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## **METROPOLIZATION PROCESSES IN EUROPE: NEW MODELS OF URBAN ECONOMY SPECIALIZATION**

*В статті розглянутий вплив глобалізації на розвиток передових агентів світових економіки – метрополісів. Презентовані результати аналізу урбанізаційних процесів в світі, представлено трактування таких термінів, як урбанізація, метрополізація, метрополіс, глобальне місто, глокалізація та інших з позицій міжнародної економіки. Оскільки ЄС є найближчим центром глобалізації для України, то нами проведено та викладено результати аналізу побудови механізмів регулювання міським розвитком в ЄС, прослідковано еволюцію принципів та стратегій стимулювання розвитку великих міст ЄС. Класифіковано інструменти та напрямки міського розвитку згідно з нормативними документами, в т.ч. хартіями урбанізаційного регулювання ЄС. Зроблено аналіз різних наукових підходів до моделювання спеціалізації метрополісів глобального рівня або глобальних міст. Особлива увага приділена розвитку такої ключової функції сучасних метрополісів як креативна. Розроблена класифікація стратегій розвитку креативної функції в європейських містах, наведені приклади Шеффілда, Білбао, Страсбурга, Лейпцига, Глазго, Барселони та інших. Запропонована авторська модель полі-структурної конкурентоздатної спеціалізації глобальних міст на основі передових наукових концепцій Р.Флориди, П.Тейлора, С.Сассен і Т.Ямагучі. В результаті зроблені висновки з досвіду метрополізації в ЄС та наведені принципи адаптації авторської моделі для розвитку великих міст в Україні.*

**Ключові слова:** метрополіс, метрополізація, урбанізація, глобальне місто, спеціалізація, четвертинний сектор, передові послуги для бізнесу, креативна локальна середа

*Since cities are the exact place where global economy is produced and redistributed their economy is highly resistible to any negative changes in state of the world market. What causes this steadiness effect is specific specialization model in contemporary peculiarities of global urban competition. The analysis of sources and structure as well as agents of regulation is presented in the following report. In the article there was analyzed the evolution of governmental strategies in urban systems development according to challenges throughout the XX century, grounding of hierarchy specialization model of modern global cities and search for crucial successful factors which enable the proper level of urban functions realization. Touch upon existing EU effective models of creativity and analyzing their differences and performance. The hierarchy specialization model of competitive urban economy developed by the author, the actual mechanisms comparison of creativity models realization are presented in the following article.*

**Key words:** metropolis, metropolisation, global city, specialization, forth-sector services, advanced producer services, creative local environment

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In all regions of the world the three last centuries of economic globalization, which had started on the beginning of 17 century were related with industrialization, urbanization and polarization of economic growth. In the begging of 20 century A. Marshall was investigating the well-known effect of agglomeration, pointing out significant culmination of roles of cities as engines of trade, recourses and welfare accumulation of contemporary emperies.

The exceeded development of industry during last centuries had led to unprecedented increase in number of world population and its concentration in cities. Also the world urbanization was enforced by progress in medicine, transport and communication, active development of architecture and culture. Since 1800 till 2010 the number of world population had risen from 800 mln. to 6,9 bln. people, total urban population - from 29 mln. to near 3 bln. [13]. Taking into consideration the rate of urban population change from 3.6 in 1800 to 50.6 in 2010, the prognoses for the 2050 reach 70 %. [1].

After analyzing numerous scientific approaches we formed our opinion from the standpoint of international economy theory the notion of urbanization should be understand as as a process of urban population growth and polarization in a global scale and increasing of big cities number as well as getting the prime actors role by cities in international economic relations. [2]

The special attention in description of urbanization is given to the increase of big cities number. But not only the number meters but also the shift in functions and forms of the cities. This process in general is commonly called metropolization and it is connected with metropolises formation. Metropolis is a special form of territorial organization of community which is developed on the basis of big cities and usually characterized by flexibility and diversification of component structure, specific peculiarities of social-cultural environment (easy-contact, social mobility, diversification), which reveals in scope of city functions , great scale of their influence ( often it reaches global level). In this way metropolization – is the process of metropolises and metropolitan regions formation, the last include the range of administrative – territorial units with high concentration of population and economic activity and special social-economic role playing out of its basic region. Correspondingly there are several types of metropolitan territories: with one center and satellite small cities, rural territories (London, Seul, Los-Angeles) and poly-centric metropolis, which include several agglomerations. (‘Rurh-stadt’ in Germany, ‘Bo swash’ in USA, ‘Rasischtadt’ in Netherlands, ‘Italian Corridor’ in Italy (Milan-Venice), ‘Hong-Kong Triangle’, ‘Tocaydo’ in Japan, ‘Golden shoe’ in Canada etc. [3,170]. Ukrainian researcher Denisenko O. connects metropolization with “getting new special organizational, informational, spiritual-cultural, and communicational function” and to converge with European model Ukraine should deeper rethink functional model of its cities.

