Shrinking to Grow?

The Urban Regeneration Challenge
in Leipzig and Manchester

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Preface

Both Leipzig and Manchester have experienced severe loss of population: Manchester over a long period since the middle of the twentieth century, Leipzig sharply after reunification. While both cities have greatly improved their city centres and can claim many regeneration successes, both have, at best, stemmed their loss of population.

Linked to this loss of population has been the presence of a large stock of low-demand housing. Given this, and the potential for future population loss – especially in Leipzig, with falling birth rates nationally – in this study we ask whether these two cities could plan for an economically sound contraction in their populations. We set out scenarios for the future household numbers in both cities and consider the implications of a future loss of households.

However it was soon evident that neither city could countenance such an approach; in fact, both were actively planning for household growth. Given this approach we then considered how best these two cities could meet their aims.

Both cities have large numbers of young people, not least because of their universities. This is an asset in an ageing Europe, but only if these young cohorts can be retained. Therefore, the range of job opportunities that the cities can offer is crucial. Still, this is not enough.

We demonstrate that the present stemming of earlier massive population losses proves is a fragile solution, not least because nearby suburban areas are often able to offer housing choices and levels of liveability that are not necessarily available within the city boundaries. In many instances it is possible that even where the cities offer exciting career opportunities, they may not benefit from an increase in residents. The key here is the retention of households as they establish families.

Therefore, we suggest two goals for the future

- To Become Magnets for the Young

- To Keep the Family Builders

The second, we believe, will be harder to achieve than the first objective. It will mean multiple action in a number of fields: planning and urban regeneration, education, social policy and transport policy.

We also suggest key policy levers that will have to be addressed if the cities are to succeed. These include greater discretionary spending powers, which are required to meet local needs and should be implemented at local level. Both cities have demonstrated an ability to act proactively. This poses a key final question: can their national and regional governments now give them the necessary freedom, allowing them to take the risks to develop such an entrepreneurial approach?

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Introduction

Leipzig and Manchester are superficially very different cities. Leipzig laboured from 1945 until 1990 under a Communist regime that effectively ran down its industrial base, which duly almost disappeared in a few years after reunification. Manchester, one of the world's oldest industrial cities, suffered no such political misfortunes. Yet today, their recent history and their present condition show remarkable parallels. Both have suffered from deindustrialisation and out-movement of people. Both, in consequence, are witnessing abandonment of parts of their housing stock. Both face the challenge of devising policies that will successfully counter these trends.

Viewed more closely, the parallels are even closer. In both cities, the centres have been rebuilt and restored, and are in good economic condition despite strong competition from edge-of-town retail parks: Manchester is enjoying a construction boom in new loft apartments around the centre; in south Leipzig, 100-year old apartment blocks have been comprehensively restored to their former glory with the help of massive subsidies and rising demand. In both, the south side of the city retains an attractiveness for certain sections of the population, especially students (30,000 in Leipzig; 80,000 in Manchester–Salford). In both, problems of industrial loss and housing abandonment are highly concentrated in the less attractive parts of the city.

Leipzig has the biggest problem of abandoned housing in all of Europe: 60,000 vacant units, in a city of fewer than 500,000 people. Manchester has the beginnings of the same problem, especially on the eastern side of the city, where whole streets and even whole neighbourhoods have been boarded up and many buildings were demolished while we were researching and writing this report. In both cities, the problem affects the same kinds of housing: older housing in the less fashionable districts of the city, which tend to be the old industrial areas, and industrialised housing of the 1960s in the same kind of area. The structural causes seem to be the same: these were the areas where the economy massively contracted within a short period, leaving large numbers of people unemployed and unequipped to work in the service jobs that are now the main economic base; they are in consequence the least attractive, with huge scars in the landscape and massive problems of clean-up; and there is a free housing market beyond the city limits, offering new cheap owner-occupied housing to anyone capable of meeting the down payment.

Leipzig is facing an additional question: whether the attempt to regenerate the city will be limited by demographic changes. Population projections suggest that the age cohort of young adults, to whom city living is most attractive, will soon contract. That point has not yet been reached in Manchester, and the ageing of the UK population is not as advanced as in eastern Germany. But in both cities there is a central policy challenge: can they offer an attractive environment and lifestyle plus affordable services and housing to families with children who will make up much of the effective future demand?

Facing this challenge, the German Federal Ministry of Technology and Research has created the *Cities 2030* programme. In this programme, 20 cities are receiving funds for future-oriented projects. Leipzig is the subject of the largest and most ambitious of these projects. The city, together with the research institute *empirica*, is developing a long-term strategy for restructuring its physical, administrative and social structure. The Institute of Community Studies proposed to the Anglo-German Foundation a parallel study of Manchester, so that the experience of the two cities could be brought together in a mutual learning process that might also be interesting for policy-makers in other British and German cities facing similar challenges.

Manchester Today

Manchester may well be regarded as being on an inevitable upward trajectory; the city has come to be seen as a shining example of successful regeneration. The undoubted success of the Commonwealth Games in 2002 stands in stark contrast to the debacle that has surrounded the redevelopment of the Wembley national football stadium in London. With East Manchester[1] now the focus of regeneration in the city, there appears to be every possibility that this success will continue. Meanwhile, the demand for city centre living appears to be continuing unabated.

But the 2001 Census results came as an unwelcome footnote to the Commonwealth Games. The figures – which are strongly contested – suggested that Manchester has suffered the greatest loss of population of any UK city over the last 10 years: no less than

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[1] Encompassing 1,100 ha immediately east of Manchester City Centre, 'New East Manchester' offers an opportunity for investment and regeneration on a scale unprecedented in any other English city. It is managed by New East Manchester Limited, established in October 1999. The second Urban Regeneration Company to be created, it is a partnership between national (English Partnerships), regional (North West Development Agency) and local government (Manchester City Council), with local communities playing a full part.

Projects now in progress include: a Central Business Park and an Openshaw Business Centre; the Sportscity complex around the 2002 Commonwealth Games stadium, now home to Manchester City Football Club, with associated residential development; the Ancoats Urban Village and regeneration of the Ashton canal connecting the city centre to Sportscity; New Islington, a canal-side residential development; and the renewal of the adjacent Beswick neighbourhood.

10.4%. Manchester's population now officially stands at 392,819[2] as against 438,500 in 1991. Some even argue that the current vogue for city centre living is precarious, based as it is on demand from relatively footloose single young professionals (Seo, 2002) and on investors who have gone into property after the downturn in stock markets in 1999.

Leipzig Today

In Leipzig, a projected decline in population, both nationally and locally – coupled with a housing stock that often does not meet current needs, continuing suburbanisation, and economic weaknesses – has caused the city to address the very real possibility that it will need to regenerate itself while managing a long-term decline in its population. This raises a series of issues about maintaining efficient provision of services in conditions of population decline; should we, and how do we, plan for a shrinking city? So concerned is the German Federal government with this issue it has commissioned a study of the issues in Leipzig as part of a wider research programme, *Cities 2030*.

Manchester has a considerably longer history of managing urban regeneration than Leipzig. So, in the first part of our comparative study, we sought to outline the lessons that Leipzig could take from Manchester. In the second part we drew on Leipzig's experience of participation in the *Cities 2030* programme to consider how a city might respond, given the possibility of falling national and/or regional populations and the continuing threat of suburbanisation.

It became apparent that, in both cities, the focus is firmly on ensuring that they attract an increasing share of population to live within their borders; neither is planning for contraction. In the light of this we consider the policy implications of this approach. How can local, regional and national government influence this attempt to repopulate the two cities?

Some Geography: Boundaries and Definitions

In this connection, it is very important to explain exactly what we mean – geographically – when we use the names 'Manchester' and 'Leipzig'.

Leipzig is the simpler case: it is a freestanding city, whose administrative boundaries correspond fairly well to its physical built-up area; indeed, it has expanded its boundaries to include some of the outlying suburban areas. It does, however, lie relatively close to the borders between two German *Länder*; its nearest city-neighbour, Halle, with whom it shares the airport, is in Saxony-Anhalt while Leipzig is in Saxony. In planning terms, this has the effect of cutting the western hinterland of Leipzig off from the city.

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[2] UK Census 2001 available at http://www.statistics.gov.uk/ National Statistics is currently of the opinion that the 1981 Census figures were sound and that the problem more likely lies with the 1991 Census. The current proposal is to adjust figures back to 1991 using the 2001 Census figures.

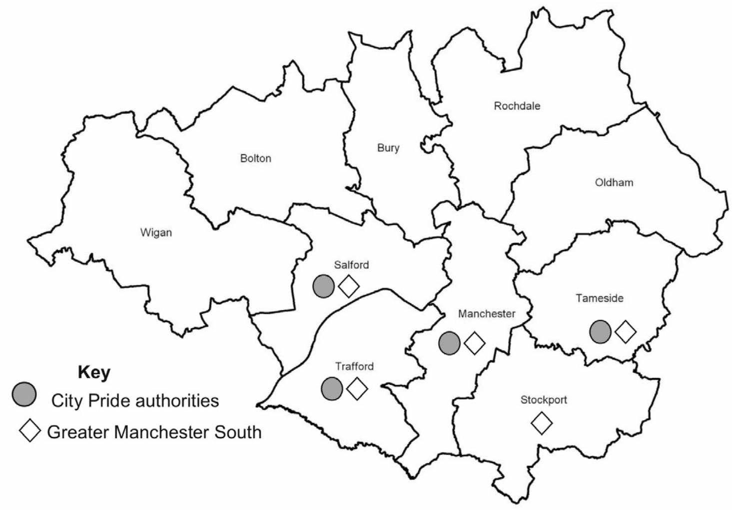

Figure 1. Boundaries of Manchester, Manchester City Pride Area, Greater Manchester South and Greater Manchester. (*Source*: UK Borders)

In contrast, Manchester is a more complex case; it is hardly logical to separate the city from its neighbouring authorities. No other city in the UK has such tightly drawn boundaries; the fortunes of Manchester are inseparable from the authorities that surround it. But, in what spatial/administrative context does one best understand Manchester? Greater Manchester may appear to be a logical area on which to focus. However, it is – to use a footballing truism – a city of two halves, with the northern five authorities of Greater Manchester performing considerably worse in economic terms than the five to the south – Greater Manchester South – which includes the City of Manchester (see Figure 1). This has the additional advantage for research of being an officially designated European NUTS 3 area, so that some data – such as GDP – which are not disaggregated to local authority level, are available for it.

As one moves across the Greater Manchester area Salford, Trafford and Manchester appear to be more or less a single entity; the M60 orbital motorway that encircles the authorities (apart from some outer peripheries) reinforces this unity. This sense of commonality is reflected by the City Pride regeneration initiative[3] that, initially, encompassed these three authorities and so has encouraged joint working and a shared vision over a period of time. City Pride has expanded to include Tameside, which gives us four core authorities.

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[3] City Pride was a regeneration initiative set up in 1993 with the aim of encouraging the authorities concerned to develop partnerships and draw up plans that would encourage a more strategic approach to regeneration. This is an ongoing project which includes the production of an economic development plan and the creation of Manchester Enterprises, an agency that promotes economic development/inward investment in the City Pride area.

The City Pride area is the chosen area for study in this report, because the four local authorities have a common history of working together on regeneration over a number of years and because on the ground Salford, Trafford, Manchester, and to a considerable extent Tameside, are physically inseparable. Greater Manchester South (the four City Pride Authorities plus Stockport) is used from time to time in this report, as some statistics are only available at this level. Therefore, throughout this report:

- *Manchester* refers only to the city authority;
- *Manchester CPA* refers to the Manchester City Pride Area i.e. Manchester, Salford, Tameside and Trafford;
- *Greater Manchester South* refers to the four Manchester City Pride Authorities plus Stockport.

We now proceed by first outlining the histories of the two cities, and then by outlining the experience of regeneration in them since 1990: first in Manchester, then in Leipzig.

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Two City Histories

The Leipzig Story

Before World War Two Leipzig and Hamburg vied for the rank of 'Germany's Second City' after Berlin. During the *Gründerzeit* – the period from 1871 to 1914, immediately after the unification of Germany – Berlin's function as capital of the new state, and its concentration of electrical and chemical industries, the high-technology drivers of their day, made it by far Germany's most important manufacturing centre. Leipzig and Hamburg each had special functions: Hamburg had trade and the harbour, Leipzig printing and publishing as well as a very strong position in mechanical engineering. Supported by this growing industrial base, Leipzig's population grew from 62,000 in 1849 to 700,000 by the onset of World War Two.

A first downturn came after the war during the era of communist rule, because the German Democratic Republic (GDR) concentrated its developing industrial sector in new cities and locations (Stendal, Eisenhüttenstadt, Neubrandenburg, Wolfen, Halle) and in its capital city, Berlin. The 'old city of Leipzig' was relatively neglected, and this was reflected in a downward trend in population. By 1991 the population had fallen to 540,000.

However, real industrial decline came after the great transformation of 1989–91, when the GDR regime collapsed and Germany was reunited. Leipzig's industries struggled to cope with the currency revaluation of approximately 400% following adoption of the West German Deutsche Mark at an exchange rate of 1:1, rapid wage increases, and the loss of most of its East European export markets. Within a few years East German employment in industry fell to a third of its previous level (originally far above that in West Germany), to about two-thirds of that in West Germany. No other part of Western Europe has ever had to face such a sharp adjustment shock. Even massive subsidies after 1990 could not counteract this politically-generated economic collapse.

Moreover, these subsidies were concentrated far too heavily on the construction sector, which became the new growth industry for some years, with special tax write-offs of

50% of production costs; in the 1990s close to DM 5 billion was spent on subsidies for the housing sector in Leipzig alone. Employment in the construction industry reached its peak in 1997, when 70 people per 1000 inhabitants worked in the construction sector, while employment in manufacturing was only 60 people per 1000 inhabitants. (As a comparison, in Hanover there were 30 construction workers per 1000 inhabitants and 85 manufacturing industry workers per 1000 inhabitants.)

Leipzig's loss of employment has therefore been dramatic, with a loss of 80% of all manufacturing jobs since reunification in 1989. It has experienced a marked shift towards service employment and, in common with Manchester, has been able to realise some of its legacy of banking and financial services. Since 1990 over 50,000 new jobs have been created in this sector and 78% of jobs are now in services (OECD, 2002).

These unprecedented economic catastrophes were accompanied by a dramatic decline in birth rates. Throughout East Germany,[4] the number of births fell at the beginning of the 1990s to only a third of its 1980s level: from 200,000 a year to 60,000. Despite the strong upturn since then, still only half as many children are born each year as in the 1970s and 1980s. And there was strong out-migration to the western Länder of Germany.

Even more important has been intensive suburbanisation. The percentage of homeowners in East Germany increased more rapidly between 1993 and 1998 than in West Germany, and it appears that among younger households (under 40) the percentage of homeowners in East Germany is as high as in West Germany while households between 40 and 45 are catching up. As owner-occupiers tend to move to the suburbs, the population of Leipzig and other cities has shown rapid decline. In Leipzig between 1995 and 1999, roughly 30,000 people migrated to surrounding villages and towns. This was exacerbated by overproduction of rental housing due to tax incentives and by intensified urban renewal and restoration of empty units.

In consequence, Leipzig lost 18.3% of its population between 1981 and 1996 and became known locally as the 'shrinking city'. Roughly 60,000 housing units out of 310,000 were empty in 2000. Long-term forecasts show a stable or slightly increasing number of households until 2010 followed by a decline as the low birth rates of the 1990s result in declining household formation.

Leipzig has recently seen a modest but welcome change of fortune in terms of its population losses to the suburbs. After German reunification in 1989 the city lost population to the former west and to its own suburbs, coupled with drastically declining birth rates in the former east. Since 1998 this balance has changed and the population of Leipzig has stabilised while the suburban regions (outside the city but in the same *Land*) have seen a small loss of population.

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[4] Throughout, 'East Germany' refers to the so-called five new *Länder* of the Federal Republic, equivalent to the former German Democratic Republic.

The Manchester Story

Often regarded as the first industrial city, Manchester was established in Roman times (AD 70) and grew to become a sizable medieval city. It was a major provincial centre by the middle of the eighteenth century, after which it went through a century of rapid expansion (1750–1850). Manchester was the economic centre of the cotton trade and although it has been traditionally associated with dark satanic mills, the success of Manchester itself was always as dependent on its warehousing and commercial activities as on cotton manufacturing. By 1815 warehouses represented over 48% of property asset investment as opposed to only 6% for factories. Thus, 'Manchester was never merely a mill town . . . despite its undoubted contribution to the growth of factory production, Manchester may more appropriately be described as a "warehouse town"'(Kidd, 2002:16).

Banking and other financial services grew up around the cotton trade in the city, which, like Leipzig, came to be a trading centre and a hub for trade-related transportation. In Manchester this legacy is still present in the form of the Manchester Ship Canal (which opened in 1894 and led to the development of the Trafford Industrial Park), and an extensive inland canal system, now used to enhance the amenity value of new housing developments.

By the late 1970s Manchester was suffering severe long-term decline. It had effectively relinquished its place as a regional centre as population and jobs moved out into the wider conurbation and beyond. Manchester has suffered a huge loss of jobs and fundamental shifts in types of employment – especially during the second half of the twentieth century. Between 1971 and 1997 total employment in Manchester fell by 26%, from 344,739 to 254,550. The manufacturing sector was particularly hard hit: male jobs declined by 64%, female jobs by 60%.

Manchester like Leipzig also lost population – partly because of changes in employment, but also because of local government housing policy. Between 1951 and 1981 Manchester's population declined by one-third, from 703,000 to 462,700 (Figure 2). Government

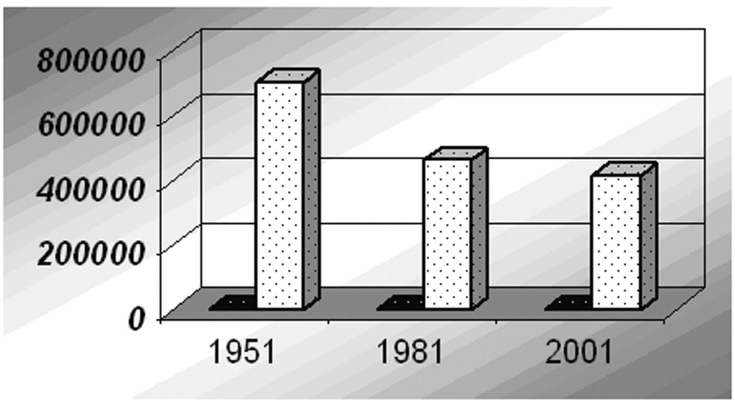

Figure 2. The population of Manchester – UK Census figures. (*Source*: National Statistics)

mid-year estimates for population suggested that Manchester had turned a corner in the 1990s and was gaining population again. However, the controversial and contested finding from the 2001 Census is that Manchester's population loss has continued and it now officially stands at 414,819 (UK Census, 2001), having fallen from 438,500 in 1991. This represents a further drop in population of 10.3% since 1981; the original 2001 Census figure was 392,819. This was strongly contested by city officials and was later adjusted upwards by 22,000.

Although the city received regeneration money from the 1970s, the transformation of the city dates only from the mid-1980s. Since that time a change in political leadership, a decision to work with central government and the pursuit of a long-term vision to 're-brand' Manchester have all led to a dramatic change in the city, and so it is this period that is the focus of Chapter 3.

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Manchester's Regeneration Experience

Manchester has a name in the world quite out of proportion to its current size. But this also brings with it attitudes and attributes that are a very important part of the contemporary planning job in Manchester . . .

(Law, 1992: 17)

In the late 1980s Manchester's leaders moved from opposition to cooperation with central government. They now appear to be becoming increasingly confident in their proactive stance and are attempting to lead national thinking by taking their own agenda to government.

