

# **Introduction.**

## **European cities between economic competitiveness and social integration**

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### **1. The crisis of the “European city model”.**

European cities have been historically characterized by a strong association between social integration and economic competitiveness. Levels of social inequality and spatial segregation are generally much lower in European cities than in cities of similar size and with the same economic potential located in other continents (Kazepov, 2005). And in many of those cities, the search for equity and spatial integration have been accompanied by significant economic performances demonstrating that social integration and economic competitiveness have been handled as interdependent aspects in European urban policies (Bagnasco and Le Gales, 2000; Buck *et al.*, 2005).

Specific factors have contributed to this result. First, welfare state intervention and the activism of local authorities in meeting the population's social needs have played a very important role (Hamnett 1994; Kazepov 2005). Secondly, in Europe, the occupational structure of the urban population has exhibited the dominant role of the middle class and therefore less room for dualization processes (Hamnet, 2003; Preteceille, 2000). Thirdly and finally, whilst in other continents recent migration flows have strongly exacerbated a marked dualism in skills and income conditions, in Europe the composition of the migrant population reflects fewer social disparities (Cassiers and Kesteloot 2012). As a consequence of these factors, the “European city” model (Bagnasco and Le Gales 2000; Le Gales 2002) is considered to be crucially linked to lower levels of inequality in income distribution.

This model is today under strong pressure due to the impact of the current crisis and of austerity policies. However, the crisis has only revealed a long-run trend of *disconnection* between economic growth and social integration already at work for many years. In the Fordist period, competition and social integration were two elements in a kind of equilibrium. Cities were the principal places of both production and consumption. Economic growth was fuelled by strong demand for consumption to a large extent concentrated in the cities. At the same time, if the production functions were to be efficient and stable, they required the organization of social reproduction through stable industrial relations, housing policies able to make residence in the city affordable, and measures to protect the vulnerable groups and to support consumption (Kazepov 2005). The strong need for the stability of economic systems found its pivot in the industrial city, and it was supported by high growth rates and by the generosity of welfare systems. Today, by contrast, social stability is less economically important than flexibility, and the search for greater competitiveness no longer requires a high level of social integration. Indeed, the latter becomes an obstacle, a social superstructure that hampers the development of the new, post-industrial economy.

In fact, since the 1990s, the historical balance between competitiveness and inequalities founded on this particular compromise between economic interests in the city and social responsibility (Le Galès, 2002) has begun to waver. Two research studies conducted for the European Commission (Rheinisch-Westfälisches Institut für Wirtschaftsforschung 2010; European Commission 2011) reported trends towards increasing social dualization. As a report of the European Commission stated: ‘European cities have traditionally been characterized by less segregation and less social and spatial polarization compared to, for instance, US cities. This has been especially true for cities in countries with strong welfare systems. However, there are many signs that polarization and segregation are increasing. The economic crisis has further amplified the effects of globalization and the gradual retreat of the welfare state in most European countries.’ (EC 2011, 22).

This process has been the result of an entanglement of factors. But it has been especially fostered by the globalization and financialisation of the economy largely driven by a neo-liberal approach that has led to a strong rhetoric relative to the role of cities as economic actors in the global arena, and which are supposed to compete among themselves (Taylor, 2003). From this perspective, urban policies have been even more oriented to economic competitiveness through different “neo-liberal tools of urban government” (Halpern et Al., 2014), such as the promotion of international events, infrastructures for connectivity, urban renewal,

sustainability policies, cultural interventions. However, although these measures have often been quite successful in attracting the creative class, talents, foreign investments, and new populations to cities (Musterd, Murie 2010), they have also fostered new forms of inequality, especially in terms of labour market structure and spatial inequalities between social groups able to afford very expensive housing and other populations evicted from the city or concentrated in the most deprived areas of the urban context.

At the same time, at national and local level, welfare policies have exhibited a trend towards inertia or retrenchment, especially in the current situation of economic crisis. Austerity policies have even exacerbated, and not reduced, the social dualization taking place in the labour and housing markets (Emmenegger *et al.* 2012). Although in this regard European cities still largely differ since welfare services are still mainly provided at the national level of government, they have undergone a general trend of decreasing financial support provided by national governments in order to protect the most disadvantaged groups (Ranci *et al.*, 2014). Even cities more dependent on their own revenue base have not been able to afford social and redistributive policies because higher taxation to support welfare would have driven out capital investment (Fainstein, 2010). For this reason, also European cities once known as the “cities of welfare”, like Copenhagen, have progressively adopted more neo-liberal policies oriented to economic competitiveness (Andersen, Winther, 2010).