Convergence of economic systems is divided into two types concerning the sphere of influence: the convergence of real sectors of economy and convergence of regulatory sphere [4]. The last is perceived as process of assimilating of countries in sphere of social-economic institutes functioning, e.g. formal institutes, as well as informal institutes, obligatory in national economies. While convergence of regulatory sphere occurs to be fairly homogeny notional category, the convergence of real sectors of economy stands out as more differentiated and in its turn being divided into real and nominal. The last is revealing in exploratory research of real spheres of economy and paradigms influence. Real convergence of real spheres of economy can be equated to the reduction process of disparities between the levels of economic development and quality of life in different countries. In this context economies can converge absolutely if they are characterized by similar structure parameters, e.g. technology, levels of savings, natural accretion or depreciation of physical capital, etc. and they move toward balanced growth with sustainable levels of capitals and production per capita. However relative convergence opens lots of opportunities of harmonized growth and appears in situation when countries struc-

ture parameters differ. Thus any country inclines to have its own way of balanced growth. As it was mentioned above there is also a nominal kind of convergence in real spheres of economy and in economic analysis it's connected to convergence criteria, formulated in Maastricht Agreement of EU which orients on countries and territorial cohesion.

The convergence of urban development policies of Ukraine with European refer primarily to convergence of regulatory system and after only to convergence of real spheres of economy due to its post-soviet legacy and contemporary level of city development. Despite the fact that Ukraine ranks 19th place in list of countries with big number of megapolises, these days it is hardly ever possible to give an example of a city that performs its functions appropriately and assure the residents proper standards of life and services. Almost all cities fail to achieve the equilibrium between economic development and protection of a safe environment. On the contrary, the overwhelming majority of Ukrainian cities face quite a number of problems: the poverty of city residents, the destruction of historical centers, the excessive concentration of motor vehicles, air, water and soil contamination, lack of sufficient accommodations at fair prices, as well as problems in the field of health care. High levels of unemployment especially among the young and growing level of crime and law infringement are also common problems. Over 60 % of total Ukrainian population is city-dwellers. It has 349 small depressed towns with a population of 10.000-50.000, comprising 22% of the population [5]. Regarding the tendency of disparities increasing between the level of localities development and qualitative indicators of life and business Ukraine lags behind from developed countries and in some cases can't compete with developing countries. The model of economic growth based on reloading of old industrial forces, privatization of governmental ownership, speculation with land raising cheap bank loans has proved its inefficiency. Ukrainian big regional centers and megapolises, - which list is headed by Kyiv, Kharkiv, Dnipropetrovs'k, Odessa, Donetsk, L'viv (more than 12 mln.ppl. that is equal to 27% of total population), - they are developing horizontally in quantities dimension of space, and comparing between themselves they show growth [6]. However regarding to European tendencies and quality standards they evidently degrade in demographic, infrastructure and economic dimensions.

The formation of the urban self-government institutions in Ukraine are among the most complicated tasks of new state development [7]. There exists a complex of problems: economic (nonconsecutive character of market relations), financial (restriction of revenues and misbalance of city budgets), social (destruction of existing social infrastructure; the decline of living wage), and political (trust of the population) [8]. The institution of local self-government occupies an increasingly important position in Ukrainian society. However, the contemporary system of local self-government in Ukraine is still not consistent with the principles of the European Charter of Local Self-government [9]. This problem is connected with the heritage of Soviet Union in face of hard centralized management system, which in fact still operates on the all levels of government. Inevitable market transformations in many spheres were not undertaken and resulted in deepening of social-economic problems in rural areas, small-, and medium- and even in whole regions [10]. In these circumstances evolution of European regional policy that is connected with urban development strategies serves as role-model experience for positive changes and convergence of Ukraine and EU. Moreover in terms of new support agreements in sphere of regional policy development between EU and Ukraine set in 2010, which have planned allocation of €10 mln. for the period of 2011-2013[11], the complex EU experience analysis starting with a very origins becomes of a vital importance.

Considering the history of European countries collaboration till EU formation and till nowadays it reveals that the strategic view onto development of urban territories has been changing substantially and has formed into three waves and governing policies of development stimula-

tion and restriction (table1). Regarding that 70% of expanded EU inhabitants are city-dwellers its cities are assumed as the motor that drives regional growth and the key to increasing the EU's competitiveness worldwide. But still they suffer from demographic problems, social inequality, social exclusion, lack of affordable and sustainable housing and environmental problems [7]. The policy of urban regulation on the national level appeared in the European countries as reaction on world finance crisis of 1929-1932.

