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Regulating a Booming City
The contingent ebb and flow of urban office provision and regimes of urbanization in a global city

Ralph Ploeger
R.Ploeger, OGA, Oficina Desarrollos de Amsterdam, y Facultad Ciencias Ambientales, Universidad de Amsterdam
Ploeger R.Ploeger@oga.amsterdam.nl

Abstract

This paper argues that the fate of a city is not predestined on a global chessboard, but that, in essence, cities are produced through locally-grounded social relations. It is contended that globalisation is not a distant, untraceable process that falls down on cities out of the ether and that cities are still able to chart their own futures. Making use of the regulation approach, this paper gives flesh and blood to these statements by giving an overview of the ebb and flow of regime formation in the city of Frankfurt am Main, describing the formative elements and events for each successive regime. In a final section, the consequences of these findings for future regulation, urbanisation, and office provision are put forward as hypotheses. The question whether there is a future for socio-spatial regulation at the urban level is addressed, and some important issues for further investigation and debate are raised.

Introduction: social relations in locally dependent processes of urbanization

The line of reasoning amongst many observers of recent processes of urbanization refers to the global transition from an industrial to a post-industrial society, in which the importance of knowledge-intensive service production gains importance. Many observers characterize successful post-industrial cities in part as cities with proliferating office landscapes. However, there is no single best path that leads to an economic nirvana for cities or metropolitan regions. This fact is obscured in most urban research, in which the fundamentally differing trajectories that successful cities follow are not expressed in terms of problems or goals, and the question why such different trajectories emerge is rarely asked. The theoretical contributions that do emphasize place specificity fall along a range of growth coalition, urban regime, and governance approaches. These approaches have shifted the agenda of urban research and urban politics towards local pro-growth politics by emphasizing the opportunities for local socio-political intervention in the urban economic structure through public-private constellations that include locally dependent capital.

This paper attempts to give dynamism to the interpretation of such emerging local coalitions, starting from the premise that economic globalization is neither a singular process
that predetermines urban development trajectories, nor a process that can be re-directed locally to achieve development goals. Instead of developing ideal intervention types, or main coalition possibilities, the contingent emergence of regulatory complexes around urbanization and office provision in Frankfurt is placed centre stage. This paper will make clear how the parameters for successful, enduring regulation have changed during the post-war period, in particular because of the evolution of what is considered to be economic regulation into its current form characterized by the omnipresence of economic globalization. However, this paper also makes clear how the provision of an economic landscape for global economic flows is locally embedded and how locally-grounded regimes of urbanization decisively influence the regulation of urban economic change. Through complex regulatory processes, different urban development pathways emerge that could all be of benefit to a city’s economic evolution.

Regimes of urbanization

This paper makes use of concepts derived from the regulation approach to develop an analytical framework that is bound together through the concept of a regime of urbanization. This regime of urbanization is defined as a period of prolonged stability in the configuration of social relations that condition urban development. The concrete provision of the built environment (the urbanization of capital) delicately interweaves processes in the economic and the state realms, because the provision of space represents not only a moment in the accumulation of capital, but also an intervention in the urban context with effects that surpass this accumulation process. Public conflicts can therefore occur over space provision. This paper argues that these structural realms are intertwined in and through incremental deliberations that are selective in spatial and temporal terms.

So, in the provision of urban economic space, path-dependent place-specific complexes of regulation and accumulation emerge that condition the urban development pathway. This interpretation of place-specific urban development embraces the idea that local processes matter in the evolution of urban capital accumulation. This interpretation therefore moves away from those that reduce, for instance, growth coalitions, urban regimes, collaborative planning frameworks, and governance mechanisms to mere tools, instrumental for purposeful, goal-oriented, linear urban development. This paper builds on the regulation approach, with its more open and dynamic interpretation of capital accumulation and regulation, focusing on the mutual co-evolution and mutual co-determination of processes at the level of the state and the economy. In using the regulation approach, the research moves away from the idea that these local processes are determined in the last instance by economic processes. It makes ‘the economy’ a tangible construct by connecting it to urbanization and the provision of office space.

So, the spatio-temporal ebb and flow of regime formation, adaptation, and destruction are investigated in the case of Frankfurt within this interpretative framework. Regimes of urbanization, emerge and evolve over time, because of time- and place-specific and path-
dependent changes in the social relations defining the regime of accumulation and the mode of regulation, which come together in the social processes guiding the urbanization of capital. A specific network of relations associated with the provision of particular types of building at specific points in time – the structure of provision – is a less abstract vehicle of urbanization: it is the concretization of the regulatory fix as it is abstractly defined in the regime of urbanization.