In this framework, the aim of this book is to describe the tensions among factors related to economic competitiveness and social inequalities in European cities, and to discuss their implications for urban policy, thereby furnishing a new understanding of the transformations affecting the European social model at urban level. The book is based on original research carried out in six large European cities characterized by high levels of globalization and a leading economic role in their respective national contexts: Barcelona, Copenhagen, Lyon, Manchester, Milan, and Munich. The cities considered have a number of characteristics in common: they play a central, if not dominant, economic role in their respective national economies; with the exception of Copenhagen, they are not the capitals of the nation-state in which they are situated; they are of large urban size (being the second or third largest cities in their respective countries); they exhibit a strong tendency to globalization and are embedded in transnational urban networks. Their selection makes it possible to control for one of the decisive factors of social integration identified in previous research (Kazepov 2005; Ranci 2011): the coverage and generosity of welfare programs. The six cities considered pertain in fact to different welfare models: the Social-democratic regime (Copenhagen), the Liberal regime (Manchester), the Corporatist regime, including both the Francophone (Lyon) and the German (Munich) variants, and the Mediterranean regime, with its two variants: Spanish (Barcelona) and Italian (Milan).

Finally, these cities are highly globalised and competitive in their own national contexts and within the European scenario. At the same time, they are peculiarly different from global mega-cities and capitals, such as London and Paris, on which research on global cities has mainly focused (Sassen, 1991; Hamnett, 2003; Fainstein, 2010; Maloutas & Fuijitas, 2012; Tammaru *et. al.*, 2015). Not only is their size significantly smaller than that of a mega-city, but also their multilevel interdependence, both at local and regional–national scales, is noticeably more relevant. While mega-cities have become relatively independent bodies within national configurations and have developed a relatively high autonomy in respect of their urban regions, our “second national cities” are still entrenched within their national or regional settings and have built up their own economic success on assets that are mainly based on their local context. This book intends, therefore, to contribute to re-balancing the dominant scholars’ consideration of urban globalisation, providing a better understanding of the impact of globalisation occurring in medium-to-large cities.

To sum up, our investigation aims to answer some key questions: What are the main challenges faced by medium-to-large cities for developing competitiveness and preserving social integration? What have been the main economic trends in these cities, and how have they impacted on social and spatial inequalities? How have these problems been defined in the public discourse on these cities? To what extent have the issues of social integration and economic competitiveness been combined in local political agendas? What has been the impact of the current crisis, and what have been the reactions at the city level?

Four crucial aspects of the interconnection between economic performance and social integration will be considered: increasing social inequalities within the cities in relation to the specificity of their local production regime; the trade-offs between local interests protection and the capacity to attract global flows of financial and human resources; new social morphologies emerging in these cities as a consequence of their globalization; the integration of immigrants and ethnic minority groups in the labour market.

All these cities have undertaken large-scale urban projects and policies intended to promote their international functions and to attract foreign investments and high-quality human resources. We will consider the extent to which globalised economic functions have been performed independently of the social

context, and we will show how these impacts have differed among the cities considered, and how they essentially depend on the distinctive development pattern of each city. The role played by local policies will be examined in this context by focusing on policy fields in which cities play a crucial role. In this regard, two policy issues will be investigated as crucial both for the impact on the social integration of cities, and for the importance of the role played by local actors: how to deal with housing affordability problems arising as a consequence of increased land value, and how to create new employment of good quality in terms of pay and stability.

