

# **THE METROPOLITAN CHALLENGE IN EUROPE: GOVERNING AT SCALE IN AUSTERITY**

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# Address 7 Challenges

1. Why do EMAs matter ?
2. What is goal metropolitan policy?
3. How EMAs deliver competitiveness cohesion?
4. How govern & deliver across EMAs at scale?
5. How EMAs contribute more national economy?
6. How can EU help EMAs more?
7. So what for EMAs & policy?

# 1. WHY DO EMAs MATTER?

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## Context

- Globalisation – loss power national, local state
- Economic & technological restructuring – Porsche-hamburger economy
- Increasing competition places – winners & losers
- Institutional & welfare state restructuring – increased vulnerability
- Uneven development within & between city regions

# 1.WHY DO EMAs MATTER?

- Won intellectual battle last decade
- Winning political battle?
- City regions are back – again!
- Not drains on economy or basket cases
- Assets not liabilities
- Wealth of nations
- Drive national & European economy
- Agglomeration & urban assets crucial successful modern economies

# 1.WHY DO EMAs MATTER?

- Past and future different countries
- NICE decade – some people, places
- Built buoyant economy, public spend
- Not in future – austerity
- Development model broken – debt, consumption, residential, retail
- Different roles EMAs – knowledge, creative, green?
- Uncertainty - security, prosperity, cohesion, immigration, financial, energy, sustainability, global markets
- So new governance challenges EMAs at scale

## 2. WHAT CHALLENGE EMA POLICY?

## 2. WHAT CHALLENGE EMA POLICY?

- Not just regeneration – not only poor places or people
- Overall performance whole urban system
- Economic place making

So policy at all levels must encourage

- Economic, social balance within EMAs/city regions
- Maximise performance individual city regions
- Balanced, sustainable national urban system
- Drivers success- innovation, diversity, human capital, connectivity, place quality, governance/leadership



## 2. WHAT CHALLENGE EMA POLICY?

Constant dilemmas:

- Neighbourhoods or wider urban system?
- Economic, social or physical?
- Social need or economic opportunity?
- Competition or partnership?
- Market, state or community?
- People or places?
- Institutional change or improved processes?
- Neighbourhood, city, city region, region level?
- Explicit or implicit?

## 2. WHAT CHALLENGE EMA POLICY?

Policies shift constantly

- Sometimes blame victim, sometimes not
- Sometimes economic, or social or physical
- Usually neighbourhoods, occasionally city, little city regions, very little national urban system
- Occasionally mainstream, but usually initiatives
- Sometimes need, sometimes opportunity
- All state or all market
- Sometimes partnership, sometimes competition
- Community in then out

Need policy stability

# 3. HOW DELIVER COMPETITIVENESS & COHESION WITHIN EMAs?

### 3. HOW DELIVER COMPETITIVENESS & COHESION WITHIN EMAs?

- Improved vertical policy integration
- Improved horizontal policy integration
- Link mainstream to area-based
- Economic, social & environmental
- Powerful delivery mechanisms
- Involve partners – private & community
- Larger scale

### 3. HOW DELIVER COMPETITIVENESS & COHESION WITHIN EMAS?

Many examples 20 years

- City Challenge, SRB, NDC, UDCS, LSPs, URCs, CDCs - UK
- Contrat de Ville - France
- Kvarterloft - Denmark
- Area based Partnership - Ireland
- URBAN – Europe
- All good – all gone

### 3. HOW DELIVER COMPETITIVENESS & COHESION WITHIN EMAs?

#### Political challenges

- Political support
- Financial & institutional support
- Integrate priorities national & local
- Align initiatives and main programmes
- Involve private sector
- Empower communities
- Transparency, accountability, partnership

### 3.HOW DELIVER COMPETITIVENESS & COHESION WITHIN EMAs?

Success requires

- Focus competitiveness & cohesion
- Support places & people
- Align money & policies
- Scale & territory
- Contractual relationships
- Delivery and capacity
- Long term commitment

### 3. HOW DELIVER COMPETITIVENESS & COHESION WITHIN EMAs?

Success requires:

- Visionary city leadership
- Effective partnerships
- Strategic approach
- Commitment mainstream departments
- Link regional neighbourhood strategies
- Co-ordination funding streams
- Involvement communities & private sector
- Strong national & EU lead



# 4. HOW GOVERN & DELIVER ACROSS EMAs AT SCALE?

#### 4. HOW GOVERN & DELIVER ACROSS EMAs AT SCALE?

- Cities drive regions economically
- Everybody concerned relations cities & regions
- Scale crucial – city too small, region too big
- Challenges fragmentation, suburbanisation,
- Rivalries – personalities, politics, turf, money
- Political relationships played out wider stage
- If vision, strategy, partnership, leadership, centre
- Then easier govern at city region level
- If not – more difficult

## 4. HOW GOVERN & DELIVER ACROSS EMAs AT SCALE?

### Barriers

- Lack of vision
- Institutional fragmentation
- Historic tensions
- Personal rivalries
- Place rivalries
- Party rivalries
- Economic rivalries
- Complacency
- Overlapping strategies
- Regional/urban conflicts

## 4. HOW GOVERN & DELIVER ACROSS EMAs AT SCALE?

What works?

- It's the politics stupid!
- Leadership style
- Political maturity – big not bully
- Trust – smaller not exploited
- Benefits shared
- Time
- Common projects
- Delivery capacity
- Incentives national & EU

# 5. HOW EMAS CONTRIBUTE MORE NATIONAL ECONOMY?

# Second Tier Cities in Europe:

## In An Age of Austerity Why Invest Beyond the Capitals?



- European Institute for Urban Affairs, Liverpool John Moores University
- Metropolitan Research Institute, Budapest
- University of Tampere
- University of Paris Est
- University College London



## 5. HOW EMAS CONTRIBUTE MORE NATIONAL ECONOMY?

- Little debate urban hierarchy
- Must focus capitals
- Most focus social cohesion
- Some focus economic performance - innovation, economic diversity, skills, connectivity, place quality, governance.
- Evidence cities perform better
  - more decentralisation, deconcentration
  - more responsibilities powers, resources