New economic spaces and new spaces of regulation: the fate of cities

We started this paper with the assertion that, even in a glocalized world, urbanization is a locally-produced process embedded in path-dependent, co-evolving, institutional frameworks of economic, political, and spatial relations. This finding challenges contemporary thinking about the economic globalization that is said to work its way into the socio-spatial development of cities. In contrast, we found that, even for such an internationally-oriented city as the global city of Frankfurt, a carefully chosen local post-industrial development policy could make a difference in the international economic arena of cross information, products, and people exchange. However, now that the urbanization process is played out on multiple superimposing chessboards, the conditions for urban planning have fundamentally altered, necessitating a different planning style. More than ever before, planning is an activity carried out in uncertainty.

The concept of post-industrialism, however, is not simple, but is in fact complex and debatable. Consequently, not just any local development strategy that includes such post-industrial elements as ‘contemporary office environments’ will suffice to set a city on course to a prosperous future. The new economic reality – symbolized by the worldwide glocal regime of accumulation – is grounded in and produced through multiple processes of accumulation and regulation. The temporality, spatiality, and content of these processes changed fundamentally through glocalization; the environment for socio-spatial regulation was also radically altered. In this new economic reality, capital is searching for new interconnections at new spatial scales, a state of affairs that has radical implications for capital’s spatiality, and for a locality’s potential to attract capital investment and retain such investments in the future.

Capital’s fixity in space has become less absolute than it was during previous regimes of accumulation when this fixity was already very volatile. As post-war experience has shown, in the long-term fixed capital (real-estate) is extremely mobile, because relocation is always an option. So, spatial fixity in the current era is different from spatial fixity in past decades. The concept of ‘home entrepreneur’, for instance, has eroded: the capital ‘behind’ companies is increasingly international, replacing the old concept of ‘family capital’. In contrast with families, stockholders have no loyalty to a particular place. So, the temporary nature of local dependence has come to the fore more than in previous decades. Many branches of industry that use offices have become increasingly mobile, making urban development more sensitive to the cyclical behaviour of both ‘the economy’ and the related
behaviour on local, regional, national, and even international real-estate markets, with their ever shorter boom-bust cycles.

The above has implications for the temporality of any spatial fix. Although it is still unclear how radical (in terms of a shorter spatial fix) these changes will be, it is clear that, in this period of economic reorientation, newly-built offices will have an increasingly limited time horizon. Our analysis of fifty years of office planning showed that the fundamental nature of this change has yet to register in the minds of planners and politicians at the local level, who have merely adapted the content of their policies while a structural reorientation of their position in multiple superimposing processes of regulation was called for. Local politicians herald competitiveness policies that are embellished with plans for new CBDs, science parks, and culture water- fronts, but often fail to pay proper attention to the increasingly temporary nature of capital’s fixity in said CBDs, science parks, and waterfronts. The answer to the incremental, but none-the-less revolutionary deconcentration of capital throughout the last few decades is not to be found in territorial approaches to planning, with their development plans characterized by rigidly appointed development zones, but rather in new institutional approaches to integrated, flexible urban development that appreciate the complex and changeable socio-economic dynamics with its metropolitan de-territorialization and re-territorialization tendencies.

It is important to understand that the fundamental shifts described demand not only the re-scaling of local government, but also the reinterpretation of the governing of local space. That is to say, in order to be able to determine a city’s future, an important question for future research is how, and to what extent, central city governments appreciate the new interconnectedness of the economy, and the re-scaled and increasingly temporary and flexible spatiality of urbanization. This question leads us on to further questions: What is the dominant urban vision throughout the various market platforms? To what extent does it surpass the local, city scale? And is it rearranging itself on both a metropolitan and an international level?