## 2. Disconnected cities

Over the past decade, the study of the disconnections between competitiveness and social integration has been a major issue in urban studies (Ranci, 2011), and with a particular focus on: socio-economic inequalities related to income distribution and the labour market structure (Hamnett, 2003); spatial inequalities in terms of residential segregation and access to a decent home (Musterd, 2005); inequalities between genders (Kutsar D., Kuronen M., 2015) and among ethnic groups in relation to the chances of upward social mobility. These investigations have mainly shown, from several points of view, the limits of the neo-liberal rhetoric stating that fostering economic competitiveness is of general benefit for the entire population, and that “the fundamental mission of neo-liberal state is to create a “good business climate” [...] because it will foster growth and innovation and that this is the only way to eradicate poverty and to deliver, in the long run, higher standards to the mass of the population” (Harvey, 2006, 25). Indeed, this entrepreneurial style of government has had results in terms of socio-economic inequality and spatial justice (Ache et al., 2008, Buck et al., 2005) rather distant from the assumption implicit in the neo-liberal approach to urban policies.

As far as socio-economic inequalities are concerned, the pattern of economic growth over the past decade has been considered to foster trajectories of social polarization or increasing inequalities among social groups. According to Castells (1996) and Sassen (1991, 2000), the rise of global financial markets and the introduction of IC technologies have exposed cities to increasing competition from other cities. This has given rise to greater social polarisation as a consequence of the parallel growth of a low-paid, low-qualified service industry attracting masses of immigrant workers as well as high-skilled workers. Authors such as Hamnett (2003) have instead argued that whilst the economic growth of the past decade has been extremely beneficial to the upper class, it has not been completely detrimental to the lower ones. For this reason, European cities, according to Hamnett, may be represented as social contexts affected more by increasing inequality than by polarization. Finally, more recent research has highlighted different patterns of inequality affecting European cities – patterns consistent with social phenomena characterizing national contexts, such as demographic trends and innovation in welfare states, and the different patterns of economic development adopted to foster economic competitiveness at urban level (Buck, 2005; Cucca, 2011). To sum up, European cities exhibit a broad mosaic of possible interrelationships between economic competitiveness and social inequalities that only recently have been categorized (D’Ovidio and Ranci, 2014).

Increasing social inequalities have spatial impacts as well. Although European cities are still less divided than North American ones (Préteceille, 2009; Musterd, 2005), there has been a more general agreement among scholars on the increase in spatial inequalities and residential segregation (Cassiers, Kesteloot, 2012). Since segregation is mainly the projection of a social structure onto space (Haussermann and Siebel, 2001), it reflects the pattern of social polarization or increasing inequalities discussed above. Segregation affects social groups particularly subject to social exclusion, such as recent immigrants, refugees, and unemployed people, as well as social groups that have benefited most from the economic growth of the past decade, such as the urban elite living in gated communities or gentrified areas (Cousin, Chauvin, 2014).

Furthermore, spatial segregation is not only a mirror of the social structure; it may itself act as a driver of social inequalities. In European cities, social exclusion is less the result of a presumed *neighbourhood effect* (Massey and Denton, 1992) than the consequence of the concentration of disadvantaged people or homogeneous ethnic communities in places not supported by adequate social and physical infrastructures (Arbaci and Malheiros, 2009; Cattacin, 2006). This situation makes segregated areas wholly disconnected from the places where there are social resources and opportunities. Two factors – the recent retrenchment of the public housing sector in many countries, and the decline in affordable housing solutions driven by the market – have jointly pushed most of the disadvantaged groups to the social and physical boundaries of cities. Moreover, large part of the urban middle class has been induced by the same factors to spend a large

part of their family income in order to have decent housing in the city or in suburban areas. Within this framework, the scientific debate on spatial segregation is divided not so much on analysis of the phenomenon as on the specific solutions to adopt (Musterd, Andersson 2005). Two alternatives are generally discussed: a) area-based interventions in deprived areas in order to develop better infrastructures; b) sectorial policies intended to combat social inequalities and provide more affordable housing solutions. In a context of retrenchment of the public funds available for housing policies, area-based policies have achieved considerable success among the local institution, although a large body of empirical evidence shows that these policies have been rather ineffective in reducing spatial inequalities (Musterd, 2005).

