

This is the accepted version of the chapter published by Routledge, Cucca R. and Maestriperi L. (2016) 'Varieties of post-Fordist transitions and labour market inequalities' in Cucca R. and Ranci C. (eds) *Unequal cities. The challenge of Post-Industrial Transition in times of austerity*. Abingdon and New York: Routledge, 21-44.

The final version is available at: <https://www.routledge.com/Unequal-Cities-The-Challenge-of-Post-Industrial-Transition-in-Times-of-Cucca-Ranci/p/book/9781138919464>

Varieties of post-Fordist transitions and labour market inequalities

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Introduction

This chapter focuses on the relations between economic specialization, occupational structure and effects of these features on the socio-economic inequalities characterizing middle-sized European Cities. In particular, it focuses on the major transformations of the last two decades, in order to understand how the post-industrial transition has affected the economic specialization of these urban contexts, and more recently, what have been the impacts of the financial crisis on the labour market of these cities.

As well know, recent and less recent trajectories of the European cities, both in terms of economic specialization and performance, have been heterogeneous, since urban contexts are embedded in different production regimes and because have responded differently to globalization dynamics (Gallie, 2007; Hall and Soskice, 2001). Cities have exhibited different trends in their general transition from a Fordist economic structure to a service-based economy by attracting global capital and highskilled workers through investments in infrastructures for connectivity, urban renewal programs, cultural and housing schemes, and different kind of urban projects oriented to foster specific economic sectors through differentiated policies tools. The spatial division of labour within firms production processes (Massey, 1984) has reinforced the diverse occupational structures of cities, and this has also fostered dissimilar patterns of inequality in the labour market structure among urban contexts (Cucca, 2011; Pratscheke, Morlicchio, 2012).

If a specialization pattern oriented to advanced business services and technological innovation has been estimated to be favorable for the economy growth of the region (as for example, the OECD innovation strategy launched in 2010¹), academic arguments linking specialization to metropolitan economic performance contain different, and sometimes conflicting, claims (Kemeny and Storper, 2012). It is especially difficult to come by hard evidence on how different levels and types of specialization affect employment and socio-economic inequalities.

In north America the shift to a service-based society has been mainly represented as a progressive trend of social polarization between the populations at the extremes of the labour market structure (Sassen, 1991; Nannicini, 2005): on the one hand a substantial increase of *high skilled workers* in the fields of ICT and finance; on the other hand a conspicuous growth of *low skilled workers* employed in services with low specialization tasks, badly paid and scarcely protected against unemployment risk.

As regards European contexts experiencing a huge shift towards the service sector, the main theoretical and empirical contributions on this topic have focused on the increase of income inequalities between social groups (Hamnett, 2003), rather than polarization (Fleming, 2004; Sassen, 2008; Goos and al, 2009; Oesch, RedriguezMenes, 2010; Fernandez-Macias, 2012). The passage from an economy based on manual labour to a system based on services is supposed to have promoted a substantial increase in medium to highly qualified jobs and a significant decrease in the lesser qualified ones. Investigations carried out on creative economy in cities (Florida, 2004) have further strengthened this theory, focusing on the identification of a

¹ See for more reference: <https://www.oecd.org/innovation/launchoftheoecdsinnovationstrategy.htm>

progressive process of *professionalization* of the urban middle classes in the first decade of the new century (Hamnett, 2003). In the last decade more complex configurations and effects of this post-industrial transition on the labour market in middle-sized cities have been however estimated (Musterd and Murie, 2010).

In this chapter we propose a focus on the relations between the economic specialization of cities and the transformations of the urban labour market during the last two decades, with a focus on how exogenous factors such as the pre-crisis growth and the recession affecting most of the European Countries since 2008 have been changing these patterns.

In the first section of the chapter, we analyse the main economic features of the local contexts in comparative view, with a focus on the changing structures of the labour market . In the second section, we describe the main patterns of economic specialization followed by the cities and the impacts on the structure of the labour market before and after the crisis. Finally, we link our empirical evidences to the most general theoretical literature on urban inequalities and to open new paths of analysis.

1. A general overview on the six cities

As already mentioned in the introduction, in order to take into consideration the varieties of urban systems existing in Europe (Gallie, 2007; Hall and Soskice, 2001), this book deals with six middle-sized cities - Milan, Barcelona, Munich, Copenhagen, Lyon and Manchester - comparable in terms of economic performance, but different as regards their welfare regimes (Esping Andersen et al., 2002).

It is worth starting by an analysis of their relative importance into global economy: the urban economies included in the present research appear differently located in the worldwide economic geography. The six cities are all European middle-sized cities, very different from global cities (Bagnasco and Le Galés, 2000) such as London, New York and Tokyo (Sassen, 2000) both in terms of size and of hegemony into global dynamics. Nevertheless, they all represent one of the main economic poles in their national countries, if not their main pole with the exception of United Kingdom and France, whose capital cities are the most important global cities of Europe (Bagnasco and Le Galés, 2000).