## 5. HOW EMAS CONTRIBUTE MORE NATIONAL ECONOMY?

- Balance capital, second tier and decentralisation matters
- Capitals dominate - but gap varies & can close
- Many second tiers growing contribution, some outperform capital
- Capitals dominate economy more east than west – link to under-development?
- Germany unique but instructive

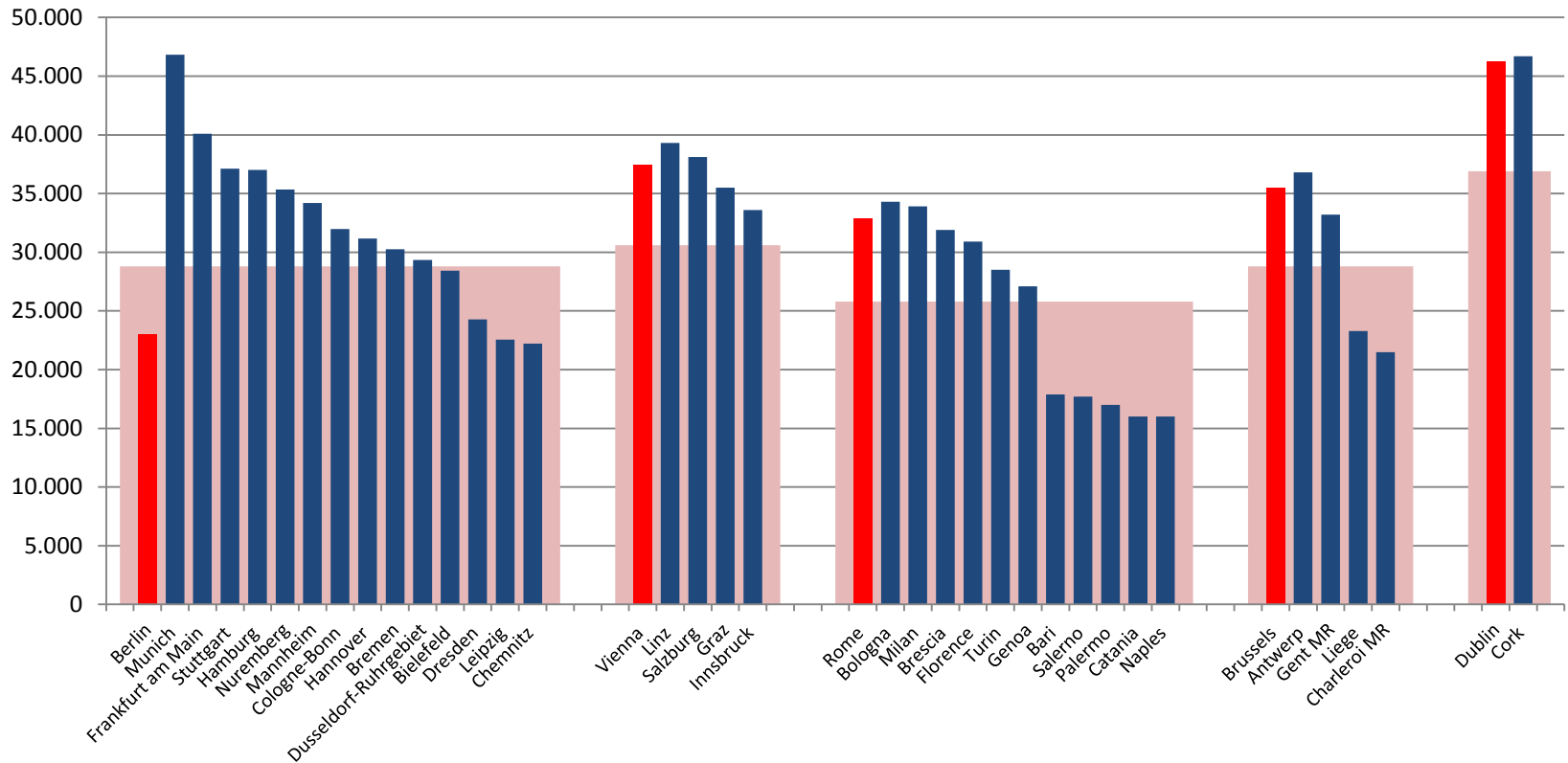


**Gap capitals & second tiers big  
But varies**

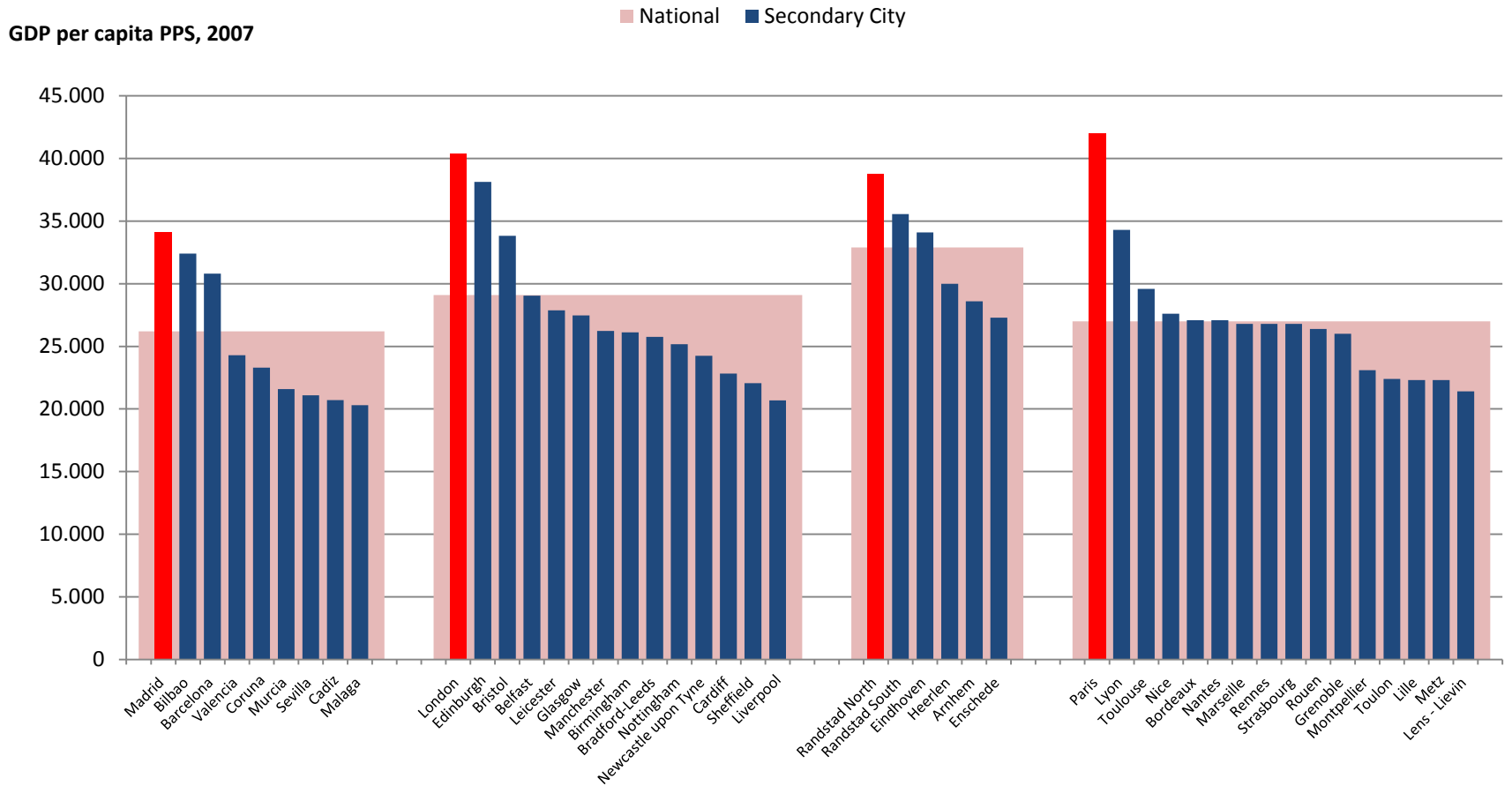
# Exceptions - Top Secondary Outperforms Capital: Germany, Austria, Italy, Belgium, Ireland

