

# Programme “Society and Future”

## Final report – “Research Summary”

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PROJECT ACRONYM: **GROSE**

TITLE: “**Economic growth and social cohesion in cities**”

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## Link to website describing the project team's work:

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## Summary

## Introduction

The GROSE project studies the complex relationships between economic growth and the social inequalities in Belgian urban areas, the existing political responses and possible alternatives.

This study is based on two observations. On the one hand, the economic decline of large urban areas seems to be a thing of the past, and since the 1990s an economic recovery has been observed in major European cities. On the other hand and at the same time the process of social and socio-spatial polarisation has become more pronounced in big cities.

This paradox is the focal point of our analysis. It is in keeping with a broader reflection on the idea that economic growth no longer leads to social progress as straightforwardly as it did during the post-war years. Our study is also aimed at deciphering the role of public policies in these evolutions: have they accompanied, reduced or accentuated these processes?

In order to grasp these evolutions, we have worked within the theoretical framework describing the transition from Fordist capitalism towards a so-called flexible capitalism. Many an author has re-baptised the post-war years as the 'Fordist' or 'Keynesian-Fordist' era. Like every stable accumulation regime, Fordism has been grounded on a number of elements concerning the organisation of the division of labour, production, wage relations and the role of the state. This stable configuration explained the success of the Golden post-war years and led to elevated gains which under this very regulated capitalistic accumulation regime were neatly divided between profit, wages and taxes. These years were characterised by a strong economic growth and a decline of social inequalities, since the conjunction was also based on a social compromise between labour and capital; on the one hand it coupled salary increase to growth in productivity, while on the other hand the labourers accepted an growing pressure on their working rhythm.

The crisis of the 1970s destabilises this accumulation regime. The leading principles of Fordist organisation have been gradually challenged, leading to a more flexible mode of production, a reduction of the role of the state and of welfare policies, and a disconnection of the relation between wages and economic growth. As a consequence, social inequalities have been on the rise in the Western society since the 1980s.

Within this analytical framework, our project examines the social and economic evolutions of the major Belgian cities over the past two decades (Antwerp, Brussels, Charleroi, Ghent and Liege). More specifically, we ask the following questions regarding these cities:

- Have they benefited from a process of a re-concentration of activity?
- Have they experienced processes of social and socio-spatial polarisation over the past two decades?
- What was the role played by urban public policies?

## Metropolisation, new forms of growth and polarisation of the labour market

The GROSE study examines urban social and socio-spatial polarisations based on an analysis of mutations resulting from the emergence of new forms of growth. Indeed, the transition towards a flexible capitalism supposes a renaissance of the city as a spatial unit, since its dense economic tissue and its integration in global interurban networks provides the city with decisive competitive advantages. At the same time, the theory holds that this urban renewal mainly benefits the highly skilled employment, as a consequence of a growing concentration of strategic functions in the city and the supposed importance of knowledge economy. As a result, economic growth becomes more and more polarising.

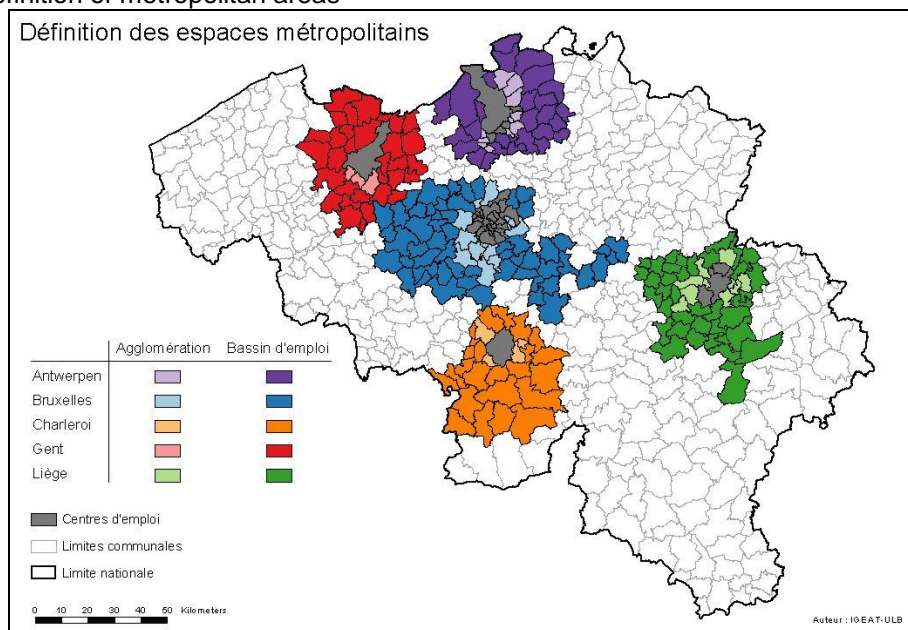
The first step therefore consisted in empirically testing whether these evolutions have taken place in the Belgian cities, by considering two questions regarding economic activity and employment:

1) Has there been a concentration of growth and employment within the major urban areas since the 1980s in the sectors and typical areas ensuing from our working hypotheses on metropolisation?

2) Have these evolutions resulted in a shift in the structure of jobs created and in the required qualifications? Does the development of jobs at both ends of the range of qualifications contribute to nourishing the social polarisations on the labour market, or rather, a growing demand for qualifications on the labour market?

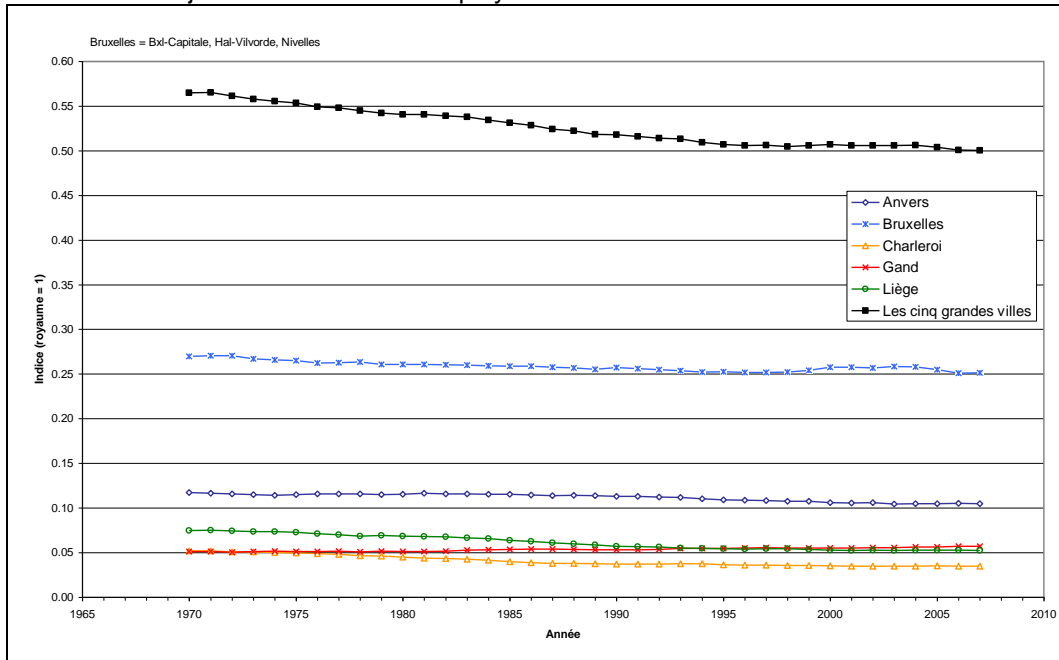
These questions are examined in a comparative manner for the country's five major urban areas with respect to their employment areas, by distinguishing their employment centre and their employment area.

Figure 1: Definition of metropolitan areas



The hypothesis of a re-concentration of employment in the main metropolitan areas is not fully substantiated in Belgium. Yet, the decline of the large cities seems to have stabilised since the 1990s. It goes without doubt that Brussels above all experienced higher economic growth than the rest of the country in the 1990s.

Figure 2: Share of major cities in national employment since 1970.