Tab 1 - The six cities by inhabitants and global city ranking (2012)

	Inhabitants	GAWC ranking
Copenhagen	549.050	Beta +
Munich	1.364.920	Alpha -
Barcelona	1.620.943	Alpha -
Lyon	1.321.495	Beta -
Milano	1.262.101	Alpha
Manchester	506.800	Beta

Source: Eurostat Urban Audit and GAWC network²

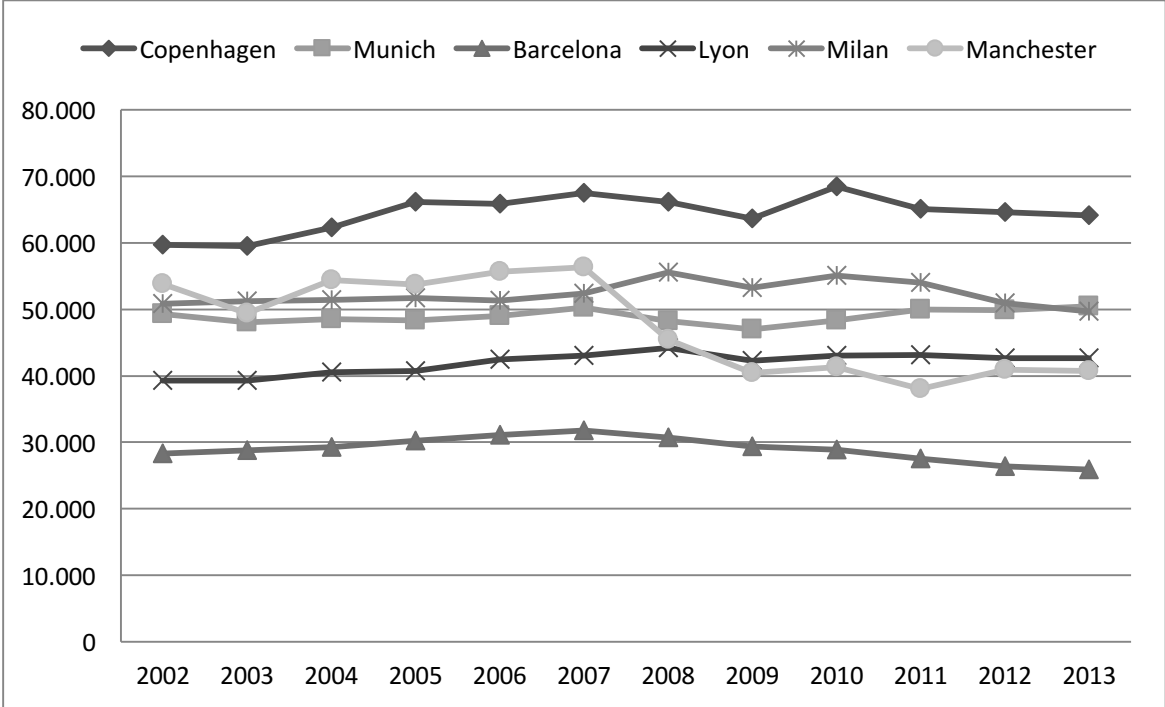
According to the GAWC ranking (GaWC, 2008), Milan especially plays a role of crucial importance in the European economy, being the place of the Italian Stock Exchange. Barcelona and Munich, the productive capital of Spain and the capitol of the Bavaria Lander, are lower in position with regard to the Italian city, but still very globally important; Manchester and Lyon, although their importance into their national economies, seem to “suffer” the central role of the capital cities in their respective countries. A different situation concerns Copenhagen, which is the administrative capital of Denmark: in this case, the role played by such a small country in the global network is limited, so that the Danish city is suffering a more peripheral role of the entire country in the globalization dynamics.

As a second element of similarity, the six cities have been interested by the same economic trends during the ‘00s, with a differentiation that emerged only after the financial crisis,

² To access the GAWC ranking please consult: <http://www.lboro.ac.uk/gawc/world2012t.html>

determined more by the relatively different economical performances of their nation states and by the different composition of their local productive systems (Crouch et al, 2001). During the first years of the past decades, in fact, all the cities have experienced a substantial GDP stagnation between 2000 and 2007.

Graph 1. Time series of variations in the GDP per capita, 2002-2013 (NUTS 3 level).

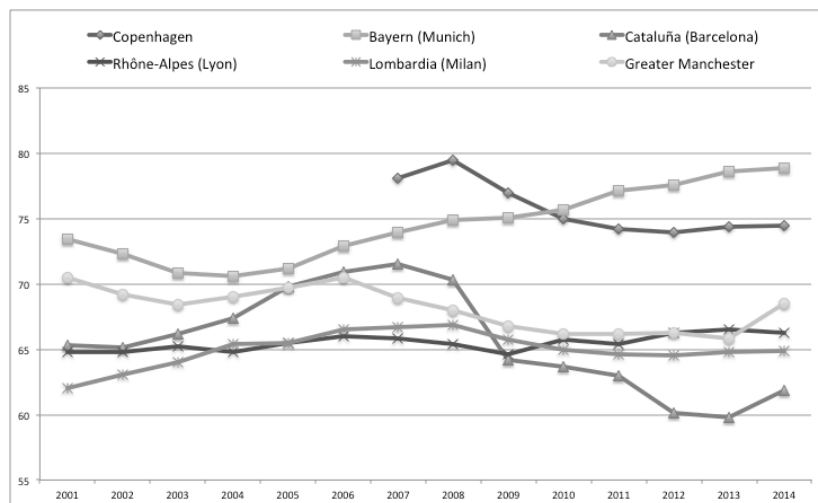


Source: Eurostat online database. Authors elaborations: price at 2015 . Data extraction: March 20, 2016

This similarity in the economical trend has been progressively disrupted by the financial crisis, with cities like Barcelona and Manchester suffering from financial crisis more than others. While Copenhagen and Munich have continued their positive trend even during the years of financial crisis, Manchester has been recovering in the last years and Milano is still stacked in the crisis. According to this indicator, cities such as Copenhagen and Munich, although taking a weaker position in the process of globalization, have experienced a strong economic growth, while other cities more relevant in the global economic geography, such as Milan, have registered a lower increase in economic wealth.

This fact has greatly affected also the situation related to unemployment (graph 2). Before the crisis, the positive economic trends witnessed by these cities have lead to important results in terms of occupational structure: a general convergence in the decrease of unemployment trends, although starting from extremely different situations.