Starting with 1930s some European countries, e.g. Great Britain considered their agglomerations and even certain regions as overdeveloped. The high density of population and business activities concentrations in them started to be regarded as the main problem of regional policy in first decade after II WW in France, Netherlands, Italy and Hungary and others except for German Federal Republic, Switzerland, Austria and Belgium[12]. The main reasons for establishment the policy of main agglomeration "offloading" served such phenomena as decline of life quality standards and economy functioning connected with troubling of new economic areas creation because of old industrial potential domination without any perspectives of further realization, such as production spaces, transport limits and ecological dilemma (McCrone G., 1969)[13]. In its turn situation has been troubling by crisis deepening in peripheral regions which did not have agglomerations (e.g. South Italy) and certain depressive territories (North territories of Great Britain and France). The "offloading" was of a quite discursive value for business as they wanted to displace their actives to hinterland not far away regions with bad image, low level of infrastructure development and quality of workforce. Thus the main role was devoted to governmental stimulation of mobile capitals and in this period the term "production migration appeared"[14].

**Table1.**  
**The waves of urban development policy evolution in Europe**

<b>Period</b>	<b>Policy main-streams</b>	<b>Main initiatives</b>
1930-1950s	"Offloading" of agglomerations and development of depressive	- Special permission for establishing business in city - Subsidies and preferences for starting business in depressive regions - Replacement of governmental and educational institutions out of agglomerations - Restriction methods of registration controlling - Creation of "cities-gardens" around existing agglomerations and inverting their poly-structure development
1970-1980s	"Inner-areas" development in agglomerations	- Transformation of depressive areas of cities into new functional areas - Stimulation of assimilation of marginal groups by formation formal and informal organizations
1980s - present	Extended support of main agglomerations development	- Developing great scale infrastructure projects - Increasing of workforce quality - Enhancement of place image - Stimulation of SME activity

*Source: developed by author on the base of [12].*

The "offloading" measures occurred to be quite successful but their effect was exceeded by natural process of suburbanization, when reach layers of society inclined to live in private houses in "green zones" out of city. It is important that in European employer traditionally followed their target employees not the other way and it also accelerated "production migration". However the new phenomena replaced old problems in regional policy. It was the decline of certain



inner city areas. The social segregation appeared to be so strong that even nearby streets could serve dwelling for super rich and super poor citizens, so called crisis areas. It led to social exclusion and marginal groups appearance, as well as could not afford relatively expensive apartments in suburbs and extremely expensive in central areas of the city. This challenge was an urgent problem in Italy, Great Britain, France and Belgium and it led to formation of “inner city areas development” strategy which became the leitmotiv of regional policy of European countries till the beginning of 1990s[15].

The new realities were brought by globalization tendencies exceeding and consequent expanding of capital mobility possibilities. Accompanied by informational revolution of 80-ies all this could not help influencing the role of cities in maintaining of country competitive advantages of a global scale. Thus the dual nature of urban development revealed by shift from exclusive providing positive changes in crisis inner-areas to more extended development projects, e.g. place marketing and huge infrastructure projects implementation, etc. This strategy found its further development as a part of Regional Policy of EU, exactly in EU Cohesion Policy as a Community Initiative Programme ‘URBAN’ in 1994[16].

Integrated urban development formed as a central to European cohesion policy and a goal which is supported throughout its urban programs. It means simultaneous and fair consideration of the concerns and interests which are relevant to urban development, thus a process in which the spatial, sector and temporal aspects of key areas of urban policy are co-designed and co-ordinated by all levels of governing. Cities and regions across the Union use integrated policy-making to support sustainable, inclusive and innovative urban development. The last two decades have seen a flurry of EU initiatives launched in support of urban development. These kicked off with the Urban Pilot Projects (1989–99), which focused on economic development, environmental action linked with economic goals, revitalization of historic centers and exploitation of the technological assets of cities. In two phases, 59 projects were supported in 14 Member States.

The URBAN Community Initiative (1994–2006) built on the experience gained from the pilot projects in 200 cities across Europe [17]. In the two programming periods, URBAN offered €1.6 billion in Community assistance. URBAN mainstreaming (2007–13) saw the main legacy of the URBAN Community Initiative included in the national and regional Operational Programs (OPs) under the Convergence and Regional competitiveness and employment objectives and for its realization €10 bln. were allocated. This important step allowed the integration of different sectoral and thematic policies in cities throughout Europe. For the first time, all European cities became potential beneficiaries of the European Regional Development Fund (ERDF).

The urban development network program URBACT (2002–13) has given additional support to the exchange of knowhow and experience between cities and urban experts across Europe. Since 2003, the Urban Audit provides a solid evidence base to assess the state of European cities and now offers comparative data for 321 cities across the EU. In 2010, this was complemented by the publication of the Urban Atlas, which offers detailed digital maps for more than 300 Urban Audit areas based on satellite imagery.

The ‘Leipzig Charter on Sustainable European Cities’ (2007) recommended making greater use of integrated urban development policy approaches and paying special attention to deprived neighborhoods[18]. A promising initiative in this respect was launched in 2008 in Marseille, where the Member States agreed to establish a common European Reference Framework for Sustainable Cities to foster the implementation of the Leipzig Charter at local level. This framework is currently being developed on a broad participatory basis involving cities, the Member States, the European Commission, and urban experts. On a voluntary basis, it will offer ci-

ties a practical tool to help them to apply an integrated approach when developing strategies and projects and to balance different needs and interests.