GDP per capita PPS, 2007

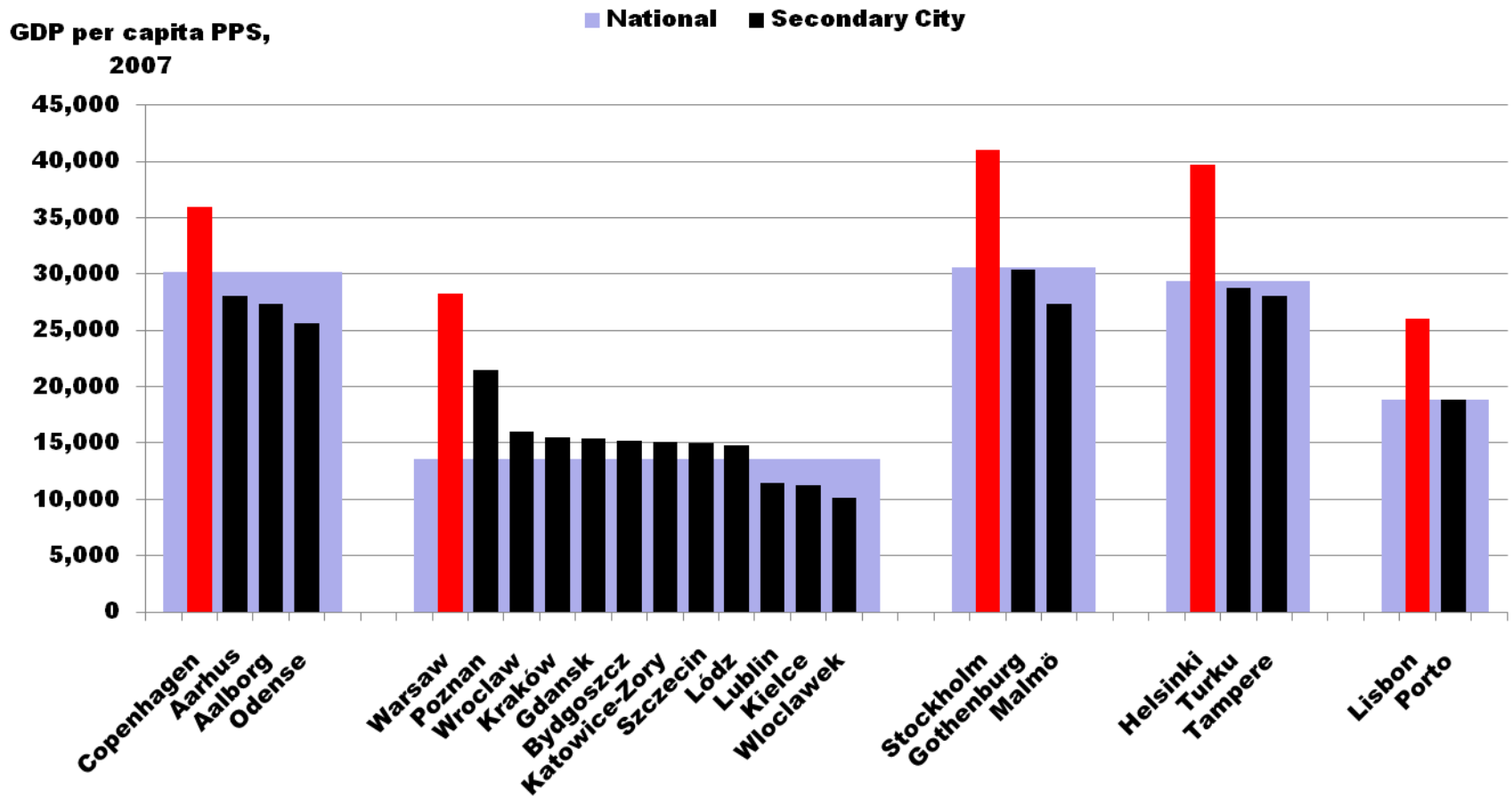
■ National ■ Secondary City



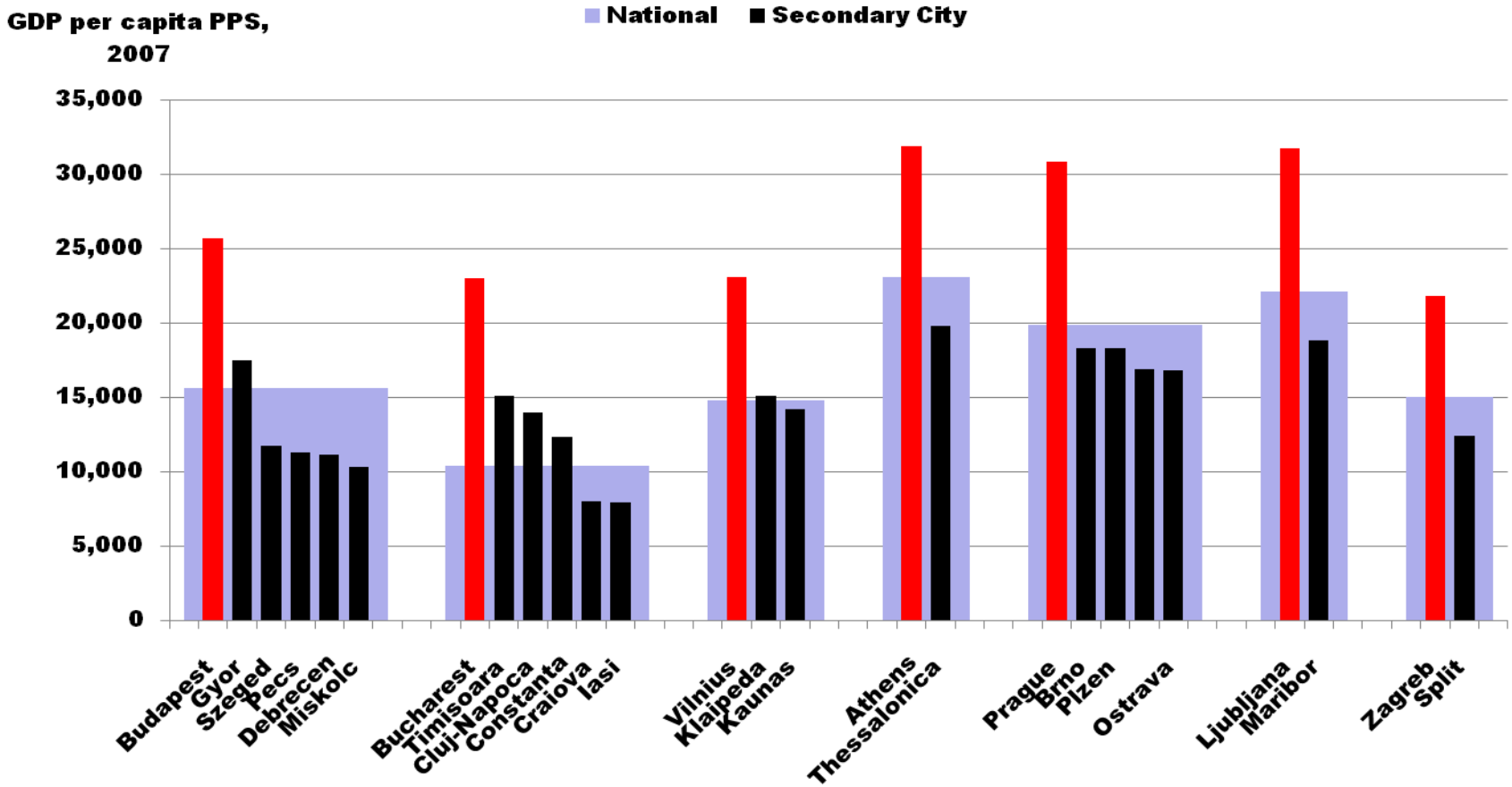
# Top Secondary Lags Capital by 5-20%: Spain, UK, Netherlands, France



# Top Secondary