Shrinking Cities

Economic History LMU
Economic Geography
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“Shrinking City”: The term describes the symptom of population loss. Shrinking cities developed into a global phenomenon since beginning of the twentieth century. Compared with growing cities, the share of cities with declining population has continuously increased.

In the 1990s, more than a quarter of the world’s largest cities shrank.
On the other hand, global urbanization has progressed at a rapid pace for the past two centuries:

- In 1800, 2% of total world population lived in cities
- In 2000, it was just 50% or approximately 6.5 billion people. Estimates suggest that this will increase to 75% or 8.5 billion people by 2050.
In the past there were simultaneous, antithetical trends:
- In the 1960s and 1970s, economic crisis of cities, erosion by suburbanization, social tensions and urban violence led to slogans like “death” of the city in Western industrialized nations.
- Yet since the 1980s, people speak of an “urban renaissance” and of creative cities.

What is the situation today?
- The spread of knowledge economies, which require urban milieus have formed a global urban lifestyle and caused changes around the globe:
  - revitalization of city centres in old industrialized countries
  - numerous megapolises in south-eastern regions of the world came up in the last decade
  - along with the rise of global cities as urban centres of globalization
Urbanization

- The process of urbanization in Europe began around 1800 and has since steadily encompassed all parts of the globe.
- It is a turning point in the history of humankind and changed fundamentally and irreversibly people’s lifestyles and living conditions.
History

Urban Shrinkage

- Throughout most of history, phases of shrinking were as much a part of development of cities as phases of growth.
- With the start of industrialization, European cities faced phases of long and intense growth.
- Until Second World War which had momentous consequences. Warsaw, Berlin, Dresden and Hiroshima are only few examples of destroyed cities. Also flight, expulsion, resettlement, deportation and ethnic cleansing had a huge impact on urban development.
- Although the post-war period brought political stability and economic growth, more and more cities entered a phase of long-term population decline.
- During the 1950s, eleven out of the twelve largest cities of the United States shrank.
**Urban Shrinkage**

- In the 1970s, former industrial cities fell into crisis. In the United States for example, there were more shrinking cities than growing ones (80:64).

- After that there were isolated cases of population declines in developing countries despite high growth rates: Natural disasters affected densely populated and poorly prepared cities.

- Wars and violent conflicts have caused destruction and a stream of refugees from postcolonial states in Africa, the Middle East and Southeast Asia.

- With the collapse of Soviet Union, many cities fell into a state of political, economic and demographic instability. More than 200 large cities experienced population loss because of waves of emigration, falling birth rates and decreasing life expectancy.

- The number of shrinking cities increased continuously during twentieth century.
Wars, natural catastrophes, environmental destruction, and disease generally cause shock-like population loss in cities by suddenly destroying human lives, buildings, and the basis for human livelihood.
War has been the primary cause of destruction in the past. Approximately 110 million people died in wars in the twentieth century. Many thousands of cities and villages were destroyed.

- In the Second World War cities were extensively bombed. Urban military and economic targets were attacked and many civilians were killed. Atomic bombs showed that entire urban centres like Hiroshima and Nagasaki could be wiped out in a day.
- While further nuclear destruction did not occur, other wars like in former Yugoslavia or in Chechnya caused cities in the same or neighbouring countries to swell.
- At the beginning of the 21st Century genocidal civil wars occurred especially in Africa, where cities where periodically emptied by fighting and/or swollen by influxes of refugees, who were often concentrated in camps of hundreds of thousands of people.

Refugee camps in Nablus (left) and Kenya
Analysis of individual disasters often reveal a gradual continuum of natural and cultural causation:

- The extent of material damage and numbers of dead are not only dependent on the physical potency of the natural occurrence, but also on the degree to which the affected urban civilization had prepared itself.
- The difference in the extent cannot solely be attributed to the technological and economic state of development of the societies affected.

What consequences do natural disasters have for the development of cities?

- “Successful” cities demonstrate an extraordinary high level of continuity with regard to their location, even despite extensive destruction from disasters because a large degree of material and symbolic capital has been invested in a city’s site.
- The history often shows a phase of shock after a natural disaster, followed by an extraordinary mobilization of energy to maintain or restore the fundamental assets of a city’s previous development.
The loss of resources or shortages of available energy can have long-term negative effects on the development of cities, even causing them to disappear. Long-term declines in employment opportunities or population can also have negative effects on urban development.
• Employment is the anchor of every individual in the course of his or her life and in the structure of society.

• In the wake of globalization and the associated outsourcing of company locations beyond national borders and great distances away, a new pattern of unemployment has developed:
  − New peripheries (for example the so called BRIC Countries) are increasingly integrated into the world economy and profit from globalization strategies.
  − By contrast, in developing countries that are not – or not yet – integrated in the world economy, the situation looks much worse.
  − Unemployment rates in industrialized countries are still low by comparison, even though they are higher than in periods of full employment in the 1960s and 1970s.
  − In former socialist states of Eastern Europe unemployment rates are considerably higher because jobs have been cut back since the fall of the “Iron Curtain”. Many companies proved to be no longer competitive and had to cease production or services.
Transnational businesses are causing a previously unheard-of division of value-added across different production centres in today’s world economy.

The economic causes for large-scale unemployment in Western industrialized nations are always related to high labour costs. As globalization increases, differences in labour costs play an increasingly important role.

Jobs in secondary markets for unskilled and semiskilled workers are hardest hit. Manual labour is widely reduced by rationalization and automation, and services are simplified or outsourced.