The analysis of urban policy evolution and functioning in Europe allows making several general conclusions important for Ukraine. First of all, European experience shows that government can accelerate or slacken natural processes which take place in cities and towns, but they are incapable of changing their trend. All regulatory urban policies were first directed onto the development of depressive regions by restriction of big agglomerations growth, further globalization dictated the strategy of competitive integrative development of cities network which focal points are big agglomerations of a global meaning, so called global cities. There are decades needed for notable positive changes in urban development. The effective urban development should be integrated into strong regional policy and the main factor of success is connected with decentralization of power and functions and functioning between the multi-level governing systems. Fairly well, that it is easier to develop the territory of city than obtain the development of marginal groups. As the instruments of urban development restriction-prohibiting measures appeared to be less efficient than encouraging.

There is a set of instruments and principles which have already proved their worth during almost 60 years of regional policy experience. They are indispensable for further improving the competitiveness of EU cities and can serve model for Ukrainian cities development.

**Table 2.**  
Set of effective instruments of EU urban development policy

<b>Tasks</b>	<b>Instruments</b>	<b>Principles of implementation</b>
<b>Greater use of integrated urban development policy approaches</b>	Creating and ensuing high-quality public spaces	- Decentralization and multi-level governing - Multi-annual projects - Sufficient critical mass of population and associated support structures - Stimulating of innovative approach - Strong inclusive local partnership - Integration and synergy with other initiatives - Sharing experience - Social-balancing
	Modernizing infrastructure networks and improving energy efficiency	- Appreciation of diversity
	Proactive innovations and education policies	- Sustainability of impact
<b>Development of deprived neighborhoods within the city</b>	Pursuing strategies for upgrading the physical environment	- Integration of economic, social, environmental, security and transport aspects, including equality of access to education and training
	Strengthening the local economy and local labor market policy	- Equality of opportunities between men and women
	Proactive education and training policies for children and young people	- Flexible and open process
	Promotion of efficient and affordable urban transport	- Local community participation and commitment
<b>Funding</b>	Structural Funds: European Regional Development Fund, European Social Fund; Cohesion Fund	Urban development funds and SME funds by JESSICA and JEREMIE initiatives

Source: developed by author on the base of [15-23]

Regarding the information presented in table above there are important conclusions can be made for Ukraine in context of efficient urban development policy. It is vital to insure state-local authorities-local business-local community co-operation on all levels of urban development projects design and realization. Importantly all cities of the urban network should be perceived as equal in face of city-region development. As well Ukrainian government should organize efficient funds for urban development not only by state budget planning, but also arranging financial engineering instruments to leverage private capital into urban strategic plans which European analogs are JESSICA and JEREMIE initiatives [13]. It is basically important to design dual nature projects of city development which base on general and neighborhoods upgrading and revitalization.

It should be admitted that the one of globalization effects reveals in weakening governmental influence on urban development inside its countries. While the distance losses its meaning and technologies progress the peculiarities of territories get new importance. [24;25;26].

While globalization stimulates the spreading of centers production processes all around the world, such advanced services for producers as consulting, insurance, financial operations, advertisement, research demonstrate tendency to concentrate in cities, to be specific in certain cities of the world – metropolises. [25]. This phenomenon is called glocalization which means dialectic inter-relation between local and global scales of economic, politic, and cultural processes, as well as governmental decentralization strategy, due to which cities get more capabilities in managing their own development. [27]. Glocalization is practically implemented in shift from policy of exclusively direct governing if urban development without involving (managerism) to the policy of business-partnering of local authorities. (entrepreneurialism).

The ideology of «entrepreneurial cities» was extremely popular in 90-ies and the beginning 2000-ies in many cities of USA and Western Europe, namely Germany, Netherlands, UK, Spain and Turkey, excluding only France and Italy. This model perceives city as a product which should be marketed and promoted, as well as should have competitive advantages. These entrepreneurial cities foster economic power quite in a short period, and conceder other cities as competitors whose achievements in infrastructure, architecture or the level of consumer services provision should be immediately realized in own local environment. But it showed its incapability in many aspects. Trying to get more international capitals resulted in economic segregation and social exclusion, thus conflicts inside the city, as well as straitening of economic-territorial polarization inside the country, because investors attention can be driven to any other entrepreneurial with a same possibility. [28].

The illustration of weakness of this model can be made on example of economic restructuring of Leipzig after Germany reunion. The colossal amount of money was put into renovation of infrastructure, living and commerce real estate, as well as stimulation of suburbanization. However the local community of Leipzig did not believe in perspective of such changes and started to emigrate massively. New infrastructure was not profitable, the commerce real estate stayed unused. Till the beginning of new century city had been unattractive and had lost over 100 thousand ppl. The private investments appeared to be more effective than governmental huge projects. The association of Leipzig with I.-S. Bach and personages of Faust and Mephistopheles gave the unexpected stimulation of development as center of informal culture of neo-gots and great musician concerts and cultural events. In a close time even local community which had left city some time ago, started to get back from suburbs. This way city has become German prime cultural, capital. This way gentrification processes, determined by private initiative, proved its efficiency in city development.