The Manchester CPA has benefited from being part of every one of the major UK governmental regeneration initiatives since the 1980s, and there is a general perception that the City of Manchester has been particularly successful in its pursuit of regeneration. It is certainly the case that many parts of the city, and of the wider City Pride area, have seen major improvements in their physical condition and business environment during the 1980s and 1990s. Some obvious examples are:

- The boom in office development in Salford Quays (Greater Manchester) and in Manchester city centre, including new corporate offices in the Spinningfield area. This is linked to a strengthening of the service and high technology sectors of the local economy.

- A considerable improvement in cultural facilities including; Urbis (the museum of urban living), Manchester Art Gallery, Bridgewater Hall (home to the Hallé orchestra), as well as the Imperial War Museum (Trafford Park) and Lowry Art Gallery (Salford).

- The development of 'city-centre' living in the Castlefield area, which has also exploited the city's Roman history and Victorian canal system to make Castlefield a centre for visitors/leisure. There are now some 10,000 people living the city centre; this is expected to rise to 20,000 by 2010.

- The physical transformation of Hulme from an area of deteriorating and exclusively public housing with low occupancy rates to an area of high quality, popular mixed tenure housing.
- The successes of the Commonwealth Games of 2002, which has enhanced the international profile of the city.
- The continuing expansion of the international airport.

Despite the many successes, much remains to be done. Across the City Pride area, but especially in Manchester and Salford, there are areas of low-demand housing and dereliction. This is accompanied by severe social disadvantage that is often expressed through low educational achievement, poor health and long-term unemployment. The present focus of regeneration is East Manchester, an ex-industrial area of the city. It is the site of an Urban Regeneration Company, which works with numerous other regeneration initiatives including New Deal for Community and Single Regeneration Budget funding, as well as Sports, Health and Education Action Zones and Neighbourhood Renewal funding.

From Confrontation to Cooperation

In the 1980s there was an uneasy, sometimes confrontational, relationship between central and local government. Regeneration policies during this decade were characterised as having been first, largely focused on property led initiatives and second, concerned with by-passing local government through the establishment of Urban Development Corporations (UDCs) which took over planning powers from the local authorities within their area. This approach was perhaps best typified by the development of London Docklands. The 1980s were also marked by a change in attitude whereby central government no longer saw itself as either willing or able to provide all of the funding for regeneration (Roberts and Sykes, 2000). The role of the private sector was brought to the fore at this time and its relationship to central government was a direct one.

A weakening economy and numerous critiques of the property-led approach (including that it simply distorted local property markets and failed to help the most deprived areas) resulted in its decline. In the 1990s local government was brought back into the regeneration process, this time as a part of a partnership with other government agencies and the private sector. For Manchester the establishing of the Central Manchester Development Corporation was pivotal. The key features of the Central Manchester Development Corporation (CMDC) were that it:

- marked the beginning of partnership working between the local authority and other agencies;

- offered a strategic view for future regeneration:
- brought people back to live in the city;
- extended the core commercial centre;
- had low levels of public funding but focused on a small area;
- benefited from an existing asset in the form of the existing commercial core.

The strategy was to focus on the functional and geographical extension of the city centre and on promoting its economic diversity (Williams, 1996). The city centre was not – at the outset – a residential area (there were approximately 250 residents when CMDC was established). Thus, the focus – as in Leipzig – was on economic rather than social regeneration; the low numbers of people living within the designated area helped to maintain this focus. The low population base was the result of a long-standing policy of moving people out of the city centre as part of slum clearance programmes. A less conscious decision was the failure to develop good public transport links as well as the general state of decay in the city centre, both of which led to the suburbanisation of many businesses (Mellor, 2002).

CMDC received relatively modest levels of funding (£97.2m from government and the ERDF) as it was anticipated that there was the possibility of generating income from stock assets. One quarter of the area was considered derelict or underused, but it was near to the city centre and there were other assets (such as the canals) that were also underused (Deas *et al*., 1999). During the period 1988–1996 CMDC attracted £350m of investment into central Manchester, created 4,500 new jobs and saw the development of 2,500 new residential units and more than 100,000 m^2 of office space. Perhaps the two greatest criticisms of CMDC were that, as in Salford, the new accommodation provided was somewhat up-market in character, and that the office development led to a surplus within the city centre (*ibid*.).

CMDC's importance is twofold. First, by making overtures to the local authority, it helped Manchester City Council to develop the partnership approach that would be so effective in bidding for regeneration money and in implementing projects. Second, CMDC helped to establish a strategy for regeneration, which included bringing a residential population back into the city centre; diversifying the economic base of the city centre to include visitor attractions; and building on the financial services sector.

Much has been made of the 'Pink Pound' as a key factor in this process. But research suggests that while links with the gay and lesbian community were significant in early rebranding, Manchester City Council 'moved on' during the Central Manchester UDC period: as it shifted from municipal socialism to being an entrepreneurial city, the gay community became politically less important to the city (Quilley, 2000). Thus, while a useful initial device in rebranding and marketing the city internationally, it has not been so significant in the past decade as the community has gained a life of its own (Skeggs and Binnie, 2004).

After CMDC ceased operation in 1996, the regeneration focus in the city moved to

Hulme, a large area of system-built housing close to the city centre that was suffering from physical and social breakdown. During the 1980s numerous initiatives for Hulme foundered for lack of sufficient resources and because they concentrated simply on the housing stock rather than on the neighbourhood. Further there had been a long-standing disagreement between the residents, English Partnerships and the City Council over the future of Hulme. Hulme was the focus of a successful bid for what was then a new government regeneration initiative, City Challenge.

City Challenge has been described as an ideal initiative for Hulme (Harding, 1998) as it focused considerable resources on a specific area over a relatively long (initially 10 years) period. The housing in the area has been transformed: 3,000 housing units have been replaced by 2,215 new or refurbished units. Private housing was developed in the area for the first time and a major retail chain established a large store in the area. 500 jobs were created and 721 preserved. On a less positive note, Birley Fields Business Park was developed, but to date has not created as many jobs in the area as anticipated and suffered from the general downturn in the economy that was taking place while this study was under way.

In 1996, the IRA detonated the largest peacetime bomb on the UK mainland, devastating much of central Manchester's shopping district. By now the experience gained through CMDC and Hulme meant that there was an experienced group of regenerators in place

UK regeneration initiatives: Urban Regeneration Companies

New East Manchester Limited (NEM) is an Urban Regeneration Company, which like City Pride is an attempt to achieve the holy grail of 'joined up', strategic, holistic (more terms could be added) regeneration. While the City Pride initiative offered a strategic framework for Manchester City, Salford, Trafford and Tameside. New East Manchester Limited (URC) works to coordinate activities within East Manchester. Their brief is to add value to all of the regeneration initiatives in the area, ensuring that – as a coordinated whole – they add more to the area than as a series of independent initiatives, which cover different areas within East Manchester. This includes:

- £25 million of improvement money through the SRBCF Round 5
- £52 million New Deal for Communities (NDC) funding
- Sure Start initiative of up to £3 million to aid pre-school children
- Education Action Zone
- Health Action Zone
- Sports Action Zone
- Objective 2 Funding

working in established partnerships. This resulted in a rapid response to the resulting challenge to redevelop the city centre that 'achieved twenty-five years of regeneration in five' (Williams, 2003).

The focus of regeneration has now moved to East Manchester. Unlike previous examples, this is in fact a whole series of communities rather than being one defined locality. The key features of the area are as follows:

- an ex-industrial area – close ties with de-industrialisation of the economy;
- large loss of population;
- housing market failure;
- currently the focus of multiple regeneration initiatives;
- has complex land ownership issues.

This area has traditionally been the site of both light and heavy engineering companies, chemical and textile companies, and of coal mining. Industrial decline started in the 1960s with the closure of the Bradford Colliery in 1968. This was followed by the closure of steel and gas works in the 1970s. The decline continued through the 1980s with twelve major firms closing between 1979 and 1983 (Tye and Williams, 1994). The area lost 60% (20,000) of its jobs between 1971 and 1985. The closure of much of the area's heavy industry has resulted physically, in 250 ha of vacant industrial land and socially, in the area suffering from a declining population; those who remain typically experience high levels of unemployment, poverty and poor health. At the end of the 1990s the east of Manchester was summarised thus:

- 13% population loss in the 1990s;
- collapse in housing market;
- 20% vacant properties, negative equity;
- low skills base, high crime, poor health, poor community and retail facilities;
- fragile economic base;
- 52% households receive benefit;
- 12% unemployment;
- poor infrastructure and environment.

In response to these challenges, the Regeneration Framework for East Manchester, to be achieved by the New East Manchester Regeneration Company, establishes the following core principles and key objectives:

- revitalising the economy;
- increasing local employment;
- improving retail provision;
- improving education;
- improving housing provision;
- facilitate movement and encourage travel by public transport.

These will be achieved in part by:

- doubling the population to 60,000 in 10 to 15 years;
- building up to 12,500 new homes;
- improvement to 7,000 homes;
- a 160 hectare business park;
- the future use of Sportscity – with a 48,000 seat stadium and facilities;
- the development of a new town centre;
- the development of an integrated public transport system;
- a new regional park system;
- achieving educational attainment above the city average.

The presence of Sportscity – the central site of the 2002 Commonwealth Games – in the middle of the East Manchester area makes a link between the earlier phases of regeneration in Manchester and the present initiatives. Manchester made bids for both the 1996 and 2000 Olympic Games. Although these were unsuccessful, the process exerted a strong influence over events in the city, acting as a unifying force and giving a sense of purpose to the wider regeneration efforts of the city. In many ways the bids – certainly the initial one – were quite audacious, but they proved to be an essential part of the process of learning to think big and of believing that Manchester had a far greater potential than it was realising. The Eastland area of East Manchester was identified as a site for the development of a stadium that would support the 2000 bid – and this was finally built to house the 2002 Commonwealth Games.

Sportscity is proving to be an important catalyst for the regeneration of East Manchester; it has brought £106 million investment in sport facilities and an estimated £45 million of investment in leisure into the area. But Sportscity is just one part of a much larger area on the east side of the city. East Manchester has been split into fifteen Neighbourhood Areas; these include Ancoats Urban Village and New Islington (formerly known as Cardroom). They are quite distinctive and each has a different experience of regeneration to date. While the inner areas such as Ancoats and New Islington are able to draw on their proximity to the city centre, other locations such as Toxteth Street are several kilometres from the city centre and have no such advantage. Clearly the type of development in the inner and outer areas of East Manchester will vary considerably.

Although, of necessity, this is a brief description of the activities in East Manchester, it is important to stress that – in addition – there is a wide range of initiatives taking place, especially under the auspices of Neighbourhood Renewal. These include neighbourhood management schemes that aim to improve service delivery by statutory agencies, and New Deal for Communities which seeks to increase community participation in regeneration, as well as sports, health and education action zones.

How has the Regeneration Process worked in Manchester?

From our study of Manchester's regeneration experience, we built on the Manchester Model of regeneration to propose a series of important contributory factors to the success that Manchester has enjoyed to date. (The Manchester Model is an attempt to encapsulate the process of regeneration in Manchester. It highlights those elements which, in combination, have produced a uniquely Mancunian approach to regeneration (Robson, 2002).) In table 1 we summarise these under the headings, people, place, process and prospect.

Table 1. Learning lessons from the regeneration of Manchester.

People	
Leadership vision Partnerships Short lines of decision-making Clarity	These first are central to the Manchester Model of regeneration. There is a consensus that the leadership in Manchester had a clear long-term vision of how they wanted to change the city. Central to this was re-establishing Manchester's position as a regional centre and reviving the city centre economy. Both of these were to be achieved by encouraging a 'new economy' based on services and high technology. Both drew on underused strengths, first Manchester's history as a trading centre and second, the universities.
Confidence and certainty	The short lines of decision-making were able to produce certainty and flexibility in the decision-making process. This gave confidence to potential investors who felt that they were able to work with the City Council. Rather than being prescriptive, the City Council outlined its vision and was prepared to show flexibility in how its aims were to be achieved.
Place	
Community involvement	Beyond Manchester, assessments of regeneration initiatives suggest that if they are to be sustained after their funding ceases they need to have engaged with their host community. Even in places such as Trafford Park and Salford where there are businesses and an entirely new resident population (respectively) there is a need to 'embed' the new population into the area if gains are to be sustained.
Clear assessment of the local problem – linking need with opportunity	The problem may require inputs from many agencies, but what is the lead problem in the area? In Hulme this was housing, in Trafford Park it was the need to make the area attractive to new businesses. To make the intervention sustainable it is important to ensure that the need of local people can be met in the long-term by opportunities in the local economy.
Sufficient funding and focus	The experience of the Single Regeneration Budget Community Fund was that putting small sums into multiple schemes resulted in disappointing results. Experience in East Manchester in the past has also shown that insufficient inputs fail to generate a momentum that leads to sustainable change.

Generating early successes	Linked with the idea of developing a sufficient momentum. Manchester's experience suggests that the existing population often doubts that change is going to happen in their community. East Manchester offers a good example of this, having experienced decades of decline. Success can communicate to local people that change is going to happen. In East Manchester the presence of a major retailer has helped to demonstrate confidence in the area.
Process	
Strategy flexibility	At the local level there is a need for a strategy for the implementation of the regeneration. In the case of Hulme this was the design brief that allowed for setting standards in a scheme that was to be implemented over a number of years. However, flexibility was also seen as an essential feature of the approach; the strategy outlined the destination, but it was important to be flexible – taking opportunities – on the route to that destination. The Trafford Park Development Corporation believed that this approach was an important feature of their success.
Communication	Public relations is an important part of the process. It is both necessary to let people know what is happening in their area and to involve them. It is also important to turn doubt about an area into optimism about its prospects. It is necessary to share the vision of what can be achieved.
Multi-agency approach	New Deal for Communities in East Manchester has given the opportunity to transfer money between projects that would normally be financed by different government departments. Both City Pride and the Urban Regeneration Company (New East Manchester) are attempts to secure a multi-agency approach to regeneration in quite different ways.
Transferability – sharing experience	An important aspect of regeneration in Manchester is that expertise has been moved from one regeneration project to another. Managers in Hulme and East Manchester have experience of working within the local authority and of working on regeneration projects across the city. The partnership between the public and private sector has also moved around the city. AMEC, a major construction company, has been involved in a series of schemes across the city, most notably in the rebuilding of the city centre after the bombing.
Prospect	
High expectations and quality Raising local aspirations	From the Olympic bids to the redevelopment of the city centre and the quality of much of the new housing in Hulme, there is a sense that Manchester has sought to achieve a quality of outcome, rather than simply feeling that it had to accept whatever development it could get.
Creating revenue-generating assets	This relates to linking need with opportunity. Clearly, grant money is going to be finite and so it is important to ensure that schemes will not collapse once public

	funding has ended. Once the local authority had invested in infrastructure in Salford Quays, private investment moved in and now also pays for landscaping. Today Salford Quays operates without financial support from the Council. This has probably been one of the hardest outcomes to achieve especially out of the city centre.
Effective forward strategies	Assessments of other regeneration schemes in the UK conclude that it is important to establish, early on, how the regeneration will continue beyond the end of the funding (Russell *et al*., 2000). The Manchester Investment & Development Agency (MIDAS) was established to ensure that the gains made in Trafford were not lost once the Development Corporation ended. Similarly, in Hulme regeneration was always going to take longer than the 10 years of City Challenge. The Moss Side and Hulme Partnership was put in place to continue to bring further grant money into the area and to oversee the contribution of the private sector in the area.

One of the key features that this model demonstrates is that statutory plans are not at the centre of the regeneration of Manchester. Statutory plans have been developed in the 1980s and 1990s but the main driver of change has been much more informal; rather it has been a question of informal policy and of creating the right environment to allow for change on a rapid basis (Williams, 2003).

Given the current aim of bringing households back to East Manchester, we turn again to Leipzig and its part in the *Cities 2030* project and to Leipzig's concern with the potential for a continuing fall in population as people either move to suburban areas or to the former west. Given the research focus, and Manchester's own historic decline in population – confirmed by the 2001 Census figure which appeared during the project), we sought to explore what lessons Manchester might be able to draw from Leipzig.

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Leipzig's Regeneration Experience

A Weak Export Base and Its Consequences for Economic Growth

The most dramatic event in a regional sense since the fall of the Berlin Wall was the total collapse of Leipzig's export base. Critical to understanding a region's development dynamics is the distinction between goods and services which are tradable supra-regionally (cars, films, machine tools, programming, some banking services), and those necessary to supply the local population (hairdressing, medicine, restaurants, construction). Local wealth creation depends on developing regional purchasing power, which in turn depends on regional exports. Thus Leipzig can only prosper through developing the tradable sector.[5]

Up to the mid-1990s Leipzig, Halle and the Berlin hinterland succeeded in building up their employment in a kind of catch-up process, but since then the process has come to an end. Further disproportionately-large employment gains cannot be expected.[6] Further, in economically-weak regions prices are lower than in stronger regions. Prices in East Germany are about 10% lower than in West Germany. Lower purchasing power is reflected in lower prices, not in lower employment.

Employment growth in the supra-regional (tradable) sector is shown in Figure 3 for ten urban regions in Germany[7]. It is striking that regional disparities have considerably

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[5] Other sources of economic growth, technical and organisational progress, growth of population and accumulation of capital are disregarded here.

[6] The increase in employment numbers between 1998 and 2000 shown in Figure 3 is a statistical anomaly caused by the requirement for a new category of workers to pay social insurance contributions from April 1998.

[7] For this analysis Leipzig includes the regional planning region of Leipzig and, unlike the other analyses, the districts of Torgau, Oschatz and Döbeln. This is in order to maintain a proper comparison with the other regions, and also because the Leipzig catchment area for commuting, retail and leisure includes these districts.

increased in West Germany. Leipzig and Halle do not constitute a separate group but are roughly on a par with the Ruhr district.

Leipzig has not been successful in sustaining or expanding supra-regional employment. This is because of decline in many branches of manufacturing (e.g. mechanical engineering, timber processing, mining, power, food), which have not been fully compensated by parallel increases in other economic fields (insurance, legal and economic consultation, media). Since this process may continue, it is difficult to predict future developments.

Very recently the export base has been spectacularly widened by the establishment of two major companies – BMW and Porsche – in the region. But this is not enough in the long term. Leipzig's key task remains the same – to widen its export base. In the scenario entitled 'Catch-up' it is assumed that this task is successfully achieved. Leipzig will not, however, be able to achieve this success on its own. The prerequisite is a general increase in the demand for work, which will create a spill-over effect for regions with high unemployment.

