

Session: Regional Aspects:
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Let me start with some – private – preliminary remarks:

1. The more evidence we receive, that our economic model is not sustainable at all, the more we speak about sustainability. Which evidence? First, the financial crisis, of course. But, there are also the increasing disparities in the distribution of income. Last week I had the possibility to take part in an “enquiry” about “Distribution and performance fairness” in the Austrian parliament. Some facts:

- The share of wages dropped by 10 percentage points since the end of the 1970s,
- the relation of the income of the top management to the average wage rose from 20:1 in the year 2003 to 48:1 in 2007,
- 54 % of the financial assets are in the hands of the richest 10 percent, (27 % in the hand of the richest 1 percent of the Austrian households) and
- 61 % of the real estate property are in the hands of the richest 10 percent. We are usually speaking about a “two-thirds-society”, in reality our society develops to a “one-tens society”.

It’s evident: We definitely are not moving towards social sustainability!

2. In the present situation I see growth again, but I don’t see a lot of transition. It’s just more of the same.

My personal background:

Working for the City of Vienna for almost 20 years in the field of economic development I already have seen some fads/paradigms: from the cluster-

initiatives in the 1990s, to the strategic plans, to the ICT-hype and the Florida age of creativity, the Lisbon agenda with its mantra “competitiveness, competitiveness and competitiveness”. Now we have reached the age of sustainability – resilience – green economy – green jobs – green innovation. To be honest, I am a little sceptic.

We should comment on the presentations. For me, both presentations have been very interesting. And I really appreciate that, in Mr. Davies presentation, cities and urban areas have been mentioned in such a prominent way. I find that very positive, because it should be evident, that all our main challenges – growth and employment, demographic changes, climate change and increasing inequalities - are focussed in the urban areas.

Why? Because:

- Cities are the engines of growth and employment and urban areas are in the heart of the so called “blue banana”.
- Typically, cities are the centres of booming regions, if the cities lack growth, the whole region has a problem.
- Cities are the focus of immigration, they carry the main burden of integration.
- 80 % of the energy is spend in cities, it is there, where the change to a “zero CO2 economy” must take place
- In cities, the increase of income disparities, with all its social implications, is most evident.

That’s why I am convinced, that our main challenges have to be tackled in the cities, or we will fail to solve these problems. Therefore, we should put more attention – and efforts, on cities and the functional urban areas. In our theories and in practice.

To which extent does regional policy matter? We should be realistic: According to the federal constitution and the division of competences between the federal, regional and local level – at least in Austria – in many important areas, regional policy is a niche policy. This is true for the fiscal policy and the tax-system, R&D policy, education (universities of applied sciences), the labour market and business promotion. For instance, more or less 90 percent of the non-private spending for R&D are coming from the federal level. The same is true for measures in the field of active labour market policy.

BUT, within this framework and under the given financial limitations, the regional level can add or emphasize special topics. One of the guiding principles of these activities always should be to focus activities, to coordinate the efforts, to involve the social partners and local stakeholders and to follow an integrated approach. Let me give you three concrete examples:

1. According to the “Implementation report on the National Reform Program 2009” – Lisbon Agenda - the regions/Länder contributed 25 % to the economic recovery program of Austria. To be precise, in the year 2009, Vienna was spending an additional 700 Mio. Euro to stimulate the Viennese economy. At the beginning of the elaboration of this program all social partners were involved.

The main priorities of the recovery program are a continued high level in the expansion of the infrastructure, education, childcare, health, social welfare and culture. The package gave special importance to the backing of small and medium-sized enterprises. After all, these SMEs account for 98 per cent of business enterprises, and are therefore the core of the Viennese economy. Another main focus of the 2009 stimulus package were Hospitals and Nursing Homes. In line with a new integrated policy

on geriatrics, 300 million Euros are dedicated to deal with the demanding implications of an Ageing Society.

Let me add one personal remark. Concerning the Austrian national reform program I am the “common representative” of the Austrian Länder. In this function, I am trying to highlight the contributions of the Länder to this reform agenda. But until now, I was not very successful in this task: In general, the important role of the Länder is not mentioned at all in the national reports. I doubt, that under the new 2020 Strategy of the EU this will change to the better.

