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2. FROM INDUSTRY TO SERVICES: THE CHANGING BASIS OF THE FRANKFURT/RHEIN-MAIN METROPOLITAN ECONOMY

2.1 URBAN ECONOMY AND THE DISSOLUTION OF THE CITY IN THE AGE OF GLOBALIZATION

Since the beginning of industrialization, the growth of most of Europe's larger cities has been linked to the growth of industry. Cities have partially evolved into the cores of larger economic areas that prospered with industrial growth. Due to the simultaneous transition to the 'second industrial divide' (Piore and Sabel, 1985) and to a society that produces more income and employment from services than from manufacturing, the economic base of cities has changed. De-industrialization and tertiarization of cities have therefore become quasi 'normal' processes of European city-reconstruction in recent decades, and new city trajectories have emerged, based in part on cities' historic (industrial) roots. Wherever economic actors rebind cities to the process of globalization or, as we will argue, the Europeanization of urban economic regions, the trajectory of these cities must be reinterpreted. This chapter will address the process of redefining the economic basis of the Frankfurt/Rhein-Main region in the age of globalization

The city, however, can no longer be regarded as a quasi-closed urban economic region, as its economic activity has increasingly come to extend outside its territorial borders. In particular, activities contributing to the globalization of the urban economy result in an increased demand for locations and space, which can no longer be fulfilled by smaller cities. Just as industries once left the city looking for wide-open spaces, physical infrastructure (like international airports), office complexes and huge logistics companies are also heading for the hinterland today. This is especially true of Frankfurt am Main. The city has less than 650,000 inhabitants, and, unlike other German cities, such as Berlin, Munich and Cologne, was unable to substantially expand its territory. Important elements of infrastructure that serve global economic actors are no longer located within the city's political and administrative territory. With Frankfurt's growing importance as a globalizing city, essential economic activities have moved into its hinterland, as well as into neighboring cities like Wiesbaden, Mainz and Darmstadt. While Frankfurt am Main is not the only city experiencing this process of "the dissolution of the city into its region" (Läpple, 1999), it is leading the way. Regarding the city's economic

globalization, the term ‘metropolitan region’ appears to be decisively more appropriate than ‘metropolitan city’, for only when the surrounding Rhein/Main Region is taken into account does Frankfurt become a powerful metropolitan region with more than 4 million inhabitants.

Many studies assign great importance to this region as a ‘second tier global city’ (see, for example, Friedman, 1995; Keil and Ronneberger, 2000). The metropolitan region, however, is economically defined - not politically. Attempts to facilitate the political institutionalization of the Frankfurt/Rhein-Main Region have been made repeatedly and are being intensified today. Whether or not political institutionalization will serve to improve the metropolitan region’s economic competitiveness remains an open question, and will not be addressed here (see Schamp, 2000).

In this chapter, the term ‘Frankfurt/Rhein-Main metropolitan region’ refers to a region that has been demarcated according to economic criteria for the purpose of analysis (Figure 2.1). The region possesses no political legitimization, most notably because the economic region straddles the borders of two neighboring federal states. This demarcation is partially legitimized by the fact that the regional Chambers of Commerce, which represent business interests in Germany, banded together under the name “Rhein-Main Forum” in the early 1990’s.

This chapter will describe the reconstruction of this city-regional economy, and its evolution from an economy of national importance to one of international importance. Reconstruction is a long-term, path-dependent process that is influenced by powerful actors from both inside and outside the region. Two things result from this. Firstly, the historical growth of the region’s economic structure plays a central role in the remodeling of its economic basis. The economic basis of cities and their surrounding regions often reflects an historically-based specialization that is no longer able to withstand the pressures of global competition. In this way, the Rhein-Main Region constituted one of Germany’s most important industrial production regions for quite some time. This chapter will examine the influence of the retreat of industrial production on the metropolitan region’s future role. Considerable differentiation, however, emerges among the individual industrial clusters, and, with the arrival of new services in the region, new areas of specialization also emerge, redefining the role of Frankfurt/Rhein-Main within the European city-system. In other words, the new role of the region would be insufficiently defined if limited to a financial center alone (see Chapter 5).

