

Cities and Towns in Europe 2020: Opportunities and Challenges

European and Spanish Cities and Urban Areas

Professor Mike Danson, AcSS, FIED, FeRSA
University of the West of Scotland

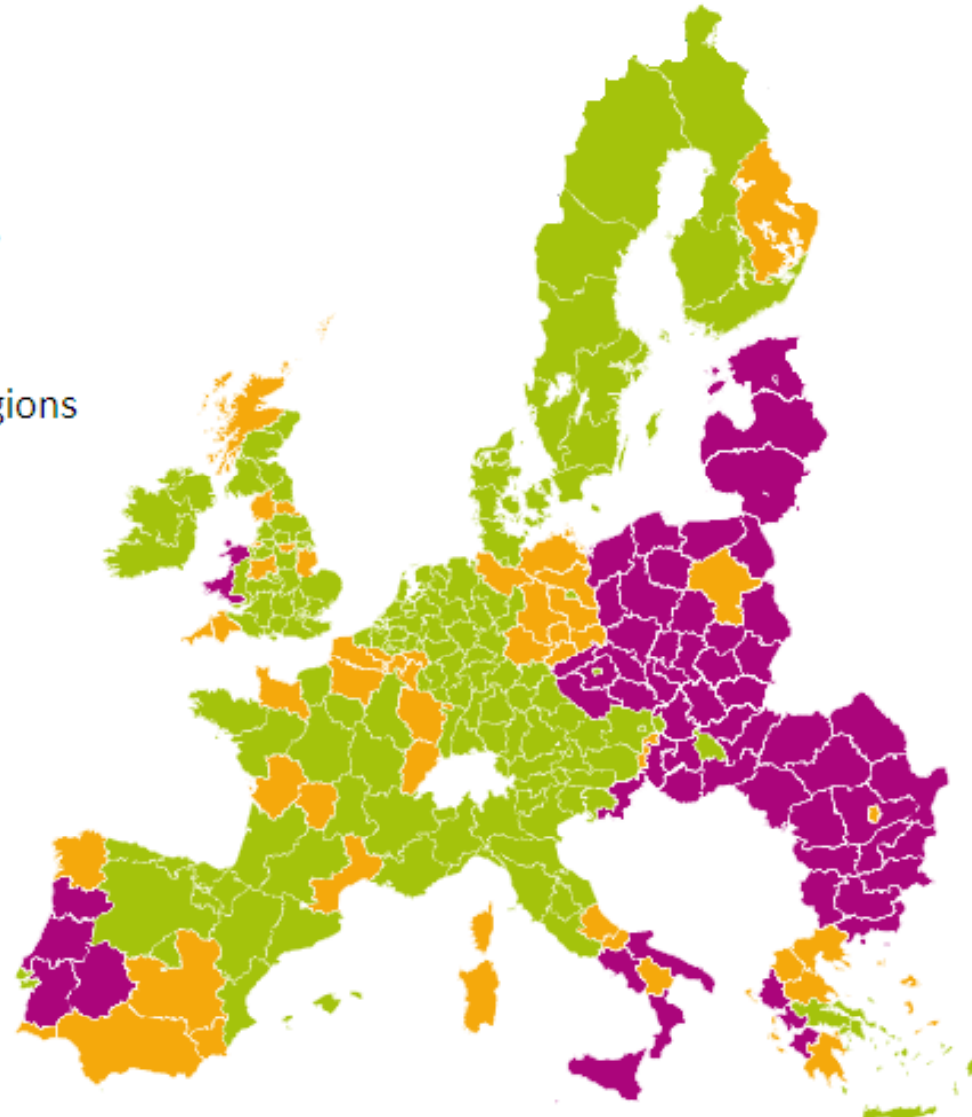
+44 141 848 3936 t
07948 276398 m
michael.danson@uws.ac.uk

Structure

- Europe 2020
- Social and Labour Market Aspects
- Cities: Performance and Concentration
- Capital and Core Cities
- Drivers for Concentration
- Urban Hierarchy
- Challenges
- Summary

Draft regulations for ERDF, ESF, EAGFF, 2014-2020

- GDP EU=100**
- < 75% Less Developed Regions
 - 75-90% Transition Regions
 - >90% More Developed Regions
- Max co-financing rates**
- 75-85% in Less Developed Regions
 - 60% in Transition Regions
 - 50% in More developed



The importance of cities and urban development in Europe 2020

- *Cities of Tomorrow* ~ essential for Europe as centres of **connectivity, creativity, innovation**, services BUT also high **concentrations** of unemployment, segregation, poverty
- Smart ~ Sustainable ~ Inclusive growth
- So **Cities** key to achieving Europe 2020 targets
- Integrated and coherent?
- Spain badly hit already and another recession?
- **Context** => difficult for Europe and Spain to meet Europe 2020 targets

Inclusion: Poverty and social exclusion 1

Facts and figures

- 80 million people in the EU – **16% of the population** – live on less than 60% of their country's average household income
- **19% of children** in or at risk of poverty
- **Welfare systems** reduce the risk of poverty by 38% on average in the EU, but this impact varies from less than 10% to nearly 60% across the EU.

