

URBAN AND REGIONAL DEVELOPMENT IN WESTERN EUROPE

A SCENARIO AND AN INDUCTIVE THEORY

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This paper has two purposes. The first is to draw up a scenario of the future urban and regional development in Western Europe. I shall discuss — though of course I cannot present final answers to — such questions as: Which cities and regions will grow, and which cities and regions will decline? How will the geographical distribution of population, jobs and production evolve?

The second purpose is to outline a theory of urban and regional development in economically advanced Western societies, induced from the recent developments in Western Europe.

The paper will focus on the development of areas that at least form whole commuting areas — typically regions on NUTS III level of the EC — and not deal with the internal development of city regions. The development of these areas will be studied both in a European-wide and in a national perspective.

PREDICTIONS AND THE METHODS BEHIND THEM

The geography of Europe is changing rapidly. The dynamism of the EC and the collapse of the East European economic system have created new conditions for the development of the West European societies. No wonder that forecasts of this development — including its regional aspects — are strongly in demand. But opinions of experts on the future

regional development vary widely. In short, three answers are suggested:

One answer is that population and economic activities will concentrate into the largest cities, primarily into those situated in the core of Europe, the «banana»-shaped area from London over Brussels and Frankfurt to Milan.

A second answer is that growth on the contrary will be strongest in peripheral Europe, such as the Mediterranean South.

A third answer is that the demographic and economic development will not be structured according to a core/periphery pattern, but show a much more complex mosaic: in all parts of Europe, there will both be growing cities and regions and declining cities and regions.

Why do the experts disagree? Because prediction is a difficult task. There is not one «correct» method, but a variety of methods yielding different results. Anybody must rely on the answer provided by the method which he or she believes has the highest credibility.

The «*concentration model*» is claimed by people belonging to various schools.

Some are primarily using deductive methods. In this group we find some strange bed-fellows.

Firstly, traditional economists who believe that under the sharpened competition of the single European market, the winners will be the large corporations with increased economies of scale — and they are predominantly located in the core areas of Western Europe. The CECCHINI report (1988) on the consequences of the single market clearly belongs to this school, though it only briefly touches on the regional consequences.

Secondly, traditional marxists who believe that cores exploit peripheries, and that this leads to increasing polarisation between cores and peripheries.

Thirdly, we find here a number of regional economists (e. g. JOHANSSON & KARLSSON, 1990) who stress that growth and innovation in firms depends on close and informal interaction with other firms, organisations and persons, and on the possibility of recruiting qualified staff. Both are easiest in large cities. Therefore, they predict a concentration of

economic dynamism in big metropolitan areas. This effect is reinforced by the fact that large cities, and especially capitals, have a favourable economic structure: they have an over-representation of today's growth sectors such as producer services.

The weakness of deductive predictions is, of course, that they depend on the quality of the theories from which they have been deduced. If the theories are wrong, or if they are only valid for certain societies in certain periods, the predictions will prove to be wrong, too. Many critics (e. g. CAPPELLIN, 1990) claim that traditional regional theories — non-marxist as well as marxist ones — are obsolete, for instance as regards economies of scale, and that they are too simplified to cover today's economies well. It is questionable whether the agglomeration advantages of large cities actually are more important than their disadvantages, and whether advantages of agglomeration are not better obtained in smaller industrial districts, specialized for instance in electronics or textiles (PESCHEL, 1990). Another problem is that when they focus on a region's present advantageous or disadvantageous share of various sectors, they tend to forget the regional shifts. A growth sector need not remain located where it was located last year.

The above-mentioned group of modern regional economists does not only use deductive methods, but also study the actual developments of recent years (e. g. CHESHIRE & HAY, 1989). The findings of the latter authors are interpreted as tendencies of concentration. But this interpretation is questionable. Besides, their methods are open to criticism. They are based on a few indicators, primarily the development of unemployment, and on the changing number of hotel beds of various quality categories. However, it is not easy to compare unemployment data from different countries, even if the EC try to standardize them. It is well known that there are varying amounts of unregistered work, especially in the Southern member states. And hotel beds cannot be a serious measure of economic development.

Other studies have applied other indicators, for instance the amount of research and development (BRUNET, 1989). His mapping is purely static, however, and tells us nothing

about the dynamics. Besides, R & D is a questionable indicator. It only reflects that part of the innovation that takes place in research and development departments, not the many shop-floor innovations in dynamic firms.

The Commission of the EC uses unemployment data to assign regions for support from the European Fund of Regional Development and the other «structural funds». But this application is just a thin layer of objective varnish, barely hiding the political background, which is the decision that rich countries must pay to poorer countries in order to maintain the coherence of the EC.

Now let us scrutinize the «*decentralisation model*», the answer that the highest growth rates will be found in the periphery of Western Europe. It is supported by the deductive argument that when the movement of capital is liberalized, investments will be placed in regions with low costs and thus high profits. At least for a long period, costs — especially wages — must be expected to remain below average in the Southern periphery. But the model is also supported by an extrapolation of the main trends of population distribution and migrations inside the EC in recent decades. KEEBLE *et al.* (1986) divided the EC into core, intermediate and peripheral zones, and found the development of population shown in table 1 (I have added the most recent data).

TABLE 1
Population growth in the EC 1977-83-87

Percent (in total period)	1977-83	1983-87
Core zone	0.6	0.4
Intermediate zone	1.9	0.6
Peripheral zone	3.6	1.8
EC 12	2.2	1.0

As an indicator of economic development, the population data are reasonably reliable, even if some illegal immigrants are lacking, and even if — in countries without registers of population — the estimations between the censuses are somewhat uncertain. Still, this method has its problems.

First, it is questionable to use the distribution of population as an indicator of economic development (or migrations which yield almost the same results, since there are not any longer major differences in the size of natural change). In favour of this indicator it may be argued, however, that several studies (CHAMPION, 1989) show that population and employment geographically develop in parallel ways. After all most households have least one member working within commuting within the EC, too — in particular of manufacturing jobs.

Second, it is questionable to base predictions on extrapolation of past tendencies. Of course, new influences frequently turn up. I shall return to this question later.

Third, today a division of the EC, into three zones is so crude, that the only thing which the results really prove is that the concentration model has been wrong in recent years. As already hinted, a simple division into core and periphery does not fit our more and more complex society any longer.

Those who are in favour of the «*mosaic model*» (CHAMPION, 1989, CLAVAL, 1990, KEEBLE, 1990a, and PRESCHERL, 1990 work in this direction) tend to apply a third method. They have analyzed recent developments in a geographically detailed way, and used several indicators. However, their predictions are not only based on these analyses, but also on assessments of new forces, such as the completion of the single market, and the East European upheavals. This kind of analyses and assessments do not usually result in quantitative forecasts, but rather in verbally expressed «scenarios».

Thus, this method produces a less precise picture of the future than other methods. But it is able to take more societal forces into account and express more aspects of the future. This is the method I shall apply.

First, I shall discuss how the new influences, such as the completion of the single market, the East European changes, and Third World developments may influence the urban and regional development in Western Europe. Next, I shall accompany the reader on a tour through the various regions and cities of Western Europe and briefly analyse recent developments. I shall take into account a number of new regional studies. Third. I shall try to produce a synthesis of the mosaic, to distinguish some main types of regions and

countries in Western Europe. The assessments of new influences and the analyses of the recent past will form the bases of the scenario. Finally, I shall synthesize the forces behind the observed developments and discuss them within the framework of the emerging information —, service —, or knowledge-society — in other words, outline an inductive theory of urban and regional development.

WHAT WILL THE SINGLE MARKET MEAN?

Let us first de-mystify the single market. Because rarely has a rather modest event got such an over-dimensional symbolic value as the completion of the single market for goods, services, capital, and labour at December 31st 1992.

