays offer special projects for women, migrants, persons with special health requirements, and/or persons above the age of 60.



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*CHAPTER 26:*

# SUCCESSFUL ACTIVE AGEING IN DYNAMIC SOCIETIES

**BY**
**JASPER B. VAN LOO**



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## Introduction

Demographic change presents complex challenges. Keeping a sustainable balance between the active and non-active population requires people staying at work productively longer than was traditionally the case. The interplay of ageing, trends in working life and developments in organisations have a significant impact on what employees and employers expect from each other, which implies that a new relationship between ageing workers and employers is emerging. Active ageing, a concept developed a decade ago, may be defined as "the capacity of people, as they grow older, to lead productive lives in society and the economy" (OECD, 2000: 126). The current popularity of the active ageing concept as a key paradigm to deal with the impacts of demographic change is promising. However, several barriers and labour market tensions currently hamper longer working lives and there is potential for policies at the regional and local levels to address this.

Several trends taking place in parallel with population ageing have a strong influence on the successfulness of active ageing policies. Addressing the consequences of demographic change without considering simultaneous changes taking place within the work environment and its organisation is impossible. The work environment has become more flexible and dynamic and organisations operating within new constraints not only change work content, they also have a fundamental influence on what organisations and employees expect from each other. This contribution discusses several issues and trends in a person's working life (which typically ranges from the age at which people start working until retirement) and reviews developments in organisations that have a profound influence on successful active ageing in modern societies by their impact on careers and the responsibility for career development. It also identifies several barriers and labour market tensions that hamper successful active ageing and concludes by listing a number of challenges that can guide future policies aimed at making active ageing a success. These issues are particularly important in regions or urban areas which are confronted with substantial population ageing and declining populations.

## Ageing, demographic change and trends in work and organisations

Next to increasing skill requirements and moves towards greening economies, ageing is one of the megatrends impacting on world societies. International statistics show increasing numbers of people aged over 65, rising dependency ratios and an increase of the share of ageing workers in employment (United Nations, 2008a). Within the context of the overall ageing trend, there is substantial variation between regions. In Europe, for example, it is projected that a third of regions will experience population decline until 2020, while one out of seven European regions will see its population increase by more than 10% by 2020 (European Commission, 2008).

A review of progress on the priorities set in 2002 by the United Nations indicated that, despite being at different stages of the demographic transition, universal concerns exist in all parts of the world: Sustainable systems of social protection, the participation of older persons in the labour market, growing demand for quality and accessible health care in general and long-term care in particular, and the rights of older persons in society (United Nations, 2008b).

In general, there are three policy options that can mitigate the effects of population ageing on the labour market: *i)* higher labour force participation rates; *ii)* higher retirement ages; and *iii)* pro-active economic migration policy (Muenz, 2007). As retirement age and migration policies typically fall within the responsibility of national governments as legislators, regions experiencing population ageing and sometimes declining populations can only have an indirect impact, for instance by engaging in lobbying at the national level. By interacting with local employers and other stakeholders, regions can, however, exert influence on labour market participation rates.



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In addition to population ageing, several other interrelated trends are impacting the labour market and the work environment, these can be categorised into: *i)* changes in the work environment; and *ii)* organisational developments. The nature of work is changing due to developments in technology and computerisation and related changes in work organisation, which may be abrupt (in the case of reorganisations or mergers) or gradual (when management systems change or when work increasingly becomes team-based) (Van Loo, 2005). Other trends highlighted by the OECD include changing work-life patterns, flexibility in the labour market, the growing importance of R&D activities, an expansion of jobs requiring higher education, increasing female employment and rising qualification levels among women (OECD, 2010).

Particularly in regions experiencing substantial population ageing and declining populations, the interplay of these trends implies a need for upgrading personnel and in some cases retraining to support continued labour market participation and longer working lives. Although in some cases, substantial formal training is required, much of the needed skills updating will take the form of informal learning. The need for regular skills updating underlines the need for intergenerational learning. Mature workers learning from young workers and vice versa in an informal manner, is a form of intergenerational solidarity in the workplace that is highly relevant to deal with new skill requirements.

Important trends impacting on organisations include: increasing globalisation, intensifying international competition and a greater focus on the quality of goods and services. Thijssen (2000) summarised the ongoing changes that characterise the transition from industrial organisations to service-oriented organisations in four phenomena (see also Van Loo, 2005: 33-34):

- Large and complex network organizations can only be regulated to a small extent by national governments. Only a few production processes remain that are dependent on one particular location and do not allow fast transfer of labour across national boundaries. Modern knowledge-intensive organisations have other possibilities and constraints in organising production than organisations involved in low-skilled production processes, in which manual labour and physical resources play a central role.

- Modern service organisations also differ from manufacturing organisations in terms of the innovation-competition pattern. While for manufacturing the development and introduction of new products is a time-intensive process, being a fast innovator and the availability of patents may yield "first-mover" profits to innovative firms. For commercial services, competitors can follow the introduction of new products much faster: generally, no patents are available for services and the set-up of special production facilities is not needed. Although the investment in physical capital goods can be limited, successful imitation requires an adequate level of relevant knowledge for service workers. Keeping the skills of these large numbers of core workers in service industries up-to-date is far more complicated than making sure a small team of product designers in manufacturing industries has adequate skills. Since the complexity of new services may be quite complicated, getting the required know-how requires considerable effort and differences between and within organisations in this respect may arise.

- Employment in commercial services increases while employment in manufacturing decreases. The essential difference between services and manufacturing is that in services, the labour process is often less controllable. It is less suitable for a strong division of labour and involves more complicated task requirements and a higher employee commitment to achieving results. This requires higher educated employees that manage themselves and their careers. This phenomenon of "knowledge workers" used to be constrained to service organisations, but nowadays this image has changed. Automation and information technology have impacted both industrial and service-oriented production processes.



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- Finally, the majority of organisations now acknowledge that well-educated knowledge workers are the key factor for organisational success. This insight has resulted in the development of human resource management (HRM) as a separate management discipline. In the HRM approach, people are seen as valuable resources that are essential in being and remaining competitive.

These trends imply that employers need various forms of personnel flexibility including quantitative flexibility, in terms of the amount and distribution of work hours and qualitative flexibility, in terms of behaviour and willingness to learn. Organisations need greater productivity and flexibility in order to focus on speed and innovation and to be responsive to market conditions (Hiltrop, 1995). We discuss the impact of these ongoing trends on workers in the following section.

**Careers, career development and self-management**

***Psychological contract***

In order to understand the impact of the work environment and organisational developments on trends in careers and career development for individual workers, there is a need to consider the psychological contract between workers and firms. The concept was developed in the 1960s (Argyris, 1960; Levinson et al., 1962). The core insight from psychological contract theory is that next to an explicit labour contract, there exists an implicit non-written contract which is based on the expectations of workers and employers.

Increasing attention for the psychological contract results from the fact that the nature of workers' relationships with their employers is changing (Van Loo, 2005). In traditional careers, which evolved within one of a few organisations over a lifetime, success was defined as salary increases and promotions. Changes taking place in the work environment requiring flexibility have had the effect of changing the relationship between workers and employers: Jobs have been moving from involving a traditional employment relationship to becoming governed by a more contingent employment contract. In a traditional psychological contract, workers exchanged loyalty for job security. However, this arrangement is not compatible with the needs for cost reduction, flexibility and performance improvement. In a modern psychological contract, workers exchange performance and flexibility for continuous learning and marketability (Sullivan, 1999).

***Impacts on careers***

Changes in the psychological contract between employers and employees also have an impact on careers. Sullivan and Emerson (2000) described three changes marking the transition from organisational to "boundary-less" careers: *i)* a move towards professional loyalty instead of organisational loyalty; *ii)* a change in focus from extrinsic to intrinsic rewards (or psychological success; see Hall, 1996); and *iii)* a move towards self-reliance.

Moving towards a "boundary-less" career implies that career development will be cyclical rather than linear, that mobility will become a standard feature of careers and that career development responsibility shifts from the organisation to the individual (Mirvis and Hall, 1994: 368-369). The new career concept, also called the "protean" career (Hall, 1976), is defined as "... a process which the person, not the organization, is managing. It consists of all the person's varied experiences in education, training, work in several organizations, changes in occupational field, etc. The protean career is not what happens to the person in any one organization…" (Hall, 1976: 203).



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### *Self-management*

An important concept representing the extent to which employees are in sync with modern psychological contracts is self-management. Self-management can be linked to four career competencies (Ball, 1997): optimising the current situation, career planning, engaging in personal development, and balancing work and non-work. In terms of labour market, employment and lifelong learning, career planning and engaging in personal development are the most relevant self-management dimensions. In ageing societies characterised by change, self-management is a true core competence enabling successful and satisfying working lives lasting beyond what was considered retirement age not so long ago.

## Barriers and tensions hampering successful active ageing

The increasing relevance of and attention for active ageing as a means to counteract the impacts of population ageing is a good sign, but does not mean that active ageing is successful across the board. In practice, there are a number of barriers and tensions that hamper making active ageing a reality. Some of the most important issues relate to: *i)* the ageing paradox – employers accept the realities of population ageing but do too little about it; *ii)* the generally negative perceptions of age in societies; and *iii)* unmet guidance and counselling needs of older adults. These issues can be looked at from a national or international perspective, but they also have regional and local dimensions. We turn to each of them below.

