

International cities: case studies

Leipzig

Introduction

Leipzig is situated in the north-west of the free state of Saxony, in the former East Germany, and with a population of 550 thousand, it is the largest city in the region. The larger urban zone of Leipzig is home to a million people.

In 1989 Leipzig saw the largest public demonstration in East Germany that led directly to the fall of the Berlin Wall. After the German reunification Leipzig became infamous as a shrinking city (Florentin, 2010). In fact, its population was declining even before the collapse of state socialism in East Germany in 1989, but the trend accelerated in the 1990s. The city lost almost 20 per cent of its inhabitants, reaching an historic low in 1998, due to suburbanisation, migration to West Germany and low birth rates (Nussl and Rink, 2003). The population started to grow again in 2002 – as a result of people returning to the city from the suburbs and moving in from other areas of Germany and abroad (Leipzig City Council, 2016).

During state socialism Leipzig's factories produced printing machines, machine tools, chemical and welding plants, cranes and opencast mining equipment for the local lignite mining industry. The first few years after re-unification were characterised by radical de-industrialisation and a loss of 87,000 manufacturing jobs (Power, 2013). While other large industrial cities in east Germany, such as Dresden and Jena could build their post-unification economy on an existing industry, in Leipzig a completely new economic structure had to be built, as very few of the state socialist industrial companies survived the economic transformations (Miljak and Heidenreich, 2004). Some manufacturing jobs were regained after BMW and Porsche decided to build new plants in Leipzig. The other major new industrial sector in the city is logistics: with the eastern expansion of the European Union in 2004, Leipzig is now centrally located in European transport networks and both DHL and Amazon established their European distribution centres in the city. The development of logistics was made possible by major infrastructural investments (motorways, railways and the Leipzig-Halle airport), which were funded by the national government after the re-unification (Plöger, 2007).

Another expanding sector of the local economy is that of cultural and creative industries: over 10,000 people were employed in this sector (2006), including design, art, fashion, film, music and photography. Even though Leipzig is a secondary media centre in Germany (compared to Berlin, Hamburg and Munich), it plays an important role within the eastern states and the 'media and creative industries cluster' has grown organically since the end of state socialism (Garcia-Zamor, 2014). The city subsidizes smaller and medium-sized businesses in the fields of biotechnology, life sciences and cultural and creative industries to move to inner-city areas to create 'mixed use' areas or even buildings (City of Leipzig, 2012).

The level of education of the inhabitants and those in employment in Saxony and Leipzig is above the national average and skilled workers are often employed in jobs for which they are overqualified.

Wages and working conditions in Germany are negotiated through collective bargaining between trade unions and employers' organisations at industry level. Collective bargaining takes place at regional rather than national level, which causes variation in pay levels among regions. However, in the former East Germany slightly more than a quarter of employees are not covered by any formal agreement (Fulton, 2015) and the weight of trade unions in Saxony, where Leipzig is located is particularly low, and thus company level bargaining processes are of more importance in Leipzig than the German average.

Leipzig has a high proportion of residents living in poverty or at risk of falling into poverty: in 2012,

30% of Leipzig's population faced this risk, 11 percentage point higher than the national average. Every third child lives below the poverty threshold. The City is obliged to secure the housing of citizens on welfare benefits, using national funding. Welfare reforms in the 2000s reduced the amount of unemployment payments and the length of time when the unemployed receive such payments. The reforms also introduced limits to subsidising housing costs and living space – which means that welfare-dependent households tend to concentrate in areas with low housing costs and smaller flats. At the same time, options were created for those on unemployment benefit to engage in legal, low-paid work (Großmann et al, 2014).

In this context, it is not surprising that 'flexibility' is the key-word for the relative success of the re-industrialisation project of the Leipzig economy: BMW negotiated special shift patterns and working hours with the trade union IG-Metall for its Leipzig plant to increase productivity. The number of weekly working hours can vary between 38 and 44 hours and weekends are included (Miljak and Heidenreich, 2004).

The main challenges faced by the city are unemployment and poverty, and the relative lack of jobs for the city's skilled workforce. In addition, the current rapid population growth tests the resilience of local services and infrastructure. According to one interviewee, the administration's main goals are to provide equal opportunities for all, / maintain the 'social mix' of the city and enable the integration of refugees and non-German speaking migrants.

Governance

Germany is a federal state with three levels of governance: national state, federal states and municipalities. The two main bodies of local government are the directly elected city council, and the city administration. The mayor, directly elected by the residents, is the head of both city council and municipal administration.