A more sober expression would be «the gradual integration of the EC». Actually, a common market for goods and labour has existed for many years, as well as other integrated policies, those concerning agriculture, science and regional policy, just to mention a few. Now free movement of capital, removal of technical trade barriers and of service restrictions are carried through, and a lot of frontier controls are abandoned. And that will hardly be the end of integration, since government conferences are discussing the details of an economic-monetary union and a political union.

Thus, EC integration has progressed for decades, it is only accelerating. There is no reason to believe that the «single market» in itself will turn present regional development tendencies upside down.

For instance, there is no reason to expect increased migration between the EC member countries. Labour has been allowed to move freely for a long time already, but in the 70s and 80s very few people have seized the opportunity. Cultural barriers are much higher than inside the USA.

The progressing integration of the EC leads to increased competition. Inevitably, the most competitive firms and the regions in which they are located will benefit. But as already hinted, there is no a priori reason to expect — as CECCHINI does — that large, centrally located firms are the most competitive ones. As the next section will show, the locations

of competitive firms form a complex mosaic. So will the benefits and losses due to European integration.

In particular, the completion of the single market will probably sharpen competition among producer service firms, which has been strongly regulated up to now (PLANQUE, 1990). On the other hand, in this sector cultural barriers play a large role, and frequent meetings between service producers and their clients are normally necessary. Thus, internationalisation of the firms will hardly result in a geographical concentration of production and employment. Even international firms will often have to maintain branch offices or cooperate with local firms in the individual countries where their clients are.

CAPPELLIN (1989) argued that freer competition especially would hit former national monopoly firms, typically located in national capitals. This may mean that urban hierarchies become «flatter», that regional capitals get almost as important as national capitals — just as we have observed in the airlines sector recently.

Whether European integration will benefit large corporations (typically located in big cities) or small and medium enterprises most, is debatable. Large corporations have better marketing departments, able to seize new export opportunities. But SMEs have been most handicapped by the paperwork which now will be reduced. The psychological effect of the completion of the single market may be most important on the SMEs which in many cases have had a rather narrow horizon until now.

To conclude: European integration will reinforce the strongest firms. But nothing simple can be said about the geographical implications. And the completion of the single market in 1992/93 is just one step in a long process of integration.

THE EAST EUROPEAN CHANGES

It is still very difficult to foresee the final results of the changes in Romania, Bulgaria, Yugoslavia, and Albania, not to speak about the republics of the former Soviet Union. Even if the direction is clearer in Poland, Czechoslovakia, and

Hungary, their economic future is still very shaky. In the former East Germany, productivity is low, and firms prove to be much more fragile than anybody had dreamt of.

A likely effect is a pressure for emigration from Eastern Europe, at least partially directed towards Western Europe. If borders are opened for such a migration, it will primarily flow into the big cities. International migrations normally do so, if authorities do not steer them elsewhere. The migration from Mediterranean to Central and Northern Europe in the 1960s ended up in the large metropolitan areas.

In the late 80s, West Germany was flooded by immigrants from East Germany and other East European countries, and after the 1990 reunification the latter flow is continuing. But it is too early to say where these people will settle permanently.

Another effect will be the competition which East European firms will present in Western Europe, if the EC does not build too high import barriers. The competition will especially be felt in low wage sectors demanding a certain skill level. West European firms have already placed orders of e. g. clothes and furniture production in Eastern Europe, and this tendency is likely to accelerate. It will especially be a threat to industries in Southern Europe. These regions already feel that they must compete with Eastern Europe both for investments and for EC subsidies.

On the other hand, there will be increasing opportunities for exports to and trade with Eastern Europe. Those opportunities will cover a wide range of sectors, and it is difficult to foresee the regional effects. Physical proximity to the markets will not be very important (PESCHEL, 1990). But competitive production and a certain knowledge of trade traditions, culture and connections on the markets will be significant assets. In these respects, West Germany and especially cities like Berlin and Vienna have advantages. If the situation of the Soviet Union stabilizes, the Finnish post-war trade connections may prove to be an asset, too.

However, these effects will hardly influence regional developments in Western Europe in any decisive way, at least not for many years. After all, the East European connections will be modest compared to those inside Western Europe, maybe except for Germany.

Concerning both the EC integration and the connections with Eastern Europe, it should be kept in mind that even if increased integration may hit some regions, the total effect of the increased division of labour and of innovative impulses will be accelerating economic dynamism.

CUT-BACKS IN AGRICULTURAL SUBSIDIES

Everywhere in Western Europe — inside and outside the EC — agriculture has been heavily subsidized for a long time. Undoubtedly, more farms have been maintained than would otherwise have been the case. And consequently, more rural shops, schools, and other services. In other words: Agricultural subsidies have been to the benefit of rural areas broadly.

It now seems that the agricultural subsidies will be reduced, due i. a. to international pressure for more equal terms of trade. Inevitably, that will weaken the rural areas.

It is not clear yet when and how such cut-backs will happen in the EC, and consequently which rural areas will suffer. The Northern member states wish to continue the production subsidies which favour their farmers. The Commission, on the other hand, has proposed a change into a more environment-orientated system which would maintain more small agricultural holdings in the other member states.

MIGRATION PRESSURE FROM THE THIRD WORLD

Clearly, the present balance between the rich Western Europe and North America and the poor Third World is unstable. The pressure for immigration from the Third World increases all the time, though it may be held back by increased and improved assistance.

It is not unthinkable that already in the 1990s, this pressure will result in accelerating migration to Western Europe. As already said in connection with Eastern Europe, such migration flows will primarily be directed towards the large cities.

REGIONAL DEVELOPMENTS IN WEST EUROPEAN COUNTRIES

At this point, we may conclude that the completion of the single market hardly will change regional development tendencies in Western Europe much. Competition from Eastern Europe, immigration, and reduced agricultural subsidies may lead to more population growth in the large cities and weakening of rural areas, at least for a period. But more important will be the continuation of today's regional processes. In this section of the paper, we shall briefly survey the main tendencies in Western Europe. See figure 1.

In *Greece*, agriculture is still an important source of employment. Almost all large-scale manufacturing and specialized services are concentrated in the two main cities, Athens and Thessaloniki. In the 1960s, their population increased by 36 and 30 p. c., respectively, while in the rest of the country, the population decreased by 9 p. c. In the 70s and 80s, the distribution of population has been more balanced, even if there still is some net migration to the two main cities. In the rest of the country, Crete and Aegean islands perform best, due to tourism. In continental Greece, economic development is partly characterized by small family enterprises, partly by branch plants based on cheap labour.

Italy has for long been the classical country of regional problems, since a strong contrast developed already in the 19th century between the industrialized North — especially the Milan-Turin-Genoa triangle — and the agricultural South, the «Mezzogiorno». A steady flow of migrants from the South to the North developed. In between was Rome, growing up, and still expanding as the capital after Italian unification around 1860.

In the early 1970s, the traditional polarisation broke down. The North Italian industrial cities, especially Turin and Genoa, were severely hit by the economic crisis, and the flow of migrants turned around. Milan performed better, as Italy's main centre of financial and producer services.