### *The employer paradox*

National as well as international research consistently finds that although employers generally view population ageing as a significant trend that may have consequences for their business in terms of future skill shortages, they are not sufficiently adapting their HR policies to the reality of the ever increasing average age of their staff. At macro level, this phenomenon is most visible when looking at the participation rates in training and learning of the employed by age group. But the mere provision of training and learning opportunities is not the only dimension that is instrumental in active ageing policies. Making learning and training tailored to the needs of older individuals is at least of equal importance. In addition, active ageing also requires that, where needed, workplace conditions be adapted; for example, older workers are given more opportunities for mentoring and coaching and that there is sufficient flexibility for workers to manage their job in a sustainable way and to allow a good balance between work and non-work activities.

Van Dalen, Henkens and Schippers (2009) compared employers' attitudes and actions in dealing with older workers in four European countries. The majority of employers anticipate future problems due to a shrinking workforce and the ageing population is one of the core drivers of this. However, only a minority of employers implements or considers implementing measures aimed at retaining personnel, in terms of easing the leisure/work trade-off, reducing stress at work, adjusting tasks and capabilities, and adjusting working conditions. Regional and local policy makers and services can play an important part in making employers aware of the challenges of ageing. Beck (2010), for instance, describes how a learning and skills council (LSC) in the East Midlands (United Kingdom) undertook a research project investigating the role of learning in retaining older workers. The main finding of the project is a powerful message: instead of developing and implementing new measures focusing on ageing workers, regional employers can largely address the challenges of ageing by adapting existing practices for all workers to the needs of older workers.



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***Negative perceptions about age***

Stereotyping by employers and the relationship between age and participation in various types of learning has received considerable attention in debates on active ageing, but individual views and beliefs on age and their impact on working life and retirement decisions have been far less prominent (Paloniemi, 2006). This is, however, an important issue, as policies can only create the conditions to extend working life: ultimately, the retirement decision is an individual one. Van Loo (2010) examined individual conceptions of age by looking at how individual beliefs, experiences, own participation in training, and health status impact on the perception of at what age is "old age" reached. It was found that gender (being female), age, level of education and being in good health has a positive impact on the age at which people are seen as being too old to work. Interestingly, one's own occupation has a significant impact too. People with occupations in which manual skills play an important role (technicians, craft trade workers, etc.) view people as old earlier than people in other occupations. The main lesson to be learnt from the analysis is that views and beliefs on age are dependent on a number of personal factors, personality traits and contextual conditions in terms of one's own job. The implication is that the way age, in terms of the ability to work, is perceived in society is a factor that can have a significant impact on the successfulness of active ageing policies.

The finding that people with manual occupations have less favourable opinions about working at an older age has an important regional implication: in regions where traditional industries dominate, the overall perception of age will be less positive. Local and regional authorities can, however, raise awareness (for example by organising publicity campaigns, conferences, and seminars) to encourage eradicating negative perceptions of age. A good example of this is the EU project "Smart Region – Age Management in Innovative Regions", which was an initiative supporting innovative approaches to the management of demographic change at regional level in Austria, Germany and Portugal. This project incorporated sustainable awareness-raising on age and age-related working by sensitising political, business and social actors at regional level (Stecker, 2008).

***Unmet guidance and counselling needs for older people***

The changing world of the work environment, changing career patterns and the need for longer working lives requires an expanding role of guidance and counselling for adults. The traditional focus of guidance in terms of occupational and educational choice is supplemented by a need for career guidance taking place during working life aimed at career success, facilitating job mobility and continuous skills updating. This requires a much more holistic approach to career guidance and despite some encouraging initiatives in some countries, much more needs to be done to provide the support for ageing workers with services that really cater to their needs.

One of the core challenges is to ensure that guidance counselors themselves have the right knowledge and skills to provide these services. Currently, guidance and counselling services are the responsibility of many different stakeholders on the labour market, without much co-ordination, which contributes to the scattered nature of these services. This makes it difficult to provide counselling services in line with more dynamic careers characterised by regular changes and periods of up- and re-skilling induced by changing job requirements. A book on challenges for guidance and counselling in Europe (Cedefop, 2011) shows that successful modern guidance services is much more than directing people to a particular training course. It involves an assessment of skills and learning needs, including, where needed, recognition of prior learning or experience, a process of selecting and tailoring different training options according to clients' needs, a strong focus on long-time career concerns, and offering support to people in terms of becoming more self-managing if needed. Successful active ageing requires that lessons learnt from successful initiatives become common principles in guidance and counselling practice. For example, a review of emerging guidance and counselling practices in several European countries suggests that



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approaches that help people to overcome fears or reservations and build self-esteem before engaging in actual guidance and counselling appear to work particularly well (Cedefop, 2011). The "realising your potential" project in Scotland revealed that guidance and counselling in a suitable environment that older individuals are prepared to engage with can help prepare them to cope with the various employability challenges faced later in life (Smith, 2010).

**Challenges for successful active ageing policies**

Addressing the consequences of demographic change without considering simultaneous changes taking place in the working environment and its organisation is challenging. Working at an advanced age today is different than working at an older age only a few decades ago, with increasing demands on flexibility, changing relationships between employers and workers, and a greater need to manage one's own career.

The fact that active ageing has become a key paradigm in discussions on the impacts of demographic change is promising. However, many efforts by governments promote longer working lives without really addressing the issue of what learning and employment conditions are necessary to encourage ageing people to stay longer in employment in a sustainable way. Stereotyping ageing workers remains a serious issue and underinvestment in the skills of ageing workers is common, despite the fact that in knowledge societies with higher rates of skills obsolescence, the argument that investing in the skills of ageing workers is profitable compared to younger workers, is becoming less relevant.

Part of the generations of ageing workers reaching their 50s and 60s in the next decade may need to adjust to self-management as a leading career principle, as they started their career in different circumstances. Targeted, tailored and comprehensive guidance and counselling services can be crucial, but making this a reality is one of the real challenges.

Active ageing in modern societies requires action on several fronts. Those actions need to be based on sound evidence, and research should play a major role. The complexity of the ageing phenomenon implies that multi-disciplinary perspectives are of great value in any effort to making societies deal with population ageing in adequate ways. Combining socio-economic models of trends shaping economies and societies with psychological insights that focus on interactions between labour market actors, responsibilities and career decisions is a fruitful way to examine the impacts and implications of these trends. It is a good sign that such research efforts are currently emerging.

**Policy recommendations**

Especially in regions and areas experiencing substantial population ageing and sometimes even population decline, there is an urgent need to better support people in making active ageing a reality. Regional and local policy makers and public services have an advantage in addressing the challenges of ageing as they have the insight and knowledge about local conditions and labour market needs. They are also able to create partnerships involving labour market stakeholders at local level that create the context needed for active ageing. The analysis in this contribution suggests that action can focus on:

- making employers aware of the challenges of ageing and the benefits of investing in their staff and stimulating age-friendly HR policies;
- organising initiatives aimed at eradicating negative perceptions of age;
- encouraging guidance and counselling services that incorporate a life-cycle perspective, that promote employability and that are adapted to the needs and abilities of the ageing population.



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*CHAPTER 27:*

# A PLACE TO BE PROUD OF: HERITAGE AND SOCIAL INCLUSION IN SHRINKING CITIES (GERMANY AND UNITED KINGDOM)

**BY**
**ANDRÉ MULDER**



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## Introduction

Many old industrial areas of Europe and beyond have seen population numbers fall. When the numbers of households also starts to drop, demand for housing decreases. This may result in high numbers of empty dwellings, especially when either the houses themselves or the areas in which they stand are unattractive. In countries like Germany and the United Kingdom, governments (both local and national) have recognised this as a problem and developed strategies to deal with it.

Contrary to regeneration strategies in the 1960s that focused on demolishing old dwellings and building new modern ones, by the 1990s more attention was given to the cultural value the existing dwellings may have, especially for the people living there. In England for instance, "English Heritage (a government agency responsible for the historic environment) has adopted a number of social inclusion goals that, amongst other things, emphasise the cultural diversity of England's heritage and the need to enable access, in its widest sense, to this legacy" (Pendlebury et al., 2004). This means that buildings and neighbourhoods survive, not just as a memory of the past but also as a way to build or improve community spirit (by not destroying existing neighbourhoods and their social networks and by organising social events and including local people, for instance as volunteers to show visitors around).

This chapter studies the use of heritage in the regeneration of old industrial cities with a shrinking population, by taking Germany and the United Kingdom as examples.

Germany, that now has a shrinking population, started experimenting with ways to cope with the phenomenon of shrinking in the late 1980s. The United Kingdom still has a growing population; nevertheless some regions, like the Northwest, have been shrinking for several decades. Here, new policies to cope with the problem of low housing demand and the symptoms that go with it were developed from 1999 onward.

Both countries have conceived a whole array of policy documents and tools to fight the negative consequences of population decline. Two of these tools include, more than the other ones, attention to cultural heritage and the role this can help make urban regeneration more social inclusive: the German "building exhibitions" (IBAs) and the English "housing market renewal pathfinders". This chapter will focus on these two sets of tools and especially on projects that aim to reuse existing dwellings to help revive an area. Chimney Pot Park within the Manchester Salford Housing Market Renewal Pathfinder area and Schüngelberg Garden City, part of the IBA Emscher Park, will be taken as examples. Before moving on to these projects each section will start with a general description of the area, followed by a short discussion of the main goals of the policy tool involved.

