

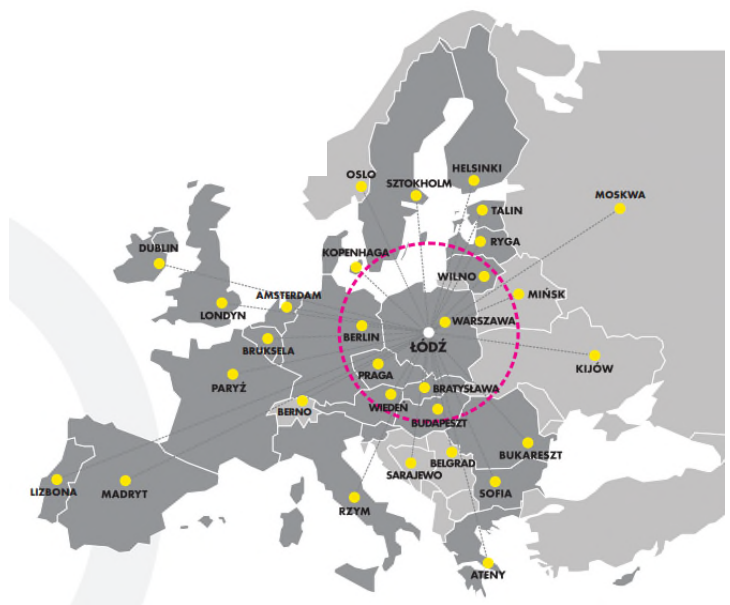


3S RECIPE - Smart Shrinkage Solutions Fostering Resilient Cities in Inner Peripheries of Europe

ŁÓDŹ (PL) POLICY BRIEF #1 • RESILIENT URBAN ECONOMY & MUNICIPAL FINANCE

EXECUTIVE SUMMARY

This policy brief refers to the strategy of the economic development of a third largest Polish city. Łódź is a city of very strong industrial roots, based on the textile industry. Its sudden growth took place in the 19th century, when it transformed from an agricultural village into an industrial centre having nearly 300 thousand residents and became one of the most dynamically developing cities in the world in those days. Today, Łódź has solid grounds for modern development, it is a strong metropolitan, academic, and cultural centre, with a significant potential for manufacture, services, as well as research and development in the logistics, home appliance industry, and IT industry. **The Integrated Development Strategy for Łódź 2020+** was approved in 2012. Although it is a good step forward to a long-term, integrative strategic planning, it still needs some improvement.



INTRODUCTION

Today, Łódź, following a difficult period of economic and political transformation of Poland, is, regarding the number of residents, one of five Polish metropolises with a population of more than 500 thousand. Traditional and historical entrepreneurial skills of the residents of Łódź and their consistent modernisation activities have contributed to the achievement of a balanced and diversified economy. Łódź concentrates larger part of the demographic potential (more than 60% of the population of the Łódź Metropolitan Area of approx. 1.1 million residents), as well as the economic potential (70% of business entities of the ŁMA). The city fulfils a number of functions of at least a regional scale. It is trusted by well-known international companies, such as Fujitsu Technology Solutions, Accenture, DHL Express, SouthWestern BPO, Nordea Operations Centre, Hewlett-Packard, ACS a Xerox Company, Dell, Procter&Gamble, Amcor, Hutchinson, Indesit, B/S/H or Barry Callebaut Manufacturing Poland and others.

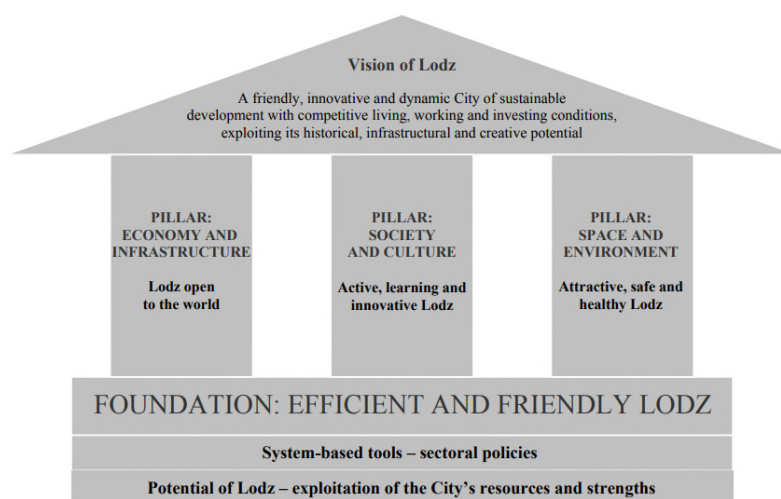
THE INTEGRATED DEVELOPMENT STRATEGY FOR ŁÓDŹ 2020+

The Integrated Development Strategy for Łódź 2020+ is based on three pillars:

ECONOMY AND INFRASTRUCTURE. Łódź open to the world – improvement of the quality of life of Łódź citizens thanks to full economic exploitation of the infrastructural potential arising from the central position on the maps of the region, Poland and Europe and from its leading role in the Łódź agglomeration.

