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Occasional Paper

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**Fields for decision-making
on the future of the city**

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The genesis and structure of the project "Fields for decision-making on the future of the city"

The present publication deals with six of the central areas of concern for the future of the city. The German Institute of Urban Affairs together with representatives from 14 cities (Berlin, Bonn, Brunswick, Bremen, Dresden, Erfurt, Frankfurt/Main, Hanover, Karlsruhe, Leipzig, Magdeburg, Mannheim, Nuremberg, and Stuttgart) selected the areas to be treated, organising two-day workshops in each case with the collaboration of external experts. The conception and form of implementation of the project - continuing a more analytical and descriptive study of the impact of unification on German cities¹ - sought to examine the city's scope for action in central policy areas.

The present study, the final stage of the project, includes a contribution on each of the fields under review, examining its future relevance and providing an overview. There are also two cross-section articles on subjects the general importance of which became clear in the course of the project and the workshops.

The orientation of the study precluded detailed treatment of the situation in individual cities. Specific cases were addressed only to explain trends or problem-solving approaches. Similarly, topics and areas of action were chosen by criteria equally relevant for all cities - despite considerable differences in size, regional embeddedness, sectoral structure, financial strength, and other factors.

Even six years after German unification there are considerable differences in the problems facing East and West German cities, and in the room for action afforded them. For example:

- Local government finance in the new federal states (the former East Germany) depends in large measure on the transfer of funds, and to a

certain extent the tax base is different - trade capital tax is not levied, and is the local government share in income tax revenues was until 1997 distributed in proportion to population size instead of local income tax revenue as in the old federal states.

While crossborder migration hardly affects cities in the new federal states, eastern German cities do record a net loss in migration flows between East and West Germany.

East German cities have suffered an extremely high degree of practically irreversible deindustrialization. From the point of view of industrial density, even cities like Leipzig tend to resemble more peripheral than urban regions in western Germany.

Local government finance

Local government finance is the key to local government action. But it undergoes incessant and far-ranging change, presenting local authorities with imponderable problems. The following trends are likely to continue for the foreseeable future:

- Under the present pressure in order to reduce indebtedness or finance investments in future urban development; not, however to cover current budget deficits.

- Some municipalities have begun totential but they cannot solve fundamental existing financial problems.

Migration and social problems

Demographic trends are now essentially determined by migration, both intraregional, interregional and international. Migration flows are also decisive for the types of social problems that arise. The following tendencies are apparent:

- Long-term demographic trends in Germany will continue to be characterised by immigration from abroad. Foreign immigration will be concentrated in the major urban regions of western Germany as before.

- Net outmigration from eastern to western Germany will persist.

- Migration is dissolving the social ties and networks at the place of origin. It is doubtful whether the establishment of new networks can compensate for the loss of the old ones. This imposes new social tasks on local government.

- There continues to be disagreement on how to integrate foreigners, for example on the question whether concentration in specific areas or the dispersal of ethnic groups is the more appropriate strategy to follow.

- In both the old and the new federal states, the German population is likely to experience intensified spatial and social disparities through the unabated trend towards suburbanization. In eastern Germany this process is only just getting under way whereas in western Germany it is proceeding apace.

The local government options for action discussed in the contribution on "Migration" are concerned primarily with active housing market policy:

In order to secure a balanced demographic structure (and the tax base), public housing in favour of lower income groups and an active urban development policy in favour of families from medium and higher income groups are needed.

Improving co-operation between the city and its umland through joint town and country planning and publicly subsidised housing construction also appears to be essential.

Co-operation should also include the equalisation of burdens, in other words a greater financial contribution of umland communities to the infrastructural development of new residential areas.

Finally, local government faces the task of elaborating strategies in favour of migrants to replace the social networks dissolved by outmigration.

Supraregional transport centrality

When companies decide where to locate, transport centrality continues to be one of the most important factors. Comprehensive investment in transportation by supralocal decision-makers (e.g., in high-speed railway systems and airports) require adjustment and investment on the part of local authorities, too, as evidenced, for example, by the numerous railway station projects.

The transport situation for the city can be summarised as follows:

Into the coming millennium a further considerable increase in traffic density in all areas can be expected.

Transport infrastructural development and accessibility is currently good almost throughout Germany.