## Germany: IBA Emscher Park

The Ruhr area is a good example of a former industrial region that has lost most of its industry and some of its population (Table 27.1). As early as the second half of the 1950s, the first signs of the retreat of traditional heavy industry became visible, with restructuring plans concentrating on a diversification of the economic structure, with coal mining and the steel industry still playing an important role.

Table 27.1. **Population decline in selected cities within the Ruhr area**

| City | Population 1961 | Population 2000 | Population 2009 | 1961-2009 | 1961-2009 |
|---|---|---|---|---|---|
| Duisburg | 663 147 | 514 915 | 491 931 | -171 216 | -26% |
| Essen | 749 040 | 595 243 | 576 259 | -172 781 | -23% |
| Gelsenkirchen | 382 842 | 278 695 | 259 744 | -123 098 | -32% |
| Ruhr area (RVR) | 5 674 223 | 5 359 228 | 5 172 475 | -501 748 | -9% |

*Source*: *www.metropoleruhr.de*.



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During the 1980s, a more radical approach was adopted. In 1989 the IBA *(Internationale Bauausstellung* – International Building Exhibition) Emscher Park was founded by the regional state of North Rhine-Westphalia and 17 local authorities, all situated in the northern part of the Ruhr area. Total investment was more than EUR 2.5 billion, about a third of which was provided by the private sector (Shaw, 2002). Goals included improving and restoring the natural environment, finding new uses for industrial buildings and improving the existing housing stock. Aspects of the latter goal that are related to social inclusion were "participation by civil society, social interaction in the planning process, and provision for housing for people on low incomes" (Shaw, 2002).

Thus, apart from flagship developments like the opening of new museums and the creation of big landscape parks, IBA Emscher Park also included the regeneration of (social) housing estates, including 30 garden cities.

The Ruhr area is one of the most densely populated areas in Germany. Still, the urban landscape is a mixture of city centres, many of them destroyed during World War II and rebuilt with new 1950s facades and street plans, old and new neighbourhoods, interspaced with large-scale industrial estates, and some remaining village centres, agriculture and woodland. Canals, railways and motorways were built to connect, but at the same time are separating, neighbourhoods from urban centres and from each other.

To house the growing population during the late 19$^{th}$ and early 20$^{th}$ centuries, several new neighbourhoods were built, including more than 20 garden cities. Unlike the original Howard scheme, garden cities in industrial areas hardly take the form of independent cities with only rather weak relations with the main urban centre which they have come to relieve, by decreasing population density and urban squalor. Instead, there are three reasons why many garden cities were built close to the coal mines and factories (Beierlorzer and Boll, 1999):

1. The need to attract a new working force. These people, mostly from the eastern provinces of Germany and Poland, were mainly peasants; in order to attract them, something of a rural village life had to be created.

2. Social engagement by some of the major companies. The new urban neighbourhoods of the second half of the 19$^{th}$ century were quite often overcrowded. In order to have a fit and loyal workforce, and to avoid social unrest, many companies built their own garden cities.

3. Catering for the special needs for people working in heavy industry and reducing the distance between work and dwelling. At a time that passenger transport links were still poor, it was important to live close to where one worked.

Therefore, the garden cities of the Ruhr area feature large gardens. Often they are situated close to a coal mine or big factory. They are a quiet oasis in an often noisy and dirty environment. And they are places where everyone knows each other and shares the same experiences. Now, more likely than not, the factory or coal mine is closed. Groups of immigrants with different cultures have moved in. The area will possibly have seen a period of decay and plans to tear down some or even all dwellings. After a scheme to demolish the *Eisensiedlung* (Iron Town) in Oberhausen was abandoned in the 1970s because of popular opposition (see e.g. Raines, 2011), garden cities were increasingly seen again as providing good and affordable living. In the end, many of them were regenerated with public subsidies, often as part of the IBA Emscherpark. Schüngelberg in Gelsenkirchen is a good example.

Schüngelberg consisted of about 300 dwellings and was built between 1897 and 1919 for the colliers of neighbouring coalmine "Hugo". Between 1916 and 1919 a plan was developed to extend the garden city with a further 200 dwellings. However, due to economic reasons, this development never took place.



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Demolition of the estate was planned in the 1970s, but prevented by the inhabitants. However, it remained unclear what would happen in the long run (Beierlorzer and Boll, 1999).

The IBA made it possible to refurbish the existing dwellings of Schüngelberg. It was also decided to finally build the 200-dwelling extension. The increased population made it possible to create a village centre. In the new part of the estate, the original street plan, characterised by winding streets, was not kept. Instead, it was decided to create long straight streets, many of them offering a view to the neighbouring slap heap *(Halde)* which was changed into a park with a monument on top. Improving the environment was also part of the project, with the local brook playing an important role in cleaning wastewater, while at the same time providing a green border to most of the estate (Beierlorzer and Boll, 1999; own observations).

It was attempted to include the Turkish community, which had also come to live in the area, in the consultation and decision-making process (Beierlorzer and Boll, 1999). However, according to Waltz (2007), the communal garden, which played an important role in Turkish community life, was destroyed to make way for the new dwellings; also rents were increased, without dwellings becoming any larger and without paying attention to the specific needs of the local people. "The only thing Turkish about it was the name of the street, which ran through the former communal garden: '*Tepe*' Street = Mountain Street, the result of a competition. This was the successful participation by the migrant community!"

**England: Manchester/Salford Housing Market Renewal Pathfinder**

Although contrary to Germany England does not have a shrinking population, housing market problems can be quite extreme in some areas where almost all industrial employment was lost. In some streets and for some types of dwellings, demand became virtually non-existent. This was especially the case in parts of northern England. In this part of the United Kingdom the population had been shrinking for several decades. In the Northwest (Greater Manchester, Lancashire, Merseyside) e.g. between 1990 and 2000 the number of inhabitants declined by 2.3%. In many cities, like Manchester (-10.4%) and Salford (-6.4%), the loss of population was even worse. During the same ten years in England as a whole, the population grew by 6.9%. From 2000 until 2010, the population of the Northwest remained roughly stable, with some cities like Manchester having a small population gain, while Liverpool was still shrinking.

The government's response to this problem was to set up nine "market renewal pathfinders". These pathfinder areas are specific areas that receive government money to help them solve their housing market problems (see ODPM, 2003).

Initially the government created a GBP 500 million fund for a three-year period, which was extended twice with more funding available. In 2010, the newly elected government announced that a review of the Housing Market Renewal Pathfinders (HMRPs) was under way. The scheme was abolished in March 2011.

The HMRPs focused on demolishing empty dwellings and making the remaining dwellings (existing or newly built) more attractive. According to Cameron (2006), HMRPs also aimed at "changing the make-up of the population, with less emphasis than earlier place-based programmes on improvement for the existing population". He continues to state that housing market renewal promises "engineered gentrification and the replacement of a substantial part of the existing population by households with higher income and social status."

In the case of the Manchester/Salford HMRP, according to the Audit Commission (2008), there seems to have been a change of focus. Originally, the aim was "to build stable, sustainable communities, where housing and social infrastructure meets the need of all". Later a new element was added: supporting "the



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economic growth potential of Manchester City Region by creating neighbourhoods of choice that meet the needs of existing residents and are attractive to new and former residents." And although "the pathfinder has generally promoted mixed communities by improving each neighbourhood for existing residents", it is also noted that "in some areas new homes are markedly different to the existing housing offer, and principally aimed at a more affluent market" (Audit Commission, 2008).

Chimney Pot Park in central Salford was regenerated by Urban Splash, a UK architectural and marketing company well known for its regeneration projects in run-down urban areas. Terraced family houses are completely refurbished, with only their front facades being maintained. The idea is to keep the architectural heritage of the area, at the same time providing modern dwellings with all the mod cons. Originally, it was intended to keep more of the original structure in place, but for fiscal reasons the plans were changed. In the United Kingdom, VAT (value-added tax) must be paid for the refurbishment of dwellings, while new building is exempt from VAT. By demolishing all but the front facades, the estate could be classified as "new". (Commission for Architecture and the Built Environment, n.d.)

In all, 227 dwellings would be built, with total development costs around GBP 34 million, including GBP 11 million provided by the public sector (of which GBP 7.3 million as part of the Manchester/Salford Housing Market Renewal Pathfinder).

Some local pathfinder managers, when speaking off the record, were quite critical about the amount of public money being spent on a relatively small-scale project, although at the same time admitting that both the project itself and the attention it got, have helped to put Salford in the spotlight. Still, they indicated that it was not their decision to ask Urban Splash to help redevelop the estate. Instead, as one of them put it, "there was some pressure from above". Indeed, the then Secretary of State for Communities and Local Government, who was born and raised in the area, told *The Times* (4 July 2008):

> I dragged Tom Bloxham, the head of Urban Splash, around the area on three rainy Saturday mornings and said he had to help us. He kept saying: "Nothing I can do, Hazel, nothing I can do." Eventually he said he would give it a go.

The new dwellings, with parking facilities at ground floor level covered by gardens, feature "upside down" layouts, with bedrooms at the ground floor. Many dwellings have open plan kitchens at the second floor. They are aimed both at first-time buyers, not necessarily traditional families with children, and people wanting to stay in or return to the area (e.g. former residents of the dwellings that used to be here). Phase 1 was completed in 2008 and consisted of 108 dwellings. Although more dwellings were bought and people had to move out, work on Phase 2 seems to have come to a halt, due to the economic crisis that hit Britain from 2008/09.