«Entrepreneurial cities» paradigm has changed into «livable cities», or cities, which development is connected with maintenance of equilibrium between economic development, ecology

needs and local community interests. This means the end for competition between cities minimum as principle of urban development strategy. Traditional factors of success as mono-specification, natural resources, low labor costs and qualified personnel, low transport costs are more and more unimportant comparing. In the same time social- cultural parameters of city – as quality of public places, level of cultural and social life differentiation, political stability, low level of crime, positive image, transparency of decision making in authorities etc. – stand forward [26;28;29]. The development of cities is obviously more determined by individual life strategies of citizens and here should not be ignored investments into their development when talking about stable economic growth, especially in terms of post-industrial economy, oriented on non-material production.

Consequently, globalization result in conflict between interests of local communities and global economy conjuncture. This forms diffused precondition for city development which needs to be considered by local administrations. The idea of self-government and active position of local community lies in the base of stable urban growth. It practically reveals in number and importance of different kinds of NGOs in city. The strong relationship between number of NGOs and economic growth of cities was proved on the data about US states [30]. This kind of relationship can be explained with the fact, that more decentralized local authority and active local partnership stimulate transparency, democratization and integrated approach to plan urban development and community control over projects realization and gives ability to integrate creativity.

Convincing prove was presented by R. Florida, who showed that the main driving force of contemporary metropolis economy is creative class of young, qualified and mobile professionals, who have diverse ethnic origin and open-minded lifestyle. Metropolises, which are able to maintain attractive local environment for the representatives of creative industries, as well as special lifestyle and values, they get most profitable perspective in long-term period. [31]. One of the recent examples is a Nissan production-management choosing the center of location between Perm and Saint-Petersburg. One of the main criteria was providing employees with high life standards, which included highly developed cultural environment. This way the priority was given to Saint-Petersburg, even not regarding the higher level of land and labor costs.

Creativity is a special characteristic of metropolis economy which provide equal chances for cities of different sizes, continents and primary development level. This is proved by European examples of mono-functional depressive cities development into metropolises- Sheffield (GB) and Bilbao (Spain).

Both cities started their revitalization from the same position of economically and ecologically degraded industrial territories, with common phenomenon of ethnic and social conflicts [32]. Corresponding image of ‘rebel’ Sheffield and ‘museum of ecological horrors’ Bilbao influenced much the fact that foreign investors lost the way to reach it and local community disappointed in possible changes. Both cities had chosen the model of cultural creative revitalization. First this kind of strategies had been used in USA in 1970-1980 on example of Baltimore. In some period this model became popular in Europe in projects of Glasgow – European culture capital of 90-ies, and Barcelona. Although the revitalization strategies appeared to be successful in both cases, the strategies and tactics differed much, which effected the stability of positive changes. First of all, regarding the political ideology, Sheffield administration was inclined to partner with local community and business. Instead Bilbao which opposed vertical model of managing revitalization projects. Second, Sheffield main purpose was to amortize the negative effect of industrial decline, Bilbao was first of all determined to create knowledge based high-tech industries. Third, the goal of cultural regeneration in Bilbao was attracting tourists

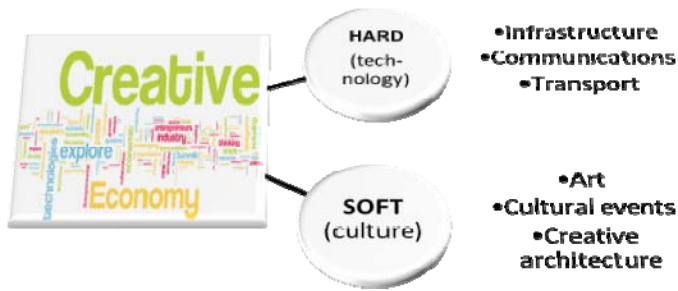


and foreign investment, to support this goal there was established the Guggenheim Museum. While in Sheffield the goal was to use culture as the agent of social changes and social integration in society. This practically realized in rebuilding of Winter Gardens and Garden of the world, the Millennium museum development, as well as national lottery sponsored museum of contemporary music culture, which appeared to be unsuccessful and was finally closed. Consequently, social policy in Sheffield was actively including programs of depressive regions reintegration, for example developing accessible habitation possibilities, uniting marginal groups into non-profit organizations and stimulating the development of informational systems about vacancies and re-qualification opportunities. Bilbao rarely launched such socially meaningful projects, except for migration stimulation on the governmental level and ecological projects. In depressive regions attention was paid on improving transport infrastructure.

