

Neo-Liberal Adjustment? The Restructuring of Old Industrial Cities and Regions in the Largest Countries of Western and Eastern Europe

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ABSTRACT

In claims about the rise of the knowledge economy (OECD 1996; DTI 1998), learning regions (Morgan 1997) and the more recent ‘creative’ cities (Florida 2002), there is a concern with how developed economies are restructuring in order to position themselves at a competitive advantage when labour costs are significantly lower in developing countries. This restructuring is illustrated in the declining proportion of industrial employment in developed economies and the growth of the service sector, which has been an ongoing trend for a number of years, if not decades. For example, the latest data on the UK shows that since 1997 the number of people employed in manufacturing jobs has fallen by over 1 million or 25% (Office of National Statistics).

However, this restructuring is not evenly spread but rather impacts on those cities and regions that were most dependent on industrial employment. These so-called old industrial regions (OIRs) and their cities encounter a number of difficulties associated with their path dependence and lock-in to certain forms of employment and industrial activity that precludes, or at least inhibits, their adjustment to this new knowledge economy. In Europe there are a number of such cities and regions spread across the continent, which face different processes of transition constituted by neo-liberal expectations that align transition with globalisation. Such expectations differ not only between cities and regions within these countries, but also between and within Western and Eastern Europe, where the former is driven more by a ‘knowledge-based’ service sector focus (Lisbon Agenda 2000) and the latter by concerns with ‘over-industrialisation’ (De Melo et al 1997; World Bank 2000). In this paper we will explore these processes through an analysis of employment and GDP trends in OIRs from the largest Western and Eastern European countries and the relationship these trends have with population change in old industrial cities in these regions.

We will focus on labour restructuring in the last 10 years and in particular focus on the changing levels of hi-tech and low-tech manufacturing and service employment, as well as processes of deskilling that these changes might reveal. We will finish by

analysing the various policy responses to these changes by supranational (i.e. EC) and international (i.e. World Bank) actors.

Key Words: neo-liberalism, industrial restructuring, knowledge economy