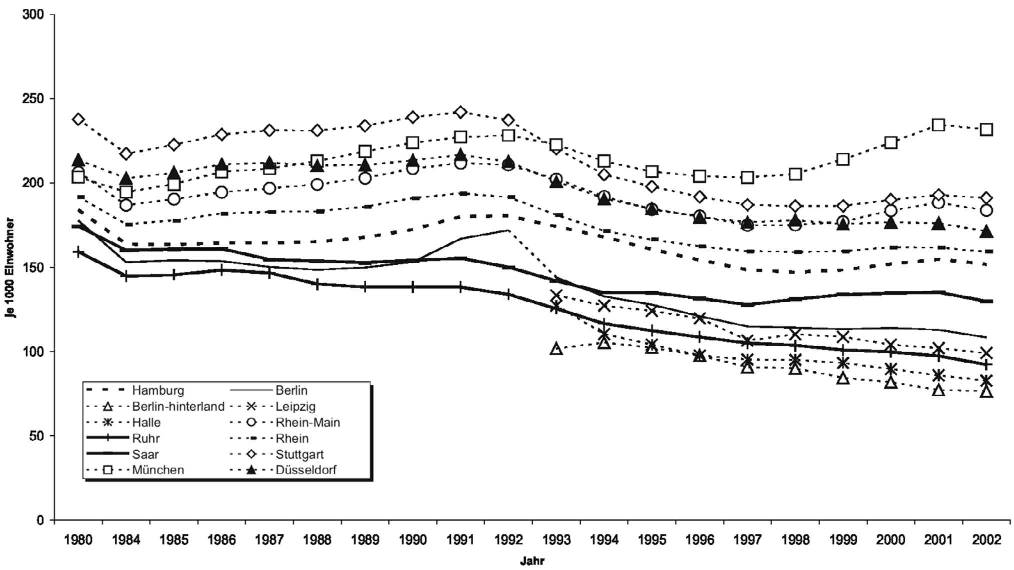

Figure 3. Workforce in the Supra-Regional Sector, 1980–2002 excluding local authorities and education. (*Source:* Leipzig team calculations from SSC-employment statistics)

Note: Berlin: before 1992, West Berlin only.

Leipzig seems to have reaped rewards from having an entrepreneurial civic leadership that has been able to deliver certainty to the private sector. Examples of this are the ability of the City Council to grant planning consent for a development by Siemens in just six weeks. Similarly, the new BMW plant is being constructed, along with training facilities, on land that was identified within a matter of weeks (OECD, 2002).

Urban Renewal

In 1989 the then GDR Television broadcast a report about the derelict state of the pre-World War Two housing estates in Leipzig, entitled 'Can Leipzig still be saved?'. The massive modernisation progress in the last 13 years answered this question with a clear 'yes'. The urban structure of Leipzig is restored and most pre-World War Two districts are reborn in their former beauty.

But in 1990 this development was far from certain. More than 60% of Leipzig's flats were built before 1939. During the GDR time virtually no modernisation of these buildings took place and in 1989 30,000 flats had no tenants in spite of a general housing shortage. These flats, and probably many more, were simply uninhabitable.

In 1991 Leipzig became one of the first East German cities to declare a number of formal redevelopment areas (*Sanierungsgebiete*) – thirteen in all – and so gained access to special federal funding for modernisation of the infrastructure in the pre-World War Two areas. Thanks to this rapid action and to huge tax incentives 150,000 pre-World War Two flats were modernised within 10 years. Since 1998 these pre-World War Two areas have been regaining population, and compared to the 1998 low point their population has increased by 30,000 people.

In addition Leipzig was able to improve its infrastructure, mainly in the north of the city. The building of a new airport and a new trade fair centre enhanced Leipzig's attractiveness to investors.

Despite all these successes the reconstruction process in Leipzig reached a crisis point at the end of the 1990s. The high subsidies created an enormous surplus of inhabitable flats. Too many new buildings were constructed and too many old run-down houses were modernized. The number of uninhabited flats rose from 30,000 in 1990 to 60,000 by the end of the century. In the early 1990s these negative consequences were seen only in the pre-World War Two areas. But in the course of the modernisation of these areas, more and more prefab-multi-storey buildings on Leipzig's periphery have lost their tenants. This has serious financial consequences for the owners of these buildings, whose modernisation investments cannot be refinanced out of market returns. In contrast to Leipzig, where whole areas were subsidized to the same degree, subsidy levels in Manchester were adjusted to individual market conditions

The city of Leipzig was not responsible for this failure: 80–90% of the subsidies came from the federal government as tax incentives. To tackle the problem, Leipzig developed a new strategy for the second phase of the regeneration process: the final 25% of unimproved buildings were divided into different categories, either for preservation or conversion. The concern was to concentrate modernisation on key buildings and areas. This made Leipzig again a frontrunner in the East German urban renewal process.

Therefore a key question for future urban renewal policy will be how to restore the efficiency of housing markets, particularly under conditions of permanent housing surplus. Without increased possibilities for the cities to spend their public funds efficiently according to their own priorities, public funds will be too scarce to solve the major problems of urban renewal.

Movement to the Suburbs

Compared to Greater Manchester, the City of Leipzig is much more built up. Multi-storey apartment blocks dominate the area. Only 26% of homes are in single-family houses and only 45% of the population of the region lives in the suburban hinterland. In comparison with this, there is a much higher level of suburbanisation in the Manchester region. The proportion of dwellings in small houses, particularly single-family houses, is traditionally very high.

In the past 10 years a certain catch-up process of suburbanisation has begun in Leipzig. Following an easing of the tax-supported building boom for multi-storey apartments, more than three-quarters of all apartments now being built in the region are in houses designed for one or two families. Migration to the suburbs caused a population loss of nearly 37,000 inhabitants in the period 1991–2002, compared to 30,000 through natural loss. During the same period Leipzig gained 11,000 residents from supra-regional migration (Figure 4).

Population development in the city centre and the hinterland is based on apartment completions and the renovation of apartments which were previously vacant. Figure 5 shows the high proportion of multi-storey apartment construction, which reflected not a response to demand but rather a reaction to excessive subsidies.

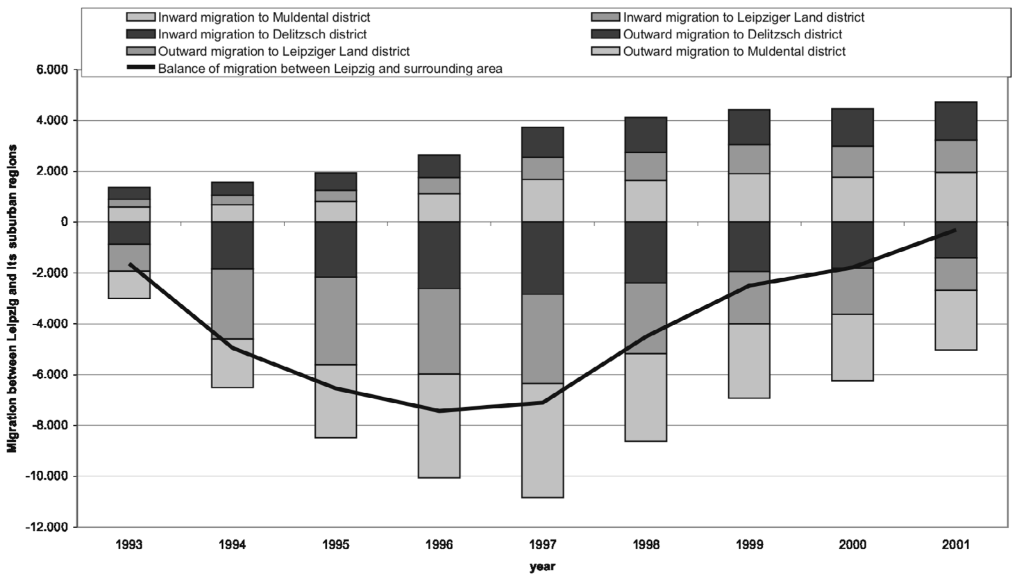

Figure 4. Migration from Leipzig to its hinterland 1995–2001.

Source: Leipzig team calculations

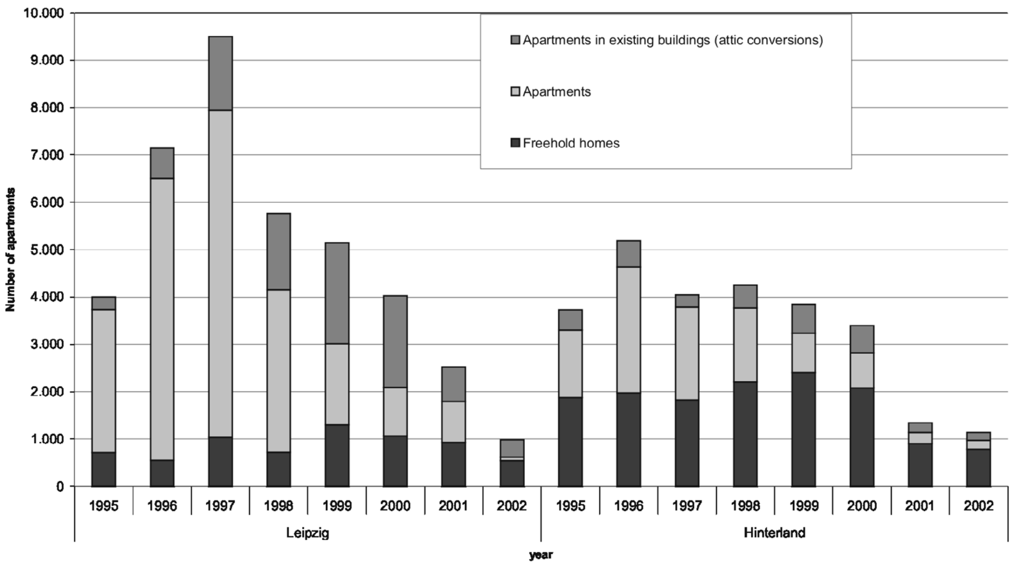

Figure 5. Housing completions in the Leipzig region since 1995.
Source: Leipzig team calculations

In addition to this new construction, some 150,000 or 75% of existing apartments were renovated, most of them extensively, in response to subsidies. Many apartments became inhabitable again, increasing the range of available housing. In 2000 about 73,000 apartments were vacant in the Leipzig Region. The future expectation is that construction of new multi-storey apartments will virtually come to a standstill.

Parallel to the building boom in multi-storey apartments, construction of freehold homes also increased, remaining almost constant until 2000. Only 29% of all freehold homes were built in the city centre, which was the main reason for the loss of population to the hinterland.

Since 1997 Leipzig's net population loss compared with the hinterland has been steadily decreasing, until it was almost nil in 2001. This near balance is due both to a reduction in out-migration to the hinterland and to an increase in in-migration from the hinterland. The increase in in-migration is mainly for demographic reasons. Most of the migrants come for educational purposes. Increased birth rates in East Germany in the 1970s have meant that there is presently a particularly large pool of young people, and all East German university cities are experiencing increased levels of in-migration from this age group.

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Scenarios for Leipzig

The brief background in Chapters 2 and 4 makes it clear that Leipzig, in common with other East German cities, is being forced to rethink and redesign its future. To continue in the same vein as in the 1990s would lead to continuing economic and demographic crisis. However, it is also clear that even drastic improvements in economic development or increases in birth rates cannot eliminate the changes which have already occurred.

The adjustment shocks of the past have left their mark. But even more adjustments are being forced through, and various sectors of the city's economy are currently facing some overwhelming challenges:

- The industrial base and the export base (including tradable services) are too narrow and need to be widened.

- Birth rates are too low; they need to rise.

- The now-unavoidable ageing of the population will burden the public purse in all East German states (the so-called '*Neue Bundesländer*') and cities, to the extent that massive savings will have to be made in other sectors.

- The structural redesign of the city must continue. Local politicians will have to decide how fast and at what public cost they can continue to upgrade old buildings, and also how many of the remaining unimproved old buildings should be retained. They must decide how much can be spent on reducing migration into the hinterland, in an effort to steer demand towards the huge inner-city waste areas. At the same time the large areas of surplus apartment blocks, constructed under the former GDR and now standing empty, will have to be demolished.

Comparison with Manchester shows clear differences – but also some similarities:

- Leipzig's industrial decline has been more marked. Sudden political change made it more sudden and more drastic than in Manchester.

- The demographic situation is different. The surplus of deaths over births is not as marked in Manchester, and in the foreseeable future will not become so marked that it cannot be balanced out by in-migration. But in Leipzig the 'birth famine' is so great that in-migration cannot realistically compensate.

- In recent times both cities have been able to raise their level of appeal in comparison to others. Since 2000 Leipzig has experienced a new wave of in-migration of young people under 35, both from other parts of East Germany and from abroad. The population decline has been arrested, just as in Manchester. It remains to be seen how long-lasting this turn-around will be.

- In both cities, active local policy has played a major role in bringing about change. Resolute political leadership at local level has proved to be an important factor for development. In both cases this political renaissance has deep historic roots; both places are proud regional cities with a strong sense of history. The demonstrations by Leipzig's citizens under the slogan, 'We are the people', during the weeks when the GDR was disintegrating around them, symbolised self-confidence and a defiant pride. These can be important attributes in developments still to come.

Leipzig 2030: the Task

Leipzig 2030 is part of a large project financed by the *Bundesforschungsministerium* (Federal Ministry of Research) in which 20 German cities will consider their future and develop action plans in various areas. In Leipzig, efforts are being made to assess possible changes in the region, particularly in the City of Leipzig, as a result of demographic and economic shifts. The outcomes for city development, especially structural development, will also be assessed. Demographic shifts will certainly have an effect on almost all political fields of activity. Public resources will be scarcer because the tax base will shrink. On the expenditure side, spending will have to increase on some aspects of consumer needs such as community care, family support, and subsidies for public transport. And this will occur against a background of a reduction in income, including allocations of funds by the state.

It will not be possible to predict the 'right' combination of results. The Leipzig research team suggest two case scenarios as a solution, one assuming an optimistic and the other a less optimistic course of economic development. Then, to act as a kind of 'crash barrier', they forecast the resulting demographic development which can be expected. The economic and demographic scenarios are each extended by a second dimension, showing different degrees of suburbanisation. An analysis of the development of mobility systems also forms a part of the scenarios. These elements – suburbanisation, mobility and local finances – are linked according to their mutual interaction.

At the same time a large number of outside influences can affect the process of city development. Leipzig's bid to host the Olympic Games in 2012 was an extreme example. In the same way, critical consequences can lead to deviations from expected scenario results. A downward spiral of pessimism could, so to speak, cause the scenarios to career out of control. Results could emerge which cause an accumulation of negative effects.

Special attention must be devoted to the question of whether the City of Leipzig has enough mechanisms and options at its disposal to achieve the local policy outcomes presumed in the scenarios.

Issues and Topics

Before approaching the scenarios, special mention should be made of several issues which are either particularly controversial or whose repercussions are difficult to estimate.

Leipzig – Growth or Attrition?

Despite its continuing low birth rate, Leipzig's population decline has been arrested. This is due to reduced migration to the hinterland along with increased in-migration from other East German cities and from abroad. Leipzig's great appeal can thus lead to a stable or even increasing population in the long term, but only at the expense of other, less attractive nearby cities. Such migratory behaviour would result in the population being very unevenly distributed throughout East Germany. Furthermore, Leipzig will probably not be able to maintain this high level of immigration in the long-term. In about 10 years' time, the children born during the low birth rate years of the 1990s will come of migratory age, causing the most important in-migration group to fall in numbers. Also, the present low out-migration rate to surrounding areas will not necessarily remain that way. This could be an economic phenomenon which is guided by falling demand for freehold homes. The short period of time involved does not allow us to make a definitive interpretation of this. The Leipzig team consider that there are strong arguments suggesting that immigration will ease off, and that migration to the hinterland will increase again as a result of economic trends. A persistent decrease in Leipzig's population remains the most realistic assumption. It is understandable that the City of Leipzig tends towards an optimistic interpretation and expects a sustainable trend reversal. The range of possible results, and thus risks for the city's development, has widened.

Severe Lack of Funds

The City of Leipzig's financial situation will deteriorate drastically, as will that of virtually all other East German cities. Any decrease in the number of workers living in Leipzig will reduce the gross added value and thus the tax base. State allocations will also be reduced. In both scenarios local revenue will decline by 10% to 30% in real terms compared with the base year 2000, as a consequence of demographic effects.

The budget projection takes demographic considerations partially into account. But it disregards changes resulting from dramatically-increasing pension claims, and healthcare costs due to ageing. By 2030 the IMF estimates an increase in age-related state expenditure of 4–6% of GDP in the public sector nationally. This will probably lead to a need for additional savings in the budgets of all public authorities and local authorities must therefore expect large-scale restrictions in the long term. It is impossible to forecast how local politicians will react to such constraints. However, we do expect considerable restrictions on spending for city development and public transport. In all, we do not consider a reduction in local income of the order of 50% to be pessimistic; this decrease would be concentrated in the years after 2015–20. Such changes would exceed anything experienced in the past and it is impossible to predict what the political reaction might be. It will no longer be enough to review individual budgetary items. Local spending will have to be limited to a few core tasks, handled by far fewer local authority staff, drawing lower salaries. Subsidies will no longer be cut but will, generally speaking, be scrapped altogether. This will apply to subsidies for public transport, housing and various other sectors which are heavily funded from the public purse. Public utilities such as public transport and leisure facilities will need to be self-supporting. Hardly any City subsidies will be available for items such as city maintenance.

Despite the scarcity of income, some items of public expenditure will have to increase considerably in the long term. At present Leipzig is in debt to a level of 1,700 € per head of population. This level of debt must be carried by an ever-decreasing workforce. The proportion of local expenditure needed for capital repayments must therefore increase.

For demographic reasons the following will also increase:

- Expenditure for social welfare, due to an increase after 2020 in the number of aged people needing residential care but unable to fund this themselves, or whose circumstances prevent their being cared for by family members. There may be no children, or the children may have migrated or be overburdened by responsibilities of care in addition to their employment. Such changes have never occurred before and there are no historical data to draw on, so any prognoses must contain a considerable amount of guesswork.

- Benefits for families, if low birth rates are perceived as an ever-increasing long-tem problem requiring remedial action. It is impossible to estimate how great the increases in expenditure will be.

- Cut-backs in human resources will be considerable. For some years there have been few new appointments in the public sector. This will increase the average

> age of the workforce within the next 15 years, and after 2015 will lead to a wave of retirements and a sharp increase in the need to recruit staff, despite a general reduction in the workforce. The difficulties this situation will create can already be foreseen today. Leipzig will not be in a position to pay traditional high salaries for the few younger people in work. The lack of human resources will force reductions in the public sector to a degree not seen before. Different approaches will be tested in an attempt to adapt to the new situation. For instance, the retirement age could be raised considerably. Older workers may voluntarily work longer. Public services will be privatised and paid directly by the user. The creativity needed to overcome the problems of an ageing population while using minimal funds will lead to solutions which are still unthinkable today.

Despite various adjustments, public funds will become scarcer than at any time in the past 30 years. Provision to meet the burdens of ageing which have already been legally endorsed (health care, provision for old age) can be slowed down but not completely stopped. Even where savings are legally possible, after 2015 most voters in Germany will be over 50 years old, and they will act to protect their own interests.

Family Policies and Changes in Values

Today, for every ten adult Leipzigers there are only about six children, and if birth rates remain the same, they will have only three or four grandchildren. Over generations such a society threatens to become impoverished and can hardly remain functional without huge immigration. Most long-term demographic prognoses assume constant birth rates. In their positive scenario the Leipzig team assume a gradually rising birth rate over time because they expect the increasingly apparent negative effects to give rise to comprehensive new policies and also a change of values. This assumption of such a change in birth rates is of course speculative. However it is consistent with the experience that society usually reacts to critical developments, although it takes some time to do so. Even if birth rates increased immediately, they would have only a limited influence on the labour market and on the city's finances. The earliest impacts would be on the education system and on the demand for freehold homes as a result of the rising number of young families.

Beyond Economic and Social Structure

Statistically Leipzig is a city with an unemployment rate of 19%, a low level of migration to West Germany, too narrow an export base and a GDP per head of population which is still low. This is less than satisfactory. One bright spot is the robust but irregular migration from other parts of East Germany.

But this statistical framework is somewhat bland and fails to do Leipzig justice for what it has achieved. In the past 10 years the city has coped with enormous urban redevelopment. Public and private buildings have been redeveloped on a grand scale. The image of Leipzig is attractive and impressive. Its cultural life is developing into a special attraction, particularly for young people, as immigration figures show.