SOCIETY AND CULTURE. Active, learning and innovative Łódź – increase of the level of social and cultural capital thanks to development of education, enhancement of active citizenship and increase of the social participation level.

SPACE AND ENVIRONMENT. Attractive, safe and healthy Łódź – improvement of the quality of life of residents by enhancing attractiveness of the public space, by regenerating crucial areas of the City, by exploiting potential of the environment and through development of sustainable urban transport.



In terms of economic development, the following strategic objectives have been distinguished:

Area	Goals
New Centre of Łódź	<ul style="list-style-type: none"> – creation of a multimodal transport hub integrating international, national, regional and local transport – creation of multifunctional, available, safe and attractive for residents and tourists public spaces – brownfield redevelopment and regeneration of railway areas; – creation of an economic activity area; – reinforcement of metropolitan and cultural functions and by enclosing the New Centre of Łódź with residential buildings.
Functional Łódź metropolis	<ul style="list-style-type: none"> – engaging in construction of a competitive in Europe polycentric network of metropolitan cities (capitals of regions), linked by means of modern road and railway infrastructures, – building a transport and communication system, common to cities and municipalities of the Łódź metropolis; – ensuring good access to a ring of motorways and express roads which is being constructed around Łódź and which will enable competitive investment activity; – stimulating development of modern railway connections opening up Łódź to the flow of capital, know-how and well-qualified human resources between agglomerations; – supporting a modern multimodal transport system with a necessary aviation infrastructure and elements of the cargo port.
Enterprising creative and innovative Łódź	<ul style="list-style-type: none"> – supporting modern industries generating high-quality jobs, widely understood research and development sector and by increasing the impact of these branches on growth of other sectors of the economy of Łódź ; – working towards common recruitment of investors from preferred, the most prospective business lines. The BPO, Household Appliances and IT sectors, trade fair and exhibition activity as well as tourism (mainly business, scientific and educational tourism) will remain the fundamental industries to Łódź, apart from logistics and transport. – supporting growth of creative industries, including in particular the sectors of fashion, design and film production; – supporting development of cluster structures and investment in modern textile industry, eco-business (innovative environmental protection projects), pharmaceutical and medical industries, and organic food processing; – stimulating an increase in the number of economic initiatives in the sectors of micro-enterprises and SMEs, particularly start-ups and social economy undertakings.

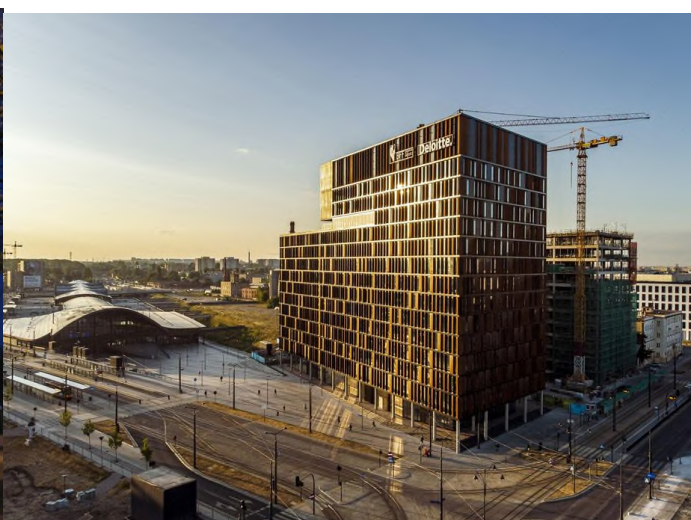
The *Integrated Development Strategy for Łódź 2020+* is the first comprehensive project of Łódź's development strategy since 1994. The document is the basis for planning municipal investments and local self-government activities. The

strategy defines long-term challenges and problems facing the city: 1) improving the quality of life of residents; 2) reversal of unfavourable demographic trends; 3) creation of a sustainable transport network in Łódź and agglomeration; 4) construction of social bonds, civic participation and self-government community; 5) efficient city management; 6) revitalization of the urban space.

Economic development outcome

What are the necessary conditions to make it happen?

