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Regional Studies Editorial

Connecting cities, revitalising regions: the centrality of cities to regional development

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Abstract: This editorial and accompanying themed issue reflect on the centrality of cities to regional development. Focusing on the role and function of cities in processes of innovation, production, distribution, and consumption as both individual sites and as networks of sites of production, they examine classic questions in economic geography about concentration, diffusion, and flows of labor and capital and the policy regimes that govern that movement. They also contribute empirically and theoretically to opening up broader conversations from a global perspective regarding how cities serve as nodes in global networks both anchoring and ultimately locating both global and regional flows of capital and labor. Finally, they identify what is at stake in debates over cities and regional development.

Keywords: cities, regional development, city networks, agglomeration, urbanization

JEL codes: O18, R11, R12, R58

Rarely is the centrality of cities to regional development questioned, however, understanding the specifics of *how* cities impact regional development remains a critical theoretical and analytical question to regional studies. Cities are clearly important drivers of economic growth, but the implications of their changing role and function are highly uncertain, both socially (for people) and spatially (for places). Although global urbanists have come to argue that cities represent nothing other than “our species’ greatest invention” (Glaeser, 2011: 6), the real analytical challenges for those of us interested in the centrality of cities to regional development is not how important are cities, but interrogating what is at stake? In this way *Regional Studies* is well positioned to be at the forefront of tackling some of the most fundamental questions regarding the centrality of cities to the conduct and coordination of modern life.

Recent discussions in regional studies and in economic development have returned to the centrality of cities to innovation, technology diffusion, and overall economic growth. Conventional wisdom suggests that the 3 C’s of compact, concentrated and connected cities are key to driving competitiveness and fostering cohesion. Yet the pace of urban change, itself derived from the dynamics of accelerated processes of urbanization and deepening global integration, mean that cities and regions are facing unprecedented challenges. Actors find themselves tasked with uncorking the potential of cities to revitalise regions while at the same time faced with the challenge of keeping pace with urban change and ameliorating the worst effects of urbanization.

Of course, the former was not always the case. Readers of this article will be only too aware that although regional studies have long recognized the important influence of urbanization economies, it was only relatively recently that cities were seen as spaces of chronic disinvestment, persistent economic disadvantage, and were seen as drags on their regional economies. This was especially, though not

exclusively, true in the North American context (Jacobs, 1961). Landmark articles such as Michael Porter's *The competitive advantage of the inner city* (1995) came to propose almost remedial strategies for central city redevelopment – suggesting that the real advantages of such places were low cost real estate and cheap labor, and that the path to competitive advantage ran through exploiting those assets through low wage and land intensive work. Twenty years of regeneration schemes, commercial and residential gentrification, and the return of the high skill and high wage work (or in some cases, simply a more formal recognition that knowledge workers never left cities), have changed that conversation considerably.

Urban regeneration has instead been linked to knowledge work and to increasingly dense mixed use neighborhoods and to central cities rapidly converting industrial spaces to commercial and residential uses. Indeed, much of this investment has been linked to rise and recognition of regional innovation systems. In his critical review of the innovation literature in *Regional Studies*, Simmie (2005, p. 792) underscored the importance of urbanization economies, reminding us how “in the development of agglomeration theory, Hoover (1937, 1948) proposed that there are three sources of agglomeration advantages: internal returns to scale, localization economies and urbanization economies”.

In other words, as regional economies depend more on innovation and innovation systems, they return to agglomeration advantages realized through urbanization economies (Florida, Adler & Mellander, 2017). In that sense the articles in this theme issue are conceptually situated much closer to Hoover than to Porter. They serve to foreground cities in the empirical analysis and theorizing about economic growth and innovation. This is in line with Jane Jacobs' (1969) other exceptional contribution on cities as a source of economic diversity (knowledge diversity), in turn crucial for innovative activity. Jacobs argues that the combination and recombination of disparate knowledge inputs are sources of spillovers and further technological advances. In this context, the city acts as a platform to put together skills and capital to be combined and spur new products and productive processes. The challenge, of course, lies in disaggregating these urban advantages to understand in which ways they are distinct, and whether and to what extent regional policy can replicate, mimic, or jump start the processes behind agglomeration advantages alone.