The Chimney Pot Park development does attract some criticism from the local community. People who lived in the houses that were to be converted, but could not afford to return in the new "upside down" dwellings, had to move to other existing dwellings. Although they got some help from the municipality, they do not always feel they are better off than before. Others are angry about the amount of public regeneration money that was spent to make it all possible. Even if all 227 dwellings would be built in the end, and if the total investment of public money would still be limited to the GBP 11 million intended, this still amounts to a subsidy of GBP 50 000, or about EUR 60 000 a dwelling "for a return to the community of not a single affordable home in the first phase. That's a scandal." (Kingston, 2006)

The *Salford Star*, a local independent newspaper and website, tells many stories of people being evicted from their homes and relocated to homes that are either worse or more expensive. After demolition, plots of land often remain vacant for a long time. If new dwellings are being built, these are often aimed at



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more affluent newcomers, like people working for the BBC and other media companies in the new Media City UK development in nearby Salford Quays (Salford Star, n.d.).

**Conclusion**

The regeneration of Schüngelberg, as part of the IBA Emscher Park, and that of Chimney Pot Park, part of the Manchester/Salford HMRP, have a lot in common. Both are building on the (architectural) heritage of the area, both are partly funded by public money. Both are a combination of the retaining of existing structures and new building, albeit in a different way. And both are at least partially aimed at the local population, people who are living or used to live in the area, although the aim of social inclusion is more clearly stated in the case of the IBA Emscher Park.

The Housing Market Renewal Pathfinders and the IBA Emscher Park are both claimed to be a success, although it may be too early to tell, especially for the pathfinders. About the IBA Emscher Park, it can be said that it helped change the image of the area from grey industrial wasteland to something of a tourist attraction. This was again stressed by the Ruhr area being one of Europe's cultural capitals in 2010. Maybe the key to its success is the combination of the IBA being a large-scale project and at the same time a combination of over 100 small projects, all sharing some general goals, but also being responsive to local opinion and needs. The Housing Market Renewal Pathfinders seem to be more top-down than the IBA was, and more concentrated on change (e.g. attracting newcomers to the cities involved) than on tradition.

Both the IBA Emscher Park and the Manchester/Salford HMRP have goals, although written down in different ways, which have to do with promoting social inclusion. Both projects have been criticised, however, for not being socially inclusive. In Schüngelberg, it was mainly the lack of involvement of the Turkish community that was criticised. Chimney Pot Park is seen by parts of the local community as an attempt to drive the poorer people out and replace them by a more affluent population.

Social inclusion usually is just one of the goals of a regeneration project. It has to compete with other goals, like attracting a new workforce, as was especially the case in Salford. Also, it is hard to assess if social inclusion as a goal is being achieved. Usually, it is written down in a quite general way, which makes it difficult to measure the outcome. For instance, as far as participation by local people is concerned, is it enough if there was a consultation process, or should citizens have a final say in the project? So at least, if social inclusion is a goal, it should be clear from the beginning what is really meant by it and how results will be evaluated.

**For policy makers, some lessons** can be learnt from the above:

1. Social inclusion is not just about the end result but also about the process. Involving people by giving them a say in what is going to happen will help to build trust in the community and may influence individual decisions about staying in or leaving the area.

2. Helping people to better understand how society works and how they can improve their own lives can be part of the learning process.

3. Finally, in order to understand if a project has helped to reach its social inclusion goals, these goals should be clearly stated, so output can be measured.



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*CHAPTER 28:*

# THE IMPACT OF EUROPEAN DEMOGRAPHIC TRENDS ON REGIONAL AND URBAN DEVELOPMENT

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## Introduction

This short chapter is an extract of a larger synthesis report entitled: "The impact of European demographic trends on regional and urban development", which was prepared under the Hungarian Presidency and was presented and debated in a high-level conference in May 2011. The whole report is accessible at *www.mri.hu.*

The most important outcome of the analysis is that demographic change is a main threat that challenges the sustainability of labour markets by the fast ageing of the population, but besides that, it also has significant impacts in territorial terms, reinforcing the already huge disparities between the regions and cities of Europe. (The phrase "Europe" in this chapter refers to the 27 member countries of the European Union.)

All these challenges have to be taken into account in the implementation of the EU 2020 strategy:[1] besides the parallel fulfilment of the main goals of EU 2020, the disparities between the regions and the cities of Europe should be kept under control as well.

## Demographic change on EU level: the challenge

Europe has a population of approximately 500 million people. The fertility rate of the European Union is 1.6 (2009) which is far below the replacement rate of 2.1. The fertility rate differs significantly from country to country (ranging from 1.31 in Latvia to 2.07 in Ireland [European Commission, 2010a]) and the predictions of future rates are very uncertain. There are two factors that can mitigate the effects of low fertility levels and thus postpone the population decrease of the European Union: the first is increasing life expectancy and the second is migration from countries outside of the EU. As Figure 28.1 shows, according to the predictions by the United Nations – which are more negative concerning the timing of population decline than the forecasts by Eurostat[2] – increasing life expectancy will not be enough to counterbalance low fertility rates (a natural decrease was predicted to start in 2010), and the positive migration balance can only mitigate this process until approximately 2025. By that time, the population of the EU may reach 520 million, from which level it will begin to decrease.

According to the predictions (Figure 28.1), the current high level of migration to the EU would be able to counterbalance natural population loss in the European Union for a long time, mainly in the western, southern and northern parts of Europe,[3] but it is doubtful how long this high level of net migration can last. The United Nations predicts a somewhat decreasing and then constant level of third country migration from 2010, which will bring about the beginning of population decrease around 2025-30. The forecast decreasing level of net migration may be a reflection of the current debates on the integration capacity of the EU. However, the migration pressure to the EU is evident and the high level of illegal migration (about 500 000 people annually) cannot be controlled properly. Moreover, the latest flow of asylum seekers moving from North Africa predicts a possible future when war and climate refugees may not be stopped at the borders of the EU.

1. The Europe 2020 Strategy is the most relevant ten-year Strategy of the European Union accepted in 2010. It aims at achieving smart, sustainable and inclusive growth. The strategy defines five headline targets (concrete, measurable goals) in the fields of labour market activity, research and development, $CO_2$ emissions, school drop-out rate, rate of graduated inhabitants, population living under the poverty line.

2. According to the latest Eurostat forecast, population decline in the EU will only start in 2040. This is a modification of their previous prediction, which put this date at 2025, like the UN.

3. In this context, the mentioned parts of Europe (European Union) are the following: Western Europe: Austria, Belgium, France, Germany, Ireland, Luxemburg, the Netherlands, United Kingdom; Southern Europe: Greece, Italy, Portugal Spain; Northern Europe: Denmark, Finland, Sweden.



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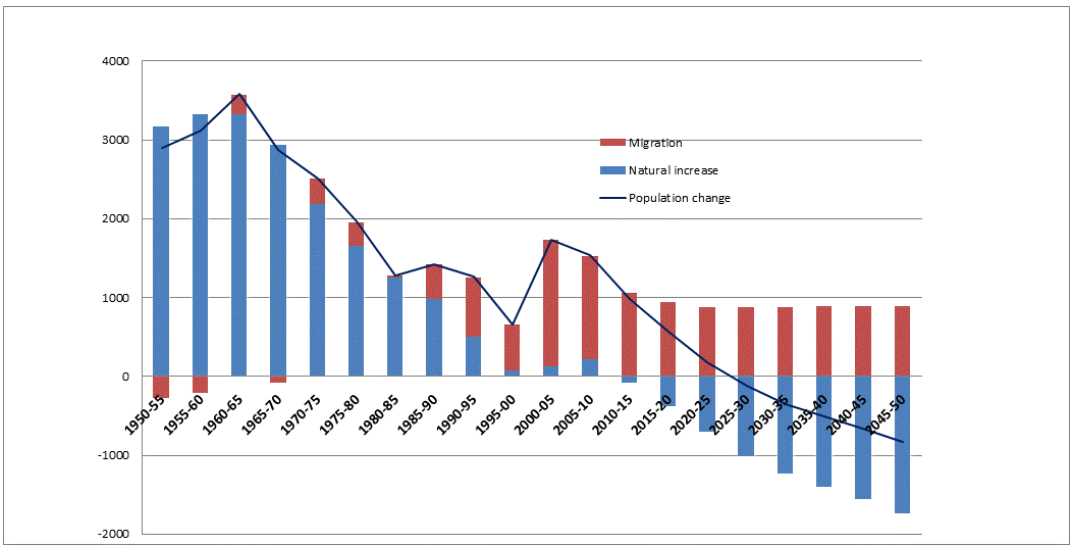
Figure 28.1. **Composition of population change in the European Union**




*Source*: United Nations (2008) *World Population Prospects: The 2008 Revision*, Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, New York, *http://esa.un.org/unpp*, accessed 8 June 2010.

## Demographic change on the national level: problems and policies

### *General European tendencies*

Natural population change and the pace of migration vary strongly across the years and there are a number of policies that may influence these phenomena, which means that estimates of the future population size of Europe are very uncertain. One phenomenon, which is clearly becoming more significant over time, is ageing: **the population of the EU will become significantly older**, no matter whether the current low fertility rate increases to the reproduction level or whether migration from third countries can counterbalance the natural decrease. The increasing number of the elderly in the population is a consequence of longer life expectancy, which is definitely a positive phenomenon and displays the increasing quality of life in the European Union. On the other hand, the elderly dependency rate (rate of elderly above 65 divided by the share of population aged 15-64) is currently around 20% and it may increase to 45%-55% by 2050, which would definitely **put pressure on public spending** (first and foremost pensions, health care and social services).