Finally the evaluation of cultural revitalization strategies of both cities let to do make a conclusion that they had led to significant improvement of metropolitan economy's performance. However it is fair to notice that project of attractiveness improvement through establishment of Guggenheim museum in Bilbao justified itself but had let to real estate prices rising to the level higher than in Madrid. This newly created image had not been back upped through adequate social policy and thus did not guarantee stable economic growth. This kind of side effects of upgraded infrastructure is precisely described by Hire as 'carnival mask', when zeal for creative architecture just hides social troubles of the metropolis. [27]. On the contrary the main cultural revitalization stress had not justified in the case of Sheffield and modern music museum had been closed. However the multi-oriented social policy aimed at solving social segregation problems in local community had given more stable base for economic growth and further metropolitan development.

Strasbourg (France) metropolization process is also quite significant as effective strategy. It was regional center of its national economy and became the heart of European Union. [33]. The upgrade of architecture environment design was stressed on saving the charm of authentic mid-century legacy of Alsace style accompanied in harmony neighborhood of super-modern building of European Parliament, concert-hall, railway station of national meaning, numerous museums and historic monuments etc. As a center of multi-national community the special attention is paid on social policy of tolerance cultivation and marginal group's self-expression. As a center of high education institutions Strasbourg became the place of young professional concentration, which stimulated further development of creative industries, especially in sphere of services. Significant success was achieved in greening of Strasbourg and maintaining of ecological metropolis transport, social living real estate. Numerous parks, green architecture along the bank of river L'Ille and outstanding project of noiseless broad tram system implementation, computerization of public services, together with cultural differences appreciation have prepared fundamental base for creative local environment arising for talented class living and free realization, which consequently have to stable economic growth.

Thus the cases of European cities presented above show that not regarding the starting political, economic and infrastructural level of development can significantly influence their further growth by stimulating creative local environment. Gaining unique differentiating advantages and parallel improvement of community integrity and social engagement with the 'destiny' of metropolis brings local authorities to make a choice how it can revitalize its local environment to be more competitive in global urban competition for factors, as talents, technologies and investments. To our opinion strategies used in European metropolization with aim on creative function development can be elementary presented by two models: hard creativity - with a more stress on technology and infrastructure - and soft - with a more stress on culture and social policy. (pic.1)



**Pic.1.** Differentiating the hard and soft models of urban economy creativity.

directed onto the development of depressive regions by restriction of big agglomerations growth, further globalization dictated the strategy of competitive integrative development of cities network which focal points are big agglomerations of a global meaning, so called global cities. There are decades needed for notable positive changes in urban development. The effective urban development should be integrated into strong regional policy and the main facto of success is connected with decentralization of power and functions and functioning between the multi-level governing systems. Fairly well, that it is easier to develop the territory of city than obtain the development of marginal groups. As the instruments of urban development restriction-prohibiting measures appeared to be less efficient than encouraging.

The polarization of global economy is accompanied by localization of most of factors in limited number of places, which leads to divergence of inter-city development in all countries of the world and resulted in global cities formation, so called command centers of international economy. The attractiveness of urban lifestyle is explained by more employment opportunities, by variety and concentration of cultural experience, ease to reach main transport and communication infrastructure. Thus prime meaning of city taxon in global economic environment is logical. However the sources of inter-city economic development still sick for explanation in frames of overall location theory.

In USA for example income per capita in San-Francisco is three times higher than in Bronxville, Texas. But these cities belong to different structural classes. While the same indicator for San-Francisco is 1/3 bigger than the same indicator for Los-Angeles, and they relate to the same classes. [34]. This seems strange from the standpoint of regional economic theory, that there is observed such significant inter-city income divergence in economy with the high rate of inter-regional investments and mobility of labor, more over inside on functional class.

The obstacles for income convergence between territories international economy theory explains as result of labor and capital mobility limits. Since these limitations are touched upon, this theory refers to differences in level of specialization as an explanation for asymmetry in cities development: including all differences, starting with comparative advantages to human capital, institutions and technologies.

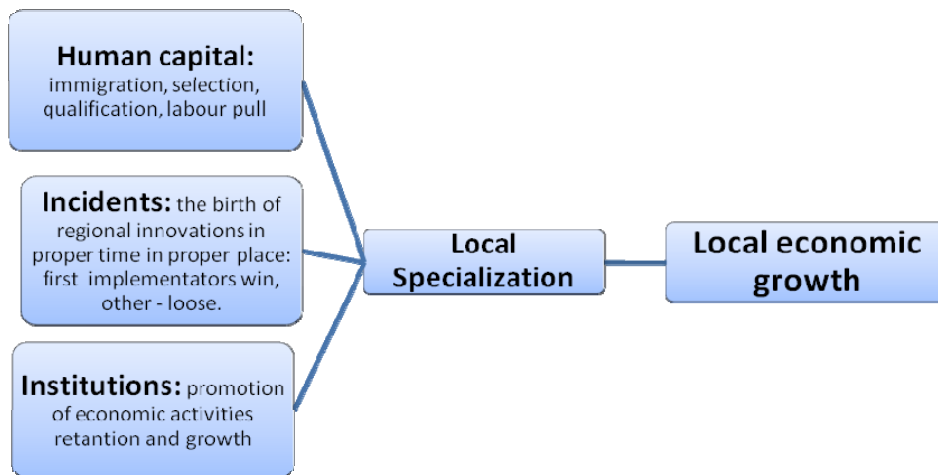
However the sources of economic specialization of territory stay the holy grail of economic development theory. Considering comparative advantages, there are always several territories with the same comparative advantages. Theory of economic agglomeration explains, that since some economic activity is launched somewhere it has a tendency to long-term development thanks to production and trade externalities effect for all economic actors [35].

