

SGPTD

Secondary Growth Poles in Territorial Development in Europe: Performance, Policies and Prospects

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The partnership behind the ESPON Programme consists of the EU Commission and the Member States of the EU27, plus Iceland, Liechtenstein, Norway and Switzerland. Each partner is represented in the ESPON Monitoring Committee.

This report does not necessarily reflect the opinion of the members of the Monitoring Committee.

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EXECUTIVE SUMMARY

1.1 This Interim Report describes the project activities and results during the six months since the Inception Report was presented in August 31 2010. It:

- ❖ Outlines what we have done since the Inception Report.
- ❖ Responds to comments on it from the Monitoring Committee and Sounding Board.
- ❖ Outlines what information has already been assembled.
- ❖ Provides some very early messages from some of the work streams.
- ❖ Outlines our work for the remainder of the project.

1.2 The project is on track.

Process

- ❖ We have received considerable interest and support from policy makers and researchers.
- ❖ The Inception report was well received.
- ❖ Our presentation at the ESPON seminar in Liege was well received.
- ❖ We had a successful meeting with the Sounding Board, DG Regio and ESPON CU.

Substance

- ❖ We have made substantial overall progress both in refining the research strategy and methodology.
- ❖ We are reviewing the literature. It is mixed in quality, territory, focus.
- ❖ We have made considerable progress on defining boundaries and indicators for secondary cities.
- ❖ We have collected and done some simple analysis of some of those indicators.
- ❖ We have undertaken substantial work in 6 case studies and have written initial reports. We have had initial contacts and support in the other 3.
- ❖ We have received some interesting responses to the questionnaire.
- ❖ We have not encountered any substantial difficulties of access to data.
- ❖ We have not experienced any significant delays to the timetable.

Analytical and methodological revisions

1.3 As requested we have refined our analytical approach and our key hypotheses. We list both below. Our project rests on the following assumptions. First, we will explore what are the most effective relationships between territory, governance and economy in an economically challenged, unstable world. Second we adopt an institutional and evolutionary approach to these issues. So we believe that policy and politics - not only markets - matter to urban development and the performance of secondary cities. Third we believe that national factors and especially national government policies are crucial for urban development generally and secondary cities in particular. Fourth, however, we also recognise that in a multi-scalar world, local and regional partners and policies also shape the performance and prospects of places. Fifth, we believe in path dependency models and recognise that places and secondary cities are constrained by historical and structural factors. But there is substantial scope of manoeuvre by local actors. Sixth, we accept that both hard and soft factors matter to city performance. Seventh we recognise that success does not consist of economic performance alone. To be successful secondary cities need to strive to maximise economic competitiveness, social cohesion and environmental sustainability.

1.4 From this general view of the world we derive five specific hypotheses which we are exploring in this project.

- ❖ *Deconcentration matters.* This hypothesis essentially argues that the benefits of an urban system where public and private investment and resources are concentrated upon the capital city are smaller than those of a more deconcentrated, territorially balanced urban system where growth and resources are spread across a range of different sized cities in a wider territory.
 - ❖ *National policies - and levels of centralisation - matter.* This argues that the performance of secondary cities is significantly affected by national government policies - implicit or explicit, direct and indirect.
 - ❖ *Local factors matter.* Secondary cities are path dependent and are constrained by external factors - historical, cultural, structural, political and institutional. But those factors are not determinant. The economic performance of cities will depend upon their strategic capacity to manage those constraints.
 - ❖ *The key drivers of territorial performance are innovation, human capital, connectivity, place quality, and governance capacity.* Policies on those dimensions are crucial and again should be explored and assessed.
 - ❖ *Territory matters.* This argues that globalisation makes the governance capacity of place more important. It will be increasingly multi scalar. Economic governance in secondary cities should be located at the highest achievable spatial level. Secondary cities need strategies to shape the different territorial roles they play regionally, nationally and in Europe.
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What classification of countries?

- 1.5 The project needs to position secondary cities in their respective national state systems and to identify the distribution of competences between different administrative levels of government and the degree of decentralisation of these competences from central to lower tiers of government. The MC and Sounding Board was not entirely convinced of the original classification in our Inception Report. As a result of a review of a series of key studies we have revised our original geographical classification of states, which builds in more analysis of policy making characteristics as well as the geographical dimension. We therefore distinguish between federal and unitary Member States with the latter further divided into three giving the following broad typology:

STATE SYSTEM GROUPING	CHARACTERISTICS	COUNTRIES
Federalised states	Central and regional authorities with independent legislative & administrative competences recognised by Constitution	<ul style="list-style-type: none"> • EU 15: Austria Belgium, Germany, • Non-EU: Switzerland
Unitary 'regionalised' states	Intermediate government with wide set of competences and high degree of Regionalisation	<ul style="list-style-type: none"> • EUIS: Italy, Spain
Unitary 'Northern' states	Local governments with wide range of responsibilities for economic development	<ul style="list-style-type: none"> • EU 15: Denmark Finland, Sweden • Non-EU: Norway • EU Candidate Country: Iceland
Other Unitary States	Central government dominant. Considerable variation in terms of decentralisation. Distinction between 'old' and 'new' member states captures state restructuring in former socialist states	<ul style="list-style-type: none"> • EU 15: France, Greece, Ireland, Luxembourg, Netherlands, Portugal, UK • EU12: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia • EU Candidate Country: Croatia

Revising the selection of secondary cities

- 1.6 The CU response to our Inception Report invited us to revise the selection of secondary cities. We have reviewed the position and identified a clear set of principles to guide us. We were guided by some key considerations. We recognise that no system is perfect. Every classification has problems of for example over-bounding, under-bounding, data gaps. We have tried to not let the best drive out the good. We have tried to balance economic significance with territorial representation. We have tried to reflect the views of the Monitoring Committee. In particular we have used the boundaries that best fit the policy agenda. In this respect we have built upon the work undertaken by the OECD and DG Regio on metro regions since these boundaries are used in the most recent Cohesion Report. We now have a final list of 31 capitals and 124 secondary cities. It was agreed at our meeting with the Sounding Board, DG Regio and ESPON CU that there will be no further changes to this list. Therefore we have used this list for all subsequent data collection and analyses that we have done in the past months.

What data are we using?

- 1.7 For the 124 secondaries and 31 capital cities we propose to use data that are in principle, if not always in practice, available for all of them. So we have used data drawn from EUROSTAT, DG Regio and other ESPON studies. We are assembling data for the following indicators for all 31 Capital and 124 secondaries: population (2000-2007), total GDP (2000-2007), GDP per capita (2000-2007), GDP per person employed (2001-2007), total employment (2000-2007), employment by sector (2000-2007), high level of education (2008), employment rate (2008), unemployment rates (2000-2008), patent applications (2006-7), potential accessibility air, road, rail (2001 & 2006), potential accessibility multi-modal (2001 & 2006), net migration rates (2007). In the case studies we propose to collect data at national, metro region, city and within city for 2000 and 2007 for the above indicators with some 'softer' social and environmental measures including proportion of the population with no qualifications, air quality, average earnings, crime rates, journeys to work by car/public transport/on foot, poverty or deprivation measures, housing costs and quality.

What have we done so far?

- 1.8 So far we have concentrated on collecting the most comprehensive and most widely available data on the recent economic performance of capital and secondary cities across Europe. To our knowledge this is the first time that such data have been assembled in this way. We have also undertaken some preliminary analysis. The primary purpose of the data collection and analysis is to set the scene and agenda and lay the foundations for the other aspects of our research programme.

Secondary cities – picking up, catching up, staying up?

- 1.9 The main focus of our analysis so far has been to find out which secondary cities are picking, catching up, and will stay up with or fall behind their respective capitals. So far we have done this in terms of total GDP and GDP per capita, and population and employment change data for the years 2000 and 2007 and GDP per person employed (2001-2007). In addition, we have collected recent data on employment in financial intermediation, real estate renting and business activities, tertiary level education, patent applications, potential accessibility by air. We have undertaken some preliminary correlation work which explores whether there are statistically significant

relationships between GDP per capita and indicators of some, though not all, of the key drivers of economic competitiveness –connectivity, human capital and innovation/creativity. We have presented such indicators on a city by city basis.

Policy literature review

- 1.10 We are carrying out an extensive review of literature on national territorial policies as a context for the case study analysis. We have so far explored the following themes:
- ❖ Governance, Decentralisation: What Are the Patterns?
 - ❖ Governance, Decentralisation: What Policy Approaches?
 - ❖ Policies for Balanced Territorial Development: Spatial planning and polycentric development, Regional Policy, Urban Policy
- 1.10 In addition to the overall literature review, we are undertaking more detailed reviews of approaches to urban areas and secondary cities in the 9 countries in which we are conducting case studies. It is difficult to capture briefly the key messages from that work which is in the main report. But we have found helpful a variety of work especially that of the OECD which has tried to provide an overall assessment of the direction and priorities of policies.

Case studies

- 1.11 We have made very good progress with the case study work so far. There is considerable interest in the project and there has been great willingness to support our work. We have undertaken fieldwork and analysis in 6 of the cities – Tampere, Katowice, Cork, Munich, Turin, and Barcelona. We have collected documents, conducted initial interviews with a number of representatives. We have prepared initial reports on those case studies. We reviewed the initial findings at a project meeting recently. We have had initial contact with Leeds, Lyon and Timisoara and will carry out fieldwork there in the coming months.
- 1.12 It is premature to report any major findings from the case studies. Every city has a different narrative and tells us something different about the themes we are exploring. However, it is clear that our hypotheses are regarded as relevant and important by those involved in managing cities. There is also a lot of positive support for the policy implications of those hypotheses. For example, there is evidence that secondary cities can make a contribution to a more balanced territorial development even though in many countries they lag behind the capital. There are a variety of relationships across Europe with secondaries making a bigger contribution outside the former socialist countries. National policies are important to the development of - but are not always sufficiently supportive of - secondary cities or aligned properly. European policies have played a major role in the development of many secondary cities especially in terms of their governance and territorial strategies. The key drivers we identified are important factors in the relative success of those cities. Although cities are path dependent local factors are crucial to their trajectory – historically and in future. Aligning territory, governance and economy more effectively appears to be crucial if secondary cities are to flourish and make a bigger contribution. But it is rarely achieved and never simple.

The questionnaire

- 1.13 We have devised the questionnaire to get at three related questions: How well are capital and secondaries performing in different states? What impact have national and/or regional policies had upon the performance and prospects of secondaries? What should happen differently in future if secondary cities are to improve their relative performance? We have targeted four groups so far: all members of the Monitoring Committee; all ESPON contact points; a selection of senior policy makers in different states known to the team members; and a selection of academics and researchers. We do not regard the questionnaire response in any sense as a representative sample. Rather we regard it as a valuable source of information from a range of experts which adds richness, complexity and detail to our review of national policies drawn from academic and policy literature. We have not yet analysed the questionnaires in any great detail. Nevertheless the weight of opinion so far expressed appears to be the following. Many do not think that there is a sufficiently explicit or coherent policy for secondary cities in many member states. Many believe that secondary cities could contribute more if they had more attention, support powers and resources from national government. There is a general wish for states to develop more coherent, explicit strategies and increase the powers and resources of secondary cities in future.

Next steps

- 1.14 We believe this report demonstrates that the project remains on course for successful delivery. We have encountered no major problems with access to material. We are essentially keeping to the timetable outlined in the Inception Report with some minor revisions and expect to deliver the final report on time.

1. INTRODUCTION – WHAT’S IN THIS REPORT?

- 1.1 This Interim Report describes the project activities and results during the six months since the Inception Report was presented in August 31 2010. It:
- Outlines what we have done since the Inception Report.
 - Responds to comments on it from the Monitoring Committee and Sounding Board.
 - Outlines what information has already been assembled.
 - Provides some very early and provisional messages from some of the work streams.
 - Outlines our work for the remainder of the project.
- 1.2 This report is responding to two different requests from ESPON CU. The first is the Subsidy Contract. The second is the more recent comments by the Monitoring Committee and the Sounding Board on our Inception Report. The Subsidy Contract indicated that the Interim Report should attempt to provide:
- A review of concepts and methodology on secondary growth poles.
 - A quick review of existing national and regional policies.
 - A review of the positive and negative territorial effects of secondary growth poles.
 - Preliminary results of territorial indicators, including draft European maps.
 - Preliminary results of the case studies.
 - Data collection achieved.
 - First indications on the conclusions and policy relevant options.
 - Plan of work for the draft Final Report contents of the Final report.
- 1.3 The Monitoring Committee and Sounding Board welcomed the Inception Report but asked that:
- The conceptual framework be sharpened.
 - The research hypotheses be sharpened with a focus upon policy impact.
 - The selection of secondary cities be revised.
 - There should be more clarity on indicators and data.
 - A preliminary list of maps at case-study level should be identified.
 - Some data gaps be filled.
 - The territorial dimension of secondary cities at different geographical levels be underlined.
- 1.4 This report responds to these issues. It:
- Identifies our key analytic assumptions and hypotheses.
 - Presents our revised classification of state systems.
 - Presents the revised selection of secondary cities for data analysis.
 - Identifies the proposed indicators and data both for the project and case studies.
 - Presents some initial data analysis.
 - Reviews what we have found on the policy dimensions of the project.
 - Reports progress on the case studies.
 - Reports progress on the questionnaire.
 - Identifies next steps.
- 1.5 *Overall progress- where are we?*
- We have made substantial overall progress both in refining the research strategy and methodology and in carrying out a series of project tasks. We have not encountered any substantial difficulties of access to data. We have not experienced any significant delays to the timetable.
- Process*
- We have received considerable interest and support from policy makers and researchers at national and local level.
 - The Inception Report was well received.
 - Our presentation at the ESPON seminar in Liege was well received.
 - We had a successful meeting with the Sounding Board, DG Regio and ESPON CU.
- Substance*
- We are reviewing the available literature. It is mixed in quality, territory, focus. But we have made progress.
 - We have made considerable progress on defining boundaries and indicators for secondary cities.
 - We have collected and done some simple analysis of some of those indicators.
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- We have undertaken substantial work in 6 case studies and have initial reports. We have had initial contacts and support in the other 3.
 - We have received some interesting responses to the questionnaire.

1.6 One dilemma in preparing this report six months after the Inception Report is that we are deeply immersed in a variety of methodological and substantive tasks. We have generated substantial amounts of data. But we have not yet had time to fully absorb or interpret them yet. Also we are at different stages in the different tasks. So it is difficult – and indeed dangerous – to attempt to outline key messages at this stage. But the remainder of this report specifies our interim progress on methodological and substantive issues in the following way.

- Section 2: Project goals and overall methodology.
- Section 3: Revising our research hypotheses.
- Section 4: Revising our classification of countries and systems.
- Section 5: Revising the selection of secondary cities.
- Section 6: Revising and specifying the data and indicators.
- Section 7: Progress and early messages on performance in relation to population, GDP, employment and productivity.
- Section 8: Progress and early messages with national territorial policies.
- Section 9: Progress and early messages with case studies.
- Section 10: Progress and early messages with the questionnaire.
- Section 11: Next steps.

2. WHAT ARE OUR PROJECT GOALS AND METHODOLOGY?

2.1 In order to understand the progress we have made, we restate briefly the key goals of the project. We were asked to develop a common understanding of the opportunities of and prospects for the territorial development of secondary cities. So our key objective is to produce clear policy recommendations about the challenges and opportunities facing secondary cities in Europe, based upon robust analysis of a well founded evidence base. We intend to identify, measure and explain: (i) the role of secondary cities; (ii) their actual and potential contribution to territorial economic growth at European, national and regional level and (iii) the range of European, national, regional and local policies that have been adopted - and could be adopted in future - to maximise their potential contribution.

2.2 The need for such practical advice will become increasingly important during the next decade as economic recession and fiscal problems threaten to undermine the real achievements made by many secondary cities in Europe during the recent period of sustained economic growth. There is a risk that economic and fiscal problems and the competition for scarce public and private sector resources may limit the growth of secondary cities and widen gaps between them and the capital cities. If their development is arrested by recession, the threats to a balanced territorial system across Europe will increase. So developing a good policy response during the difficult economic period ahead will be absolutely critical.

2.3 Our approach to this project reflects the aspiration recently expressed by the Director of ESPON that its work in future should be policy focussed and communicate with decision makers to sustain the profile and relevance of ESPON. The project must not be knowledge for knowledge sake - but to inform the development of policies to achieve sustainable, balanced urban development in Europe. The project is primarily interested in policies - exploring their patterns, impacts and implications - rather than simply mapping the aggregate performance of secondary cities with quantitative data. However we are undertaking substantial quantitative analysis to contextualise our policy analysis.

2.4 The study aims to identify the range of economic relationships between capital and secondary cities and the different ways of achieving economic development in cities. This will be important especially in many new member states where sometimes the capital tends to dominate economic growth and secondary cities perform less well. The study will explore the different models of economic development and the different relationships between capital and secondary cities. It will explore whether and where countries need to think more about their urban hierarchy and their policies which shape that hierarchy. It will explore whether territorial development is zero sum or whether all places can develop. Different places have different roles in the national urban system and they can be assessed and measured. It could show that

although it is not realistic to expect every place to reach the same level of development, it is not sensible to have one place dominating an economic desert.

- 2.5 The study has three key elements. First it will collect and assess the empirical evidence on economic performance and competitiveness and the gaps between the capital and secondary cities in different member states and how this has been changing over time. It will assess their performance on critical drivers of performance – innovation, human capital, connectivity, place quality and strategic decision-making capacity. What is their actual and potential development to more balanced territorial development at regional, national and European level? What are their territorial prospects? Which cities are and are not punching their weight nationally in Europe, how and why. Second it will describe the policy debate in different member states. How is this gap seen? Is the policy debate about improving competitiveness or is it about increasing solidarity? Is the policy debate essentially about economic competitiveness or social cohesion? Third it will assess the policy impact. It will explore whether and how these trends and policy discussions in different countries have changed public policy. Do policy makers recognise the nature of the gap between the capital and other secondary cities? Is a gap seen as a problem for the individual city or rather as a policy challenge for the national urban system? Are second-tier cities regarded as ‘charity cases’ or as potential locations for making significant contributions to national economic growth? What, if anything, are governments doing about these issues? Has government begun to target the economic importance of secondary cities? Has government done anything to increase the capacity and skills of secondary cities? Has it delegated more powers and more resources and has it placed fewer constraints upon grants?

What is our overall methodology?

- 2.6 We have adopted both a qualitative and quantitative approach and wish to achieve both breadth and depth. We are attempting to integrate primary and secondary data from a diverse range of sources including:
- Research and policy literature on secondaries’ performance, policies, prospects.
 - Quantitative data for 124 secondaries and 31 capitals.
 - Interviews with European and national policy makers, researchers, private sector.
 - E-questionnaire with the ESPON family, policy makers, researchers, EUROCITIES, Core Cities, URBACT, EUKN.
 - 9 detailed case studies.

3. REFINING OUR RESEARCH APPROACH AND HYPOTHESES

- 3.1 The next phase of this report outlines progress on a series of methodological issues raised by the MC, Sounding Board and the work itself. The MC asked us to spell out more explicitly the underlying assumptions of our work and in particular the key hypotheses we shall be testing. We have done this both in discussions with the Sounding Board and in presentations to the ESPON internal seminar in Liege. In this section we identify the ways in which we have revised some of the key aspects of our project and in particular identified more explicitly our analytical approach and key hypotheses.

What is our analytical approach?

- 3.2 Our project rests on the following assumptions. First, it must explore what are the most effective relationships between territory, governance and economy in an economically challenged, unstable world. It assumes that currently many member states have sub-optimal relationships with often 19th century boundaries, and 20th century governance arrangements to manage 21st century economies. Second we adopt an institutional and evolutionary approach to these issues. So we believe that policy and politics - not only markets - matter to urban development and the performance of secondary cities. Third, we believe that national factors and especially national government policies are crucial for urban development generally and secondary cities in particular. Their nature, role and impact have to be explored and explained. Fourth, however, we also recognise that in a multi-scalar world, local and regional partners and policies also shape the performance and prospects of places. Fifth, we believe in path dependency models and recognise that places and secondary cities are constrained by historical and structural factors. But there is substantial scope of manoeuvre by local actors. Sixth, we also accept that both hard and soft factors matter to city performance. Hence physical infrastructure is a driver of success but so are skills, networks, and social cultural factors. Seventh we recognise that success does not consist of economic performance alone. We believe that to be successful places and secondary cities need to strive to maximise

economic competitiveness, social cohesion and environmental sustainability. They are complementary not mutually exclusive. Eighth, we believe key drivers of territorial performance are innovation, human capital, connectivity, place quality, and governance capacity. Policies at different spatial levels – European, national, regional and local – to improve the performance of secondaries on those dimensions are crucial and again should be explored and assessed. From this general view of the world we derive five specific hypotheses which we are exploring in this project.

What are our key hypotheses?

- 3.3 *Deconcentration matters.* This hypothesis essentially argues that the benefits of an urban system where public and private investment and resources are concentrated upon the capital city are smaller than those of a more deconcentrated, territorially balanced urban system where growth and resources are spread across a range of different sized cities in a wider territory. It implies that: national economies will be more successful when the gap in economic, social and environmental performance between the capital and secondary cities is smaller and more successful national economies have more secondary cities performing well.
- 3.4 *National policies - and levels of centralisation - matter.* This argues that the performance of secondary cities is significantly affected by national government policies - implicit or explicit, direct and indirect. It implies that institutional and financial decentralisation from national to sub-national (regional and local) levels of government where these have significant roles, responsibilities and resources will reduce the costs of overconcentration on the capital and maximise the contribution of secondary cities to national competitiveness and welfare. In addition, secondary cities will perform better where national and regional policy making systems are horizontally and vertically aligned to focus upon place making.
- 3.5 *Local factors matter.* Secondary cities are path dependent and are constrained by external factors - historical, cultural, structural, political and institutional. But those factors are not determinant. The economic performance of cities will depend upon their strategic capacity to manage those constraints.
- 3.6 *The key drivers of territorial performance are innovation, human capital, connectivity, place quality, and governance capacity.* Policies on those dimensions are crucial and again should be explored and assessed.
- 3.7 *Territory matters.* This argues that globalisation makes the governance capacity of place more important. It will be increasingly multi scalar. Economic governance in secondary cities should be located at the highest achievable spatial level. Secondary cities need strategies to shape the different territorial roles they play regionally, nationally and in Europe.
- 3.8 So in all our work strands we shall be asking the question: what does this tell us about these hypotheses and do they confirm, deny or qualify them.

4. REFINING OUR CLASSIFICATION OF COUNTRIES AND SYSTEMS

- 4.1 The project needs to position secondary cities in their respective national state systems and to identify the distribution of competences between different administrative levels of government and the degree of decentralisation of these competences from central to lower tiers of government. The MC Sounding Board was not entirely convinced of the original classification in our Inception Report. As a result of a review of a series of key studies we have revised our original geographical classification of states, which builds in more analysis of policy making characteristics as well as the geographical dimension.
- 4.2 We found the recent study carried out for DG Regio by Ismeri Europa and Applica to be particularly helpful in this exercise. It documents the distribution of competences between different administrative levels in the 27 Member States of the European Union, concentrating on regional development (Ismeri Europa and Applica, 2010). It distinguishes between four broad typologies of state organisation and thus provides a grouping of countries according to state system that add an explicit governance dimension to the broad territorial grouping that we are also using in our research. We intend to pursue this typology in our project.
- 4.3 We therefore distinguish in Table 4.1 between federal and unitary Member States with the latter further divided into three giving the following broad typology:

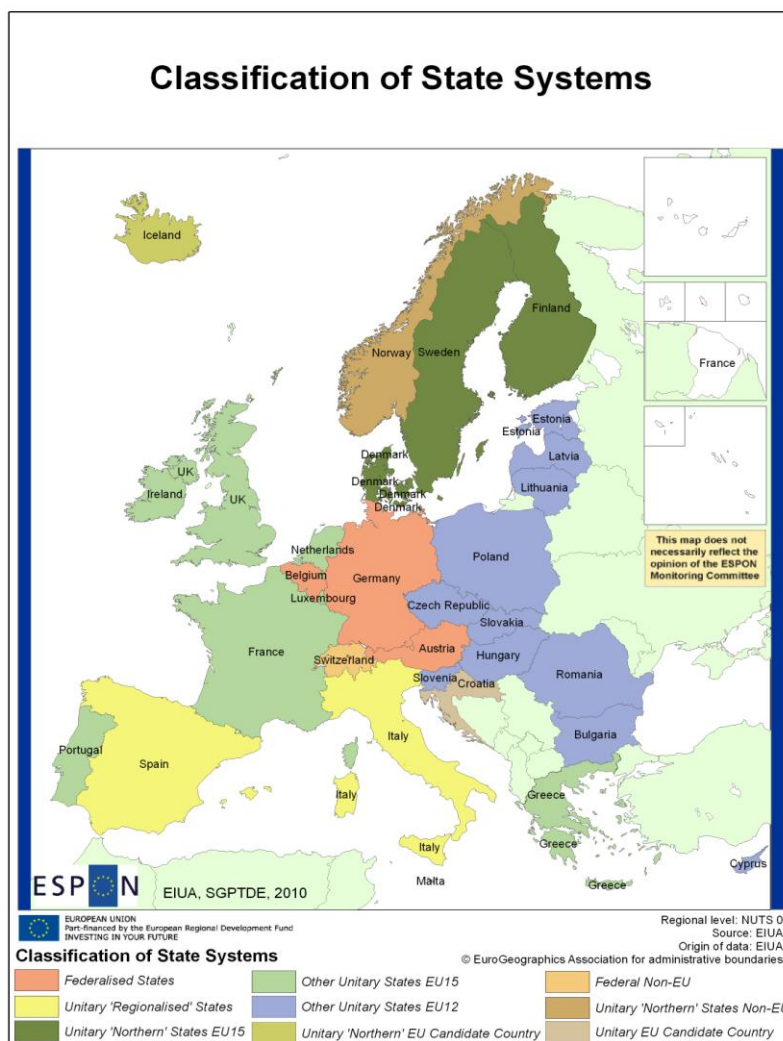
- **Federalised states (Austria, Belgium and Germany):** characterised by a central government and regional authorities both with own legislative and administrative competences that are exercised independently and recognised by the Constitution. For our data analysis, we will also include Switzerland, a non-EU Member State, in this group as part of the wider ESPON territory.
- **Unitary ‘regionalised’ states (Italy and Spain):** unitary countries that have established an intermediate level of government with a wide set of competences. What sets them apart from traditional unitary states is their high degree of regionalisation.
- **Unitary ‘Northern’ states (Denmark, Finland and Sweden):** unitary countries in which local governments have a wide range of responsibilities in relation to regional development. Iceland, an EU candidate country and Norway, a Non-EU Member State, also fall in this group for our data analysis as part of the wider ESPON territory.
- **Unitary States (in both the EU15 - France, Portugal, the UK, Greece, Ireland, The Netherlands and Luxembourg and the EU12 - Czech Republic, Hungary, Poland, Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Malta, Romania, Slovakia and Slovenia):** where central government is predominant, although there is considerable historical variation between them, not least in relation to the degree of decentralisation - which is relatively high in some countries such as the Netherlands, Slovenia and Lithuania and very limited in others like Ireland, Greece, Bulgaria, Romania and Malta.

4.4 The distinction between ‘old’ and ‘new’ member states captures the state restructuring being experienced by the former socialist states of Eastern Europe. With the exception of the former GDR, which has been integrated into Germany’s Federal System, all of these previously highly centralised socialist states have developed unitary political systems albeit with varying degrees of decentralisation of competences. Another Unitary State to be included in the data analysis for the ESPON territory as a whole is the former socialist state and EU candidate country, Croatia (see Map 4.1).

Table 4.1 State system grouping

STATE SYSTEM GROUPING	CHARACTERISTICS	COUNTRIES
Federalised states	Central and regional authorities with independent legislative & administrative competences recognised by Constitution	<ul style="list-style-type: none"> • EU 15: Austria Belgium, Germany, • Non-EU: Switzerland
Unitary ‘regionalised’ states	Intermediate government with wide set of competences and high degree of Regionalisation	<ul style="list-style-type: none"> • EU15: Italy, Spain
Unitary ‘Northern’ states	Local governments with wide range of responsibilities for economic development	<ul style="list-style-type: none"> • EU 15: Denmark, Finland, Sweden • Non-EU: Norway • EU Candidate Country: Iceland
Other Unitary States	Central government dominant. Considerable variation in terms of decentralisation. Distinction between ‘old’ and ‘new’ member states captures state restructuring in former socialist states	<ul style="list-style-type: none"> • EU 15: France, Greece, Ireland, Luxembourg, Netherlands, Portugal, UK • EU12: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia • EU Candidate Country: Croatia

Map 4.1 Classification of state systems



4.5 Table 4.2 summarises the different features and trends in competences and local autonomy of the different groups of states.