Whilst these investigations have clearly contested the existence of positive impacts of urban competitiveness on social inequalities, still lacking is a general understanding of the possible positive effects of a social structure characterized by fewer inequalities as a component of urban competitiveness. Large part of the literature usually correlates low levels of inequalities to more secure and cohesive communities, offering an attractive social environment for post-industrial, non-material economic activities (Begg, 1999; Cheshire, 1999; Buck *et al.*, 2005). However, research carried out in the UK in the 1990s (Buck *et al.*, 2005) found no empirical support for this supposed interdependence. Changes in the levels of economic performance of British cities during the 1990s were much better explained by traditional economic factors (level of deindustrialisation, spatial deconcentration) than by positive correlations between economic competitiveness and low levels of inequality. Furthermore, investigations carried out on German cities (Panebianco, 2008) and Spain (Lopez *et al.*, 2008) found a positive correlation between social integration and competitiveness. According to Panebianco, the beneficial impact of increasing competitiveness among cities on their social integration was mainly exerted via the labour market, and it consisted in a significant decrease in the unemployment rate. However, this analysis did not investigate further crucial aspects of social integration such as income inequality (Ranci, 2011).

To sum up, research states that the conventional or academic wisdom of the ‘natural’ complementarity between competitiveness and social integration does not have adequate empirical support. If this weak interdependence demonstrates the unrealistic assumptions of conventional liberalist wisdom (Buck *et al.*, 2005), it should be considered an important empirical result in itself. It may be hypothesized, indeed, that a lack of necessary interdependence between competitiveness and social integration *is* the actual condition under which the economic growth of cities comes about in the global era. Empirical analysis of fifty Western European cities exploring the relationship between inequality and social inclusion, on the one hand, and global competitiveness (including measures of productivity, transnational connectivity) on the other, showed that there was no statistical interdependence between these two dimensions: cities performing well on one dimension did not necessarily perform in the same way on the other dimension (Ranci 2011). Further investigations found a very low correlation between economic performances and equity in social opportunities in European cities, and wide differences among cities in this relationship (d’Ovidio and Ranci 2014). More than an European urban model, therefore, a plurality of models seem to emerge as a result of differentiated patterns of urban development.

Whether or not, and to what extent, economic growth is combined with social integration is therefore not a matter of normative assumption; rather, it is merely one possibility among a broad range of options. In this book we argue that policies implementation at urban level still may play an important role in this regard, although, as stated by Hausserman and Haila (2005), the influence of public decisions on the socio-spatial organization of cities has been diminishing dramatically and there is a tendency towards the dissolution of the city as a public good through the privatization of housing, the selling of public land, the selling of public enterprises, and the commodification of public and social services.

As we will show, differences among urban contexts are still huge, both in terms of the strategies adopted to foster economic development and in terms of the social impacts of such transformations on the different social groups. These differences are the result of an entanglement of factors: on the one side the variety of welfare regimes as well as of national capitalistic pattern; on the other hand the impact of strategic choices operated by local governments.

### **3. The role of urban policies**

In the current economic and social crisis, these trends raise an additional challenge against the European urban model. As recently reported by Stone (2013) on the American context, conditions today do not hold

out much promise of replicating the degree of power convergence found around growth through land valorization (Molotch, 1976) in an earlier age. In various respects, today's alternative appears to be a piecemeal agenda fragmented by both function and geography. This can also be applied to the European context, where urban policies have weaker local fiscal bases but receive more state funding and support than American cities, and where the multilevel institutional infrastructure is much thicker and more interdependent than in the US.

Our empirical question is therefore this: how have European cities combined measures to enhance urban competitiveness and public programmes aimed at preserving their internal social integration? Urban policies have become crucial testing grounds for the capacity of cities to bring these two aspects together. The lack of standard solutions due to the crisis of Keynesian approaches has paved the way for innovation and differentiation in urban initiatives. Moreover, the retrenchment of the welfare state in many European countries has exacerbated dilemmas and trade-offs, reducing state financing to local municipalities and correspondingly increasing the need for local integration policies.

In this multifaceted scenario, urban policies have had to deal with social problems aggravated by the financial crisis and with the greater need to support local competitiveness. Inequalities, therefore, are the result not only of economic and social trends but also of urban policies targeted on inter-city competitiveness and attractiveness. In particular, as we argue in this book, cities have taken different approaches to this issue independently from national welfare regimes and from the political orientation of urban governments, but as the result of a complex entanglement of diverse factors such as the overall system of governance and the specific distribution of power among institutions on specific policy areas (local development, labour market, urban planning and housing policies).