Following the 2015 local elections, Leipzig City Council is made up of 70 directly elected councillors, representing the Christian Democratic, the Left, the Social Democratic and the Green Parties and the 'Alternative for Germany' formation, a right wing, populist party (City of Leipzig, 2016). The city's leader, Mayor Burkhard Jung (Social Democratic Party), has been in office since 2006 and is known for having spoken out against anti-migrant sentiments in Leipzig and in the former east Germany in general.

The city's administration is organised in ten departments, two of which deal with urban planning and restructuring: one working on general urban planning, and one focusing more on housing and urban renewal within the districts of the city. District management teams were set up within the framework of the *Social City* programme (described below in more detail): these teams are commissioned by the municipality but act outside the hierarchies of local administration. They are a key instrument in implementing the integrated urban development strategy and creating a link between the local authority and the local stakeholders in the districts. In some areas with large populations 'quarter management teams' have also been introduced to ensure more direct communication and involvement of local residents (Weidner et al, 2011).

The finances of Leipzig's administration are stretched. In general, East German cities suffering from population decline and de-industrialisation have to cope with large burdens of welfare payments while they receive less tax revenues from the local economy. Thus, they rely heavily on funding from national or EU programmes.

The regional level is an important policy level due to the federal organisation of government. The German states have their own government structures, finances and selective competences, e.g. they have the exclusive power of decision on the regional education system. In Saxony, there has been a government with Christian Democrats as the ruling party since 1990. Policies towards ethnic immigration, refugees and integration are in line with conservative values. Right-wing nationalism and neo-Nazi movements have played a role since 1990, and the right-wing extremist National Democratic Party (NPD) has been part of the Saxonian Parliament since 2004.

Strategy, Vision and Leadership

Innovative urban policy strategies were first implemented by civil servants who arrived from West Germany after reunification. After a period characterised by over-ambitious development projects funded by the national government, Leipzig was the first major East German city to develop a more realistic urban development strategy in the second half of the 1990s. This approach was driven by strong city leadership under Mayors Hinrich Lehmann-Grube (1990-98) and Wolfgang Tiefensee (1998-2005), who are credited with developing the "Leipzig model" of city governance, which emphasizes co-operation among political parties, citizen involvement and cooperation with the private sector (Garcia-Zamor, 2014). Their actions can be summarised as: 'fixing the problems': identifying the problems and develop a strategy to solve them. This strand was mostly aimed at strengthening the inner-city to enable it to compete with the suburbs, both for residential and commercial purposes. The actions under this strand had a strong urban renewal focus. The second strand is 'thinking big', aimed to position Leipzig as an economic and cultural centre among German and European cities. This included efforts to attract large companies and the promotion of large-scale events and developments (Plöger, 2007).

The first integrated city strategies were developed in response to national urban redevelopment programmes. *Leipzig Plus Minus 2030 - a city vision* was developed for a 2001 federal programme entitled *Stadt 2030* (City 2030). Leipzig's project focused on policies to reverse de-industrialization through making the city more attractive to investors and on developing high-quality housing. In the 'Social City' programme integrated strategic plans were developed for deprived neighbourhoods of the city (for example, Leipzig East in 2003) to improve living conditions and break the 'downward spiral' of negative social, economic and infrastructure developments (Federal Ministry of Transport, Building and Urban Development, 2012).

The current integrated urban strategy is named *SEKo 2020: Integrated City Development Strategy* (2009). It was inspired by the European Union's Leipzig Charter on Sustainable European Cities (2007). The main goals are: to improve the city's national and international status; increase (economic) competitiveness; maintain and strengthen the quality of life and improve social cohesion, thus, inclusive growth is not mentioned directly. The strategy includes eleven themes: housing, economy and employment, green spaces and the environment, education, civil society, culture, centres, traffic and infrastructure, historic preservation, sports and higher education and research institutions. The strategy has an important practical function as well: the state level urban regeneration funding can only be given to cities which have an integrated strategy in place (interview 1). The strategy is communicated as a vehicle for urban regeneration / restructuring, through district and quarter management teams (City of Leipzig, 2012).

To implement SEKo, a separate plan was prepared for each strategic theme – these are co-ordinated: for example the housing development in east and west Leipzig was coordinated with the local economic development strategy and the plans to increase opportunities for recreational activities in these neighbourhoods (City of Leipzig, 2016). SEKo 2020 also has a special focus on nine geographical areas of the city: four areas have been selected on the basis of their potential to make the city more economically competitive, while another five areas have been selected because they need rehabilitation and redevelopment in order to improve social cohesion in the city.