Development of modern industries (creating high-quality jobs) and R&D sector, as well as increasing their impact on other branches of the Łódź economy	a) support for the development of creative industries, including in particular the fashion, design and film production sectors; b) supporting the development of clusters and investments in modern textiles, eco-business (innovative projects in the field of environmental protection), pharmaceutical and medical industry as well as ecological food processing; and c) stimulating an increase in the number of business initiatives in the micro and SME sector (especially start-ups and social economy enterprises).
Strengthening the metropolitan functions	a) ensuring high accessibility to motorways and expressways around Łódź , which will enable competitive investment activity; b) supporting a modern multimodal transport system; c) and creating a network of metropolitan services common to the municipalities of the Łódź agglomeration by improving the procedures enabling creating and supporting new jobs in the agglomeration, improving the quality of life of residents, counteracting negative economic and social phenomena associated with depopulation.
Revitalisation of the city centre	a) increasing the attractiveness of the city's central areas; b) renewing the historical urban fabric and giving it new functions; c) and use of external support funds and public-private partnership.

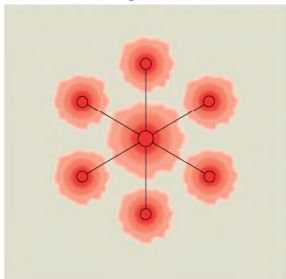
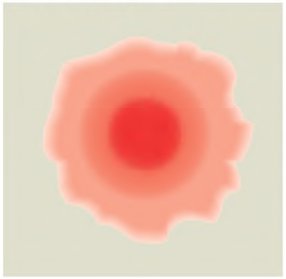


WHAT HAVE WE LEARNED FROM ŁÓDŹ? RECOMMENDATIONS

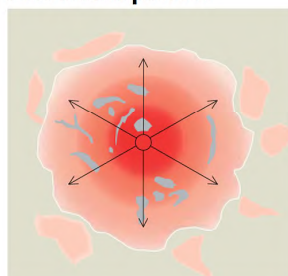
- **Łódź is a multifunctional city dominated by the service sector, which employs more than 70% of all employees.** The most important services that should be develop in the following years include education activity (secondary and higher education), healthcare, functioning of cultural facilities (theatres, museums) and entertainment facilities. The supreme role of the so-called professional activity should be emphasized, including, above all, the design, research, legal, and banking activity, as well as the activity regarding widely understood outsourcing services (the BPO sector). With the effective management of local authorities, Łódź could be the leader of modern business services and high technologies.
- **Łódź is implementing the largest public European investment: construction of the New Centre of Łódź.** It is a project of great importance to the development of the city, region, and country, so it should be continued in following years. When the process of revitalization is finished, this post-industrial area will fulfil commercial, as well as public and cultural functions. It will positively change the negative image of the city centre and may attract further investments.
- In the upcoming years, local authorities should also put **more emphasis on stimulating an increase in the number of business initiatives in the micro and SME sector** (especially start-ups and social economy enterprises) through, inter alia, tax relief system and rent incentives.

WOULD THE PLAN BE EFFECTIVE IN DIFFERENT FUTURE SCENARIOS?

Resilience analysis of the Plan involved confronting the conditions identified as necessary for the prospective benefits against different scenarios for urban futures with a ca. 40-year time horizon. Four **plausible but distinct** future scenarios were included into our analysis (see Lombardi *et. al.*, 2012: Table 2). A summary of these four global **urban future scenarios** is provided below:

New Sustainability Paradigm (NSP)		Key driver: Equity and sustainability
Settlement pattern 	Description An ethos of 'one planet living' facilitates a shared vision for more sustainable living and a much improved quality of life. New socio-economic arrangements result in changes to the character of urban industrial civilisation. Local is valued but global links also play a role. A sustainable and more equitable future is emerging from new values, a revised model of development and the active engagement of civil society.	Philosophy The worldview of the <i>New Sustainability Paradigm</i> has few historical precedents, although John Stuart Mill, the nineteenth century political economist, was prescient in theorising a post-industrial and post-scarcity social arrangement based on human development rather than material acquisition (Mill, 1848).
Policy Reform (PR)		Key driver: Economic growth with greater equity
Settlement pattern 	Description <i>Policy Reform</i> depends on comprehensive and coordinated government action for poverty reduction and environmental sustainability, negating trends toward high inequity. The values of consumerism and individualism persist, creating a tension with policies that prioritise sustainability.	Philosophy In <i>Policy Reform</i> , the belief is that markets require strong policy guidance to address inherent tendencies toward economic crisis, social conflict and environmental degradation. John Maynard Keynes, influenced by the Great Depression, is an important predecessor of those who hold that it is necessary to manage capitalism in order to temper its crises (Keynes, 1936).

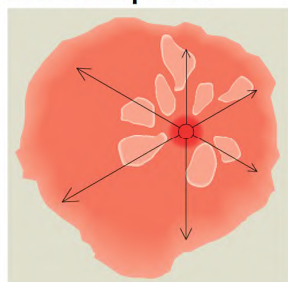


Market Forces (MF)**Key driver: Competitive, open global markets****Settlement pattern****Description**

Market Forces relies on the self-correcting logic of competitive markets. Current demographic, economic, environmental, and technological trends unfold without major surprise. Competitive, open and integrated markets drive world development. Social and environmental concerns are secondary.