But it will not stay just a matter of work for the unskilled.

Also services like programming, accounting, customer service, as well as print media and so on free themselves of ties to specific locations thanks to communication technologies.
The extensive use of fossil fuels permitted a period of exponential growth: today 160 times as many people live in cities as did so in 1800, world’s population has grown six fold. Energy use per capita increased more than twenty times.

The current annual consumption of energy from fossil fuels worldwide is equal to that derived by photosynthetic means over 100,000 years.

In developed countries, about 35% of all energy is consumed for transportation. The average American uses 2.6 times as much as the average Western European; the average Japanese only uses 0.88 times that amount.

The use of fossil fuels is a one-time process that cannot be repeated. The scarcest raw material is the most important one: Oil.

Since the 1980s, annual use has exceeded the growth of reserves. The price will presumably rocket as the maximum output will be reached in this or the next decade.

The known reserves that can be exploited will satisfy oil demands for 40 years at current level of consumption.
Shifting the locations or settlements, residents, and economic activity causes geographical polarization between winners and losers. Such regrouping can take place on local, regional, or global levels.
Shifting - Suburbanization

- Suburbanization generally describes the sprawl of urban settlements beyond the bounds of a core city and into its hinterland, mostly accompanied by the inverse densification of an urban settlement.

- Causes of suburbanization are complex. Homeowners have opted for suburban locations primarily on account of qualities that are either unavailable or unaffordable in the core city.

- Branches that are not exclusively or primarily geared to customers in the inner city relocate to suburbia because transport links are more convenient and space is generously available.

- From the viewpoint of municipal authorities, suburbanization is inherently problematic and a burden. “Creeping conformity” – suburban settlements’ monotonous appearance – and problems such as “white flight“ which cause economical problems for city centres are often criticized.
For all different motivations for it, migration always has something to do with a desire to improve one’s living conditions.

If the push factors in the region of origin begin to dominate (unemployment, low income, political persecution, ecological threats), and they are supplemented by pull factors in the destination regions (demand for labour, high wage levels etc.) then migration becomes likely, especially when social and technical costs are low compared to the advantages.

Mostly young, well educated people without family ties, and especially those willing to work are the most likely to migrate.

Quantity of migration has increased: 1965 approx. 75 million people lived outside their country – 1985 the figure was 100 million, and in 2005 it was 200 million.
Long-term changes in economic, political and demographic conditions can have massive effects on the development of cities. Economic structural transformation and changes in political systems can result in fundamental reorganization of settlement structures.

Monks in Burma last year protesting against the Junta military regime

Impressive economic change – Shanghai 2007
Ongoing structural change is both a feature of the modern age and a global challenge that no society can permanently escape.

In the 1930s, the economist A.G.B Fisher first subdivided the economy of a country into three sectors of agriculture, industry and service and linked this with the thesis of an increasing “tertiarization” of modern societies.

History of the 20th century has confirmed that with certain regional nuances, all industrial societies are subject to a tendency towards tertiarization:

- In 1900, 33% of GDP were generated in agriculture and forestry in Germany. In 1960 the share shrunk to 6% and 1.1% in 2003. Today 70% can be attributed to services.
- These structural shifts were accompanied by social fault line as well as massive shifts in the urban systems of the respective countries.

In the 1980s, many cities suffered from structural crises and urban decline that characterized deindustrialization. Only in a few cities structural change to services was successful.

Elsewhere economic transformation of this sort was carried out only insufficiently, despite massive state contributions, and was not able to offset the loss of economic power resulting from deindustrialization.
Nevertheless, the global flow of information, knowledge, and qualifications is of singular importance. According to World Bank, the transfer of knowledge and technology is one key to overcoming global inequality.

From this perspective, processes of structural change no longer take place within individual national economies, but within a global framework.

Can cross-border structural change accelerate the catching-up process of peripheral countries?

- One reason it might is that tertiarization of trade and investments has broken down the old hierarchical pattern of international division of labour.
- In the last thirty years, the composition of foreign investments from the “north” to the “south” has continuously developed away from the raw materials sector.
- Since 1990, more than half the capital outflow has been aimed at the service sector.
- The high growth of “new globalizers” is accompanied by rapid sectoral shifts and urbanization processes: urban proportion in China will climb from 36% to 50% over the next decade.
Example of a Shrinking City – Detroit (USA)

The decay of Detroit’s inner city was caused by the exodus of mainly white inhabitants into the suburbs. In the 1950s, automotive factories and shopping malls began to follow them beyond the city’s administrative borders.

“White Flight”

Although residential suburbanization was first made possible by inexpensive developed property, today the relation of real estate prices between city and suburbs is completely reversed.
As many companies relocated to the outskirts, the number of industrial jobs in Detroit declined rapidly, while in the entire region automobile production and the number of jobs remained stable.
According to many experts, globalization could be the key driver for urban change and shrinkage in the future.

It defines a new dividing line between shrinking and growing cities in industrialized countries:

- If cities are home to the players in globalization, the company headquarters, the banks, financial and production related services, then unemployment will not pose a problem and growth will be the result.
- If, however, the cities are still modelled on the old industrial ones of the 19th and 20th centuries, loss of economic vitality is inevitable.
- Examples are several monoindustrial cities of Western and Eastern Europe, where unemployment has settled in and has long since changed from cyclical to structural unemployment.
- As a result workers no longer move to emergent industrial centres as they used to. Nowadays migrants are going to the large service-industry metropolises of the world like New York, London and Paris.
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Thank You For Your Attention!

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