But things are far from rosy in the Mezzogiorno. In the 1960s, Italy carried out a powerful regional policy, creating «growth centres» according to the prevailing theories of that decade. Both the government and private corporations located

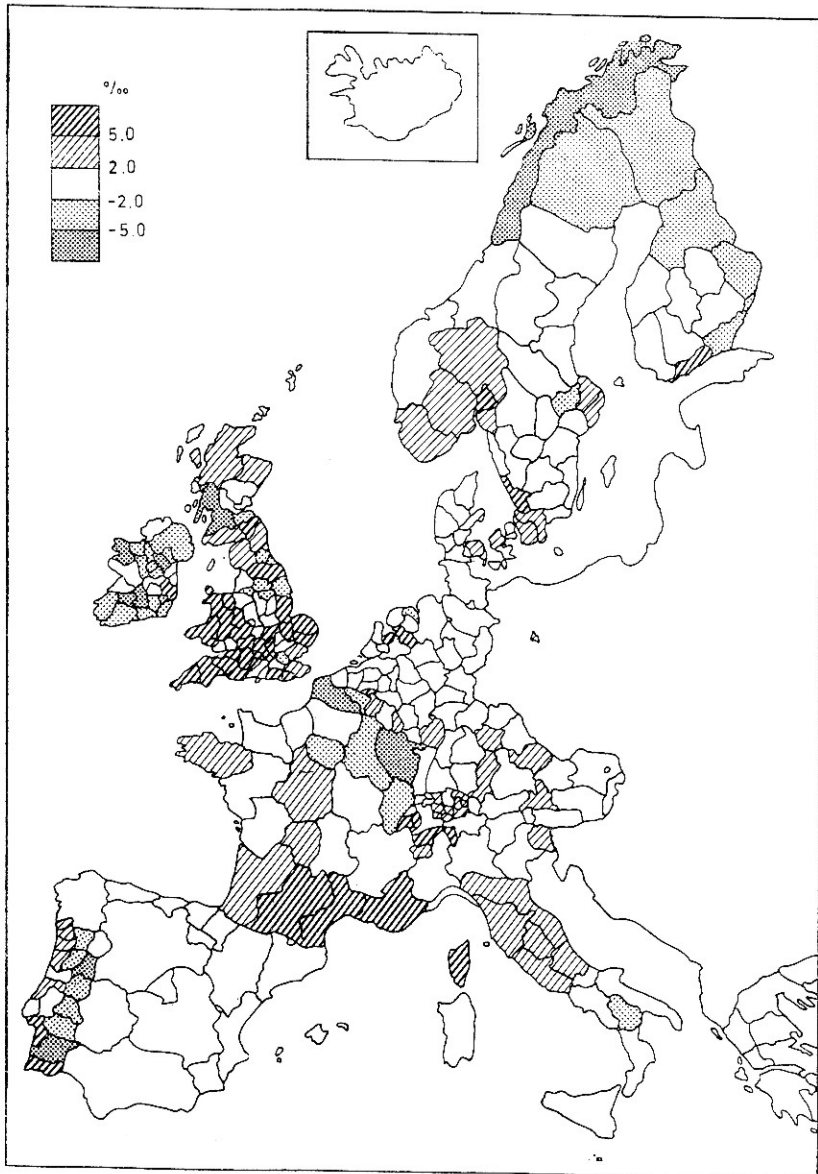


Fig. 1 — Mean annual net migration 1980/81-1987/88 in Western Europe, excl. Greece and Spain.

Source: CHAMPION, 1990.

large plants here, e. g. chemical industries. But they never had the expected derived effects, the top management remained in North Italy, and the unskilled workers were gradually automated away. The plants have remained isolated «cathedrals in the desert», as the saying goes. Local enterprises are generally small and focused on the local market, even if some of them now show more dynamism, for instance in Puglia and Eastern Sicily. The educational level is not bad, but heavily directed towards the classic tradition. The population grows, but this is partly due to a still rather high birth surplus. Big cities like Naples and Palermo are largely places where unemployed immigrants from the North and from rural areas concentrate. The Mafia and other criminal societies thrive.

Italy has recently come back into the focus of regional research, but now for a new reason, namely the development that has taken place in Central and North East Italy, the so-called «Third Italy». Here, from Florence over Bologna to Venice and in the surrounding regions, much of the Italian economic growth of the last decades has occurred. The economy has another character than in North West Italy. It is dominated by small, local enterprises who cooperate closely and build flexible networks. One example is the textile industry at Prato in Tuscany. It proves that a «low-tech» sector can be very dynamic and export-orientated, when it stresses quality and organizes in a flexible way. The entrepreneurial spirit has a historical background in the rather independent farms of this area — in contrast to the large feudal estates of the Mezzogiorno — as well as in a dense system of small local trading towns.

Spain experienced an enormous migration to the major cities in the first post-war decades, like other Mediterranean countries. In the 1960s, Madrid grew by 46 p. c., and the other large cities Barcelona and Valencia as well as industrialized Basque country were not much behind. On the other hand, the sparsely populated, agricultural interior of the country lost population, whereas the more densely populated coastal provinces performed better. Mallorca, Ibiza, the Costa del Sol, and the Canarian Islands started flourishing on the basis of tourism around 1960 — and have flourished ever since.

In Spain, too, regional development changed after 1970. The growth of the large cities decelerated, and the other regions stabilized. There is still some net migration into Madrid, but the most dynamic part of the country is the entrepreneurial East coast and the Ebro Valley. Even in the interior regions, the decline of population has ceased. But the old industry on the North coast, especially in the Basque country, is in deep crisis.

Portugal has two dominant cities, Lisbon and Porto, which for years have been attracting immigrants from the rest of the country. After the 1974 revolution and the independence of the colonies, Lisbon has received an extra immigration from them. In the 80s, immigration from the rural areas has slowed down, but not stopped, and the cheap labour has attracted investments from Northern EC members.

The rural districts still have a large, poor agricultural population. However, in the coastal plain — especially in Northern Portugal — population growth has corresponded to the national average for many years. This is a region of small, independent holdings, and there is a tradition of local manufacturing enterprises. On the other hand, the interior — and especially Alentejo which is characterized by large estates — has witnessed a continued decline of population.

On the South coast (Algarve), tourism has caused an economic expansion in recent decades.

In *France*, Paris has attracted most growth for generations. The rest went to the mining and industrial districts of Loraine and Nord-Pas-de-Calais, and in the third row to other Northern and Easterns regions. However, the 1960s and 70s have turned this pattern upside down. In the 60s, many French returned when Algeria gained independence. They settled along the Mediterranean coast and created new firms. At the same time, the mining and steel industries of the North East entered a crisis which has never been overcome.

In the 70s, the Southern regions continued to grow. The traditional French notion, of which there is plenty of evidence in the literature, was that the way to a career went through Paris. But from the 70s, the elite has stressed quality of life factors, and it has become fashionable to move to the sun, the beaches and the mountains of the South — in combination

with science parks like Sophie Antipolis, prestigious universities like Grenoble and Montpellier, and high tech firms like the aircraft industries in Toulouse. Figure 2 shows a survey of the residential preferences of French students.

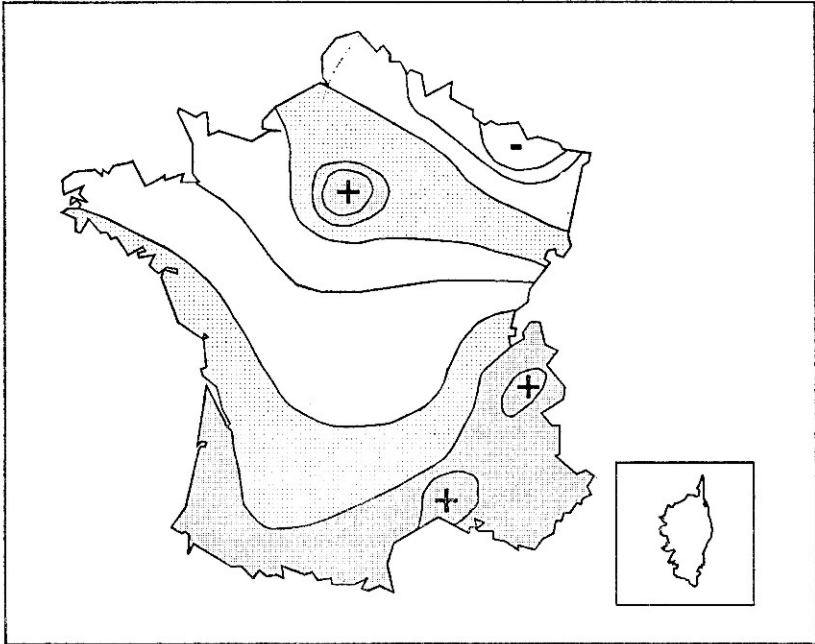


Fig. 2 — Residential preferences of French students.

Source: CLAVAL in STORSTADSUTREDNINGEN, 1990.