The researches of this type inductive empiricism present the range of sources, which are thought to make an input to territorial economic specialization. City is supposed to be specializing when the concentration of specific labour in that or another sphere or the rate of economic activity growth on the local level exceed the overall national. The list of factors, such as prices for

The analysis of urban policy evolution and functioning in Europe allows making several general conclusions important for Ukraine. First of all, European experience shows that government can accelerate or slacken natural processes which take place in cities and towns, but they are incapable of changing their trend. All regulatory urban policies where first

land, governmental regulation, business climate are perceived as the source of city economic base evolution. While specialization is calculated on export base or multiplier's effect.[36] Consequently the ratings on the base of land cost, prices and earnings, number of commerce operations, even business- servicing companies give uncertain analytic evaluations why those or other cities from the same functional class are more specialized, but not the theoretic grounding.

In the researches on comparative growth there was formed pragmatic position concerning of territorial development divergence as a result of three forces: specialization, human capital and formal/informal institutions [37]. The leading scientist M. Storper finds territorial specialization as accidental thing: being in the right place attracts sectors to the place. It conditions the dualistic character of specialization sources: internal and external. Unique peculiarities of territory, as unique skills, unique events (for example, place of making invention or talented scientist residence) or unique historic experience form the 'seed' of specialization. The analysed concepts of territorial specialization, M.Storper presents the model of city specialization as the main force of economic growth. (pic.2.)



**Pic.2.** Internal sources of city specialization by M.Storper  
Source:[34]

to become the center of high-technology producers agglomeration. [38]. Thus the question of why some of territories appear to be more successful in developing specialization than other still sick for explanation.

Classic mono-functional typology of cities, built on city creating function (export function) appeared to be unable to explain the growth of metropolises in the end of XX - beginning of XXI century, moreover to explain the forming of global cities as New-York, London, Tokyo. Their source is openness to exogenous effects of international economy typical to globalization era: hyper-migration, hyper-concentration of capitals and information, multi-culture, multi-functional specialization, etc.

In the beginning of 60-ies the distinctive feature of metropolis economy was the domination of so called third sector – services. On the other hand industrial production was moving into the suburbs, till the progress of communications and technologies, evolution of organizational systems of TNC, did not spread it all around the world. In that very period the prime meaning global management function concentration in the city was realized. Cities hosted old and competed for new headquarters of TNC, international organizations, etc.

Thus the structural analysis on the base of numeric evaluation of activity presentment comparing to national scale can not serve objective grounding for modeling specialization of met-

Meanwhile this seed can be implemented in several territories in the same time. W. Paul shows the example of minimum 10 US regions, where there had been registered the most of bio-technologic patents and other consumer services in past. But only 3 of them appeared

ropolises. Their multi-functional economic structure is connected with differentiation of TNCs specialization, and the key function is about the center of redistribution of global factors flows, including information. (table 3). But the presence of higher headquarters of the TNCs in cities is explained by concentration of advanced producer services or so called forth-sector services (such as banking, advertising, consulting, logistics, research, etc.) The very advanced producer services sphere development in the city and the need for personal contacts provides positive effect of agglomeration externalities, which keeps international ‘command-tanks’ inside any taken metropolis. [15].

But, as far as development of such industries as advanced producer services is connected with presence of creative labor, local environment features should fully fulfill their requirement for lifestyle and work style. [39]. To be specific this conditions the need in high level and quality of infrastructure, communications, transport, education, culture and leisure development. In T. Yamaguti interpretation – all this together can be called as base for providing enlarged reproduction. [40]. The great role in its realization is played by formal and informal institutions development, which stimulate integrity of millions of population living in metropolises and gives platform for human potential realization, enables the spill-over effects in knowledge exchange between employees of different sectors of economy, stimulate innovations and ‘events’ by M.Storper.

**Table 3.**  
**Three-level system of metropolis specialization**

<b>Meaning for global power of metropolis</b>	<b>Functions</b>	<b>Details</b>
Key	Global political and business command center	The highest levels of headquarters of TNC, political and non-political organizations, as well as think tanks and news beuros.
Supporting	The center of advanced business services	Forth-sector firms which operate to service production throughout the world: research and development agencies, insurance, marketing and design, logistics, banking, etc.
Enabling	Local creative environment (maintaining the enlarged reproduction)	Comfort of infrastructure, medicine, education, differentiation of culture, leisure, opportunities for self-expression and other creative industries.