In short: the regime of accumulation has fundamentally changed, as the territorialization of capital has done. The resulting urbanization process and associated regulatory processes challenge the structure of government intervention in a more fundamental way than is realized in the political arena. As indicated above, the future regulation of the urbanization of capital originates from glocal public-private networks. And as we saw in the case studies, the spatial facilitation of these new connections is a difficult undertaking that challenges those who are engaged in master-plan making. Traditional master plans presume a certain amount of relative stability and predictability that is absent in current glocal networks, in which territorial competition and territorial coordination, de-territorialization, and re-territorialization coexist, the time-frame of any spatial fix is limited, and the illusion of a superior socio-economic ‘balance’ for any city has faded. What remains is the flexible regulation of urban space and the governance of networks. Through this urban meta-governance the market’s self-regulatory forces combine with state intervention. What is emerging is a fundamental contradiction, because capital (as well as other social forces) needs
a predictable spatial fix, but this spatial fix is becoming impossible to plan and is hollowed out by trends in accumulation and de- and re-territorialization.

Through these processes, a new regime of urbanization might emerge in which a new attitude toward investments in the secondary circuit of capital (the built environment) is central. Instead of directing office investments to certain areas, spatio-economic planning must seek connections within economic networks of provision and determine the best flexible layout and design of metropolitan settlement. Spatio-economic planning footholds in this required new planning culture will reside mainly in investments in infrastructure and culture, through which the socio-cultural and economic potentials of certain urban areas can be upgraded: the creation of potential urban nodes. In this way, investment barriers can be overcome by public intervention and creative public-private capital investment strategies can be teased out.

The funding of such public investments in infrastructure upgrading is increasingly becoming a matter of governance rather than government: local government cannot rely on national funds to be passed on, but has to engage in non-hierarchical public and private networks. Within the system of public interrelations, for instance, opportunities for local governments are to be found in the European Union, where many urban development funds are available. These, however, are not traditionally ‘passed on’ through hierarchical gateways, but must be actively pursued by regional-local public-private networks.

The following summary of the case study interprets the evolution of the regime of urbanization in Frankfurt am Main along these lines. This summary emphasizes structural relations and polity over short term solutions and policy.

**Regime formation and transition in Frankfurt**

*Table 10.2 Shifting regimes of urbanization in Frankfurt a.M.*

<table>
<thead>
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<th>Years</th>
<th>Economy</th>
<th>State</th>
<th>Space</th>
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<td>1989-2003: global city</td>
<td>Booming financial sector</td>
<td>Interregional economic</td>
<td>Extension of the central</td>
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The first regime of urbanization – After the Second World War, regime formation in Frankfurt am Main only came off the ground from 1949 onwards when the West-German government (FRG) was installed, and war sentiments had settled down somewhat. The spatial imaginary underlying the regime of urbanization in Frankfurt during the 1950s was characterized by extensive infrastructure- and Siedlungsbau-programmes, re-industrialization on the back of the German economic miracle, and a first office boom in the 1950s. At that time, lack of space did not hinder urban development, so it was characterized by infrastructure development and large-scale modernist urban extensions on greenfield sites.

The local mode of regulation was characterized by the politics of growth. For an important period during the recovery and boom periods, Frankfurt was governed by the ‘big coalition’ of CDU/SCU and SPD (and also briefly the FDP). This coalition was evidence of a sense of unity amongst the electorate, who saw that the local government did the things that had to be done to strengthen the city’s socio-economic fabric. This cooperation combined well with the local regime of accumulation, which profited from both worldwide economic progress and national policies for the social market economy. However, the designation of Frankfurt as the seat of the Bank Deutsche Länder was crucial; the city became one of the financial nodes in the decentralized German economy, competing with Cologne and Düsseldorf. Office development in the 1950s in Frankfurt was a result of this early surfacing of the service-sector and headquarters economy in Frankfurt. When the decentralization of the German economy was gradually allowed full flow, Frankfurt’s centrality grew. During the 1970s, Frankfurt established itself as Germany’s leading financial centre, and because the D-Mark developed into a strong European currency, the Frankfurt Exchange was boosted; the financial cluster developed at a rapid pace, increasing the demand for space.

The combination of accumulation and regulation impacted on the local structure of provision. A highly controversial ensemble of government-endorsed speculative office development gathered inside the urban fabric. The municipal attitude towards CBD expansion within the existing urban fabric was characterized by deal-making and laissez-faire. In parts of the inner city, important parts of the local population were pushed away by capital in order to create room for commercial (office) development. Ultimately, this ejection led to mass protests during the 1970s. Mass eviction and subsequent redevelopment were considered socially unacceptable, but the SPD (who gained an absolute majority in 1972, and began a problematic one-party reign in that year) saw few (legal) possibilities to overcome these practices. The SPD could find no opportunity to alter its restructuring plans in favour of
residents and social renewal, and commercial reconstruction was pushed through at all costs, sometimes even with force. Not surprisingly, this attitude of the SPD influenced the party’s image amongst the electorate in a negative way.