The young French realize their dreams. For years, the Alps and the Mediterranean regions have been the most important destinations of migrants. Firms have to follow the qualified people — or otherwise the latter create their own firms. It is in Southern France and Paris that most new firms start.

Even the formerly poor Western provinces show net immigration, though only modestly. The Eastern and central regions are less dynamic.

Of course, Paris is still the centre of many sectors, not least of highly qualified services, and has renewed its glorious image. But all through the 1970s and 80s, Paris has only

just kept its share of the total French population and employment.

In *Switzerland*, growth was traditionally concentrated in the three large cities of Zurich, Geneva and Basel as well as in a number of medium-sized industrial towns in the central area and the Jura mountains (watch-making). The isolated Alpine villages suffered from emigration.

Around 1970, this pattern was reversed. Now the Alpine cantons have immigration — partly due to tourism. The industrial towns and the large cities have below average growth. However, Zurich and Geneva kept their banking functions and international organisations. And the growth of Geneva and Basel is underestimated, because some of the work force live in the neighbouring countries.

In *Austria*, Vienna is, of course, the dominant city. Before World War I it was, as capital of the Hapsburg empire, one of Europe's largest cities, with 2.5 million inhabitants. After the break-up of the empire, its population decreased between the wars, and after 1945 it has stabilized around 2 million. As already mentioned, the East European developments offer new opportunities for Vienna.

In the rest of Austria, there has been a rather permanent development pattern for decades, with strong growth in the Alpine Länder of Salzburg, Tirol, and Vorarlberg. On the other hand, the Southeastern regions have stagnated, due to the dominance of agriculture and steel industry, and to the isolated situation along the iron curtain.

As regards *Germany*, we can only discuss developments up to early 1989. The present processes are impossible to survey. Undoubtedly, the East European developments offer great opportunities for the German economy.

The old industrial centres of West Germany were in the North, in the coal-mining Ruhr area, in Hamburg, Bremen, Hanover, Brunswick, and the Saar area. Southern Germany, on the other hand, was relatively un-industrialized before World War II. Berlin had grown tremendously since it became capital of the empire in 1871. After its partition in 1945, the isolated Western half stagnated.

When things became normal in West Germany after the war, and many refugees from the East had settled perma-

nently, a traditional migration from rural to urban areas started. But already in the 60s, the rural districts in the South entered a dynamic period. This part of the country attracted qualified people because of its image of attractive scenery and climate, and combined these qualities with an entrepreneurial tradition in Baden-Württemberg. In the large cities of Munich, Stuttgart, and Frankfurt, specialized services and advanced manufacturing firms were located. All through the last 30 years, the rural and urban areas of South Germany have attracted immigrants from the rest of the country.

The old Northern cities, on the other hand, have stagnated since the 1960s — not only the mining and industrial cities, but even service cities. The smaller towns of the Northern regions generally perform better.

Tiny *Luxemburg* comprises a capital with the same name, where banks and EC institutions flourish, but also a corner of the crisis-ridden steel industry of Lorraine.

In *Belgium*, the French-speaking South and the Flemish-speaking North have followed widely different paths.

In the South, based on the coal mines of Liège, Charleroi etc., the earliest continental industrialisation took place in the period when Belgium decame independent (1830). Today this industry is characterized by large firms with obsolete technology, obsolete organisational structures and petrified unions. It has been in deep crisis since the 1960s.

The Flanders, on the other hand, remained a poor agricultural region, except for Antwerp and Ghent. Only in the post-war period, a modern industry has developed, and Flanders is now the most dynamic part of the country.

The bilingual capital of Brussels seemed to face a glorious future as the «capital of Europe», with most EC institutions, a lot of related organisations, and many producer services. However, the EC bureaucracy is, with 15-20,000 employees, rather modest compared to that of nation states. Brussels was badly hit by the crisis of the 1970s, and the increasing division of Belgium into two separate societies tends to reduce the national role of the city. Its population has stagnated over the last two decades.

The large cities of the *Netherlands* — Amsterdam, the Hague, Rotterdam, and Utrecht — are situated at short dis-

tances in the Western provinces. To some degree, they form a whole which is called «Randstad Holland». Since the 17th century, they have been a European centre of trade and finances (Amsterdam) as well as a main port (Rotterdam). On the other hand, the Northeastern part of the country has been a poor agricultural region, while in this century the South-East gave birth to industries like Philips in Eindhoven and coal-mines in Limburg.

Already in the 1950s, the growth of Randstad Holland declined to the benefit of peripheral regions, where manufacturing industries expanded. But in the 80s, there has been a backswing. Not least Amsterdam has, with its unique urban environment, attracted highly skilled «yuppie» activities like software houses.

The *United Kingdom* has a long history of changing urban and regional developments. The traditional centre of population in the South was shifted to the North and West by the industrial revolution of the late 18th century. Glasgow, Newcastle, Leeds, Sheffield, Manchester, Liverpool and Cardiff — plus later Birmingham — became leading centres of the 19th century coal-mining, steel-mills, shipyards and ports.

Already between the wars, these regions were hit by severe crises, and in recent decades they have declined more and more. Old entrepreneurial traditions, as in Birmingham, were strangled by large-scale industrialisation (motor-cars). Even the much-publicized renewal of Glasgow has not seriously broken this trend.

In the 1950s, the winner was London with its high-level services, and especially its financial sector. However, in the 70s the growth of London decelerated, and a certain come-back in the 80s has been hampered by steep increases in land prices. Now small towns and rural districts in Southern England form an area of immigration, with attractive environments and climates, with the computer industries of Cambridge and a large military complex along the M4 motorway West of London.

In Britain, there is much talk of a North-South divide. But the decline in the North is concentrated in the old industrial conurbations. The rural districts in Wales, North England, and Scotland perform relatively well.

In the 70s, the North Sea oil centre of Aberdeen experienced a short growth period. Another special case is Northern Ireland, where industrial decline (in ship-building) is both the cause and the consequence of political troubles.

The republic of *Ireland* is dominated by its capital, Dublin, which for decades has attracted migrants from the rest of the country. In the 1970s, this flow slowed down, but in the 80s it has accelerated again.

The rest of the country is poor and agricultural. The fact that the language is English has made it easy for the Irish to move overseas, but also to attract foreign investors, which has been the policy of the government for several decades. However, these branch-plants are problem-ridden: They lead an isolated and often short existence and have few spread-effects. On the other hand, there is little entrepreneurial tradition in Ireland, which may be due to colonialism and to the hierarchical influence of the Roman Catholic Church.

In particular, the Northern regions of the republic have stagnated.

Denmark is characterized by its dominant capital, Copenhagen, which traditionally has attracted migrants from the rest of the country. However, around 1970 this flow stopped, partly because manufacturing industries shifted westwards and partly because public service activities were increased in small towns and rural districts. In the 80s, the decline of Copenhagen has continued.

The winner is primarily Jutland, where many local firms have been created and expanded. In the islands, the manufacturing sector is older and less dynamic.

Finland was after World War II a poor country with a disproportionately large agricultural population, since refugees from the Carelian areas that had been transferred to the Soviet Union were settled in rural districts. Since then, there has been a rapid industrialisation and massive migration to Helsinki (in certain periods to Sweden, too). Thus the population of Helsinki has grown enormously, especially before 1975. Tampere and other Southern industrial cities have stagnated in recent decades. At the same time, the North has witnessed a certain industrialisation and a decline of the net emigration, especially along the coast.

The three main cities of *Sweden* grew rapidly in the 1960s, but the growth decreased in the 70s. Stockholm, however, soon accelerated again, on the basis of producer services and advanced manufacturing industries. Gothenburg and Malmö, with their more traditional industries, have been slower to pick up new growth.

The rest of Sweden is characterized by rationalisation in agriculture, forestry, and raw-material based manufacturing (iron, wood). Emigration has been vigorous, except in the 70s where public services created many new jobs. In recent years, the most suffering regions have been the old industrial area of Bergslagen and the very sparsely populated Northern Sweden.