The future development of the city can be positively influenced by its way of life, its range of cultural activities, the way its labour markets operate, the quality of its educational institutions, and its open-minded and visionary people. Its strategically-orientated local leadership must also be a positive factor. In Leipzig there is a tradition of intense political commitment, a pronounced readiness to get involved with reality, an optimistic attitude of 'we'll get there'. The jury is still out on how great an effect such imponderable factors may have in the future. Leipzig's bid for the 2012 Olympics, even though it did not succeed, is evidence of the strength of these 'soft' factors, giving the city confidence to compete with larger and economically-stronger competitors. Unfortunately there is no way of predicting the significance of such factors for the future. In their forecasts, the Leipzig team are inclined to add bonus points in each case.

Scenarios of Economic and Spatial Development

Two Dimensions of the Scenarios

As mentioned above, two scenarios of economic development have been set out for the Leipzig region. In the 'Catch-up' scenario, the Leipzig region manages to close the gaps in productivity, wages and the creation of wealth compared to West Germany. This leads to strong in-migration, which clearly curbs the natural reduction in population. However, in the 'Trailing' scenario, the difference in Leipzig's creation of wealth remains constant compared to West Germany, and the Leipzig region can expect only low levels of immigration from outside. This leads to a much sharper reduction in population within the region.

In addition, two regional scenarios have been set out, showing the distribution of population between city and hinterland. For this distribution the demand for one-family and two-family houses is the key factor. The Leipzig team consider the surprisingly sharp reduction in the number of one-family and two-family houses under construction to be predominantly a cyclical economic phenomenon. In contrast the City of Leipzig expects a more-lasting reduction, followed by a weakening of out-migration into the city's hinterland. It is indisputable that in comparison to West Germany a considerable catch-up potential still exists. The 20% ratio of one-family houses (i.e. the proportion of households in one- and two-family houses) in the Leipzig region is only half the 42% ratio in West Germany. On average Germans tend to acquire owner-occupied housing between 30 and 45 years old. Therefore, in order to make a forecast of future single-family home ownership, the definitive question is what proportion of young householders is moving into such housing. Over the past 10 years the ratio of young householders under 35 in owner-occupied housing is the same for East and West Germany. In the long term we expect behaviour patterns to be aligned even more closely and thus create new demand for the construction of freehold homes. Certain differences will remain because the large number of vacant apartments has made the rental market very attractive.

Because of these uncertainties the two regional scenarios encompass a broad spectrum:

- *Regional Scenario 1 – Suburbanisation*. The additional prospective homeowners in the Leipzig region continue to settle mainly in the hinterland. Only 29% opt for an apartment in Leipzig while 71% migrate to the hinterland. Thus Leipzig does not succeed in reducing its large number of vacant multi-storey apartments (89% of vacant housing in the region is in Leipzig).

- *Regional Scenario 2 – Urbanisation*. Two-thirds of all prospective new homeowners opt for an apartment in Leipzig, due to the city's enhanced range of activities. Only a third migrates to the hinterland. At the same time Leipzig presents its existing apartments so attractively that the proportion of vacant housing decreases in comparison with the hinterland. In 2030 the proportion of vacant multi-storey apartments in the hinterland is the same as that in Leipzig.

This combination of two regional scenarios with two economic scenarios results in a total of four solutions.

Table 2. Four scenarios for Leipzig.

		spatial scenarios	
		Urbanisation	Suburbanisation
economic scenarios	Catching up	Catching up – Urbanisation	Catching up – Suburbanisation
	Trailing	Trailing – Urbanisation	Trailing – Suburbanisation

Source: Leipzig team interpretation.

Results

In 2000 increased availability meant that approximately 73,000 apartments were vacant in the Leipzig region (60,000 in the City of Leipzig). Demographic considerations will play a role in how this excess availability will continue to develop. Figure 6 makes the range of results clear. We consider that different economic growth rates will have relatively little influence on vacant housing and demand for apartments in Leipzig. The regional scenarios show greater differences. If Leipzig manages to capture a larger share of demand for freehold homes and at the same time to place roughly half of this demand in existing

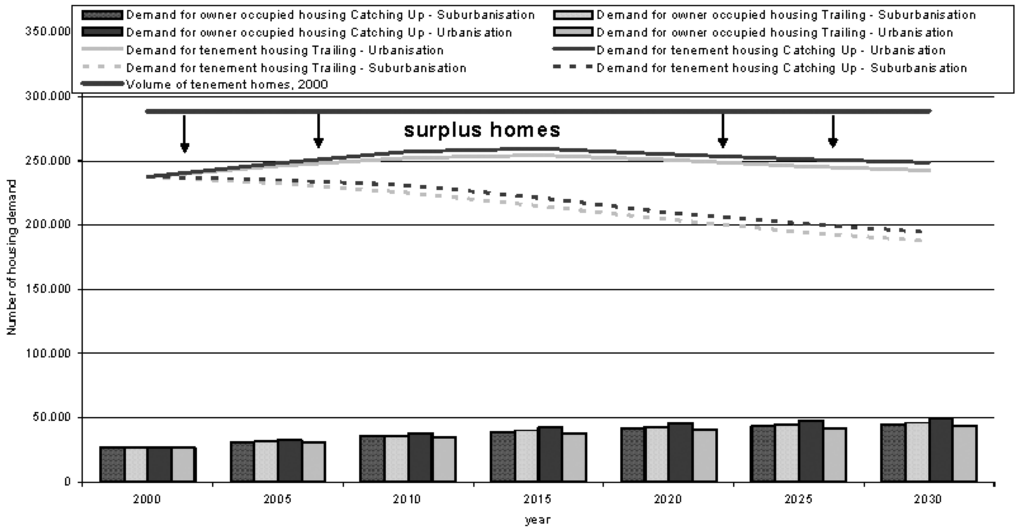

Figure 6. Demand for multi-storey apartments, freehold homes and surplus apartments in Leipzig to 2030. *Source:* Leipzig team (empirica) calculations

apartments (or new buildings constructed in cleared areas), then the total vacant housing in the urbanisation scenario will drop slightly. At the same time surplus apartments in the suburbanisation scenarios will increase to over 100,000.

As potential home owners are mainly families and therefore tend to be larger households, the question of where these households settle also plays an important role in population development. The population of Leipzig remains almost constant in the urbanisation scenarios and reduces sharply in both suburbanisation scenarios, by a maximum of almost 100,000 inhabitants, or 20% (see Figure 7).

The future demand for single-family houses is the key question in relation to Leipzig's urban renewal. In a shrinking region, Leipzig has to increase its share of the population. To achieve this goal Leipzig has to overcome its history as a city dominated by tenants and adjust to the lifestyle and housing needs of homeowners.

Mobility[8]

The different scenarios for the spatial distribution of inhabitants will also have a strong impact on mobility. The relationship between public transport and the use of individual motor vehicles is highly dependent on:

- A high degree of suburbanisation which will lead to a higher proportion of people living in low density suburbs dependent on cars. More cars will allow more

[8] Analysis and calculations by PTV Dresden; all conclusions by the authors.

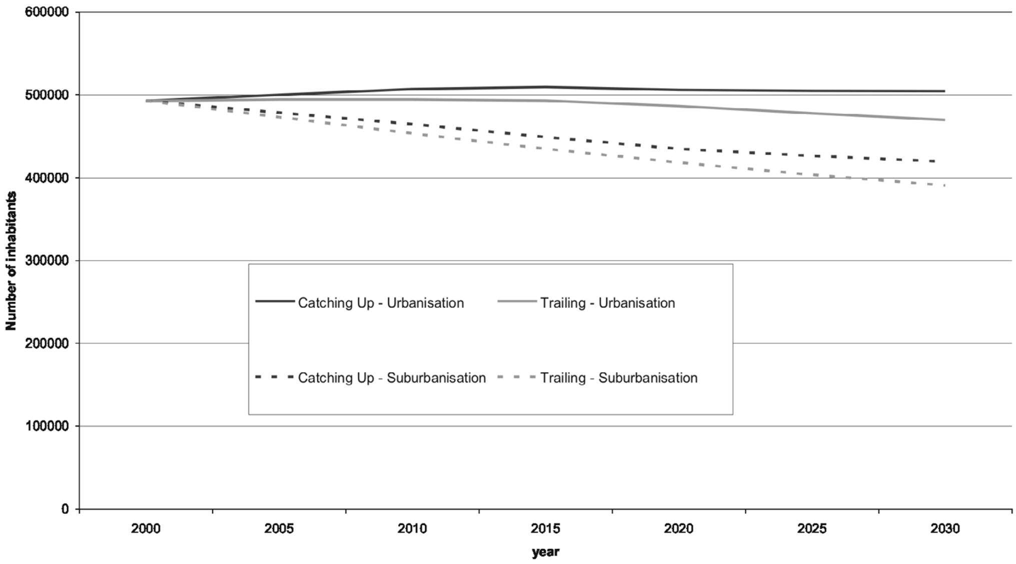

Figure 7. Leipzig population, 2000–2030. *Source:* Leipzig team (empirica) calculations.

people to move to the suburbs. Public transport will lose customers and will have to adjust by cutting costs – most likely by reducing frequency of services which again will reduce demand and revenues.

- Compensation through higher subsidies will not be possible and this will result in higher housing costs. The forecasting model underestimates the consequences of rapidly increasing prices. The crisis in public transport is likely to be worse than the forecasting model demonstrates. In effect trends towards suburbanisation could be even greater than in our scenarios. Relative increases in the prices of public transport, more car-oriented suburban living, and low prices for single-family houses create conditions which in the long run – after 2015 – will prove cumulative.

In the next few years public transport will enhance its competitiveness by major infrastructure investments such as the opening of the new north–south rail tunnel, connecting train termini at the two ends of the city centre. It is hard to forecast how far the upgrading effects, which will dominate the immediate future, will compensate for the various structural changes (suburbanisation, changing relative prices, reduced quality of public transport).

Several other factors could change the outcome:

- Congestion charges for commuters during rush hours could balance the relative costs between public and car transport.

- A more effective public transport system could lead to less need for subsidies.

Again these factors are hard to forecast. Public transport will be in crisis but crisis can trigger new solutions which might now seem unthinkable.

Special Development Factors

Various outside factors, not included in the scenarios, could have a considerable influence on future development and could lead to different results from those suggested in the scenarios. Some examples are discussed briefly below.

Olympic Games 2012

Though it now belongs to the "What if…?" category, Leipzig's bid to host the 2012 Olympic Games might have been just such an event. The question is what would have been the major spatial impacts of hosting the Olympic Games? It is likely that the Games would have boosted considerably the economic strength of the region. As far as 'Leipzig 2030' is concerned, the period after the Olympic Games would have been more relevant than the period before. True, the Games would have certainly triggered considerable investment beforehand. Sports stadiums would have been constructed, apartments upgraded, roads improved, and additional hotels built. Therefore during the first few years after 2012 a decline in economic growth rates should be expected. After 2012 a large proportion of these investments, such as those for stadiums, sports arenas and hotels, would have found only limited application and would therefore have bolstered the region's export base only minimally. In the long-term Leipzig might have profited mainly from anticipated investment in network infrastructure (roads, rail, telecommunications).

The history of previous Olympic Games shows very clearly that their long-term effects on economic growth depend upon the phase of development in which the region finds itself at the time. In regions which are in strong phases of growth (Munich 1972, Barcelona 1992), investment in infrastructure for the Games works as a liberating influence, because it removes all possible bottlenecks to further growth. But in regions in a slow growth phase, the capacities created will trigger scarcely any additional growth in the long term. Translated into the above scenarios, the Olympics would have changed the 'Catch-up' scenario to a 'Catch-up plus' scenario. However, if the Leipzig region was in a 'Go-with-the-flow' scenario only limited changes could have been expected in the long-term.

Leipzig would probably have benefited greatly from the effect that the Games would have had on its public image. In the eyes of Germany and the world, the city would at long last have been catapulted into the Premier League of German cities, alongside Berlin, Munich, Hamburg, and Cologne. The municipal administration would have received a boost. These advantages in efficiency and image cannot be quantified.

Few repercussions threaten to be of long-term disadvantage. Land prices and building prices might have increased, which could have strengthened suburbanisation, particularly in the period between 2006 and 2012. Further excessive demand might have ben placed on local finances, resulting in a narrowing of options for the years following the Games.

Increased Migration to Germany and Leipzig

Migratory decisions are always influenced by two factors: a pull-factor such as more jobs in one region, and a push-factor such as a lack of prospects at home. The Leipzig team have allowed the pull-factor to have an impact on the population calculations through the pull of the job market. But the effects were insufficient to reverse all the conditions' assertions: they could not for instance eliminate the housing surplus.

Should significant waves of in-migration be triggered, this could exert a considerably greater force than, for instance, the Balkan Wars, which brought refugees from Bosnia and then Kosovo. During the entire 1993–2001 period of Leipzig's population increase through in-migration only 14,5000 came from abroad. This is far from the number needed to stabilise the population.

The EU's eastern enlargement in May 2004 could result in such a push as a consequence of income differences. Various studies, however, have reached the conclusion that migration trends provide insufficient compensation for fewer births. High levels of immigration also lead to significant problems and are limited to particular professions and qualifications. Only a high level of immigration by foreign students, who opt to remain in large numbers after completing their courses, could markedly change the course of Leipzig's development.

On the whole, we consider an increase in immigration probable in both scenarios. However, to generate a strong increase in immigration far above that shown in the migration scenarios, additional input is needed, and this is presently not foreseen.

Parallel Ageing and Population Attrition – Negative Accumulations

In the 'Catch-up' scenario, favourable economic development will possibly fail to happen because the high demand for labour will be limited by the lack of available human resources. Within the Leipzig region, competition will intensify for the few qualified new recruits. Here two lines of argument stand in direct opposition.

First, it can be argued that the ageing of society will shrink migration numbers, because older people are less inclined to migrate. The result would be that shortages of qualified labour would be rather evenly balanced. The Leipzig team have incorporated this situation in their scenarios.

But, secondly, several partly speculative arguments can be posed in opposition to this position. The decline in social benefits can appreciably raise the proportion of older employees. An expectation of working until 65 or 70 would considerably increase the profitability of migration decisions at 50 or 55 years of age (such as when children have already left home). The decline in migration numbers caused by an ageing society can be compensated by the increased readiness of the elderly to migrate. Weaker economic development could stimulate higher levels of emigration from Leipzig than are assumed in the scenario. Favourable economic development would attract more people or overcome manpower shortages through increased employment ratios.

On balance, Leipzig has been able to increase its population of young people through migration during the past few years. This can certainly be traced back to the city's image as a young, exciting '24-hour' city, where something new is happening every day. But the proportion of 'young urban trendsetters' is dropping increasingly throughout Germany. This will have its effect on the cityscape as much as on the range of services. Pubs, squash centres and discotheques will close down, while retirement homes and medical centres will be built. In the long-term the streets will be noticeably more deserted at 11pm than they are today. This monotony and lack of stimulation – from the perspective of young people – could lead to the younger population concentrating in a few cities, as is already happening in Berlin today. Technically speaking this would mean that young people would be more inclined to migrate.

If the ageing society leads to a greater concentration of young people, which towns will be the winners and which will be the losers? Generally speaking, university towns have a head-start here, but as there are well over one hundred university towns in Germany, not all can be winners. Leipzig has an advantage in that its appeal already attracts new migrants, who in turn increase the appeal even further. The outcome of this self-strengthening process would be polarisation. Such polarisation would be increased further if the universities in the attractive cities were fully developed and maintained, despite a shortage of funds, and if, on competitive grounds, cuts were concentrated in the towns which were experiencing emigration. This would mean a break with the present policy of regional balance. The same argument could be used to reduce the financial adjustments between the states.

Paralysing Self-fulfilling Prophecies

Leipzig, in contrast to large parts of former East Germany, has been successful in creating a positive atmosphere of 'we'll get there'. Such an atmosphere can also be reflected in hard facts, and this has already been taken into account within the context of this study.

The real results, however, can be quite different. If birth rates do not rise, if emigration increases again, if funds are cut, and if the lack of human resources in the public sector is realised sooner, then expectations can deteriorate drastically, bringing negative real outcomes for capital investment and economic development. Within a few years the previously positive atmosphere can turn into a negative one, particularly now that the bid for the Olympic Games has proved unsuccessful.

A general atmosphere of pessimism could emerge, transforming a problematic reality into a crisis reality. Apartment residents would be deterred from purchasing properties, because they feared reductions in value. Investors would avoid East German cities, including Leipzig, because they would not expect sufficient yields, despite subsidies, and they would be tempted by more favourable alternatives elsewhere. There would probably then be extensive 'redlining' of property by the banks, restricting the extension of credit in a general atmosphere of pessimism. The loss of property value alone could trigger an ever-increasing spiral of negativity. Such risks would be virtually bound to have consequences for political priorities. Avoiding a 'self-fulfilling prophecy' of negative expectations must remain the highest priority. Manchester has shown how such a decline can be avoided and even overcome.

All revival measures which support Leipzig's image continue to be important, as does a policy of increasing the city's appeal to direct investment. This begins with a relatively low local cost of living, lower wage levels, and a high quality of public services (in particular, schools and kindergartens) and ends with a characteristic inner-city architecture which has an image that radiates far beyond Leipzig. The significance of a policy success, such as attracting the huge BMW investment in Leipzig, extends beyond the mere number of jobs created.

The five new Eastern Länder of Germany have made fewer efforts to attract direct investment compared with other countries (Ireland, Scotland, Wales), which have had to struggle much more than West Germany to attract direct investment. Until now, federalism has been an obstacle. But, in the future, a recruitment agency could be set up co-operatively by the larger East German cities (Dresden, Halle/Leipzig, Chemnitz, Erfurt, Jena, and Halle) to improve local conditions and thus to attract higher levels of direct investment.

Endless Wasteland or Compact Urbanity?

Leipzig currently presents a picture in which vacant houses and areas of wasteland feature heavily. Residential areas are becoming increasingly peppered with larger or smaller areas of industrial wasteland. For the time being the residents are apparently prepared to accept such desecration and pollution of their cityscape, as long as they see it as temporary. In the long-term, however, the negative impacts of such waste areas could increase, impairing the development/letting prospects of the adjoining buildings. It is important to make better use of the opportunities and the freedom for imaginative regeneration which are offered by these areas of land.

During the Leipzig-Manchester exchange, the guests from Manchester identified this freedom as one of Leipzig's trump cards. They pointed out that as a result of initial pioneer investments in areas of urban wasteland and vacant buildings, using a combination of public and private funds, Manchester experienced a real take-off in inner-city growth.

In the 'urbanisation' scenario, larger parcels of these open spaces and urban wastelands are used to create new apartments. The waste areas can be seen as an opportunity to enable new lifestyles in the city. Such lifestyles would put Leipzig in a unique position among Germany's larger cities, giving it an advantage over the competition. A precondition of such a development would, however, be the availability of a large range of such areas at low prices. Present expectations of high subsidies on virtually all wasteland areas are counterproductive because they lead to market prices which are not justified by future returns. Progress on the re-use of the areas is far too slow, and important opportunities cannot be exploited under prevailing conditions.

The spatial elements of the scenarios show that a successful urbanisation scenario would produce 16,000 additional freehold homes and apartments in the City of Leipzig. The great majority of wasteland would thus be developed and an additional 50,000 residents would be attracted to the central city districts.

Workers' Cubby-Holes or Variety in Older Buildings?