The second regime of urbanization – After the 1977 City Council elections the political scene shifted fundamentally from SPD to CDU dominancy. In a well-chosen anti-establishment campaign, the CDU had positioned itself as an alternative to the SPD who, in the words of CDU leader Wallmann, had produced an ‘ungovernable’ and ‘socially disintegrated’ city that was ‘in crisis’. Although no real changes in urban politics were made by the CDU, the unrest in society and the protests against economic extension within the existing urban fabric disappeared almost instantaneously. This state of affairs was remarkable in view of the evolved local regime of accumulation that was influenced by (inter)national political developments and the neo-liberal turnaround in economic politics in the early 1980s, which had boosted Frankfurt’s status and function as an international financial centre. The D-Mark acquired the function of a ‘leading’ currency, while financial markets were internationalized and deregulated. So, after the influx of national financial institutions, Frankfurt’s inner city became inundated with international financial corporations setting up their businesses in the city, which damped down the effect of the international economic crisis in Frankfurt.

The local mode of regulation that developed at that time was in line with this economic boom: an elite growth machine developed, comprising a conservative government, the Airport, the Fair Directorate, CBD capital, and pivotal planning and architectural agencies. A practice of ad hoc public-private economic-development planning emerged. The spatial demands that derived from structural economic change were translated straightforwardly into local urbanization and accumulation projects. The structure of provision in Frankfurt at that time was characterized by big banks developing ever-larger and ever-more palatial headquarters in the central city CBD, without being hindered in any way by regulations. The main difference from previous SPD politics, which had encouraged electoral approval of the new CDU politics, was the ‘image’ communicated by the CDU. While the SPD had alienated its electorate by communicating the message that giving the economy a higher priority than the electorate was unavoidable, CDU policies were directed at appealing to the electorate and enriching the city’s spatial fabric, despite maintaining rigidly economic urban development politics. The resulting regime of urbanization combined unbridled economic expansion politics with highly-visible culture-based identity politics (the restructuring of the historic inner city, development of a museum waterfront) and the cleanup of public and private spaces in the inner city that had been largely taken over by criminal elements. This culture-and-image offensive was part and parcel of the new accumulation strategy that was geared towards the development of Frankfurt into a more cosmopolitan city. Economic development politics were therefore not toned down, but rather strengthened, and geared towards the ‘superstructures’ of the expanding world city: Airport, Fair, and CBD.
The third regime of urbanization – The SPD and the Green Party won the 1989 elections and took over the city government. With the support of the electorate, the conservative regime had transformed Frankfurt into a world city, but had overlooked the social and ecological pillars of urban development. This omission had led to regional socio-demographic and socio-economic schisms and the neglect of ecological structures. The CDU was punished for these omissions in the 1989 elections, but as a result of the strong and dominant capital-led urbanization, the following city governments found new footholds for urban development difficult to find, particularly because the 1990s were a period of renewed capital accumulation in Frankfurt. In addition to the further intensification of the financial cluster, the local regime of accumulation was situated favourably with regard to the structural transition towards a knowledge-intensive service-based post-industrial economy. Important new businesses in logistics, knowledge-intensive sectors, and business services had set up national and European headquarters in the region. So, while path-dependent CBD/Fair/Airport based economic expansion, identity politics, and office development remained the main pillars of the regime of urbanization, a remarkable change occurred in urban development. The mode of regulation that has developed since 1989 shows the unfolding of regulatory mechanisms characteristic of a city struggling to make the transition from the building of a world city into the management and maintenance of world-city status. Initially, the economic mega-projects that had changed the image and structure of the city during the 1980s were combined with such social and ecological mega-projects as the Frankfurt Greenbelt, urban restructuring, and big social housing projects. These latter projects were not a success, however, and in the course of the 1990s no political party could propose a radically new way forward. The priorities were geared towards binding companies and investors to the city so as to continue the development of Frankfurt as a tertiary node: inner city CBD densification, complicated public-private integrated plans, and interurban competition were amongst the main political priorities.