Norway has a similar post-war history of increasing concentration in Oslo, except for the 1970s. Since the late 60s, the North Sea oil has been the basis of a second growth area around Stavanger.

The rest of Norway has suffered from net emigration. In the 80s, this is especially the case of the very sparsely populated Northernmost Norway, now hit by over-exploitation of the fish resources of the adjacent seas. On the other hand, emigration is modest in the South, which has attracted a number of modern firms, software etc.

The population of *Iceland* is only 250,000, and the density is the lowest in Europe: 2 per sq. km. Until the early 19th century, the population was totally dispersed in the coastal regions, there were no towns. Since then, the population has concentrated into the Reykjavik area which now has 60 p. c. of the total number of inhabitants. In the second half of the 1970s, the net migration to Reykjavik stopped, but that was only a brief parenthesis in the process.

Outside Reykjavik, the basic sector is fishing. The policy has aimed at an optimal exploitation of the sea territory through a dispersed system of fishing ports.

TYPES OF REGIONS AND CITIES

The regional development tendencies of the 18 West European countries may seem to work in all directions. However, some tendencies are repeated in several countries.

In order to get some structure in the mosaic, a typology of regions may be introduced:

Capitals form one type, which is characterized not only by parliaments, governments and national administrations, but also by a many-sided economy with strong financial sectors, producer services and corporate head offices — all sectors with increasing employment. In countries like Italy, Spain, Switzerland, Germany and the Netherlands, these functions are not concentrated in the capitals, but spread over two or more cities. This type of cities has a large labour market, many educational and research institutions, an active cultural life, and often an urban environment with a clear identity — qualities which may attract highly skilled people. Besides, some of the cities have international functions — in the 1980s there has been much talk of «world cities».

However, capitals and similar cities may also have problems. Some of them are dominated by obsolete industries, pollution, crime and other social evils, inflated wages and land prices.

In the 1980s, it has become possible to distinguish two subtypes: dynamic capitals and stagnating capitals. Stockholm and Amsterdam belong to the former sub-type, Copenhagen and Brussels to the latter. But it is not very clear why the differences between them are so big.

Old industrial cities — in some cases also mining cities and ports — form another type of large cities, which are in decline everywhere. They may be isolated cases, as Turin or Genoa, or conurbations as the old coal-mining districts of Ruhr, Wallonia and Northern France, North England and South Wales. Some of these cities and districts grew up in the early days of industrialism, and now suffer from the structural changes of the economy. Less steel and coal are demanded than earlier, and/or they are produced better and cheaper in other parts of the world, as in the case of ship-building. The use of containers means that ports employ fewer people than earlier, and that they do not any longer offer the locational advantages which the break of bulk used to do. In every decade, new sectors are hit by the structural changes of the economy. Motor-car cities like Birmingham, Turin and — in the United States — Detroit were among the

most flourishing cities of the 1960s, but are now in crisis. In Eastern Europe, the Stalinist type of industrialisation has left a lot of cities of this type.

Why is it so difficult for these cities to renew their economies? The answer has partly to be found outside production itself: in petrified management and unions, in obsolete skills and organisational structures. In many cases there are no initiatives, all parties resist changes and just expect the government, the EC, the corporate management or somebody else from the outside to solve the problems. But these characteristics make the industrial cities repulsive for people with up-to-date qualifications. So does the physical environment, often dominated by abominable states of pollution.

Many of these districts are supported by the structural funds of the EC according to their 2nd objective — to support declining industrial areas.

Other large cities is a third type, to which cities with over 200,000 inhabitants may be counted. They show the same characteristics as the capitals (except for government functions), but to a more modest degree: a rather manysided economy, a rather well developed cultural life, labour market, and educational choice.

On the other hand, their drawbacks are usually less pronounced than those of the capitals, too.

This type shows more variation than the capitals. In central Western Europe, there are many cities which are more dynamic than the capitals.

In Southern Europe, on the other hand, there is a sub-type that could be called sick growth cities. They grow in population, not because they can offer economic activities and jobs, but because the surrounding rural areas shed labour. Unemployment and crime thrive in this sub-type of cities, of which Naples and Palermo are examples. They are a transitional type to the large cities of the Third World.

Rural areas and small and medium towns (with less than 200,000 inhabitants) may be divided into two clear sub-types: traditional regions and dynamic regions.

Traditional rural areas and small and medium towns display the classical problem of regional development: large declining agricultural (or forestry or fishing) employment

that is not compensated by a sufficient growth in manufacturing and service employment. Local firms are too few, too traditional, and too limited by the local market. In several countries — especially the Nordic ones — the growth of public service activities in the 1970s meant a solution of the problem, but only for a short time. In the 80s, governments have put a brake to the growth of the public sector everywhere in Western Europe.

Among the traditional regions, there is a sub-subtype with branch plants which has offered a certain growth in employment, but without lasting dynamism. Production based on cheap, unskilled labour has often proved to be ephemeral. Some day it is moved to, or thrown out of competition by still cheaper production in the Third World. Or the simple working processes are automated. Besides, branch plants usually have few local sub-contractors and partners, and thus few derived effects in the local economy. The skill-demanding, well-paid jobs remain in remote head-offices and development departments, and it is here that the interaction with the surrounding world takes place. — It should be mentioned that modern organisational schemes give more independence to the individual divisions of large corporations, and that there are signs that branch plants may play a more positive role in regional development. Branch plants and small, local firms may supplement each others. But this is still rather the exception than the rule.

The lack of dynamism in this sub-type of regions may have many causes. Long distances and high transport costs to national markets played a role earlier. But with the development of transport technologies and with the growing internationalisation, these causes have become less important. For a Japanese market, it is irrelevant whether a firm is located in Stockholm or in the North of Sweden. Lack of infrastructure may be a more serious handicap. The same applies for a low or wrong educational level. There is not only a need for higher education, but for people with a variety of qualifications on all levels. And the education must avoid two ditches — on one side the classic tradition of learning by heart instead of learning to solve problems, on the other side narrow technical skills that soon will be out-dated.

Three other kinds of handicaps have come into focus recently. First, an unpleasant climate, scenery or environment that makes it difficult to attract key staff. Second, a low density of population, as it is found in Northern Scandinavia. It means that the firms have a small choice of local network partners, and that the labour market, the cultural life, and social life in general is too narrow for qualified people. Third, a historical culture which is hostile to innovations and initiatives, and which is often found in regions where the feudal system has been strong.

On the other hand, dynamic rural areas and small and medium towns have formed positive fragments in the regional mosaic, especially since the 1970s. There are two sub-types — but they may both be represented in the same region, as in the case of Baden-Württemberg.

One sub-subtype is based on local initiatives. These are regions where the tradition demands that people create their own firms — then their families, other firms, and the authorities will support them. Even if such new firms only employ few people in the beginning, and even if many never grow big and still more close down again, their total effect may be considerable. Thus MASKELL (1984) showed that manufacturing employment in rural West Jutland increased by 42 p. c. from 1972 to 1980. Out of these, 23 p. c. were due to new firms (minus closures), 17 p. c. to expansions minus reductions, and only 2 p. c. were due to firms that had moved into the area, minus firms leaving. The entrepreneurial tradition in central and North East Italy is even better known. These are regions where the feudal system has been weak.

The second sub-subtype is formed by regions that attract qualified people from the outside. When we talk about highly demanded key persons, they can more or less choose themselves where they wish to live. Then the firms have to follow them — or local firms will get a competitive advantage. When human resources become the most scarce factor of production, the job must come to the man (or woman), instead of the traditional «the man must come to the job». These kinds of people may be influenced by many factors. As already said, many are attracted by capitals and similar large cities. However since the 1970s, it seems that other kinds of regions

may be just as attractive, if they have pleasant climates or landscapes (Southern France), prestigious suburbs or pretty old towns (Southern England), interesting professional milieux or an exciting cultural life (university towns). The more of these conditions, the better. The crucial factor is to create and spread an image. Of course, good traffic connections and good educational opportunities are necessary preconditions.