Centrality is likely to be modified and strengthened especially by the European high-speed train systems. But road construction and airport expansion will also increase the accessibility of many destinations.

It is difficult to define the limits of accessibility. There are probably no "natural" limits. However, towns must address the issue of the ambivalence of accessibility. The more easily a place can be reached, the more traffic it has to accommodate, creating a need for supplementary strategies at the regional level to handle the traffic generated.

The local government options in this field have varying reach:

Influencing supraregional traffic and ensuring accessibility in supraregional networks is not primarily the task of the city.

However, there is great scope for legal action (especially to prevent projects), in political bargaining processes (e.g., in attempts to secure to be tied into transport networks), and in regional/supraregional co-operation with cities that are pursuing the same interests.

Local authorities have considerable scope for action at the local and regional levels, for instance:

- in the control of goods traffic and
- in public transport concepts.

Important strategies on transport - also with a view to ensuring environmental compatibility - must seek:

- to avoid traffic: to prevent traffic from arising in the first place through appropriate spatial structures;
- to change modal split: to shift private transport as far as possible to environmentally compatible public transport systems;
- to make traffic compatible: to deal with existing traffic in the most compatible manner possible (e.g., by avoiding deadhead, by optimising routes, or - in the regional context - by obviating traffic in search of parking, by increasing passenger vehicle occupation rates, etc.).

The future of the producing sector in the city

Deindustrialization is proceeding in cities; this raises the question how important the producing sector will be for cities in the future.

The trend can be summed up as follows:

- The city as a location for industriaße will become less and less important. Even in the (rare) cases where mass production will still be carried on in cities, it will no longer be accompanied by mass employment.
- Producer services are particularly important. They are an especially dynamic and prestigious component of the services sector. Because of the functional and spatial links between production and producer services, a high proportion of the latter contributes to stabilising producing enterprises. Commercial and industrial land development shows contrary trends. Large enterprises in particular are vacating not inconsiderable amounts of land, so that in many cities there is no longer any quantitative bottleneck. On the other hand, new upmarket land is also needed - mostly in the short run - so that pressure is generated to identify such land and make it available as rapidly as possible.

Local government has essentially the following options for action:

- The contrary trends on the land market make land use policy an important area, although it has become more difficult than in the past. The flexible provision of land, restructuring concepts for old sites, and co-operation with the firms that vacate property are important factors.
- The age of large-scale settlement has gone. The focus must therefore be on further developing existing stocks. In view of the growing importance of corporate networks, this must include a policy of promoting, maintaining, and stabilising such networks, however difficult this may be and however little rewarding.
- These two focuses of local government industrial policy require co-operation between various actors in the city and the region as well as between the municipality and private industry.

The future of services

Services are growing in importance - from both the sectoral and functional

point of view (share of services in total economic activities) and the economic perspective (share in value added). The following aspects are characteristic:

Local government policy continues to be marked by the persistent orientation towards industry. Despite the economic importance of services, local government policy takes insufficient or no account of this.

Services show a range of overlapping trends:

- Services are experiencing "industrialisation", standardisation, and "mass production".
- In the market for services, too, the trend is towards internationalisation and thus towards much fiercer competition.
- Average qualification requirements are increasing substantially.
- At the same time, employment in services is becoming polarised between highly qualified and highly paid activities and low-wage, simple activities.

The core city is losing not only industrial production to the umland, but also services. This is true of all subsectors. However, suburbanization is least advanced in high quality services, which continue to be concentrated in large measure in the core cities.

Local government actors tend to underestimate the importance of household-related services, although in this field employment is particularly high and is on the increase.

In the services sector, too, the concepts of facility and real estate management are making an impact. This means that the demand for office space is likely to grow less rapidly in future.

Local government must take action in the following important areas:

Cities must develop new service concepts to take account of the growing importance of the service sector.

Household-related services in particular must be given appropriate priority. Moreover, links with the labour market and social policy must be kept in mind.

The promotion of producer services and other service providers that can choose their location in relative freedom must include "milieu promotion", which raises the attractiveness of the location and gives and guarantees such firms access to a "knowledge and communication culture", thus binding them to the region.

The media and telecommunications sectors

Media and telecommunications are currently particularly dynamic sectors, in which cities are placing great hope.