Actually, member countries of the European Union are already in the process of implementing a systematic intervention, **gradually altering the way the welfare state functions**. The constant growth of the elderly segment of the European population necessitates a thorough restructuring of the pension, health care and elderly care systems, and there are changes with regard to the retirement age as well. However, we must stress that the increase in the retirement age does not automatically lead to an increase in the labour force, as only part of the older generation is healthy enough and equipped with up-to-date skills in order to be able to remain in the labour market. Further public policies have been introduced which aim to compensate for the loss of the younger part of the workforce and thus to maintain the economic competitiveness of the EU. They mostly plan to increase productivity and the employment level.

Many argue that a co-ordinated migration policy is the only way to tackle the coming demographic crisis of the European Union. However, relying only on the number of migrants may not be enough to solve the problem of the shrinking workforce, as different economic sectors are predicted to evolve



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differently. According to a recent Cedefop report (2010: 13) the jobs that need high skills and education will increase by 16 million by 2020 while jobs requiring low qualifications will decrease by 12 million by 2020. Thus, **the EU does not only need new entrants to the labour market, it needs labour in certain sectors with certain skills.** Migrants (and the workforce that can be gained from the currently inactive population) should be equipped with the skills necessary to fill the gap that occurs when the number of active age workers diminishes while the demand posed by new technologies increases. It has to be stressed that with labour immigration there will be **an increased burden on welfare expenditures.** Migrants not only need jobs but also housing, social and health care services. It is hard to estimate the balance between the costs of and the revenues from migration. It seems that for internal migration within the EU, the direct revenues outweigh the costs, but this might not be the case with third country migrants. The **low integration capacity** of many societies poses a further problem: the integration of different cultural behaviours and the fight against social and spatial segregation require extra effort. In the early 21st century political parties with an anti-migration agenda gained ground in several countries, and in addition, several EU countries have decided to tighten migration policies and limit the migrant inflow. However, these national reactions do not necessarily reflect the opinion of the bigger cities which experience the most immigration.[4]

In spite of the problems concerning the migrant population, Europe has to work out and implement effective integration and empowerment strategies as according to the most recent forecasts (European Commission, 2010a: 3) if nothing unpredicted happens than by 2060, one-third of the population in the EU will have at least one parent with a foreign-born[5] background.

***Territorial differences across the EU countries***

Ageing and its fiscal and social consequences affect all EU countries (though to a varying extent). Vast immigration with all its social and infrastructural consequences can be observed in metropolitan areas of Western Europe. At the other extreme, other aspects such as extremely low fertility and high emigration affect mainly new member countries.[6] A number of regions in all member countries experience a constant decrease of population at a restrained pace, but the fast rate of emigration together with a dropping fertility rate is particular to most new member countries and the eastern part of Germany.

The evaluation of this specific development path is not easy. The growing GDP of the new member countries divided by a decreasing number of residents leads to the increase in GDP/capita. On that basis, one could assume that the new member countries would benefit from large-scale emigration. This simple statement, however, has to be reconsidered for the following reasons:

1. From a purely economic point of view, labour migration within the EU is a favourable process that reflects the free movement of the labour force inside the EU and contributes to the effectiveness of the European Union by providing labour where there is a demand and removing redundant workers from places where there are no jobs. Emigration in the short run may reduce the unemployment rate of the country of origin as people that are not able to find a job may seek employment possibilities abroad. In addition, most emigrants send remittances back, contributing to the development of their home country. Also, a substantial share of the migrants returns after some

4. There are a number of research results showing that most people who are against migration have very little contact with migrants. In addition, people living in the countryside generally have more negative attitudes against immigration than citizens in urban areas.

5. Foreign-born in this sense includes all residents – besides third country migrants – that were born in a different member country than the one they currently live in.

6. New member countries are: Bulgaria, the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, the Slovak Republic, Slovenia.



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years to their country of origin, bringing back knowledge and a new life-strategy. Despite all these positive effects, the emigration of the workforce and families mostly from the new member countries to the old member countries can lead to a negative overall balance. This is mainly due to the several serious problems it causes, especially taking into account that **the highly skilled workforce who could otherwise be the engine of growth in the home country often leaves (thus the brain drain).** It is impossible to replace these emigrants with talented migrants from third countries, as these migrants also go to the growth poles of Western Europe. A further point to be considered is that people leaving the settlements of the countryside usually go back to bigger cities of their home country after spending some years in more developed regions of the EU. Thus, even if they return to their country, they do not return to their original home, contributing to the territorial inequalities of their home country.

2. Although migration is not a panacea for economic growth – its relation to both economic productivity and unemployment is complex – a certain positive balance of migration seems to be essential for sustaining economic growth in the long term and for maintaining the welfare state (De Giorgi and Pellizzani, 2006). Continuous lack of migration to the new member countries, coupled with very low fertility rates will produce a **very strong fiscal imbalance, making it impossible to keep up their current level of redistribution as part of the welfare state**. It is of course still a question of how the future migratory flows will react to the continuing economic development in these countries and if the Structural and Cohesion Funds can help economic convergence. (Engbersen 2009, Eurocites, 2010): considering all aspects, there is a real danger that the continuation of the current trends **would lead to deepening of the division between the two parts of the European Union**.

According to the *5th Cohesion Report* (European Commission, 2010b) new member countries are catching up to the EU average GDP per capita, although more slowly than expected. However, **regional disparities are growing within the new member countries:** the capital cities and western regions of the new member countries are developing faster, while other regions are increasingly lagging behind. These regions – suffering the most from vast out-migration – are in economic and demographic decline, which may become even more dramatic in the upcoming decades.

The case of the southern European countries (having faced serious migration outflows in the 1960s and 1970s, while currently experiencing vast immigration) shows that economic development might change migration tendencies – although this positive tendency does not necessarily affect all remote regions of southern Europe. Accordingly, the new member countries could also become capable of attracting migrants in case economic convergence continues. (Abiad at al, 2007; Berglöf and Bolton, 2002) The **question is, however, whether this convergence will occur fast enough to prevent the regional and micro-regional disparities to reach the "point of no return"**, from which they cannot catch up any more.

**Demographic change on the local level and the possible strategies**

In the long term many European regions/cities will face shrinkage and the ageing of the population both on the national and the urban[7] level. However, these processes will not be of similar intensity all over Europe. Moreover, the tendency of the demographic processes may not coincide with those of the economic processes (Figure 28.2).

7. The local level is understood in the study as a functional (metropolitan) area, i.e. cities are considered together with their surrounding areas of influence.



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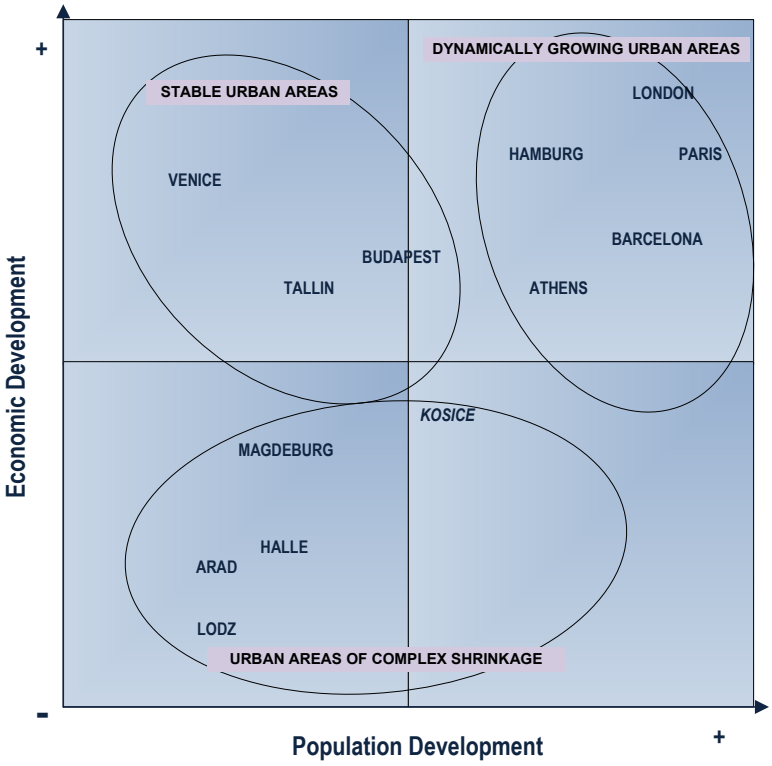
Figure 28.2. **Position of selected urban areas according to their demographic and economic performance**




*Source*: based on the idea of Eric van Marissing and Thorsten Wiechmann, developed in a Budapest workshop on 15-16 November 2010 (WS, 2010).

The inclusion of economic parameters in the demographic analysis is essential because the real challenges for the future are the economic and social causes and consequences of demographic change, not demographic change itself. In fact, similar demographic processes may occur together with very different socio-economic structures. That is why our analysis has put great emphasis on typologies of urban areas not only according to demographic characteristics but based on a complex approach covering demographic and economic parameters at the same time.