Graph 2. Time series of variations in the total employment rates, 2001-2014, for each city-region (NUTS 2 level)



Source: Eurostat Urban Audi. Data extraction: March 20, 2016

During the crisis, however, the situation has significantly changed with cities like Munich continuing a steady growth of employment even after 2007, Lyon basically keeping the same employment rate, and cities like Barcelona, Milan, Copenhagen, and Manchester experiencing a decrease in the participation of their population to the labour market (although Manchester and Barcelona seem to be recovering in the very last period). To sum up, the crisis has affected most of the cities included in our investigation and has especially contributed to increase inequalities between cities from Northern and Southern Europe, affecting also competitive contexts such as Barcelona and Milan. In these contexts the crisis has promoted an exacerbation of social inequalities inside the cities themselves increasing processes of social polarization: on the one hand a strong process of concentration of wealthy inhabitants; on the other hand an increase of households at risk of poverty. As tab 2 shows, in national contexts such as Italy and Spain there has been a particular concentration of wealthy households in urban areas, while at the same time the percentage of people at risk of poverty in cities has grown in all the contexts considered with the sole exception of France.

Tab. 2 Percentage of households having income over 160% of the median income in cities (definition Eurostat)

	2008	2009	2010	2011	2012	2013	2014
Germany	18,2	18,0	18,4	18,3	16,7	17,7	18,3
Denmark	13,1	12,0	12,9	15,6	13,7	13,2	14,2
Spain	25,4	25,4	25,8	27,3	27,1	-	27,6
France	18,5	19,0	18,1	19,4	18,8	19,4	17,6
Italy	20,1	21,0	21,7	21,0	21,3	21,2	21,3
United Kingdom	19,0	18,6	17,9	19,9	18,8	18,8	17,7

Source: Eurostat Database

Tab. 3 At risk of poverty rates in cities (definition Eurostat)

	2008	2009	2010	2011	2012	2013	2014
Germany	15,1	14,8	15,9	14,2	16,4	16,2	17,0
Denmark	16,0	16,8	16,2	16,4	19,6	18,3	19,3
Spain	16,9	16,7	16,9	16,2	18,0	16,6	19,0
France	14,2	14,1	15,1	16,4	15,3	14,1	14,2
Italy	17,6	17,0	17,9	19,4	18,8	18,3	18,5
United Kingdom	20,0	18,6	18,5	17,3	17,9	17,9	18,6

Source: Eurostat Urban Audi. Data extraction: April 1, 2016

The trend in growing inequalities, established in Europe before the financial crisis, has been actually magnified by the concurrent negative economic trend (Piketty, 2014). The factors

affecting this trend are several, but in this chapter we identify the changing economic specialization of cities and its effects on the labour market as one important factor to take into consideration in order to understand how the structure of socio-inequalities has been changing in the European cities.

2. Varieties of urban post-industrial transitions

In the following paragraphs, we present different patterns of post-industrial transition that we consider quite exemplar in representing the shift towards an urban serviced-based society in European Cities. These cities are located in areas (NUTS2)³ where the shift towards a serviced based society has been mostly accomplished, although at different level and following different economic specializations. In some areas, the manufacturing still plays a relevant role: in the province of Milan still one fifth of the work-force is employed in manufacturing, while in Munich and Manchester this percentage is much lower. Huge differences also characterize the percentage of the workforce employed in public administration, education and care: again the most important differences can be found by focusing on the case of the province of Milan (16,3%) and Munich (34,6%) (Tab. 3);

Tab 4– Employment structure, 2014 at NUTS 2 regions

	Munich	Copenhagen	Barcelona	Lyon	Milano	Manchester
Industry	8,7%	19,8%	18,4%	17,7%	26,4%	11,0%
Construction	4,2%	5,8%	6,0%	6,7%	6,2%	7,2%
Traditional services	21,8%	21,5%	28,2%	21,1%	22,5%	25,5%
Advanced business services	23,4%	23,1%	17,7%	16,1%	19,5%	19,6%
Public administration, education and care	34,6%	23,6%	19,9%	29,6%	16,3%	30,1%
Other services	6,6%	4,6%	8,3%	5,3%	7,6%	5,0%
Total	866,4	2.342,1	3.006,1	2.673,6	4.152,4	1.234,4

Source: Eurostat Regional Database

Additionally, the economic structure of these cities has been oriented to different specializations identifying a variety of post-industrial transitions.

Firstly, we focus on Manchester and Milan. These cities symbolize an urban transition to Post-Fordism characterized by a shift from a context historically based on manufacture to a local economy oriented on the financial sector and the creativity industry. However, after the crisis, while Manchester is increasing its employment's performances in the advanced business sector, Milano demonstrates the potential difficulty of a transition into post-industrial economy. In fact, although the city council has remarkably invested in sectors as design or fashion, the local production system is still composed in its major part by traditional services, as food and accommodation, care or transports. Those branches are in general characterised by a demand of low skilled labour and poor quality of jobs (seasonal contracts, with reduced working times or characterised by a strong turnover of the workforce). The crisis has even magnified the trend as long as the only growing occupational sector is food and accommodation (see table 3).

Munich and Lyon present an urban economy particularly oriented towards research and innovation, thanks to a body of strong public policies supporting a mixed path of development. This is a pathway toward a service-based economy also characterized by a high level of coordination, with still a huge role played by the public sector in providing services for the citizens.

Barcelona and Copenhagen have developed strategies oriented on urban renewal. However, while in Barcelona urban renewal has especially gone with the development of tourism and construction before the crisis (whose are sectors still strongly affected by the crisis), in

³NUTS 2 level are the only data available in the Eurostat Database suitable for comparative comparison

Copenhagen this infrastructural development has been more oriented in supporting an advanced pattern of production. With advanced production, we mean all those activities that need an highly skilled workforce to be put in place and that have knowledge as one of their main input factor in its production: this is valid for the service sectors, as advanced activities are consultancies or professional services and for production, as advanced activities are high-tech companies or R&D enterprises. In the next paragraph we describe how these patterns have been changing over the last decades and what have been the main effects on the occupational structures of cities.