Table 4.2: Summary of features of the different state systems: trends in competences and local autonomy

Group of countries	Features	Trends in competencies	Local revenues & autonomy
Federal states (Austria, Belgium, Germany)	Constitutionally recognised, shared powers between central and sub-central levels (states)	Not significant changes, reinforcement of federal organisation in Belgium	Medium
Unitary 'Northern' states (Sweden, Finland, Denmark)	Centralised states with strong local autonomy	Rationalisation and unification of some local tiers (counties, municipalities aggregated into regions)	High
Unitary regionalised states (Italy and Spain)	Strong autonomy of intermediate levels (regions)	Fast devolution and tendency to introduce federal agreements	Medium-high and increasing
Other unitary states – 'old' Member States (France, Greece, Ireland, Luxembourg, Netherlands, Portugal, UK)	Different institutional forms with more (UK, Netherlands, France) or less power to local government (Portugal, Greece)	On-going but slow devolution and reorganisation in UK and France. Slow-down or devolution halt in Portugal and Greece	Medium (high in France)
Other unitary states – 'new' Member States (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Cyprus, Malta)	States undergoing restructuring; limited power to local government	Re-establishment and reinforcement of local governments; some more articulated devolution process in Poland	Medium low

Source: Ismeri Europe and Applica (2010)

5. REVISING THE SELECTION OF SECONDARY CITIES

5.1 The CU response to our Inception Report invited us to revise the selection of secondary cities. In particular it noted that we had not identified any secondary cities in some smaller countries and that in the case of Italy a number of cities that might have been expected to be included were not.

5.2 We have reviewed the position and identified a clear set of principles which we think should guide us. We were guided by some key considerations. We recognise that no system is perfect. Every classification has problems of, for example, over-bounding, under-bounding and data gaps. We have tried to not let the best drive out the good. We have tried to balance economic significance with territorial representation. We have tried to reflect the views of the Monitoring Committee. In particular we have used the boundaries that best fit the policy agenda. For this reason, we have built upon the work undertaken by the OECD and DG Regio on metro regions, since these boundaries are used in the most recent Cohesion report. We would wish our work to complement rather than contradict that approach. The request for a review has highlighted a series of choices and tensions we are trying to manage

How many are in – more or less?

5.3 On one hand we have been encouraged to focus on places which really matter in functional terms to the performance of Europe. On the other we have been reminded of the need to have good geographical representation and balance. The former pushes us to a smaller number of places. The latter pushes us to a larger number. We have decided in this phase of the analysis to reflect the request for territorial representation. We have increased the number of places that will be analysed in the quantitative strand of the project. This complements the fact that, in the case studies where we undertake qualitative work, we have concentrated on a relatively small number of places.

What selection criteria – population or function?

5.4 In our initial selection we focussed primarily on a population cut-off but adjusted that by informal judgements of which places at the marginal cut off points were of such significance they had to be included or whether they could be excluded. On reflection we decided that attempting to use an informal functional judgement raised too many difficulties. We decided instead to adopt a simple population criterion adapted by country size and, in the larger countries, the scale of their urban systems.

How many representative places from the larger and smaller countries

5.5 The 22 countries with populations less than 15 million have fewer metro-region areas than the 8 larger countries with populations up to 85 million. They have five or fewer. We have decided to include all metro regions in the 22 as they could all be assumed to matter to the national economy. By contrast we have decided to include only a selection of the metro regions in the 8 larger countries on the basis of their relative importance in the urban system. We ranked cities in descending order of population size and grouped them according to cumulative percentage shares of the total metropolitan population excluding the capital. In this way, we could group secondary cities in terms of their relative importance in their different national urban systems. We could then apply a common threshold, defined by share of total metropolitan population - by quintile or quartile - across the larger countries.

What about smaller countries?

5.6 Our initial selection excluded some places due to the absence of defined agreed metro-region boundaries. This was the case in smaller countries. To address the territorial representation theme we have decided that every country should have the capital and the next biggest city. We will define the boundaries where this needs to be done. In some cases however there are no secondary cities of sufficient significance to include outside of the capital.

Selecting the secondary cities

5.7 In our Inception Report we made the case for using OECD/DG-Regio metro-regions as an approximation for major secondary cities in Europe. That principle has been accepted so we do not repeat these arguments here. We proposed a list of 30 capital and 79 secondary city metro-regions. The choice was based on population data alongside our judgement of the significance of the various places. The Monitoring Committee proposed the inclusion of a number of additional cities. In considering their suggestions we decided we needed to construct a more robust coherent and consistent approach to the selection of cities.

Distinguishing between countries with larger and smaller populations

5.8 Our starting point is the OECD/DG-Regio list of 255 metro-regions across 30 countries. Our first decision was to include all available metro-regions in the 22 countries with populations of fewer than 15 million where defined metro-regions numbered five or less. In total this gave us an initial list of 55 places, 22 capitals and 33 secondary cities. These are listed in table 5. 1.

Table 5.1: Metro-regions selected in 22 of the 30 countries

COUNTRY	METRO-REGION	COUNTRY	METRO-REGION	COUNTRY	METRO-REGION
Austria	Vienna	Denmark	Copenhagen	Malta	Valletta
	Linz		Aarhus	Norway	Oslo
	Graz		Aalborg		Bergen
	Salzburg		Odense		Stavanger
	Innsbruck	Estonia	Tallinn	Portugal	Lisbon
Belgium	Brussels	Finland	Helsinki		Porto
	Antwerp		Tampere	Slovakia	Bratislava
	Liege		Turku		Kosice
	Gent	Greece	Athens	Slovenia	Ljubljana
	Charleroi		Thessalonica		Maribor
Bulgaria	Sofia	Hungary	Budapest	Sweden	Stockholm
	Plovdiv		Debrecen		Gothenburg
	Varna		Miskolc		Malmö
Croatia	Zagreb	Ireland	Dublin	Switzerland	Zurich
Cyprus	Nicosia		Cork		Geneva
Czech Republic	Prague	Latvia	Riga		Bern
	Ostrava	Lithuania	Vilnius		Lausanne
	Brno		Kaunas		
	Plzen	Luxembourg	Luxembourg		

5.9 In the eight largest countries – France, Germany, Italy, Netherlands, Poland, Romania, Spain and the UK – the number of metro-regions was high, 200 in all. Since our focus is on the larger places in each of the countries, we decided to reduce the number of cities listed. We do it on the basis of population. But we do it not on a standard population threshold across the eight countries but in terms of the percentage of total metropolitan region population. Table 5.2 shows the places which would be included in our sample depending on whether we include the top 50%, 60%, 66.7%, 75% or 80%. The metro-regions are listed in size order starting with the largest, excluding the capital.

Table 5.2: Cities in France, Germany, Italy, Netherlands, Poland, Romania, Spain, UK, at population thresholds from 50% to 80% of total metropolitan region population (excluding capitals)

	FRANCE	GERMANY	ITALY	NETHERLANDS	POLAND	ROMANIA	SPAIN	UK	Cumulative no. of places (excl. capitals)
Capital cities	Paris	Berlin	Rome	Randstad North incl. Amsterdam	Warsaw	Bucharest	Madrid	London	
50% threshold includes	Lille	Düsseldorf-Ruhrgebiet	Milan	Randstad South	Katowice-Zory	Iasi	Barcelona	Manchester	51
	Marseille	Frankfurt am Main	Naples	Eindhoven	Krakow	Craiova	Valencia	Birmingham	
	Lyon	Hamburg	Turin	Arnhem	Gdansk	Constanta	Seville	Bradford-Leeds	
	Lens - Liévin	Köln-Bonn	Bari		Wroclaw	Cluj-Napoca	Alicante	Glasgow	
	Bordeaux	Stuttgart	Palermo		Lodz		Malaga	Sheffield	
	Rouen	Munich			Poznan		Murcia	Portsmouth	
	Nantes	Bielefeld			Kielce			Liverpool	
	Grenoble							Newcastle upon Tyne	
	Toulouse							Nottingham	
60% threshold includes	Metz	Hannover	Brescia	Heerlen	Wloclawek		Bilbao	Stoke-on-Trent	67
	Nice	Nuremberg	Catania		Bydgoszcz		Cádiz	Cardiff	
	Toulon	Bremen							
		Mannheim							
66.7% threshold includes	Montpellier	Leipzig	Salerno	Enschede	Szczecin	Timisoara	Coruña	Bristol	82
	Rennes	Dresden	Florence		Lublin		Oviedo	Leicester	
		Chemnitz							
75% threshold includes	Brest	Saarbrücken	Bologna	Breda	Walbrzych	Galati	Vigo	Coventry	102
	Angers	Karlsruhe	Genoa		Kalisz		Zaragoza	Norwich	
	Saint-Etienne	Heidelberg	Caserta					Edinburgh	
		Kiel							
80% threshold includes	Nancy	Freiburg im Breisgau	Padua		Opole		Granada	Exeter	117
	Mulhouse	Erfurt	Verona		Bielsko-Biala		Córdoba	Bournemouth	
		Aachen							
		Magdeburg							
		Osnabrück							

5.10 There are a variety of considerations about the selection threshold. For example if we were to use the 50% rule, we add 51 places to the 33 already identified from the 22 smaller countries. However if we use this threshold some cities of regional significance would appear to be omitted. We feel that a higher threshold should be used.

5.11 We have decided to use the 66.7% cut-off. We believe it strikes a good balance between including places that really matter and territorial coverage. The 66.7% gives us a total of 82 from the 8 largest countries, which added to the 33 from the 22 smaller countries gives a combined total of 115. This is higher than the list of 79 we identified in the Inception Report. In addition our analysis will also include the 31 capitals.

5.12 We identified 4 places which were excluded using the strict population rule - but which our own understanding and the comments from the experts and Monitoring Committee suggested should be

included. They are Edinburgh and Belfast in the UK - capitals of Scotland and Northern Ireland - and Genoa and Bologna in Italy. We have added these.

Alternative Boundaries

- 5.13 A further issue concerns the boundaries that are used in the OECD/DG-Regio metro-region work. We believe OECD/DG-Regio boundaries are the best agreed boundaries that are available at NUTS 3 level, the level at which pan-European data are published. We are aware that some over-bounding may occur.
- 5.14 As a simple way of testing the extent of over-bounding we compared metro-region population data with Urban Audit Larger Urban Zone (LUZ) population data. We are aware that the two boundary definitions are based on differing criteria. However we felt the comparison was valuable as the Urban Audit LUZ definitions are also trying to approximate the functional urban areas of each of the cities. The comparison was possible for 176 of the 255 places. The table below shows the results.

Table 5.3: Metro-region and LUZ populations compared

METRO-REGION POPULATION COMPARED WITH LUZ POPULATION	NUMBER OF CITIES	% OF CITIES
MR between 3 and 3.5 times size of LUZ	2	1.1
MR between 2 and 3 times size of LUZ	24	13.6
MR between 1.5 and 2 times size of LUZ	35	19.9
MR between 0.8 and 1.5 times size of LUZ	115	65.3
Total	176	100.0

- 5.15 In about two out of three cases the metro-region and LUZ boundaries both produce population figures that are broadly similar. In about a third of cases the metro-regions do appear to over-bound if the LUZs are taken as a better fit than the NUTS 3 metro definitions. In some cases, the over-bounding does influence the order in which cities appear in countries when cities are ranked by size. In four cases we have taken into account their size and significance in their respective countries and have chosen to omit these from our final list.
- 5.16 In addition to the case of Italy, a number of cities were mentioned by name in the CU's comments on the Inception Report: Daugavpils in Latvia; Klaipeda in Lithuania; Tartu in Estonia; Hradec Kralove / Pardubice in the Czech Republic; and Basel in Switzerland. The Italian cities have all been included in the revised selection we proposed earlier. We shall consider each of the other places mentioned in turn.
- 5.17 The argument to include Daugavpils, Klaipeda and Tartu, are in our view well made. They were initially excluded because we did not have the OECD/DG Regio boundaries. It is not possible to replicate fully the OECD/DG-Regio methodology in creating metro-regions, due to the unavailability of the two employment measures – employment by residence and employment by workplace. Nevertheless we propose to include them by representing them using the NUTS 3 regions that each of these three cities lie within. This will mean that Latvia and Estonia both gain at least one secondary city, rather than only being represented by the capital. For the same reason we are also including Split as a second city for Croatia. Four countries in the study will still only have one city – the capital – each, namely Cyprus, Luxembourg and Malta, and also Iceland, where we have added Reykjavik. It is not possible to include any secondary cities in these countries. We have also included Hradec Kralove/Pardubice in the Czech Republic and Basel in Switzerland.
- 5.18 Table 5.4 shows the final list of 31 capitals and 124 secondary cities. It was agreed at our meeting with the Sounding Board, DG Regio and ESPON CU that there will be no further changes to this list. Therefore we have used this list for all subsequent data collection and analyses that we have done in the past months.

Table 5.4: Capital and secondary cities in study

COUNTRY	CITIES	COUNTRY	CITIES	COUNTRY	CITIES	COUNTRY	CITIES	COUNTRY	CITIES
Austria	Vienna	France (cont.)	Lens - Liévin	Hungary (cont.)	Gyor	Poland (cont.)	Krakow	Switzerland	Zurich
	Linz		Bordeaux	Iceland	Reykjavik		Gdansk		Geneva
	Graz		Rouen	Ireland	Dublin		Wroclaw		Bern
	Salzburg		Nantes		Cork		Lodz		Lausanne
	Innsbruck		Grenoble	Italy	Rome		Poznan		Basel
Belgium	Brussels		Toulouse		Milan		Kielce	UK	London
	Antwerp		Strasbourg		Naples		Wloclawek		Manchester
	Liege		Metz		Turin		Bydgoszcz		Birmingham
	Gent		Nice		Bari		Szczecin		Bradford-Leeds
	Charleroi		Toulon		Palermo		Lublin		Glasgow
Bulgaria	Sofia		Montpellier		Brescia	Portugal	Lisbon		Sheffield
	Plovdiv		Rennes		Catania		Porto		Liverpool
	Varna	Germany	Berlin		Salerno	Romania	Bucharest		Newcastle u Tyne
Croatia	Zagreb		Düsseldorf-Ruhrgebiet		Florence		Iasi		Nottingham
	Split		Frankfurt am Main		Bologna		Craiova		Cardiff
Cyprus	Nicosia		Hamburg		Genoa		Constanta		Bristol
Czech Republic	Prague		Köln-Bonn	Latvia	Riga		Cluj-Napoca		Leicester
	Ostrava		Stuttgart		Daugavpils		Timisoara		Edinburgh
	Brno		Munich	Lithuania	Vilnius	Slovakia	Bratislava		Belfast
	Plzen		Bielefeld		Kaunas		Kosice		
	Hradec Kralove - Pardubice		Hannover		Klaipeda	Slovenia	Ljubljana		
Denmark	Copenhagen		Nuremberg	Luxembourg	Luxembourg		Maribor		
	Aarhus		Bremen	Malta	Valletta	Spain	Madrid		
	Aalborg		Mannheim	Netherlands	Randstad North		Barcelona		
	Odense		Leipzig		Randstad South		Valencia		
Estonia	Tallinn		Dresden		Eindhoven		Seville		
	Tartu		Chemnitz		Arnhem		Malaga		
Finland	Helsinki	Greece	Athens		Heerlen		Murcia		
	Tampere		Thessalonica		Enschede		Bilbao		
	Turku	Hungary	Budapest	Norway	Oslo		Cádiz		
France	Paris		Debrecen		Bergen		Coruña		
	Lille		Miskolc		Stavanger	Sweden	Stockholm		
	Marseille		Szeged	Poland	Warsaw		Göteborg		
	Lyon		Pecs		Katowice-Zory		Malmo		

6. REVISING AND SPECIFYING THE DATA

- 6.1 The Monitoring Committee asked us to specify more precisely the quantitative data we intend to use both generally and for the case studies. We are attempting to collect robust quantitative evidence which will paint an accurate picture of the position across all secondary cities and also allow us to tell a coherent story about the economic, social and environmental trajectories of our case study cities during the past decade and permit informed assessments of likely future performance. And we want to be able to make sensible comparisons both within and between our cities. We want to assess their performance on the key drivers of competitiveness in our model, that is – innovation, human capital, connectivity, place quality and strategic decision-making capacity. The gap between what is desirable and possible in the data field is rather large, especially when trying to do cross national comparative work. Data are generally better in the harder economic field and less good in the no less important social and environmental fields.

Proposed data for 124 secondaries and 31 Capitals

- 6.2 For the 124 secondaries and 31 capital cities we propose to use data that are in principle, if not always in practice, available for all of them. So we have used data drawn from EUROSTAT, DG Regio and other ESPON studies. We are assembling data for the following indicators for all 31 Capital and 124 secondaries:
- Population, Total GDP, GDP per capita, GDP per person employed, Total employment, Employment by sector (2000-2007)
 - Employment rate, High level of education (2008)
 - Unemployment rates (2000-2008)
 - Patent applications (2006-7)
 - Potential accessibility: air, road, rail and multi-modal (2001 & 2006)
 - Net migration rates (2007)

This will give us genuinely comparative data, even though as we have noted the boundaries of some of the metro regions are large and often include more areas than we are studying in our case study cities. Later in this report and in the Annex we provide some preliminary description of some of these indicators.

Proposed data for case studies

- 6.3 In the case studies we will enrich that comparative data with locally generated data. This will allow a more fine grained analysis of the economic, social and environmental performance and prospects of these places. We want to track performance in quantitative terms on the first four indicators of competitiveness – innovation, human capital, connectivity, and place quality. Strategic decision-making capacity will be addressed in more qualitative terms through the interviews. We will also want to conduct some internal comparisons between, for example: the best performing areas of the city, the city region, the region, the capital and the nation.
- 6.4 The CU has emphasised the need to focus on the social and environmental performance of our cities so it is important we try to get as many of those indicators as is possible. We are exploring what is both desirable and possible in our case study cities. We know that data availability will vary from city to city and country to country. We will try to collect the most readily available robust data from reliable sources – national statistical offices, government departments, census, metropolitan development agency, Chamber of Commerce, research institutes. We recognise that this means the data we get may not always be directly comparable between cities. But they would serve the purpose of conveying the complexity and richness of the individual city. We would make the formal comparisons using the metro region data.
- 6.5 So in the case studies we propose to collect data at national, regional, metro region, city and within city the following indicators, which combine the ‘harder’ economic ones we are collecting for all the secondaries with some ‘softer’ social and environmental measures specifically for the case study cities:
- Population, Total GDP, GDP per capita, GDP per person employed; Total employment, Employment by sector, Employment rate, Unemployment rates; High level of education; Patent applications; Potential accessibility: air, road, rail and multi-modal; Journeys to work by car/public transport/on foot; Net migration rates; Proportion of the population with no qualifications; Air quality; Average earnings; Crime rates; Poverty or deprivation measures; Housing costs and quality
- 6.6 This is a long list and it may not be possible to get all indicators for all spatial levels and time points in all our case study cities. The position will clearly vary between places. But we can live with such variation. Our key concern is that the data we collect are accurate, robust, and most important relevant to the key

questions and issues. The data should be enough to tell the necessary story and illustrate it with informative maps, tables and diagrams.

- 6.7 So far this report has reported progress on a series of methodological issues. It next focuses upon what we have done substantively and reports progress and some early tentative messages from some of our key blocks of work.

7. PROGRESS AND INITIAL MESSAGES - POPULATION, GDP, EMPLOYMENT AND PRODUCTIVITY DATA

What have we done so far?

- 7.1 So far we have concentrated on collecting the most comprehensive and most widely available data on the recent economic performance of capital and secondary cities across Europe. To our knowledge this is the first time that such data have been assembled in this way. We have also undertaken some preliminary analysis. The primary purpose of the data collection and analysis is to set the scene and agenda and lay the foundations for the other aspects of our research programme.

Secondary cities – picking up , catching up, staying up with capitals?

- 7.2 The main focus of our analysis so far has been to find out which secondary cities are improving or picking up, which are catching up and which are falling behind their respective capitals. So far we have done this in terms of population, GDP and employment change data for the years 2000 and 2007. In addition, we have collected recent data on employment in financial intermediation, real estate renting and business activities, tertiary level education, patent applications, potential accessibility by air. We have not yet analysed these data. But they are presented in the Annex.

- 7.3 We have undertaken some preliminary correlation work which explores whether there are statistically significant relationships between GDP per capita and indicators of some, though not all, of the key drivers of economic competitiveness – connectivity, human capital and innovation/creativity.

- 7.4 We have also grouped city performance data by type of governmental system and European region to consider whether the performance of secondary cities is affected either by the degree to which the governance system of their respective countries is decentralised or by their location.

Health warnings- nothing's perfect

- 7.5 We have prepared separate technical reports on the virtues and limitations of the data that we have used. Essentially, they make the following key points. The great virtue of using Eurostat/DG Regio NUTS 3 data to measure leading cities' performance is that they are available for all leading non-capital cities on a statistically comparable basis, are up to date and, crucially, match metropolitan region boundaries. Alternative data sources lack some of these attributes.

- 7.6 Boundary definitions for our cities are based on harmonised agreed OECD/DG Regio metro-regions, which represent functional urban areas and the principle of labour market self-containment, using NUTS 3 building blocks. This concept is broader than narrow city definitions. These boundaries are the best available given the spatial scale at which data are available. They are not perfect. For the majority of cities they work well. As already discussed in Section 5, for a minority of cities there may be a degree of over-bounding and rare occasions of under-bounding, which may create occasional imperfections in accuracy of performance data for individual cities.

- 7.7 Drawing the line in determining which non-capital cities to include in order to focus on major places and on manageability grounds is always controversial as a case can always be made for including or excluding borderline cases. We have sought, as already noted, to take into account the comments of Monitoring Committee members by adopting a simple population criterion adjusted by country size (inclusion of cities which account for 66.7% of the total metropolitan region population in the eight largest - that is most populous - countries) and ensuring that at the very least we investigate the capital and next largest city in every member country where this is possible and makes sense. However, this study is primarily about major places that make a major contribution to overall European prosperity.

7.8 Occasionally, GDP per capita figures may be over-inflated by heavy in-commuting (e.g. those for Luxembourg). We have limited comprehensive time series data and are only therefore measuring changes in comparable performance over a comparatively short period and are not charting cities' longer term trajectories. Although GDP data are generally accepted as a rough proxy for prosperity and productivity, quality of life is much harder to define and measure and comprehensive data relating to this are lacking. We will be comparing the quality of life in the case study cities with that of their respective capitals and peers using data about incidence of crime, quality of leisure and cultural facilities.

7.9 We are not yet in a position to provide systematic analysis of the data from this part of the project. However, since we have collected a lot of data already and have done some very preliminary review and analysis we thought it would be helpful to provide some analysis of a small number of these: population, GDP, employment and productivity in terms of GDP per person employed.

Population, Urban Structures and Settlement Systems

7.10 Table 7.1 gives an indication of urban systems across the ESPON territory using Metropolitan Region (NUTS 3) data. It shows the relative sizes, in population terms, of capital and secondary cities. The figures show the percentage share of each country's total metropolitan region population accounted for by their capital and secondary cities. It gives a rough measure of capital city primacy and the relative importance of non-capital/ secondary cities in the urban hierarchies of the different countries. At one extreme are the relatively small countries in which the capital dominates and there is no urban hierarchy to speak of – Luxembourg, Cyprus, Malta and Iceland. At the other extreme are the larger countries with relatively extended urban hierarchies like Germany, Italy, France and the UK.

7.11 The differences between the state groupings are interesting. The Federal countries, with the notable exception of Germany have a less extended urban hierarchy – with Austria, Belgium and Switzerland each having just four metropolitan regions in addition to their respective capitals. The Nordic states also have relatively truncated urban systems with either three (Denmark), two (Finland, Norway and Sweden) metropolitan regions outside the capital or none in the case of Iceland. Within the former socialist countries of the new unitary member states, Poland's extended urban hierarchy also stands out and contrasts with the more truncated structures in Estonia, Latvia, Slovakia, Slovenia and the EU candidate country of Croatia.

Primacy

7.12 Differences in the relative dominance of the capital also stand out. Table 7.2 ranks the capital by percentage share of total metropolitan region population. The capital city with the smallest share (Berlin in Federal Germany) is in one of the most polycentric countries. The capital of the two regionalised states and highly polycentric countries of Italy and Spain also have less primate capital cities. Poland, again highly polycentric, also has a capital with a relatively small share of the country's urban population

Table 7.1 Urban structure - Share (%) of total metropolitan region population, capital and secondary cities (in descending order of size)

Urban structure -Share (%) of total metropolitan region population, capital and secondary cities (in descending order of size)																	
State system/ country	Capital	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
Federal																	
Austria	58.4	14.6	10.6	8.9	7.6												
Belgium	57.4	16.3	10.2	8.7	7.3												
Germany	9.5	15.5	7.0	5.9	5.7	5.1	4.9	2.5	2.5	2.4	2.4	2.0	1.8	1.7	1.7	1.7	27.7
Switzerland (Non-EU)	36.4	19.2	16.5	14.9	13.1												
Regionalised States																	
Italy	11.1	22.6	9.4	6.6	4.8	3.8	3.4	3.2	3.2	2.9	2.8	2.7	2.6	2.6	2.5	2.4	13.3
Spain	17.9	15.9	7.3	5.7	4.8	4.3	4.0	3.7	3.7	3.6	3.5	3.0	2.8	2.7	2.5	2.4	12.0
Northern (Nordic) Systems																	
Denmark	49.4	21.7	15.9	13.0													
Finland	60.7	19.9	19.4														
Iceland	100.0																
Norway (Non-EU)	54.8	24.1	21.1														
Sweden	41.4	33.4	25.2														
Other Unitary States (EU15)																	
France	28.3	6.6	4.7	4.1	3.7	3.3	3.2	2.9	2.8	2.7	2.6	2.6	2.6	2.3	2.3	2.2	22.8
Greece	78.2	21.8															
Ireland	72.6	27.4															
Luxembourg	100.0																

Netherlands	32.4	25.6	6.8	6.4	6.0	5.8	5.7	4.2	3.6	3.4								
Portugal	67.8	32.2																
United Kingdom	32.8	5.8	5.3	4.9	4.2	3.6	3.4	3.2	2.6	2.5	2.5	2.5	2.3	2.2	1.9	1.9	18.5	
Other Unitary States (EU12)																		
Bulgaria	50.9	30.7	18.4															
Cyprus	100.0																	
Czech Republic	36.4	20.1	18.0	16.8	8.7													
Estonia	59.8	40.2																
Hungary	52.7	13.7	10.2	8.0	7.9	7.5												
Latvia	74.7	25.3																
Lithuania	43.8	36.3	19.9															
Malta	100.0																	
Poland	13.8	15.8	6.3	5.4	5.2	5.2	4.9	3.5	3.5	3.4	3.2	3.2	3.1	3.0	2.9	2.8	14.9	
Romania	30.6	11.6	10.4	10.2	9.9	9.5	9.0	8.7										
Slovakia	44.5	55.5																
Slovenia	61.1	38.9																
Other Unitary EU Candidate Country																		
Croatia	70.0	30.0																

Table 7.2 Country rankings by capital city share of total metropolitan region population

Country	Capital city (%) share of total metropolitan region population
Cyprus	100
Iceland (EU Candidate Country)	100
Malta	100
Luxembourg	100
Greece	78.2
Latvia	74.7
Ireland	72.6
Croatia (EU Candidate Country)	70
Portugal	67.8
Slovenia	61.1
Finland	60.7
Estonia	59.8
Austria	58.4
Belgium	57.4
Norway (Non-EU)	54.8
Hungary	52.7
Bulgaria	50.9
Denmark	49.4
Slovakia	44.5
Lithuania	43.8
Sweden	41.4
Switzerland (Non-EU)	36.4
Czech Republic	36.4
United Kingdom	32.8
Netherlands	32.4
Romania	30.6
France	28.3
Spain	17.9
Poland	13.8
Italy	11.1
Germany	9.5

Key	
	Federal
	Regionalised
	Northern
	Other Unitary (EU 15)
	Other Unitary (EU 12) & Croatia

Source: SGPTDE calculations

7.13 In Table 7.3, we attempt to summarise the key characteristics of the current settlement structures drawing on Council of Europe, UN-Habitat reports and other sources. It is highly schematic and understates the complexity of actual structures but it indicates the variation that policy has to address.