Based on these considerations, three[8] main types can be distinguished:

1. Even in the long term there will be cities that **experience strong population increase** caused mainly by their large economic power. These cities are mostly the larger cities in Western Europe with local economies connected closely to the world economy. As the economy is the most relevant

8. We could define a fourth type of city, characterised by economic decline or stagnation despite population growth. This type of city is mostly found in rural areas of Eastern Europe. The source of population growth is typically the high birth rate of Roma families who are crowded out to (or stuck in) remote regions struggling with economic difficulties. The favourable demographic situation of these cities is vastly eroded by the economic problems, resulting in high inactivity and unemployment rate of the population. Due to the differences in the migration patterns of the Roma (in some countries they move to urban, while in others to rural areas) this type of urban area could not be identified clearly and needs more research in the future.



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factor in attracting migrants (who are usually younger and have a higher fertility rate), these cities may remain hosts to migrants also in the long run. Migration is generally regulated on the national level in the EU, but the local level has a lot to do to foster the integration of migrants. There are many European cities that have worked out efficient integration strategies, based on offering high-level local services (registration, education, health and housing) and ensuring the most important requirements for integration (studying, working, knowing the language), thus enabling migrants to join European society. In addition to integration policies, these cities face the challenge of pressing additional demand for infrastructure and public services. Dynamic population growth may result in further increasing the density of the built environment or in the uncontrolled sprawl of the urban area. In order to avoid spatial and social tensions as a result of growth and increasing heterogeneity, **dynamically growing cities should concentrate on retaining the territorial and social cohesion of the urban area.**

2. Cities with a strong economic background are gradually shrinking – sometimes slightly increasing – or maintaining a stable population. Population shrinkage in itself cannot be considered a serious problem unless it has a dramatic effect on the local economy and infrastructure. Gradual population loss in a city may even be advantageous: as the density of the urban environment decreases, economic output will be divided among fewer residents (resulting in higher GDP per capita). The main task of cities with a more or less stable demographic and strong economic background is to create flexible urban strategies. Population decline, or slight growth can quickly turn around – as economic and population dynamics are not stable in the long term – changing the age and ethnic composition of the residents, leading to new requirements towards public services. Flexibility means the improvement of urban infrastructure and environment in such a way that it can serve different purposes (e.g. new housing, which can be both for the youth and the elderly, low-density housing inside the urban borders). Besides flexibility, these cities should definitely prepare themselves for the consequences of ageing, by redesigning the urban environment, transport and services according to the new type of needs.

3. Urban areas of complex shrinkage experience both demographic and economic decline.[9] These urban areas are mostly located in the central and eastern parts of the EU (in the eastern part of Germany, the eastern regions of Bulgaria, Hungary, Poland, Romania and the Slovak Republic) but some peripheral areas of Western Europe are also affected (like the southern part of Italy, the eastern part of Portugal, the northern part of England, the northern part of Scandinavia, etc.) (Mykhnenko, 2007). The decline of a region does not necessarily mean the decline of the city as well; there are vital cities to be found in declining regions. The main cause of complex shrinkage is economic restructuring: the city starts to lose its population when it is not able to provide enough jobs compared to other cities (countries or regions). **Thus, the strategy to mitigate complex shrinkage should concentrate on the redefinition of the economic basis.** It is an important question whether all urban areas of complex shrinkage could become capable of revitalising their economic base. Several examples (e.g. German reunification, the Italian efforts to diminish the development gap between the southern and northern part of Italy, and the Scandinavian policy to integrate the northern part) show the difficulties of achieving full economic recovery in the less developed regions, despite the often enormous amounts of money invested. Another question is whether the development of the economy automatically results in the increase of population in shrinking countries. In many cases "jobless growth" is the outcome, when economic development means that the urban area recovers its economic basis but does not require more workforce, thus population increase may not be the consequence or only at a modest rate. Thus, besides concentrating on the economic recovery policy, these cities should adapt to the partial collapse of

9. Economic decline in this sense does not necessary mean a decline of output in net terms, rather economic stagnation or slower development than the national average.



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the overdeveloped infrastructure, housing and public services. Cities may aim at downsizing the urban infrastructure with fewer residents thus reaching a new equilibrium on a smaller scale. For already smaller shrinking cities, the establishment of proper territorial connectivity to large urban centres in order to strengthen the access to high-quality services may be of high importance.

**Recommendations for local urban policy**

The paragraphs above indicated the special measures that urban areas of different economic-demographic types should concentrate on. Besides¸ there are certain measures that are advisable for all urban areas no matter which special demographic process they experience:

- to implement local employment programmes in order to activate the hidden reserves of the labour market and reduce the effect of the shrinking workforce due to ageing;
- to provide new and improved local services for the fast-ageing generations (social, health care, transport, etc.);
- to strengthen local child-care services to encourage the labour participation of mothers;
- to implement methods in housing and spatial planning to encourage the formation of mixed residential areas regarding age and social composition;
- to create a family-responsible environment and strengthen the social context supporting family-oriented values in order to encourage families with children to stay in urban areas;
- to provide a secure and safe urban environment in order to lower spatial segregation and increase the quality of life of all generations.

These policy elements should be grouped into integrated policy interventions. Integration in this sense means vertical co-operation (between different levels of governance including the EU, national state, region and local authorities), horizontal co-operation (between settlements of the same functional urban area), and transversal co-operation (between different sectors of intervention).



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*CHAPTER 29:*

# PRODUCTIVITY AND LOCAL EMPLOYMENT AS CONTRIBUTORS TO GROWTH: *VIS-À-VIS* THE DEMOGRAPHIC SHIFT IN THE EU[1]

**BY**
**JÖRG PESCHNER[2]**

1. This is a short version of the paper: "Exploring conditions for EU growth with a shrinking workforce", which underlies a presentation by the author on the joint OECD/European Commission conference "Growing Free Labour Mobility Areas and Trends in International Migration" held in Brussels on 14-15 November 2011 [DELSA/ELSA/MI(2011)4]. See *www.migrantempl.eu*.

2. European Commission, DG EMPL/A1.



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**General context**

Over the next decade, the implications of demographic ageing on employment are expected to intensify. After decades of growth, the decline of the working age population (people aged 20-64 years) will start in 2013 according to Eurostat's EUROPOP2010 demographic projection in its convergence scenario. All in all, the EU27 is projected to lose more than 2.5 million working age people in this decade and almost four times as many in the decade following the year 2020. A persistently shrinking workforce is an unprecedented situation posing major challenges to western policy makers as collective welfare levels largely depend on potential economic growth, which in turn is the sum of productivity shifts and employment growth. This chapter depicts some logical implications of workforce shrinkage. It demonstrates the impact of different labour-supply development scenarios on Europe's economic growth paths and the productivity yields necessary to achieve those. It sheds some light on what positive regional employment scenarios could contribute to alleviate the pressure on productivity.

**Europe's long-term growth potential and Europe 2020**

The analysis starts out with the employment objective as part of the Europe 2020 strategy for smart, sustainable and inclusive growth (EU2020) but extends well beyond the year 2020. One of the EU2020 core targets is to reach, by 2020, an employment rate among 20-64 year-olds of no less than 75%, starting from the 68% seen in 2010.[3] Meanwhile, most member countries have substantiated their contribution to achieve their national employment objective for the year 2020 by setting quantitative targets in their latest National Reform Programmes (NRP) as shown in Table 29.1.

It is obvious that these are ambitious objectives, particularly for member countries where employment performance is currently lagging behind in a difficult labour market context. The analysis below, to maintain imputed national employment rate targets consistent with an overall objective of 75% for 2020, uses the upper bound in countries with a 2020 target employment rate **range** (Ireland, Italy, Austria). For the United Kingdom, in the absence in its NRP of any national 2020 objective, it assigns an aspiring employment rate target of 81%.

The situation resulting from these assumptions is depicted in Figure 29.1. Consider the light grey columns first. As mentioned above, total employment growth in the EU27 averaged an annual 1% over an eight-year period preceding the economic crisis in which we also saw real GDP grow by an annual 2% on average (black) and, as the difference, an annual productivity growth of around 1% (dark grey). This trivial equation is just the *ex post* identity describing (potential) GDP from the supply side of the economy. However, looking at it will help to better understand the implications of a declining workforce on Europe's welfare position.

3. For the EU2020 core objectives see the Communication from the Commission "Europe 2020 – a strategy for smart, sustainable and inclusive growth". The EU2020 strategy was adopted by the European Council on 17 June 2010.