Target: reduce poverty and exclusion by at least **20 million** people by 2020.

Poverty and social exclusion 2

Key challenges

- end **child poverty**
- **active inclusion** in society and the labour market of the most vulnerable groups
- **decent housing** for everyone
- **overcome discrimination** and increase the integration of people with disabilities, ethnic minorities, immigrants and other vulnerable groups
- **tackle financial exclusion** and over-indebtedness.
- And all worse in cities and large urban areas

European Employment Strategy

[Europe 2020 strategy](#) and EES: inclusion through more and better jobs throughout the EU.

Three headline targets by 2020:

- 75% of people aged 20-64 in **work**
- school **drop-out rates** below 10%, and at least 40% of 30-34 year-olds completing **third level education**
- at least 20 million fewer people in or at risk of **poverty** and social exclusion.

European platform against poverty and social exclusion 1

Methods

- Combating poverty and social exclusion is mainly the responsibility of national governments.

EU can play a coordinating role by:

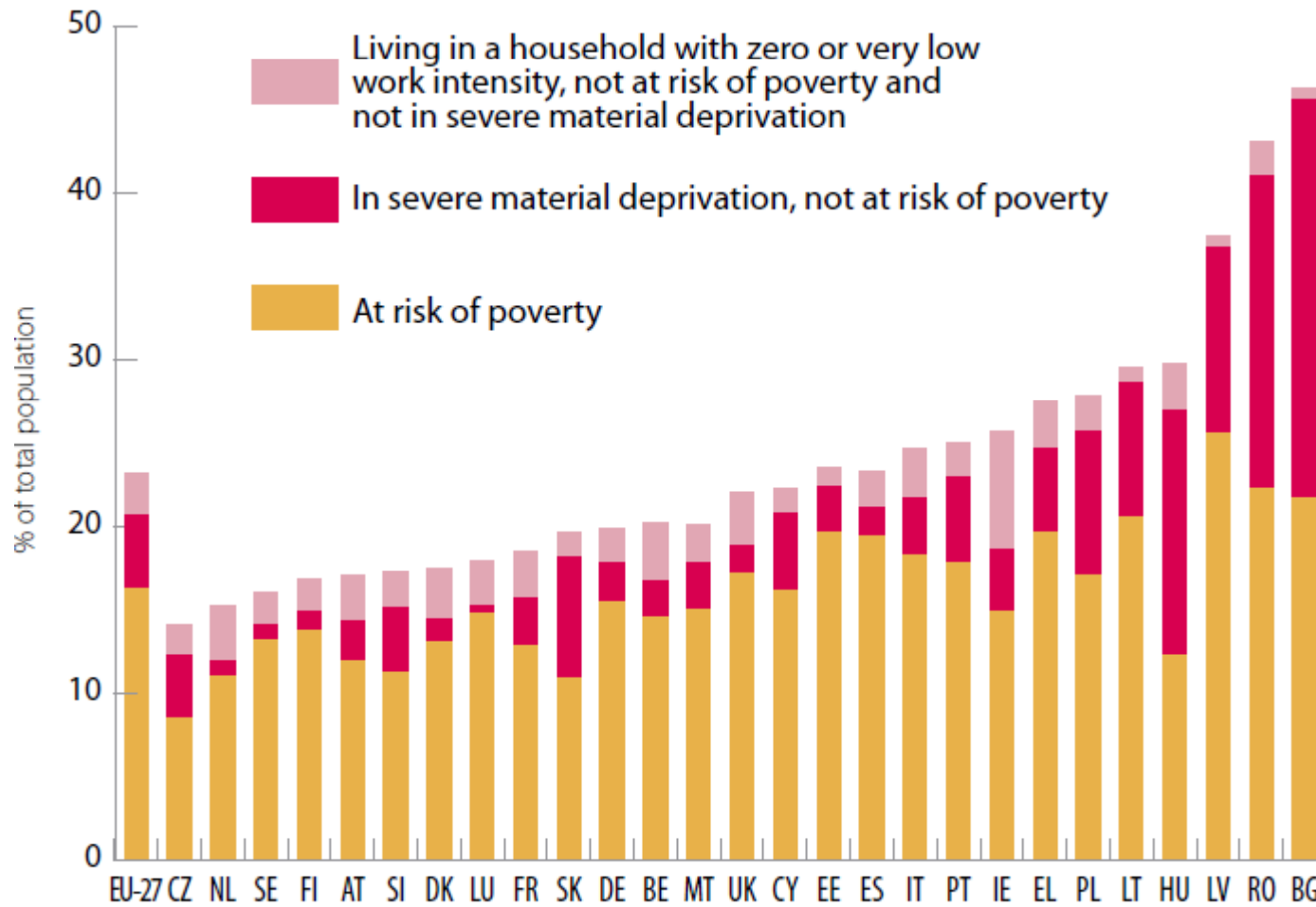
- identifying **best** practices and promoting mutual **learning**
- setting up EU-wide **rules**
- making **funding** available