The present formats for apartment renovation are closely defined by subsidy programmes. In the majority of cases the old floor-plans and apartment sizes are retained. It is uncertain whether this supply structure will meet future demand. Historical experience shows that subsidised apartments often have only a brief lifespan. Today it is common knowledge that large numbers of state-subsidised apartments built in the 1960s and 1970s did not satisfy long-term demands. Many of these, particularly those in large multi-storey developments, were no longer economically viable long before they became technically obsolete. This same criticism was levelled during the construction phase, but met with a complete lack of understanding, because the residents at the time were happy to be moving into them. It was overlooked that these people not only received apartments, but also subsidies. Comments from people in subsidised markets are generally unreliable and should not be invoked as a foundation for long-term demand trends. The Leipzig team envisage the following risks:

- At the moment the size of apartments in older buildings, and especially those in the concrete apartment blocks, is accepted by the market, although the proportion of spacious apartments is very small. Above all, favourable economic development and an increasing number of families will raise the demand for large apartments disproportionately. It is also highly likely that there will be a shortage of large apartments (over 80/90 square metres) and a surplus of those under 60 square metres. In future the small, older households will be able to afford a high living standard.

- In Leipzig there are still approximately 40,000 older apartments which have not been renovated since 1990. A large proportion of these should be demolished due to high renovation costs. As high a proportion as possible should be converted into large apartments for freehold owners, in an effort to reduce out-migration to freehold home locations on the outskirts. From a cost-benefit point of view too, such conversions would be particularly valuable, because then the number of surplus medium-sized apartments would not increase. The current renovation of vacant apartments is leading to a steady flow of households moving out of the prefab apartment blocks, leaving a growing number of vacant apartments and a general depreciation of values.

Deteriorating Large Housing Estates or Planned Reduction?

The number of vacant apartments in the major housing estates has increased appreciably in the last few years (from the end of 2000 to the end of 2001 alone, from 9,000 to 12,000, or from 9% to 12%). This is a result of growing competition due to an improved availability of renovated apartments in older buildings. According to the suburbanisation scenario, increased availability – due both to new construction in the hinterland and to renovations – will lead to a rapid rise in the number of vacant multi-storey apartments in the major housing developments.

As experience has shown, processes of attrition do not progress evenly – they can suddenly accelerate rapidly. Households with higher incomes leave the district so that the average income of the remaining households is reduced. Retail trade and the availability of leisure activities adapt in number and structure to suit the remaining inhabitants; the major housing developments lose even more of their attraction. The development suffers a loss of image. People may virtually start to flee the area. In such processes of social erosion the management system threatens to collapse. This is not only because the apartments are vacant, but because costs increase due to oversized district heating systems or storm water systems.

To date only a few incidents of such urban breakdown have occurred in the major housing developments of East German cities. The withdrawal of facilities such as schools or private services (shopping centres) has seldom proved critical so far. The trend, however, will continue.

In the urbanisation scenario Leipzig proves successful in preventing a major exodus from the city, by using a policy of planned and organised contraction. The precondition, however, must be that unattractive older buildings and prefab apartment blocks are no longer unloaded on to a shrinking rental market with the aid of subsidies. In this scenario more apartments in older buildings must be converted to make them suitable for prospective purchasers, thus slowing the reduction in occupied apartments and leaving more time for a gradual retreat. As housing developments in Leipzig are of relatively high architectural quality in comparison with other East German cities, it should be possible to retain the quality of life there, even during an orderly retreat.

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Scenarios for Manchester

Leipzig and Manchester may now both be standing at a critical crossroads: having reversed future population losses, the two cities may continue to increase their share of population and to grow. However, for both cities, the signs are far from clear.

The two core questions for both cities are – put simply – how many people will there be in the respective nations in 2021? And, where will they choose to live? Changes in the profile of the population (including ageing and migration), the economic performance of the cities, and preferences for city, suburban or rural living will all influence the outcome. Bearing these determinates in mind the UK team have produced a range of possible population and household numbers for the Manchester CPA in 2021 – the furthest future point for which a range of projections is available.[9] These are set out in table 3 below.

The Census figures for 2001 – although controversial – are the starting point for generating the figures, as they offer the most up to date statistics. This Census has reported lower population figures for all four authorities in the Manchester CPA than earlier government mid-year estimates. However, in the absence of any firm evidence to disprove these Census findings, they are used as base statistics upon which existing (pre-Census) projections are re-calculated. The trends through to 2021 are taken from 1996 forecasts for the population of the UK and its regions (National Statistics, 1996). Manchester is the authority most affected by population change between our three scenarios and so we show the results in Figure 8. More generally, it is the household figures that are of greater concern than population and so we show how our scenarios would affect all four authorities' housing numbers (Figure 9), a fuller explanation of how they were arrived at is given in Appendix One.

Using the latest Regional Planning Guidance (RPG) figures to give a figure for 2021 is highly speculative as the draft RPG gives annualised figures that will be the subject of reviews throughout the life of the plan. However, if they are projected through to 2021,

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[9] The Government Actuary Department produces long-term population estimates through to 2051 but these are admittedly unreliable.

Table 3. Low, medium and high scenarios for population and households in the Manchester CPA 2021 (000s rounded).

	Manchester	Salford	Tameside	Trafford	Total
A Total households 2002	181.2	96.0	94.9	92.3	
B Annual build Revised draft RPG (actual)	(1,350)	(530)	(370)	(270)	
C Present population Census 2001	392.8	216.1	213.3	210.1	
D Projected households 2021[#] A+ (B x 19 [years])	206.9	106.5	101.9	97.4	512.7
E1 Low population 2021	333.5	188.7	208.0	199.5	
E2 Low households 2021	151.6*	89.9**	94.6*	90.7*	426.8
F1 Medium population 2021	396.9	215.4	209.9	214.2	
F2 Medium households 2021	180.4*	102.6**	95.4*	97.3*	475.7
G1 High population	481.5	231.0	220.2	209.9	
G2 High households 2021	218.9*	110.0**	100.1*	95.4*	524.4

* Calculated @ 2.2 people per household
** Calculated @ 2.1 people per household

Sources: HIP returns, ODPM

[#] GONW Draft RPG13 for the North West schedule of the Secretary of States's proposed changes (revised housing figures) March 2002

[+] North West Regional Assembly/GONW draft RPG housing figures 2000

we can see the following effects. Under the low and medium household scenarios all of the authorities, except Trafford, would have over-provided housing. Only under the high scenario do Manchester and Salford experience an under-provision of housing. Therefore,

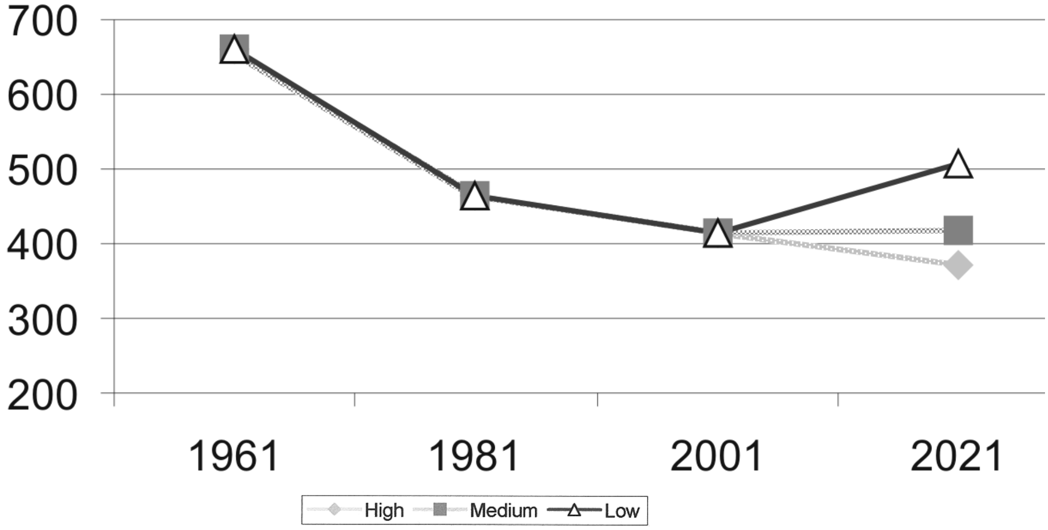

Figure 8. Population scenarios – Manchester 2021 (population in thousands). (*Source:* Census + Manchester team calculations)

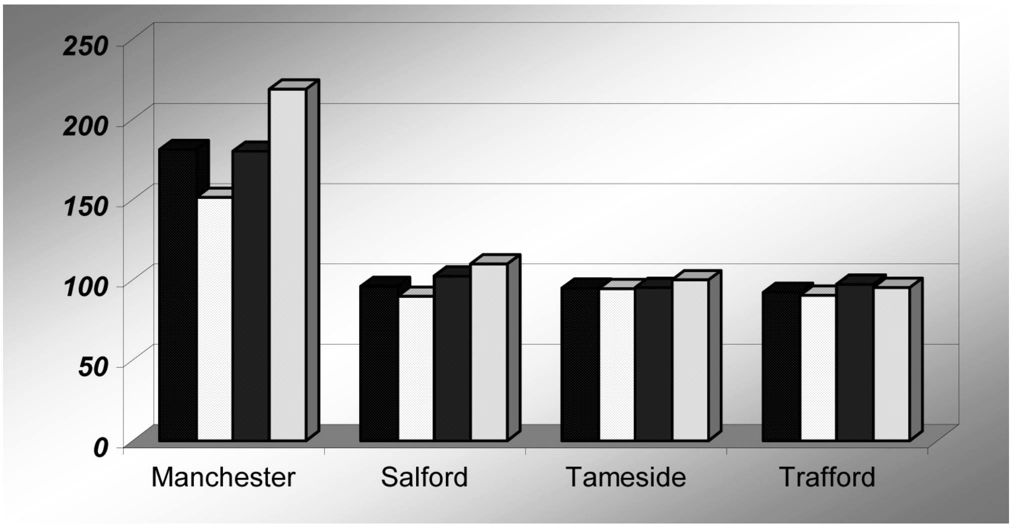

Figure 9. Household scenarios – Manchester CPA authorities 2021. (*Source:* HIPs + ICS team calculations)

Note: Trafford has a lower number of households under the high scenario as it is a more suburban authority and so would stand to lose households under conditions of a strong urban renaissance.

the assumption of a strong urban renaissance, which is built into this scenario, will be essential if the area is to avoid a housing surplus (at the current annualised rate of build). Even then, Tameside and Trafford would have an over-provision of housing (as these are more suburban boroughs and so would not gain so much from the urban renaissance).

If this scenario were to happen, the over-provision of housing in Tameside and Trafford could place a ceiling on the renaissance in Manchester and Salford. Our high figure assumes that, nationally, 70% of all new development will take place in city areas and this must be achieved if Manchester is to reach the high figure. In fact, Manchester's high figure would leave it 24,900 units short, if it builds to the draft RPG figure, but with an oversupply of 2,000 units in Trafford and Tameside. In such circumstances, overbuild in Trafford and Tameside would act as a ceiling on Manchester's ability to attract population, albeit at the higher levels of anticipated growth.

Again, if we make the big assumption that the annualised build is extended through to 2021, the revised draft RPG appears, at this early stage, to be limiting the attempts at urban densification in Manchester and Salford, as the more suburban Trafford and Tameside have gained allocation during the RPG process (+11,100 and +200 units respectively), while Manchester and Salford have lost out (22,800 and 11,100 units respectively). Therefore, if population is to be successfully concentrated in Manchester and Salford beyond the levels proposed in the RPG, Tameside and Trafford would have to curtail strongly their levels of new build in order to concentrate demand in the core city residential areas in Salford and Manchester (Mumford and Power, 2003).

Using these calculations we can see that under our low scenario none of the authorities would require any increase in total quantity of housing stock. Under our medium household/urbanisation scenario only Trafford would need more housing. Only under our high scenario (which assumes that urban renaissance policies are entirely successful) would Manchester and Salford require more housing than it has now and then, Tameside and Trafford would potentially have an excess. The key points are first, that Manchester and Salford are highly dependent on the future success of urbanisation polices if they are to grow household numbers and second, there will always be the potential for tension between the City Pride Authorities. As the bulk of the household gain under our high scenario would go to Manchester and Salford, we now proceed by considering these possible scenarios and their spatial implications for the Manchester City Pride Authorities.

The Determinants of Population Change

The figures for population and housing rest on assumptions about the economy, the migration of people between and within regions, and the overall UK population through to 2021. In this section we look at these determinants in order to consider how they could lead to marked changes in the population and household numbers for the Manchester CPA. We argue that the absolute size of the UK population and its age profile is of less significance than the potential success of the urban renaissance project which seeks to reverse a long-established trend whereby people move out of inner-city areas to suburban, fringe and rural locations, sometimes referred to as the 'counter-urbanisation cascade' (Champion *et al*., 1988). These determinants of population were addressed as follows:

- *Natural growth and population flows: the potential for growth or decline in the UK and North West's population.* There is a concern that many countries in Europe are sitting on a demographic time bomb and that in 30 years time falling population will lead to a collapse in demand for housing and services in some areas. Therefore we start by considering the projections for population in England and the UK. A related concern is with the ageing of the population. Therefore we continue by addressing:

- *The economic effects of an ageing population.* Of far greater concern, in the UK, than overall numbers are the implications of an increasingly large cohort of retirees who will need to be supported by a declining proportion of the population who are of working age. Will the new generation of workers be prepared, or be able, to support the burgeoning body of retirees? With these two issues in mind, we then review:

- *The prospects for the economy in the North West and the Manchester CPA*. Any city functions within a regional setting and so we consider the economic prospects for the North West as well as for the city authorities. The past loss of population in Manchester has been in no small part due to the haemorrhaging of jobs from the city. Historically, Manchester's loss of population has also stemmed from policies that seek to relocate population out of city centres, which were seen as representing a historic problem rather than a potential solution. Therefore, we assess:

- *The potential of urban renaissance policies*. Will the attempt to promote a return to city living endure and will it succeed? How will the demographic shifts in the population (already considered) affect the prospects for an urban renaissance? And, how will the general economic outlook for the North West support or frustrate such an aim? In addition it is necessary to consider other elements that will underpin or undermine an urban renaissance, including crime, security and education. A further key factor is the quality and range of housing that is available in the urban areas. Therefore, we conclude our assessment of the prospects for urban renaissance by focusing on:

- *The nature of the housing stock in the Manchester CPA*. The quality of the stock and its ability to meet changing household forms will have a fundamental influence on the outcome of the urban renaissance project.

The following summarises our findings for these different determinates of population.

1. Natural Growth and Population Flows: the Potential for Growth or Decline in the UK and North West's Population

The UK's population is not set to fall before 2040 and so there is no discernable concern from the UK authorities for any future population loss. Under the government's principal (medium) projection the population of the UK is predicted at 64,826,000 in 2025 and 65,424,000 by 2050. Between these two dates the population of the UK would have gone through a modest peak and so will be in gentle decline by 2050.[10] Therefore the issue for the Manchester CPA is not absolute population numbers in the UK, rather it is whether these authorities can stem, or reverse, this historic flow of people out of urban areas.

Manchester is not an atypical UK city in this respect. Indeed, although London has gained population in recent years, it has not stemmed the outward flow either. Rather, it has compensated through net gains from international migration. An option for the Manchester CPA would be to make itself a more attractive destination for immigration so as to emulate the means by which London is increasing its population. Manchester has a long history of successfully integrating minority ethnic groups; the well-established Chinese Quarter is evidence of this (Kidd, 2002), as is the experience of the Jewish population in the city. Much of the turn around in the fortunes of the city in the 1980s was associated with the city authority working successfully with minority groups, and these continue to represent a potential asset even though more recently the focus has been on partnerships with the private sector (Quilley, 2000).

According to official estimates, three of the four Manchester CPA authorities are projected to experience a slight fall in population between 2001 and 2010. The projected falls in population are due to the fact that in the UK people tend to move through the urban hierarchy, from the inner city to suburbs to the city fringe, then to towns and finally to rural areas. This is in contrast to Europe, where city living is generally more favoured, and in the USA where suburbs are preferred (Champion, 2000). Like Manchester, London experiences a net loss of population by internal migration, but nevertheless – in contrast to Manchester – is undergoing a strong growth in its population, due to two related factors: first, it has relatively high levels of international immigration compared to other UK cities and second, this leads to a population that (for reasons of age and culture) tends to have higher birth rates and completed family sizes than the UK average. Between 1991 and 1997, London gained 259,000 people through (net) international migration; this compares with 2,000 in the entire North West region (Bate *et al*., 2000).

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[10] UN figures give a lower figure (56,667 in 2050) but still with no decline until the period 2025–2050. The same source projects an earlier decline in population in Germany starting in the period 2000–2010, source: www.un.org/esa/population/publications/ migration/uk.pdf [and] www.un.org/esa/population/publications/ migration/germany.pdf

2. The Economic Effects of an Ageing Population

Overall, the age profile of the city is not remarkable in relation to the rest of the UK, and – given the recent upbeat assessments from the Treasury – ageing should not be seen as creating any chronic economic problems in the foreseeable future. Manchester's large university population, and its association with various elements of youth culture, may give it a young image which – given the premium placed on youth culture – may be seen as a benefit in marketing terms. Manchester CPA is not keeping large numbers of the students who pass through its universities; to do this it will need to offer a range of job opportunities to attract these graduates.

The economic ramifications of an ageing population were of concern to governments in the UK throughout the 1980s and 1990s. More recently, the government appears to be reassessing its view and is now far more optimistic about the economic significance of an ageing Britain; it seems that UK Plc can now afford to be grey (HM Treasury, 2002). Both Manchester and the North West reflect the general age profile of the UK (although, if taken into account, the large student population has the effect of inflating the proportion of early twenties). Some 63% of the population are between school leaving age and retirement. The age structure for Manchester is shown in Figure 10.

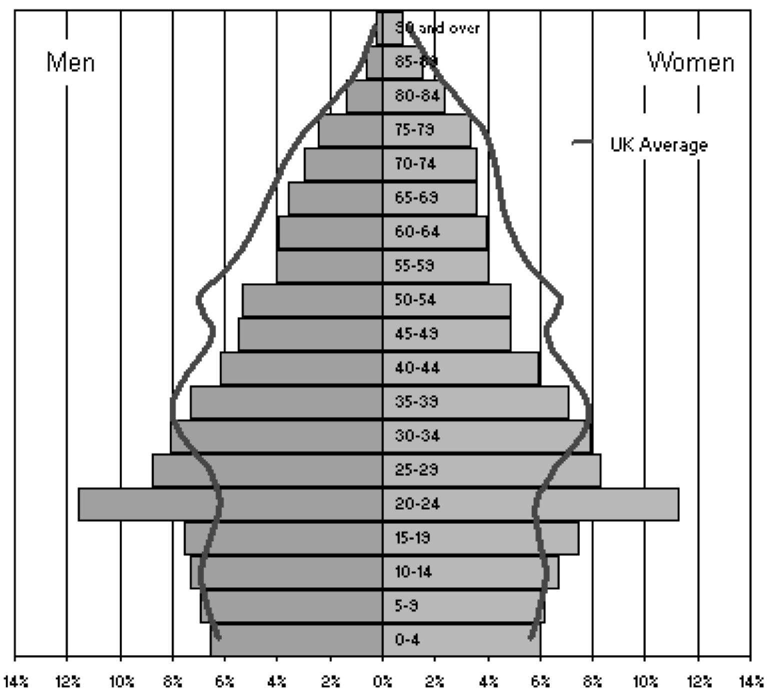

Figure 10. Age profile of Manchester 2002. (*Source*: National Statistics)

3. The Prospects for the Economy in the North West and the Manchester CPA

The economic prospects for the Manchester CPA largely depend on whether the weaker region limits further growth, or if the Manchester CPA can continue to perform above the national average despite structural weaknesses in the wider regional economy. However, even if the Manchester CPA does continue to perform well economically, it will only gain population if it can attract people to live (rather then simply work) within its borders. Thus, as noted earlier, the success of the urban renaissance project will be key.