Together, the mode of regulation and the regime of accumulation led the local structure of provision to change. In the city, many owner-occupied office buildings were witness to a new leap upwards in the scale of office development. The new offices were often higher than 200 meters, impacting heavily on the skyline of the city. The new knowledge-intensive office-dependent sectors were not, however, dependent on a location inside the CBD. Their offices were built at risk by developers so that, consequently, the number of square metres of office space at monofunctional suburban office parks grew remarkably.

Questions regarding socio-spatial regulation in future Frankfurt

The city region of Frankfurt is struck by dualities. The citadels of the world city have strengthened their position during the recent years in which many commercial real-estate projects have left their mark on the city, but at the same time the number of people living in marginal social groups has risen, the city’s financial situation is poor, and because of socio-political conflicts, city and countryside have turned their backs on each other. Important for
the future of Frankfurt is the answer to the returning problem of the relationship between (city) centre and periphery (the suburbs, other cities, and the countryside). The city government is aware of the consequences of Frankfurt’s rise as a world city that largely exceed the boundaries of the city. During the first four years of the current broad coalition, office employment in Frankfurt grew remarkably, but not as remarkably as the growth in the more peripheral and extra-urban locations.

Whereas in the past the non centre-oriented functions decentralized into the periphery, recent years have shown that suburban and peripheral nodes have succeeded in attracting a growing share of the financial services economy. We have already mentioned that this development, together with the enormous growth in high tech companies and data-processing industries during the worldwide ICT boom, caused a sudden increase in the countryside-based economy, which led to the quick development of monofunctional office parks.

Although the finite limits of space for offices in the inner city were already acknowledged during the first office boom in the 1950s, the moment when there is no space left for inner city office development has not yet arrived. The rapid de-industrialization that set in during the 1970s in particular caused large inner city locations such as the Güterbahnhof and Bockenheim Süd to become free for new uses. In addition, the redevelopment of offices that were built during the 1950s and 1960s also gave the inner city some breathing space.

The enduring trends towards multi-nodalization, regionalization, and a competitive peripheral economy are unmistakable. They alarm policy makers, who became increasingly engaged in efforts to retain Frankfurt’s world city status and created space for new offices wherever it was halfway possible, but also became more involved at the regional level in institutional reforms. These were perceived to be urgently needed by all the municipalities and economic development agencies involved, but the old problem of smaller municipalities fearing domination by big-city Frankfurt has resurfaced.

Another important issue is the future economic status of Frankfurt. At first glance, world-city status would seem to be secure, especially since the European Central Bank has settled there and in past years Frankfurt has been shown to exert a gravitational force on international banks. Frankfurt has proven itself to be the most important continental European financial centre, positioned just behind the city of London. However, this position is less stable than might seem. First, Frankfurt is a trading centre rather than a trader centre, meaning that the actual presence of traders remains meagre compared with London; second, a new wave of mergers and take-overs in the financial world on an international scale lies ahead. This wave could turn out to be unfavourable for Germany, because German banks have not recently been such a stable factor as they have been during most of the post-war period: the exchange value of German banks is low, because their emphasis is on social rather than economic returns on their investments. This is an outcome of the Social Market Economy, which made German banks big shareholders in the now less strong German industry. However, the fact that Frankfurt has never occupied a strong position in the world of investment banking might be avenged in the future. London has been the specialized
European centre of investment banking, which has become the strongest sector in the financial world. In the Anglo-Saxon banking world, individual banks contain both investment and commercial branches. If mergers and takeovers lead to the incorporation of commercial banks in large conglomerates, the subsequent centralization is most likely to occur in London, because of its competitive advantage on the stock market. The question then remains, what would happen to Frankfurt as a financial centre.

Although this question is being asked in Frankfurt, the city has long been a boomtown and all the successive regimes of urbanization have been dominated by the behaviour of the big banks and the investors and developers on the commercial property markets; the city has grown accustomed to cyclical urbanization patterns. The question therefore remains, what the effect might be of a new scalar leap in the urbanization of capital, which might entail the re-territorialization of parts of the traditional CBD towards other nodes in the metropolitan network, on the processes of spatial regulation in the Rhine-Main region, and on the processes of planning in the city of Frankfurt. For the present, the possible detrimental effects of scalar re-organization and the more cyclical nature of new spatial fixes are certainly not yet visible in the urban structure. The opposite could be said: the excesses of the most recent office-market boom are now affecting the market. Although the economy has fallen into a slight recession, and most of the new offices recently built for the market have not yet been let, the new offices thrust the skyline of Frankfurt into the image of a world city that matches the old label of Mainhattan.

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