Lags Capital by 20-30%: Denmark, Poland, Sweden, Finland, Portugal



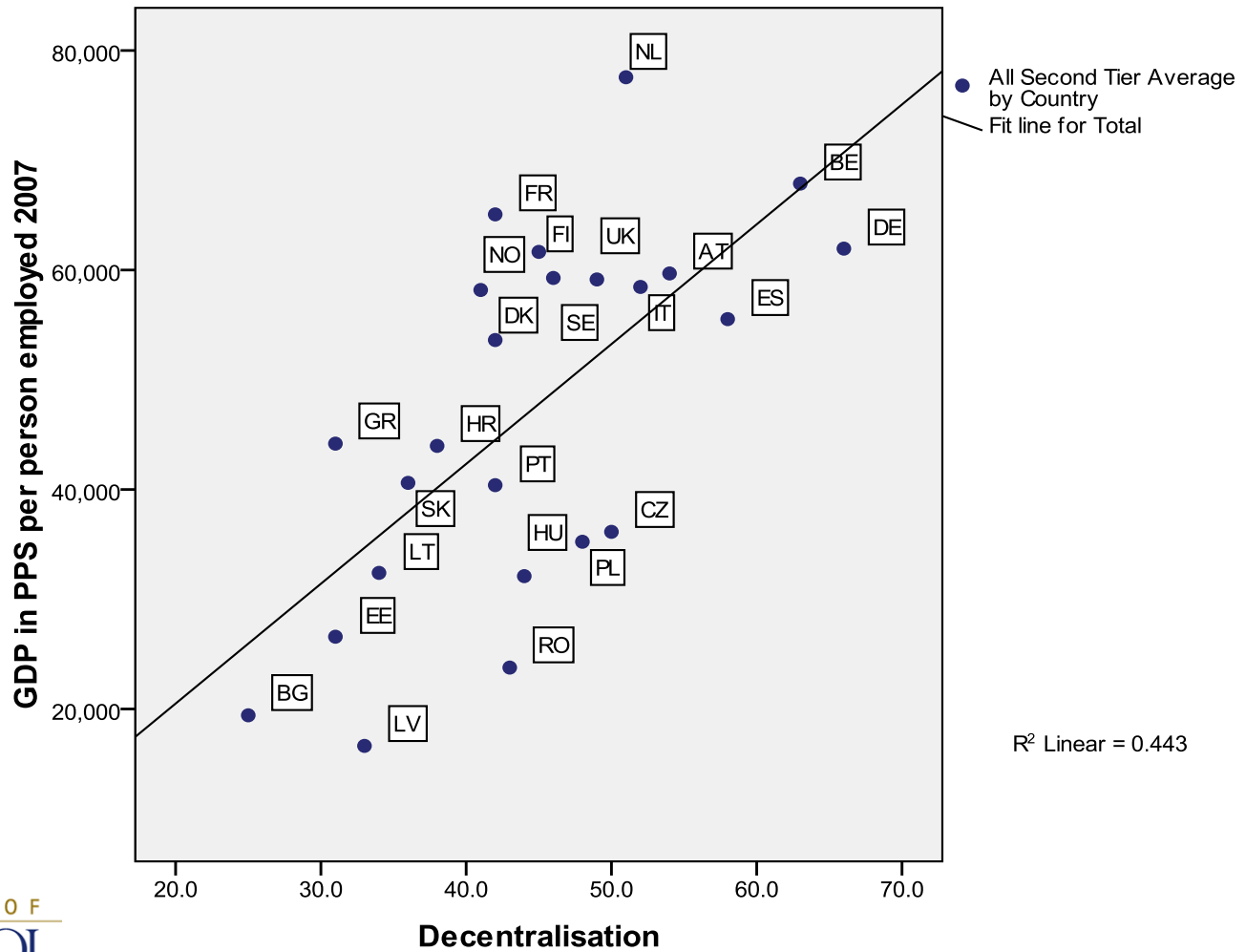
# Top Secondary Lags Capital by 30-45%: Hungary, Romania, Lithuania, Greece, Czech Republic, Slovenia, Croatia