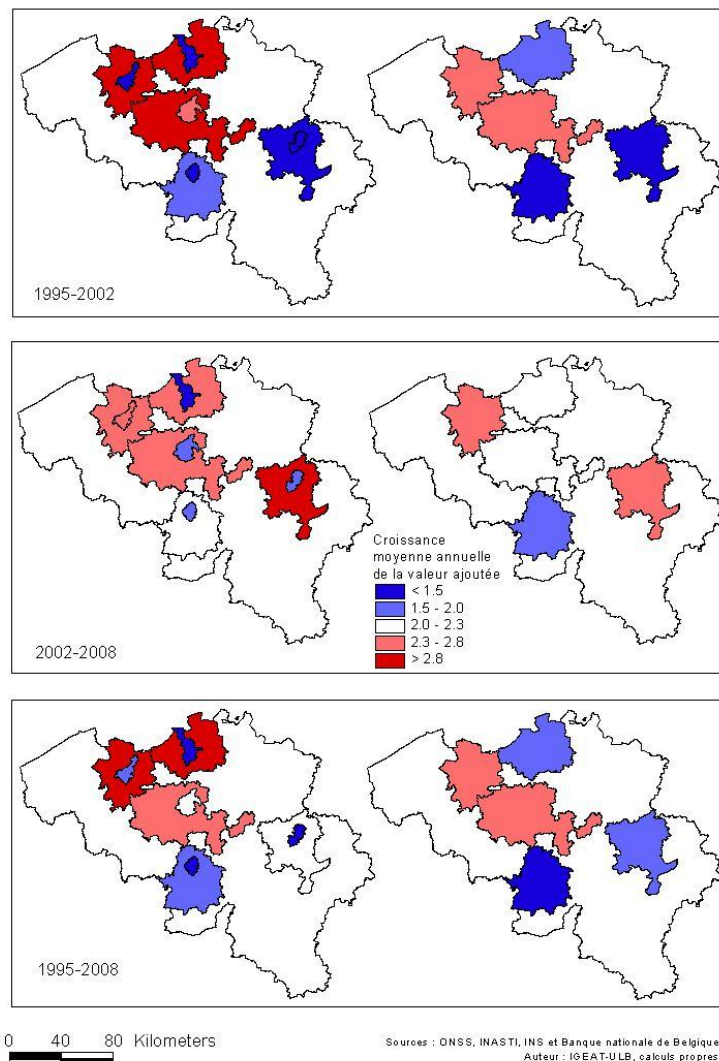


Source: ONSS

In accordance with what is seen elsewhere in Europe, metropolisation concerns above all the most important employment area of the country. However, the process slowed down significantly beginning in 2000. As regards the other cities, the decline of Walloon areas is confirmed – with a stabilisation over the past decade – and contrasts sharply with the strong dynamics seen in Ghent throughout the period under study. The evolutions in Antwerp are more contrasted and do not benefit fully from the processes of re-metropolisation due to the magnitude of the declining industrial sectors, which can be linked to its status of harbour city.

Furthermore, the qualitative evolutions of employment are spectacular during this period, with a very clear shift towards increasingly skilled employment. This process is not specific to big cities – but rather to city centres – but is unquestionably more pronounced in Brussels than in the other cities. Brussels is also characterised by a polarisation of the employment market, as the demand for unskilled employment is declining less in the Belgian capital than it is elsewhere. Yet, the major process is that of the potential exclusion of unskilled workers due to a growing demand for skilled labour. If polarisation is rising, it is above all translated into the growing demand for skilled labour and the exclusion of unskilled workers from the labour market.

Figure 3: Economic growth of the five major Belgian cities between 1995 and 2008, for the employment centre, the outskirts and the area as a whole



What are the main points which may be drawn from these economic evolutions in social terms?