The North West region is second only to London and the South East in terms of absolute population numbers. It is far enough away from London to be economically distinct and to allow it to serve the rest of the north of England. However, it performs poorly in a number of respects:[11]

- employment change was 0.1% per annum against 0.5% for Great Britain (1987–1996);
- VAT registered businesses fell in number (1994–1997);
- GDP is only 91% of EU15 average;
- the region still has a higher than GB average of manufacturing jobs (18% against 16.2% for the UK). Based on past experience this sector may be more vulnerable to future job losses;
- workforce participation is 75.1% of the working age population (18–65) as against 77.6% nationally (1998);
- the IT sector employs 25% less people per head of working population than the UK average (1996) (North West Development Agency, 2000).

There are then, considerable weaknesses within the structure of the North West's economy, which have two significant implications. First, the North West is expected to be the poorest-performing region through to 2020 and second, the region's industrial structure means that it is both vulnerable to changes in production and demand while not being well positioned to exploit new growth areas. This difference in economic performance would be reflected in employment figures for the region. Employment is expected to increase in the region by 3.2% (UK 7.4%) between 1998 and 2010.

Employment opportunities affect population movement and so only the economically-strong Cheshire area is expected to exceed the national average for population growth

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[11] Figures for the North West mask significant intra-regional differences, between the economic performance of say the north and south of Greater Manchester or between the North West in general and the Chester area in particular. Gross Domestic Product offers one good example of this problem. The GDP per capita in the North West was only 91% of the EU15 average (in 1996), this falls to 73% in Merseyside but stands at 113% in Cheshire.

Table 4. Gross domestic product (GDP) at current basic prices – £ per head; England, the North West and Greater Manchester South.

	1993	1994	1995	1996	1997	1998
England	9,852	10,349	10,771	11,384	12,141	12,845
North West	8,783	9,248	9,547	9,980	10,494	10,909
Greater Manchester South	10,596	11,019	11,288	11,756	12,685	13,204

Source: National Statistics.

between 1998 and 2010. However, the five authorities making up Greater Manchester South are considerably outperforming the North West region in terms of GDP, and indeed, they outperform other UK regions' average as well (table 4). This would suggest that one should be cautious not to read too much into the performance of the North West when considering possible scenarios for Greater Manchester South.

The Manchester CPA has a strong university sector that provides a high quality research base with strengths in medicine, science, engineering and the social sciences. The region also has research strengths in biotechnology and life sciences. Further, Manchester is particularly strong in the cultural and tourism industries, both of which tend to be inadequately represented in official economic data.

Finally, one in eight of the UK's population live in the North West region. This, and its geographic position in relation to London, means that it is often the second location in the UK for many business services which already have a presence in London. Given the strength of Greater Manchester South's economy and the sheer scale of the North West region, can the Manchester CPA draw population back in?

4. The Potential of Urban Renaissance Policies

Since its election in 1997 the new Labour administration has prioritised two related policy areas that are of direct relevance to this report; first, the social inclusion agenda seeks to improve life chances in disadvantaged inner-city areas through neighbourhood renewal. Second, the environmental/planning agenda aims to prevent unsustainable low-density and sprawling development by promoting city living; both seek to make urban areas more liveable. As a result, current government policies favour the use of previously used – or brownfield – land (PPGs 3 on housing and 11 on regional planning[12]), and higher densities for housing (PPG 3). Further, the Urban White Paper is attempting to promote

[12] In the UK Planning Policy Guidance notes (PPGs) are issued by the Office of the Deputy Prime Minister and offer guidance to planning authorities on matters of policy. Although not mandatory they are taken into account when making judgements about the legality of planning decisions. They are being replaced by Planning Policy Statements (PPSs), which will have legal force.

an urban renaissance aimed at drawing people back to city living. Meanwhile the Social Exclusion Unit and other regeneration initiatives are attempting to ensure that people are not severely disadvantaged because of where they happen to live.

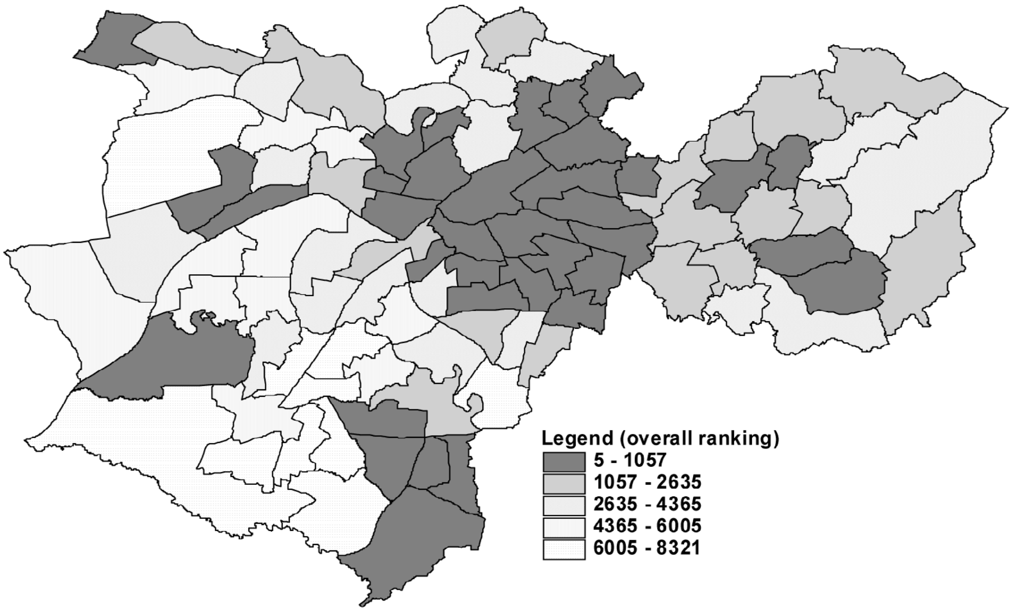
To achieve a strong urban renaissance local and central government will need to resource and manage a range of policy areas successfully and over an extended period of time, decades rather than years. However, arguably for the first time, there is a concerted effort on the part of government to make cities more liveable and so in the longer term (looking to 2030, as is the case in the Leipzig study) we may see dramatic changes based on the successful application of a range of national and local strategies. There is a range of policies and spending commitments that have the potential to start to interact with each other, so making fundamental changes in the liveability of cities and in the quality of life for people currently experiencing social disadvantage. Education Action Zones, the Housing Market Renewal Fund, and improved neighbourhood management (to name but three) have the potential, in combination, to initiate major changes in previously declining neighbourhoods.

Here a considerable difference in approach is apparent between Leipzig and Manchester. While in Leipzig the drive to improve the liveability of the city is focused on housing, in Manchester numerous other quality of life/consumption issues are also of concern, not least the poor performance of the education and health sectors in the areas of highest deprivation. Although there has recently been some concern in Germany about the overall performance of the education sector, a concern with area-based failings was not evident during the course of the workshops and visits that formed part of this study; and similarly with crime issues.

In the Manchester CPA, there are considerable differences between the four authorities in terms of crime levels, education performance, health and housing. Manchester and Salford, the two authorities that will gain the most from an urban renaissance, are however the two authorities which record the worst performance in these fields. It is also the case that in some of these, the four local authorities are sometimes working against one another; this is especially evident in education and housing, and it is these two fields that are considered in more detail below.

The provision of successful schools is central to attracting families to live in city areas. Test scores vary widely across the Manchester CPA area as well as within the four constituent authorities. One example is at age 11, where, in 2002, the average pupil in Trafford achieved an aggregate score of 250.7 (out of 300) in numeracy, literacy and science, which exceeded the national (English) average of 234, while average pupil performance in the other three Manchester CPA authorities was below the English average (Salford 226.6, Tameside 223.5, and Manchester 213.4).[13]

[13] Results for 2000 sourced from http://www.ofsted.gov.uk/reports/manreports/290/323/353/360.pdf (all dated 2000).



Here, 1 is the most deprived ward in England and 8414 the least (figures in the range 8322 – 8414 are not present in the area shown). The individual components of the indices such as health, housing and education are themselves constructed from a number of individual measures that are available to government. Unsurprisingly, the individual pattern of deprivation for the individual elements such as housing tends to reflect the overall ranking. There is a heavy concentration of deprivation in adjoining wards in the central area of Manchester and most of East Manchester and, to a lesser extent, in Salford to the west.

Figure 11. Indices of deprivation – Manchester CPA 2000. (*Source*: National Statistics)

But Trafford retains a selective system of schooling, so in all likelihood it is drawing off a number of Manchester's more able pupils. This leads to a self-fulfilling cycle: Manchester loses more able pupils to Trafford, statistically its schools perform less well, and schools have a skewed base of pupils with which to work. More ambitious parents see this and – in many cases – opt to send their pupils out of the city into Trafford.

These issues are further compounded in the Manchester CPA by their geographic concentration around the core area – largely within the borders of Manchester. Again, without a coordinated effort on the part of all four authorities, Trafford and Tameside – and to a lesser extent Salford – will always offer a way out for Manchester residents. Thus all four authorities need to ensure that their policies are supporting the long-term aim of improving the quality of life in the core city areas and not simply offering a short-term escape for those who have the resources to exercise such an option. One example of this tension is that Manchester is currently contesting the proposed level of greenfield sites available in Salford's new local plan. Availability of these sites could undermine Manchester's efforts to attract developers to build on its brownfield sites.

These issues are well summed up by Figure 12, showing Manchester's performance in a number of fields relative to the English average. Scores higher than 100 show that an authority is under-performing the national average in that field. As can be seen, Manchester is under-performing across a range of measures. This performance in part reflects the fact that Manchester is an inner-city area and has a very limited suburban area within its borders, to balance out the poor figures typical for inner-city areas across England.

5. The Nature of the Housing Stock

As we have seen, housing is a central focus of the Leipzig study where there is a large amount of low-demand housing and an excess of one type of stock. *Gründerzeit* housing (multi-storey blocks built between 1880 and 1920), as well as prefab housing from the communist period, dominate the supply in the city. Unless a suitable range and quality of housing is available in urban areas, people will not stay. Although both cities have an excess of stock in absolute numbers, they need to develop alternative kinds of housing that will attract families and others back into city living. The government in the UK is responding to the pressure on land across England as a whole. The policy outcome is

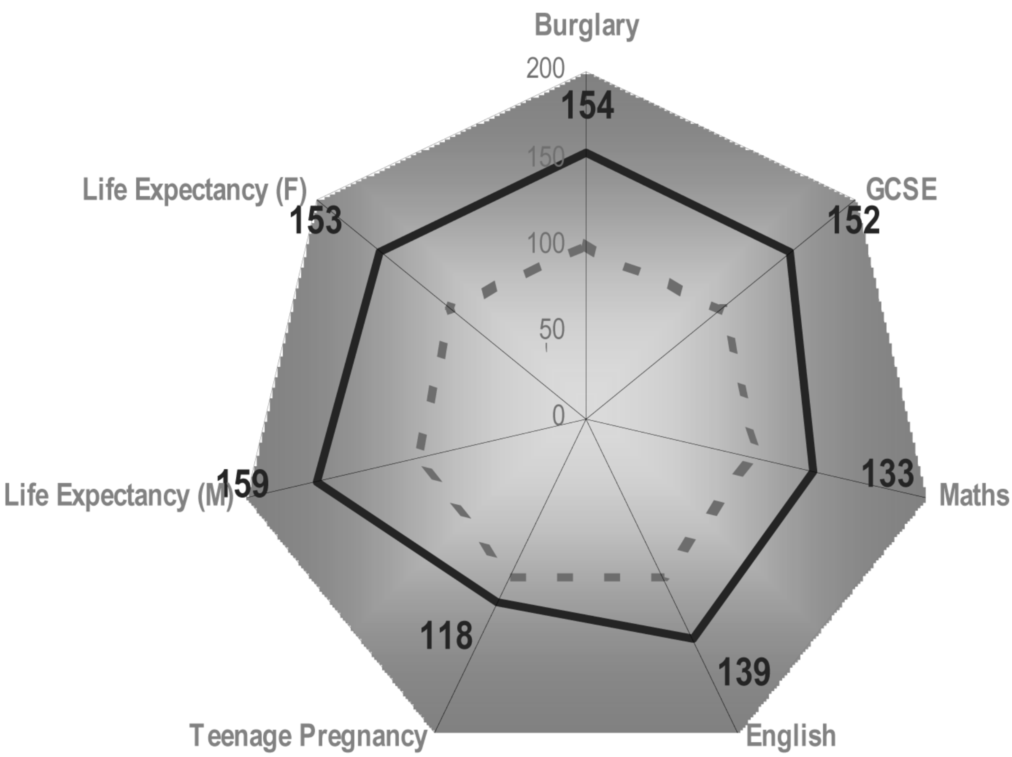


Figure 12. Manchester's status against a range of performance indicators 2002. (*Source*: GONW)

to favour renaissance in cities where brownfield sites are available for development, and where, in some cities, current stock is underused.

The condition of the housing stock and the range of housing are both issues within the region generally and more particularly within Manchester, Salford and Tameside. Trafford has considerably fewer problems with housing disrepair and so, along with its education provision, it is the most favoured authority among the four. The general challenges in housing are outlined below.

The housing stock in the area is skewed towards terraced housing, when compared with the English average. This stock is typically made up of older housing. Property in the Manchester CPA is older than the UK average, and as evidence suggests that older property is proportionately more likely to be in a poor state of repair, we may expect that the general condition of the housing stock will be an issue in the Manchester CPA. Tameside offers one example: in a housing issues paper it notes that 'Acute disrepair tends to be concentrated in particular locations and there is a strong correlation between disrepair, pre 1919 housing, and other indices of deprivation' (Tameside Metropolitan Borough, 2000).

Table 5. Comparison of types of property in England, Manchester and Salford – 2001.

	England & Wales %	Manchester %	Salford %
Detached	22.8	4.3	8.6
Semi detached	31.6	32.3	37.0
Terraced	26.0	36.0	32.5
Flats	19.2	27.4	21.7

Source: National Statistics.

The North West Regional Assembly in its draft RPG recognises that the condition of the housing stock (sometimes combined with low demand) is a key problem facing the region. While this problem is concentrated within the older, turn-of-century, stock it also recognises that in some cases inter-war housing is deteriorating and could be under threat. The poor condition of some stock does not always coincide with low demand housing, but it can certainly combine with other neighbourhood problems and lead to a collapse in local housing markets.

Levels of vacant and hard to let properties reveal stark contrasts between the City Pride Authorities; in the case of Salford and Manchester they are extremely high (table 6). Even in these authorities these problems are extremely localised, with considerable differences in demand over small areas.

Significantly, Manchester and Salford form one of nine pathfinder projects for the Housing Market Renewal Fund (HMRF). This will attempt to ease the supply and demand mismatch. The pathfinder bodies will operate across a much wider area than

Table 6. Levels of unfit housing in the Manchester CPA.

	Unfit stock as a per cent of all social housing (2000)	Unfit stock as a per cent of all private housing (2000)
Manchester	3.6%	11.2%
Salford	11.3%	11.5%
Tameside	3.4%	15.0%
Trafford	5.5%	7.0%

Source: ODPM, 2002.

Table 7. Levels of vacant and hard to let properties in the private and public sectors in Manchester CPA, 2000.

	Public sector		Private sector
	Vacant as % of total social housing stock	Hard to let as % of total social housing stock	Vacant as a per cent of total housing stock
Manchester	5.1%	22.7%	11.7%
Salford	7.6%	68.0%	8.7%
Tameside	5.0%	0.6%	4.2%
Trafford	3.0%	7.8%	2.3%

existing area-based regeneration initiatives, but will work with local projects. Their role will include the compulsory purchase and clearing of thousands (1,700 in the first three years) of Victorian terraced houses regarded as surplus to requirements, as well as the demolition of unwanted council estates. In some cases these should be replaced with larger homes that better meet current demand. Manchester and Salford have confirmed their leading position in regeneration by being the first of the pathfinders to complete a successful bid worth £125 million. It is too early to know how effective the HMRF will be, but it certainly addresses a key housing issue in the area – that of needing new housing to meet modern demand, while having an excess of stock in absolute terms.

Taken together, all of these determinates will influence the degree to which the attempt to attract people back into the cities succeeds. In table 8 we summarise a range of wider factors that may favour the three scenarios. As the medium scenario is likely to involve a compromise between these two positions it is not included. In the report we are not taking a position on the likelihood of any one of these scenarios becoming a reality. The purpose of presenting these alternatives is to consider a series of 'what if' positions. While we may not wish to countenance the low scenario, one aim of this report – drawing on the research in, and experience of, Leipzig – is to consider what benefits there may be in considering such a contingency.

Table 8. How the determinants could contribute to high and low population scenarios.

Low	High
The success of these policies requires long-term commitment from government. A change of government, or governmental fatigue may lead to a reversal or watering down of policy.	The range of policies embedded in government structures such as the NRU and backed up by data collection such as the indices of deprivation means that there has been a change of culture which will see the agenda through.
Tensions between the City Pride Authorities mean that (for example) Tameside continues with selective education to the detriment of Manchester, and that Tameside and Trafford allocate sites and grant permissions for housing that effectively cap numbers in Manchester and Salford.	Plans such as the Manchester Community Strategy and the City Pride Economic Development Plan will lead to improvements in – among others –education, crime and health that are in excess of the national average.
Concern with the environmental agenda is overridden by self-interest and the continuing desire to 'cascade' out of city living.	Any future environmental shocks will lend support to the urban renaissance project.
As policies succeed in reducing social exclusion and bite in terms of restricting greenfield sites, the electorate may favour a return to a version of the 'market-led', individualistic policies of the 1980s.	The failings of social and environmental policy throughout the 1980s will remain evident for many decades and will support the current project.
A pent up desire to move out of cities and into fringe locations may become an electoral liability, hard for government to resist.	The strength of NIMBY resistance in the fringe and rural areas will coincide with the environmental lobby to force house building into the cities.
Continued job insecurity and house price inflation mean that people will continue to stay put and commute greater distances to work, assisted by the ability to work from home – reducing the commute to a few days per week.	Increasing congestion and poor public transport (e.g. recent train strikes) will lead to growing frustration with commuting and will lead to people rearranging their work home patterns.
The government still has much to do to ensure that policy is integrated and consistent. The tax implications of new build versus refurbishment and the extra costs associated with brownfield sites are examples of areas that need to be addressed.	The government is continuing to address inconsistencies – a recent example being the announcement by the Deputy Prime Minister that no automatic renewal of planning permissions on greenfield sites will be allowed.

It became evident that the Manchester CPA focus on multiple deprivation and neighbourhood renewal (reducing crime and improving educational achievement) is not common to both England and Germany. In Leipzig the focus is more on getting the housing market right, and developing employment opportunities, so as to draw population back into the city. Despite the differing analysis of what the two cities need to do in order to reverse their fortunes, both have set themselves the same objective: to repopulate a city that has lost population over an extended period of time. In both cases, Leipzig and Manchester will have to meet some exacting targets in order to succeed in this aim. The Leipzig team's estimates for strong population growth in Leipzig (the "catching up" scenario) rest on the assumption that Leipzig can close the productivity gap with the former West Germany (empirica, 2003). In Manchester, the team's high population scenario assumes the total success of urban renaissance policies that will see the reversal of the long-term trend in the UK of moving out of city centres. In the final chapter we consider what lessons can be learnt by comparing the two cities and what the policy implications are at the local and national level.

☙ 7 ❧

Recommendations for Leipzig

From the scenarios, the Leipzig team developed the following package of recommendations for city policy-makers.