7.14 The pattern broadly is:

Federal States

- Strong growth around metropolitan regions (West Germany) and city regions (Austria and Belgium).
- Some urban decline in East Germany although even here some signs of urban renaissance.
- Suburbanisation pressures around city-regions (Belgium) and capitals (Austria).
- Switzerland also underlines the role of physical geography with development highly concentrated spatially because of the country's physical terrain.

Regionalised States

- Development balanced across cities with Spain marked by the relative growth of both large and small to medium cities.

Nordic states

- Denmark densely populated with a dominant capital city.
- Finland also with a dominant capital but with notably growing secondary cities.
- Iceland urbanised with dominant capital city.
- Norway less urbanised but with core secondary cities growing rapidly.
- Sweden sparsely populated with concentrations in the capital and two secondary cities.

Unitary States (EU15)

- Some with development still dominated by capitals (Greece, Ireland, Luxembourg and Portugal).
- UK capital city-region dominant but some growth in secondary cities.
- France capital city-region again dominant but main secondary cities also growing.

Unitary States (EU 12) and Croatia

- Physical geography important for the islands of Cyprus and Malta with growth constrained and concentrated on capital cities.
- Three broad urbanisation patterns in former socialist states:
 - Slow growth: modest national growth rates mirrored by a slightly faster growth in urban areas (Croatia, Slovakia, Slovenia and Poland); most of this growth in secondary cities while all capitals, with the exception of Warsaw, lost population.
 - Slow decline: modest decline in national population mirrored by similar declines in urban populations (Czech Republic and Hungary) but with particularly marked decline in Hungarian capital, Budapest standing out.
 - Fast decline: substantial national population declines with comparable declines in urban and rural populations (Bulgaria and Baltic States of Estonia, Latvia, Lithuania). The capitals of both Bulgaria and Latvia lost proportionately more population than secondary cities while the reverse was the case in Estonia and Lithuania. Romania is the exception with the capital, Bucharest, gaining population while secondary cities experienced declines.

Table 7.3 Key characteristics of settlement structures

Political system/ country	Key characteristics of settlement structures
FEDERAL	
Austria	<ul style="list-style-type: none"> • City regions are becoming the growth poles of the economy. • Issues of suburbanisation around capital city, Vienna.
Belgium	<ul style="list-style-type: none"> • Flanders dominated by central urban network of Antwerp-Leuven-Brussels-Ghent ('Flemish Diamond') • Wallonia dominated by triangle between Brussels-Charleroi-Liege and cross-border settlements: Charleroi-Lille; Liege-Aachen-Maastricht (Belgium, Germany, Netherlands); and Arlon-Luxembourg. • Strong suburbanisation pressures.
Germany	<ul style="list-style-type: none"> • Polycentric urban structure with an upper tier of economically well-performing (functionally specialised) cities in the west and south contrasting with still restructuring cities in the east and north. • Growth and innovation areas are mainly the metropolitan regions and other important agglomerations, especially in the western regions. • Urban system connected to European and global networks of cities with its multi-tiered networks of a regional, national, European and global nature. • Some signs of urban renaissance even in east.
Switzerland (Non-EU)	<ul style="list-style-type: none"> • Small and densely populated with only thirty-one per cent of the country's total surface area suitable for human settlement. • Settlements concentrated in the <i>Mittelland</i> between the Jura and the Alps, which has only twenty seven per cent of the country's surface area but all the large cities, production and service centres and the main road, rail and air transport arteries.

REGIONALISED STATES	
Italy	<ul style="list-style-type: none"> A number of large cities, by European standards, populate the Italian territory but well-balanced geographical coverage and no urban area dominates. No city considered to be the 'prime' city, and in many senses all can be considered 'secondary' cities.
Spain	<ul style="list-style-type: none"> Dense urban networks of large and medium-sized cities distributed around the coast with, apart from Madrid, little urbanisation in the interior. Madrid a major European metropolis and Barcelona a European one, followed by 6 cities with European potential (inc. Valencia, Seville and Granada) and then another 6 of consolidated national importance (inc. Cordoba and Santander). Big cities (the 7 with more than 0.5 million people) have shown the strongest economic performance followed not by the next size group (200,000 to 500,000 people) but the third (100,000 to 200,000) - underlining the fact that medium-small cities are also performing strongly alongside the biggest. Coastal cities performing better than those in the interior.
NORTHERN (NORDIC) SYSTEMS	
Denmark	<ul style="list-style-type: none"> Copenhagen is 5-7 times larger than Aarhus, the second largest city. The primacy of the Copenhagen city-region marks Denmark out in relation to other Scandinavian countries. Compared to other Scandinavian countries, Denmark is relatively densely populated and has a very urbanised population, with larger and medium sized towns distributed evenly throughout the country.
Finland	<ul style="list-style-type: none"> Helsinki is by far the dominant city in Finland – contains a fifth of the population; one fourth of employed persons; & one third of GDP of the whole country. Despite this, Finland's secondary cities have been growing and performing strongly over the past decade or so, in particular Tampere, Turku, Oulu & Kuopio.
Iceland (EU Candidate Country)	<ul style="list-style-type: none"> Urban structure dominated by capital, Reykjavík, with the Greater Reykjavík Area in the south-western region accounting for just under two-thirds of the country's population. Reykjavík itself is four times the size of the next largest city, Kópavogur.
Norway (Non-EU)	<ul style="list-style-type: none"> Not highly urbanised by European standards with only 5 cities with population exceeding 100,000, all located in the southern part of the country. All these major urban areas are growing with Oslo, Bergen, Stavanger and Trondheim growing particularly rapidly. Growth is also spreading towards small and medium-sized towns. Suburbanisation marked around major cities and small and medium-sized town in central regions.
Sweden	<ul style="list-style-type: none"> Sparsely populated country with most of the population concentrated in a small number of larger urban areas. Only 3 cities in Sweden have a population above 200,000 – the capital, Stockholm and Gothenburg and Malmö.
UNITARY STATES (EU15)	
France	<ul style="list-style-type: none"> Big gap between the French capital, Paris, and other large cities. "Second" city candidates (Lille, Lyon or Marseille) are about 6-7 times smaller in terms of population and economic weight. Paris and the large metropolitan areas of Lille, Lyon, Marseille and Strasbourg, Toulouse are growth areas. Suburbanisation marked in coastal regions of western and southern France and around some large metropolitan areas (Bordeaux, Montpellier and Toulouse).
Greece	<ul style="list-style-type: none"> Dominated by Athens, the primate capital with approximately 50% of the country's urban population.
Ireland	<ul style="list-style-type: none"> Dominated by Dublin and still a strong gap between it and larger urban centres in south, southeast, west & northwest including the key secondary cities of Cork, Limerick, Galway & Waterford. Population share of five gateway cities (the capital, Dublin, and Cork, Limerick, Galway and Waterford) declining.
Luxembourg	<ul style="list-style-type: none"> Dominated by the Luxembourg city-region with marked gap between it and the country's secondary cities in the south and the smaller towns in the rural areas situated to the north and east of the capital.
Netherlands	<ul style="list-style-type: none"> Highly urbanised and distinguished by a single major metropolitan region covering the four cities of Amsterdam, Rotterdam, The Hague and Utrecht - the Randstad.
Portugal	<ul style="list-style-type: none"> Lisbon dominates with Porto the main secondary city struggling to develop.
United Kingdom	<ul style="list-style-type: none"> Capital city region, Greater London, dominant but second tier of large cities seeing some recent growth (notably Bristol in the south west and Leeds in the north).
UNITARY STATES (EU12)	
Bulgaria	<ul style="list-style-type: none"> Falling urban population closely related to the continuing drop in the national population. Capital, Bucharest, experiencing slightly more decline than secondary cities.
Cyprus	<ul style="list-style-type: none"> Strongly monocentric with growth dominated by capital city.
Czech Republic	<ul style="list-style-type: none"> Fragmented settlement structure with large number of municipalities and dense network of small and medium-sized cities. Only three cities larger than 250,000 inhabitants – the capital, Prague, and Brno and Ostrava, where growth has largely been concentrated at the expense of other regional towns. Depopulation of inner city areas of large agglomerations. Slow population decline in capital and secondary cities.
Estonia	<ul style="list-style-type: none"> Dominated by capital, Tallinn and Tartu and Pärnu secondary cities. Secondary cities experiencing proportionately more population decline than capital. Suburbanisation of large city agglomerations.
Hungary	<ul style="list-style-type: none"> Strongly monocentric dominated by capital city, Budapest. Population increase highest in towns located around the Budapest agglomeration. Population loss in capital (possibly exaggerated by census procedures) and some growth in secondary cities.
Latvia	<ul style="list-style-type: none"> Strongly monocentric dominated by capital city, Riga. Capital losing proportionality more population than secondary cities. Suburbanisation accelerating in past decade.
Lithuania	<ul style="list-style-type: none"> Declining population in urban areas but decline less in capital than secondary cities.
Malta	<ul style="list-style-type: none"> Dominated by capital, Valletta.
Poland	<ul style="list-style-type: none"> Little change in the general pattern of population distribution; although Warsaw and its metropolitan area have been growing, both in absolute terms and in relation to other urban places, on account of internal, as well as international migration. More polycentric development with growth distributed amongst capital and various secondary cities (Warsaw, Kraków, Wrocław, Poznań, the Gornolaska conurbation, Gdansk-Sopot-Gdynia and Lodz). But there is still a question of overconcentration in the capital-city agglomeration. Suburbanisation affecting capital, Warsaw, and larger cities of Gdansk, Poznań, Wrocław, Cracow, on the one hand, and the cities of Rzeszów, Lublin, Białystok and Olsztyn in Eastern Poland on the other.

Romania	<ul style="list-style-type: none"> • Relatively balanced polycentric development with cities housing approximately 55% of the total population (around 22 million inhabitants). • Capital, Bucharest, gaining population while secondary cities experiencing declines.
Slovakia	<ul style="list-style-type: none"> • Strongly monocentric dominated by Bratislava-Trnava core area with the capital, Bratislava, at the centre. • Falling population in capital offset by some growth in secondary cities. • ‘Concentrated deconcentration’ in urban agglomerations – seeing inflow set against suburbanisation within the vicinity of largest cities. • Suburbanisation strongest around Bratislava and Kosice, the two largest agglomerations.
Slovenia	<ul style="list-style-type: none"> • Polycentric development based on 8 regional development centres, although with only two having populations over 100,000 – the capital, Ljubljana and the second largest city, Maribor. • Some population loss in capital offset by some growth in secondary cities.
OTHER UNITARY	
Croatia (EU Candidate Country)	<ul style="list-style-type: none"> • Monocentric development but slight population fall in capital, Zagreb, offset by growth in the three conurbations of Split, Rijeka and Osijek. Zagreb, however, is still four times the size of the second largest city, Split. • The uneven distribution of urban centres is a feature of the country’s urban system, with the largest concentrations of population around Zagreb in the north-west and Split and Rijeka on the coast in the north and south, respectively.

Source: CEMAT (2010), UN-Habitat (Hirt and Stanilov, 2009) and various others

7.15 It is clear, therefore, that policies for secondary cities have to adapt to existing urban structures and settlement systems. In the more polycentric and growing urban systems like Germany and Spain, for example, policy is going with the grain of urban development. In others where monocentricity is ingrained as, for example, in Ireland it is more of challenge and, in some senses, more about breaking the mould.

Early findings on GDP and productivity

7.16 We present the preliminary results of our data collection and analysis for capital and non-capital cities under three main headings:

- Economic significance – total GDP.
- Performance– GDP per capita and GDP change.
- Productivity – employment change and GDP per person employed.

We add five caveats to this section. First GDP data at city level are not available from EUROSTAT for Iceland, Norway and Switzerland so there are gaps for those countries in the tables. We are still attempting to fill these gaps from national statistical offices. Second, as we indicated in Section 3, economic, social and environmental issues are equally important and we recognise that GDP is only one measure of city performance and will be balanced by other measures, especially in the case studies. Third the indicators are for metro-regions and not for smaller administrative boundaries as explained above. Fourth, all data are provisional at this stage. Lastly, it is important to note that figures for GDP change over time have been deflated to convert nominal into real values. This allows us to identify real change. As price inflation has occurred in all countries over the period, the deflated percentage changes in real GDP are lower than the nominal changes.

Economic significance – capitals typically lead but secondaries matter

7.17 The **total GDP** of the selected 28 nation state capitals exceeds that of their leading non-capital counterparts in all countries except Germany and Italy. Nevertheless the upper echelons of total GDP rankings also include a number of very significant secondary cities. 12 of the top 28 European cities in terms of GDP are leading non-capital cities. These cities account for 32 of the top 50 cities. This is partly because the EU15 member states of the EU are more prosperous than the 12 newer members, which is reflected in the GDP of their respective capitals. All but 8 of the 100 cities with the highest GDP are located in the EU15 member states. However, the mixture of capital and non-capital cities in the leading total GDP rankings does show that the performance of ‘secondary’ cities matters a great deal to the EU’s economic weight and prosperity. Map 7.1 maps capital and leading non-capital cities according to total GDP in 2007 and Figures 7.1 to 7.6 divides these cities into six size bands to give an impression of where the most significant cities are located and where urban systems are weaker in terms of economic weight. This division stresses the importance of the core ‘pentagon’ area of Europe (London, Paris, Hamburg, Munich and Milan) together with a limited number of outliers.

7.18 The gap in GDP between the capital and other leading cities is often large. In 19 out of 25 countries the capital’s total GDP is more than twice that of the largest non-capital city and in some cases it is as much as eight or nine times greater.

7.19 We grouped together member countries according to the extent of the gap between the GDP of the capital and the leading non-capital city and found:

- Germany and Italy are the only member states where the largest non-capital city has a GDP which exceeds that of the capital. However, closer examination of their respective urban hierarchies

suggests that they are rather different cases. Germany contains a relatively balanced urban system owing to its federalised nature in which seven cities are of major economic importance, four of which have a higher GDP than Berlin the capital, the growth of which has been historically constrained. Italy by contrast is dominated by Milan and Rome, while other secondary cities significantly trail behind in terms of GDP.

- Italy has much more in common with Spain, Netherlands, Poland and Sweden where the most significant secondary centre has a total GDP of between 50-80% that of the capital. In most of these countries, the gap between the GDP of the capital and leading one or two secondaries and that of other major urban centres is as significant as the gap between the capital and the leading secondary.
- In ten member countries, the largest group, the largest secondary city has a total GDP between 25 and 50% that of the capital. These include 5 EU15 countries (Ireland, Denmark, Portugal, Belgium and Austria) and 5 EU12 countries (Lithuania, Slovakia, Slovenia, Estonia and Czech Republic).
- The capitals of Croatia, Finland, Bulgaria, Romania and Greece dominate their respective urban hierarchies since the GDP of the largest non-capital city in those countries is only between 15 and 25% that of the capital.
- Capitals dominate most in countries where the largest secondary produced only 10-15% of the GDP of the capital. These include UK and France where London and Paris hold sway owing to their status as global financial and cultural centres and also the highly centralised Eastern member states of Hungary and Latvia.
- We were unable to include Luxembourg, Cyprus, Malta, Iceland, Norway and Switzerland in the analysis owing to either the lack of a significant secondary city or the unavailability of data.

Map 7.1: Capital and Secondary Cities – Total GDP in PPS, 2007

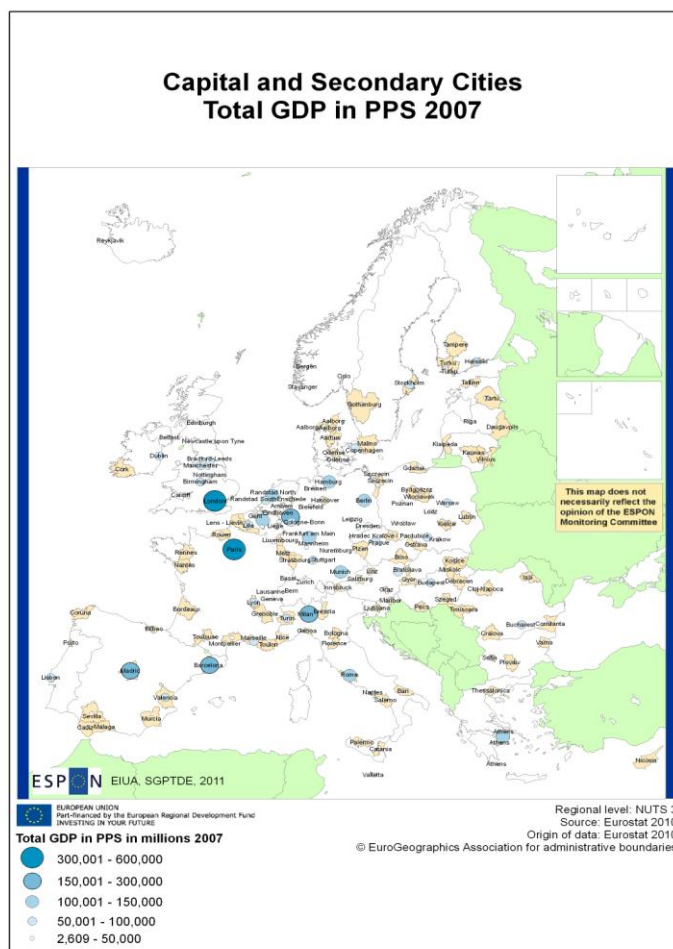


Figure 7.1: Total GDP in PPS in millions, 2007 – Largest secondary larger than capital: Germany and Italy

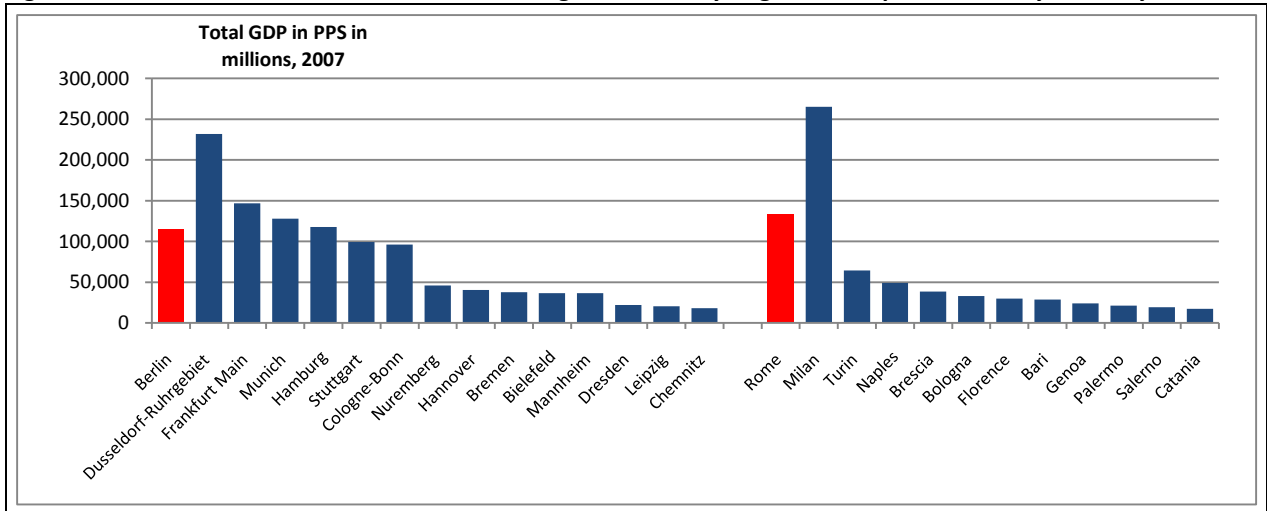


Figure 7.2: Total GDP in PPS in millions, 2007 – Largest secondary 80% to 50% size of capital: Spain, Netherlands, Sweden, Poland

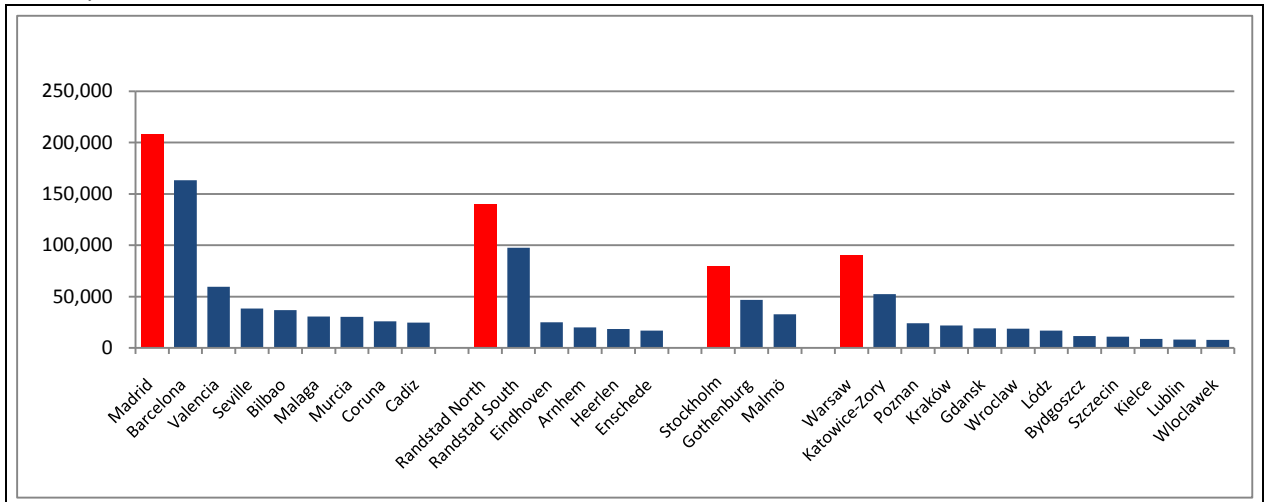


Figure 7.3: Total GDP in PPS in millions, 2007 – Largest secondary 50% - 25% size of capital: Lithuania, Slovakia, Ireland, Slovenia, Denmark, Portugal, Estonia, Belgium, Czech Republic, Austria

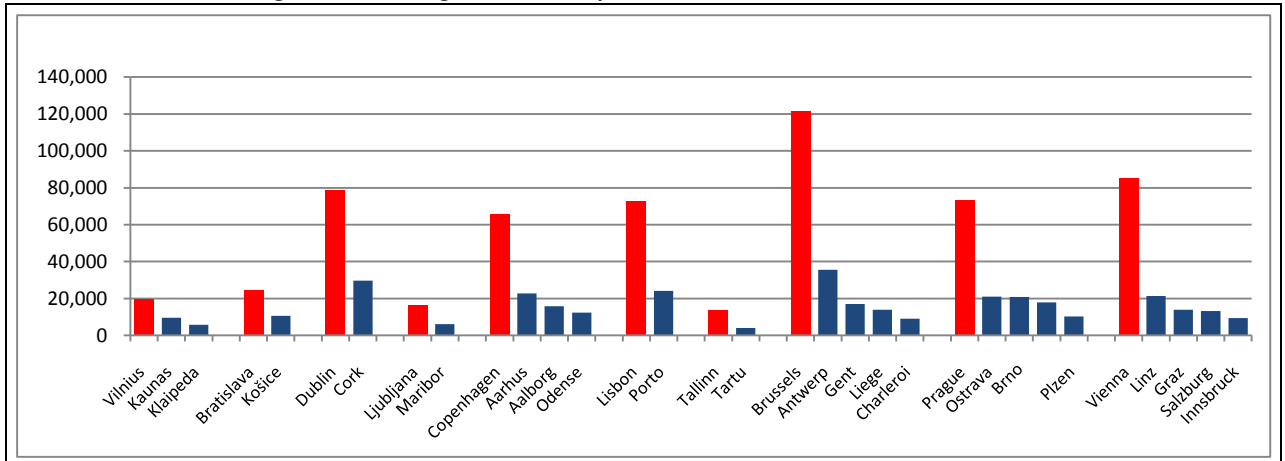


Figure 7.4: Total GDP in PPS in millions, 2007 – Largest secondary 25% - 15% size of capital: Croatia, Finland, Bulgaria, Romania, Greece

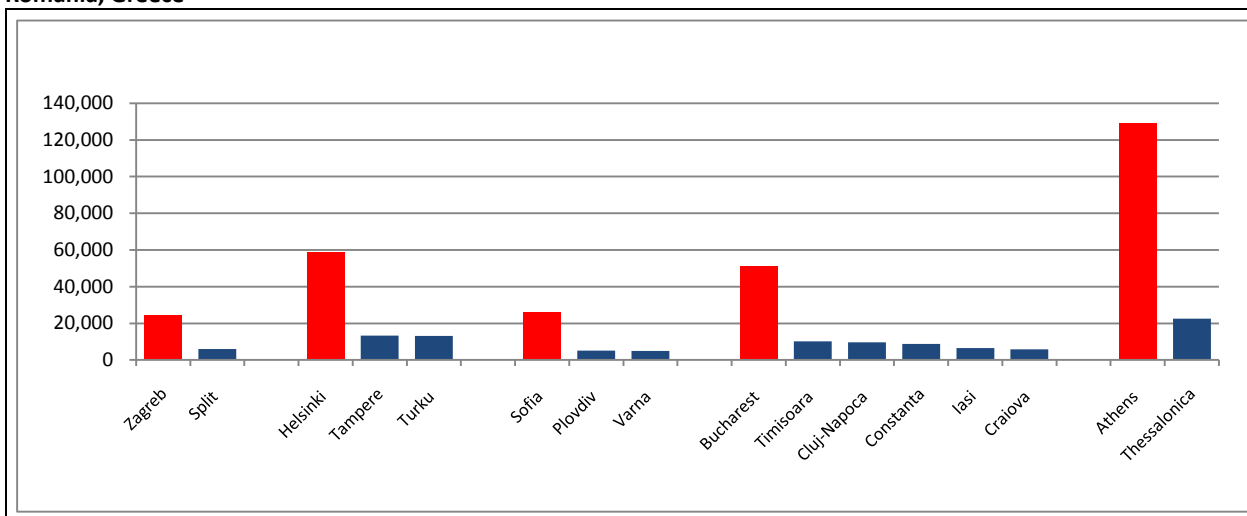


Figure 7.5: Total GDP in PPS in millions, 2007 – Largest secondary 15% - 10% size of capital: Latvia, France, UK, Hungary

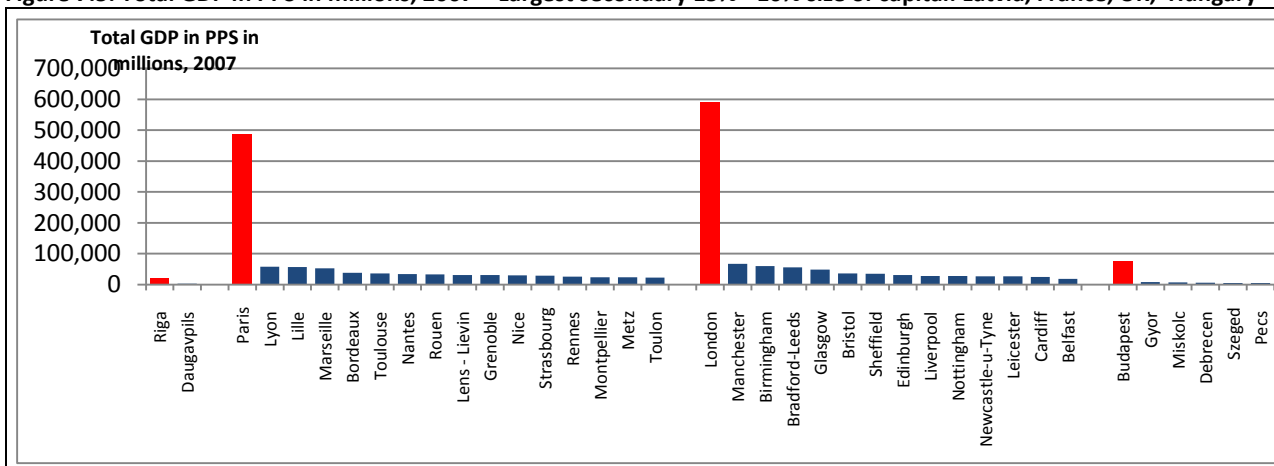
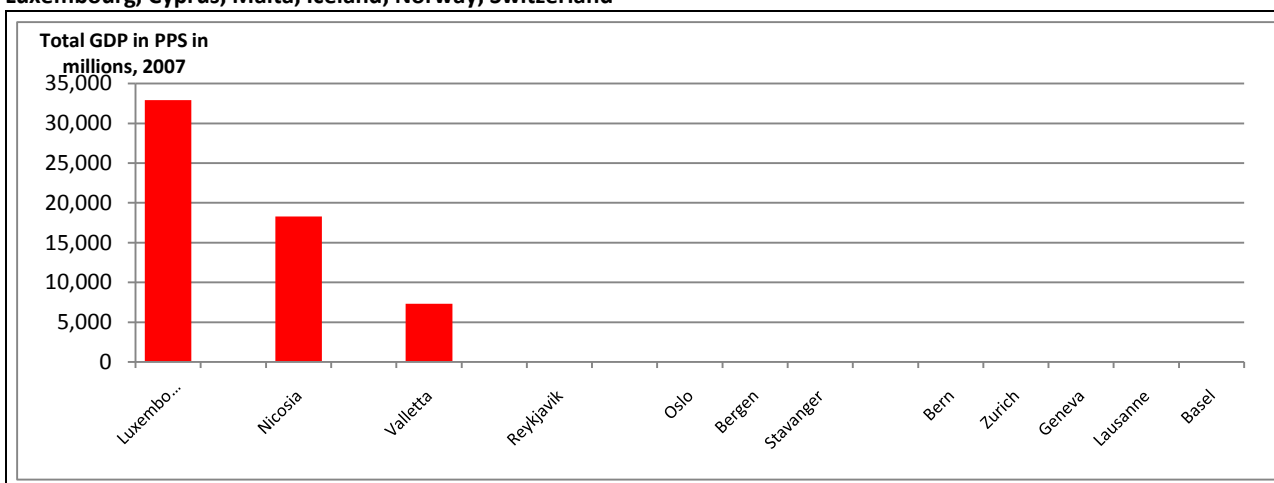


Figure 7.6: Total GDP in PPS in millions, 2007 – Countries where no secondary included or where city data unavailable: Luxembourg, Cyprus, Malta, Iceland, Norway, Switzerland



Performance – secondary cities matter but even more in EU15

7.20 Leading non-capitals also feature significantly in the list of the most highly ranked cities in terms of **GDP per capita**. 16 of the top 28 cities in terms of GDP per capita are leading non-capital cities, as are 34 of the top

50. All but 10 of the 100 cities with the highest GDP per capita are located in the EU15 member states. The performance gap between cities in EU12 and EU15 countries is striking – 25 of the 26 lowest ranked cities of the 146 cities examined were EU12 secondary cities. Map 7.2 shows the location of capital and leading non-capital cities according to GDP per capita and divides them into five size bands to give an impression of where the most productive, high value added cities are located and where urban systems are weaker in this sense. It again stresses the importance of the core area of Europe but shows that there are some significant outliers.