European platform against poverty and social exclusion 2

Key actions

- Improved **access** to work, social security, essential services (healthcare, housing, etc.) and education
- Better use of **EU funds** to support social inclusion and combat discrimination
- **Social innovation** to find smart solutions in post-crisis Europe, especially in terms of more effective and efficient social support
- New **partnerships** between the public and the private sector

Spain ~ EU average for poverty levels



Strategy: National Reform Programme of Spain 2011

Losers in the Spanish recession:

- Unemployment rate rose to 20,1 % at the end of 2010, the highest in the EU.
- Young people (41,6 % unemployment rate)
- Less educated workers (26,4 % unemployment rate).

Fiscal burdens and budgets:

- Commission's assessment (19th July 2011) ~ high risks in long term-sustainability of public finances.

Agreed actions in the labour market in Spain to improve inclusion

- Aim to reduce labour market duality/segmentation and youth unemployment, increase the employability of vulnerable groups, reduce early school-leaving.
- Increase flexibility at company level, reform collective bargaining and improve the efficiency of the market.
- Reforms to collective bargaining

Cities: Performance and Concentration

- Variable across EU. Smart Cities, Shrinking Cities, Networked Cities, ... largest cities growing ...
- But most successful national and regional economies and societies are small, coherent and innovative
- Largest cities in Europe – much larger than administrative areas = Functional Urban Regions
- map

Functional urban regions in Spain (Cheshire and Magrini, 2010)



Cities: Performance and Concentration

- Largest FURs in European Union ~ (1) London, (2) Paris, (3) Madrid and (4) Barcelona.
- Above average competitiveness, faster population growth, higher GDP per capita
- Continue to grow to 2050+ but EU shrink and age
- Increasing competition between largest for FDI, financial services, ...

Performances of Cities

- City-regions in EU behave like city-states, but confined by national boundaries [*powers & borders*]
- Differences in GDP per capita reflect differences in productivity but also differences in welfare [*coherence*]
- Admin area approximates the boundaries of an economically self-contained city-region (FUR) => growth is stronger [*governance and inclusion*]
- Effective 'growth promotion club' of local actors since spillover losses and transactions costs are minimised [*partnership and inclusion*]

Capital and Core Cities

- Increasingly **concentration** of activity on the largest cities
- High **density** wanted not urban sprawl, and right administrative **boundaries** = FURs
- Metropolis -> **Megalopolis** & Mega-cities
- **Functions** ~ finance capital, state administration, cosmopolitan activities (cultural, creative, arts, advanced services)
- **Connectivity**, but also **congestion** and **negative externalities**

Drivers for Concentration

- **Agglomeration** – economies of scale and scope [Krugman]
- **Proximity** good but not **density** [Cheshire et al]
- Large **labour** pools (TTWAs, wide range of specialist skills and capacities) [Romer]
- **Specialist** business services (R&D) [Audretsch]
- **Clustering** (all elements of success) [Porter]
- **Creative** activities (function of capital and size, focus)
- **Cosmopolitanism** [Florida]

Urban Hierarchy: Cumulative Causation

- Focus on core means loss for **periphery** (in FUR and country)
- **Shadow** towns and villages
- **Hub and spoke**
- Spaces **in-between** and **on-the-edge**
- Loss of **young people** to higher education and attractiveness of dynamic core
- **Small and medium towns** critical for rural areas
- Inclusion versus Smart and Sustainable?

Challenges and Conflicts

- Cities of **prosperity** also cities of **poverty**
- Increasing **inequality** and **unemployment**, especially amongst young
- **Older industrial towns** left behind, poorer services and built environment, increasing average costs
- **Cities** suffer house price inflation, congestion costs, alienation
- Social division and strife -> **social crisis** follows financial and economic crises
- Riots, unrest and undermining of **strengths** of cities

Summary in times of austerity

- Europe 2020 – **urban** development key
- (Increased) **competition** between major cities/city regions
- Drivers – **competitiveness** dominate
- Concentration – **cumulative** causation
- **Social and territorial cohesion** & division
- Challenges and conflicts
- **Management** and **leadership** essential = need new skills and ways of working

Balance possible?

How **balance** three sorts of growth in Spain and in regions?

- Smart: Sustainable: Inclusive growth

Easier in times of **growth** and **prosperity**

Difficult in times of **austerity**

Need **redistribution** and **restructuring** (OECD, 2011)

Reforms proposed for Eurozone and Spain:

- Same? Sufficient? Successful?