

1 Cohesion policy and cities in Europe

3 Cities matter to Europe

6 *By Michael Parkinson*¹

8 Increasingly cities are seen as the dynamos of national
9 and regional economies rather than economic liabilities -
10 'the wealth of nations'. But cities are not only
11 economic assets - not merely marketplaces. They have
12 great capacity to promote community development, social
13 cohesion and civic and cultural identity.

14
15 These are exciting times for cities. A great debate is
16 taking place about how much they matter to national and
17 European success. During the past decade many cities have
18 emerged from a period of transition to develop new
19 economic, social, political and cultural roles. Many
20 have assets which make them more - not less - significant
21 in an increasingly globalised world. Some are centres of
22 strategic decision-making, exchange and communication.
23 Many have concentrations of intellectual resources in
24 universities and research institutions, which encourage
25 high levels of innovation. Many cities have achieved
26 substantial physical regeneration especially of their
27 centres, which offer impressive commercial, residential
28 and retail facilities. Many have substantial cultural
29 resources, which are increasingly the source of economic
30 growth and job creation. However, despite that
31 integrative potential, many communities and individuals
32 within many cities are still excluded from the economic
33 and social mainstream. Developing economically
34 competitive, social cohesive and sustainable cities
35 remains a challenge to all of us in Europe.

36
37 This wider debate about the future of cities is echoed in
38 the debate that is currently taking place about the
39 future of Cohesion policy in the European Union. The
40 importance attached to cities in EU regional policy has
41 waxed and waned during the past decade. Sometimes they
42 have been very high profile; sometimes they have been
43 rather neglected. However, it is absolutely clear that
44 they have recently risen to the top of the European
45 political agenda. This is underlined by, for example, the
46 European Council decision in 2005 on competitiveness and
47 cohesion, the conclusions of the informal EU Ministerial

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48 meetings in Rotterdam in 2004 and Bristol in 2005, and
49 key policy statements from the European Parliament in
50 2005. It has also been underlined by policy documents by
51 the Committee of the Regions, the EUROCITIES network and
52 a range of EU conferences most notably in 2004 in
53 Noordwijk, the Netherlands. In their different ways, all
54 have embraced the importance of cities to national and
55 European success and raised their profile and political
56 significance.

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58 However, the key document that guarantees cities will
59 remain at the top of the policy agenda in the coming
60 months is the recent European Commission paper on
61 Cohesion Policy and Cities². This is a crucial statement
62 of intent, which could shape the future of structural
63 funds and the future of cities across Europe in the next
64 decade. It is critical that its contents are fully
65 discussed and, I believe, widely endorsed. The remainder
66 of this article outlines the key ideas and proposals in
67 the document.

68

69 **Cohesion policy and cities: the urban contribution to** 70 **growth and jobs in the regions**

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72 This important paper is designed to do two things -
73 complete the Community Strategic Guidelines for 2007-13
74 by strengthening the urban dimension in them and make key
75 suggestions to help the preparation of Structural Funds.
76 The Commission wants Member States to use the document
77 to prepare the new Cohesion Policy and is particularly
78 anxious that local authority partners are heavily
79 involved in that preparation. The paper is a mix of broad
80 policy ambitions, key delivery principles and specific
81 policy actions. It essentially covers three main areas.
82 First it explains why cities matter to Europe,
83 underlining the importance of sustainable urban
84 development for European regional policy. Second it
85 outlines four key policy ambitions for cities in Europe -
86 to make them more attractive; to increase their
87 contribution to innovation, entrepreneurship and the
88 knowledge economy; to produce more and better jobs and to
89 reduce social disparities within them. Third it
90 identifies specific means of delivering those broad ends
91 in two areas - finance and governance. This article
92 considers each in turn.

² Cohesion Policy and Cities: The Urban Contribution to Growth and Jobs in the Regions.
CEU, 2005

93

94 **Sustainable urban development matters to European**
95 **regional policy.**

96 Cities have many of the qualities, which underpin
97 successful modern knowledge based economies - creativity,
98 innovation, culture, and entrepreneurship. For example,
99 successful cities are critical to attracting a skilled
100 workforce, which is key in a competitive global economy.
101 Cities are also critical to improving regional
102 performance. There are no successful regions in Europe
103 that have unsuccessful cities at their core. If managed
104 properly, cities can contribute to more sustainable
105 growth and environments. And if they collaborate more and
106 create strategic alliances with their surrounding regions
107 and other cities, they can reduce unhelpful competition
108 and contribute to a more balanced pattern of development
109 across Europe.

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111

112 **What kind of cities should Europe be trying to create?**

113

114 The paper argues that there should be four broad policy
115 goals for cities - to make them more attractive, to
116 increase their contribution to innovation,
117 entrepreneurship and the knowledge economy, to produce
118 more and better jobs and to reduce social disparities
119 within them.

120

121 **Creating attractive Cities**

122

123 The paper underlines that we need to focus upon four
124 issues to make cities attractive - transport access and
125 mobility; quality of services; quality of environment and
126 cultural provision.