**Greater decentralisation decision-making**

**Greater productivity second tiers**

# Decentralisation & Second Tier Average Productivity 2007

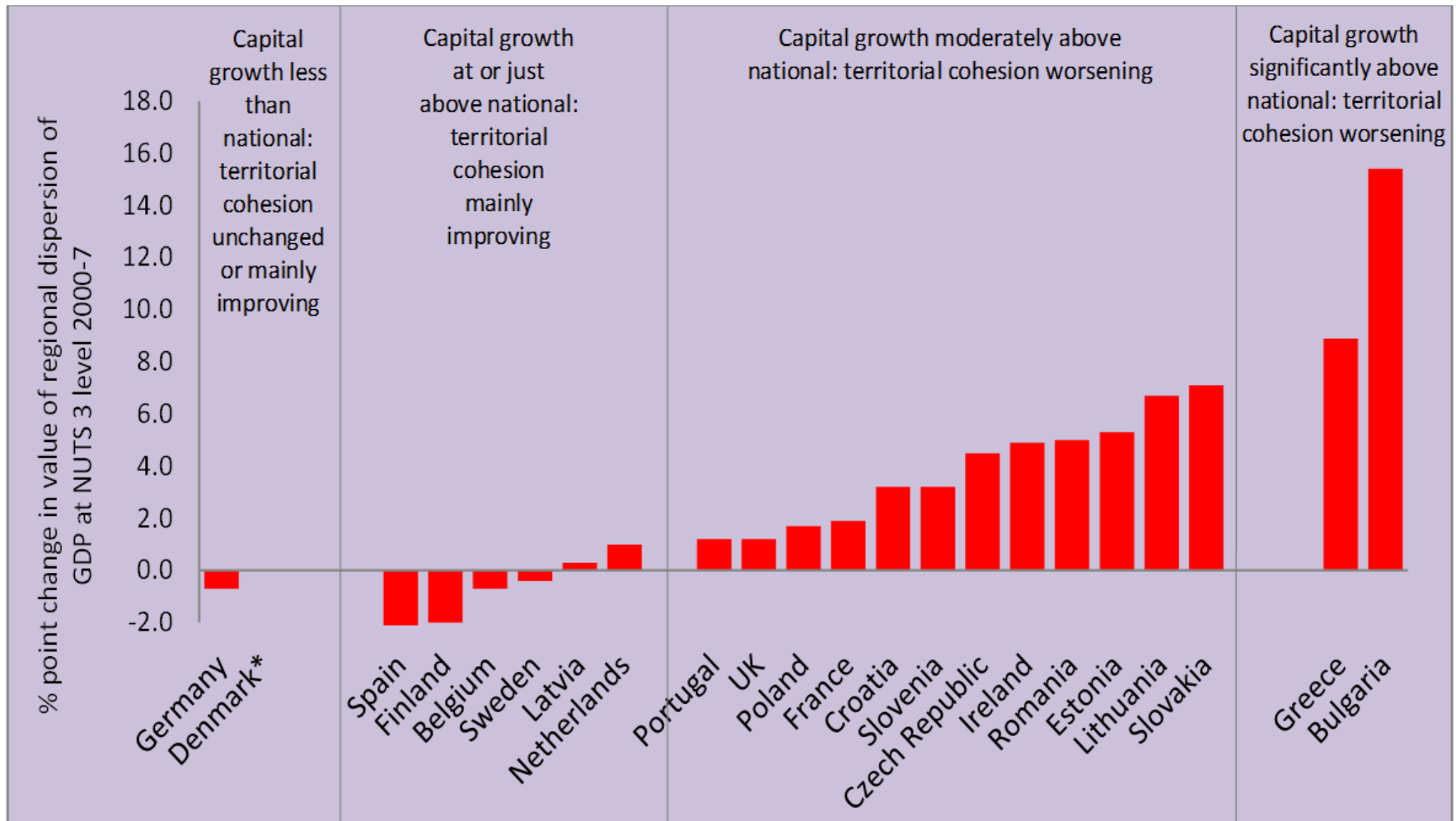


**Capitals grow, regional inequality  
grows**

**Second tiers grow, regional  
inequality falls**



# Capital more nation: regional inequality grows



# Policy Messages

- Territorial governance & place matter more not less global economy
- Relationship capital second tiers not zero-sum, but win-win
- Little demand limit capitals
- Diseconomies scale - governments encourage second tier to complement capital
- Increase national economic pie - not kill golden goose

# Policy Messages

- Decentralise responsibilities & resources
- Deconcentrate investment
- Territorial economic governance at scale
- Systematic national policies second tier city regions
- Greater transparency territorial investment
- Mainstream money & policies matter most
- Invest second tiers when (i) gap capital big, growing; (ii) weak business infrastructure because underinvestment (iii) negative externalities capital

# WHAT IMPACT RECESSION?

# UK city-regions in growth and recession:

How are they performing at  
home and abroad?