Tab 3 - Employment growth rates, comparison between 2008 and 2013 NUTS 2 regions

	Munich	Copenhagen	Barcelona	Lyon (*)	Milan	Manchester
Manufacturing	17,5%	3,4%	-28,0%	-2,5%	-15,0%	-9,8%
Construction	197,9%	-10,1%	-53,3%	-3,5%	-11,3% (**)	-28,7%
Wholesale and retail	22,4%	-1,8%	-11,4%	-0,3%	-4,3%	-0,9%
Transportation and storage	12,6%	-5,2%	-16,8%	-2,1%	-6,6%	-5,3%
Accommodation and food service activities	44,0%	-20,9%	-3,0%	-7,4%	9,0%	-4,3%
Information and communication	36,2%	9,4%	-10,5%	-8,3%	-4,6%	-5,2%
Real estate activities	12,8%	-6,7%	-26,0%	21,9%	-17,2%	52,8%
Professional activities	33,9%	9,6%	-10,8%	9,7%	-1,2%	15,8%
Administrative and support service activities	45,5%	-11,7%	-9,0%	3,0%	4,8%	3,6%

Source: Eurostat Regional Database, (*) value for 2010, (**) Value for 2011

2.1. Cities of finance

2.1.1. Manchester

Manchester symbolizes an urban transition to Post-Fordism characterized by a clear shift from a productive context historically based on manufacture to a local economy focused on advanced service sector and especially the financial sector.

During the XIX and XX centuries Manchester has been the symbol of the industrial and Fordist metropolis, while at the beginning of the XXI century it is a city where financing and support activities, such as banks, insurance companies, law firms, labour supply companies, accounting agencies, are the main engines of the economic growth. Professional and financial services are now considered the key sectors: outside of London, Greater Manchester is the UK's main centre for this sector, employing 324,000 people and generating £16.2 billion of GVA annually. Another important sector is the one represented by life sciences, in particular by biotechnology and health services provided for by the National Health Service. It employs 177,000 people generating annual GVA of £4.2 billion. Other two specialized sectors are increasingly important: the ICT industry (hardware, software, IT management) and the world of creative industry (publicity, TV and cinema, architecture, electronic publishing) which together account for about 10% of the local workforce, but they play a strategic role in defining the specificity of the urban economy (Manchester Factsheet, 2014).

Together with the above-mentioned strategic sectors, Manchester still shows the traditional manufacturing legacy: the total of food, beverage, textile, engineering, car and chemical industries accounts for about 11% of the global workforce. This figure is however constantly diminishing because of the reduction of the number of employed people, due both to the introduction of massive and intensive labour technologies, and to the increasing foreign competition based on lower labour costs. The crisis has just dramatized this trend: between

2008 and 2013, these sectors have lost in the region the 10% of the labour force. This pattern strongly oriented to financial and advanced sector has led to a more polarized society, at least in terms of occupational structure. In the English city, around 30% of employment is today considered *highly skilled*, a percentage very similar to the presence of *low skilled* workers, which composes, therefore, a picture of a particularly polarized labour market (MIER, 2009). During the last twenty years, in fact, Manchester has assisted to a 120% increase of employment in this sector, and a vertiginous decrease of medium skilled workers employed in the manufacturing sector, gradually aligning the city labour market situation to others English contexts (MIER, 2009). Here, the process of financialization has affected a larger sector of the labour force, while workers in the sector of services and part of the manpower expelled from the industrial sector at the end of the Eighties, lie at the bottom of the social structure. The passage from the urban contexts in the past characterized by a strong industrial and productive tissue, gradually substituted by activities connected to the financial sector and to non-regulated services for the person, has promoted severe social cleavages. The path of the town of Manchester looks as rather emblematic: a large strata of the former industrial working class have not had a painless access to the new post-Fordist economy, while other social classes have gradually emerged into the financial and knowledge economy (Manchester Factsheet, 2014).

In comparison to the national context, Manchester shows a more polarized structure of the labour market: approximately 23% employed as professional in comparison to the 20% at national level, but more workers employed in elementary occupation (13,4%) compared to the English average (10,6%). Data represent this urban context as a pattern more going to polarization (Sassen, 2001) rather than rising inequalities (Hamnett, 2003).

2.1.2 Milan

Among the urban contexts analysed in this book, the Italian city is the city with the higher relevance of the manufacturing sector, although not knowledge intensive oriented (Mutinelli, Mariotti, Bannò, 2007), and a service sector strongly oriented to finance.

For most of the Twentieth century, Milan represented the engine driving the industrial development of the nation, showing a growth model based on big industries and on a specialization mostly oriented on mechanics. From the end of the last century, this model largely has disappeared and has been substituted by a different production pattern (Artoni, 2005): an industrial sector mainly oriented towards medium-technologically advanced specializations, a lower presence of big companies into the manufacturing sector, a gradual expansion of advanced business service. More recently the main projects and investments for Milan have been focused on the organization of the International Expo 2015, a project firstly characterized by scandals and contestations, but lately considered quite successful for the city in terms of international visibility and urban branding, although the final impacts on the urban economy have not been clearly estimated.

Milan present an economic structure highly fragmented in different sectors: it is highly diversified, relatively non-specialized and service based, but also anchored to the manufacturing sector. However few strategic sectors symbolize the Milanese economy abroad: in particular, these activities are connected to fashion, design and publishing, but most of all to finance. It is the degree of financing of the local economy that mostly defines Milan as an important centre of global economy, being the place of the Italian Stock Exchange. More recently, a huge attention to the development of innovative forms of sharing economy have been the new strategic orientation of the economic policies of the new municipal administration and the assumption is that they can produce not only high skilled employment but also occupational inclusion for broad sections of the population. However, it is too early to see the first concrete results in terms of employment recovery and social inclusion.