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Table 29.1. **Targeted employment rates for 2020 as set by member countries in their April 2011 National Reform Programmes for the age range 20-64 years**[4,5]

| Country | 2010 employment rate | Target range 2020 | | Point target | Target assumed for the analysis | % points to go from 2010 |
|---|---|---|---|---|---|---|
| | | To | From | | | |
| EU27 | 68.5 | | | 75 | 75 | 6.5 |
| Belgium | 67.6 | | | 73.2 | 73.2 | 5.6 |
| Bulgaria | 65.4 | | | 76 | 76 | 10.6 |
| Czech Republic | 70.4 | | | 75 | 75 | 4.6 |
| Denmark | 76.1 | | | 80 | 80 | 3.9 |
| Germany | 74.9 | | | 77 | 77 | 2.1 |
| Estonia | 66.7 | | | 76 | 76 | 9.3 |
| Ireland | 64.9 | 69 | 71 | | 71 | 6.1 |
| Greece | 64 | | | 70 | 70 | 6.0 |
| Spain | 62.5 | | | 74 | 74 | 11.5 |
| France | 68.8 | | | 75 | 75 | 6.2 |
| Italy | 61.1 | 67 | 69 | | 69 | 7.9 |
| Cyprus | 75.4 | 75 | 77 | | 77 | 1.6 |
| Latvia | 65 | | | 73 | 73 | 8.0 |
| Lituania | 64.4 | | | 72.8 | 72.8 | 8.4 |
| Luxembourg | 70.7 | | | 73 | 73 | 2.3 |
| Hungary | 60.4 | | | 75 | 75 | 14.6 |
| Malta | 59.9 | | | 62.9 | 62.9 | 3.0 |
| Netherlands | 76.8 | | | 80 | 80 | 3.2 |
| Austria | 74.9 | 77 | 78 | | 78 | 3.1 |
| Poland | 64.6 | | | 71 | 71 | 6.4 |
| Portugal | 70.5 | | | 75 | 75 | 4.5 |
| Romania | 63.3 | | | 70 | 70 | 6.7 |
| Slovenia | 70.3 | | | 75 | 75 | 4.7 |
| Slovak Republic | 64.6 | | | 72 | 72 | 7.4 |
| Finland | 73 | | | 78 | 78 | 5.0 |
| Sweden | 78.7 | | | 81 | 81 | 2.3 |
| United Kingdom | 73.6 | | No target | | 81 | 7.4 |

*Source:* National Reform Programmes, April 2011. See *http://ec.europa.eu/europe2020/pdf/targets_en.pdf*.

[4] Footnote by Turkey
The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus" issue.

[5] Footnote by all the European Union Member States of the OECD and the European Commission
The Republic of Cyprus is recognized by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.



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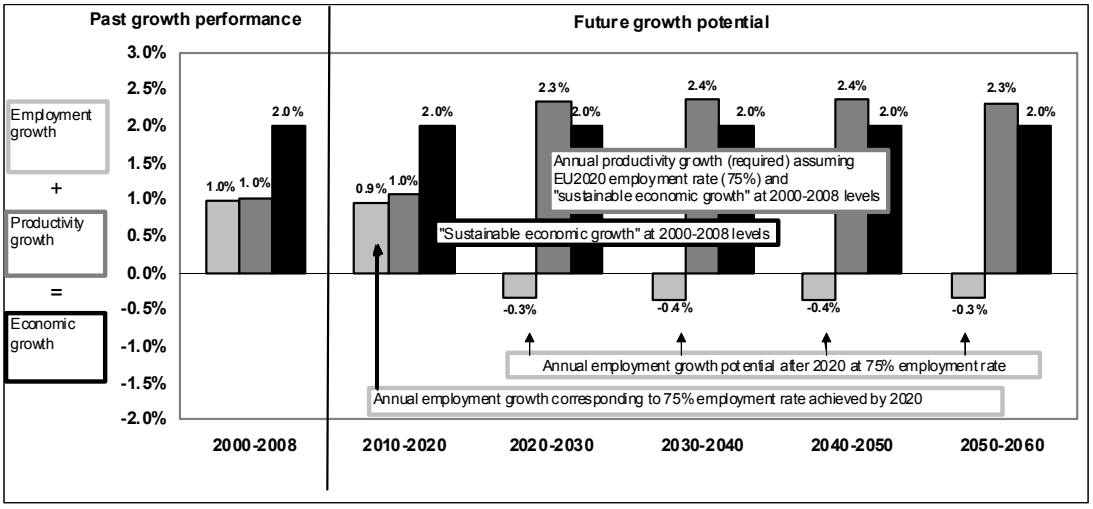
Figure 29.1. **Computed annual employment growth at targeted employment rate of 75% achieved by 2020**




**Legend:**
**For the time 2010 to 2020:**
**-What level of employment growth is required in order to achieve the 'EU2020' targeted employment rate levels?**
**-What would be the resulting productivity shift if GDP growth rates 2000-2008 were to be reproduced?**
**For the time after 2020:**
**-What level of employment growth would result from constant EU2020 employment rates, given the declining working-age population?**
**-What would be the resulting productivity shift if GDP growth rates 2000-2008 were to be reproduced?**

*Source*: Own calculation based on Eurostat, EUROPOP2010 demographic projection and Eurostat, EU LFS.

Over the same recent period, many of the new member countries were in the course of catching up in terms of per capita GDP and income – which would suggest that the 2000-08 GDP growth path is not what we would consider long-term equilibrium growth for the EU. Other member countries might not have fully exploited their growth potential. However, even in the light of these uncertainties, we may consider an overall economic growth of 2% "sustainable" in the sense that it would maintain (current) satisfactory welfare levels. If so, *vis-à-vis* what happened before 2008, we would conclude that given the EU's employment performance, productivity gains of around 1% per annum were sufficient to maintain Europe's welfare position over the pre-crisis decade.

We may now apply the same notion of a "sustainable 2% economic growth path" to the current decade 2010-20 (second pair of columns). We abstain from breaking down the GDP target growth rate into per capita growth, as total population for the EU is projected to remain relatively stable over the next decades (considerable decline projected only after 2050). On top of that, in line with the formal EU2020 target group, we define future working age population as all people between 20 and 64 years of age. That is, we assume all employment to happen within this age range.

We find that the situation largely resembles the one seen before the crisis – **provided the EU manages to achieve its EU2020 employment rate target of 75%.** If so, starting from 2010, an annual employment growth of some 0.9% would create some 20 million additional jobs over the ten following years. That is, given achievement of the EU2020 employment rate objective, even if the working age population (slightly) declines, a considerable number of people will have been brought into employment, triggered by a shift in the employment rate of no less than 6.5 percentage points. With an employment growth of 0.9% per year, Europe would need some 1.1% of productivity yields per year to achieve its assumed sustainable GDP growth level of 2%.



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The second pair of columns in Figure 29.1 reveals that the situation will change drastically over the decades following 2020. With Europe, keeping its employment rate at 75%, the shrinking workforce would drag down total employment by some -0.3% each year in the next decade. In other words: the EU would lose some 7 million jobs over the period 2020-30 unless further employment shifts were to take place for the EU27 to achieve its 2% economic growth in order to maintain current welfare levels. The productivity shift needed would be no less than 2.3% per year in that decade – more than twice the level in the EU in the recent past, even before the crisis. The situation will continue in the decades after 2030.

**Europe in the long term: the EU's potential to go beyond 75%**

Based on the simple approach presented above, one might wonder about the actual EU potential to further improve the employment rates once the 75% target is achieved by 2020. Such considerations are justified since employment rates vary greatly across European regions (Figure 29.2, upper panel). In other words, Europe manages to tap local human resources to a very different extent – a certainty reflected by the extent to which the national EU2020 targets as laid down in the National Reform Programmes differ from country to country, see Table 29.1.

However, if we consider the 75% EU employment rate target an objective towards which **all** European regions could approach in the long run, this might give us an idea about the extent to which Europe might further improve its employment performance beyond EU2020. Instead of assuming the constant employment rate scenario which settles for keeping the 75% employment rate over the decades following the year 2020, one might think about **further** shifting it as those regions which will not have caught up to 75% by 2020 will manage to do so by 2030. We may refer to those regions as "latecomers".

We use a socio-demographic projection tool developed by the author within the European Commission (DG EMPL) for projections at regional level.[6] As regions we see NUTS 2 territorial units[7] – of which there are some 270 in the EU. In order to compare the resulting EU employment pattern to the constant employment rate scenario depicted in Figure 29.1, for the population at EU level we will not deviate from the underlying EUROPOP2010 demographic projection used above. Instead, we will use regional employment rates and working-age population as projected by the regional model for 264 regions. Next, we add up employment and population over regions in order to calculate the EU27 overall employment rate which finally we apply top-down to EUROPOP2010 national-level population projection. Unlike EUROPOP, the regional model projection horizon will not exceed 20 years so that we restrict analysis to Europe's further employment potential up to the year 2030.

6. The methodology is based on Coomans (2004), especially p. US 8.

7. NUTS: Nomenclature of Statistical Territorial Units, see *http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/introduction*.