The extensive dissemination of information and communication technologies will bring about changes in almost all areas of life, thus affecting all local government areas of responsibility.

At present, the debate on information and communication technologies is too strongly concerned with infrastructural issues (installation of networks).

Applications tend to be neglected, namely the issue of what services are

useful and in line with demand.

In developing their own concepts, cities must be aware that they are confronted by powerful economic actors.

Because of the far-reaching changes being triggered by the spread of information and communication technologies, addressing this subject cannot be a "fair weather proposition" for the affluent city alone. It is a vital challenge for every city.

In view of the evident dynamism in this field, local authorities must and can act:

The scope for action allowed by the city's own structures and conditions must first be defined.

Existing powers must be clearly defined both internally and externally.

Concepts directed towards the development of information and communication technologies and services should not lead to isolated activities but be guided by urban development goals.

Cities must develop an integrated information and communications policy to replace weak or uncoordinated and fortuitous approaches by a co-ordinated concept.

The starting point for local government action should be a societal, not a technological model. The relevant pilot projects should also be established with this orientation.

Speed and city

In almost all areas of society there is a general tendency for processes to accelerate. This has a marked effect on cities. Some examples:

More rapid transport has expanded cities' catchment areas; agglomerations are growing, large cities are coming closer together in terms of travel time. The shortening of production cycles causes a speeding up of land-use and locational cycles. This increases local government uncertainty in matters of land supply and the locational ties of companies.

Acceleration generates new demands on local government; for example, companies expect the authorities to react more speedily.

Acceleration can mean that costs are passed on to others. Precisely in the land market it is apparent that companies externalize the costs of ensuring flexibility by passing them on to the cities by, for example, expecting the city to maintain land reserves.

The general trend towards acceleration leaves local authorities only modest scope for action:

In order to meet the demand for more rapid action, many cities need new organisational forms (e.g., supra-departmental project groups).

In order to hold their own in the accelerated competition between regions, cities must ensure that they are tied into networks (telecommunications and transport), and that this is consolidated.

Co-operation is also an important approach to mastering the demands generated by accelerated processes, because coordinated local government activities offer potential for acceleration. However, co-operation can also lead

to deceleration.

General acceleration is one reason for the growing importance of the factor "time" (temporal co-ordination of processes, increasing flexibility, etc.). In the longer term an explicit time policy will need to be established at the municipal level.

Co-operation as local government approach to action

Action at the local government level will become more important, not least of all because central government is to some extent declining in importance, and especially because expensive functions are being transferred to the local level in particular.

Another general trend is towards the dissolution of formerly clear boundaries between, for example, sector and industry, between city and umland, between public actor and private actor, etc. This situation is best method handled by co-operation. The general thesis is that co-operation at the local government level will and must increase, for a number of reasons:

In future a single actor will hardly ever be able to attain important goals on its own. Co-operation can reduce the discrepancy between the demand for action and the scope for action.

Co-operation opens up new potential for action.

The position of local government will deteriorate, and the costs of non-co-operation will rise, so that co-operation will be seen as the way to mitigating problems.

Nevertheless, co-operation does not run itself; it is not a trivial area of action. Moreover, the usefulness of co-operation must be examined in each individual case. Co-operation is difficult to organise if one of the partners hopes to gain a strategic advantage over the others, even if the return on co-operation is still higher. One of the main reasons why it is so difficult to gain the participation of all relevant local actors is because their interests and goals are so much more heterogeneous than, for example, those of private industry, where co-operation is in any case already far more frequent. Co-operation is therefore complicated; building trust is an arduous task; it takes time, and can relatively easily fail.

Pressure from accelerated processes also worsens the dilemma of local government: the demand for action and the pressure to co-operate increase, whereas the time needed to organise co-operation becomes shorter and shorter. It becomes all the more imperative to set priorities.

Co-operation thus makes great demands on those concerned, but offers the best opportunity to bridge the gap between the demand and the scope for action. More than ever before, local government therefore must pay greater and more purposive attention to the potential for co-operation.

- 1 *Dietrich Henkel u.a.*, Entwicklungschancen deutscher Städte - Die Folgen der Vereinigung (Developmental Chances of German Cities: The Consequences of Unification), Stuttgart u.a. 1993 (Schriften des Deutschen Instituts für Urbanistik, Bd. 86).

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