Philosophy

The *Market Forces* bias is one of market optimism, the faith that the hidden hand of well-functioning markets is the key to resolving social, economic and environmental problems. An important philosophic antecedent is Adam Smith (1776), while contemporary representatives include many neo-classical economists and free market enthusiasts.

Fortress World (FW)**Key driver: Protection and control of resources****Settlement pattern****Description**

Powerful individuals, groups and organisations develop an authoritarian response to the threats of resource scarcity and social breakdown by forming alliances to protect their own interests. Security and defensibility of resources are paramount for these privileged rich elites. An impoverished majority exists outside the fortress. Policy and regulation exist but enforcement may be limited. Armed forces act to impose order, protect the environment and prevent a societal collapse.

Philosophy

The *Fortress World* mindset was foreshadowed by the philosophy of Thomas Hobbes (1651), who held a pessimistic view of the nature of man and saw the need for powerful leadership. While it is rare to find modern Hobbesians, many people believe, in their resignation and anguish, that some kind of a *Fortress World* is the logical outcome of the unattended social polarisation and environmental degradation they observe.

The scenarios address local spatial and institutional contexts, possibilities for urban renewal, citizens' attitudes, etc.:

Urban Futures Method applied to The Integrated Development Strategy for Łódź 2020+				
Necessary Conditions	New Sustainability Paradigm	Policy Reform	Marker Forces	Fortress World
support for the development of creative industries , including fashion, design and film production sectors	creative industries belong to clean activities, they have a limited impact on the environment	the development of creative industries has a positive impact on the local economy	the development of creative industries has a positive impact on the local economy	the development of creative industries is possible regardless of the social situation
supporting the development of clusters and investment in modern textiles, eco-business (innovative environmental protection), pharmaceutical and medical industry as well as organic food processing	this solution fits in perfectly with the sustainability paradigm	the development of clusters and modern industries has a positive impact on the local economy	the development of clusters and modern industries has a positive impact on the local economy	the development of clusters and modern industries is possible regardless of the social situation
stimulating business initiative and growth in the micro and SME sector (esp. start-ups and social economy enterprises)	the development of micro and SME sector has a limited impact on the environment	the development of micro and SME sector has a positive impact on the local economy	micro and SME sector (especially start-ups and social economy enterprises) may not be preferred	the development of micro and SME sector is possible regardless of the social situation
ensuring high accessibility to motorways and expressways around Łódź, enabling competitive investment activity	the development of road transport has an adverse effect on environmental conditions	the development of road transport has a positive impact on the investments and local economy	the development of road transport may not be preferred	the development of road transport may not be preferred



supporting a modern multimodal transport system	the development of modern multimodal transport system has a limited impact on the environment	the development of modern multimodal transport system has a positive impact on the investments and local economy	the development of modern multimodal transport system has a positive impact on the investments and local economy	supporting a modern multimodal transport system may not be preferred
creating a network of metropolitan services common to the municipalities of the Łódź agglomeration by enabling and supporting job creation, improving the quality of life of residents, counteracting depopulation	the development of a network of metropolitan services common to the municipalities of the Łódź agglomeration has a limited impact on the environment	the development of a network of metropolitan services common to the municipalities of the Łódź has a positive impact on the local economy and the quality of life	supporting new jobs in the agglomeration, improving the quality of life of residents may not be preferred	creating a network of metropolitan services common to the municipalities of the Łódź agglomeration is not relevant in a polarized society
increasing the attractiveness of the city's central areas	increasing the attractiveness of the city center is associated with the improvement of environmental conditions	increasing the attractiveness of the city center has a positive impact on the local economy and the quality of life	increasing the attractiveness of the city center can have a positive impact on the local economy	increasing the attractiveness of the city's central areas agglomeration is not relevant in a polarized society
renewing the historical urban fabric and giving it new functions	renewing the historical urban fabric center is associated with the improvement of environmental conditions	renewing the historical urban fabric has a positive impact on the local economy and the quality of life	renewing the historical urban fabric and giving it new functions can have a positive impact on the local economy	renewing the historical urban fabric and giving it new functions may not be relevant in a polarized society
use of external support funds and public-private partnership	use of external support funds and public-private partnership has a limited impact on the environment	use of external support funds and public-private partnership depends on the activity of local authorities	use of external support funds and public-private partnership may not be preferred	use of external support funds and public-private partnership is not relevant in a polarised society

Key: ■ condition highly unlikely to continue in the future ■ condition is at risk in the future ■ condition highly likely to continue in the future

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