Lastly, the *tourist regions* must be mentioned. In particular, the main destinations of charter-holidays on the Mediterranean coasts have shown considerable growth. In Spain, it is accompanied by settlement of retired people — a phenomenon which otherwise only has played a small role in Europe.

REGIONAL DEVELOPMENT IN VARIOUS PARTS OF WESTERN EUROPE

The mosaic may be summarized in another way. It is clear that after World War II, until about 1970, a geographical concentration of population and economic activities took place everywhere in Western Europe. The process was stronger in Southern than in central and Northern Europe.

But after 1970 different developments are observed in different parts of Western Europe. Figures 3, 4 and 5 illustrate the regional histories of Southern, Northern, and central Western Europe, respectively. The administrative areas included in each of the categories of the figures are shown in the appendix.

Figure 3 shows population growth rates in *Southern Europe*, including Greece, South Italy, Spain, Portugal, as well as Ireland. The 1950s and 60s witnessed a gigantic migration from traditional rural areas to the capitals. In the 70s and 80s, these shifts continue, but much weaker, and some tourist areas form new growth regions. The former backwardness of Southern Europe combined with rapid economic growth in the large cities lie behind this type of regional development.

Support from the structural funds of the EC is given to all types of regions in these countries according to objective 1, support to the development of backward regions.

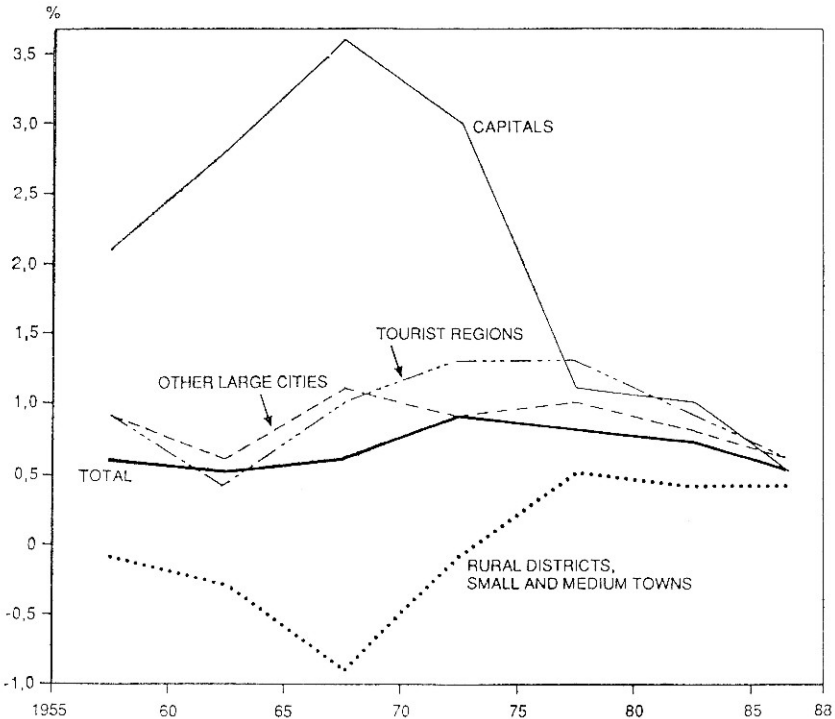


Fig. 3 — Annual population growth in Southern Europe, 1955-88.

Figure 4 illustrates the growth rates in *Northern Europe*, Finland, Sweden, Norway, and Iceland. Up to 1970 there were important flows of migration from peripheral regions to the capitals—while other large cities only play a minor role. In the 70s, these flows slowed down, but only for a short period, a now almost forgotten parenthesis. In the 80s, they have accelerated again. Possibly the explanation of the high emigration from peripheral regions in the 80s is to be found in the above-mentioned handicaps of very low population densities.

Figure 5 shows population growth rates in *central Western Europe*: Central and Northern Italy, France, Switzerland, Austria, West Germany, the Benelux countries, the United Kingdom, and Denmark. The 1950s were, as in Northern Europe, characterized by migrations from peripheral regions to the capitals. Already in the 60s, this flow weakened, and

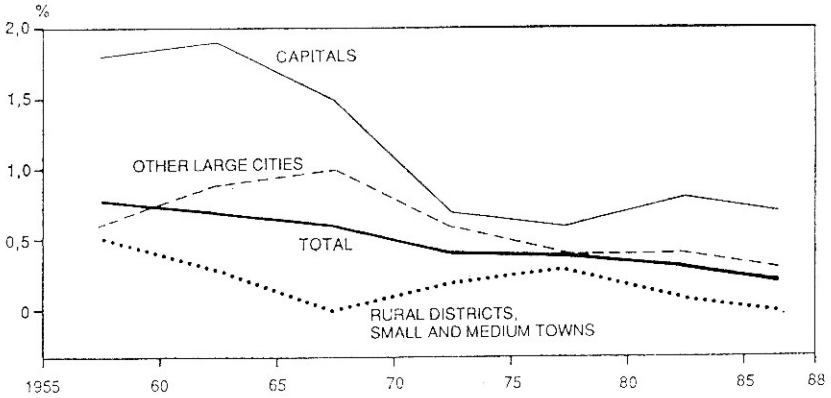


Fig. 4 — Annual population growth in Northern Europe, 1955-88.

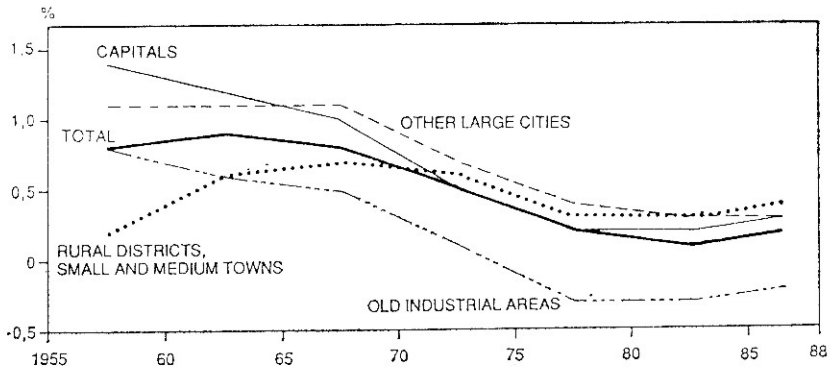


Fig. 5 — Annual population growth in central Western Europe, 1955-88.

around 1970 the development turned around: peripheral regions now got above-average growth, and the capitals only average growth. The old industrial areas declined more and more, while «other large cities» since the 60s have been the most dynamic type of area. The explanation may partly be found in the fact that many rural districts and small and medium towns belong to the dynamic sub-type, whereas many capitals belong to the stagnating sub-type.

Since 1970, there have been few changes in the regional development pattern of central Western Europe. Only in the last few years, there has been an up-swing in all types of

large cities in West Germany (not included in the diagram). It is due to the large immigration from the East — these people settle, as already mentioned, in the large cities.

URBAN AND REGIONAL DEVELOPMENT IN THE 1990s

The mosaic-pattern of development which has been described is likely to continue in the 1990s. As it will be elaborated in the final, theoretical section of the paper, there does neither seem to be forces which might pull decisively towards a strong concentration, nor to be forces which generally might pull towards decentralisation. Improved transport and communication technologies enable most firms to locate anywhere. Wherever the local conditions in some way are favourable, it will improve the chances of local firms in comparison with competitors located in less favourable places. Many kinds of local conditions may influence firms—for instance the possibilities of recruiting qualified labour.

The completion of the single market in 1992/93 is not likely to change this picture in a drastic way. The upheavals in Eastern Europe will offer opportunities to Germany, especially to Berlin and Vienna where the best knowledge of and connections to the Eastern countries are found. Competition from Eastern Europe, immigration, as well as decreasing agricultural subsidies will favour large cities and handicap rural areas—but hardly result in a general polarisation between cores and peripheries. There will probably still be a mosaic where local conditions are decisive.