7.21 As with total GDP, we grouped together member countries according to the extent of the gap between the GDP per capita of the capital and the leading non-capital city and found (Figures 7.7 to 7.12):

- The GDP per capita of the leading non-capital city in Germany, Austria, Italy, Belgium and Ireland exceeded that of their respective capitals in 2007.
- The GDP per capita of the leading non-capital city in Spain, UK, Netherlands and France lagged behind that of their respective capitals in 2007 to only a modest degree - by between 5 and 20%.
- In Denmark, Poland, Sweden, Finland and Portugal, the GDP per capita of the leading non-capital city lagged behind that of the capital by between 20 and 30% in 2007.
- Leading non-capital cities in Hungary, Romania, Lithuania, Greece, Czech Republic, Slovenia and Croatia significantly trail behind their capitals in terms of GDP per capita – by between 30-45%.
- In Bulgaria, Estonia, Latvia and Slovakia, the gap in GDP per capita between capital and leading non-secondary is very large indeed ranging from 50 to 65%.
- The gap in performance between the capital and leading non-capital cities tends to be much greater in the EU12 than in the EU15 countries.
- Again, we were unable to include Luxembourg, Cyprus, Malta, Iceland, Norway and Switzerland in the analysis owing to either the lack of a significant secondary city or the unavailability of data.

Map 7.2: Capital and Secondary Cities – GDP per capita in PPS, 2007

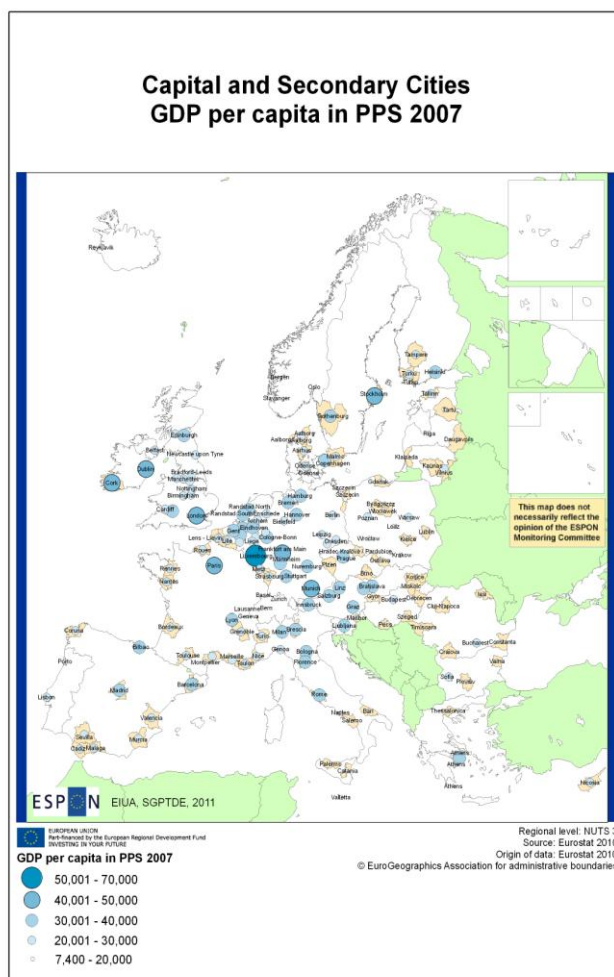


Figure 7.7: Top secondary outperforms capital: Germany, Austria, Italy, Belgium and Ireland

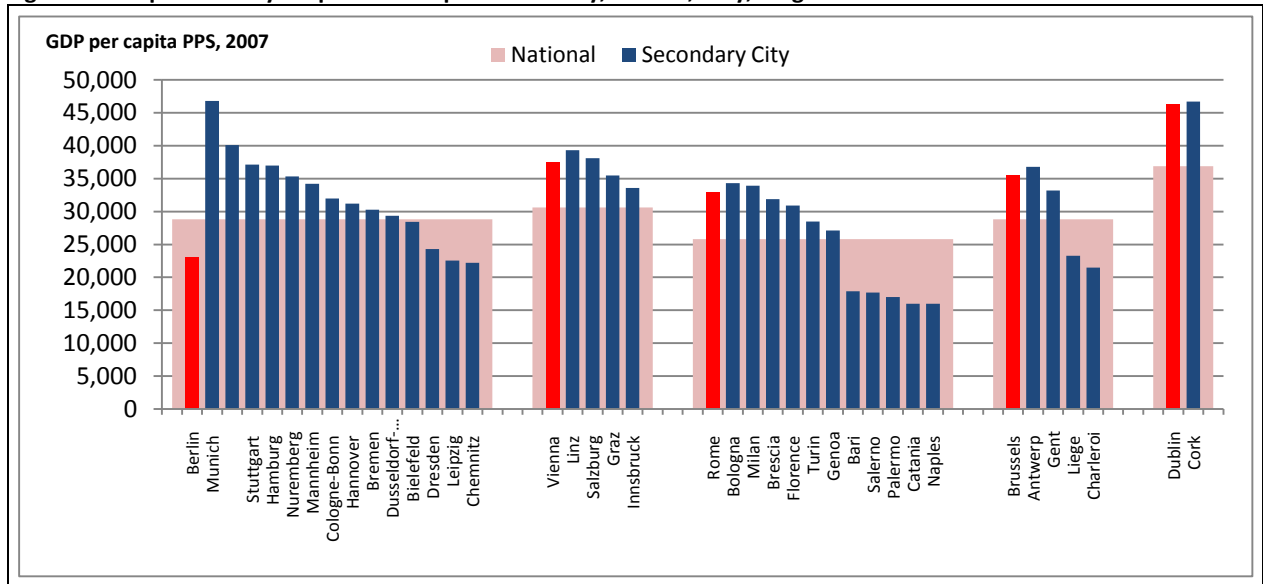


Figure 7.8: Top secondary lags capital 5%-20%: Spain, UK, Netherlands and France

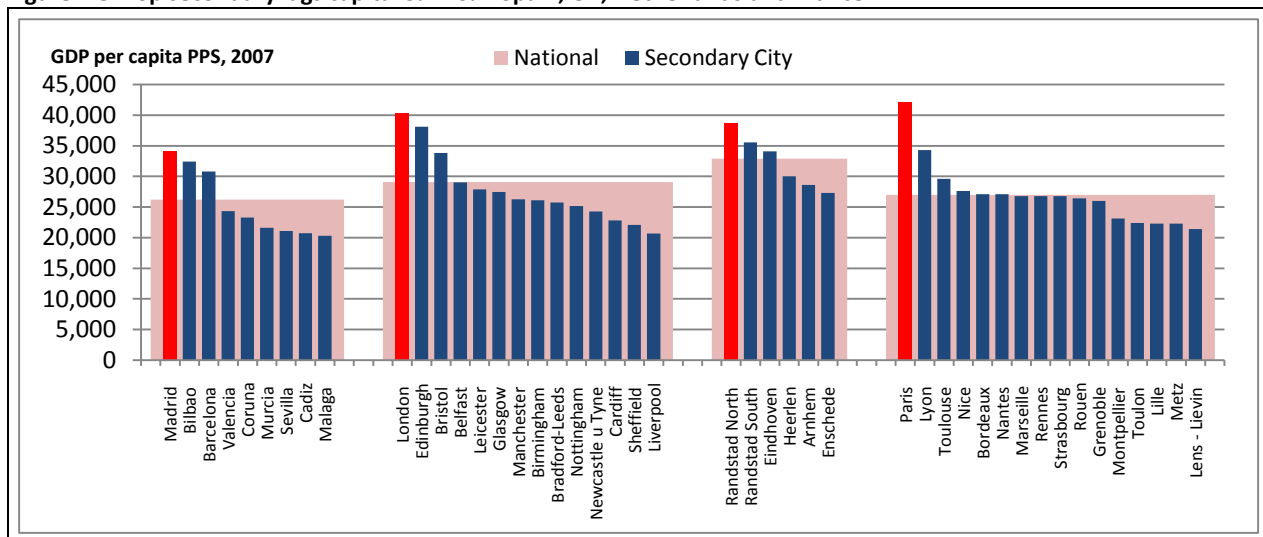


Figure 7.9: Top secondary lags capital by 20-30%: Denmark, Poland, Sweden, Finland & Portugal

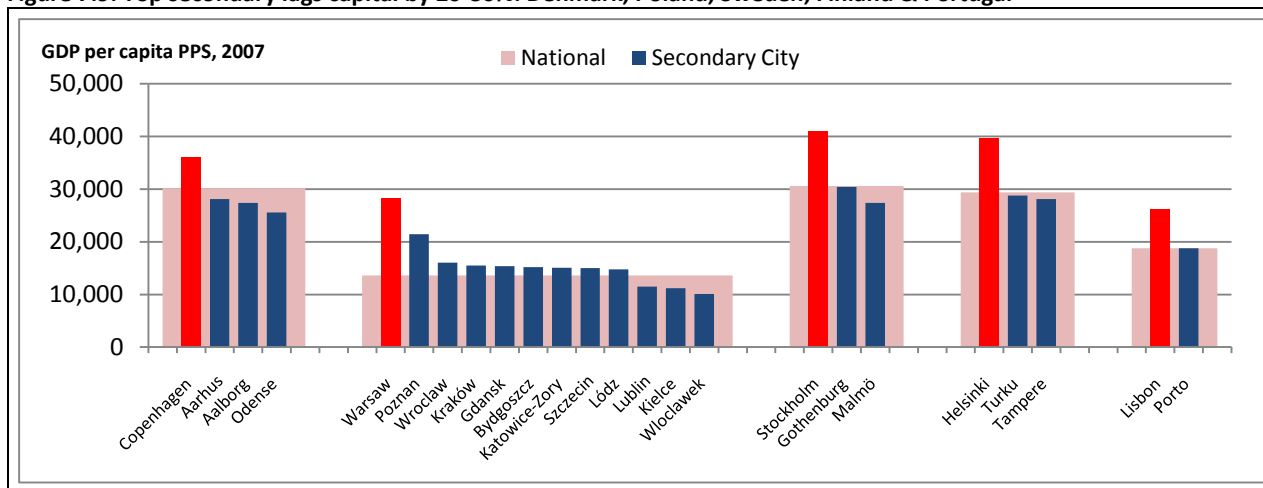


Figure 7.10: Top secondary lags capital by 30-45%: Hungary, Romania, Lithuania, Greece, Czech Republic, Slovenia and Croatia

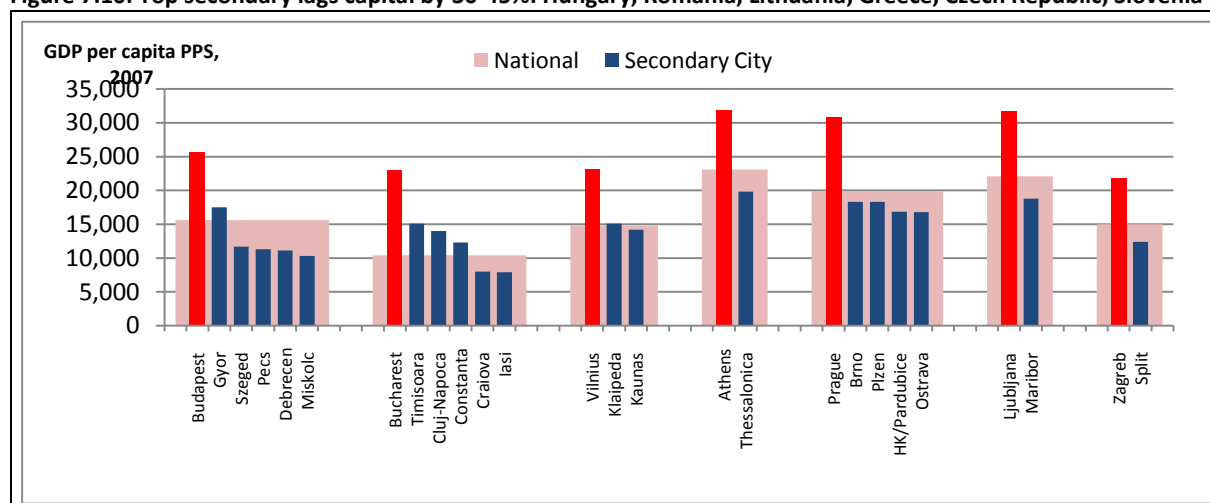


Figure 7.11: Top secondary lags capital by 50-65%: Bulgaria, Estonia, Latvia and Slovakia

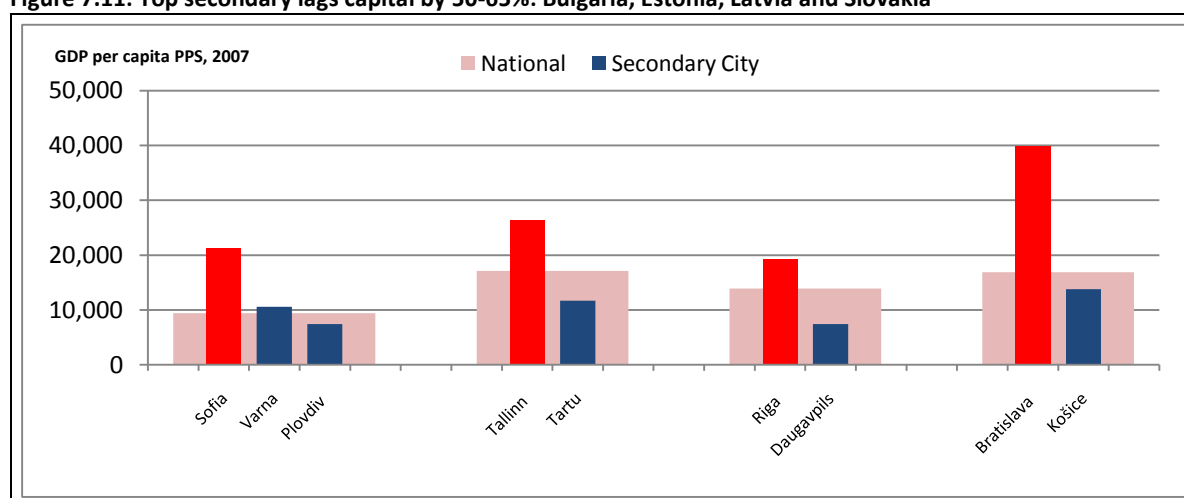
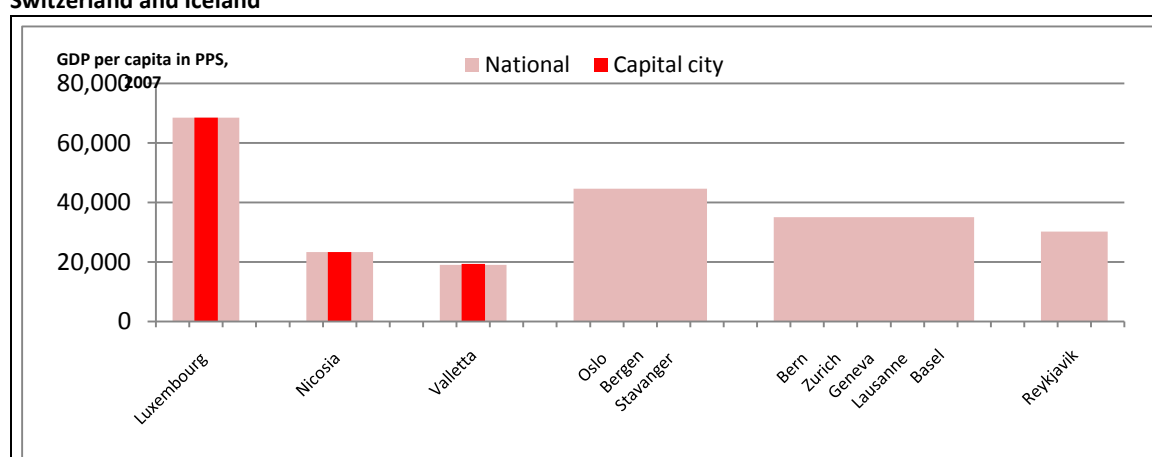


Figure 7.12: Countries no secondary included or data unavailable: Luxembourg, Cyprus, Malta, Norway, Switzerland and Iceland



7.22 *Recent performance of secondaries— closing the gap with capitals in many but not all countries*
 As well as comparing total GDP and GDP per capita data in the 146 selected cities in 2007, we have also examined the **change in total GDP** over the period 2000-2007 to establish whether leading non-capital cities are catching up, holding their own or falling behind their respective capitals. We have deflated the data and calculated annual percentage change over the period. In 15 of the 25 countries, one or more

secondary cities recorded higher annual percentage growth in total GDP than their respective capital cities. This was especially true of Germany, France, Austria, and Spain. It also appeared to be the case in Sweden and Finland, though in those countries it is important to remember that we are only looking at a limited number of cities. A significant number of secondary cities in the EU are putting in strong performances (Map 7.3).

7.23 In Central, North and West Europe and the regionalised states in South Europe, some secondary cities are outperforming their capitals in terms of GDP, although differences in growth rates are often small and in some countries, such as UK and France, the capitals continue to dominate by a considerable margin (Figures 7.13 to 7.17). The general picture across the former socialist states in East, Central East and South East Europe, however, is one in which capitals are pulling away from secondary cities and strengthening their position (7.19 to 7.21). The relatively few exceptions are: Latvia in the East, where Daugavpils showed a slightly faster growth rate than Riga (Figure 7.20); and Croatia and Romania in the South East, where, respectively, Split outperformed Zagreb and Timisoara and Cluj outperformed Bucharest (Figure 7.21).

7.24 In countries with a significant number of major cities, it is noticeable that a considerable number of leading cities exceeded national growth rates in Germany (seven), France (nine) and Spain (five) (Figures 7.13, 7.16 and 7.17, respectively).

Map 7.3: Total GDP – average annual % change, 2000-7

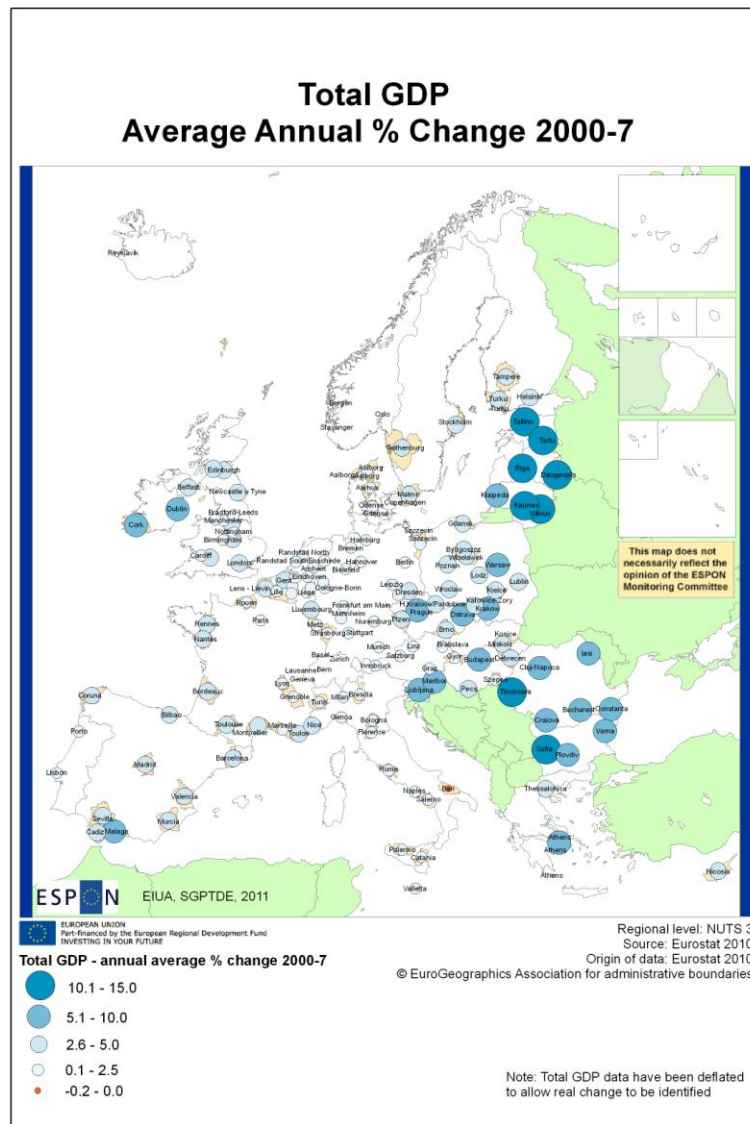
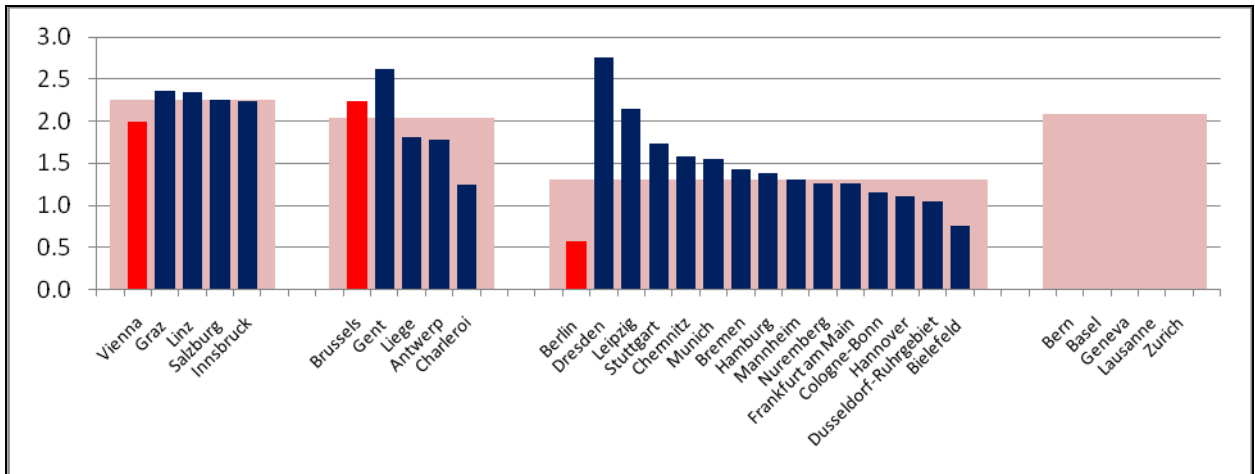
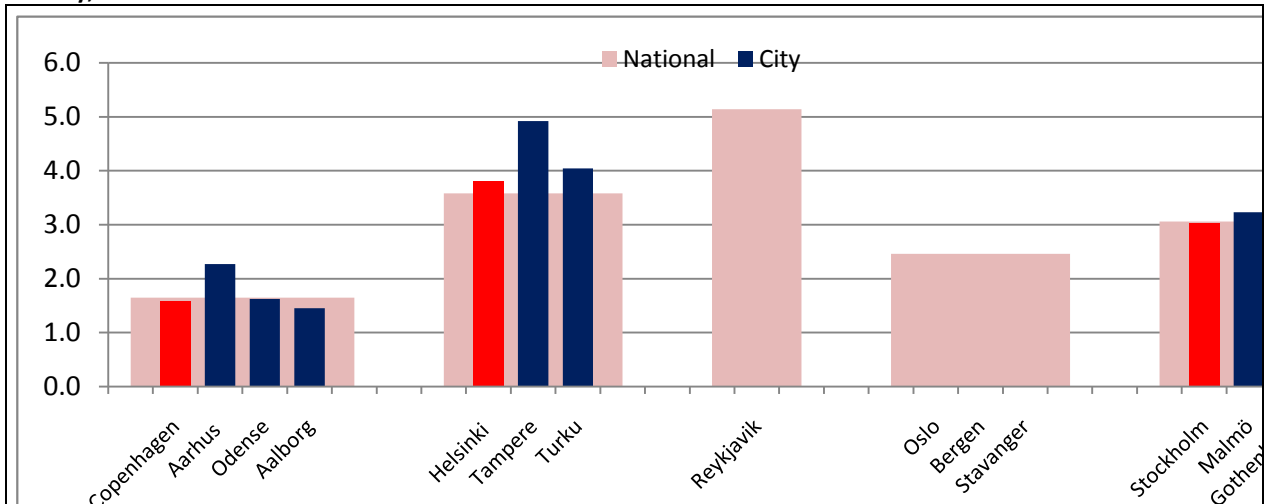


Figure 7.13: Total GDP – average annual % change, 2000-7 – Central: Federal states of Austria, Germany and Switzerland



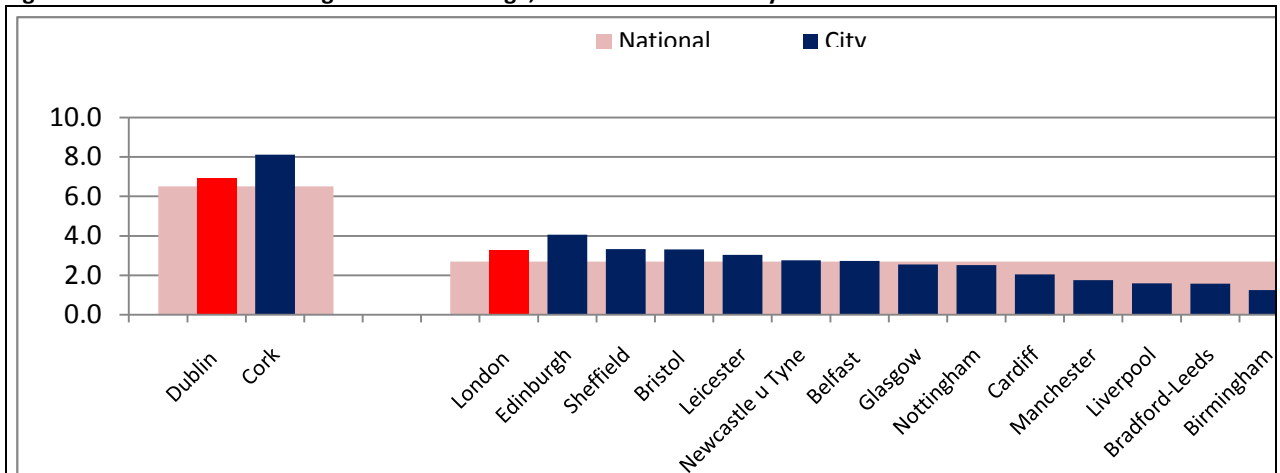
Source: Eurostat. Swiss city data will be collected from the Swiss national statistical office