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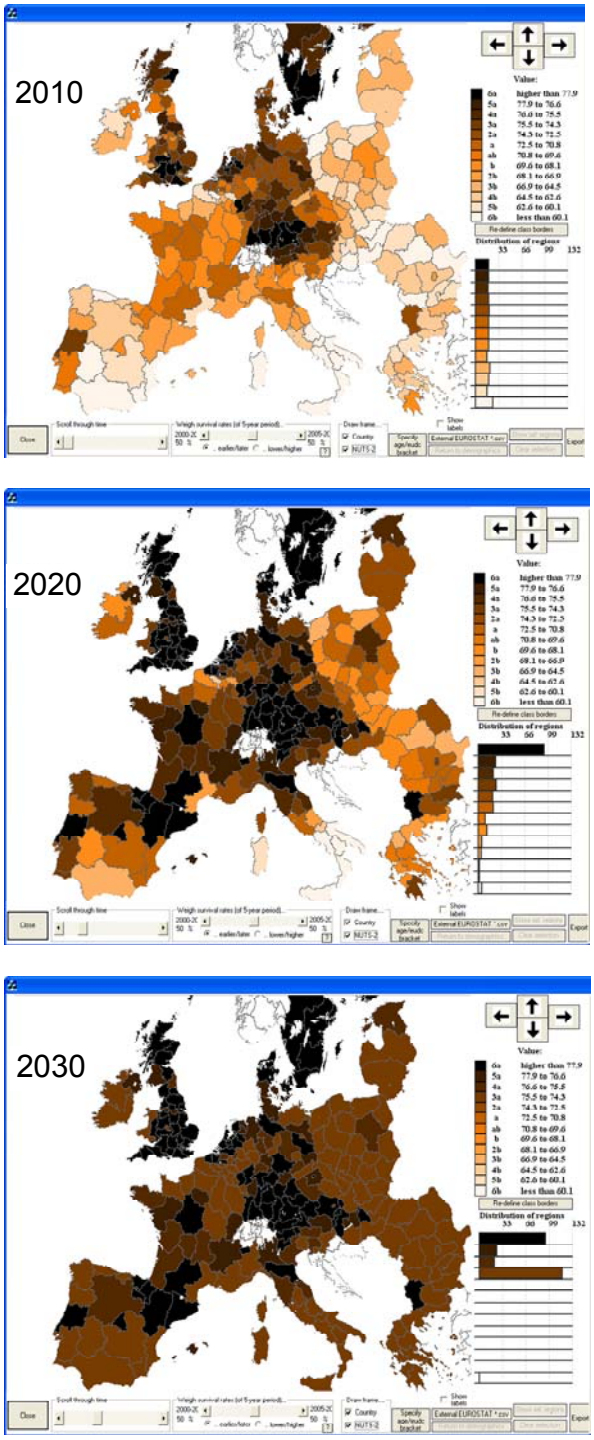
Figure 29.2. **Employment rated in the EU (regions at NUTS 2 level)**




2010 employment rates

Employment rates 2020 after successful "EU2020"

Employment rates 2030, "latecomer"-scenario (regions <75% in 2020 catching up by 2030)

*Note:* dark colours indicate high employment rates.

*Source*: Own calculation based on DG EMPL's regional socio-demographic projection tool and Eurostat, EU LFS.



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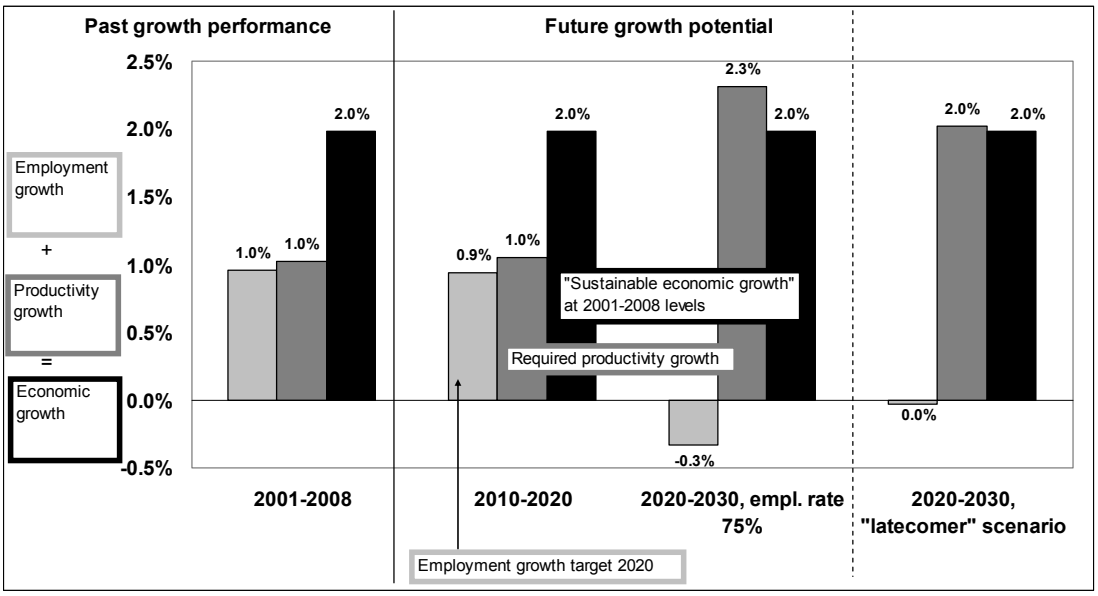
Starting from the year 2010, the regional employment rates will be shifted to make the respective country meet its employment objective by 2020. That is, the extent of the shift corresponds to the last column in Table 29.1 for the national level. Doing so, we will arrive at a situation depicted by the middle panel of Figure 29.2 for the year 2020 where all European regions will have considerably improved their employment performance but still 107 out of 264 regions taken into account will have failed to reach the 75% overall target to which the EU will have approached on average.

Those are the latecomers assumed to catch up to 75% by 2030, see the last panel of Figure 29.2. One can easily see from the difference between the middle and the lowest panels of Figure 29.2 that it is southern Italy, southern Spain and many regions in Eastern Europe that would have to make enormous progress in terms of further activating their local workforce.

Comparing the situation to the one shown in Figure 29.1 for the EU27 where a constant employment rate of 75% was applied for the period after 2020, the picture shown in Figure 29.3 would emerge. Instead of a -0.3% employment decline (third pair of columns), the EU could manage to keep its workforce in employment roughly constant over the decade starting in 2020 (last pair of columns). The difference would cumulate by 2030 to some 7 million workers or some 3% of total employment in the constant employment rate reference scenario. The EU would shift its average employment rate up to 77.3% by 2030.[8] That is, there is a potential to further shift employment rates by some 2.3 percentage points if Europe manages to trigger employment particularly in those regions which now perform least favourably. The increment of employment would, however, ease the pressure on productivity only slightly: productivity would still need to grow twice as fast as in the recent past in order to keep the 2% long-term growth path which we consider sustainable to maintain welfare standards.

Figure 29.3. **Computed annual employment growth rate of 75% achieved by 2010**

Constant employment rate scenario plotted against latecomer scenario




*Source*: Own calculation based on DG EMPL's regional socio-demographic projection tool, Eurostat, EU LFS and Eurostat, EUROPOP2010 demographic projection.

8. As no region would be left with an employment rate below 75%, the standard deviation would roughly half over the period 2020-30 (to 3%-points in 2030).



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**Policy conclusion**

This chapter reveals that the demographic change with its shrinking workforce will constitute a huge challenge for European policy makers who will be forced to take decisive action in order to maintain the living standards to which European people have grown accustomed over the last decades. Hypothetically, we considered that policy actions were concentrated solely on productivity shifts to find that EU-wide productivity growth would have to more than double (in some countries to literally multiply) in order to maintain current economic growth levels. The pressure will actually rest on productivity even if favourable employment performance in the regions became reality.

These results demonstrate the magnitude of the changes ahead. In order to alleviate to the largest possible extent the impact of a shrinking workforce on the EU's growth potential and hence, its welfare position, it becomes obvious that:

- Major progress is indeed needed to tap socially inclusive sources of productivity yields, i.e. focus on education and skills formation in order to avoid either stagnation or productivity yields to materialise in the form of (only) capital deepening with little or no further job growth.

- The pressure to achieve sustainable economic growth levels cannot be resolved by productivity increases only. In the years after 2020 the number of people in employment must continue to increase. There are two logical sources, apart from working longer hours:

    1. Europe should remain open towards the idea to gain employment by attracting more qualified migrants from third countries to live **and work** in the EU; and

    2. Europe must make an effort to achieve the EU2020 employment rate targets and go beyond those over the years following the year 2020 – by improving employment performance where the gap is still large: female (62% employment rate in 2010) and older people's employment (46%), and by encouraging intra-regional mobility which today appears to be a largely untapped source of employment growth.[9]

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9. See the long version of this paper (footnote 1), section 6.



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# ANNEX:
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**Dr. Domenico Camarda** is a tenured researcher at Bari University of Technology (Bari, Italy), where he teaches urban and regional planning subjects. He has a degree in Civil Engineering, an Italian PhD in Spatial Planning and a North American MSc in Economic Policy and Planning. His research interests are environmental planning, multi-agent planning systems, and decision-support systems. He has published about 50 papers in international journals and conference papers, 5 book contributions (edited books and book chapters) and several articles on planning information magazines.

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**Human Resources and Skills Development Canada (HRSDC)** has a broad social and economic mandate to build a stronger and more competitive Canada, to support Canadians in making choices that help them live productive and rewarding lives, and to improve Canadians' quality of life. The department plays a central role in delivering programmes and services and developing policies that are aimed at addressing current challenges, including: labour market participation, developing a skilled workforce and supporting Canadians as they transition through life events.

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in various policy fields. Currently, he works for DG EMPL's Employment Analysis department where he deals with quantitative labour market policy assessment. One of his main concerns is the development of a regional socio-demographic electronic atlas for local labour supply projection. Research areas also include the conditions for economic growth *vis-à-vis* a shrinking workforce.

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# Demographic Change and Local Development: Shrinkage, Regeneration and Social Dynamics

Demographic change is one of the key challenges today for local development together with globalisation, knowledge/technological shift, climate change and the development of the green economy, inclusiveness and poverty. Strategic solutions cannot be based on addressing one of these factors alone but must take into account the interplay of these elements within a particular local area of development (urban or rural).

At the same time that there are important challenges to be addressed, there are also opportunities to be fostered such as the development of the "silver" economy of older entrepreneurs, the "white" economy for medical services for the elderly population, or the natural "green" advantage of shrinking areas.

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