*Source: [developed by author]*

Contemporary metropolises, more over global cities, are greatly depended on external influences of international environment in their development, definitely more than on effects of region or country they take origin from. For example, the decisions about replacing headquarter of TNC s, other international organizations, the power of international flows of information, human capital, investments, etc. To our opinion the real contemporary metropolises specialization is inter-folding three-level model. The high rate of advanced producer services concentration and differentiation in city form precondition for agglomeration of TNC and international organization, as well as informational bureaus headquarters. The last embody real global power of metropolises and key specialization – command center of global economy, politics and information transmission. This model of specialization is revealing consequential relationship in



multi-structural specialization model as well as claims for correspondence to actual growth characteristics in era of globalization – creativity. It needs further specifications with mechanisms, their interrelation, action steps and, importantly, indicators of success. Still, as far as we concerned, it is the first try to uniform sources of metropolis' global leadership in consequential multi-functional specialization model basing on location theory, regional and international economy theory and the most significant developments of spatial economists, economic geographers for now.

Conclusions. Contemporary metropolises are the important agents of world economy and embodiment of globalization. Tendencies of polarization deepening make a challenge to boost competitiveness. But homogenization condition the effectiveness of creativeness in planning, realization and monitoring of development strategies of metropolises. Using of creative approach and developing on its base economic specialization model provides stable growth and integrated development in global environment.

The essence of creative metropolis economy is about increasing the role of creative industries, attracting and retaining talents, open-minded atmosphere and high-level of technologies development. But this model is impossible without provision of partnering relationships with local community, business and local administrations, as well as without active social policy, oriented on declining of social segregation and depressed city regions reintegration. Entrepreneurial cities determined to get positive image and international capitals first of all choose 'hard' creativity, or increasing of technological level of infrastructure, transport and communication. However concentration only on these measures can lead to even deepening problem of economic segregation and polarization in city development. On the other hand, cities, which choose 'soft' creativity strategy – stimulating of modern architecture and design, arts, cultural events, etc. also get relatively short-term economy boost effect. It's explained with a 'carnival mask' of cultural revitalization being unable to change, just to hide social-economic problems. Both strategies are ineffective to build real creative economy, as far as it seek for strong social institutions, starting with interests, motivation of the exact local community representatives and their involving into the process of planning their own local environment changes. Creative economy can be properly build just in terms of multi-level partnership and corresponding level of democratization of power, as well as realizing that investment in human capital (people's self-expression, realization and education) is the most profitable actives of effective city development and their stable economic growth.

The general level of Ukrainian city development should be connected with creation of high-quality public spaces. For its realization interaction of architecture, infrastructure planning and urban planning must be increased in order to create attractive, well-designed, safeguard, user-oriented public spaces and achieve a high standard in terms of living environment. Modernizing infrastructure networks and improving energy efficiency is connected with initiatives aimed to insure sustainable, accessible and affordable urban transport with a city-region transport networks. Also technical infrastructure, especially water supply networks, must be improved at an early stage and adapted to changing needs in order to meet future requirements for high quality urban living. Energy efficiency of buildings must be improved in addition to renovation of housing stock and large prefabricated, old and low quality buildings. As well cities must contribute in spatial and urban planning which prevents urban sprawl by strong control of land supply and of speculative development. It is of sufficient value to enhance citizens' quality of life and attractiveness as business locations by making use of sophisticated information and communication technologies in the field of education, employment, social services, health, safety and security, etc. Proactive innovations and educational policies should insure opportunities for li-

felong learning, the excellence of the universities and non-university research institutes and transfer network between industry, business and scientific community.

In managing of Ukrainian cities deprived neighborhoods economically and to integrate them socially it is urgent to upgrade their inner-city physical environment and transport infrastructure, that will stimulate the start-up of new business in this area. The access opportunities to local labor markets must be improved by offering demand-oriented trainings. There should be paid a special attention to proactive projects of children and young people education improvement in deprived neighborhoods.

Evidently the whole period of independence of Ukraine served for strengthening of urban polarization. But due to economic crisis the economic potential of different cities has been equalized. Accompanied by unprecedented deepening of ecological problems these raise the indispensable aspect of regional policy efficient planning and governing need. The real value of natural and global meaning advantages of Ukrainian cities arise – the same high esthetic and physical development of public places, the level of social culture and local citizenship education, favorable community infrastructure throughout all regions of the country. The competitive model of sustainable urban development first of all starts with decentralization of power. This implies the process of delegation of functions and competencies to local level with parallel straightening of its rights, e.g. in sphere opportunities or local budgets formation. This process serves the main goal of optimization and increasing of socially meaningful projects, timely and qualified providing of services for local communities members, fulfillment of local interests, transparency and democracy providing in relations of local authorities with their communities. Thus the constructive model should find place in contemporary system and it will serve functional division into central (political, strategic, control) and local (economic, performance, report).

Finally, the productive decentralized, not redistributing economy, which bases on qualitative growth characteristics and innovations should be designed and realized. Its efficiency can be ensured by integrated long-term projects and effective multi-level management as well as strong local partnership. European experience which proved its efficiency in long time period serves role-model for design and implementation of integrated urban policy in Ukrainian realities.

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