Figure 7.14: Total GDP – average annual % change, 2000-7 - Northern 'Nordic' Systems: Denmark, Finland, Iceland, Norway, Sweden



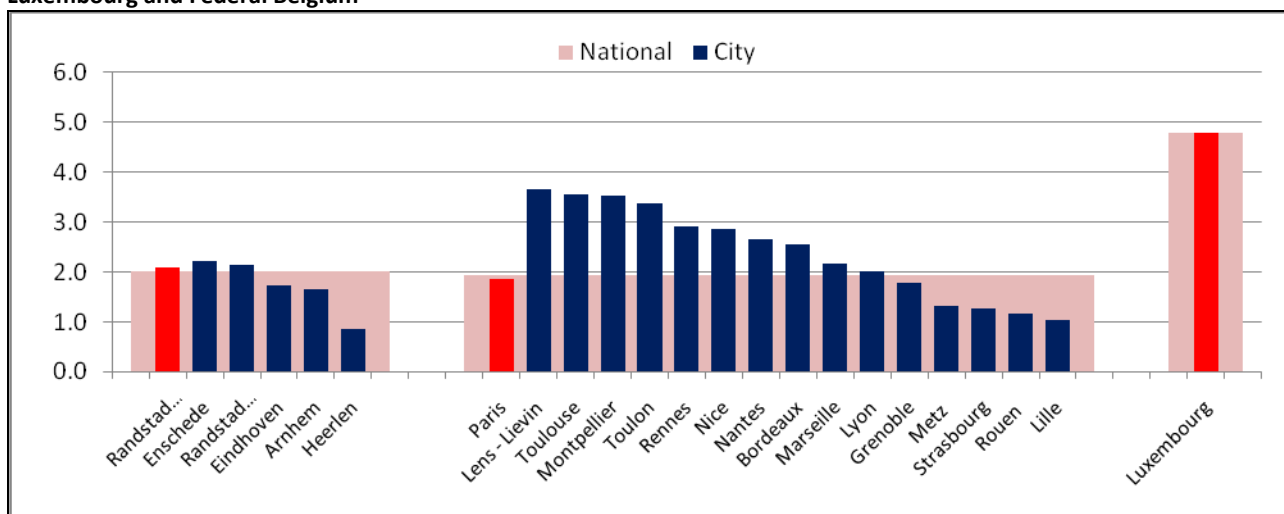
Source: Eurostat. Norwegian city data will be collected from the Norway national statistical office

Figure 7.15: Total GDP – average annual % change, 2000-7 - West: Unitary states of Ireland and UK



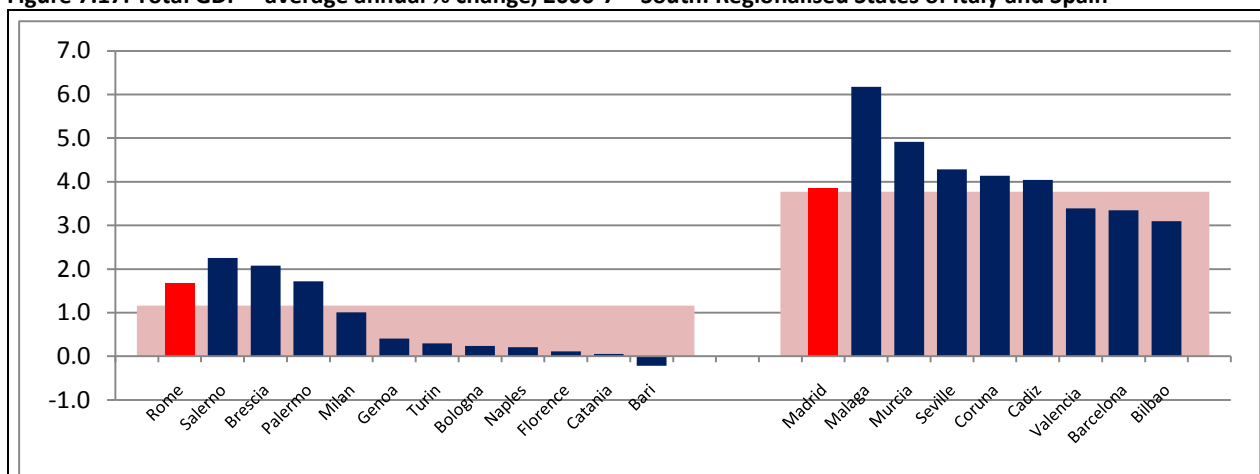
Source: Eurostat

Figure 7.16: Total GDP – average annual % change, 2000-7 West: Unitary states of Netherlands, France and Luxembourg and Federal Belgium



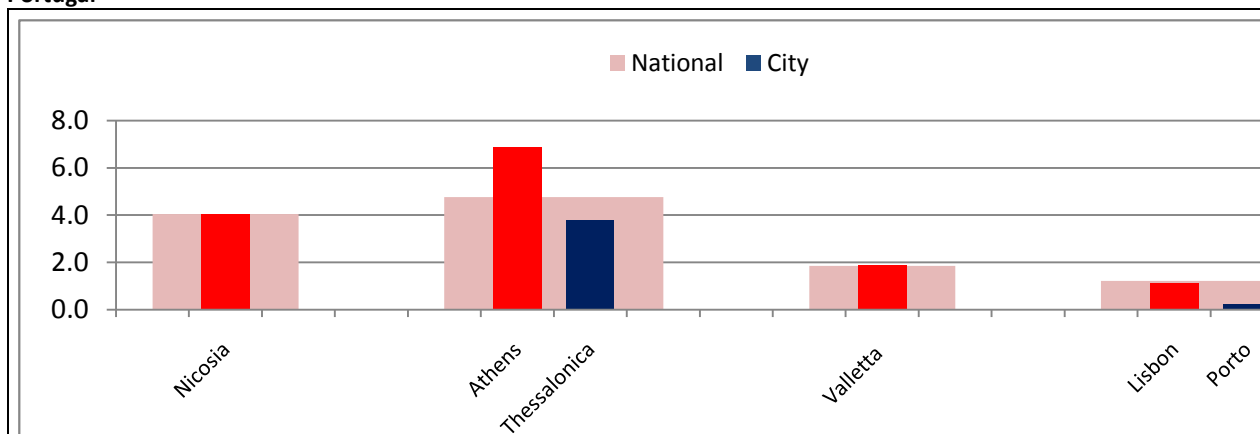
Source: Eurostat. 2007 Netherlands data are provisional

Figure 7.17: Total GDP – average annual % change, 2000-7 - South: Regionalised States of Italy and Spain



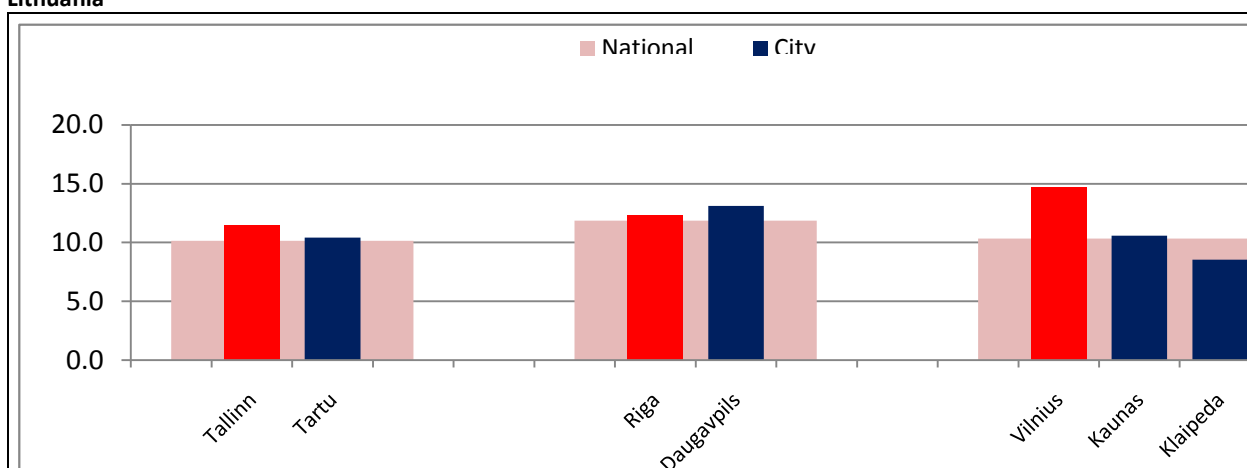
Source: Eurostat

Figure 7.18: Total GDP – average annual % change, 2000-7 - South: Unitary states of Cyprus, Greece, Malta and Portugal



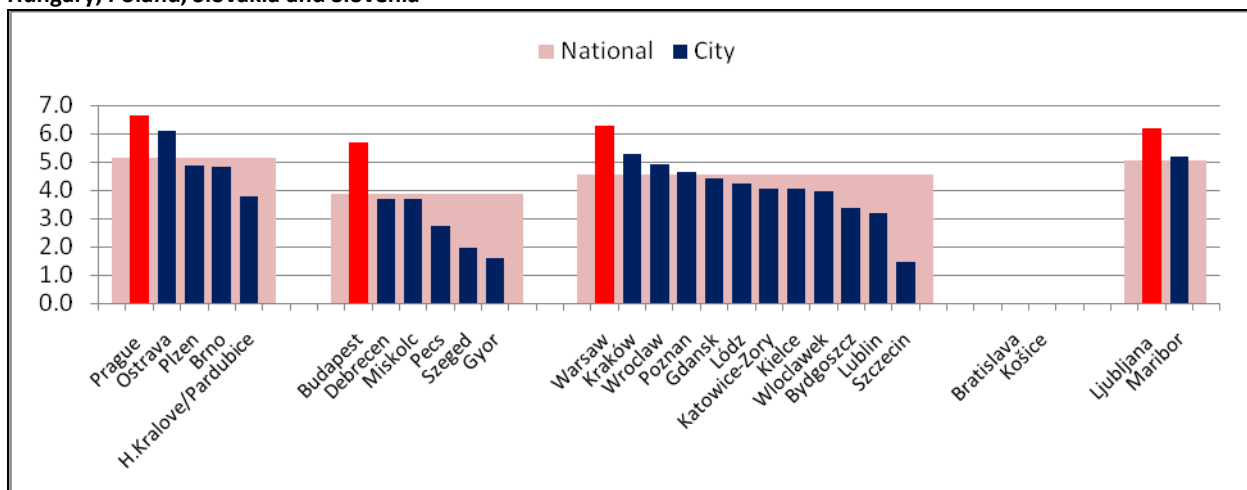
Source: Eurostat

Figure 7.19: Total GDP – average annual % change, 2000-7 - East: Former socialist states of Estonia, Latvia and Lithuania



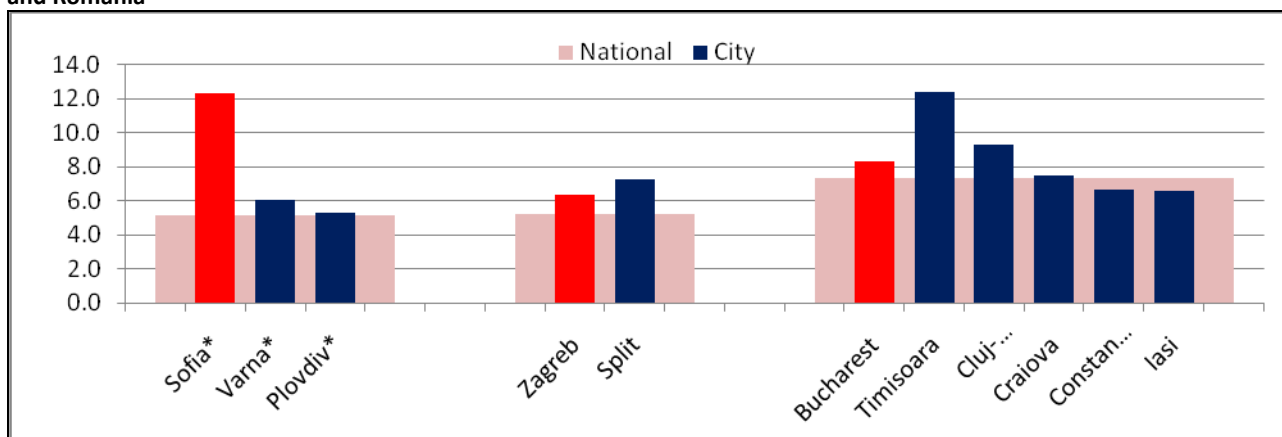
Source: Eurostat

Figure 7.20: Total GDP – average annual % change, 2000-7 - Central East: Former socialist states of Czech Republic, Hungary, Poland, Slovakia and Slovenia



Source: Eurostat. * We are awaiting data for Slovakia

Figure 7.21: Total GDP – average annual % change, 2000-7 South East: Former Socialist States of Bulgaria, Croatia and Romania



Source: Eurostat. * Bulgaria figures are for 2000-5 and 2006-7

Total GDP change – changing balance between capitals and secondaries

7.25 Table 7.4 shows, for each country and regional grouping, the changing shares accounted for by capital and leading secondary cities of the total GDP that they together produced in both 2000 and 2007. It attempts to show how the balance between capitals and their secondaries shifted over the period.

7.26 The changes are only slight but they nevertheless give an indication of possible trends. Of the twenty-four countries for which we currently have GDP data and which have one or more leading secondary cities, the change in the share of secondaries remained stable in nine countries, increased in five and fell in ten. The majority of countries have thus seen secondary cities hold their own or slightly improve their relative position. There remain, however, notable territorial differences:

- Secondary city shares remained stable in all three of the Central Federal states for which we have data.
- In the Nordic states, both Denmark and Finland saw secondary cities slightly increase their share while it remained stable in Sweden.
- The unitary states provide a mixed picture. In West Europe, France and Ireland both saw their secondary cities increase their relative share while the share remained stable in Netherlands and fell in the UK.
- Of the regionalised states in Southern Europe, the share stayed stable in Spain but fell in Italy. It also fell in both Greece and Portugal.
- The relative weakness of some of the secondary cities in the former socialist states of Eastern Europe is underlined. Of the ten countries, only one, Croatia in the South East saw an increase in secondary city share and only three saw this share remain stable - in Estonia and Latvia in the East and Romania in the South East. The remaining six - Lithuania in the East, the Czech Republic, Hungary, Poland, and Slovenia in Central East and Bulgaria in the East – all saw their secondary city shares fall, indicating a relative weakening of their position.

Table7.4: Share (%) of total GDP - capitals and principal secondary cities, 2000 and 2007

Regional grouping/ political system/ country	Capital cities Share (%)		Principal secondaries Share (%)		Change in share of principal secondaries 2000-2007		
	Total GDP 2000	Total GDP 2007	Total GDP 2000	Total GDP 2007	Increase	Stable	Decrease
Central: Federal states							
Austria	60	60	40	40		✓	
Belgium	62	62	38	38		✓	
Germany	10	10	90	90		✓	
Switzerland	n/a	n/a	n/a	n/a			
Northern (Nordic) Systems							
Denmark	57	56	43	44	✓		
Finland	70	69	30	31	✓		
Iceland	n/a	n/a	n/a	n/a			
Norway	n/a	n/a	n/a	n/a			
Sweden	50	50	50	50		✓	
West: Unitary states and Federal Belgium							
France	49	48	51	52	✓		
Ireland	74	73	26	27	✓		
Luxembourg	100	100	0	0			
Netherlands ¹	44	44 ¹	56	56 ¹		✓	
United Kingdom ²	53	55	47	45			✓
South: Regionalised states							
Italy	17	18	83	82			✓
Spain	34	34	66	66		✓	
South: Unitary states							
Cyprus	100	100	0	0			
Greece	83	85	17	15			✓
Malta	100	100	0	0			
Portugal	74	75	26	25			✓
East: Former socialist states)							
Estonia	77	77	23	23		✓	
Latvia	89	89	11	11		✓	

Lithuania	52	56	48	44			✓
Central East: Former socialist states)							
Czech Republic	49	51	51	49			✓
Hungary	67	71	33	29			✓
Poland	29	31	71	69			✓
Slovakia	n/a	n/a	n/a	n/a			
Slovenia	72	73	28	27			✓
South East: Former socialist states)							
Bulgaria ³	64	69 ³	36	31 ³			✓
Croatia	81	80	19	20	✓		
Romania	56	56	44	44		✓	

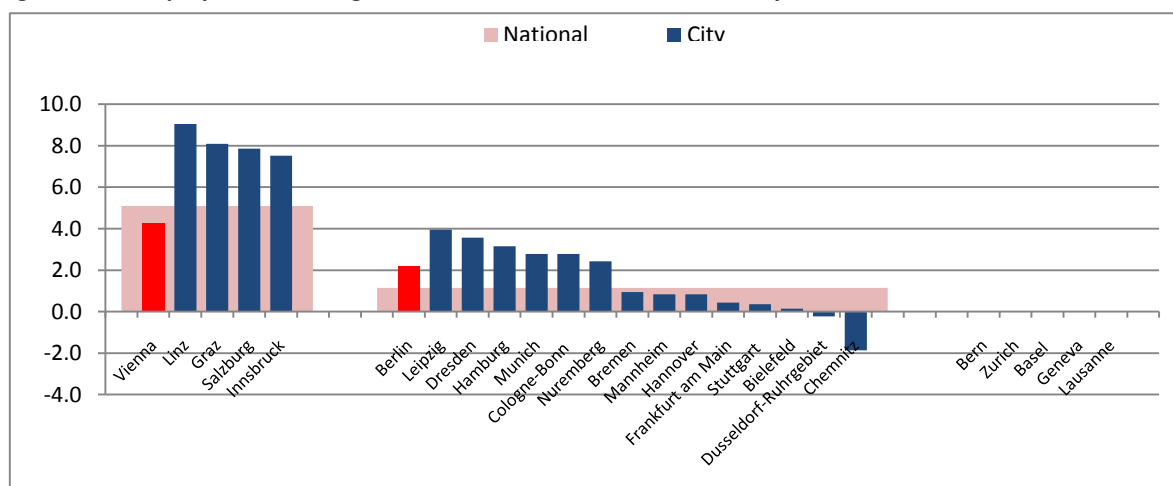
Notes: 1 2007 data provisional 2 Excluding Belfast Data for 2000 and 2005

Recent employment change - secondaries performing relatively well – but marked territorial differences

7.27 Capital cities dominate **employment**. In only five European states do individual secondary metropolitan regions have more employment than their respective capital city regions – Dusseldorf-Ruhrgebiet in Germany, Milan in Italy, Zurich in Switzerland, Katowice-Zory in Poland and Košice in Slovakia (see Annex for national employment profiles). Looking at **recent employment change**, however, a more revealing pattern is visible.

7.28 In the central Federal States of Austria and Germany, four and six secondaries, respectively, outperformed their capital city (Figures 7.22). In Germany, the difference in performance was not simply a contrast between former east and west German cities – with Leipzig in the east performing relatively well in relation to Berlin and, for example, Frankfurt and Stuttgart, in the west, less well.

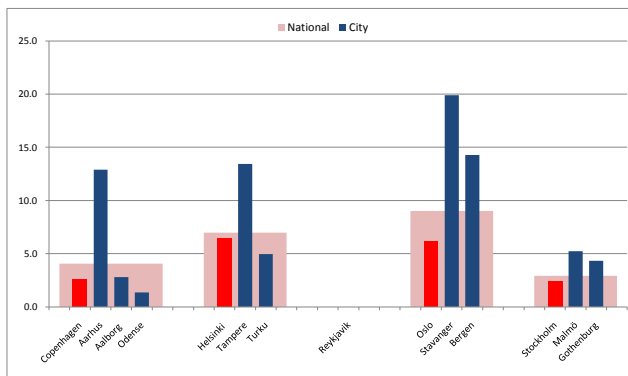
Figure 7.22: Employment % Change 2001-2007 - Central: Austria, Germany and Switzerland



Source: Eurostat

7.29 Non-capital cities in the four **Nordic states** of Denmark, Finland, Norway and Sweden all showed relatively strong growth in relation to their capital: Aarhus in Denmark, Tampere in Finland, Stavanger and Bergen in Norway and Malmö and Gothenburg in Sweden (Figure 7.23).

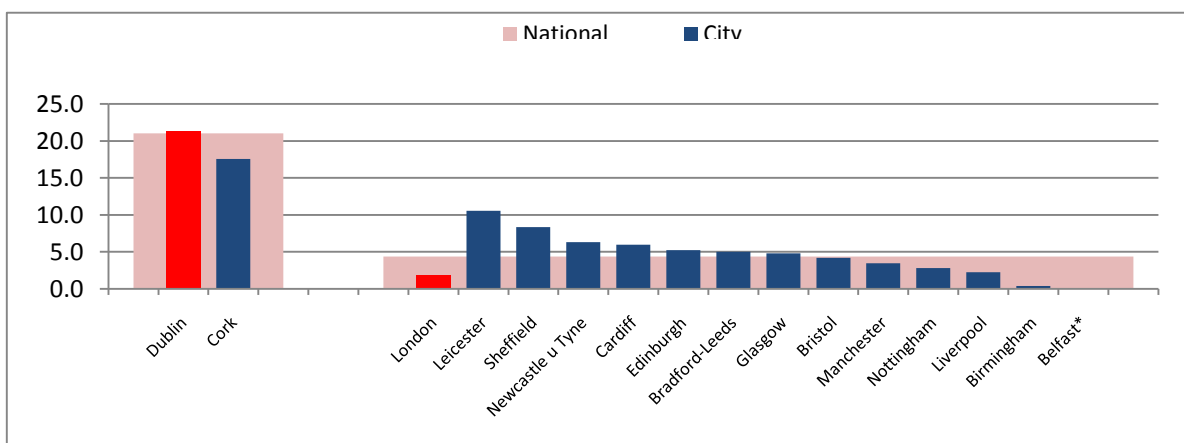
Figure 7.23: Employment % Change 2001-2007 - North: Denmark, Finland, Iceland, Norway and Sweden



Source: Eurostat

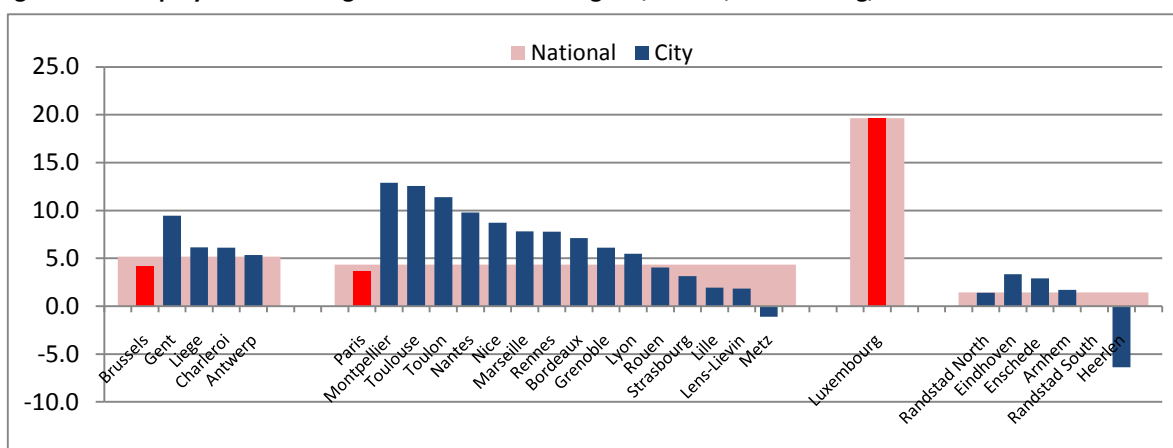
7.30 In **West Europe**, secondaries also performed relatively well in relation to their capitals with the exception of Ireland, where employment growth in Cork was below Dublin’s growth rate (Figure 7.24). In the UK, all the English core cites performed relatively well in relation to the capital, as did Cardiff, Edinburgh and Glasgow (Figure 7.24). In Federal Belgium, all four secondaries outperformed Brussels. In France, ten secondaries outperformed Paris and three secondaries in the Netherlands outperformed the capital metropolitan region (Figure 7.25).

Figure 7.24: Employment % Change 2001-2007 - West: Ireland and UK



Source: Eurostat and Nomis (UK data). * Belfast data are unavailable; national data for UK are in fact for Great Britain

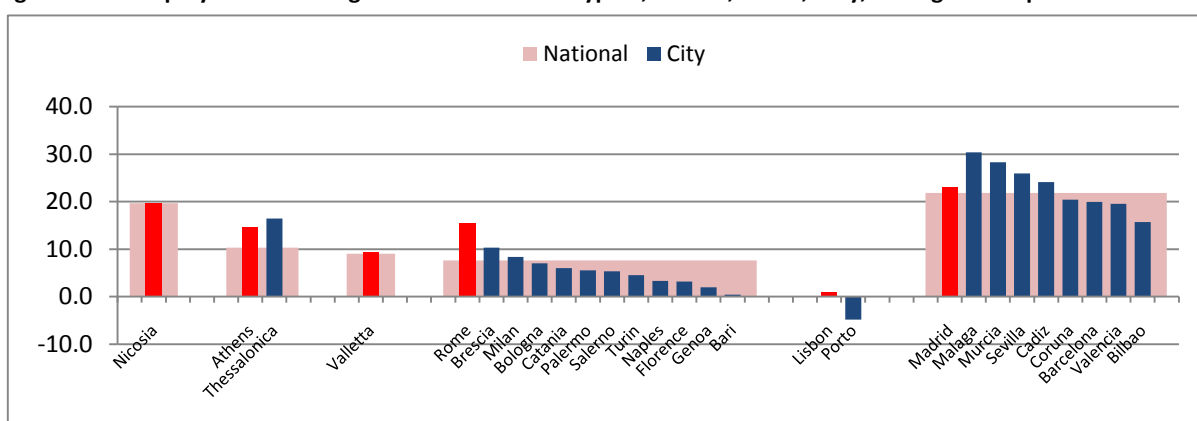
Figure 7.25: Employment % Change 2001-2007 West: Belgium, France, Luxembourg, Netherlands



Source: Eurostat

7.31 In **South Europe**, the picture is more mixed (Figure 7.26). Greece's principal non-capital city outperformed Athens. In Spain performance was evenly split with four of its secondaries outperforming and four underperforming in comparison with Madrid. Italy stands out, with none of its secondaries matching Rome's growth rate.