Within this framework, our hypothesis is that the main trade-offs between local competitiveness and social integration are found in two traditional fields of urban policy where European cities have traditionally played an important role: *a)* economic strategies aimed at fostering competitiveness with expected positive impacts on local employment, and *b)* urban renewal projects intended to sustain real estate markets combined with housing affordability measures. In the past two decades, both these fields have been characterized by increasing trade-offs and dilemmas between the goal of promoting attractiveness and market mechanisms, on the one hand, and the need to fight unemployment, poverty, and housing deprivation on the other. They therefore constitute two large-scale testing grounds for the directions and capabilities of current urban policies in our six European cities.

### *2.1 Economic competitiveness and social inequalities: do 'good jobs' matter?*

Determining the role of cities in fostering economic competitiveness and the effects of these policies on social inequalities is a complex task. The economic trajectories of the European cities appear extremely heterogeneous, since urban contexts are embedded in different production regimes and because they seem to have responded differently to globalization dynamics (Gallie, 2007; Hall and Soskice, 2001). To date, however, only few attempts have been made to understand and categorize the patterns of economic development followed by European cities (Ache and Andersen 2008, Kazepov 2005, Musterd and Murie, 2010, Feinstein, 2010) and their effects in terms of social inequalities, and to evaluate the role played by urban policies in this regard. Our investigation attempts to fill this gap, firstly by proposing an analysis of the impacts of cities' patterns of economic specialization on the labour market structure; and secondly by analyzing the urban policies adopted in order to foster economic competitiveness and their effects in terms of "good-quality employment".

Cities have exhibited different trends in their general transition from a Fordist economic structure to a service-based economy. In our investigation we seek to capture the features of this transition and propose a categorization. Cities have experienced different patterns of urban economic specialization, especially by attracting global capital through investments in infrastructures for connectivity, urban renewal and sustainability policies, cultural and housing schemes oriented to the creative class or tourists. The spatial division of labour within firms' production processes (Massey, 1984) has reinforced the diverse occupational structures of cities, and this has also fostered dissimilar patterns of inequality in the labour market structure and income distribution among urban contexts (Cucca, 2011; Pratscheke, Morlicchio, 2012).

Within this framework, the occupational structure is a mechanism important for understanding the relations between the economic and social dimensions of urban development. Our investigation studies the economic performances of cities in terms of effects on the labour market, with reference to the level of employment achieved, as well as the quality of the jobs created and the impact of the current economic crisis. The notion

of job quality is a complex one, but its investigation is of crucial importance. According to the International Labour Organization, job quality encompasses numerous aspects: protection and income security, quality of participation in the labour market, and inclusion in society<sup>1</sup>. Although this is a concept complex to analyse, our investigation takes account of the quality of the jobs created through urban policies fostering the city's economic growth in order to determine whether these interventions have been able to promote a labour market that positively affects economic and social inequalities, or conversely generates processes of polarisation.

A second step of the investigation presented in this book was examination of the role of urban policies in this transition, studying both how competitiveness is promoted at urban level today, and the role of municipal governments in preserving social integration. Usually, when social and economic scientists have analysed economic competitiveness, they have mainly paid attention to the national level, largely ignoring the local level of analysis. Furthermore, economic competitiveness is a goal which the public sector cannot achieve alone (Stone, 1993; Molotch, 1976). Therefore our analysis focuses not only on direct public intervention by local municipalities but also on various forms of negotiation and partnership with private actors (Buck et Al., 2005).

Conversely, the role of the local and municipal levels of government in fighting social inequalities has been investigated (Buck et Al., 2005). Our hypothesis in this case is that during the past decade the capacity of urban policies to affect social inequalities has been greatly weakened by the inertia or retrenchment of national welfare state intervention, but that social innovation at the local level has recently increased to fill the gap between a growing need for social intervention at the local level and a shortage of financial resources at the central level. We shall show how social integration policy has entered the public agenda of most of our cities, making social policy one of the most interesting fields of urban policy development.

## *2.2 Planning for the competition: the effects on housing affordability*

As already mentioned, the main policy strategies employed by urban and local institutions in order to promote local growth are: a) investments in infrastructure, subsidies and regulatory relief to property developers and firms (such as office-led development, malls, sport facilities, clustering of related companies), often providing expensive housing solutions for the high-middle class; b) large-scale urban renewal projects in deprived neighbourhoods or brownfield redevelopment strategies able to provide the right urban environment for the creative class “wanted” for the city's new economic development. However, the consequences of these projects for spatial equity have been relevant.