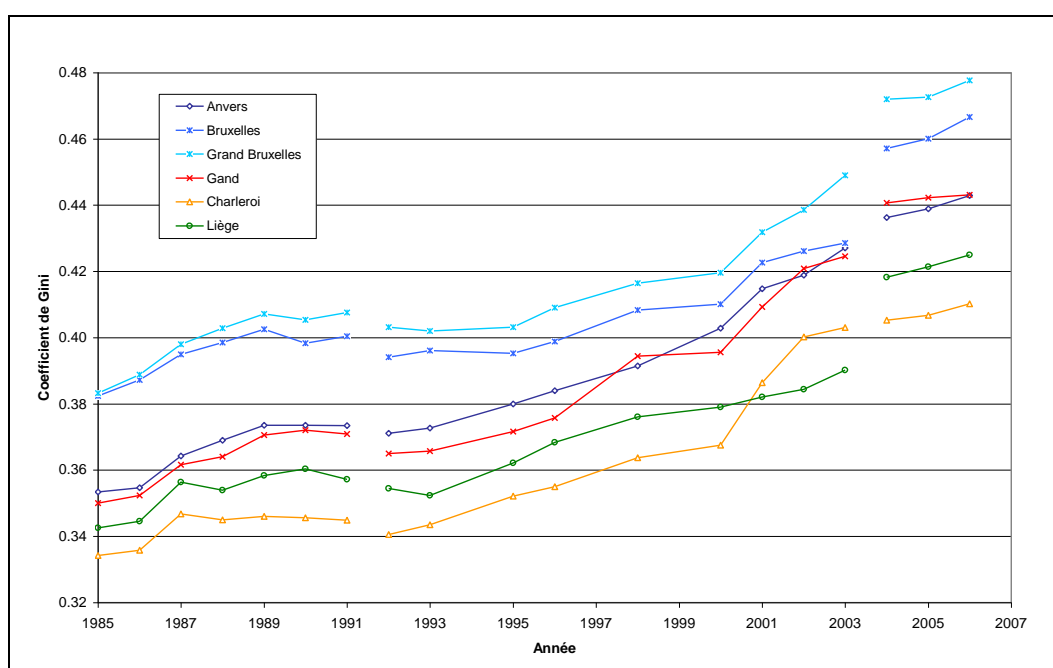
- Since the 1990s, with the exception of the major Walloon areas, the social question can no longer be asked in economic terms. Beginning in the 1990s, Brussels and Ghent – and to a lesser extent Antwerp – achieved high economic performance once again, in any case higher than the national average.
- However, in the employment centres (with the exception of Ghent), and in the Brussels area as a whole, the economic growth which was already weaker than in the outskirts did not create many jobs. The combination of this socioeconomic reality and the concentration of the most vulnerable populations led to a strong rise in unemployment in the city centres, with the exception of Ghent.
- The increasingly skilled labour force led to an exclusion of unskilled workers from the labour market. With the exception of Brussels, this process is not specific to large employment areas, but is more pronounced within the major employment centres. In Brussels, this qualification process was more marked, as there is a growing concentration of the most strategic jobs in the capital.

created, that the social question must be asked. The global economic evolutions are more favourable only in Ghent, with high growth creating jobs and a moderate need for skilled labour. In the Walloon areas, the question of economic growth remains central and its weakness is the reason for the high level of social problems. In Brussels and to a lesser extent in Antwerp, the economic dynamics have been favourable, without producing the expected positive social effects due to the very nature of this growth, i.e. its focus on highly skilled labour and the lack of jobs created.

## Social and socio-spatial polarisation in the major Belgian cities

The evolution towards increasingly skilled labour markets can be observed without doubt in Belgian cities, and especially Brussels is highly marked by this process. The question raised therefore concerns whether the evolutions observed on the labour market of large Belgian cities are indeed translated into greater social polarisation, be it in terms of revenue or access to employment according to education. This relationship is expressed in the following hypothesis: 'The types of metropolitan growth associated with flexible capitalism – be it through the increased flexibility of the labour market, the growth in the demand for skilled labour or the fading away of redistribution policies – produce an intense social polarisation which is on the rise in cities.'

Figure 4: Absolute evolution of the Gini coefficient for the five major Belgian cities, 1985-2006



Source: Taxation statistics, INS

Gini-indicator: General evolutions in the repartition of incomes can be synthetically analysed through the Gini-coefficient. It is a statistical indicator for the degree of inequality within this repartition, with values between 0 (perfect equality) and 1 (perfect inequality).