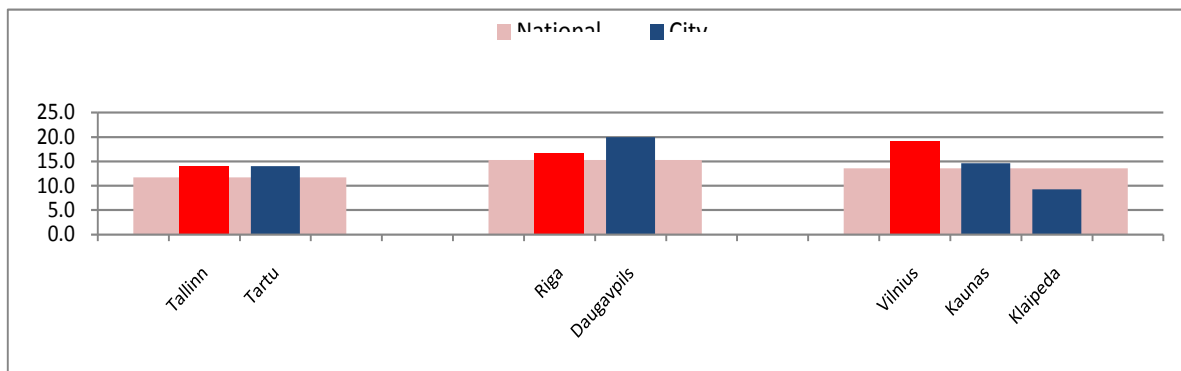
Figure 7.26: Employment % Change 2001-2007 South: Cyprus, Greece, Malta, Italy, Portugal and Spain



Source: Eurostat

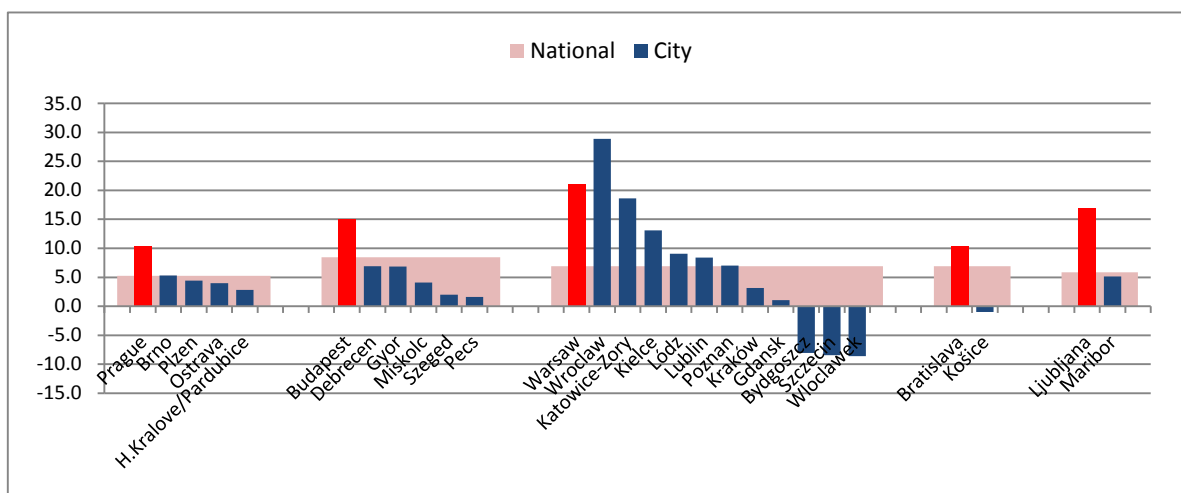
7.32 In the **former socialist states of central, eastern and south-eastern Europe** the overall performance of secondary cities, with a few notable exceptions, is markedly much weaker than their western and northern counterparts (Figures 7.27 to 7.29). In only three of the eleven states did a relatively small number of secondaries have faster growth rates than their capital cities: Latvia (Daugavpils), Poland (Wroclaw) and, for a shorter time-period, Bulgaria (Varna and Plovdiv). In the others, the capitals had stronger growth rates. In polycentric Poland, three of its eleven principal secondaries actually saw employment decline. Romania also stands out with four of its five secondaries also seeing employment decline while the capital grew.

Figure 7.27: Employment % Change 2001-2007 East: Estonia, Latvia, Lithuania



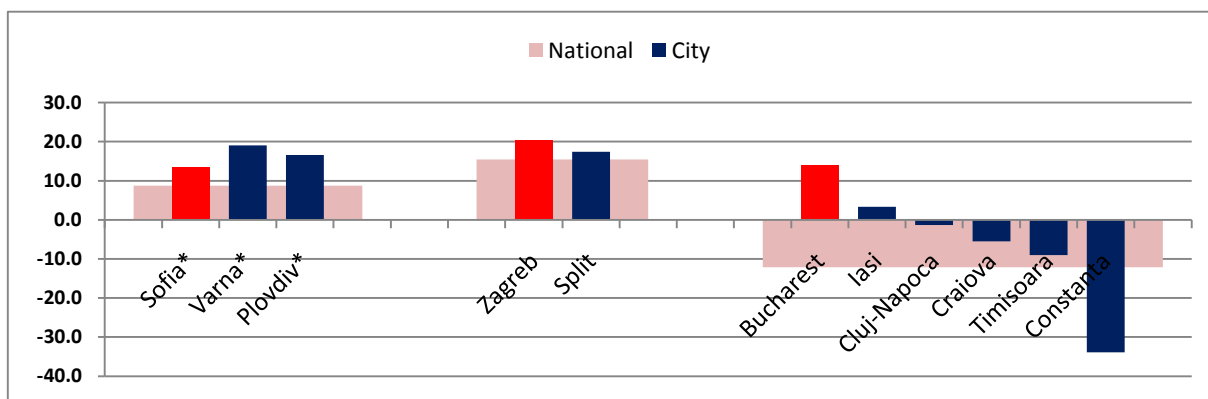
Source: Eurostat

Figure 7.28: Employment % Change 2001-2007 Central East: Czech Republic, Hungary, Poland, Slovakia, Slovenia



Source: Eurostat

Figure 7.29: Employment % Change 2001-2007 South East: Bulgaria, Croatia, Romania



Source: Eurostat. * Bulgaria data are for 2001-5 rather than 2001-7

Productivity – some impressive secondary city growth rates

7.33 The trends in output and employment described above together combine to produce some interesting patterns in productivity change. Map 7.4 and Figures 7.30 to 7.38 show average annual percentage changes in GDP per person employed for capital and secondary cities over the 2001 to 2007 period.

7.34 In Central Europe, none of Austria’s secondary cities had faster growth rates than the capital while the reverse was the case in Germany where all of the secondary cities had growth rates above that of Berlin. And it is revealing to note that some of the fastest growth rates were recorded in some of the cities from

the former socialist GDR – Chemnitz, Dresden and Leipzig. This perhaps reflects the integration of these cities into the already fast-growing West German economy. (Figure 7.30).

Map 7.4: GDP per person employed – average annual % change, 2001-7

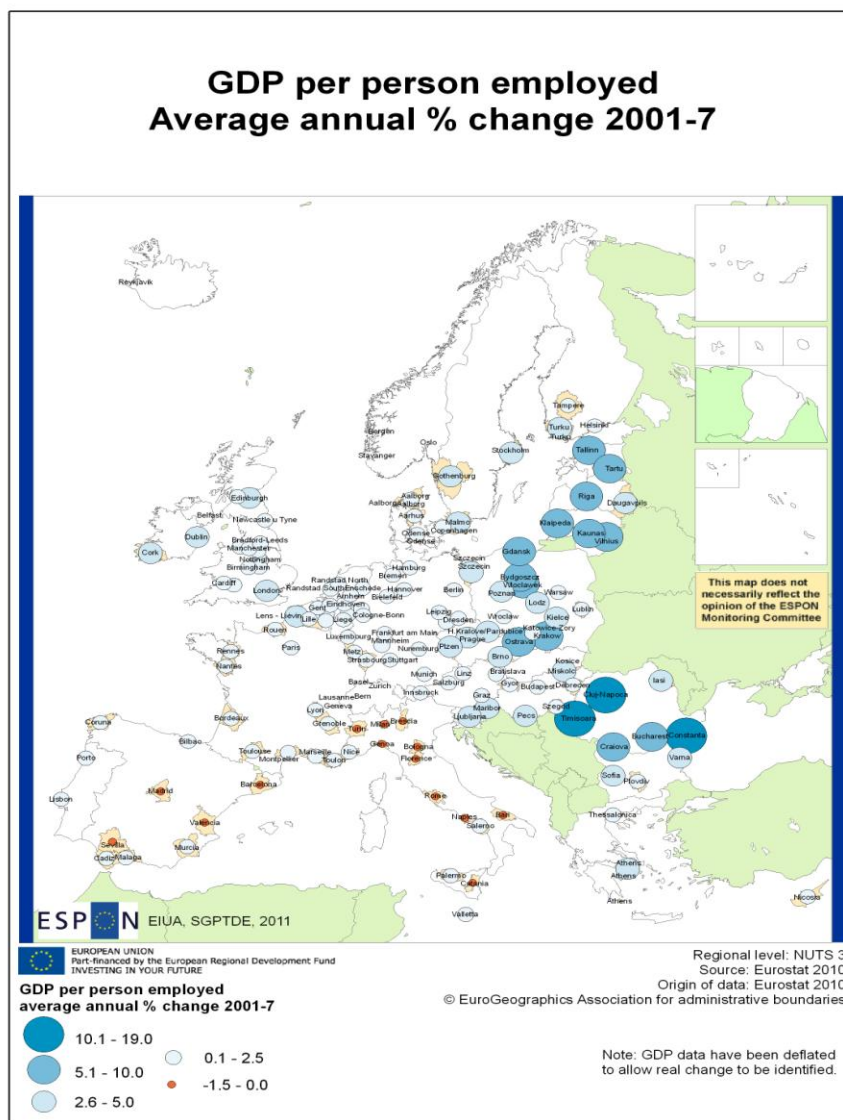
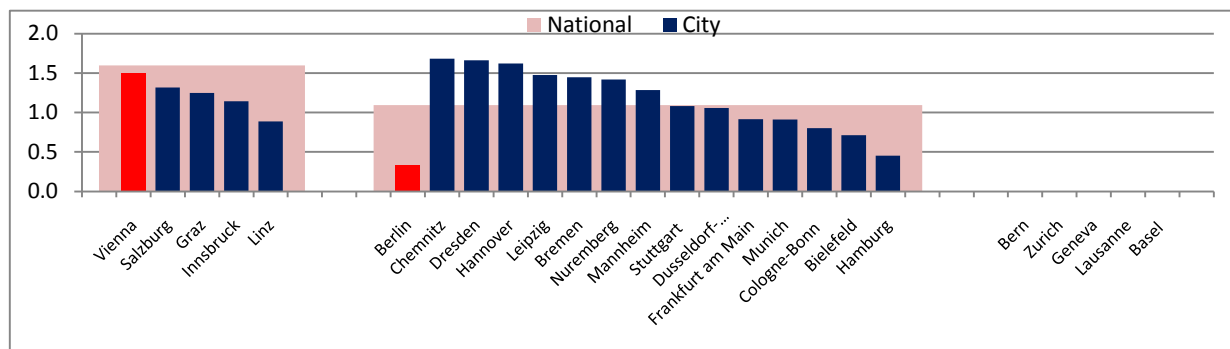


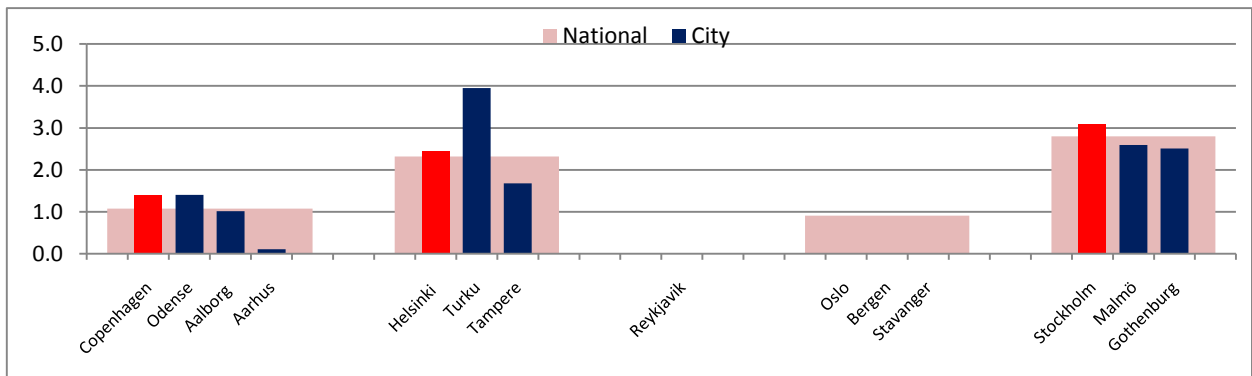
Figure 7.30: GDP per person employed - average annual % change, 2001-7 Central: Federalised States of Austria, Germany and Switzerland



Source: Eurostat, Swiss city data will be collected from the Swiss national statistical office

7.35 In the Nordic states, the particularly strong relative performance of Turku in Finland stands out. Along with Odense in Denmark, it was the only secondary to outperform the capital. (Figure 7.31).

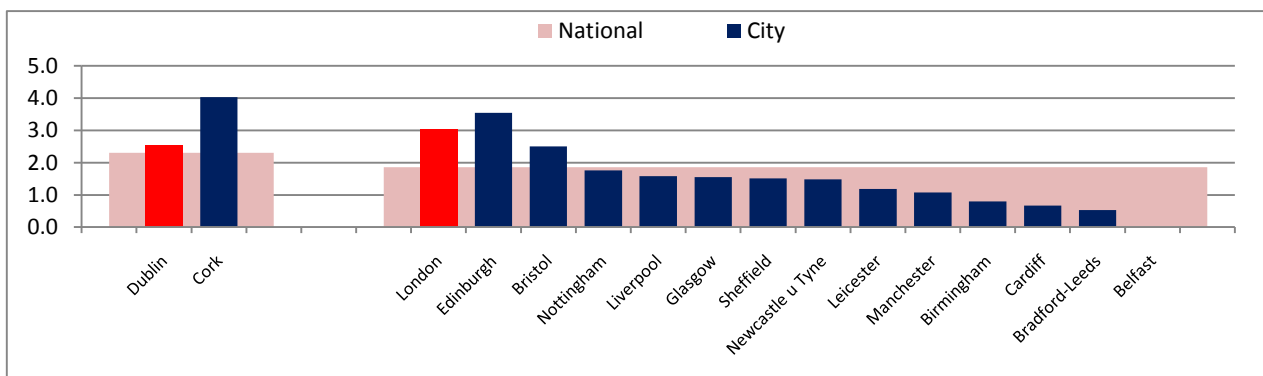
Figure 7.31: GDP per person employed – average annual % change, 2001-7 Northern ‘Nordic’ Systems – Denmark, Finland, Iceland, Norway and Sweden



Source: Eurostat. Norwegian city data will be collected from the Norway national statistical office

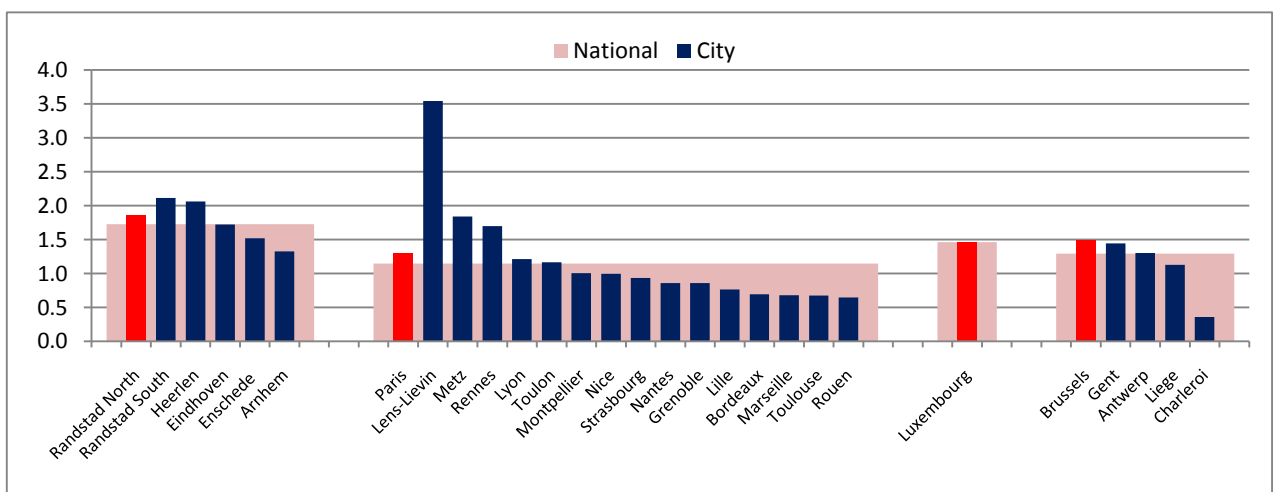
7.36 In Western Europe, Cork and Edinburgh both show growth rates above their capital cities, as do Randstad North in the Netherlands and Lens-Lieven, Metz and Rennes in France. (Figures 7.32 and 7.33).

Figure 7.32: GDP per person employed – average annual % change, 2001-7 – West: Unitary states of Ireland and UK



Source: Eurostat. * UK data are for Great Britain; Belfast data are unavailable

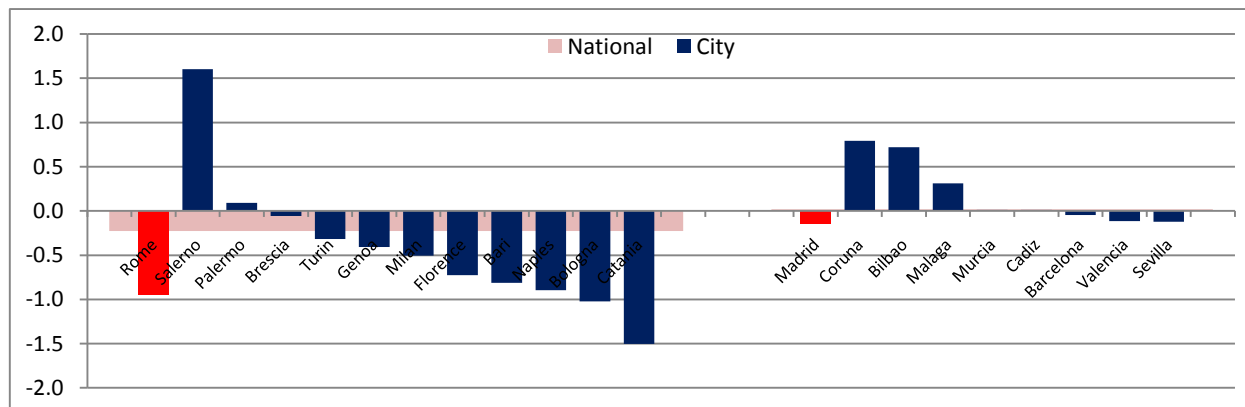
Figure 7.33: GDP per person employed – average annual % change, 2001-7 West: Unitary states of Netherlands, France and Luxembourg and Federal Belgium



Source: Eurostat
Netherlands data for 2007 are provisional

7.37 The regionalised states of Italy and Spain are distinctive for actually seeing real growth rates declining over the period in both their capitals and some of their leading secondary cities (Figure 7.34). In Italy this decline also occurred in nine of the country's eleven leading secondary cities. The notable exception was Salerno, which recorded a significant growth, albeit from a relatively small base. Three of Spain's eight leading secondaries also experienced a decline in productivity.

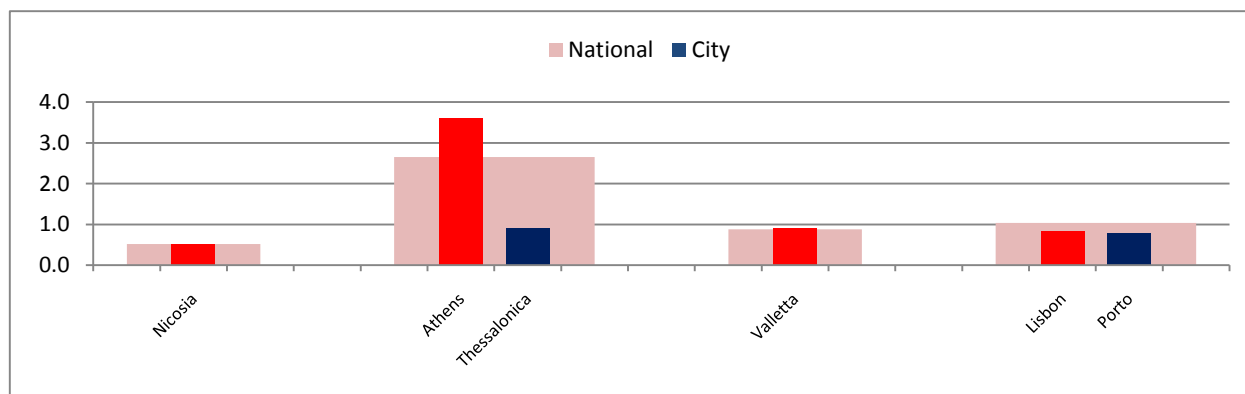
Figure 7.34: GDP per person employed – average annual % change, 2001-7 – South: Regionalised States of Italy and Spain



Source: Eurostat

7.38 In Southern Europe, Thessalonica's growth rate lagged well behind that of Athens while Porto's almost matched that of Lisbon (Figure 7.35).

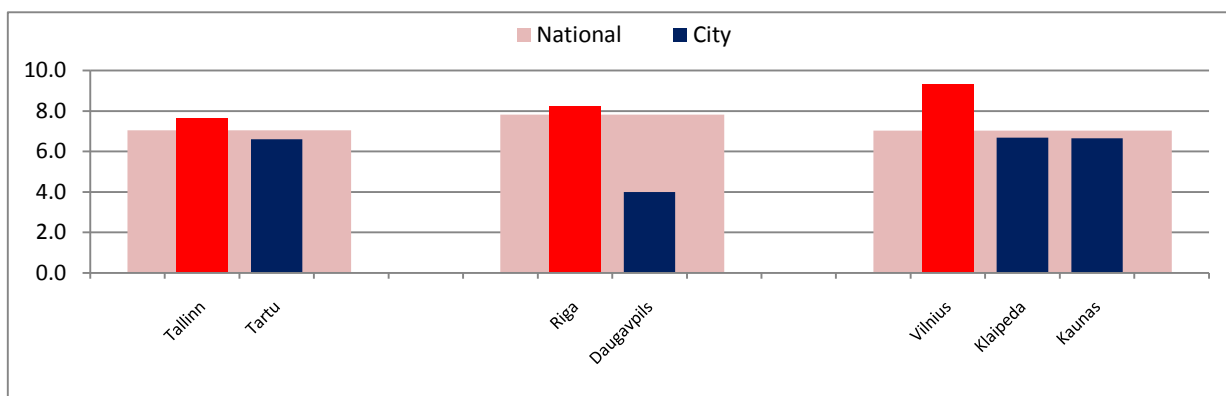
Figure 7.35: GDP per person employed – average annual % change, 2001-7 – South: Unitary states of Cyprus, Greece, Malta and Portugal



Source: Eurostat

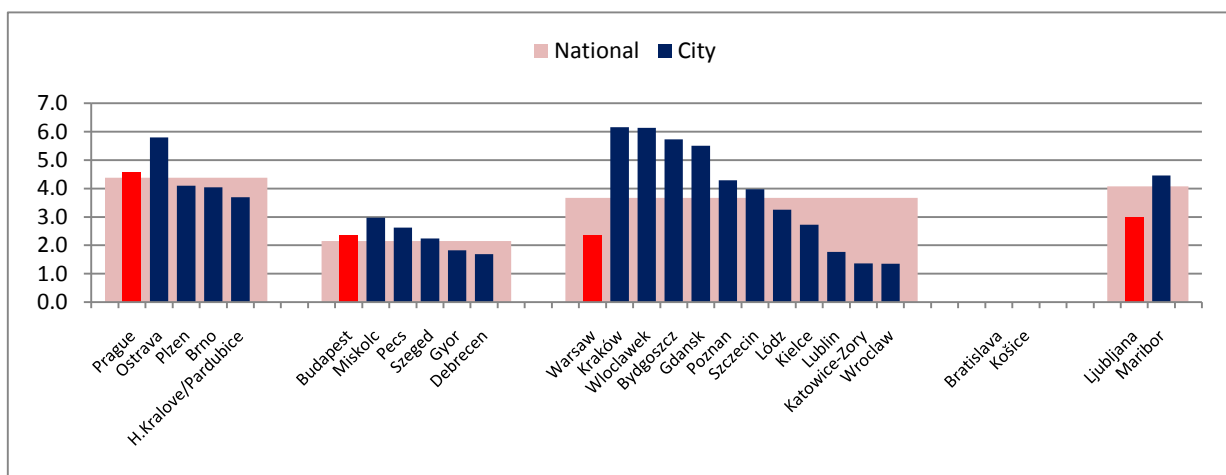
7.39 A more differentiated pattern emerges across the former socialist states of East, Central East and South East Europe. In the East, none of the secondary city growth rates matched or exceeded those of their respective capitals (Figure 7.36). In Central East, secondaries showed much stronger performances with growth rates in Ostrava in the Czech Republic, Miskolc, Pecs and Szeged in Hungary and Maribor in Slovenia all above those of their capital cities. Poland again stands out, with eight of its eleven secondary cities growing at faster rates than Warsaw (Figure 7.37). In the South East this was also the case for Split in Croatia and Constanta, Timisoara, Cluj-Napoca and Craiova in Romania (Figure 7.38). In these cities there are some signs of catching up.

Figure 7.36: GDP per person employed – average annual % change, 2001-7 – East: Former socialist states of Estonia, Latvia and Lithuania



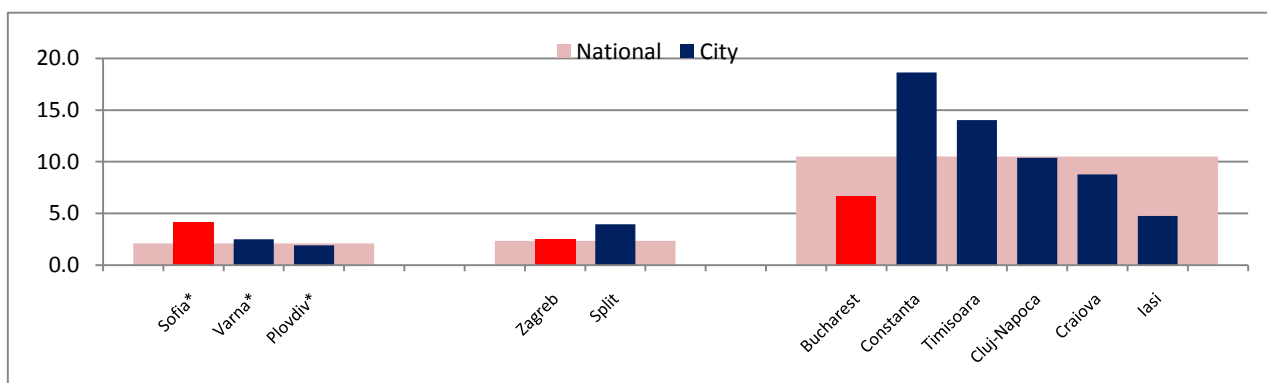
Source: Eurostat

Figure 7.37: GDP per person employed – average annual % change, 2001-7 – Central East: Former socialist states of Czech Republic, Hungary, Poland, Slovakia and Slovenia



Source: Eurostat. * We are awaiting data for Slovakia

Figure 7.38: GDP per person employed – average annual % change, 2001-7 – South East: Former Socialist States of Bulgaria, Croatia and Romania



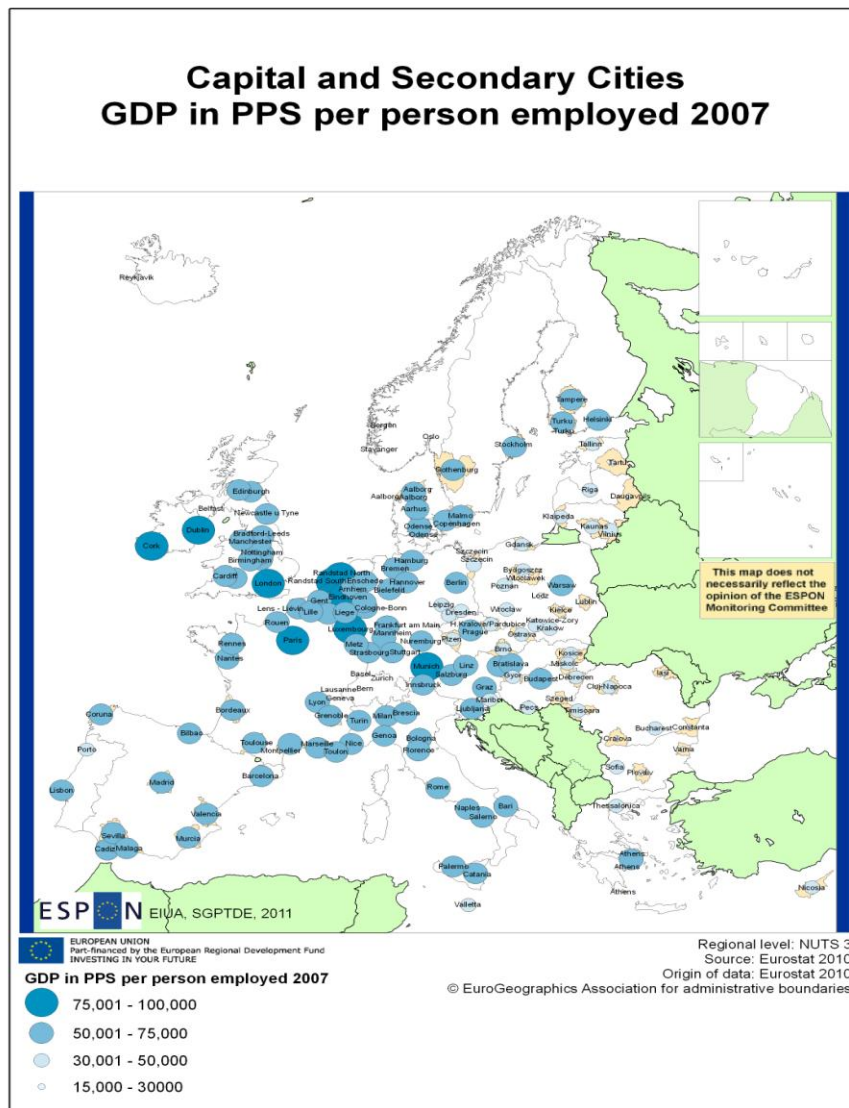
Source: Eurostat

* Bulgaria figures are for 2001-5 and 2006-7

Productivity – a European hierarchy?