The last available on the occupational structure of the city show that, in comparison to Manchester, the driving financial and advanced services sector, as well the creative industry,

does not seem to have had such a significant widespread impact on the urban employment structure, from a point of view of professionalization. While between 1971-1991 (Petsimeris, Rimoldi, 2015) the increase in entrepreneurs and professionals has been huge, being in 1971 this group only the 3% of the labour force and in 1991 the 11%, between 1991-2011 this group has increase only of 2%, now weighting about 13% of the employed individuals. However, this group is the only which has not been dramatically affected by the recent economic crisis: between 2001-2011 the medium-high skilled workers such as managers, executives, and white collar workers have showed a sharp decrease (-11%), and the share of other dependent workers has dropped by 20% (Petsimeris, Rimoldi, 2015). This has been due especially by the huge retrenchment of the labour force employed in manufacturing and construction sectors, as the regional data show (Tab. 5). The only sectors whose have experienced a growth after the crisis are in the traditional service area, such as care, food and accommodation, maybe for the effect of the recent international Event Expo 2015.

To sum up, the pattern of economic development of Milan seems to follow a “lower road” (Trigilia, 2009), mainly based on traditional services, in comparison to other European cities where the advanced service sector has been a key ingredient of the economic growth. However, the crisis has just exasperated a trend already at work before 2008, due to the high relevance of sectors such as the construction sector and not highly innovative manufacturing productions in the economy of the region and of the city. This pattern has been mainly characterised by the increase of inequalities in terms of income distribution. In fact, among the OECD countries, Italy is the context where the difference between the middle class and the richest group has grown faster during the late decades (IRES, 2010) and before the crisis Milan has been estimated being the most unequal city in the country (D’Ovidio, 2009) Basically, as well as in Italy in general (Fiorio, 2011; Ires 2010) the highest incomers have been the group more advantaged by the economic, while the other workers have experienced a freeze in their income.

To sum up, Milan represents a pattern of development increasing inequalities between few high-income households and a rest of the population affected by low salaries, in a general national framework of increasing relative deprivation for the middle class (Ranci, 2010).

2.2 Cities of research and innovation

2.2.1. Lyon

The urban economy of Lyon is characterized by a production sector oriented towards research and innovation, promoted by a strong body of public policies (Musterd and Murie, 2010). In this city it is wrong to consider the survival of the manufacturing sector as marginal or as an element of backwardness, being the result of local development policies promoted especially by regional and/or national strategies. Among the most important clusters of production we can find medical industries profiting from synergies with an important systems of hospitals and Institutes for medical research; environmental industries specialized in non-polluting chemical activities; the car industry and the textile industry, still employing a relevant number of workers; sectors more connected to the creative economy such as video games, multimedia, cinema and the fashion industry, with more than 18000 people employed.

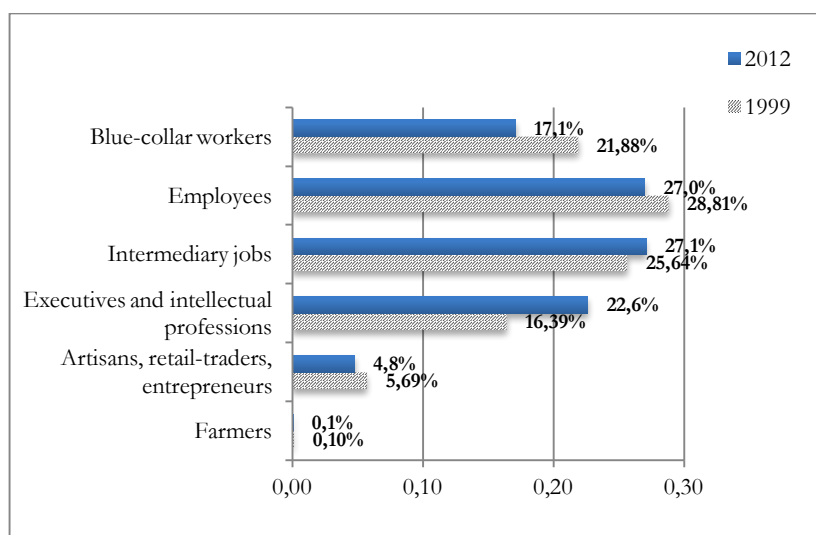
The public intervention has played a crucial role in this pattern of development, often reinforcing the key sectors for local competitiveness, with particular reference to the so-called CP-Clusters for competitiveness introduced from 2004 onwards by the French government who finances them together with local authorities (Observatoire partenarial en économie, 2006). Their aim is to embody an association of business partnerships, research centres and formation institutes having the purpose of creating high levels of innovation. As a result, there is a widespread presence of leading French firms in Lyon, also in sectors that are not particularly advanced (like the car sector or the cosmetic sector) whose are mostly financed by the State, but they envisage for the payment of local taxes for the settlement of these activities on the territory.

The crisis has only in part affected this mixed pattern of development, having the manufacturing lost only the 2,5% of the workforce after 2008 in the whole region.

Although also this context (Tab. 2) shows a prevailing occupation in services, this tendency is definitely less marked compared to other urban realities analysed in the present research: in fact, more than a quarter of the workforce is employed in the public administration, educational and social or sanitary services; approximately the 16% is employed in advanced business services and a fifth in the traditional services sector.