Michael Parkinson, Richard Meegan, Jay Karecha



## Proximity to London helps cities prosper

Devolved powers also key, says report  
Size 'less important than location'

By Andrew Bounds, North of England Correspondent

Devolution of powers and proximity to London are the two main success factors for UK cities, according to new research.

A report by Michael Parkinson, an expert on urban economics at Liverpool University, has found that cities outside the south are falling further behind London and its satellite towns, and gains made since 2000 are in danger of being lost.

In turn, British cities are being overtaken by international rivals.

"In the good times we invested and you saw the benefits. We are now disinvesting and the gains are at risk," Professor Parkinson told the Financial Times.

'Other countries are investing in second-tier cities and we will fall behind if we don't'

He presents his report which looked at growth and jobs in 29 towns in the north and Midlands and 17 in the south, to the Treasury today.

"There is a relationship between national economic performance and the performance of (smaller) cities. That requires a level of decentralisation and de-concentration."

He said the aim should not be to curtail London's growth but noted the strongest economies, such as the US and Germany, "had more than one cylinder in the engine".

London's contribution to UK gross domestic product has grown from 20.7 per cent before the recession to more than 25 per cent.

Unlike most countries, performance of cities in the UK depended more on location than size, found the research by the European Institute for Urban Affairs at Liverpool John Moores University, which Prof Parkinson recently led.

Smaller towns such as Milton Keynes and Reading, close to the capital, did better than Manchester, Leeds and Birmingham.

The government's plan of rebalancing the economy away from the City of Lon-

don and financial services had brought little action so far, he said. "Other countries are investing in their second-tier cities and we will fall behind if we don't."

Between 2008 and 2012 the proportion of UK jobs accounted for by northern cities fell from 26.1 per cent to 25.5 per cent. In the south it rose from 31 to 31.8 per cent.

In the same time, the gap in gross value added per head between north and south grew from 34 to 35 percentage points.

Unemployment was generally higher in northern and productivity and output per head lower.

The research shows that between 2000 and 2008 many cities in the north improved but did not close the gap. Those in devolved administrations, such as Cardiff and Belfast, did particularly well.

Since the downturn, between 2008 and 2010, London and Edinburgh are the only UK cities in the world's top 20 per cent by gross value added per head.

However, smaller southern and a powerful group of Celtic cities - Aberdeen, Edinburgh and Belfast - have performed very well since the recession.

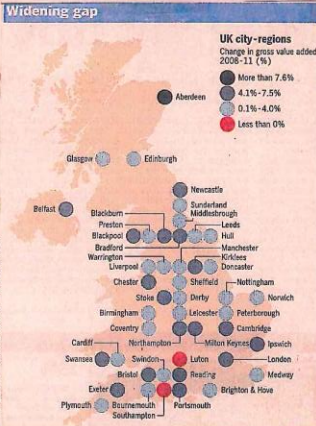
Prof Parkinson said that in London and the devolved administrations, investment and devolved powers had been "critical".

Since regional development agencies were abolished outside London in 2007, private-sector led local enterprise partnerships (LEPs) have been charged with helping create growth, but they have few resources.

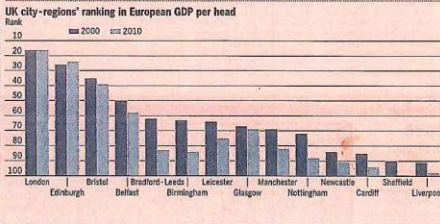
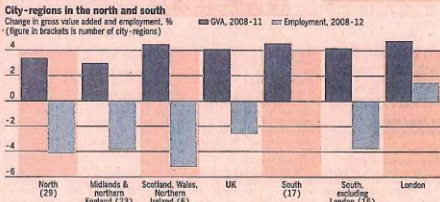
A number of reports by authors from Lord Heseltine to the Smith Institute, a Labour-linked think-tank, have said that handing money and power to local control would boost growth.

The government has signed 'city deals' with LEPs that allow some local control. It also offered London-style mayors to 12 cities but only Bristol and Liverpool chose them. Voters rejected the idea in referendums elsewhere.

IPPR North, a left-leaning think-tank, has argued that low public spending on skills, transport, research and development and economic development holds back growth in the north.



Source: UK city-regions in growth and recession (M Parkinson, R Maggs & J Farnish, 2014) FT graphic



## Economic output

### Celtic centres are star performers

A 'powerful group of Celtic city-regions' in the devolved administrations - Aberdeen, Edinburgh and Belfast - are cited as particularly strong economic performers in Professor Michael Parkinson's research, writes Brian Groom.

London, which has a directly elected mayor and assembly, has also done well. However, there are questions about how much the creation of the Scottish parliament and Northern Ireland assembly in 1999, or the London Institute in 2000, has contributed to their success.

Aberdeen is booming, with unemployment less than half the UK average and house prices that have more than doubled in a

decade, but that is because of the renaissance of North Sea oil and gas. The factors behind it are high oil prices, technological progress and tax changes by George Osborne, the UK chancellor. Edinburgh benefits from having the parliament in the city, but Scotland overall has been an average performer since devolution.

Economic output per head, measured by gross value added, was 94 per cent of the UK average in 2012, little changed from 1996, according to the Office for National Statistics.

Belfast has become a cosmopolitan tourist city with smart hotels, bars and restaurants. But Northern Ireland overall has struggled to capitalise on the peace agreed in the 1998 Good Friday agreement. Its GVA per head is 75.7 per cent of the UK average, below the 78.1 per cent it had in 1997. Only Wales, which also has an assembly, is lower.

London may have benefited from a well-known mayor pushing for investment, but its economy was growing strongly even before 2000.