127

128 ***Transport, accessibility and mobility***

129 The key challenge is to help cities improve their
130 accessibility to wider markets in Europe and beyond and
131 to increase their internal mobility. So the paper argues
132 that national, regional and local partners must
133 encourage: good links to major airports and transport
134 axes; greater cooperation across municipal boundaries;
135 more affordable, efficient and effective and integrated
136 public; the promotion of alternatives or softer forms of
137 transportation; improved mobility and access for people
138 who do not own cars.

139

140 ***Fair access to quality services and amenities***

141 High quality services make cities more attractive and
142 liveable, provide employment and increase the
143 competitiveness of the workforce. So cities must provide:

144 efficient, affordable services in healthcare, social
145 services, training and administration; childcare
146 provision to promote gender equality; good services
147 across the whole urban area; access for immigrant and
148 culturally disadvantaged groups.

149

150 ***Good natural and physical environments***

151 Cities must address the challenges of environmental
152 degradation encouraged by urban sprawl. They must: pursue
153 the regeneration of brownfield sites and the protection
154 of greenfield sites; coordinate land use and other
155 policies across different levels of government; invest in
156 physical infrastructure and active management of
157 transport; promote energy efficiency.

158

159 ***Improve their cultural offer***

160 Soft location factors are increasingly important to
161 private sector investment decisions as well as to the
162 location decisions of a highly skilled, potentially
163 mobile workforce. Cultural services and tourism are also
164 important potential sources of jobs. And cultural
165 facilities are important ways of helping to build civic
166 and cultural identity. Cities must therefore promote a
167 vibrant cultural life incorporating the provision of
168 facilities and cultural and community events to build
169 bridges within and across communities.

170

171 ***Support innovation, entrepreneurship and the knowledge 172 economy***

173

174 Cities have a crucial role in this area of economic
175 competitiveness. They must: provide a stimulating
176 environment for innovation and business, simplify public
177 administration and encourage networking between
178 universities, research institutes and the private sector.

179

180 ***Helping SMEs***

181 To do this cities need to: improve the overall economic
182 infrastructure of the area; provide advice and support
183 services to business; promote networking between economic
184 partners; improve access to finance; address the
185 challenges faced by young and female entrepreneurs and
186 ethnic minority communities.

187

188 ***Innovation and the knowledge economy***

189 Cities need to: attract a potentially mobile workforce by
190 improving the quality of life in the area; lead in
191 preparing innovative strategies for the whole region;
192 make RTD and education supply more efficient and
193 accessible to SMEs; encourage networking between
194 universities, government and the private sector;

195 develop an integrated information strategy and
196 adopt eco-innovations and environmental management
197 systems.

198

199 **Creating more and better jobs**

200 Cities create huge economic opportunities but also huge
201 social challenges. They have more people than average
202 with high skills and qualifications but also more with
203 less of both. Cities are affected by structural forces
204 and macro economic policies over which they have do not
205 have great control. But they still must exploit what
206 opportunities they have. All partners at all levels of
207 government must collaborate in anticipating and
208 responding to economic change. Cities should build
209 partnerships between key economic and social actors. And
210 they must do all they can to boost the employability of
211 their most vulnerable groups.

212

213 ***Improving employability by education and training***

214 The challenge here for cities is to: support the
215 development of life long learning systems; provide high
216 quality training and increased investment in the learning
217 infrastructure; support disadvantaged groups in the
218 labour market; attract skilled workers and those in
219 support services; develop training and integration
220 programmes to get excluded people into employment and
221 entrepreneurship.

222

223 **Reducing disparities within cities**

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225 Despite their huge economic potential most European
226 cities have areas and communities which are excluded from
227 the economic mainstream. This especially affects ethnic
228 minority community, women and young people as the recent
229 Urban Audit demonstrated. To tackle these challenges
230 cities need to both promote social inclusion and equal
231 opportunities and to increase the security of citizens.

232

233 ***Promoting social exclusion and equal opportunities***

234 Here the Commission argues that the challenge for cities
235 and partners is to: encourage the integration of
236 immigrant groups with language and more general training;
237 encourage co-operation between city authorities, schools
238 and the local community in providing training for young
239 people; improve social services to meet the challenge of
240 child poverty and prevent the emergence of street
241 children; improve women's skills and qualifications,
242 encouraging them into the labour market and into
243 entrepreneurship; provide childcare facilities for women
244 returning to the labour market.

245

246 ***Increased security for citizens***

247 The Urban Audit demonstrated that rates of crime and fear
248 of crime is higher in cities than elsewhere. The Audit's
249 survey of public perceptions also underlined that
250 improved safety was a key determinant of the
251 attractiveness of a city for investors and residents. In
252 this field the Commission argues that cities need to:
253 adopt a 'joined up', proactive approach to crime
254 reduction, including planning designing and maintaining
255 public places to eliminate crime; focus on youth who are
256 at risk and especially catch potential criminals at the
257 beginning of their careers; create and professionalise
258 local safety related jobs, involving local residents.
259 This could include the creation of local mediators,
260 community safety officers, street wardens and
261 neighbourhood watch schemes.