An increase in social polarisation may be observed in all of the major Belgian cities since the 1980s, with significantly higher levels in Brussels than in the Walloon cities.

Several factors may explain this evolution. We retain the three most important:

-First, the growing difficulties for unskilled workers to access the labour market is one of the reasons for this increase in social polarisation. Indeed, unemployment rates among low skilled labourers have increased at large in Belgian cities and most particularly in Brussels.

These evolutions are directly related to the growing demand for high skilled labour as noted above.

-Secondly, the transformation of the welfare state and its redistribution mechanisms have doubtlessly played a role. Though we did not analyse this aspect.

-Thirdly, the socio-spatial structures of the Belgian cities are likely to have had an influence. We have observed a socio-spatial polarisation (disparities between neighbourhoods) which is also on the rise, especially when it is measured according to the unemployment rate. In concrete terms, this represents a relative decline in the unemployment rate in the disadvantaged neighbourhoods between 1991 and 2006 (Table 1). Our study shows that the spatial concentration of a fragile population reduces the chances of finding an employment for the persons living in these neighbourhoods. This process is called *neighbourhood effect* since it describes that fact that individuals with the same characteristics experience more difficulties entering the labour market when residing in areas which concentrate potential socio-economic problems.

Table 1: The unemployment rate (1991-2006) for the disadvantaged neighbourhoods and the employment areas of the five major Belgian cities

Quartiers en difficulté - Espace métropolitain	Taux de chômage					
	1991		2001		2006	
Anvers	18.8	9.3	17.8	7.2	19.2	9.0
Bruxelles	24.5	10.9	29.1	12.0	29.3	13.2
Gand	18.3	8.3	18.6	6.6	19.4	7.9
Charleroi	27.7	20.0	32.6	20.9	33.8	21.4
Liège	29.0	18.6	30.2	17.4	31.9	18.4

Source: 1991 censuses and 2001 socioeconomic survey

## Urban Policy

As described above, the economic revival of the cities did not bring about any positive social effects anywhere, not at city level and even less at the level of the neighbourhood. Local authorities can further strengthen this market-driven process if they mainly invest in attracting a high quality service sector and disinvest in social inclusion in order to promote the city on a worldwide scale. The transition towards flexible capitalism, together with the reduced role of the state and increased international competition have prompted cities to follow a more *entrepreneurial* policy within which attractiveness for factors that may bring about economic growth (a highly skilled workforce, investment, etc.) play a key role.

In order to test this hypothesis, the urban regimes within the five major cities in Belgium were first identified through an analysis of the different policy and strategic plans of the city councils in the case of the four Flemish and Walloon cities and those of the regional government in the case of the Brussels Capital Region (BCR). Secondly, the role and impact of these policies in practice was examined through the use of case studies