Alongside, and increasingly aligned with, research examining the geographies of urbanization economies are accounts concentrated on the centrality of cities to network geographies. A connection perhaps best exemplified by Allen Scott's (2001) concept of 'global city-regions' and Ed Soja's (2013) 'regional urbanization', regional studies has become the meeting place for urban *and* regional research (MacLeod, 2014). For Scott, the global city-region concept aligned two dominant schools of 1990s thinking: global cities research, with its emphasis on *external* linkages and the centrality of cities within global networks, and the new regionalism, with its focus more firmly rooted in the *internal* connections fostered within dense local and regional production complexes. The realization was that the geographies of urbanization economies and city connectivity were two sides of the same economic development coin (Bathelt, Malmberg & Maskell, 2004). This has given rise to a new generation of urban and regional research, increasingly characterised by observations that globalizing cities are not only growing in their size and importance to form global city-regions, but that global city-regions are merging to form a smaller number of increasingly large transmetropolitan urbanized spaces (Harrison and Hoyler, 2015). In much the same way, Soja (2000) famously spoke of 'the power of agglomeration', an observation that led to his more recent conviction that the geographies of 'regional urbanization' mean we must 'accentuate the regional' (Soja, 2015) in what is otherwise often seen to be a fast emerging 'urban world'.

When taken together, focusing on the role and function of cities in processes of innovation, production, distribution, and consumption as both individual sites and as networks of sites of production, the papers in this theme issue reveal how regional studies remains an important forum through which to examine

classic questions in economic geography about concentration, diffusion, and flows of labor and capital and the policy regimes that govern that movement. The first four papers emerge from – or in the case of Bunnell, Padawangi and Thompson (2017, in this issue) are a response to – the global cities research thesis, showcasing new insights emerging at the interface of research into global city networks and regional economic development, and the interaction of urban and regional theory making and policy practices. The focus then switches from external to internal relations in the remaining papers, with attention geared towards the vitality of cities and their regional economic benefits.

In the first paper, Derudder and Taylor (2017, in this issue) highlight the growing importance for regional studies of understanding the centrality of cities within global networks. They are concerned with how cities gain and lose prominence in global networks. More significant than this, their paper further extends three important debates and current trends within regional studies. The first trend is the aforementioned importance of globally oriented cities research to the advancement of regional studies. Second is the furthering of a shift away from the legacy of classical accounts of 'central place-theory' (Christaller, 1933) which have long remained evident in regional studies through emphasis, for example, on 'the city and its region' (Dickinson, 1967; Parr, 2005) or the 'university and its region', in their proposal for a new "central flow theory" that can account for the centrality of cities in urban, regional and global networks (cf. Addie, 2017). And, third, their paper is part of an emergent body of critical work seeking to critically engage with the practise of urban theory making from different regional perspectives (Roy, 2009; Peck, 2015; Hoyler and Harrison, 2017). For their part, Derudder and Taylor offer 'comparative connectivities' as an antidote to calls from their critics for a more rigorous approach to undertaking comparative urbanism.

From the same research tradition, Martinus and Sigler (2017, in this issue) investigate "global clusters" by applying social network analysis (SNA) and the typology of proximities proposed by Boschma (2005) to the Australian context. In this way their research reveals new meeting points between the theory, methods and practices associated with cities research and regional research. For Martinus and Sigler their research examines how firms produce (or define) global clusters to make a series of arguments about how we theorize spatial and non-spatial proximity, while the implications of their work have broader potential implications.

Töpfer and Hall (2017, in this issue) provide an analysis of how London's financial services industry has become just such a critical node in the offshore network of cities serving to internationalize the trade of China's currency, the renminbi (RMB). They reveal how the internationalisation of the RMB presents a fundamental challenge for how we think about the distribution of power in the international financial system. In short, this paper signals an early example of the inversion in thinking which requires us to think more fundamentally about more than how Western concepts, models, and practices are adopted and adapted in non-Western settings, but to recognise and build-into our research more systematically the need to theorise, conceptualise and empirically examine the impacts of non-Western practices as they increasingly permeate Western institutional contexts (cf. Poon, Pollard, Chow & Ewers, 2017).