As argued by Fainstein (2010), the first important effect of such policies in terms of social equity has been the use of public funds in favour of private investments, contributing more to market processes than to collective goals. This shift in urban policy has been an important reason for the decreasing investment in municipal and social housing interventions, with negative effects in terms of social redistribution. Although these strategies may mainly depend on the national level of government, disparities in the levels of affordable housing among cities within the same country show that urban patterns of local development have a certain degree of autonomy (Arbaci, Malheiros 2009). Furthermore, since the 1970s, policies of this kind have been accused of fostering gentrification (Smith, 1979) by increasing the value of properties and attracting the presence of middle-class groups to central areas. As final result, these processes have led not only to the displacement of the most disadvantaged social groups but also to a general lack of affordable housing solutions for the remaining part of the lower and lower-middle class population.

Urban policies intended to deal with these “unexpected consequences” have been quite rare, and those implemented have achieved uncertain results. In some cities, private developers of large housing estates have been asked to include a proportion of units for low income residents, in order to increase the availability of affordable housing. This has seemed also a shrewd way to create more “mixed and balanced communities”

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<sup>1</sup> The European Commission states that is both a relative and multidimensional concept: good jobs comprise equal opportunities, good and flexible work organization enabling the better reconciliation of working and personal life, lifelong learning, health and safety at work, employee involvement, and diversity in working life. Kalleberg (2011, 9) considers also the economic dimension of job quality, such as wages, fringe benefits, regularity or intermittence, to define a good job as one that: a) pays relatively high earnings and provides opportunities for increases in earnings over time; b) provides adequate fringe benefits and social protections; c) enables the worker to have opportunities for autonomy and control over work activities; d) gives the worker some flexibility and control over scheduling and terms of employment; e) provides the worker with some control over the termination of the job.

(Bridge et al. 2011); however, some scholars (Arbaci, Rae 2010) have argued that this has generated a huge process of urbanization with a low production of affordable housing. Moreover, it has led to more severe stigmatization and segregation for low-income social groups concentrated in small communities (Arbaci, Rae 2010).

Other public interventions have been oriented to supporting social housing associations, instead of the direct (and more expensive) involvement of public authorities in housing provision; public subsidies to non-profit organizations or to private developers are now the principal means by which new affordable housing is provided (Van Kempen et al., 2005). However, private homeowners usually have greater freedom to discriminate against more problematic tenants, such as former criminals or mentally disable people, as well as to define “quotas” for recent immigrants (Bricocoli and Cucca, 2016).

Moreover, strategies for rent control and rent support have been introduced to avoid strong processes of displacement of the population from gentrified neighbourhoods (soft gentrification). However, these strategies have often produced limited effects owing to a shortage of public funds available for these programmes. Also support for home ownership, in this period of financial crisis and housing market crisis, has generated huge economic problems for people unable to afford the mortgages and other property expenditures.

Because policies addressing this issue have not reversed the dominant trends towards gentrification and displacement of the poorest population from city centres, in some cities public institutions have decided to re-start support for municipal housing provision, or they have introduced new mechanisms with which to make some of the interventions already mentioned more effective. Within this area of analysis, the aim of our research was to determine how local governments have dealt with this challenge, and what the most important effects have been.

#### **4. Plan of the book**

The book is organised into three parts.

The first part examines social trends occurring on our six cities through a comparative, transversal perspective. The second chapter by Roberta Cucca examines the trajectories of social inequality characterizing the six cities investigated in this research, with the focus on the relations between the economic specialization of cities and transformations of the labour market. In fact, there is a need for analysis to understand the different patterns of social development characterizing European cities. In particular, the chapter describes some patterns of transition from Fordism to Post-Fordism at urban level in Europe and how they have affected inequalities in the occupational structure.

The third chapter by Agostino Petrillo shifts the discussion from social to spatial trends. Starting from the main theories on the social impact of globalization and the growing competition among cities, the chapter’s aim is to identify the principal mechanisms working in the cities selected, in particular by highlighting the territorial and spatial dimensions of the transformations. The cities are analysed by taking the wider “urban regions” as references. All the cities studied are affected, with different intensities, by far-reaching changes which imply, on the one hand, the progressive movement of economic and political sectors on a supranational/global level, and on the other, the strengthening of subnational/regional institutions. The chapter addresses some key questions: What is the role of cities in this scenario? How are these opportunities and restrictions distributed or concentrated according to economic reorganization at a regional level? What have been the main hard and soft factors used by cities in their strategies towards higher competitiveness? And what have been the main implication in terms of residential mobility and working conditions of the inhabitants?