As far as the occupational structure is concerned, the situation of Lyon is definitely different from Milan and Manchester. In the French city we observe a concentration of jobs requiring a medium level of specialization that is coherent with the profile of an urban economy quite mixed where, beside public employment big industries still play an important role. In few words, the situation of Lyon appears substantially oriented towards a progressive professionalization, due to the increase of *medium* and *high skilled* positions: the most significant differentiation in the employment structure in comparison with other cities presenting a mixed pattern of development such as Milan (or Munich) deals with the reduction of low-qualified workers employed in the production, that in the last decade have been particularly affected by unemployment, and at the same time a moderate increase of managers and professionals.

Graph. 1 Active population (15-64) per socio-professional category



Source: INSEE *Recensement de la population 1999 and 2012*, Données locales.

In terms of income distribution, consistently with the national picture, before the crisis Lyon used to be characterized by low inequalities in comparison to the other cities. Again, the comparison with Milan is quite meaningful: in 2005 in Milan (America Data base, 2007), the rate between the first decile and the tenth decile was more than 20 times higher, while in Lyon the rate between the ninth decile and the first was barely 5 times higher (Insee-DGI, 2005). However the effects of the crisis have been relevant on the lowest incomers (Keeley, 2015): at national level, the top 10 percent of real incomes in France increased by 2 percent per year during the crisis, while the incomes of the bottom ten percent decreased by 1 percent each year (compared to an average annual decrease of 2 percent). To sum up also in France the crisis has accelerated a process of professionalization fostering more inequality between high and low incomers.

2.2.2. Munich

Transformations marking the recent economic transition in Munich are summarized in the concept of *Muenchner Mix*, an original combination of different production sectors and economic policy strategies, represented by clusters of entrepreneurial, research and training institutions

with a rather homogeneous territorial diffusion into the whole urban area. Among the production clusters there are many links between sectors apparently belonging to different phases of the economic history of the city. For example, the sector of advanced technology, instrumentation and control has “wedged into” the traditional car industry. Similarly, the historical industry of medical instrumentation and pharmacology has given birth to more advanced branches of biotechnology. For these reasons, Munich is not only a city of big multinational companies but it is also an urban context where small and large business firms meet and mingle together. In fact, the *Muenchner Mix* model also includes a specific protection plan for small business firms and of handicraft, with the creation of the *Gewerbehoefe*, a sort of Business Park with a concentration of small and very small business firms. With respect to other urban realities focusing only on a closed number of production sectors, the strength of this city appears to be this diversification and mingle, because the crisis of a sector can be absorbed and balanced by the presence of other sectors.

These clusters of companies operating into the manufacturing sector as well as in cognitive, service and creative fields are characterized by a strong relationship between academic and scientific research. In fact, a particularly lively sector in Munich is represented by creative and knowledge industries, employing approximately one third of the working force. Funding for research and development (R&D expenses) have been considerable increased not only in town but also in the entire suburban area.

It is also important to highlight that at NUT2 level (Tab. 2) more than one third of the workforce is employed in the public sector, in education, care services and especially in the local administration. In Munich public authorities have shown a good ability in defining present characteristics of the economic system. In particular, we refer to the so-called *Perspective Munchen*, an urban development strategy adopted by the municipal government since 1998 onwards, and taking into consideration various elements of the town development: in fact, it is not only focused on economic aspects, but it deals from time to time with different priorities.

Very successful labour market figures keep Munich out in front in statistical comparisons of Germany's major cities. No other city of more than 500,000 people has a lower unemployment rate.

The service industry accounted for the largest share of employment growth in 2014, creating around 13,500 new jobs and thus expanding by 2.1 % in just one year. Demand was especially strong in MINT jobs (Mathematics, Information Technology, Natural and Technical Sciences), in retail, healthcare and in social services. However, and in counter-tendency in respect to all the other cities studied in this research, very fast growth was also seen in the manufacturing sector (+7.2 %, adding about 6,500 new jobs).

The *Muenchner Mix* of innovative and diversified clusters in Munich generates the town with the highest condensation of *high skilled* workers (approximately one third of the workforce) in the whole Germany, mainly employed in the sectors of creative industry, research and development and finance (Mazzoleni, Pechmann, 2014). This pattern has fostered a high concentration of highly specialized workers, but at the same time it has coincided with an increase of high skilled workers, in the traditional service sector. Furthermore, the labour market is more polarized in Munich region than in Germany as a whole. Although this fact has negative effects in terms of income inequalities, it is partly compensated by a welfare system that tries to mitigate income inequalities (Mazzoleni, Pechmann, 2014). In terms of income distribution, the situation of Munich before the crisis was slightly higher to the one registered in Lyon. However, inequalities have not increased remarkably after 2008 in Germany (Keeley, 2015). This mix pattern of development has been quite successful at creating employment conditions respondent to both high skilled workers employed as professionals and managers and both to a large group of technicians and employees. The dark side of this still positive picture is a progressive pattern of polarization that has not developed in its negative features as in other cities investigated in the present research, due to the very good economic performance of the urban and regional context as a whole.

2.3. Cities investing in urban renewal

2.3.1. Barcelona

The stress on urban renewal is the peculiarity of the urban development that, in the last two decades, has characterized Barcelona. During the XIX and XX centuries Barcelona grew like a classical Fordist urban context, very “dense and compact”, profiting also from its position on the sea. For many aspects, although a strong shift to a service based economy, the area of Barcelona has been for a very long time the main engine of the Spain development. An indication of this feature is that Catalonia (and the metropolitan region of Barcelona, in the internal part of the region) is the biggest exporting area of all Spain. The upswing of the Catalan economy before the huge crisis in 2007 has been mostly due to a combination of factors, like the Spain’s entrance in the EEC (1986), the economic international cycle of the Eighties and the strong economic growth of Spain, whose GDP, until 2007, constantly expanded beyond the average of the EU countries.