7.40 Map 7.5 and Figures 7.39 to 7.45 show GDP per person employed in 2007 and provide the most recent ranking of relative productivity across capital and leading secondary city metropolitan regions. Leading secondary cities outperform capitals in six of the twenty-five countries for which we currently have data. The pattern is reversed in the remaining nineteen countries.

Map 7.5: Capital and secondary cities – GDP in PPS per person employed, 2007

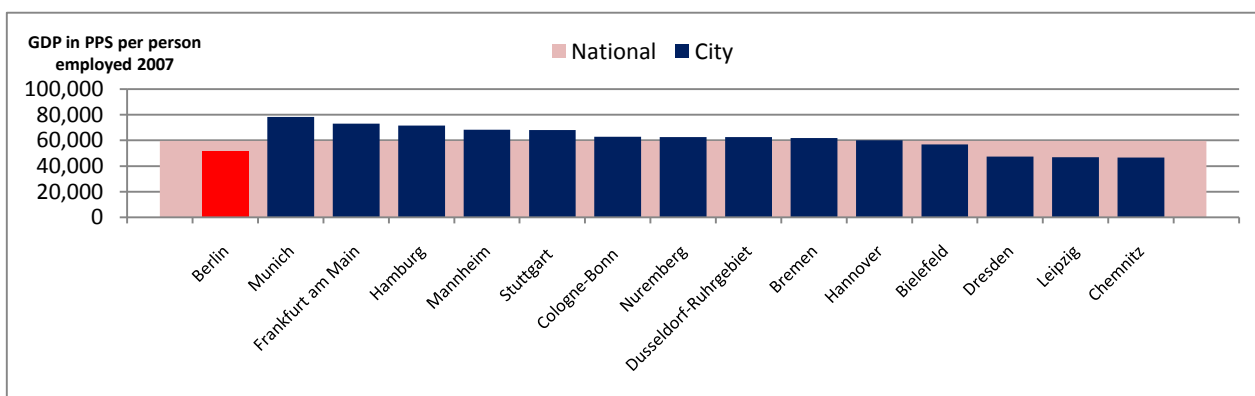


- 7.41 We have grouped countries in six broad performance bands which show secondary city productivity levels against capital city and national productivity level benchmarks – two where leading secondaries have levels above their capitals and four where the reverse is the case. The grouping shows:
- The distinctiveness of Germany’s metropolitan regions again stands out. Munich, although only ranked sixth in metropolitan region population, is a clear leader in GDP per person employed, which exceeds the corresponding figure for the capital Berlin by more than one half. Indeed, eleven of the country’s metropolitan regions have higher levels of productivity than Berlin, underlining the latter’s historically conditioned non-primate status. (Figure 7.39).
 - There is one more group of countries where secondary cities have productivity levels greater than their capital city counterparts, albeit in this case, by only up to 10 percentage points more: Cork In Ireland; Bilbao and Barcelona in Spain; Milan and Brescia in Italy; Randstad South and Heerlen in the Netherlands; and Antwerp in Belgium. (Figure 7.40).
 - The remaining four bands rank countries by the degree to which the levels of productivity of leading secondary cities lag behind their respective capitals – by between 10 and 15, 15 and 20, 20 and 30 and 35 and 55 percentage points. Austria, Denmark, the UK and Finland fall in the first of these along with Croatia, the highest ranking of the former socialist states – with the strongest performing secondaries being, respectively, Salzburg, Edinburgh, Split and Turku (Figure 7.41). France, Sweden and Poland come next with secondary cities having productivity levels between 15 and 20 percentage points less

than their capitals and Lyon, Gothenburg and Poznan, respectively, having the highest levels (Figure 7.42).

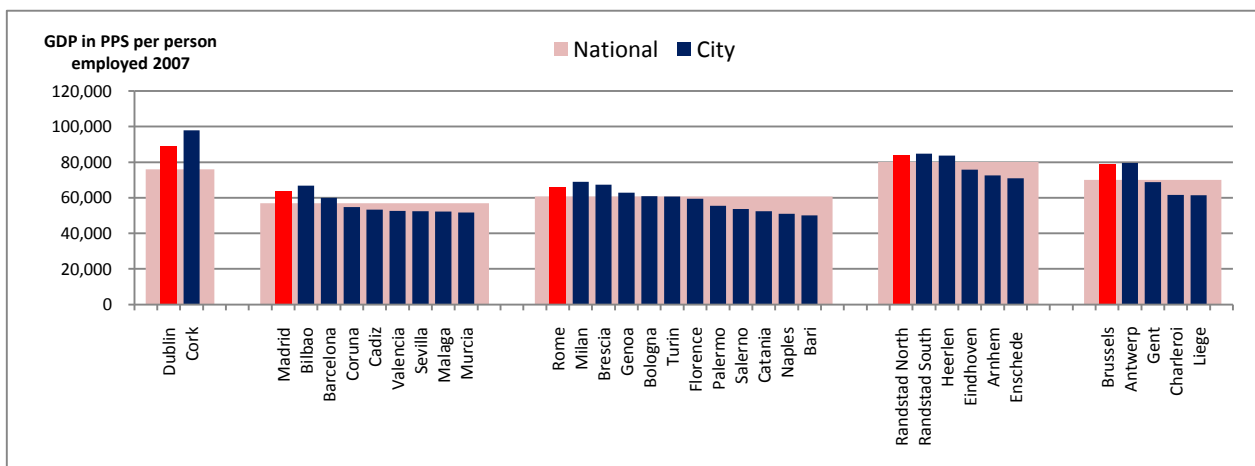
- The productivity challenge facing secondary cities in the former socialist states is underlined by their dominance of the last three bands in which leading secondary city productivity levels are more than 20 percentage points less than their capitals. (Figures 7.43 to 7.45). All but two of the eleven countries in this grouping – the exceptions being Portugal and Greece – are former socialist states. The widest gaps are to be found in Romania, Estonia and Latvia (Figure 7.44).
- Across all the different bandings there are secondaries with productivity levels above national, even in some of those countries where secondary cities as a whole have levels markedly below those of their capital cities. 15 of the 25 countries have at least one secondary with productivity levels above national averages. The polycentric countries again stand out with Germany and Poland having five and six secondary cities, respectively, having productivity levels above national. In the former socialist states, Romania has two and Bulgaria, Hungary and Lithuania each have one.

Figure 7.39. Productivity in leading secondary exceeds capital by more than 50%; Germany



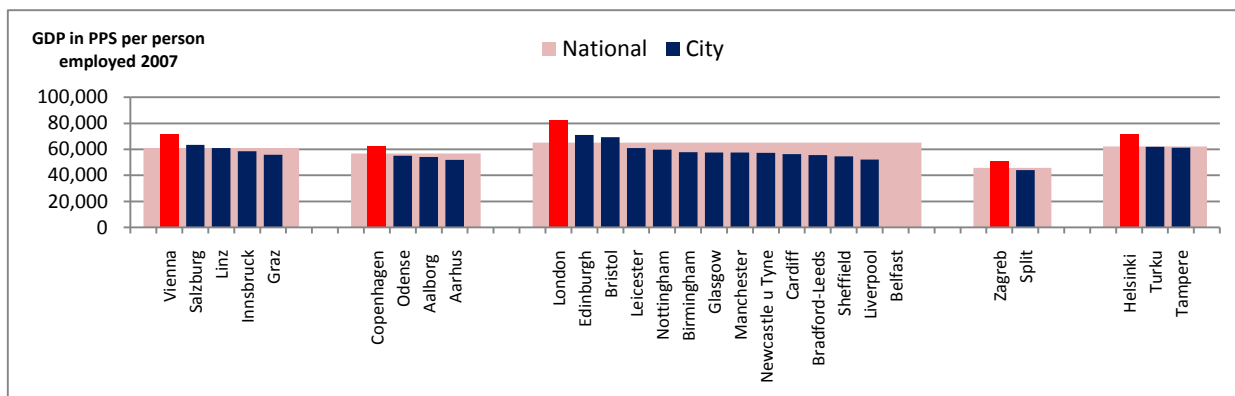
Source: Eurostat

Figure 7.40: Productivity in leading secondary exceeds capital by up to 10%: Ireland, Spain, Italy, Netherlands, Belgium



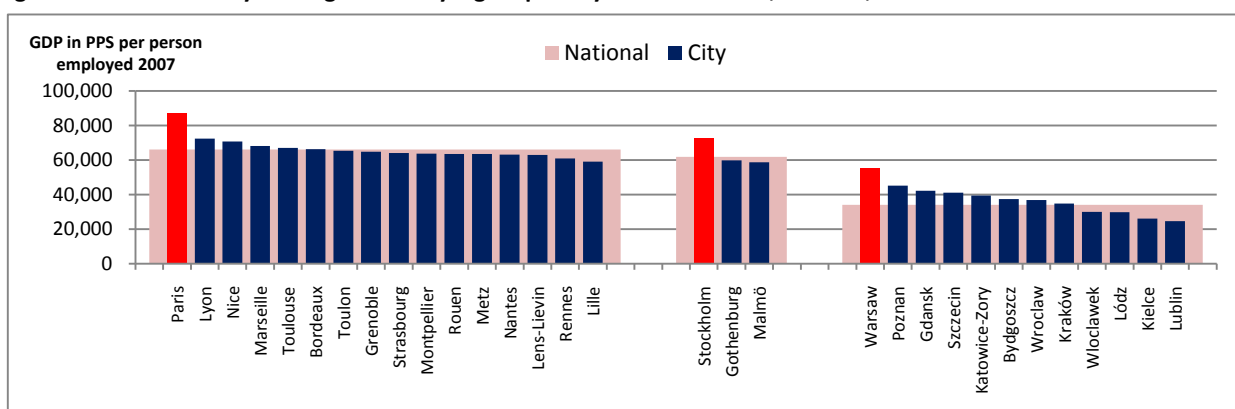
Source: Eurostat

Figure 7.41: Productivity leading secondary lags capital by 10-15%: Austria, Denmark, UK, Croatia, Finland



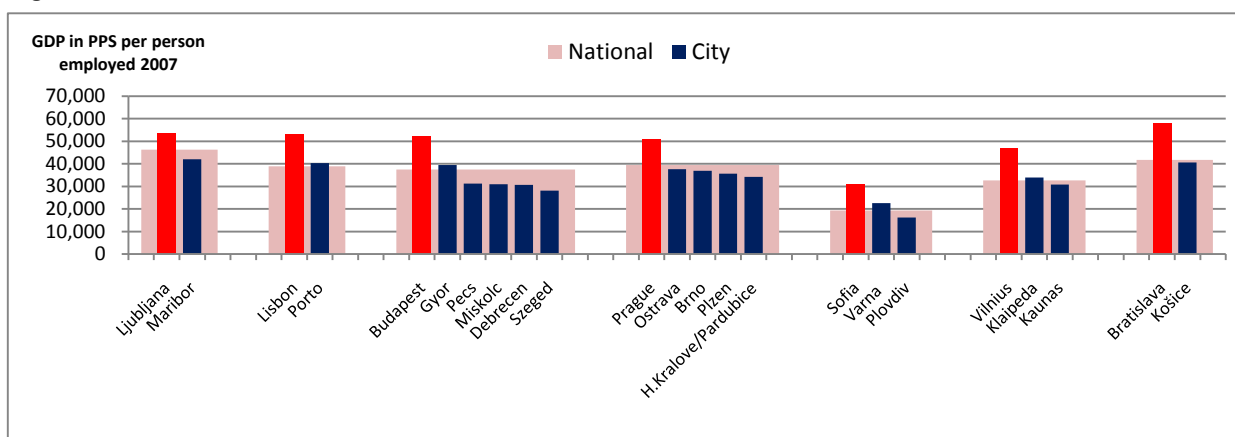
Source: Eurostat. UK national data are for Great Britain; Belfast data are unavailable

Figure 7.42: Productivity leading secondary lags capital by 15-20%: France, Sweden, Poland



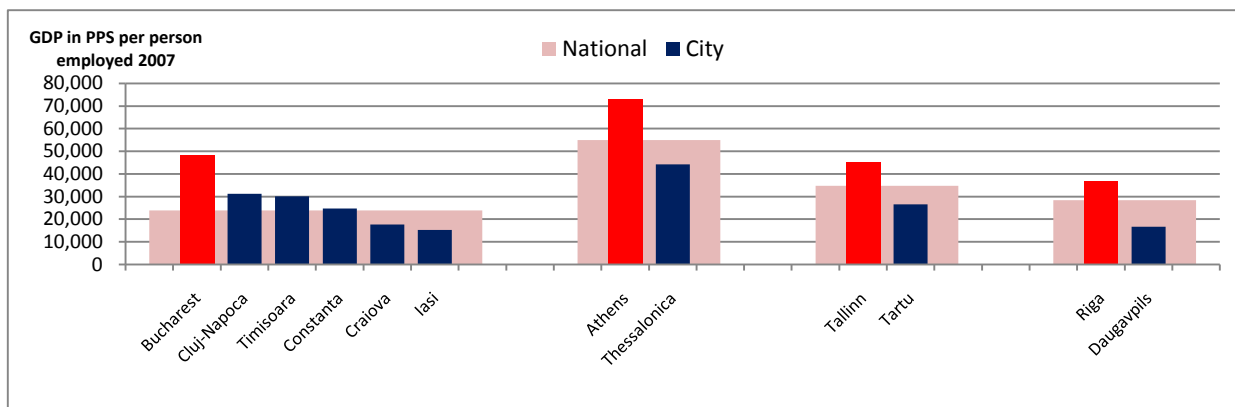
Source: Eurostat

Figure 7.43: Productivity leading secondary lags capital by 20-30%: Slovenia, Portugal, Hungary, Czech Republic, Bulgaria, Lithuania, Slovakia



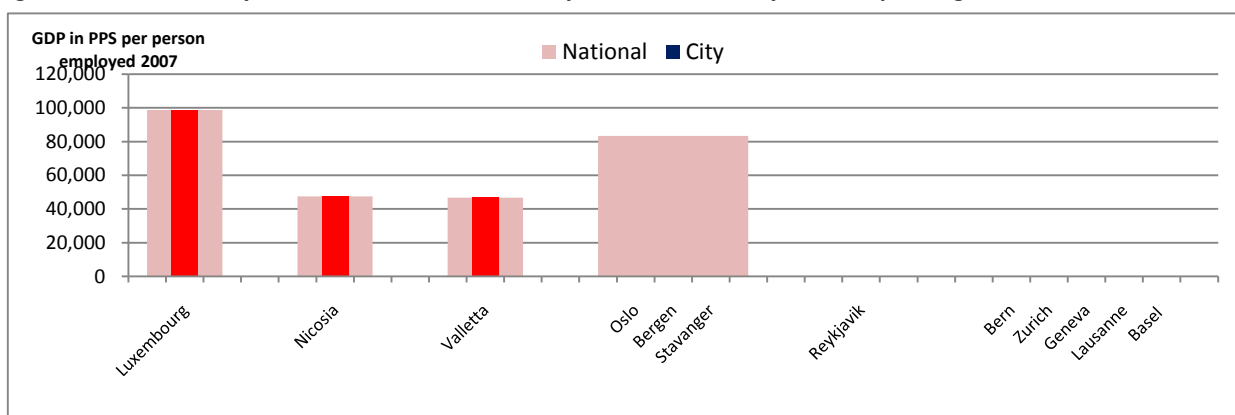
Source: Eurostat

Figure 7.44: Productivity leading secondary lags capital by 35-55%: Romania, Greece, Estonia, Latvia



Source: Eurostat

Figure 7.45: Productivity – countries with no secondary cities or where city data are pending



Source: Eurostat

Next steps

- 7.42 Having assembled basic data on GDP, employment and population, we will systematically compare whether individual cities are catching up, falling behind or keeping pace with their capitals. We will present the data by capital and secondary city size, degree of decentralisation of governance in respective nation states and the European region in which they are located to investigate the extent to which these two factors account for variation. There is scope to disaggregate some of the data. For example, we intend to present employment trend data information for the most dynamic sector available within Eurostat’s classification system (financial intermediation; real estate and business activities) which captures many key knowledge and business services industries. We will also locate the case study cities in such broader analysis.
- 7.43 We will extend early correlation work which worked with our preliminary selection of 109 European cities so as to include the full complement of 146 cities and incorporate additional core variables relating to the different competitiveness indicators. Where possible, we will extend the analysis of leading non-capital cities’ contribution to regional and national economic performance.
- 7.44 We will also explore whether other data sources might usefully extend our analysis such as international city rankings data, updated Urban Audit data if these become available and other studies of regional and urban competitiveness. It will also be important to locate the cities in terms of the settlement structure of their respective nation states and also their proximity both spatially and in terms of travel times to the capital and other key urban areas since ‘neighbourhood effects’ and degree of peripherality are also likely to affect their performance.

8. REVIEW OF LITERATURE ON NATIONAL TERRITORIAL POLICIES

8.1 We are carrying out an extensive review of literature national urban policies as a context for the case study analysis. We have so far explored the following themes:

- Governance, Decentralisation: What Are the Patterns?
- Governance, Decentralisation: What Policy Approaches?
- Policies for Balanced Territorial Development: Spatial planning and polycentric development, Regional Policy, Urban Policy

8.2 In addition to the overall literature review, we are undertaking more detailed reviews of approaches to urban areas and secondary cities in the 9 countries in which we are conducting case studies. It is difficult to capture briefly the key messages from that work. But we have found helpful a variety of work especially that of the OECD which has tried to provide an overall assessment of the direction and priorities of policies. The following tables based on OECD reviews supplemented by our own work provide a preliminary synoptic overview of what has emerged. These are simple classifications but do point to some important differences in approach between different types of states in the ESPON territory. We intend to test this synoptic review in our more detailed work.

Policies for Balanced Territorial Development: National Regional Policy

8.3 The OECD has identified a paradigmatic shift in regional development policy in recent years because of previous regional policy failures (Table 8.1). As a result a new paradigm of regional policy has emerged aimed at helping all regions, whether wealthy or not, to maximise their own comparative advantages in a positive sum game that contributes to national objectives. Regional policy had shifted from short-term subsidies into a much broader family of long-term development policies designed to enhance regional competitiveness. These can be characterised as follows:

- a development strategy covering a wide range of direct and indirect factors affecting the performance of local firms;
- a greater focus on endogenous assets rather than exogenous investments and transfers;
- an emphasis on opportunity rather than disadvantage;
- a collective approach to governance involving national, regional and local government along with other stakeholders, with the central government less dominant.

Table 8.1: Paradigm shift of regional development policy

	Old paradigm	New paradigm
Problem recognition	Regional disparities in income, infrastructure stock and employment	Lack of regional competitiveness, underused regional potential
Objectives	Equity through balanced regional development	Competitiveness and equity
General policy framework	Compensating temporarily for location disadvantages of lagging regions (Reactive to problems)	Tapping underused regional potential through regional programming (Proactive for potential)
- theme coverage	Sectoral approach with a limited set of sectors	Integrated and comprehensive development policies with wider policy are coverage
- spatial orientation	Targeted at lagging regions	All-region focus
- unit for policy intervention	Administrative areas	Functional areas
- time dimension	Short term	Long term
- approach	One-size-fits-all approach	Context-specific approach (place-based approach)
- focus	Exogenous investments and transfers	Endogenous local assets and knowledge
Instruments	Subsidies and state aids (often to individual firms)	Mixed investment for soft and hard capital (business environment, labour market, infrastructure)
Actors	Central government	Different levels of government, various stakeholders (public, private, NGOs)

Source: OECD (2010a)

8.4 It is also clear that such shifts in traditional regional policy have been reflected in policies for other spatial levels in particular urban policy. In relation to changes in the spatial orientation of regional policy, Yuill et al (2008) demonstrate how the growing stress on regional growth and competitiveness, on maximising regional potential, and on programme-based policymaking has meant that, in most countries, significant aspects of regional policy now have an all-region focus. Moreover, and of particular importance for our study, in relation to specific spatial targeting, the growing focus on developing regional strengths and promoting innovation has led to policy changes which promote urban areas and growth centres with examples in:

- Federal Austria and Germany
- All the Nordic countries - Denmark, Finland, Norway and Sweden - with the last three also focusing on urban areas as part of the increasing policy emphasis on developing viable territorial structures.
- Regionalised Italy.
- Of the Unitary States: France, Germany, Ireland, the Netherlands, Portugal and the United Kingdom of the EU15. They also note how the strategic profile of urban areas has also been raised in Greece, Ireland, the Netherlands, Portugal, and the United Kingdom as a result of growing links between national spatial development strategies and regional policies.
- Poland and a number of the new Member States of the EU12 under the influence of EU Cohesion policy, notably Bulgaria, Hungary and Latvia.

Policies for Balanced Territorial Development: National urban policies

8.5 In Table 8.2, based on OECD and a variety of others sources, we present an initial synoptic overview of national urban policies across Europe. We intend to explore and refine this overview in our more detailed later primary work.

Table 8.2: National urban policies in Europe - an initial overview

Political system/ country	Urban policy
Federal States	
Austria	No explicit urban policy at federal or regional (Land) level. The Lander are more driven by concern with the effects of suburbanisation and the 'weak' position of regional peripheries rather than 'strong' urban centres. Strong fiscal equalisation mechanisms mean that there is a high degree of 'home rule' amongst municipalities and intense inter-municipal competition.
Belgium	No specific urban policy until 1990s when the salience of urban issues rose, reflecting the rise of right wing political parties at local level, urban rioting and the growth and segregation of minority ethnic urban communities. A strongly federalised governmental system and the differential economic experiences of Belgium's three regions has produced a divergence of policy approaches with an initial focus upon physical urban renewal in Wallonia, urban safety and poverty in Flanders and a mixture of the two in the Brussels region. The policy focus in the latter two regions has shifted recently towards an emphasis on quality of life issues (on one hand social control, on the other the attraction of high income residents and high value firms).
Germany	Urban policy developed in a context characterised by a highly federalised governmental structure, strong fiscal equalisation mechanisms, a deep national commitment to the preservation of a balanced urban system, the need to manage the consequences of German re-unification and, recently, relatively late (by European standards) processes of de-industrialisation. Urban policies as a result have focused upon experimental 'state-down' and 'bottom-up' attempts to improve competitiveness and manage the physical and social consequences of industrial decline and depopulation through the repositioning of cities and city-regions to attract public and private funding within a set of well-established institutional relationships that are difficult to reform.
Switzerland (Non-EU)	A new Article in the Constitution (2001) set the grounds for urban policy stating that "the government shall take into account the particular situation of the cities and agglomerations" and since then policies have focused on improving urban centres and the competitiveness of urban centres and agglomerations". The new federal urban policy has introduced a new vertical dimension of cooperation between cities, cantons and the Confederation. While cities have gained new influence in the process, the cantons remain dominant. Nevertheless it is still a move towards multi-level governance and away from the previous hierarchical pattern of co-operative federalism.
Unitary Regionalised States	
Italy	No formal urban policy until 1990s. Weakly developed since then as statutes for metropolitan reform remained unimplemented or partially implemented. Lack of coordination between national, regional and local levels of government means that urban programmes are piecemeal and dependent upon individual municipal efforts, hence dependent upon unevenly-developed institutional capacities.
Spain	Little in the way of formal, national urban policy. Urban initiatives given momentum by EU programmes and, to varying degrees, the devolution of powers and responsibilities to the regional scale. Complex division of responsibility between national, regional, metropolitan and municipal levels has meant that recognition of urban potential and problems has been dependent upon the development of joint programmes of activity between levels of government.
Unitary Northern Systems	
Denmark	A good example of the importance of implicit rather than explicit urban policies. The latter remain relatively weak, with limited support from national government for programmes of urban renewal focused on tackling neighbourhood decline and social fragmentation. The former, traditionally based upon redistribution and the development of local government's role in the national welfare state, began to shift in the 1990s with a series of initiatives (airport development, strategic use of state land assets, creation of bridge/tunnel link between Copenhagen and Malmo in southern Sweden) that had the effect of strengthening the competitive position of the capital city-region.
Finland	Little in the way of specific, overt urban policy but urban areas have been seen as key to a strong technology-orientated spatial policy that has been especially successful in the Helsinki city-region and is now being used to try and promote balanced spatial development across the country as a whole. Relatively lightly funded. Fits into a system of inter-governmental relations in which there is strong local authority 'home rule'
Iceland (EU Candidate Country)	No explicit national urban policy although there is a policy for urban development in the capital, Reykjavik, which dominates the urban system.
Norway (Non-EU)	Traditionally urban policy in Norway has focused on environmental problems, quality of life, urban density and urban centres. More recently urban policy has shifted focus to city competitiveness with a strong emphasis on innovation and cluster policies, strongly linked to the country's regional policy Sectoral policies are important with many taking into account urban areas. Innovation policy is a feature of this, involving, for example, support for science parks and research institutions; a cluster policy involving many of the country's largest city-region; the location outside Oslo of public policy institutions for funding and developing innovation activity to encourage growth outside the capital; and an innovation programme for the country's six major cities.