The forth chapter by Yvonne Franz and Rossana Torri analyses how the changes in the cities’ economic bases, and particularly in the local labour market, have influenced urban property dynamics. It highlights the mechanisms of these changes and their impacts on the spatial distribution of the population, by using gentrification as a key-notion.

The fifth chapter by Roberta Cucca and Nathalie Kakpo focuses on how immigrant groups integrate in the changing labour markets of the six cities considered in this book. The key question is: does a knowledge-based economy imply an exclusion of immigrants from the labour market and their massive concentration in the low employment sectors, or rather are we witnessing complex processes involving different groups’ trajectories? How do factors such as ethnicity and social classes affect the ways immigrants and EMGs settle in the local labour markets?

The second part of the book is based on case studies investigating urban policies implemented in Barcelona, Copenhagen, Lyon, Manchester, Milan, and Munich in order to foster economic development and to preserve social integration in two fields (housing and employment), with especial attention paid to local actions to combat the effects of the current crisis. This part of the book is centred on city-based case studies investigating urban policies addressing the two crucial political issues just mentioned: providing affordable housing in the context of rising land values, and supporting employment in a phase of economic depression. Chapter 6 by Ana Cano, Marisol Garcia and Marc Pradel, describes the situation of Barcelona. Among the cities selected for this research, Barcelona has been the most successful in terms of economic growth before 2007, as well as being the urban context most affected by the crisis. On the side of social integration, unemployment has followed a markedly fluctuating trend, while housing conditions have been characterised by affordability problems for middle-class families especially, and more recently by increasing evictions. However, in terms of urban policies, before the crisis Barcelona had a balanced approach to development: although the priority has always been the city's economic growth, the local governments have at the same time fostered programmes explicitly aimed at promoting jobs of good quality and housing policies intended to enlarge the affordable stock.

Also Copenhagen went through a period of economic development over the decade before the crisis. As described by Hans Thor Andersen in chapter 7, unemployment was very low in the 1999-2007 period due to the high demand for high-skilled jobs in business services, media, info tech, consultancy and finance. Social integration was also preserved by the still very high level of public employment. In Copenhagen, the crisis has increased the unemployment rate and the labour market segregation of migrants/refugees. However, at the same time it has also sharply decreased housing prices and made it possible for middle-class workers to purchase decent housing in central Copenhagen. Nevertheless, a large number of households have become insolvent as prices have generally dropped by a third; their purchase of housing before the crisis has given them huge debts, and they will be trapped in their present property for years. This situation has been also the result of local policies strongly oriented to economic competitiveness after the risk of municipal bankruptcy in the 1990s and which have given rise to an increase in spatial inequalities and residential segregation.

In chapter 8 Deborah Galimberti, Remi Dormois and Gille Pinson describe the case of Lyon, a city that experienced strong economic growth in the 1990s, which was followed by a stop-and-go process. This came with a large increase in the city's population and decreasing unemployment between 1990-2007. In France, the current crisis has mainly impacted on industrial jobs located in former industrial regions. The Great Lyon region, which still has an important industrial sector, has been hard hit by the crisis, with the closure of several plants. But, like other large French city regions, the Grand Lyon area, with its variegated and tertiarized economic structure, has resisted better than other territories. The chapter analyses the complex system of governance ruling institutional interventions for urban competitiveness and housing affordability. It also shows in this case the strong preference of the urban government for neo-liberal tools to foster attractiveness – a preference sometimes even stronger than the national one.

Nicola Headlam focus chapter 9 on the system of governance ruling housing and the production of skills for competitiveness in Manchester. This is a city that has dramatically shifted from being a manufacturing city to the second financial capital of UK. However, this pattern of development has promoted a severe dualization of the labour market in an urban context already characterized by wide social and spatial divisions. The author argues that, more than the economic crisis, austerity programmes are the key to understanding how local governments are facing the economic and social challenges. Austerity localism, and cuts to public sector funding have resulted in a very limited range of policies with which to counter structural issues in the housing and labour markets.