Design, Implementation, Monitoring and Impact

SEKo 2020 was drawn up primarily by interdepartmental working groups within the city administration. External stakeholders were also invited to the workshops where priority themes were defined and priority (geographical) areas were selected. The whole process was steered by the Urban Planning Division of the local authority – thus the design of the strategy has been a top-down process, despite some efforts to involve stakeholders and residents. The city planners organised several 'urban roundtable discussions / workshops', where representatives of housing associations, trade organisations and researchers also took part. These events were open to the public and the draft strategy was also available for the public to comment on (Plöger, 2007). Overall, the preparation of the strategy took two years (2007-2009) and according to one interviewee this was time well spent: not only did it enable stakeholders and the public in general to express their opinion and contribute to the discussions without feeling rushed but the consultative process itself was an important outcome:

"just as important as the actual product, the strategy itself" (interview 1).

The Integrated Urban Development Working Group of the local authority (with members from different city departments) regularly meets to discuss how to apply SEKo principles when implementing projects, that is, the administration has benefitted from the process of strategy making.

The financial resources necessary for implementation are allocated from national or federal state support programmes or from the city's own resources. Monitoring routines have been established in addition to already existing forms of assessment and analysis, such as: the annual Social Report, (Sozialreport) (City of Leipzig, 2015) and the monitoring system of micro-level population movements in the city (Plöger, 2007).

The implementation of SEKo depends on networks, including city departments in a co-ordinating role as well as intermediary actors, such as district managers, architects, housing companies and co-operatives and civic society groups, e.g. the voluntary urban forum, district initiatives and political groups. These networks have capacities for community- and project-related work, but they are dependent on funding.

For nine smaller areas in the city local strategies have been prepared, with specific local objectives and action plans. Since SEKo was adopted in 2009, two areas have been regenerated. The first is a main thoroughfare of northeast Leipzig where traffic calming and a new circulation plan have been implemented, housing blocks have been upgraded and a new shopping mile has been created to bring back life to the neighbourhood. In the other priority location green areas have been upgraded.

Based on interviews conducted for this case study, the city has learned important lessons from the implementation of the integrated city strategy, adopted in 2009. First, that it was not linked closely enough to the city's budget and this has, at times, made the implementation difficult. The second lesson is that the implementation plan should always be prepared alongside the strategy, focusing on the opportunities/constraints (interview 3). Thirdly, as strategic level discussions are often abstract, it has sometimes been difficult to communicate the strategy to the general public and local politicians.

The strategy is currently (2016) being updated, based on the results of extensive public discussions (discussed in more detail below). The updated version is proposed to include stronger, legally binding budgetary allocations (interview 1).

Exemplar themes and initiatives

Managing de-industrialisation

Post-socialist de-industrialisation was followed by partial re-industrialisation in Leipzig. The city has played a crucial role in this decision and in steering the local economic development through an economic growth agenda. This agenda builds on the local skills and the tradition of industrial work as well as the overall context which makes east Germany attractive to investors, such as the relatively low wages and high unemployment, which makes the workforce 'flexible'.

SEKo also aims to create jobs through making Leipzig an attractive location for investment. The other relevant aim of SEKo is to decrease unemployment and support people to (re) integrate into the labour market. To realise these key goals, Leipzig's municipality supports different target groups, e.g. there are special programmes for young people (Joblinge Leipzig) in collaboration with private initiatives and the state of Saxony. Other policies focus on the integration of the long-term unemployed into the public sector; again, in collaboration with the Saxonian government (Großmann et al, 2014). In 2001 the job agency PUUL was set up by the City of Leipzig, aiming to provide 'human resource support for companies in Leipzig'. The agency was designed to attract BMW to choose the city for its new plant. PUUL offered services such as pre-selecting the workforce but also a relocation service for top managers moving to the city.

BMW agreed to give one third of the jobs to formerly unemployed persons, especially the long-term unemployed. Another aim of PUUL was to prevent companies 'poaching' employees from other local enterprises. The agency was originally funded by the City, but since 2006 the agency has

funded itself independently. 60% of funding now comes from the public sector, mainly the federal and regional labour agencies and from European Social Fund, with the remaining funds coming from private companies in the region that have an interest in the provision of such a service, including DHL and call centres (Plöger, 2007).

Housing and neighbourhood development

The city aims to 'consolidate' its housing market. Before SEKo 2020 the *'Urban Development Plan for Housing and Urban Renewal (STEP W+S)* was adopted (2000). The plan combines spatial and structural development strategies and adopted an approach based on a combination of redevelopment and conservation of the housing stock. The housing strategy is funded from various development programmes.