Secondly, newly emerging actors in the region, as well as the strategies of already established actors that must always be regarded as responses to current changes in the world, have a definite impact on the path of development. Foreign companies, particularly in the industrial sector, have been active in the Frankfurt/Rhein-Main region for quite some time, without causing massive changes in the role of the city and its region in the national and European contexts. These companies changed their strategies, and new companies with innovative strategies entered the scene, due purely to the circumstances of the 1980’s and 1990’s. These circumstances were related to increasing Europeanization within the context of creating one integrated European economic region. In reaction to this change in context, companies took steps that were partially anticipatory. The single European

market discussed in the 1980's and implemented in the 1990's totally changed the institutional arena of business for many companies.

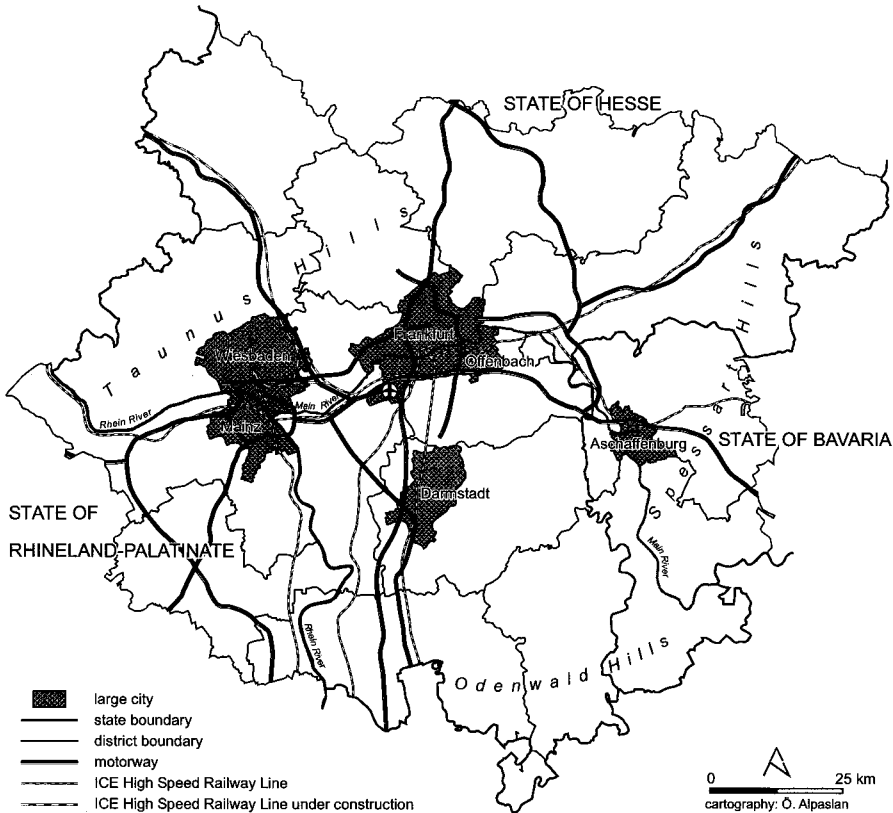


Figure 2.1 The polycentral metropolitan area of Frankfurt/Rhein-Main

The next section of this chapter will examine the tension that exists between the logic of territory and the logic of economic actors. Economic actors operate within specific historically relevant constellations against a background of existing institutions. Actors function according to a logic of social relationships that many researchers define as a network. While some institutions may be understood as being territorially bound - especially if they have been codified for a certain territory, networks are generally characterized by ranges that cross territorial borders. This is especially true of internationalized companies, as well as foreign companies investing in the region. One of the theses of this chapter is that the process of redefining regional structures has been considerably accelerated by the actions of globally operating actors. This has resulted in social and political tensions within the city-region that have yet to be resolved (Keil and Ronneberger, 2000).



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