While Töpfer and Hall's paper asks us to learn differently from a classic location, the next paper by Bunnell, Padawangi and Thompson (2017, in this issue) goes to the other extreme by revealing what we can learn from a small city. Using the small Indonesian city of Solo, their research looks at how deliberate networks of knowledge exchange intended to transfer tacit knowledge between cities competes against other forms of policy diffusion such as the transfer of codified best practise. In addition, the authors track how policy knowledge embodied in political leadership transfers as that individual leader moves across different levels of governance and brings tacit knowledge with them. To this end, the authors bring a novel approach to the phenomenon of knowledge diffusion across cities and regions through a variety of practices and approaches.

Of course, urbanization economies are not limited to the flows and concentrations of capital but to spatial divisions of labor as well. Bosworth and Venhorst (2017, in this issue) return to the question of whether and to what extent rural places benefit from the urbanization economies present in their regions. Their findings indicate that labor mobility within regions – commuting patterns and possibilities ranging from transportation to telework – allows for shared benefits from rising urban wage rates. However, these benefits are contingent on that mobility. Their work thus points to key urban planning and policy concerns about the broad access to transportation and communication infrastructure necessary to manage the distribution of economic growth within and across regions.

Imeraj, Willaert, Finney, and Gadeyne (2017, in this issue) also look at the question of labor mobility and the retention of human capital. Their work investigates what factors determine whether people stay in a region where they acquired human capital. This is a critical question for places that have significant investments in universities and large populations of students coming from other locations for their schooling. What these populations mean for regional economies – are they something akin to long-term tourists or are they skilled migrants and potential anchors in a knowledge economy – remains an open and therefore important question.

Delgado-García, Quevedo-Puente, and Blanco-Mazagatos (2017, in this issue) contribute to the policy debate that emanates from these analyses of where and why cities sit in different positions in broader international and national networks as defined by the flows of capital and labor – what to do about it? Their article asks whether a city's reputation contributes to its economic vitality in measurable ways. For the authors, their analysis provides definitive evidence that indeed reputation contributes to economic growth. For urban planners and policymakers this work contributes to the argument that place branding and urban entrepreneurialism are perhaps more meaningful from an economic perspective than previously recognized.

Yang and Dunford's (2017, in this issue) analysis touches on similar tensions. Their article tackles a challenging trend in the process of large scale urban migration in China: the population shrinkage of smaller and mid-sized cities concurrent with the continuing migration of rural Chinese to large cities. In the Chinese case the city shrinkage can be attributed, in part, to changes in the population pyramids in select cities (more older residents and fewer children). However, the rural migration to larger cities and the shrinkage of smaller cities is a different challenge for urban policy and urban planning. And, the shrinkage of mid-sized cities is an issue across industrialized and industrializing countries that is, as the authors discuss, profoundly intertwined with both international and national spatial divisions of labor.

These interlocking relationships that give rise to emphasis on flows exist both among regions and within them. Ruault (2017, in this issue) analyses just these sorts of flows by measuring residency and consumption behaviours in the Paris region. His findings indicate that beyond the consumption attributable to visitors from outside the Ile de France region, there is considerable consumption in Paris by residents of the region but not the location of consumption itself. In other words, cities remain sites of consumption for the greater regional economies in ways that are often undercounted and underappreciated in urban policy.

In the final paper, Gerritse and Arribas-Bel (2017, in this issue) return to one of the most fundamental question when we consider what is at stake in debates over the centrality of cities to regional development – what are the benefits of agglomeration? Focusing on US metropolitan areas their findings reveal that highway density improves agglomeration benefits, but they question whether productivity has increased directly, through improved intra-urban connections, or indirectly, by attracting more people. Their results help to explain why infrastructural effects may play a seemingly small role in generating productivity at urban levels because it acknowledges and accounts for population response to new improved

infrastructure – in other words, recognising that urban populations can move when infrastructure changes which makes cities productive too.

This emerging *Regional Studies* literature on cities returns to the powerful place that urbanization economies have played in agglomeration theory and consequently in regional policy. Empirically these articles push forward the analysis of the interconnectivity of cities and the networks that emerge from the flows between them of capital, labor – and importantly documented here – knowledge. That knowledge is both embedded in the flows of labor between places but also in the policy models that move between cities in their efforts to capture a larger share of the economic benefits from innovation, production, distribution, and consumption.

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