### 1. Urban policy in discourse

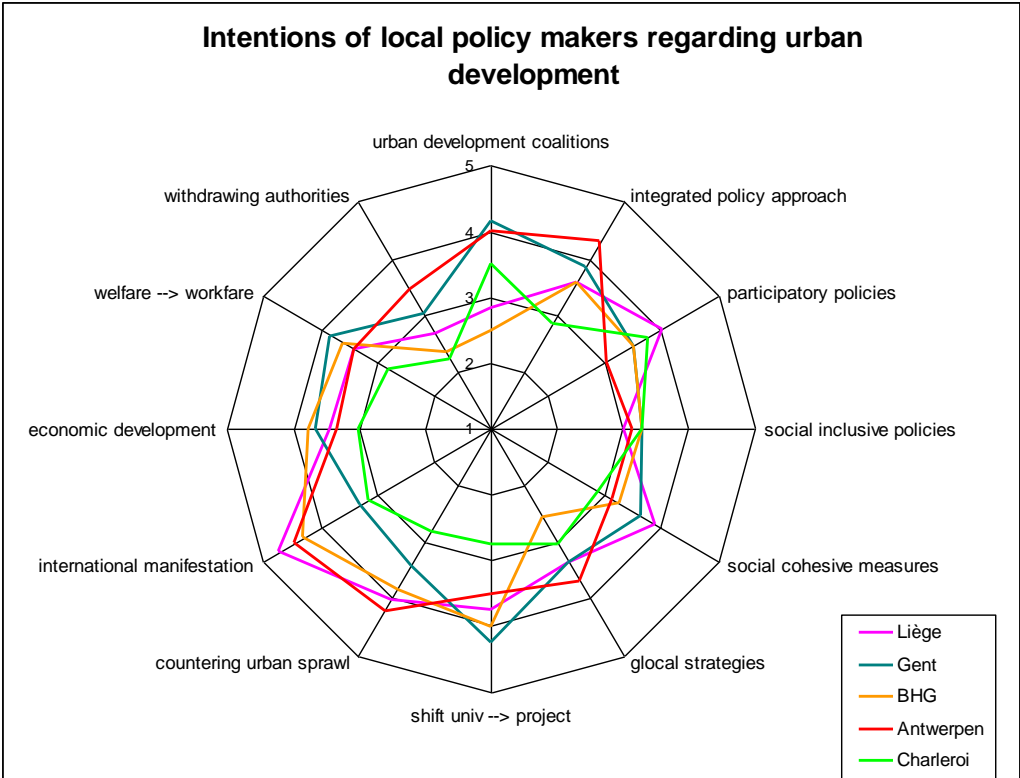
It is first necessary to make a comment about this section of the study with regards to the preceding quantitative section. Urban policy was examined at city level and not at the level of the metropolitan area. This primarily has to do with a lack of correspondence between the functional space of the metropolitan area and the political space of the city's territory. Furthermore, there even can be competition between the city and the hinterland, particularly when it comes to attracting activity and the middle-class.

This qualitative section comprises an analysis of the urban discourse of the five Belgian

cities of Antwerp, Brussels, Charleroi, Ghent and Liège. The intentions of the urban policy were examined in order to shed light on the complex relationships between economic growth, social welfare and urban policy. The qualitative research involved more than purely focusing on economic and social issues. An analysis model was constructed which explains the direction of the urban dynamic as an interaction between economic, international, spatial and social policies.

In order to make the comparison more concrete, a graphical model was developed which provides a visual representation of the qualitative information acquired from the analysis of different city projects and policy intentions. This urban policy matrix is a model that can be used to analyse the discourse of the cities with respect to their own development. The spider web diagram is based on a questionnaire which lists the predominant shifts and trends in the literature to do with urban policy (including “actually existing neoliberalism” by Brenner and Theodore (2002) and the Flemish White Paper on Urban Policy). Twelve dimensions were taken into consideration, each indicating a specific shift. Within the diagram, the axes on the left hand side are associated with a neoliberal shift such as withdrawing authorities, a shift from welfare to workfare, an emphasis on economic development, international manifestation and a policy of attracting the middle-class. The axes on the right hand side represent those dimensions that compensate and which also explore alternatives such as an integrated policy approach, participatory policies, social inclusion policies, social cohesion policies and a policy that attempts to provide glocal answers to processes of globalisation. The model shows the positions of the cities relative to each other and enables how much attention a city pays to a specific dimension to be interpreted.

This study shows that the Belgian cities are increasingly taking their own development into their own hands, writing their own policy visions about their future and hereby attempting to position themselves within the regional and international geographic competition for investment.



The qualitative research confirms the context as described in the first sections. All cities aim



at a remetropolitanization of the economic core activities that must form the basis of urban renaissance within the framework of a globalisation process which favours supra and transnational spaces. Both the state and the city gear the regulation mechanisms towards strengthening their competitive positions; however this is a policy that, within the neoliberal context, is not embedded within a social redistribution policy which means that social division can increase with economic growth.

All the cities studied subscribe to this logic, even when they have to use measures and resources belonging to regional or federal authorities for their policies. Neoliberal accents arise within the policy texts and vision documents of all the cities. Profiling themselves, creating a climate of enterprise, raising attractiveness, focusing on (a knowledge) economy, public-private partnerships, in other words, making the economic levers as efficient as possible form a ubiquitous common thread running through texts to do with economic development. Such an orientation towards the market economy is often described positively within policy texts, whereby the win-win perspective is employed. This means that it is not presented as a political choice (where it is clear which undesirable consequences are nevertheless accepted), but usually as the best and only choice.