An Anti-Suburbanisation Development Policy

Setting the Course

Leipzig must attempt to achieve an urban development which is as compact as possible, with as high a level of economic growth as possible. Considerable risks could result from a decline in population and weak economic development:

- a fragmented city with a high proportion of harmful urban waste areas;
- a city with a decreasing level of appeal and continuing out-migration;
- a city in permanent fiscal crisis, whose public transport on essential arterials must be limited with long waiting times, because funding is not available for better services;
- a city with a growing number of vacant apartment buildings which cannot be demolished due to a lack of funds.

Setting targets is not enough. The really critical question is, what can Leipzig realistically achieve under the foreseeable conditions, even if faced with uncertainties?

If the funding capability is included, then:

- more resources will be needed than are presently available, in order to offer inner-city wasteland as building land to private investors at affordable prices;

- more resources will be needed than are presently available, to expand the range of large apartments in older buildings, in order also to retain the sophisticated purchasers of older property.

- further expansion of public transport networks would be highly unlikely, due to a reduction in demand caused by shrinking subsidies and a deterioration in quality.

Lowering Prices for Vacant Inner-City Sites and Buildings

Currently, all prices for unrenovated sites and buildings in the older districts of the City are still over-inflated by subsidy expectations, which often render any 'new usage' unprofitable. Here mention should be made of the special depreciation allowances for the many protected ('listed') buildings and all the buildings in redevelopment areas. The vendors profit from high prices due to the subsidies which are granted in favour of these sites. They have no appreciable financial disadvantage from hoarding the sites. The subsidies hardly achieve their stated aim of making building in the city more attractive. The prices could be reduced if a land value-tax were levied on unused sites. In this event Leipzig could have a major influence on the market by purchasing sites and buildings itself.

Creating a Family-Friendly City

The creation of family-sized apartments in the city is only one tool in a policy against suburbanisation. To retain families in the city, the whole environment must be geared towards families and thus towards parents and their needs. Rural-type living conditions which cater to families could be created in several neighbourhoods of the city.

- *Child care*. Such neighbourhoods should have priority over all investment for childcare. The city should organise a range of affordable childcare for incoming parents. In addition to the creation of kindergartens and crèches with flexible opening-times, child-minding agencies and playgroups (parents taking care of each other's children) should be organised through a district office. If funds allow, a temporary childcare grant could be paid to incoming parents. The message to mothers must be, 'You can both work and bring up your children here, even if it's difficult everywhere else'.

- *Range of schools*. The range of schools in these areas should also be compatible with this system. Primary schools with realistic hours or affiliated after-school care facilities should complete the range for the 6 to 20 year olds.

- *Traffic calming*. An important reason for parents to move to the country is their fear for the safety of their children in traffic. Wide-spread traffic calming could transform the 'Villages in the City' into slow-motion zones for vehicles. Declaring that all traffic within a larger area must move at a crawl, and enforcing this calming ruthlessly, would give older children the freedom of movement which has previously been the reason for parents moving to the country.

- *Parking*. The family neighbourhoods should not be anti-motor vehicle; convenient parking in the vicinity of their apartments is especially important for families. Intelligent solutions are needed here, ones which can combine convenient parking spots with 'play-streets'.

- *Green areas*. Leipzig's conditions allow for the creation of many small parks and playgrounds. A city scattered with wasteland has more creative freedom than the economically well-groomed city.

The main task is to offer families all the advantages of living in an area of single-family houses on the outskirts, and at the same time the advantages of living in the urban area. In addition to making housing available, the city, in co-operation with private business, should improve working conditions for mothers and increase the range of services available to families. Germany and German cities have become increasingly anti-family over the last 30 years. It is unknown whether policy can make enough changes here, and to what extent a change of values and changes in behaviour will be needed. A city such as Leipzig should, however, take advantage of all its opportunities, because this can become an important factor in location.

Increasing the Cost of Mobility as an Urban Policy

The policy of constant massive subsidies for public transport and failure to recognise fully the costs of motor vehicle transport cannot be sustained in the long term. The subsidies for public transport will eventually have to be cut or cancelled altogether. However, this would promote suburbanisation – an illustration of how uneven subsidy cuts can produce new imbalances. The balance could be retained if a traffic-congestion tax and further petrol price rises increased the cost of motor vehicle transport. Such a policy would assist the aims of urban development, as would an increase in the availability of affordable sites on present wasteland. At the moment there is no political will to take such drastic measures. It should not be forgotten, however, that the ageing population and the resulting tensions, in particular the general scarcity of funds, will increase the political will to change. The scenarios make it clear that incentives for change will increase because otherwise too many generally-accepted urban development targets will suffer.

Demand more Decision-Making Power for Local Authorities

In comparison with the tasks it is facing, Leipzig does not have enough tools at its disposal to achieve its various development goals. The same holds true for the other large cities in the former East Germany.

Future property development should be increasingly situated in the city, for instance on recycled areas and in the attractive older buildings. There is a lack of fast-acting tools to bring about release of urban land for building. The following tools must be created:

- Transition to a land-value tax which would be levied even when sites earn no revenue. The owners would then be strongly motivated to sell, which would lead to a faster release of these sites and buildings.

- A system of block grants - which would replace different federal programmes and depreciation allowances – to allow the cities to spend their funds according to their needs and according to special project conditions (gap funding).

At present in the apartment sector there is a fiscal shortfall in revenues of the order of 25 to 30 billion €. In the face of coming shortages in funding, any Federal Finance Minister must introduce cut-backs to the apartment sector and urban development

The cities should introduce policy innovation of their own. The Federal Finance Minister would offer additional revenues through subsidy reductions (cuts in home allowances, reversal of all special depreciation allowances, cuts in various programmes) available to local authorities, partly through a system of block grants. From such urban development block grants, cities would receive allocations for their local needs, on a quota basis. Munich, where there is a permanent shortage of apartments, could use this grant to promote new building, while Leipzig could finance recycling. In view of the major differences in the apartment market problems and the urban development tasks from one region to another, local authorities must be in a position to decide locally how they use the block grant resources made available to them.

With such a strategy, local authority goals could be achieved more efficiently. Smaller resources could generate higher gains, and the present dispersion of housing and people, resulting from current fiscal incentives, would be avoided.

To complete the picture, the cost of motor vehicle transport would be increased by adding traffic-congestion taxes and higher emissions charges.

A more effective regional economic policy of widening the export base will require improved co-operation between the East German *Länder* and between participating cities. Leipzig should play a key part in this strategy because its prospects for economic growth are better than those of many other cities. Politically it will be difficult to set standards for such a strategy. A few cities - Leipzig, Jena, Dresden, and Potsdam - have already achieved an above average success rate; a key part of the strategy for other East German cities will be to learn from their success.

8

Recommendations for Manchester

Many of those interviewed during the course of the research and involved in shaping the city's future were rightly proud of what has been achieved in Manchester, not least because – as in Leipzig – it has been realized within the context of an economically weak 'region'. Perhaps what Leipzig best shows Manchester, however, is that despite any necessarily upbeat assessments the gains to date are probably fragile.

Across wide areas of Europe at the present time, the emergent reality is that of a cluster of up to 40–50 cities constituting a networked urban region with up to 20–30m people, drawing enormous economic strength from a new functional division of labour and connected by dense flows of people and information along motorways, high-speed rail lines and telecommunications systems. This form was first recognised in the Pearl River Delta and Yangtze Delta Regions of China (Hall, 1999; Hall and Pfeiffer, 2000). In Europe, new work identifies a Liverpool–Manchester–Leeds agglomeration with a population of 6.87 million, the fourth largest in Europe (Anon, 2002). Such complex polycentric urban regions are characterised by functional divisions of labour between city units in a highly networked region and by intensive development along transportation corridors (Ipenburg *et al*., 2001). (Within such regions, people appear increasingly indifferent as to which cities they relate to (Kloosterman and Musterd, 2001); the 'space of flows' (Castells, 1989) becomes extremely complex.) Alan Scott has titled the largest such areas the 'Global City region' (Scott, 2001). However, in discussing the area now in question – a wide trans-Pennine region extending from Liverpool to Leeds – we think it more accurate to refer to a *Global Mega-City-Region*.

The underlying reality here is of people seeking to manage ever more complex lives as they balance access to quality services, households and careers which – all too rarely –coincide within a single neighbourhood. In practice this may mean working, living and consuming services such as education across two or three different authorities. Manchester has succeeded as a centre for employment opportunities but what of its future as a centre of household growth? Given, as noted previously, the seeming impossibility of planning to shrink (households) to grow (economically), we ask what more Manchester can do, and what support it needs, to achieve its objective of building up its household base.

The aim of repopulating Manchester is apparently supported by a number of central government initiatives including the Housing Market Renewal Fund and the Urban Task Force agenda which encompass a range of policies that seek a return to higher density, city living. The funding from the Housing Market Renewal Fund is important. It allows Manchester (and Salford) to demolish some of the excess of unsuitable housing where the housing market has failed and – importantly – to support the construction of new housing by other agencies. But what best to replace this housing with?

The benefits to Manchester of the Urban Renaissance agenda are less clear. Although policies to support re-urbanisation would seem like an unqualified good for Manchester, this may not be so. The Urban Renaissance agenda includes the desire to encourage higher-density development than was the case in the 1980s – and indeed, Manchester has excelled at promoting high-density city centre living. The formula is currently being extended out to the New East Manchester area, with the development of apartments near Sportscity that promise the city centre lifestyle but at more affordable prices. It is true that these units, still under construction during our study, have enjoyed a high level of 'off plan' sales.

Yet our study of Leipzig concludes that the availability of more suburban housing types within the city boundaries for family living may be one of the keys to strengthening what could otherwise be a fragile recovery. It might be that the move to replicate the high-density inner city in East Manchester may be at the expense of greater buy-in from families. It is also the case that if families are to be encouraged to live in Manchester there will need to be a step-change in the quality of education available to children in the city. Most families are unlikely to wish to send their children to a school in advance of an improvement in standards (although, of course, if enough ambitious families did so at once, the school would be likely to see an improvement in its performance). We would suggest that the government would need to underwrite far more ambitious plans than it has, for the weaker inner-city schools, if they are to draw in a balance of pupils across the full ability range. This holds for other services, such as policing, in areas that have suffered blight. While at present these services struggle to close the gap between themselves and less deprived areas; they will need to offer a clearly superior service to attract in a range of families.

We also argue that attracting and holding on to young singles will be important for cities in the future. Manchester certainly has a large student population concentrated to the south of the city. It faces the need to ensure that this population is not so concentrated as to discourage the family groups from the city centre and it also needs to work hard to ensure that it retains as many of these graduates as possible; this is of course dependent on the economy.

Also linked to the economy is the need to ensure that small and medium sized businesses, including those in low-tech industries, are fully supported by the city even while it seeks to encourage large-scale inward investment. Smaller businesses may be able to offer employment opportunities to workers with a wide range of skill levels and may be more rooted in the city than some larger employers.

Finally, we have to return to the unending UK regional debate. Although the move by central government to devolve more of its functions to the regional level (rhetorically at least) is welcome, it is still the case that there is a growing discrepancy between the performance of London and the South East and northern regions including the North West. Recent announcements from the Office of the Deputy Prime Minister of a northern growth belt that would support inter-regional working along motorway corridors in the north would appear to hold some promise. It is clear that the economy of Manchester, including its employee base, has only a limited relationship to government regions. Again, the discussion in the previous chapter, regarding Leipzig's need for greater autonomy, holds here, although obviously the detail is somewhat different for Manchester.

Consider public finance. In the UK around 75% of local government finance is raised and distributed by the central government. This constrains local government: a 1.0% increase in the revenue that it collects directly (Council Tax) will only produce a 0.25% rise in its overall budget. Despite the often hazy relationship between a local economy and a council's budget in the UK, local authorities are directly affected by loss of population (albeit with some time delay). Manchester estimates that the original Census 2001 figures have led to an £8 million loss of revenue in the financial year 2003/2004; this would have been even higher were it not for government guarantees that all authorities would receive increases in their budget in the current financial year.

There is a case for central government giving local authorities greater financial freedom (or decision-making freedom in Germany). In England local authorities are often hamstrung by central government's audit mentality (partly a product of the high ratio of central to local funding of local government in England). Currently twenty-two local authorities are being freed of some of these restrictions, having received a high rating from the Audit Commission. However, this is not necessarily the way forward. Only by conforming to central government's agenda have these authorities been freed of some of their burden of accountability to the centre; these authorities have been released on licence for being obedient rather than for being entrepreneurial. At present there are few financial rewards or incentives from government for being truly entrepreneurial.

Being entrepreneurial means taking risks. At present the audit mentality of the government mitigates against risk-taking. Part of 'thinking big' that is characteristic of both Leipzig and Manchester (and is rooted in their respective histories) is an ability to take chances. Whether it be the massive redevelopment of Leipzig-Halle airport or the Commonwealth Games in Manchester, there is a need to take chances if one is not to merely tinker with the *status quo*, which for both cities would mean facing either a flat or declining population. However, thinking big and taking risks increases the chance of some high-profile failures occurring; something that is difficult for risk-adverse government to accept.

☙ 9 ❧

Conclusions: Common Strategies

In 2004 Leipzig and Manchester are at a very similar stage of development. In both, the drastic process of deindustrialisation has bottomed out; it could hardly go much further. In both, advanced services – especially business services, the print and electronic media, higher education – now form the economic base and the major driver of growth. Leipzig is also benefiting from a remarkable renaissance of manufacturing, especially in the form of new car manufacturing plants built by leading German manufacturers, attracted here by Objective One EU assistance, but also by lower wage rates, a more flexible labour market, and cheaper housing than in the western *Länder*.

But there is a deeper underlying cause for the growth of the new economy. Both cities have enjoyed good political leadership backed by top-quality administration. Both have developed a positive 'can do' attitude to put the past behind them, to make things happen, and to create a new future. In both, there is a feeling that the city is going places; that this is a city that counts. Everywhere, there are physical signs of this process: construction cranes on the skyline, new construction and refurbishment on the streets, an atmosphere of purpose and bustle. These are cities that are attracting people, particularly young people, who are drawn there because they sense that this is a place where things happen.

Keys to the Future: (1) Become Magnets for the Young

This, we believe, is the key to the future of both cities: they must consciously develop policies and outcomes that make themselves attractive to upwardly-mobile young people who will rapidly become tomorrow's entrepreneurs and consumers. They need to attract young people both from their immediately surrounding region, and from beyond: the national catchment area, Europe, the world. The immediate mechanism must be their universities. Both cities are outstanding intellectual centres – ideopolises, in the Manchester formulation (Westwood and Nathan, 2003) – that attract young talent through the excellence of their research and teaching programmes. Once students have graduated, the priority is to retain them by building an economic base that will allow them to remain in the city if they wish. But this, of course, is a circular and cumulative process: the more students put down personal and emotional roots in their city, the more of them will be drawn to remain, thus providing a potential labour force and a pool of entrepreneurs who will start new small businesses.

The key to both these processes – attraction and retention – is action on a number of fronts:

- *The university base*. Both cities must campaign relentlessly to build the reputation and the achievement of their universities. This means attracting a higher share of both national and regional funds (Federal and *Land*, in Germany) to their universities, both in order to widen and deepen the student base, and to attract funding for high-quality research. It will be important to support more than one university in each city; these universities should compete with each other, especially by occupying niches (general versus scientific/technical, on the classic model of Harvard and MIT, UCL and Imperial, or Humboldt/Free University versus TU), but they should also form united fronts where necessary to develop a common knowledge base (e.g. specialised library facilities).

- *The physical environment*. Both cities must consciously develop themselves physically, so as to create an attractive and, if possible, unique environment for students and young people: one or more urban quarters that are lively, with a range of cafés and restaurants and bars and clubs, in a special kind of physical environment, with a good street quality and a range of living accommodation (apartments, lofts) appropriate to an urban lifestyle. Generally these will be in or on the fringe of the city centre, extending out into a 'university sector' that may occupy much of the inner and middle urban rings.

- *Transport*. Both cities should consciously develop transport policies that encourage access by low-cost sustainable modes such as walking, cycling and public transport; the last should be available on a 24-hour basis.

Both cities have gone a long way in these directions already, though sometimes – as in transport – by very different means. In particular, both cities have developed very strong university systems. The need now is to build on success. This will mean active intervention in the politics of university and research funding. Universities in both cities will compete for funds with other universities, some highly prestigious. They will need to develop arguments that money spent on their universities will generate a yield, in terms of development potential, that is much greater than the immediate outcome.

Keys to the Future: (2) Keeping the Family Builders

The other arm of this policy is, however, equally important and less well understood: it is to retain these people at the critical point when they form stable partnerships and start to have children, typically 10–15 years after they are first attracted to the city. Currently, most European cities – and Leipzig and Manchester are no exceptions – are not perceived as family-friendly. The very qualities that attract the young – vibrancy, street life, partying – may come to appear negative to couples that are combining a dual career with a third taxing job of rearing and educating small children. Apartment living may come to appear constrained and problematic; suitable family housing may be hard to find, especially if parts of the critical middle ring of the city are seen as unprepossessing or even downright dangerous, and city school systems are seen as poorly-performing and even hazardous for middle-class children. The major risk, at this point, is that families decide that they have no alternative to leaving for the suburbs or small rural towns.

To counter this danger, both cities need to pursue conscious policies in:

- *Urban regeneration*. Rebuild extensive areas of their middle and outer rings, where these are ripe for redevelopment, with middle-class family-oriented housing, providing private garden space, accessible and safe public open space, and streets safe from traffic hazards.

- *Education*. Provide top-quality crèches, pre-school facilities, primary and secondary schools, as good as anything on offer in the suburbs and small towns.

- *Transport*. Provide top-quality transport, including walking and cycling routes to schools and shops, and public transport; but also, provide for the use of the car when people feel they need it.

- *Security*. Manage social and policing programmes, through integrated policies, to ensure that neighbourhoods are perceived as safe and socially integrated places.

This, we believe, will be harder to achieve than the first objective. It will mean multiple action in a number of fields: planning and urban regeneration, education, social policy and transport policy. (In that last area, however, the policies are similar though not identical to those under the first policy objective.) We therefore argue that it must now become the top policy objective. Crudely, the achievements in city centres and innermost rings must now be paralleled in the middle and outer rings of both cities.

This is more urgent for Leipzig, and for German cities generally, because of demographic realities: with a falling birth rate and the prospect of a shrinking national population, internal migration – and also migration from abroad – become increasingly important, even vital, to augment the qualified workforce on which economic growth must depend. So far, the problem is less in the UK, or at least is perceived as less. But it will begin to unfold there too, over the next 20–30 years, as city populations fail to replace themselves.

Means to Ends: Key Policy Levers

These then are the policy objectives. To achieve them, we argue, both cities need to acquire and to use certain key levers:

- *Physical redevelopment powers*. Both cities will need to be able to acquire and actively use powers to reshape their middle and outer rings. This is likely to involve a subtle combination of selective demolition and rebuilding, and rehabilitation and internal remodelling of those buildings worthy of preservation. In Leipzig for instance some of the poorer-quality *Mietskasernen* ('rental barracks') will need to be demolished and replaced by single-family town houses, while others are reconstructed to provide larger apartments; farther out, the same will have to happen to the large areas of *Plattenbau* (industrial construction) of the 1960s and 1970s. In Manchester, likewise, the Victorian and Edwardian by-law two-storey housing of the middle ring will need to be selectively demolished or rehabilitated, and the same will be increasingly true to the outer ring interwar and postwar public housing estates. This will require comprehensive powers of compulsory purchase which so far have not been freely available in Germany.

- *Flexible housing subsidies*. Gap financing needs to be made available for pioneer investors in regeneration areas, in such a way that it is available until the market takes off and then can be tapered off. Only local city-based administrative entities will have the detailed knowledge to implement such subsidies, but they will need to be available at national and regional (*Land*) level.