Sweden	First specific national urban policy introduced in 1998, focusing upon problems of social segregation in the country's three main metropolitan areas (around Stockholm, Gothenburg, Malmö). 1st phase focused upon housing. 2nd phase focusing upon localised economic growth and development. Fits into a highly decentralised local government system and a lively, but as yet unresolved, debate about the extent to which the capital city-region around Stockholm is being 'drained', through the operation of fiscal redistribution mechanism, of resources that could be used to support its development.
Other Unitary States EU15	
France	Focus of urban policy has been on institutional innovation and the creation of institutional capacity, in a highly fragmented local government system, through (a) statutory encouragement of various forms of inter-municipal co-operation, (b) the provision of national government incentives through central-local contracts, and (c) the development of additional mechanisms for citizen and stakeholder engagement in local governance. Depending upon local conditions, the strengthening of governance is seen as a means to address issues of urban unemployment, economic development and segregation. Urban policy innovation has occurred in parallel with a sustained programme of governmental decentralisation and the progressive abandonment of regional policy initiatives that previously sought to encourage greater economic balance between the capital city-region and provincial centres.
Greece	Little in the way of explicit urban policy. Urban programmes dominated mainly by the need to deal with the consequences of poorly-regulated patterns of market-driven urban development and the demands it generates, e.g. in terms of the provision of infrastructure. The limited financial capacity of local authorities to support urban development programmes has been eased to some extent by EU funding.
Ireland	Weakly developed explicit urban policy, focusing mainly upon commercial and residential urban renewal. EU programmes have been instrumental in supporting these efforts but their effects have been overshadowed by high rates of national economic growth, the impetus this has given to rapid and lightly regulated suburbanisation and associated growth in housing costs, congestion and segregation.
Luxembourg	No explicit urban policy but, beginning with the new law on territorial planning in 1999, explicit policies and frameworks have been set up to address the country's territorial unbalances. Specifically in relation to urban areas, this approach has included efforts to improve the performance of the country's second tier cities in the south of the country and the collection of smaller and more rural towns located in the north (the NORDSTAD).
Netherlands	First formal urban policy developed in mid-1990s in response to de-industrialisation and economic crises/related social difficulties in the major cities. Initial focus on the 'gateway' functions of Randstad cities, especially Amsterdam and Rotterdam. Subsequently extended both geographically (to other urban centres in the Netherlands) and functionally (to social as well as economic/physical renewal). Resulted in strengthening of 'compact city' strategies of major cities but dilution of spatial focus. Ambitious programme of metropolitan governance reform failed but push for greater strategic, inter-governmental policy integration carried through. Subsequent national economic recovery and renaissance of major urban centres, along with high profile breakdown of social harmony in Dutch cities resulted in more recent urban policy focus on social order, integration of minority ethnic communities, education and citizenship
Portugal	Urban programmes largely driven by EU funding and priorities. No explicit urban policy until late 1990s and the introduction of the National Spatial Planning and Urbanism Act and the subsequent establishment of a Ministry of Cities, Territorial Planning and Environment. Policies for cities nonetheless remain fragmented, horizontally (between different sectoral policy areas and municipal jurisdictions) and vertically (between different levels of government).
United Kingdom	Forty-year history of explicit urban policy, initially focused upon 'filling holes in the welfare net' but subsequently, from the late 1970s, concerned primarily with the economic, social and environmental consequences of industrial restructuring. Mainly focused upon 'problem' areas within the larger conurbations. Constant changes in area-based initiatives and delivery arrangements; little continuity, sustained investment. With recent urban renaissance, signs of a longer-term, less problem-focused approach in which inter-governmental approaches to the development of city-regions may play a larger part.
Other Unitary States EU 12	
Bulgaria	No explicit urban policy. Its nascent urban policy is heavily influenced by EU Cohesion Policy. The country's Regional Development Operational Programme emphasises the country's major cities with investments aimed at supporting social infrastructure, local economic development, infrastructure and transport. Sustainable and integrated urban development is one of five priority axes in the Operational Programme and a JESSICA Holding Fund has been established to assist in the rehabilitation of deprived areas in seven of the country's large cities.
Cyprus	Urban policy is part of regional economic development policy and is based on indicative planning and legally defined in Local Plans and Area Schemes. National urban policy relates to the Island Plan that has never been published following the political division of the island in 1974, although the government currently hopes to implement it and introduce a new level of Regional Plans at the same time. Key issues include; transportation, environmental sustainability, land management, affordable housing and quality of life.
Czech Republic	No explicit urban policy with emphasis still on broader regional policy with focus on cohesion issues and infrastructure including the development of new forms of social and health services. Urban policy, however, is evolving as part of national and EU-supported regional and cohesion policies. There is an urban dimension in the current National Strategic Reference Framework, which emphasises balanced territorial development and the strengthening of the role of cities as growth poles. All of the Regional Operational Programmes include urban development through either a specific Urban Priority Axis or a mixed Axis that also includes regional and/or rural development. Urban development in regional centres requires integrated urban development plans that address deprived zones and/ or zones with high growth potential in cities.
Estonia	Urban policy is heavily conditioned by EU Cohesion Policy funding. The 'Development of Living Environment' programme in the current 2007-13 programming period includes a strategic priority for the 'Integral and balanced development of regions' with a sub-measure focused on developing urban regions. This measure targets the five largest agglomerations of Tallinn, Tartu, Narva, Pärnu and the Kohtla-Järve conurbation. Support covers the development of sustainable urban transport, public infrastructure related to child care and social security provision, public urban space, recreation and green areas.
Hungary	No explicit national urban policy with emphasis on broader regional policy. Policies for addressing social polarisation issues are implemented at regional and micro-regional level rather than at urban level. EU Cohesion Policy, however, is encouraging an urban dimension to regional policy alongside the National Development Concept, which identifies a growth pole strategy based around Budapest at the centre and a group of large towns surrounding it. The production of a Manual on Urban Renewal, which promotes an integrated approach to urban development, is seen as a breakthrough in urban planning policy. And the development of integrated Urban Development Strategies is a policy requirement for cities to access funding under the Regional Operational Programmes.
Latvia	Latvian urban policy has not been clearly defined and, in practice, has focused more on the structural development of the country's peripheral areas. EU Cohesion policy, however, currently provides an important context for developing urban policy. The National Development Plan of Latvia for 2007-2013 aims for polycentric development through utilising the development potential of cities and the formation of networks of cities. In the negotiations over the 2007-13 EU Cohesion policy, the Commission requested the inclusion of an urban development priority in the country's programmes. As a result, urban development was given an additional boost with the creation of a specific urban priority axis in the programme 'Infrastructure and Services' that priority focuses on regional growth centres outside the Riga region and also the most deprived areas of Riga city.

Lithuania	Little in the way of explicit urban policy with emphasis on broader regional policy albeit with an orientation towards more equal development of growth centres and avoiding overconcentration of investment in current growth centres. EU Cohesion Policy has introduced a specific urban development field of action focusing on regenerating public spaces, housing, transport, social cohesion and local community initiatives in urban areas.
Malta	Urban policies are implemented at central and local government levels. There is no regional tier of government. Problems include decaying urban fabric, transport and traffic problems. Social and environmental problems are less marked than in other European states. Key policies relate to land use, conservation of the urban fabric and transport
Poland	Urban policies receive relatively high priority in national spatial development strategies but an explicit metropolitan policy has not yet been developed. A basic challenge for policy is urban and metropolitan governance and an overarching framework is needed for harmonising the still fragmented policies for promoting competitiveness and social cohesion in cities. EU Cohesion Policy is encouraging an urban dimension in regional policy with the National Strategic Reference Framework identifying the need for: building on the potential of the largest cities as drivers of regional development, strengthening the relationship between the metropolis and urbanised and surrounding areas; and promoting the internal cohesion of urban areas and addressing the concentration of economic, environmental and social problems in major urban centres.
Romania	Emphasis in urban policy has been on developing integrated urban development approaches. Some of these have focused on development of historic centres (such as in Baia Mare, Sibiu and Alba Iulia) and others have focused on disadvantaged neighbourhoods within cities. EU Cohesion Policy is supporting an urban dimension in regional policy with the current Regional Operational Programme emphasising the achievement of a polycentric and more balanced urban structure, the concentration of investments in urban growth poles and improving the accessibility of cities.
Slovakia	Little in the way of explicit urban policy with emphasis on regional policy. EU Cohesion Policy is having an influence, however, and funding, steered by the National Strategic Reference Framework and the Slovak Spatial Development Perspective, is being targeted towards towns and municipalities seen as innovation and cohesion growth poles
Slovenia	There is no single urban policy document but an approach to urban policy has been developed which attempts to combine an overarching spatial planning framework in the shape of the country's Spatial Development Strategy with urban development strategies to promote, amongst other objectives, the polycentric development of cities and their integration into the European urban system; re-urbanisation processes and the redevelopment of degraded urban areas. The focus in inner cities has been on transforming former industrial and military areas for commercial development, shopping centres and private housing. Another issue has been constraining the development of satellite extensions to existing urban areas. A big issue is the strengthening of urban quality, which is seen as one of the country's main competitive assets. EU Cohesion Policy is providing some support for urban development through the current 'Strengthening Regional Development Potentials' Operational Programme.
Other Unitary	
Croatia (EU Candidate Country)	No explicit urban policy but concerns over the monocentric development around the capital, Zagreb, have seen polycentric development policies focussing on decentralisation to strengthen the role of cities, especially the largest cities identified as potential growth centres.

Source: Based principally on OECD (2010a & b), CEMAT (2010), EUKN (2010), Yuill et al (2008 and 2010) and various EU and national policy documents and academic books and journal articles.

Key messages

8.6 In Table 8.3 below we summarise the pattern of spatial policies that emerges from the literature reviewed - ranging from spatial planning for polycentric development at national and regional levels, regional policy with a marked urban dimension and strong urban policy. We would argue that policies for secondary city development will be stronger where all of these policies are present and are integrated. Only one country – Federal Germany – appears to have the full hand of policies: national **and** regional spatial planning, albeit with the former more informal than formal, regional policy with an urban dimension and strong urban policy.

Table 8.3: Spatial policies – provisional summary

Political system/ country	Spatial planning: polycentric development main aim		Regional policy with urban dimension	Strong Urban Policy
	National	Regional		
FEDERAL				
Austria		•	•	
Belgium		•		•
Germany	• (Informal)	•	•	
Switzerland (Non-EU)	•			•
REGIONALISED STATES				
Italy		•	•	
Spain		•		
NORTHERN (NORDIC) SYSTEMS				
Denmark	•			
Finland	•			
Iceland				
Norway (Non-EU)	•			•
Sweden				
UNITARY STATES (EU15)				
France	•		•	•
Greece	•			
Ireland	•		•	
Luxembourg	•			
Netherlands	•		•	•
Portugal	•		•	
United Kingdom		(•)	•	•

UNITARY STATES (EU12)				
Bulgaria	•		•	
Cyprus				
Czech Republic	•			
Estonia	•			
Hungary	•		•	
Latvia			•	
Lithuania	•			
Malta				
Poland	•		•	
Romania				•
Slovakia				
Slovenia	•			•
OTHER UNITARY STATES				
Croatia (EU Candidate Country)	•			

8.7 The initial broad pattern – which we intend to explore and test further - appears to be:

Federal States

- Germany – all strands of spatial policy.
- Belgium – regional spatial planning with an urban dimension alongside explicit urban policy but no national spatial plan seeking a more balanced urban system.
- Sweden – national spatial planning and urban policy.
- Austria – regional spatial planning and regional policy with an urban dimension but no explicit urban policy.

Regionalised States

- Regionalised spatial planning in both Italy and Spain with regional policy with an urban dimension also present in the later.

Nordic States

- With the exception of Iceland and Sweden, all with national spatial planning frameworks but only Norway with strong urban policy.

Unitary States (EU15)

- France - all three policies but recent concerns that the national spatial planning framework is being downgraded.
- Netherlands – strong in all three policy strands but recent concerns over political shift of urban policy.
- Ireland and Portugal – national spatial planning and regional policy with an urban dimension but no explicit urban policy.
- United Kingdom – no national spatial planning and recent attempts at regional planning (in the shape of Integrated Regional Strategies) now under threat given the abolition of Regional Development Agencies; regional policy with urban dimension added to strong urban policy.
- Greece and Luxembourg – national spatial planning but no regional or urban policy (reflecting concentrated/monocentric settlement structure).
- Cyprus and Malta – no spatial planning.

Unitary States (EU12) Former socialist states (inc. Croatia)

- With exception of Romania and Slovenia, weakly developed urban policy. For Romania urban policy is the main strand of spatial policy. Slovenia also has a national spatial planning framework.
- Spatial planning at national level important in 7 countries (Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Lithuania and Poland).
- Of these 7, national level spatial planning bolstered by regional policy with an urban dimension in Bulgaria, Hungary and Poland – encouraged by EU Cohesion Policy funding.
- Latvia – regional policy with an urban dimension again encouraged by EU Cohesion Policy funding.

Next steps

8.8 We will test this literature-based review against the forthcoming series of interviews with policy makers at EU and national levels, the case studies and the findings of the questionnaire. We will investigate whether the plans are more than simply visions and actually have impact, actual or potential, on secondary city development. We will also examine how the different planning levels connect and explore actual and potential governance arrangements for secondary city development.

8.9 We have focused so far on explicit urban policies but we also need to use the policymaker interviews and workshops to explore implicit policies, national policies that are not urban in focus but that significantly affect urban development and which have potentially significant effects on urban competitiveness. Key

policy areas for ‘secondary city-proofing’ in this stage of the research will be: competition; innovation; education and skills, infrastructure including energy and transport and environment. The aim is not to carry out detailed evaluations of all policies impacting on secondary city development across the 31 ESPON countries. Rather the project will aim to analyse what policies are being attempted with what sorts of effects in the different national case studies and draw out from this analysis the wider policy implications, identifying whether there are policy levers that can be pulled and that make a difference. It is here where we will seek to develop a framework for understanding the interplay between the implicit and explicit policies that underpin urban competitiveness – an interplay that we will aim to illustrate further in the individual case study cities.

9. THE CASE STUDIES

The purpose

9.1 The city case studies have been chosen to illustrate the range of contexts, experiences, policies and prospects of different secondary cities across the ESPON territory. Each is intended to provide answers and to throw light in a different way on the wider questions underlying our study. Each case study city has its special characteristics and policies which team members will identify in their reports. However, we do need rigour, clarity and comparability on the hypotheses, research questions, content and coverage. This will allow us to compare the results from the different case study content and to integrate these with the results of the other strands of research.

9.2 The case studies provide the opportunity to explore in a detailed, coherent way the impact of wider factors – political, economic, and institutional - upon the performance of a series of major cities and to assess their current and potential role and contribution to territorial development at European, national, regional and local level. Cities are the places where a wide range of external factors and policies collide and where they have to be integrated and managed in a coherent way. In particular they are a test bed for the content, clarity and coherence of national policies and a test bed of local capacity to shape and implement those policies. The case studies will identify policy messages rather than simply describing the detailed history of places. They will focus on understanding places and the dynamics, relationships and processes which initiate and sustain their development at different territorial levels. The significance of the case study ‘stories’ and analysis will be less within the cities themselves and more on their role in and relationships with their respective regional, national and European territorial systems.

Which places and why?

9.3 We have chosen the case studies to provide a good mix - size, economic performance, national governance, territorial role, location

North Europe

- Tampere – Finland (*Unitary Northern*)

West Europe

- Cork – Ireland (*Unitary EU 15*)
- Leeds – UK (*Unitary EU 15*)
- Lyon – France (*Unitary EU 15*)

Central Europe

- Munich- Germany. (*Federal*)

South Europe

- Barcelona – Spain (*Unitary Regionalised*)
- Turin – Italy (*Unitary Regionalised*)

East, Central East and South Central Europe

- Katowice – Poland (*Unitary EU 12*)
- Timisoara – Romania (*Unitary EU 12*)

Contribution to the project’s hypotheses

9.4 The case studies will be set within the conceptual framework for the wider study and will thus be used to test the following hypotheses about performance, policies and territory:

- Deconcentration matters.
 - National policies for secondary cities are crucial and should be aligned.
 - Places are path dependent but can exploit their assets to shape their trajectory.
 - The key drivers of success are innovation, human capital, connectivity, place quality.
 - Territory matters and its governance should be at the widest achievable level.
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- Scope and content*
- 9.5 The case studies will identify:
- the city's performance and contribution to regional, national and European economies;
 - the city's performance on the key drivers of competitiveness - innovation, skills, connectivity, quality of place and governance capacity;
 - its relationship with the capital city and other key parts of the urban system;
 - the impact of explicit and implicit national, regional and local policies which most directly affect urban competitiveness and performance;
 - the city's future prospects; and
 - messages for local, regional, national and European partners on territorial balance.
- The evidence base*
- 9.6 Each case study will:
- Review the academic and policy literature.
 - Collect secondary quantitative data on social, economic and environmental performance.
 - Analyse the economic development governance infrastructure.
 - Analyse key documents evaluating their relevant strategies and policies.
 - Undertake interviews with 15 representatives of elected officials, civil servants, researchers, community groups, the private sector, key firms and representative bodies, the media.
 - Undertake interviews with national policy makers to underline the national as opposed to simply local significance of the cities.
- Good practice*
- 9.7 The study is looking for particularly good examples of good practice. Interesting exemplary approaches to maximising urban competitiveness in any of the key areas such as innovation, human capital, connectivity, quality of place and governance and decision-making capacity, will be identified.
- Report Outline*
- 9.8 Each case study report will be supported by appendices containing data, sources and contacts. It will have the following main sections:
1. *What's the story - setting the scene*
 - How does the case study city relate to the key study hypotheses?
 - What is its significance in regional, national and international terms?
 - What are the key issues confronting the city?
 2. *How well is the city doing - recent and current performance*
 - What has been the city's development path and key events in its recent history?
 - How does it perform on the key drivers of competitiveness, cohesion and sustainability compared with the capital and other secondary cities?
 - How well has the city competed in regional, national and international terms?
 - Does it have significant economic relationships nationally and elsewhere?
 3. *What have policies tried to do?*
 - Which policy areas are most critical to its performance and prospects, who is responsible for what?
 - How much fiscal and decision making autonomy and resources do the city and its key actors have?
 - Which key players affect the city's level of economic, social and environmental performance?
 - How are city regional issues handled by different levels of government and partner organisations?
 - How well do public, private and voluntary sector bodies work together?
 4. *Which policies have worked – how and why?*
 - Which European, national, regional and local policies impact most on the city's performance?
 - What weight do they place upon competitiveness, cohesion and environmental sustainability?
 - How effectively have they been implemented and what impact have they had upon the city?
 - To what extent has policymaking been integrated horizontally and vertically?
 - How effective has territorial governance been in terms of city regional and cross border issues?
 - How effective has been joint working between public, private, community and voluntary sectors?
 - What explains the city's economic, social and environmental performance relative to the capital and
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- how important have policies been?
 - Which policies have mattered most in terms of helping the city perform at different territorial levels, act as a counterweight to the capital and helping to create a balanced urban system?
 - Who needs to do what better or differently and what division of roles, responsibilities, resources and powers is needed to allow the city to perform to its full potential?
5. *What are the city's prospects?*
- What are the city's main strengths and weaknesses?
 - What are the main opportunities, risks and threats it faces?
 - What are the scenarios for its future role and importance within region, nation state and EU?
6. *What are the key findings and policy messages for whom?*
- To what extent does the case study support our key hypotheses?
 - What contribution has the city made to competitiveness at different territorial levels?
 - Which factors have explained its level of performance and success?
 - Which national policies have mattered most?
 - What scope has the city had to engineer its own destiny and how successful has it been in this respect?
 - How effectively has territorial governance at different spatial levels been handled?
 - Who needs to do what better or differently to maximise the case study city's performance in future?
 - What are the implications for supporting secondary cities in terms of policies and resources at different territorial levels?

Maps

9.9 In their response to the Inception Report, the Monitoring Committee and Sounding Board asked us to indicate a preliminary list of maps that might be produced at case-study level. For each of the case studies we would expect to produce maps positioning the case study cities in their regional, national and international contexts. We also envisage mapping, at city and city-regional level, key indicators of economic and social performance including unemployment, health, crime and general measures of disadvantage. We will make use of existing maps that city municipalities have produced and, where Geographical Information System (GIS) data are available, our own GIS-based maps.

Progress so far

9.10 We have made very good progress with the case study work so far. There is considerable interest in the project and there has been great willingness to support our work. We have undertaken fieldwork and analysis in 6 of the cities – Tampere, Katowice, Cork, Munich, Turin, and Barcelona. We have collected documents, conducted initial interviews with a number of representatives. We have prepared initial reports on those case studies. We reviewed the initial findings at a project meeting recently. We have had initial contact with Leeds, Lyon and Timisoara and will carry out fieldwork there in the coming months.

9.11 It is premature to report any major findings from the case studies. We are still collecting as well as weighing the evidence. It is also clear that every city has a different narrative and tells us something different about the themes we are exploring. However, it is clear that the hypotheses we are exploring are regarded as relevant and important by those involved in managing cities. There is also a lot of positive support for the policy implications of those hypotheses. For example, there is evidence that: secondary cities can make a contribution to a more balanced territorial development even though in many countries they lag behind the capital. There are a variety of relationships across Europe with secondaries making a bigger contribution outside the former socialist countries. National policies are important to the development of - but are not always sufficiently supportive of - secondary cities or aligned properly. European policies have played a major role in the development of many secondary cities especially in terms of their governance and territorial strategies. The key drivers we identified are important factors in the relative success of those cities. Although cities are path dependent local factors are crucial to their trajectory – historically and in future. Aligning territory, governance and economy more effectively appears to be crucial if secondary cities are to flourish and make a bigger contribution. But it is rarely achieved and never simple.

10. QUESTIONNAIRE

- 10.1 We have devised the questionnaire below to get at key features of the policy making process in different ESPON states. It tries to get at three related questions. How well are capital and secondaries performing in different states? What impact have national and/or regional policies had upon the performance and prospects of secondaries? What should happen differently in future if secondary cities are to improve their relative performance?
- 10.2 We have targeted four groups so far:
- all members of the Monitoring Committee;
 - all ESPON contact points;
 - a selection of senior policy makers in different states known to the team members; and
 - a selection of academics and researchers.

1: HOW ARE SECONDARY CITIES PERFORMING NATIONALLY AND IN EUROPE?

1. Which secondary cities do you think are performing well economically in your country? For example, how big a contribution are they making to national performance – how and why? Do any play important roles in the European economy? How and why?
2. How would you assess the current balance of economic, territorial and political power between the capital city and secondary cities? Does the capital dominate or not? What impact does it have on the performance of the urban system and national economy?
3. How effective are secondary cities in promoting balanced territorial and economic development? How coherent and effective are governance arrangements in secondary cities? How ambitious, strategic and effective is local leadership? Are there ways in which these could be improved? For example what additional tools or levers of economic growth might be needed in secondary cities?
4. How effective are the working relationships between public, private and community and voluntary partners in secondary cities? Can you provide an example of good practice? Are there ways in which these relationships could be improved?
5. How effectively do secondary cities work with their sub regional and regional government and partners? Are there examples of economic and territorial cooperation or competition between them? Does national policy encourage territorial competition or collaboration between secondary cities and how?
6. What impact has the current economic and financial crisis had upon the territorial and economic performance and prospects of secondary cities and their relationship with the capital? Are there ways in which this impact might be reduced?

2: IMPACT OF NATIONAL AND REGIONAL POLICIES ON SECONDARY CITIES

7. How much importance does national and/or regional government attach to the contribution of secondary cities to economic and territorial development? Is there an explicit policy to improve the performance of secondary cities and achieve a more balanced territorial system? Does territorial development policy help secondary cities enough? Are there ways in which policy has either helped or hindered secondary cities' contribution to national performance?
8. If there is an economic gap between the capital and secondary cities, what is national government doing to reduce that gap and rebalance territorial relationships between capital and secondary cities? Is it doing enough?
9. Is the division of responsibilities, roles, resources and powers between national and regional government and secondary cities adequate to encourage the development of secondary cities? For example, do secondary cities have enough financial and decision making powers? Could the position be improved in any way?
10. What key factors characterise the relationship between national, regional and local governments? In particular, is national urban and territorial policy driven by national goals and targets or is it more based on contractual relationships between national government and cities? How could those relationships be improved?
11. If there is a national policy for cities, does it focus narrowly on urban and territorial policy initiatives or more widely on the full range of mainstream public programmes which impact upon secondary cities? If there is a national policy, what are its key goals – economic competitiveness, regeneration, social cohesion, environmental sustainability, governance capacity, more balanced territorial development?
12. Does national government have the right balance between those different goals? For example, should policy be more or less concerned with economic competitiveness, social cohesion, environmental sustainability and their territorial impact?
13. How have national and regional government priorities for investment in key sectoral economic development policies affected secondary cities? Do these sectoral policies have an explicit territorial dimension? Has investment in these sectors been distributed evenly across the country or concentrated in the capital? What have been the results?
14. Is national government sufficiently well integrated and comprehensive in its policies towards secondary cities? Do different departments and branches of government share the same policy goals and understanding of the urban agenda, or are there differences? What are the results? How could the position be improved?
15. Are relationships between different levels of government – national, regional, local - sufficiently well integrated to encourage the development of secondary cities? If not, how could they be improved?
16. What do you think has been your country's' most successful policy initiative to improve the performance of secondary cities? What were the key reasons for its success and what can we learn from it?

3: FUTURE PROSPECTS & POLICIES FOR SECONDARY CITIES

17. What actions or programmes could local leaders – public, private, and community – take to improve the contribution of secondary cities to national and European performance? What changes - if any - would you like to see in national government strategies and policies for secondary cities? Could you comment on the following potential changes - more powers and resources for secondary cities, greater investment in physical or social infrastructure, education and training, greater focus on the territorial impact of national government policies and more balanced territorial development, more consistency in national policy priorities for secondary cities, greater integration of government policies which affect cities, greater collaboration between national, regional and local governments?
18. What has been the impact of EU policies on secondary cities in your country? Have they helped or hindered their performance? What changes in policy focus, implementation, or resources, if any, would you recommend?
19. Does the Europe 2020 strategy focus enough upon improving the performance and prospects of secondary cities? If not, what else might it do?

10.3 We have so far received 29 replies – only one response from the Monitoring Committee, 8 from the ESPON contact points and the remaining 20 from researchers and national policy makers. There is a reasonable geographical spread but a number of countries are still not represented. We are currently attempting to increase the response rate with help from the ESPON CU. We do not regard the questionnaire response in any sense as a representative sample. Rather we regard it as a valuable source of information from a range of experts which adds richness, complexity and detail to our review of national policies drawn from academic and policy literature. We have not yet analysed the questionnaires in any great detail. Nevertheless the weight of opinion so far expressed appears to be the following. Many do not think that there is a sufficiently explicit or coherent policy for secondary cities in many member states. Many believe that secondary cities could contribute more if they had more attention, support powers and resources from national government. And there is a general wish for states to develop more coherent, explicit strategies and increase the powers and resources of secondary cities in future.

11. NEXT STEPS

11.1 We believe this report demonstrates that the project remains on course for successful delivery. We have encountered no major problems with access to material. We are essentially keeping to the timetable outlined in the Inception Report with some minor revisions. The revised Timetable is shown in Figure 11.1.

Figure 11.1: Project Timetable

ID	Task Name	Q2 10			Q3 10			Q4 10			Q1 11			Q2 11			Q3 11			Q4 11			Q1 12			Q2 12			Q3 12			Q4 12					
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
1	WP1: Coordination	[Green bar]																																			
2	WP2: Research activities	[Green bar]																																			
3	WP2A: Conceptual framework	[Green bar]																																			
4	Literature review	[Blue bar]																																			
5	Expert assessments	[Blue bar]																																			
6	Inception report	[Yellow bar]																																			
7	WP2B: Policy review	[Green bar]																																			
8	EU level:	[Empty]																																			
9	Overarching strategic policy documents	[Blue bar]																																			
10	Review of operational programmes/ NSRFs across Member States	[Blue bar]																																			
11	Interviews with policy makers	[Blue bar]																																			
12	Stakeholder survey	[Blue bar]																																			
13	Member state level:	[Empty]																																			
14	Policy review	[Blue bar]																																			
15	Expert assessments	[Blue bar]																																			
16	WP2C: Developing a typology of secondary growth poles	[Green bar]																																			
17	Review of data and existing typologies	[Blue bar]																																			
18	Data analysis	[Blue bar]																																			
19	Stakeholder survey	[Blue bar]																																			
20	Expert assessments	[Blue bar]																																			
21	Interim report	[Yellow bar]																																			
22	WP2D: Regional case studies	[Green bar]																																			
23	Policy stakeholder interviews	[Blue bar]																																			
24	Key company interviews	[Blue bar]																																			
25	Primary and secondary data analysis	[Blue bar]																																			
26	WP2E: Synthesis, analysis and recommendations	[Green bar]																																			
27	Write up	[Blue bar]																																			
28	Draft final report	[Yellow bar]																																			
29	Final report	[Yellow bar]																																			
30	WP3: Dissemination	[Green bar]																																			
31	Media & publications	[Blue bar]																																			
32	European seminars & workshops	[Blue bar]																																			
33	Transnational networking activities	[Blue bar]																																			

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- 11.2 Our targets are now until end September 2011:
- continue with the literature review;
 - complete the case studies fieldwork and reports;
 - undertake analysis of the existing primary data we have collected on secondary and capital cities;
 - undertake a review of secondary literature on the role of secondary cities in Europe including consultancies, think tanks, commercial organisations as well as academic on the role of secondaries;
 - relaunch a shortened version of the questionnaire to go to individual cities with the support of EUROCITIES and Core Cities and analyse results; and
 - conduct our interviews with policy makers in Brussels during the autumn.
- 11.3 We propose the following meetings and products to deliver these targets:
- Team meeting in Budapest in June 2011 at ESPON seminar.
 - Team meeting to discuss initial draft of draft report to MC October 2011.
 - Draft final report to MC by end of February 2012.
- 11.4 We intend to provide an accessible short final report with key analysis of and policy messages about the role of secondary cities and their contribution to balanced territorial development regionally, nationally and in Europe. We will place in Annexes other material like the literature review, the case study reports, the full data analysis, and the results of the questionnaires. Essentially we are on target to deliver a report which could have the following sections:
1. What policy questions are we trying to answer - why and how?
 2. What does the existing literature tell us about the performance, policies and prospects of secondary cities and their contribution to territorial performance across Europe?
 3. How have secondary cities in general performed across Europe?
 4. How have individual cities across Europe performed, why and what policy messages?
 5. What kinds of policies have national, European and city governments adopted for secondary cities, what are the key policy messages and what is good practice?
 6. What are the prospects for secondary cities in Europe?
 7. What works and what are the key policy messages about secondary cities and territorial economic performance and balance for decision-makers at city-regional, regional, national and European levels?

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