A development mosaic does not mean that the mosaic will remain unchanged. On the contrary: if it is true that local conditions influence the development of firms, it follows that the pattern is rather unstable, and that conditions may sometimes improve in one region and deteriorate in another.

It also follows that the possibilities of influencing the development of a city or a region are increasing. Before 1970, there was a general rural exodus, it was almost a law of nature that cores should grow at the cost of peripheries. The present mosaic-like pattern indicates that the tendencies are more open. The multiplicity implies a broad array of opportunities. Some of the local conditions may be influenced:

transport and communication infrastructure, educational systems, cultural institutions, urban environments in the broadest sense, etc. Notice that several of these influences aim at making the area more attractive for qualified staff. Hopefully, improvements of these kinds will benefit not only an elite, but the whole population. A local economic development policy must include both physical, social and economic planning.

It is often said that the competition between countries is now being transformed into a competition between cities. This is a somewhat oblique statement. There has been competition between cities for centuries, for instance in the 19th century a fierce competition between Hamburg and Copenhagen. But for a long period, the nation states were the most important actors in this competition. The emerging fact is that their powers are now shifted partly upwards, to the EC, and partly downwards, to urban and regional authorities. To an increasing degree, the latter are decisive because they are responsible for the local conditions of economic development.

AN INDUCTIVE THEORY OF REGIONAL DEVELOPMENT

As a final section of this paper, I shall try to generalize the many observations of causes of different regional developments in Western Europe in recent decades. In other words, I shall attempt to construct a theory of regional development on the basis of the analysis of the development in West European regions and cities in the 70s and 80s. This inductive theory will be discussed in connection with hypotheses about general societal development in contemporary Western economies.

The analysis clearly showed that regional developments changed around 1970. Earlier, a concentration into the large cities took place everywhere, but after 1970 much more varied processes have been observed. The latter tendencies form the object of the theory.

The background for choosing a largely inductive way of theorizing is, as already hinted, a certain dissatisfaction with deductive theoris. The «great narratives» often had too little resemblance with the real world. PORTER (1990) when

writing about competitive advantages and STÖHR (1990) when writing about regional development have chosen the same method. STÖHR, however, writes on the basis of case-studies, whereas my basis is analyses on a meso-level. It should be stressed that it is only in its point of departure that the following theory is inductive — it is not void of deductions.

In this attempt, I treat the development of the regional economies as a whole, without discussing how the individual sectors influence each others. That has been done elsewhere (ILLERIS, 1990). The basic view is that the economic development of a region or city depends on the existence of competitive firms in it — just as PORTER (1990) claims that this is the basis for the competitive advantage of nations.

The structure of the local economy

The first element of the theory is that the structure of the local economy — its composition of growing and declining sectors — influences its total development: regions perform well if expanding sectors (e. g. oil production, hightech industries, producer services, tourism, international organisations) form a large part of the economy — all other things equal. On the other hand, regions develop negatively if «sunset» sectors dominate, such as agriculture, coal mines, steel industry, shipyards, or ports.

From decade to decade, new sectors enter their phase of expansion or reduction. In the 1960s, the car industry was a star performer, in the 70s public services. Both have been stagnating in the 80s, where producer services showed the highest growth rates.

Inside each sector, there may be geographical differences between the production of products on different life-cycle stages. Innovative, growing production in some regions, mature and declining production in others. But these differences should not be over-emphasized: today, life-cycles are short, and most firms produce a mixture of products on different stages (BENKO, 1990).

Not only sectors, but also geographically separated types of departments within corporations have different development

paths: in the 80s, head offices and R & D units have tended to expand and branch plants to reduce their employment.

The size of enterprises does not seem to be decisive. Dynamism does not require large firms, but may just as well be due to SMEs. But the latter rarely catch the eyes of media and politicians.

The influence of the structure on regional development is, of course, commonplace, but it explains a lot of the observed performance of regions: the negative development of traditional agricultural and old industrial regions, as well as growth in capitals and tourist regions.

However, this proposition does not explain all regional development (though some authors stop at this point). Not all rural regions are going downhill, not all capitals perform well.

All other things are rarely equal. The statement is simply too static: the geographical distribution of sectors change all the time, all sectors perform better in some regions than in others and consequently influence the total development of different regions differently. In shift/share terms: we must take into account not only the shares of the various sectors in the economic structure of the regions, but also the geographical shifts between the regions. For example: while the textile industry generally is a «sunset» sector in Western Europe, it is growing or at least stable in Tuscany and in the Herning-Ikast area of West Jutland. Here a combination of local factors has contributed to a dynamic textile industry, while it is disappearing elsewhere. Similar shifts in geographical distribution may be observed within most sectors. Indeed, a shift/share analysis in Denmark indicates that the shift component contributes more to the explanation of differential regional development than the share component does (ILLERIS, 1980).

The importance of local conditions

Thus we have to focus on locational shifts, to which the remainder of this theoretical discussion will be devoted.

Locational shifts do not, in recent decades, show any general regularity. They are not uniformly in the direction

of large cities or core regions, neither in the direction of rural peripheries.

The good or bad performance of different sectors in different regions seems largely to be determined by the particular local conditions for the sectors. This is not to deny that influences from the outside may have some importance, for instance inward investments or inter-regional network-building. But the again, local characteristics influence the attractivity for inward investments and the ability to build networks. Hence the stress on the characteristics of «locality» shared by many recent authors, e. g. GAROFOLI (1990) and MAILLAT (1990). Of course, this proposition is the opposite of the traditional core/periphery view, that influences from the outside — e. g. exploitation by the core region — is decisive.

A number of such local conditions may be listed:

Political conditions

Clearly the locus of political power and public administration influences the development of economic activities. Positive examples are the new national capitals of the 19th century (Berlin, Rome, Athens). Negative examples are the dismantled capitals of Vienna after World War I and Berlin after World War II.

The concentration or devolution of power also seems to play a role, though a deeper analysis of the question is needed. Let us state as a hypothesis that the devolution of power in Spain in the early 80s has strengthened regional capitals compared to Madrid. And in contrast, that the concentration efforts of the Thatcher government has strengthened London.

Under the head-line of political conditions, let us mention regional policies, too — whether conducted by national or regional governments or by the EC. In most cases, these policies support development in peripheral, rural regions or in old industrial regions, and sometimes restrict developments in large metropolitan areas. But today, the Dutch policy is to promote metropolitan development. Our understanding of the effect of regional policies still leaves much to be desired, however.

Infrastructure and physical planning

Other local conditions which are decided upon by governments influence regional development. This is the case of infrastructures for general use. They have the character of necessary, but not sufficient conditions for development: if there is no transport system it is definitely a barrier to economic development. But transport investments do not automatically guarantee accelerated development — especially not in those parts of Western Europe where the transport infrastructure is already good.

The necessity of physical infrastructure has been recognized for many years: transport systems, suitable land and buildings, water, energy and sewage provision, telecommunications.

Recently, the focus has shifted towards the «soft» infrastructure which provides knowledge and skilled people — now recognized as key conditions for regional development. The availability of skilled people is not only the result of infrastructure, but the following kinds of infrastructure are undoubtedly important: training and education directly supplies skilled people. However, not all kinds of education are equally good from the point of view of regional economic development. One ditch to be avoided is the classic learning tradition, still strong in some Mediterranean countries. Another ditch is a too narrow technical training.

A pleasant and exciting physical and social environment, good child-care and other public services are important for attracting and keeping qualified people. Thus physical planning and the provision of social and cultural infrastructure contributes to the availability of skilled people in an indirect way.

As regards the provision of knowledge, the creation of science parks has become a fashion in regional policies. Like transport infrastructure, they catch the eyes of the media and politicians. Actually, they seem rather to operate as mechanisms for the recruitment of highly qualified staff than as infrastructure for networking and technology transfer. For most firms, more humble technology centres, development

agencies or other local middlemen will be more useful than science parks for this purpose.