As a large proportion of investment policies fall outside the direct authority of cities, just like the large levers on the political-economic level, the cities maximally focus on creating a good investment climate. The three cities of Brussels, Antwerp and Liège hereby seem to want to manifest themselves on an international level whilst Ghent and Charleroi profile themselves on a more regional level.

Social cohesion and economic development are presented here as two sides of the same coin. Social cohesion and inclusion will follow providing that there is a favourable economic dynamic. However, economic growth is not sufficient for increasing social equality. The cities studied are implicitly aware of this area of tension. As far as social exclusion is concerned, the instruments of retraining, additional schooling, involvement and so on are mainly used. Little attention is paid to alternative development models such as creative industry, social economy and micro initiatives. By contrast, cities continue to pay much attention to housing, social inclusion, the urban living environment and repairing the urban fabric. Many instruments are especially created on a local basis that address these issues, increasing the quality of life within the urban habitat and thus making it more attractive, especially to (potential) newcomers. All in all, cities do not succeed in enforcing a socio-economic development model which endeavours to link economic growth to social needs.

The area of tension between city and periphery is also tangible in policy choices. The study shows that the surrounding municipalities are responsible for a large proportion of economic growth within the municipal districts. The urban centres are also therefore entering into competition with their periphery and are working hard to stop urban flight and getting the middle-classes to return. This is a general (Belgian) phenomenon that has to do with the structure and working of the housing market, mobility structures and the dominant suburban mentality. The dichotomy between the poor centre and the wealthy periphery gives cities an unfavourable fiscal basis which makes them work hard to get the middle-classes to return. However, this is not always consistent with looking after the poor. This dichotomy is emphasised even more in Brussels and Liège as the political power of the periphery, and particularly its influence, is very high.

Cities are the terrain of changes in administrative approach. A shift from “government” to “governance” is taking place, which means that the relationship between the authorities and the population is becoming increasingly mediated through partnerships with other parties and with sections of the civil society. This leads to the creation of an ‘urban regime’ which supports joint urban development projects. This shift is very explicit in the Flemish cities and

has also entered into administrative terminology through urban policy. This is less evident within the Walloon cities and in Brussels, where the redefinition of the governmental role barely receives any attention. Other operators continue to be instruments of and for the authorities and they are not allocated the role of partners in negotiated projects. In Ghent, Antwerp (and Charleroi), this shift results in the far-reaching involvement of the organised civil society in urban policy. All cities also present themselves as candidates for public-private partnerships.

All cities understand that an urban project needs to be an integral story which goes beyond the traditional domains of power. Each of the cities has drawn up its own urban development plan which more or less goes beyond the existing policy domains and institutional distribution of powers. This transition is more noticeable in the Flemish cities, with Antwerp going the furthest through the reorganisation of its entire structure as a company with a corporate culture, whilst Ghent has far-reaching forms of interdepartmental collaboration and transcending horizontal units. Within the Walloon cities, the story of integrality is more limited to intentions and emphases in policy texts, but it is (still) not translated within the administration's organograms. Within Brussels, the fragmented structure of power makes real integral planning impossible and an integrated, not to mention shared, vision is absent.

## 2. The role and impact of urban policy: case studies

This section of the study uses case studies to hone in on the concrete role and impact of urban policy. Two types of local urban development policy were examined within the three cities of Brussels, Ghent and Liège. On the one hand, development from above was looked at, through which flagship projects were developed with an international character in mind. MédiaCité in Liège, Tour&Taxis in Brussels and Gent-Sint-Pieters in Ghent (a flagship only to a limited degree) were studied as examples of this type of project. On the other hand, development from below was looked at, through which the emphasis was mainly placed on a socio-economic revitalisation of disfavoured neighbourhoods. Sainte-Marguérite in Liège, the Brabantwijk in Brussels and the Brugse Poort in Ghent were selected as examples of this. The case studies must enable the implementation of the discourse to be tested, the main parties (with an emphasis on the authorities involved) to be identified and the impact and limits of the various approaches to be assessed. Finally, these case studies also provide fuel for thought about possible alternative development models within which social cohesion takes centre stage.