Overall, three quarters of the housing stock was 'derelict' in 1990. The aim has been to preserve buildings and neighbourhoods from the late 19th century (Gründerzeit). The attractiveness of these districts is in contrast with socialist-era block housing, on the east and west outskirts of the city. An interviewee noted that 13,000 housing units had been demolished or converted by 2010, primarily housing blocks built under state socialism and derelict older buildings, while 90% of the 'Gründerzeit' housing stock has been refurbished. As a result, the vacancy rate was reduced from 20 to 7% between the early 1990s and 2015.

To manage its housing stock, the city co-operates with private initiatives and uses innovative approaches alongside traditional land use planning, such as property counselling for owner-occupied properties in the inner city area and agreements with owners to create temporary public green areas on privately owned open spaces that have emerged after demolitions. An *'Alliance of Reason'* was established between the City and building cooperatives (City of Leipzig, 2016a). In the context of growing population and increasing income inequalities the City aims to support the 'social mix' in the popular districts and prevent gentrification by supporting stakeholders who create 'affordable' housing.

Closely linked to housing and efforts to control increasing inequalities is the city's policy on district centres. In the early 1990s, immediately after the reunification, large shopping centres were built on the periphery of the city, which were accessible only by car. District centres, near residential areas which used to be the focal points of service and retail were unable to compete with the large concentrations of shops that shopping malls outside the city provided and many shops were closed down. In response, the city council passed the District Centres Plan (1993) to structure the development of 'retail nodes' in a way that prefers developments near residential areas. This was followed by the STEP Zentren (Centres) plan (1999, updated in 2009) which took an active approach to development planning: a graded hierarchy of centres was put forward to provide different shops that were easily accessible by all means of transport. An assessment of the supply of the centres and demands of local residents enabled the creation of a catalogue of strategic goals for the development of shopping and service centres. Building laws and regulations for the management of retail were also modified (2007). Urban development programs focussing on neighbourhoods have also contributed to the improvement of local centres including more local shops and amenities. As a result, the supply of local amenities to residential areas has improved (City of Leipzig, 2016b).

Civic participation

The initiative *'Thinking Leipzig ahead'* started in 2012 as a one-year project funded by the Ministry of Education and Research (national level) as part of *Science Year 2012*, which focused on sustainable development. The aim was to get citizens thinking about future-oriented urban development around the themes: sustainable municipal budgeting, energy-efficiency, intergenerational housing and the future of urban mobility. The ideas from workshops, meetings and an online dialogue forum have been fed into the update of SEKo. Encouraged by the success of the initiative, the City has set up a permanent unit in the City administration to organise further events around future-oriented urban development and in general, to create a culture of citizen participation. The City views this new unit as conceptually connected to the district and quarter management teams set up in disadvantaged neighbourhoods which are also important in developing a culture of participation (interview 2).

Synthesis and Conclusion

- Leipzig has undergone dramatic economic, social and political change since the end of the Second World War and may be considered a 'Phoenix City' given the turnaround in its growth trajectory. While embedded in a federal state and a social market economy, and benefitting from the generous support of the national government, the experience of Leipzig provides useful learning points for UK cities which are located in disadvantaged regions.
- City leadership played a key role in turning the city towards re-industrialisation and innovative methods, such as funding a local job agency, were used to attract investment in manufacturing.
- The City has also played an active role in reversing the rapid suburbanisation of the early 1990s: their long term strategy involved careful planning of the housing stock and an interventionist approach to shaping shopping areas in the city. This approach was popular with residents who have benefitted from the restored / improved local retail options and services and access to jobs.
- These themes are included in the 'Integrated city development plan', which is viewed by the City leadership as an important tool to be used in addressing challenges facing the city. The EU's Leipzig Charter on Sustainable European Cities has guided thinking and action, with the main goals being to improve the city's national and international status; increase (economic) competitiveness; maintain and strengthen the quality of life and improve social cohesion. While budget pressures mean that urban development in the city is struggling between comprehensive planning and incremental practice, the integrated plan has been important in reversing suburbanisation and making the city more sustainable economically, socially and environmentally. The city administration has learned a great deal from the experience of developing and implementing the first integrated plan.

The issue of citizen participation was not covered in the first plan but has become increasingly important in Leipzig where fora and structures for practising active citizenship were largely unknown after four decades of authoritarianism. The new channels of communication between citizens and their elected leaders and civil servants as well as the between different groups of residents are becoming even more valuable in the current context of increased migration and strengthening xenophobia in the former East Germany.

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