# Messages from Bust - Economic Performance

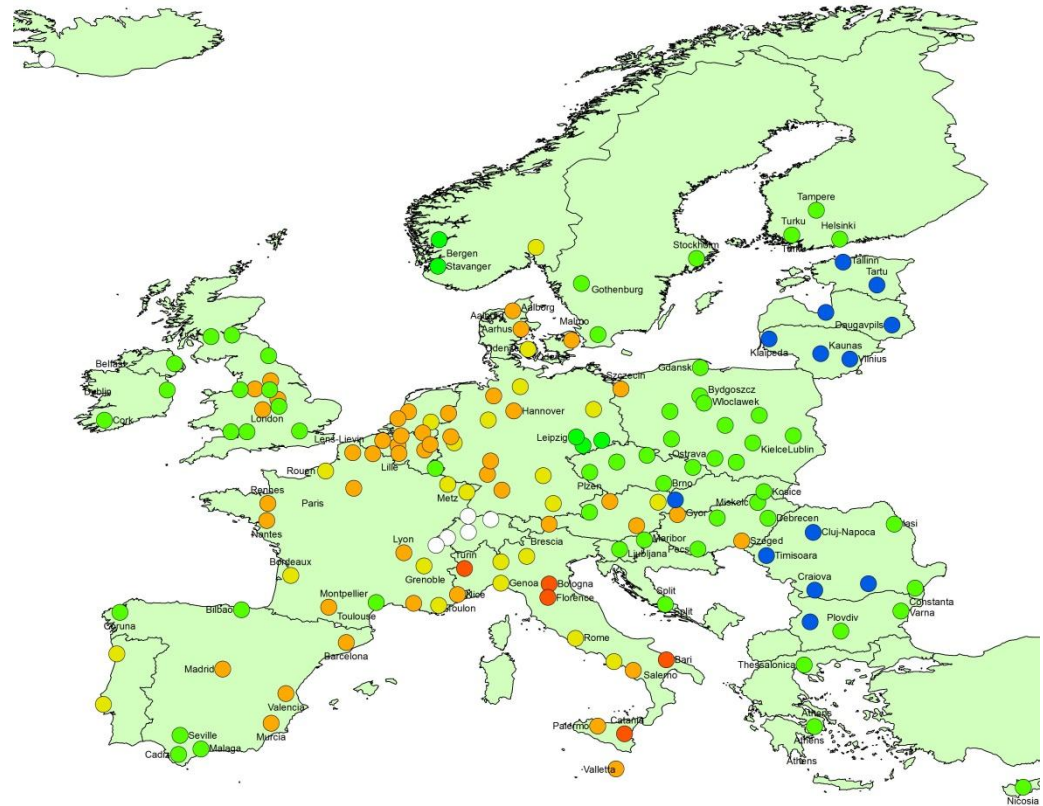
- Crisis undermine achievements second tiers
- Competition public & private investment widen gap *between* second tiers & capitals
- Competition public & private investment widen gaps *within* second tiers
- Greater regional inequality
- Decreased economic performance

# Impact Boom European City Regions

## European City-Regions GDP Per Capita - Real % Change 2000-2007

### Growth Years

- Growth across Europe, range of performance
- Strong growth Baltics, Central & South East Europe
- Steady growth in Western Europe
- Southern Europe: some falling back (Italy)
- UK: relatively strong performance



### GDP Per Capita Annual Average Real % Change 2000-7

EU27 - Annual Average  
% change in GDP Per  
Capita 2000-7 = 2.0%

- 8.1% to 16%
- 2.1% to 8.0%
- 1.1% to 2.0%
- 0% to 1.0%
- -0.1% - -0.6%
- No data currently available

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Level: Me

Figures are def

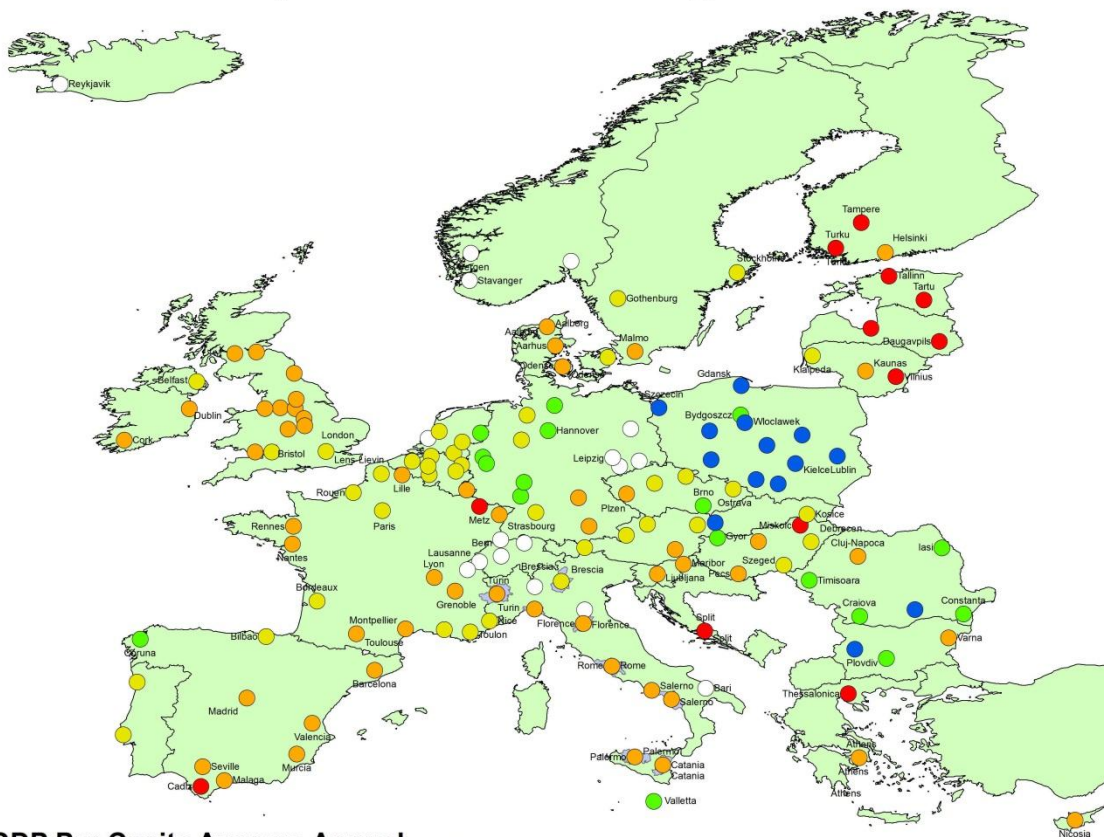


# Impact Bust European City Regions

## Recession

- Falls across Europe
- Reversal in Baltics
- Continuing strong performance in Poland & South East
- Western Europe – declines except Germany
- Southern Europe – decline
- UK: Falls nationwide, London, Bristol, Belfast, slightly better