2. The Viennese Strategy for Research, Technology and Innovation

To start with some facts: With 130.000 students, Vienna is the second largest university location in the German-speaking countries. More than 1,000 research facilities, including more than 400 enterprises, serve to complete Vienna’s regional knowledge network.

Vienna’s efforts to encourage a dynamic regional environment were concentrated in 2007 in the mapping of a “Strategy for Research, Technology and Innovation”. This strategy, which extends until 2015, was elaborated after a year of discussion. Those supporting the development of the strategy included city councillors from relevant departments, business representatives, universities, research organisations and the media. In order to follow not only a top-down, but as well a bottom-up approach and to learn from good practice, the City of Vienna also invited some 100 relevant stakeholders and experts to discuss innovation strategies.

Major objectives of this strategy, for which we also stipulated concrete indicators, are:

- to increase research and development (R&D) expenditures in Vienna from the current 3.13 percent of gross regional product (GRP) to more than 4 percent;
- to increase the percentage of employees with academic degrees from 16.4 percent to 20 percent;
- to increase the number of researchers by 25 percent;
- to double the number of enterprises engaged in R&D;
- to exceed the target number of 200 companies participating in FP 7 projects.

Fields of action:

Vienna is now focusing its RTDI policies on several areas including several locally focused efforts:

- making better use of the city's human resource potential and improving the situation for young scientists;
- to concentrate on Vienna's major fields of research and innovation, including: life sciences/medicine; information and communication technology (ICT); creative industries/ multimedia;
- to engage in dialogue with the citizens;
- to encourage communities of researchers by creating local networks that provide the infrastructure necessary.

At the same time, Vienna is seeking to strengthen its position as an international network-based location of research and innovation through transnational cooperation. In this process, priority is given to Vienna's integration into the CENTROPE region. For example, by contributing to the "Centrope tt" activities of Lower Austria.

Let me conclude by mentioning, that the federal level is still working on an Austrian R&D strategy.

3. The Cross-Border Employment Initiative Vienna-Bratislava.

In the year 2002 the OECD produced a Territorial Review for Vienna-Bratislava. It was published 2003. This review showed on the one side the importance of functional urban areas, and on the other side the lack of steering instruments bridging the administrative borders. This was the starting point for the Cross Border Employment Initiative. This initiative is a common platform for the regional labour market focused on the “twin cities” Vienna and Bratislava. Because sometimes the cooperation between two cities is easier, than the cooperation between a city and its surrounding region.

It aims to strengthen regional employment by systematic cooperation of all involved project partners. These are:

- The “Vienna Employment Promotion Fund” as lead partner and
- the Central Office of Labour, social Affairs and Family in Bratislava.
- The Austrian partner organisation is the “Territorial Employment Pact” Vienna,
- the Slovakian partner organisations are the Confederation of Trade Unions of the Slovak Republic, the Employers` Association and the Province of Bratislava.

The aims of the initiative are

- enhancing transparency concerning the cross border labour market in the future,
- strengthening the active labour market policy in the region and
- implementing specific pilot projects.

Target groups and objectives are:

- Public employment services and agencies: fostering cooperation for cross border placement in the region;
- Representatives of employers and employees: coordination of employment strategies;
- Vocational training institutions: developing cross border cooperation and common strategies to cover special qualification requirements of the labour market;
- Employees seeking for information about working conditions in the region Vienna-Bratislava: website comparing professions in the Centropre region – in cooperation with a labour market project of lower Austria.

The initiative is funded by the ERDF and by the “Vienna Employment Promotion Fund” (waff) and the Ministry for Construction and Regional Development Slovakia.

Three concluding remarks:

1. Give cities the attention they deserve! All our main challenges are focused in the urban areas. There they will be mastered, or we will fail to solve those problems.
2. According to the federal constitution and the division of competences between the federal, regional and local level – at least in Austria – in many important fields, regional policy is a niche policy. But within this framework and under the given financial limitations, the regional level can add or emphasize special topics. Regions matter if they focus activities, coordinate the efforts, involve the social partners and local stakeholders and follow an integrated approach.

3. In the future functional urban areas will get more and more important.
Administrative borders will lose importance.

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