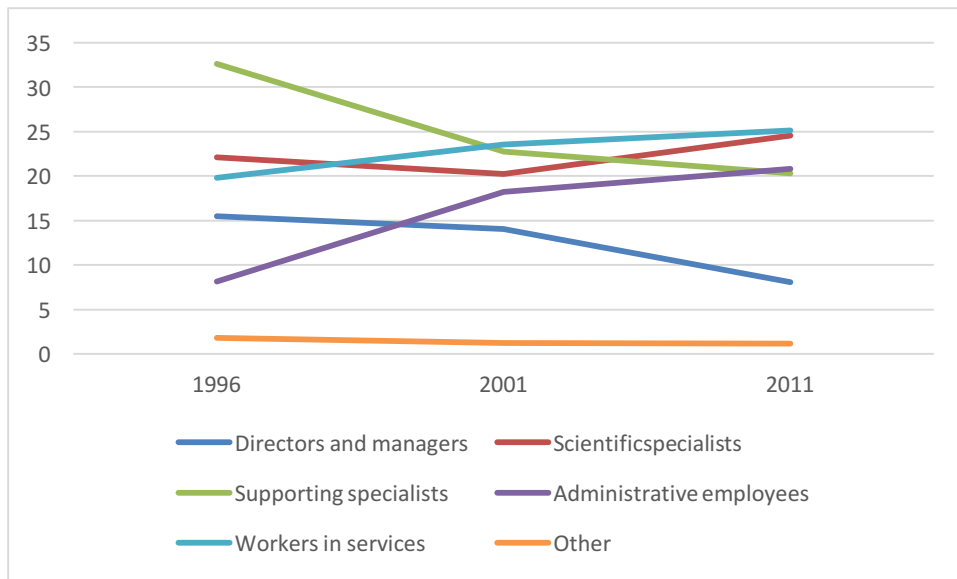
However, a series of endogenous causes have converged on the contextual factor, among which: the existence of a lively local production, mainly represented by small and medium-sized business firms; a strong local identities and a growing entrepreneurial culture; a particularly dynamic institutional environment open to the demands of the production system; and finally the promotion of huge projects of urban development. In spite of the persistence of some “industrial” characteristics from the Nineties onwards, the shift to a service based economy significantly changed the urban aspect, partly because of the delocalization of the manufacturing activities outside the *core* area of the city and also due to the forced introduction of a knowledge economy in the urban context.

However the ability of the local actors to identify and mobilize capitals and resources supporting dynamics for urban development has been particularly important, especially having a positive effect on the expansion of the touristic sector. This was mainly due to opportunities generated by the Olympic Games in '92 that increased the flow of tourists. These flows are also the result of a significant increase in activities connected to art and culture, often as a result of urban requalification programs and of a strategic management of important events (in particular of the Olympic Games in 1992).

As previously underlined, especially in the core area of the town, has been represented by the role undertaken by the building sector, which steadily increased from 1992 to 2007 thanks to the incentive created by important events (the Olympic Games and the Forum of Cultures in 2004) and then started significantly to suffer from the consequences of the economic crisis until being one of the most important cause of the recent economic collapse. In Spain the main features of the financial crisis have been the speculative bubble in the real estate sector and the decrease of demand in all the other sectors. For the last ten years the real estate sector was the main economic sector of Spain, acting as a locomotive of the other economic sectors. The financial flexibility in obtaining credit from the banks reinforced the dynamism of the sector with increasing prices of dwelling. Whereas in some regions of Spain the real estate sector was by far the most relevant activity, in Barcelona the structure remained more diversified and with several economic activities. Nevertheless, the crisis has also affected the region with a decrease in the demand of goods and services and a decrease in tourism.

As far as the effects on the occupational structure of the city is concerned, the crisis has basically frozen the slow process of professionalization characterizing the city before 2007 (Eastaway et Al. 2009), due to the entrance of Barcelona in the sector of knowledge economy, whose cultural liveliness has progressively attracted not only tourism, but also competences and professionals from every part of Europe.

Graph. 2: Active population (15-64) per socio-professional category



Source: Idescat, 2015

However, like Milan, also Barcelona seems to be oriented in developing an economic structure oriented to a “low road to flexibility” (Trigilia, 2009). The most recent data show quite clearly that most of the recent slow recovery from the crisis has been focused on not-advanced services (IDEscat 2015).

2.3.2. Copenhagen

Copenhagen is the only capital among the urban contexts analysed in this research, and this element is an important aspect to be taken into consideration in order to grasp the characteristics of the economic profile of the Danish city. Although the transition from a Fordist to a post-Fordist urban context is a significant interpretation also in the case of Copenhagen, its administrative and political role has been crucial for the whole of the XX century, associating industrial aspects with the presence of a strong administrative sector. Moreover, during the XX century the Danish welfare pattern has promoted the diffusion of an economy founded on a strong public sector of services. This historical heritage matches today with a pronounced shift to a service based economy, although less “high technology oriented” in comparison to cities such as Munich or Manchester (OECD, 2009). However, the economy of Copenhagen presents a solid export-oriented position in various economic sectors: transportation, logistics, business services, agricultural products, technological products, biopharmaceutical products and medical instruments.

This pattern of development has been fostered by huge infrastructural projects, the most important one being Ørestad (Majoor, 2008). It has been part of a broader process of urban development in the Danish capital through the creation of the Transfrontier region (Denmark-Sweden) of Øresund, thanks to a bridge connecting Copenhagen to Malmoe. The area extends to the south of Copenhagen and has been planned to host high-tech firms (60%), research centres and universities (20%), as well as middle-class houses (20%). The whole Øresund region project, coupled with the expansion of the flight routes, has transformed Copenhagen in the most important hub for the North-European countries (Majoor, 2008). However, it is also a project that has been affected by important re-orientation as result of the crisis that has, although more lightly than other contexts, affected Copenhagen (Majoor, 2015).