- *Discretionary spending powers*. Generally, there should be a range of available discretionary subsidies to meet local needs, implemented at local level. This will require changes in central government thinking in both countries; cities are not being given sufficient fiscal freedom.

The Challenge for the Cities: Competing for People

Cities throughout the world – not just Leipzig and Manchester, not just German and British – now find themselves drawn into a new kind of global competition: to attract people. In the knowledge economy, now that traditional factors of production like coal and iron ore and navigable water are either insignificant or of low significance, people are the only kind of raw material that matters. Inevitably, this competition will become ever more intense, fuelled – as in Germany – by a plunging birth rate, but more fundamentally still by the search for top-quality human capital, always a scarce resource.

No one kind of place will have a unique advantage in this process. Indeed, as just argued, the very qualities that draw young people from small towns into cities may be the same as those that send them back a few years later – unless cities are very smart in developing policies both to attract and then to retain them.

The need for any city like Leipzig or Manchester – and there are very many in Europe and North America, soon to be followed in other parts of the world – is to work both to improve the objective offer, but also the image of the city, its 'TV reality'. Cities have recently been winning a good image in TV soap operas as places to have a great time if you are young. They now need to work to show that they are great places for the not-so-young.

Postscript

In July 2004, Transport Secretary Alistair Darling cancelled the entire Phase Two extension project for the Manchester Metrolink light rail system, including extensions to Oldham/Rochdale and Ashton under Lyne which were seen as crucial to the entire regeneration of East Manchester, on the grounds that the cost had risen by three times since the original estimates. The decision has caused widespread outrage in Greater Manchester, and it is unclear at the point of going to press whether any part of the decision will be revisited or rescinded.

☙ appendix one ❧

Manchester: Calculations for Dispersed and City-based Development

Work has been carried out that indirectly ascribes a value to the success or failure of the Urban Renaissance project in the North West (Wong and Madden, 2000); we use this to assist in the production of the medium, high and low scenarios for Manchester. This work produced percentage changes in households for three spatial options:

1. *Metropolitan concentration*. This option locates 70% per housing development in the conurbations, and 30% in regional cities and towns.

2. *Key transport corridors*. This option aims to achieve key transport corridors through urban intensification, urban expansion and some smaller town expansion. 50% of development is located in conurbations, 40% in regional cites and towns and some smaller towns, and 10% elsewhere.

3. *Dispersed development*. This option aims to disperse development though urban expansion, smaller town expansion and possibly new settlements, [with] 40% [allocated] to conurbations according to total capacity and 60% to smaller towns according to capacity, including new settlements in Lancashire of around 19,000 and in Cheshire of around 13,000 (Wong and Madden, 2000).

The changes in household estimates that these produced are laid out in table A1.1.

The dispersed development scenario is implicit in our low scenario. Therefore there is no need to add this figure onto our own; rather the dispersed development scenario becomes a baseline. Thus, we have given a value of zero to this and have adjusted the other two projections accordingly. So, in the case of Manchester, dispersed development has a value of zero, meaning that the effects of metropolitan concentration and of key transport corridors have both to be reduced by 6.8% to 22.6% and 3.3% respectively. This gives us the following figures which are applied to the three scenarios in section one.

Table A1.1. Percentage change in household estimates under different spatial options from the DETR/PHRG household projections for 2021.

	Metropolitan concentration	Key transport corridors	Dispersed development
Manchester	29.4	10.1	6.8
Salford	7.6	2.4	0.7
Tameside	6.0	4.5	2.6
Trafford	–6.5	–4.9	–6.4

Source: Wong and Madden, 2000.

Table A1.2. Percentage change in household estimates under different spatial options from the DETR/PHRG household projections for 2021, adjusted to account for low scenario.

	Metropolitan concentration	Key transport corridors	Dispersed development
Manchester	22.6	3.3	0
Salford	6.9	1.7	0
Tameside	3.4	1.9	0
Trafford	–0.1	1.5	0
	To be added to high figure	To be added to medium figure	Dispersed development assumed in low figure

Methodology for producing the Population and Household Estimates

The Census figures for 2001 – although controversial – are the starting point for generating the figures, as they offer the most up to date statistics. This Census has reported lower population figures for all four authorities in the Manchester CPA than earlier government mid-year estimates. However, in the absence of any firm evidence to disprove these Census findings, they are used as base statistics upon which existing (pre-Census) projections are re-calculated.[14] The trends through to 2021 are taken from 1996 forecasts for the population of the UK and its regions (National Statistics, 1996).

The figures on which the medium figure is based are shown in table A1.3. Rows A and B use 1996 based projections from National Statistics and give us a projected change in population between 2001 and 2021. This change is shown as a percentage in

[14] For example a population in the North West for 2021 of 6,249,376 is calculated by taking the 2001 Census figure less the existing – 1996 based – forecast for a population decline by 0.92% between 2001 and 2021).

row C. However, the 2001 population figure (row A) is not in agreement with the 2001 Census. Therefore, we take the 2001 Census figures (row D) and apply the projected population change (row C) to these figures giving us a new figure in row E. Finally, as the weight of current planning policy now favours concentrating development on urban areas, we may assume some effect from these initiatives. Wong & Madden (2000) have developed a set of projected changes in population based on different patterns of spatial development. Row F shows these values in our medium population scenario; that is, the current projections adjusted for a moderate success in promoting urban living. This leads to a final medium figure in row G.

Table A1.3. Medium population scenario for Manchester CPA 2021 (000s, rounded).

	Manchester	Salford	Tameside	Trafford
A 2001 projection based on 1996 mid year estimates	424.6	225.6	217.5	219.8
B 2021 projection based on 1996 mid year estimates	415.1	221.1	210.3	225.0
C Per cent change 2001 to 2021 B/A x100	-2.2	-2.0	-3.3	+2.4
D Census 2001	414.8	216.1	213.0	210.1
E 2021 projection using 2001 Census (D) and 1996 based projections (C) D + or -C	405.7	211.8	206.0	215.1
F Percent adjustment for moderate increase in urban development (Wong & Madden, 2000)	3.3	1.7	1.9	1.5
G MEDIUM FIGURE E+F	**419.0**	**215.4**	**209.9**	**218.3**

In order to produce a low and a high figure we have altered some of the assumptions made for the middle figure. While both the high and low figures are based on some fairly crude assumptions, in the report we discuss the determinates that could lead to either a strong growth in, or loss of, population in the Manchester CPA and which could, in the extreme, lead to such changes in population. We refer to the high and low figures as scenarios as – to reiterate – we are not asserting that these new figures are likely to become reality; they are not intended as predictions.

Table A1.4. Low population scenario for Manchester CPA 2021 (000s, rounded).

	Manchester	Salford	Tameside	Trafford
A Census based mid year estimates 1981(2001)	462.6 (414.8)	247.0 (215.9)	218.4 (213.1)	221.6 (210.2)
B Percentage population change 1981–2001*	-10.3	-12.6	-2.4	-5.1
C 2021 trend i.e. A – B LOW FIGURE	**372.1**	**188.7**	**208.0**	**199.5**

*Calculated from Census data sets available at www.census.ac.uk

To produce a low figure we took the trend between the Censuses of 1981 and 2001 and projected this over the same 20-year period to 2021. This assumption here is that the loss of population between these two Censuses has been accurately reported and that it will continue over the next 20-year period. Admittedly, this is very speculative and discounts recent policies aimed at reversing the fortunes of our cities. Still, the trend of population in Manchester in nearly every Census since 1951 is downward, so this assumption does have a historic basis. Past losses of population have been due, in part, to north–south migration, but of far more significance has been the movement within the region from the city cores to the suburban and fringe areas (Bate *et al*., 2000). Support for this scenario comes from those who argue that any contention that urban areas have reversed their fortunes – in terms of population loss – flies in the face of the evidence (Champion *et al*., 1988). As this scenario assumes that there has been no success in establishing an urban renaissance, no adjustment is made for this element as it was for the medium figure.

Finally, a high figure was achieved by once again taking the projected population from mid-year estimates, but this time adjusting it upward by allowing for the complete success of the urban renaissance project (again using calculations from Wong and Madden (2000) to estimate a value for this). In so doing, we are assuming that the economy of the area continues to outperform the wider region and that in the future the strength of Greater Manchester south's GDP performance will be reflected in its population,[15] i.e.

that people are not commuting in but are choosing to live in these four city locations as well as work there.

From these three population scenarios we can deduce household numbers. We have obtained government projections for household size for the four authorities in 2021(Wong and Madden, 2000). By applying this to our population scenarios we can produce a low, medium and high scenario for household numbers in the Manchester CPA for 2021. The results are brought together in table 3 in the main text.

Table A1.5. High population scenario for Manchester CPA 2021 (000s, rounded).

	Manchester	Salford	Tameside	Trafford
A 2001 Census	414.8	216.1	213.0	210.1
B Wong and Madden (2000) strong urban development - percent increase in population –	22.6	6.9	3.4	-0.1
D HIGH FIGURE	**508.5**	**231.0**	**220.2**	**209.9**

Source: National Statistics, Table 2 series PP3 No.10 Mid 1996-based population projections 1996-2021 for selected years

[15] Although we assume here that people will be living and working in the same four authorities (that they are not commuting in from outside of the City Pride boundary), this is certainly not the case at present.

ꕥ appendix two ꕥ

Leipzig: Mobility Scenarios[16]

Future mobility will be very strongly influenced by regional development. The scenarios presume that between 58,000 and 63,000 owner-occupied single-family homes will be built in the Leipzig region. Fundamentally, Leipzig can influence the locations of these single-family houses considerably, on condition that national policies grant cities such as Leipzig the relevant control powers. With respect to traffic development, three regional scenarios are assumed:

- *Catch-up – Urbanisation*. This scenario shows a very compact form of regional development. Supported by the appropriate availability of building land and planning guidelines, a high percentage of future apartments, also in single-family houses, will be erected in urban areas along the main arterial roads.

- *Trailing – Suburbanisation*. In contrast a negative scenario shows a weak economic development, coupled with weak planning influence on the locations where apartments are to be constructed, resulting in greater dispersion of building activity.

- *Catch-up – Suburbanisation*. A further scenario fluctuates between these two poles, bringing strong economic growth (catch-up) and more robust suburban development.

Public transport is at present heavily subsidised. Improvements in infrastructure are widely financed from national budgets. In view of the future scarcity of funds, the effects of the deterioration in the availability of public transport must be investigated separately.

[16] The analysis and calculations were conducted by PTV Dresden. All conclusions come from the Leipzig team.

It is obvious that the relevant calculations contain considerable uncertainties, because they use existing traffic models. The assumed changes exceed the usual variants for which the models were drawn up. Nevertheless the trends shown in the assertions should be regarded as accurate. These confirm that the assumed effects of regional distribution of traffic potentials do in fact exert a noticeable influence on traffic processes.

The three regional structure scenarios differ according to the extent and regional distribution of their traffic generation potentials. In principle it is acknowledged that these determine the volume of traffic flows, their degree of concentration on the main arterials, and their distribution in region-wide traffic systems. On the other hand they have positive or negative effects on the functionality and the economic and operational efficiency of these traffic systems.

- When the traffic potentials are concentrated in the urban area and along arterials, traffic-flow clusters and economic viability are improved. Dispersed developments, caused by the accumulation of potentials in inter-arterial areas, have the opposite effect. Changes to the level of potentials conceal these effects.

- It is immediately clear that the different distribution patterns of residents and appropriate jobs, resulting from the future regional regulation of new construction and renovation, exert a considerable influence on the mobility potentials in the various sub-regions of Leipzig. This will continue unless the mobility behaviour

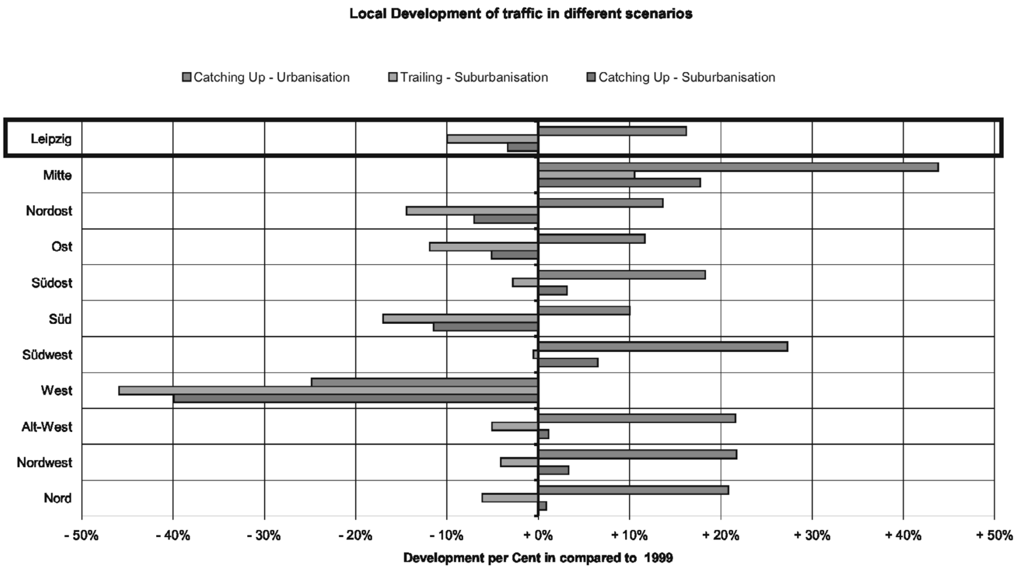


Figure A2.1. Potential traffic distribution (based on inhabitants + workforce (jobs)) in Leipzig according to regional structure scenarios.

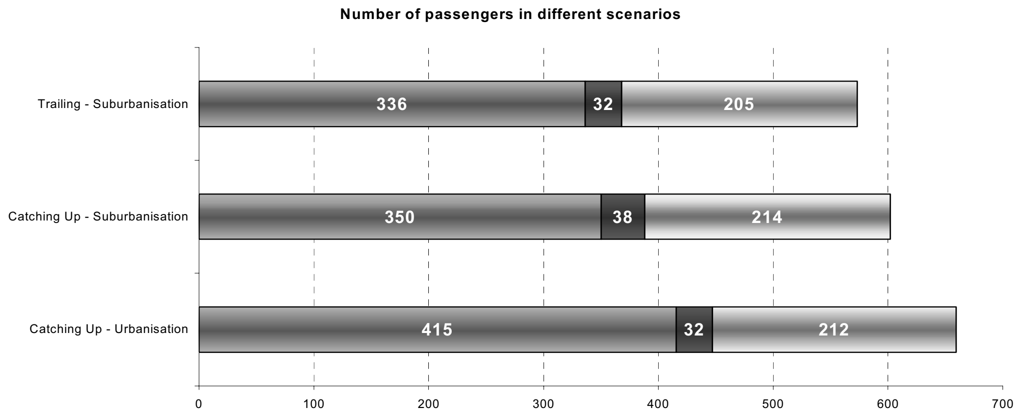
Source: Calculations of PTV Dresden.

of the residents changes perceptibly. Constant behaviour patterns to date justify an assumption of stability.

Fig. A.2.1 shows the City of Leipzig's total potential losses in both suburban scenarios and its potential gain in the highly-compact urban scenario. The potential changes, classified by area, show potential gains for the city centre in all scenarios, coupled with considerable losses in the western district (Leipzig Grünau). The catch-up scenarios show extensive potential gains, but in contrast the go-with-the-flow scenario shows extensive losses. How the public transport system reacts to these different prevailing conditions can be seen in principle in Figure A2.2.

The three scenarios are based on a consistent assumption regarding availability of public transport and they therefore have comparable costs. The differences in the number of passenger trips along public transport routes are thus a result of the differences in regional structure. In the comparison between the 'Trailing – Suburbanisation' and 'Catch-up – Urbanisation' scenarios there is a difference of 172,000 passenger trips. The micro-economic benefit to operators stems from better utilisation of the available capacity. The macro-economic benefit stems mainly from the estimated shift (based on results of the model calculations) of more than 40 million motor vehicle journeys annually from individual motor vehicle usage to public transport.

These specific differences, as between the suburban and the compact regional structure scenarios, indicate the significance of having a land development policy which curbs suburbanisation in the inter-arterial region and supports development potential in existing

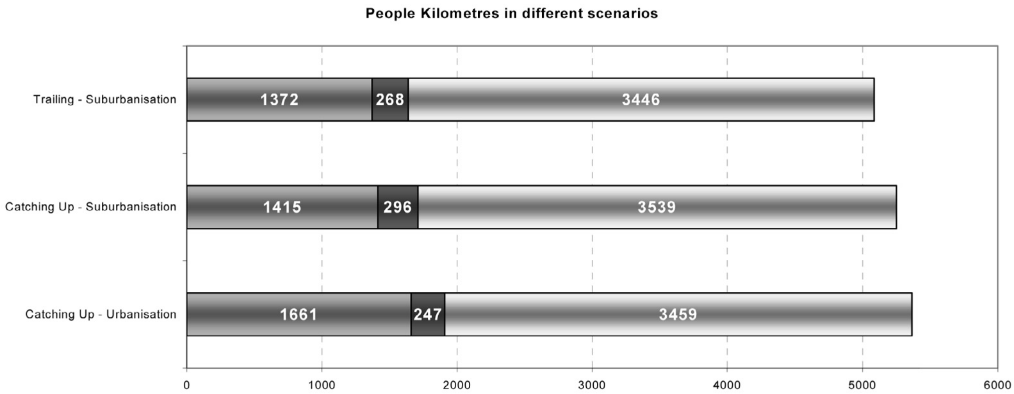


	Catching Up - Urbanisation	Catching Up - Suburbanisation	Trailing - Suburbanisation
Train	212	214	205
Regional Bus	32	38	32
Local Transport	415	350	336

in 1.000 LBF/d

Figure A2.2. Passenger trips on public transport routes according to the three regional structure scenarios.

Source: Calculations of PTV Dresden.



	Catching Up - Urbanisation	Catching Up - Suburbanisation	Trailing - Suburbanisation
Train	3459	3539	3446
Regional Bus	247	296	268
Local Transport	1661	1415	1372

in 1000 Pkm/d

Figure A2.3. Traffic volumes according to regional structure scenarios.

Source: Calculations of PTV Dresden.

residential area arterials and main arterials. At the same time, better utilisation of the routes results in a lower demand for public transport subsidies.

Strong suburban development shows a clear decline in the traffic potentials of public transport in the City of Leipzig. In the urban scenarios with compact regional development, the modal split improves in favour of public transport. In the suburban scenario the mobility potentials reduce in favour of the hinterland. Figure A2.3 demonstrates the magnitude of the change calculated in people kilometres.

The scenarios are again based on equal availability of public transport. The differences between the 'Trailing – Suburbanisation' scenario and the other extreme, 'Catch-up – Urbanisation' are surprisingly high at 281,000 people kilometres (Pkm) per day, a figure which translates to more than 80 million Pkm per annum.

However, it is not possible from the traffic results alone to determine which of the scenarios ought to be implemented. In reality there exists a close connection between regional controls and available financial resources, as each of the scenarios calls for a different level of financing. Annual differentials of the order of 39–90 million € accrue for public transport alone. Apart from this, the preferences of the inhabitants are fulfilled differently.

With a shrinking and ageing population, when the level of financing is not available and when the economic base remains weak, the aim cannot be to achieve maximum targets because suburbanisation is an all too easy outcome. The falling quality of public transport due to the removal of subsidies, necessitated by the city's lack of finances, will also force a reduction in the availability of public transport. This will in turn strengthen the tendency towards suburbanisation. This linking of effects restricts the number of options available. In this case a few ambitious but realistic targets would be preferable.

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