## European City-Regions GDP Per Capita - Real % Change 2007-2010



GDP Per Capita Average Annual Real % Change 2007-10

EU27 - Annual Average % change in GDP Per Capita 2007-10 was -1.0%

● 2.1% - 5.3%

● -0.1% - -1.4%

● -3.1% - -6.7%

● 0% to 2.0%

● -1.5% - -3.0%

○ No data currently available

© EuroGeographics for the administrator  
Source: Eurostat; Level: Metropolitan

Data are:

Figures are deflated to show

Data for Italian cities are based on



# 6.HOW CAN EU HELP EMAs MORE ?

## 6.HOW CAN EU HELP EMAs MORE ?

- Nothing new under sun – here many times before
- Ignore Euro jargon - focus purpose, process, politics
- Since 1992 EU urban 1 step forwards, 2 back
- Many declarations, many fewer actions
- Requires leadership & political will at many levels
- Commission did once show - but less recently
- Official Working Paper 2015 anti-climax
- Will Pact Amsterdam deliver?
- Hope so - but remember history!

## 6.HOW CAN EU HELP EMAs MORE ?

Past

- 1 step forwards, 2 steps back

In future Commission must

- Be realistic – political, financial constraints
- But ambitious
- Set sights high
- Give real leadership to debate

## 6.HOW CAN EU HELP EMAs MORE ?

In 2005 I said URBAN not perfect but

- Visible
- Impact
- Right principles
- Popular cities
- Linked cities to EU
- Kept issue up EU agenda
- Commission could influence outcome

## 6.HOW CAN EU HELP EMAs MORE ?

If URBAN kept should

- Have more resources
- Cover bigger area
- Focus competitiveness as well as cohesion

If URBAN mainstreamed

- Resources ring fenced
- Cities choose places, priorities, implementation, monitoring
- Regions not control
- Commission to retain influence resources

## 6.HOW CAN EU HELP EMAs MORE ?

Abandoned URBAN but conditions not met so:

- Commission no consistent line urban
- Cities & stakeholders not involved enough
- Capacity to deliver is problem
- Differences Directorates' agenda
- Continued urban rural split
- Not enough support from regions, Member States, Commission

## 6.HOW CAN EU HELP EMAs MORE ?

Has to

- Change priorities and culture
- Give integrated action
- Give sophisticated leadership
- Reverse retreat from place EU policy
- If Europe 2020: smart, sustainable, inclusive
- Need Cities 2020



## 6.HOW CAN EU HELP EMAs MORE ?

- Commission Document 2015 anti-climax
- Year of consultation created little positive
- Recognises concerns – but few responses
- European urban agenda not EU urban policy
- Little role cities
- No political champion
- Nothing governance
- Need more clarity, coherence, commitment, capacity, cash

# WILL PACT OF AMSTERDAM DELIVER?

Heart & head in right place, right noises at least

- Endorses Urban Acquis
- Puts urban centre stage
- Gets more actors involved
- Audit & monitor performance
- Integrate funding packages
- Beyond Structural Funds to urban actions
- Engage private sector

# WILL PACT OF AMSTERDAM DELIVER?

Wants Commission

- To integrate
- Improve contact with cities
- Capitalise experience
- Urban Impact Assessment
- Create political coordinator
- Get cities more involved EU targets
- Revise EU 20202
- Write White Paper
- Monitor progress

# WILL PACT OF AMSTERDAM DELIVER?

Wants national governments

- More partnership working
- Involve cities more
- Involve stakeholders more
- ESIF support community development & ITI
- Keep urban up agenda

Some good words future role: Parliament, COR,  
Cities

# WILL PACT OF AMSTERDAM DELIVER?

But

- Does it have the political clout to deliver?
- Many challenges - values, principles, operational
- Rewrites history last 20 years – underestimates barriers
- Needs political will Commission & member states
- Must recognise & address barriers to success
- Beyond words to action
- Will Partnership and Steering groups have the powers?
- Enough incentives change attitude & behaviour?
- Should focus on purpose as well as process

# WILL PACT OF AMSTERDAM DELIVER?

- Needs realism variety EU cities & differences states
  - National patterns governance
  - Resources & role of city regions
  - Strategic ambitions of & for city regions
  - Nature scale of challenge city regions
  - National & local capacity deliver
- But draft Pact good start
- So let's hope - & ensure - it delivers

# 7. SO WHAT FOR POLICY?

- Crisis underlines urgency challenges
- Economic & moral imperative
- Place and scale matter
- Beyond neighbourhood to city regions
- 19<sup>th</sup> century boundaries, 20<sup>th</sup> century government, 21<sup>st</sup> century economies
- Leadership - States & Commission

## 7. SO WHAT FOR POLICY?

No silver bullet but

- National policies crucial
- Public sector crucial
- Balance government & cities -contractual, right powers& resources
- Work at scale, city region
- Voluntarism & incentives can work



## 7. SO WHAT FOR POLICY?

- Competitiveness cohesion complementary
- Beyond renaissance to competitiveness
- Entrepreneurial attitudes more than tools
- Long termism crucial
- Networks – benefits outweigh costs
- Encouraging public risk taking
- Share risk & reward private sector

## 7. SO WHAT FOR POLICY?

- Economic place making
- Territorial governance & balance
- Sustainable– economic, social, environment
- Authenticity & diversity
- Political capacity
- Public legitimacy

# THANKS

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