The urban development policies have also had a direct effect on the capacity of the city to attract professionals. Between 1997 and 2013 the percentage of high skilled workers (top managers, upper-level employees and professionals) has grown from the 17% of the labour force to the 37%, while at national level the increase has been 10% less (Our Elaboration on Statistik Denmark, 2015), while the percentage of low skilled people has gradually decreased (-11%).

This has triggered off *gentrification* processes (Chapter 3 in this Volume) that, on one hand have gradually lead to the partial replacement of the urban population (Bayliss, 2007) and on the

other hand have promoted the image of Copenhagen at an international level as a beautiful, sustainable and liveable town, also enhancing its touristic potentialities. As far as the social impacts of the economic pattern in Copenhagen is concerned, the replacement of the population and the expulsion of the low – middle class represent the most important dimension of inequalities (Chapter 3 in this Volume). This is the mechanism most important to understand the change in the income distribution in the Danish city: in few years the number of taxpayers with high income has doubled. It is a pattern consistent with a general up-ward social mobility of the city that corresponds to the severe increasing cost of life (UBS, 2009).

3. Conclusive remarks

The socio-economic structure of European cities has dramatically changed over the last twenty years. The effects of transition, from Fordist economic and productive structures to economic realities differently shifted into the service based economy and in global economic flows, have materialized in new social assets showing different tendencies.

The analysis of the main transformations undergone by the urban economies and labour markets confirms Hamnett's assumption (2003): the European cities have answered and are still answering in a different way to the challenges presented by globalization dynamics, by developing (or not developing) strategies to support diverse economic sectors, in most cases as results of the entanglement of multilevel governance structures. In Europe, it is quite difficult to picture cities as "independent actors" in the global competition, due to the important role played by multiple level of governance in orienting the strategies. However, huge differences exist and have been magnified by the recent crisis. These different trajectories greatly influence chances of recovery for the local economy and the labour market.

In general, we can state that the crisis has been a severe "stress test" for these cities. The economic trends had been mainly positive in the last decade before the crisis, both in terms of GDP per capita and transformation of the labour market structure (decreasing unemployment and professionalization). However, also before the crisis it was clear that the post-industrial transition was characterized by the reproduction of stronger inequalities, through mechanisms established in European countries before 2007, fostering a situation which has indeed been magnified by the concurrent negative economic trend (Piketty, 2014).

It was however already clear before the crisis that the trajectories of these cities were oriented, more or less consistently with the national picture, to different patterns of post-industrial transitions. Cities such as Munich and Lyon have been characterized by a "high road to post-industrial transition"; in these cities the economic system is particularly oriented towards research and innovation, thanks to a body of strong public policies supported by national, regional and local levels of governance reinforcing a mixed path of development. This is a pathway toward a service based economy also characterized by a high level of coordination, with still a huge role played by the public sector in providing services for the citizens and saving medium to high skilled jobs positions. This pattern has been the most successful in terms of ability to answer to the crisis by keeping or increasing the local participation in the labour market, and to some extent containing inequalities in the labour market, although polarization in Munich and distance between professional groups in Lyon have been growing also in these contexts.

Manchester and Milan symbolize an urban transition to Post-Fordism characterized by a shift from a context historically based on manufacture to a local economy oriented to the financial sector. Beside this important characteristic, however, these cities presents also two important differences: while in Manchester the post-industrial shift has reached its peak, Milan is still anchored to less advanced sectors, both in manufacturing and in the service sector, while occupation in public administration is still very high in Manchester. In these two cities the effects of the crisis on unemployment has been quite important, but while Manchester seems to be recovering recently, especially with a growth in the advanced services, Milan is still stuck in a difficult situation and the recent growth of not advanced services seems to be oriented to a "lower road" of post industrial transition. In these contexts polarization (in Manchester) and income inequalities between professional groups (in Milan) are sharply increasing.

Barcelona and Copenhagen both have developed strategies strongly oriented to urban renewal and infrastructural projects before the crisis. The decline in the participation in the labour market has been huge in both cities, although they were in very different positions before the crisis. However, while in Barcelona urban renewal has especially gone with the development of tourism and construction before the crisis (whose are sectors still strongly affected by the crisis), in Copenhagen this infrastructural development has been more oriented in supporting a more advanced pattern of production. Also in this case the South European context seems to suffer an orientation towards a lower road in its transition, while Copenhagen is recovering occupation in many strategic sectors. To sum up, the large majority of cities whose have been able to invest and develop in a “high road” to post-industrial transition (Munich and Lyon) have been the contexts suffering less the impacts of the crisis in terms of occupational structure or have been recovering more recently (Manchester), while cities oriented to a “low-road” have more problems in coping with the effects of the recession.

Additionally, the economic specialization is an important factor also in order to understand how inequalities in the labour market are changing, both in terms of inside-outside divide, and increasing polarization or growing inequalities between professional groups. Especially after the crisis, “trends” towards the professionalization of the workforce are indeed the results of a processes of expulsion from the labour market of groups that are not able to find room in a very tiny and selective labour market; at the same time the recovering of low skilled occupation in some cities seem to be, at least temporary and for some marginal groups a chance to exit from unemployment, although the “lower road” is not particularly forward looking as local development strategy. In general, what is emerging is a general process of dualization of the labour market that has different results in terms of inequality according to the general structure of the local labour market. To sum up, especially after the crisis, it is clear that only such cities whose have been able to develop and consolidate a “higher road” of post-fordist shift (in most cases embedded in a supportive multilevel system of governance) are still, at least in part, close to the picture representing European Cities as a space where the middle class has still room for preserve itself.