Recruitment of qualified staff-members

The importance of the availability of people with adequate skills has already been stressed as a key condition that varies from one region to another. Macroeconomists increasingly preach that labour mobility should increase, in order to avoid mismatches between the supply and demand of labour on different labour markets. But in all European countries, geographical mobility has declined in recent decades. This seems to be a fundamental tendency in our societies, partly caused by the existence of two bread-winners with specialized qualifications in many households. This makes it impossible to move around following the job opportunities of one of them. Hence the importance of the local supply of skilled people, whether educated locally or attracted by the natural and/or man-made environment.

Observations indicate that residential preferences change over time. In the 1960s, the general advantages of large cities — the big labour market and the supply of cultural and other services — were decisive. In the 70s, the physical and social environments of small towns and even rural districts became more valued, compared to the pollution, stress and crime of large cities. And private car-ownership, telephones and TV made geographical decentralisation possible. In the 80s, the pendulum swung back towards the city, but only to a very limited degree.

Cultural conditions or modes of life

Technical and professional skills are not the only kinds of qualifications that are important for firms. In many respects, «social qualifications» are equally important: the motivation, the innovation-mindedness, and the creativity. Such qualities are found or are lacking, not only in individuals, but also in the traditions of unions and company managements. Above all, the entrepreneurial spirit, the number of people who create new firms and thus contribute to renewal in the stock of firms, varies geographically. Paradoxically, these

qualities often go hand in hand with strong local network-building, especially if catalyzed by «social entrepreneurs».

These qualifications have more and more come into focus as conditions for development that vary from place to place. They are found in some large cities (e. g. Antwerp) and not in others (e. g. Liège) (MIGNOLET, 1984). They are found in some small towns and rural districts (e. g. in Tuscany) and not in others (e. g. most of the Mezzogiorno). They have historical roots in the presence or absence of strong feudalism or large-scale industrialisation. It may take a long time and many-sided efforts to change them.

Compensating changes in factor prices

If the supply of a production factor is geographically inelastic, such as land and to a high degree labour, it rises in price in areas where production and hence demand increases. An example is provided by land prices in the UK in the 1980s, which have skyrocketed in the South. According to neoclassical economics, this should lead the demand to shift to other regions, where production factors were cheaper, and hence to a geographical equilibrium of economic development.

There are of course many examples of locational shifts in order to reduce costs, in particular wage costs. The creation of branch plants in peripheral parts of Europe (Ireland, Portugal) have often had this purpose. But just as PORTER (1990) stresses that low factor costs do not contribute to the competitive advantage of nations, we have observed that this mechanism rarely solves the development problems of the peripheries: the branch plants are often short-lived. Low-skill operations may be automated, or thrown out of the market by still lower wages in Third World countries.

Thus, while the compensating mechanism postulated by neoclassical economics certainly exists, regional equilibria are rarely obtained. Regional development is usually uneven — although not in a simple core/periphery pattern. As a general theory of regional development, the neoclassical statement also fails to explain why the demand varies over time and place.

In Denmark, low-wages industries shifted from Copenhagen to Jutland over several decades before 1970, but the total economic activity still had above-average growth rates in Copenhagen. Around 1970, however, the Jutland growth rates overtook those in Copenhagen. Consequently, land prices and wages started to catch up with the Copenhagen levels. But that did not put a brake on the Jutland expansion, the demand for land and labour continued to grow compared to Copenhagen. Factor prices did not influence demand much, but were rather determined by the development of the demand in each region — which again depended on the above-mentioned local conditions.

Density of population and advantages of agglomeration

Very low densities of population seem to form local conditions that are adverse to regional development. This is particularly the case in the Northern peripheries of the Nordic countries. It is difficult to attract people to these regions, where the local labour markets, the social contacts, and the supply of cultural and other services are modest. The firms, too, are handicapped by the tiny possibilities of building local networks and finding business partners.

But apart from the handicaps of very low densities, it is difficult to infer anything about growing or declining advantages of agglomeration from the empirical evidence. In this regard Porter's analysis is too superficial. We have observed that some large cities perform well and others not, and the same is true for rural areas and small towns in the more densely populated parts of Europe.

Sectoral specialisation in an area works well in cases like the textile industrial district of Prato, Tuscany. Undoubtedly, advantages of agglomeration are reaped in such districts. But specialized areas in decline experience the other side of the coin — their vulnerability is increased because of the concentration of one sector.

THE SERVICE —, INFORMATION — OR KNOWLEDGE-SOCIETY

A weakness of a largely inductive theory, as the one I have sketched about regional development in contemporary West European economies, is that it is not related to a broader view of societal development. I shall therefore conclude this paper by a brief confrontation of the theory with such a broader view or hypothesis.

The hypothesis chosen for this purpose is that our societies are changing from mass production, Fordist, industrial societies into service —, information — or knowledge societies with flexible and differentiated production. (Many other labels have, of course, been used by various authors). While the transition into this type of society may still be considered a hypothesis rather than a proven theory, at least many authors agree that among its characteristics are the following ones, which all are relevant for regional development:

First, in the total economy, the share of industrial production decreases, while the share of service activities increases. This fits well with the statements about structural changes in the theory of regional development.

Second, the knowledge, skills, and creativity of human beings is becoming the most important and most scarce factor of production. Again, this fits with the inductive theory of regional development, which again and again stressed the decisive condition of availability of qualified staff — including social qualifications.

Third, the division of labour is increasing and, consequently, the interdependences and the exchange of information, goods, and services. Of course, these exchanges are cheapest in large cities with many economic units close to each others. This points towards growing advantages of agglomeration.

Fourth, transport and communication technologies are improving rapidly, making contacts and personal meetings over long distances cheaper and cheaper. Thus distances shrink, and advantages of agglomeration are reduced.

Thus, paradoxically, the emerging society has characteristics which both increase and reduce advantages of agglomeration. There is less determinism than in the industrial society. This fits with the inconclusive propositions of the

inductive theory of regional development as regards the distribution of population and economic activities between large cities and rural districts/small towns: in some cases the agglomerative forces prevail, in other cases not. It also fits well with the weight assigned to local conditions in the theory: when the balance between concentration and dispersal is precarious, it is logical that a clear core/periphery polarisation dissolves and is substituted by a complex mosaic where local conditions for development becomes decisive.

Altogether, the inductive theory fits well into the hypothesis of a service —, information —, or knowledge-society.

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RESUMO

Desenvolvimento urbano e regional na Europa Ocidental. Um cenário e uma teoria indutiva. Este artigo apresenta o cenário previsível para o desenvolvimento urbano e regional da Europa Ocidental no futuro próximo e, baseado na observação das transformações recentes desta parte do Continente, deriva os fundamentos duma teoria que permita compreender o desenvolvimento urbano e regional nas sociedades ocidentais economicamente mais avançadas.

No que respeita à primeira questão, o autor mostra a evolução provável da distribuição da população e do emprego na Europa, identifica as cidades e regiões com probabilidade de registarem maior crescimento bem como as que, pelo contrário, poderão estagnar ou entrar em declínio.

Diferentes tipos de regiões são consideradas sistematizando um desenvolvimento tipo para o Norte, o Sul e o Centro da Europa em ligação com a discussão das teorias de desenvolvimento regional.

De um modo geral, o artigo sugere que as transformações serão relativamente modestas excepto na Alemanha e na Áustria.

ABSTRACT

Urban and regional development in Western Europe. A scenario and an inductive theory. This text draws up a scenario of the future urban and regional development in Western Europe.

The author also outlines a theory of urban and regional development in economically advanced western societies, induced from the observed recent developments in Western Europe.

The analysis follows the trends on population and employment distributions and their impacts on cities and regions growth or decline.

It is suggested that the consequences will be modest — except in Germany and Austria — and a regional scenario based on analysis of present processes is drawn. Different types of regions are distinguished, and a south, north, and central european development type are outlined in connection with a discussion of theories of regional development.