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263

264 **How will we create successful cities?**

265

266 It is obviously not enough to will the ends of successful
267 cities. We have to find the means of delivering them.
268 Money and decision-making matter. What does the
269 Commission advocate?

270

271 **Financing urban renewal**

272 The paper has much to say about methods of financing
273 urban development. EU funds have already supported much
274 hard and soft infrastructure through investment in
275 transport, waste management, education, training,
276 information technology and communication networks. The
277 European Investment Bank in 2004 made substantial loans
278 of 3.2 billion euro for urban renewal including social
279 housing and 2.3 billion euro for urban transport
280 projects.

281

282 ***Developing financial engineering***

283 However, the absence of risk capital is a key constraint
284 upon business growth and innovation. So the Commission
285 and the EIB are introducing a new instrument 2007-13 -
286 JEREMIE - which will permit financial intermediaries
287 experienced in business development and micro credit to
288 lend the capital to businesses

289

290 ***Public private partnerships***

291 The scope for public private partnerships to finance
292 major projects in urban renewal is very wide. Despite
293 some challenges involved in such partnerships, the paper
294 argues that cities should explore them because: private
295 finance is necessary to complement public resources and
296 the private sector brings skills as well as resources

297 although to be effective they must be part of a wider
298 local authority vision for the area.

299

300 **Improving the governance of cities**

301

302 Perhaps the most important set of principles contained in
303 the Commission's paper are about the governance of urban
304 areas - in particular encouraging city-regional
305 collaboration, an integrated approach to urban
306 development, engaging citizens and learning from
307 experience.

308

309 ***Promoting city regional collaboration***

310 Many different governments operate in urban areas. They
311 have different and legitimate purposes - transportation,
312 economic development, environmental services, marketing,
313 education and training, social services healthcare. It is
314 critical they collaborate effectively to maximise the
315 development of the wider urban region rather than to
316 compete or conflict. The paper stresses that in a global
317 economy, European cities need critical mass and must
318 collaborate as much as possible. The urban/suburban/
319 rural interface must be better managed so that users pay
320 for the services provided wherever they live and rural
321 and suburban users do not exploit urban providers. The
322 skill levels of urban professionals need to be improved.
323 Most important the Commission argues that Member states
324 and regions must delegate greater control over structural
325 funds to cities for urban issues and involve cities in
326 designing, implementing and evaluating programmes.

327

328 ***Adopting an integrated approach to sustainable urban 329 development***

330 The paper underlines that urban development is a long-
331 term complex process, which needs the integration of
332 different policy sectors as well as the continuous
333 involvement of a wide range of partners from the public,
334 private and community sectors. This was, for example, one
335 of the key lessons about success, which came out of the
336 URBAN initiative during the past decade.

337

338 Cities must ensure that they have a consistent long-term
339 plan for their area, which integrates economic, social
340 and environmental policy goals. They must be effectively
341 monitored. And all the key partners must be fully engaged
342 in the planning, delivery and evaluation of urban
343 programmes.

344

345 ***Citizen participation***

346 If partnerships in general are encouraged, it is critical
347 that cities engage local citizens community groups and

348 other NGOs in promoting environmentally and socially
349 sustainable growth and jobs in cities. Cities must
350 encourage capacity building amongst such groups
351 especially drawing upon e-government. And cities must try
352 to bridge the cultural gap that often exists and prevents
353 collaboration between politicians and bureaucracies and
354 citizen groups

355

356 ***Networks and exchange of experience***

357 There is much good practice to build upon in European
358 cities. It is crucial that cities do not waste scarce
359 resource reinventing wheels. Cities must maximise their
360 use of the experience built up in the URBACT programme
361 and other European and national networks. It is also
362 helpful that the Commission plans expand the exchange of
363 experience beyond the cities in the URBAN programme alone
364 to cities all across Europe.

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366

367 **What should happen next?**

368

369 We are at a critical time in the debate about the future
370 of European cities. They have rapidly risen up national
371 and European policy agendas in recent years. Their
372 potential contribution to increased economic
373 competitiveness and social cohesion has been clearly
374 recognised by many national governments, the European
375 Parliament and urban and regional interest groups across
376 Europe. The Commission's paper makes a critical
377 contribution to this debate. It has identified some key
378 policy ambitions, some key operating principles and a set
379 of specific action that should shape the future of
380 cohesion policy in Europe. They are flexible enough to
381 allow national, regional and local diversity. But they
382 are specific enough to guide the choice of strategies and
383 mechanisms in future. They are already better known and
384 practiced in some countries and cities than in others. It
385 is crucial that they are explored - and I believe
386 endorsed - by all partners in all member states. Once
387 that happens we can move from discussion to action in our
388 cities. That is the important bit.