The case of Milan is described by Rossana Torri in Chapter 10. In the Italian city the economic growth rate was high in the 1990s, but already negative or close to zero in the 2000s, demonstrating the recent decline in the city's competitiveness and attractiveness. Demographic trends were negative in the 1990s and positive but quite low in the past decade. The unemployment rate was diminishing until 2007, but housing prices increased hugely in the 2000s. The crisis has partially changed this scenario, with the unemployment rate increasing and the reduction of prices in the housing market countered by the deep crisis of the loan system, which makes housing affordability even harder. Milan was governed by centre-right coalitions uninterruptedly between 1993 and 2011, distinguishing it as one of the cities with the greatest continuity in terms of political rule in Italy. 2011 marked a major turning point, with the election victory of a centre-left alliance, in office until June 2016. The chapter analyses the dynamics of transformation that have contributed to changing the face of the city over the period under consideration – with a focus on the long cycle of property-led urban generation and on the city's tertiary transition – and policies promoted at the local level to



support and steer these processes, which became all the more critical in light of the financial crisis that began in 2008.

Conversely, Munich is described by Alain Thierstein, Irina Auernhammer and Fabian Wemmer in chapter 11 as a city that has managed issues relative to social integration as assets for urban competitiveness. Munich is the only city not affected by the crisis. It achieved high growth in real GDP in the 1990s, and still positive growth in the 2000s, as well as an enlargement in the size of its resident population. Within the favourable context of Germany, Munich is a centre of excellence. One of the main reasons why Munich has remained resilient during the financial crisis is the diverse economic base of the Region of Munich, which is referred to as the 'Munich Mix'. This means that Munich has several poles of economic development with strong positive effects on the diversity and flexibility of the local labour market. A wide range of sectors, including SMEs and global players, define the composition of the 'Munich Mix'. Medium-sized businesses have a strong and stable impact on the local labour market's development. The high employment level also of women has generated growing demand for childcare services outside the family, for financial support of single parents, and appropriate housing solutions. The high level of rents on the privately financed housing market has also intensified the demand for social housing. However, socio-spatial segregation seems to be intensified by diverse price trends in the city's various districts and housing quarters. The economic success of the city has nevertheless created new social problems. Owing to the attractiveness of Munich and demographic changes, the demand for appropriate housing remains at a high level, accompanied by continuously rising rents and property prices. Munich's high attractiveness is exacerbating income disparities. A rise in renting prices increases the demand for social housing and the risk of social and spatial segregation in specific districts. Today, this challenge is one of the key issues for Munich's local strategy for urban development.

Finally, The third and final part of the book puts forward some final considerations.

Chapter 12 by Costanzo Ranci examines how the general interconnection between competitiveness and social integration is shaped in these six cities. It considers the increasing social inequalities within the cities in relation to the specificities of their local production regime; the trade-offs between local interests protection and an ability to attract global flows of financial and human resources (i.e. tensions in the relationship between space of places and space of flows); and the new social morphologies emerging in these cities as a consequence of their globalization (such as gentrification, or urban sprawl contributing to the formation of big city regions). Overall, these facts show that, although the six cities examined are embedded in different welfare capitalism regimes, they are characterized by a common trend towards higher internal disorganization.

In the final chapter, Costanzo Ranci and Roberta Cucca discuss the importance of a policy agenda addressing competitiveness and social integration within a neo-liberal policy framework. They propose a typology of possible orientations of local government towards economic development and social integration: cities following the neo-liberal rhetoric of economic growth as the driver of social development; cities prioritising interventions for economic development but trying to mitigate its possible negative effects on social and spatial inequalities; cities that have considered social integration as an important asset for the economic growth of the urban context. To sum up, governing the post-industrial city in Europe is no mere extension of the past, and analysis of this transformation seems to be growing in importance, especially at this time of crisis. The reason being that, even if it is true that urban policies have contributed to sharpening social inequalities in these cities during the post-Fordist era in Europe, at the same time they have become even more crucial for preserving social integration in a time of welfare state austerity. It is through this paradoxical and contradictory dynamic that urban policies have gradually reduced their historical capacity to govern the economic and social trends taking place within their territory.

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