Following the analyses of the policy intentions, the main question arises of whether these urban regimes are capable of overcoming or in any way mitigating the deprivation and inequality inherent in the present economic development model. The increasing spatial polarisation has not gone unnoticed by the authorities. They have created all kinds of instruments, funds and other policy measures with the aim of 'targeting' this spatial dimension of social inequality through working in an area-based way, albeit mostly at the level of the neighbourhood. This instrumentarium differs significantly for the various cities. In Brussels and Wallonia, specific instruments have been created through which the municipalities have to organise the process of neighbourhood development according to a canvas imposed by the regions. Within Flanders, funds form the basis for the process and the municipalities have more space for manoeuvre in shaping projects in a more horizontal way. There are important differences in the directive capacity of the city authorities, which in some cases keeps the coordination in their own hands, and in other cases behave reactively. This leads to significant differences in the integrality of neighbourhood development projects. In Brussels, the socio(-economic) section in the neighbourhood contract only forms a limited part of the programme due to a lack of regional powers. Neighbourhood-oriented community work is often taken on by organisations that do not have

anything to do with the neighbourhood contract. In Ghent, an integrated neighbourhood development project is being set up for which the division of tasks with civil society organisations is an important starting point. This is leading to development coalitions between the various city departments at the level of the neighbourhood. In Liège, an integrated neighbourhood project was also started, but with little attention paid to the division of tasks with the civil society, such that all achievements remain very instrumental.

Our study shows that these territorial programmes definitely succeed in repairing the physical fabric of the targeted neighbourhoods through the concentrated implementation of resources within a limited territory for the reconstruction of public spaces and the renovation of (part of) the buildings. The quality of life and the living environment are clearly and visibly improved. There is also a demographic change at city level whereby for the first time in years, the population is no longer decreasing. Cities are hereby all putting a 'healthy social mix' first, with varied strategies for achieving this. Ghent is mainly targeting its housing investments at social housing and is relying on the market, which will ensure that the middle-class are attracted to the neighbourhood. Liège and Brussels have less confidence in the market and are building a large number of middle-class houses in order to attract the middle-classes to the neighbourhood. Globally, this social mix looks like it is bearing limited political fruits. The social fabric and the neighbourhood's self-image is being positively influenced as a result of the dynamics of these neighbourhood programmes. Continual processes of interaction between residents and the civil society are often brought about, especially for the preservation and use of public spaces. Where participation and involvement are explicitly embodied within the programs for neighbourhood development, they seem to be much more difficult to direct in the case of flagship projects.

However, these urban projects do not succeed in eliminating deprivation and spatial polarisation as the impact on the employment market and on deprivation is very limited. Urban renewal projects do not seem to be able to succeed in involving the neighbourhoods in urban neoliberal competition through which economic development leads to increased social cohesion. All the case studies point to similar conclusions. All the cities make an attempt at directing their own development dynamic, but they do not succeed in any of the case studies in developing a sufficiently strong local development coalition which links economic development with the battle against social polarisation. In the case of flagship projects, where the cities enter into a consortium with private contractors, the neighbourhoods seem to be catching up with the economic development in the rest of the city. Furthermore, they also generate a clear impact on the image, familiarity and positioning of the neighbourhood and the city. However, this threatens to be at the cost of the local population, who are not considered here as co-producers, but more of a factor. Although still limited in number (the projects are all very recent), there are indications of a changing housing market within these neighbourhoods, which brings about social displacement.

Urban regimes seem to succeed in generating an impact on the quality of life and urban design context within their neighbourhoods. However, as long as urban regimes are caught up in a very competitive and socially exclusive growth model, they cannot be considered as being capable of making the difference. A cost-effective economic dynamic therefore remains of paramount importance but does not create equality between people. Because of this, the social question continues to control the core of urban policy. A deficit is becoming apparent on two levels. Firstly, there are no alternative growth models emerging which means that a social urban economy based on a new social urban contract can be created. Secondly, city authorities do not have the powers or the essential joint ventures with each other, with their surrounding areas or with « higher » authorities in order to give such models a chance in practice.