Lessons from the transformation of coal-mining regions in Germany:

How could we act preventive and go an advanced looking way in the German brown coalfields?
Regional/structural Policy oder industrial policy or Cohesion Policy (Regionale Strukturpolitik)

EU, Federation, Federal State

Regional policy / Regional structural policy

Distribution of resources

Common objectives

Improvement of own local area

Local policy (e.g. municipal economic policy, regional banks)

Municipalities, districts...
...not „if“, but „how“ structural change will take place

Efforts in London to maintain the status quo
[Cover of the 01/12-issue „The Economist“]

Source:
http://www.economist.com/node/21542417
Agenda

- Result from the Ruhr Area
- Realistic expectations from regional/industrial policy
- Brown coal fields in Germany
- Could we act in advance?
The Ruhr Area
The Ruhr Area

16 federal states

**North Rhine-Westphalia**
Area: 34,110 km²
Population: 17,5 million
GDP: 32,631 (per capita)
UR: 8,2 %
(Sept. 2013)

**Ruhr Area**
Area: 4,435 km²
Population: 5,13 million
UR: 10,4 %
(Sept. 2015)

Sources: Statistisches Bundesamt, NRW Invest, Bundes-Agentur für Arbeit
Reasons for the regional crisis I: a new global division of labor

Decreasing costs of transport due to higher efficiency

Relocation of coal and steel industries to areas with a better raw material situation (e.g. Australia) and cheaper costs of labor (e.g. China)
Reasons for the regional crisis II: there is a need for less but better qualified workers

Risk: at the same time a high unemployment rate and shortage of skilled labor
Reasons for the regional crisis III: successful set-ups of companies did not last
Periods of Restructuring in the Ruhr Area

Phase I (1960ies): money for changing the general framework

Phase II: (1970ies): diversification and setup of infrastructures

Phase III: (1980ies): endogenous potentials

Phase IV (1990ies until today): quality of life, industrial heritage, fields of competences and festivalization

Source: Prof. Dr. B. Butzin
The change from an industrial to an information society can also be seen in land use and (re-) urbanity

Steel mill lake Phoenix / Dortmund
Most Important: Infrastructure and Education
Also impotent: New Culture of Planning: Example of the international construction exhibition EmscherPark (IBA)/ five leading themes

(1) Emscher Landschaftspark

(2) Renaturation of the Emscher-system

(3) Conversion of old industrial buildings and areas: works in the park

(4) Appreciation of the industrial heritage

(5) New ecological living

Source: zollverein.de
Realistic expectations from regional/industrial policy
Number of employees in the three sectors

- Service sector
- Industry and Production
- Agriculture and forestry
Percentage of workers in the production sector

Anteil der sv Beschäftigten in Produktionsberufen an den Beschäftigten in %

- bis unter 24,4
- 24,4 ... 28,6
- 28,6 ... 32,7
- 32,7 ... 36,8
- 36,8 und mehr

Raumbezug: Kreise und kreisfreie Städte
Zeitbezug: 2014
Datengrundlage: Beschäftigtenstatistik der Bundesagentur für Arbeit
Polarization between the southern and northern Ruhr Area

“Social equator” A 40 (freeway in the Ruhr Area)

Source: Bogumil et al. 2012: 25
Endogenous Potentials?

Regions without positive image

„The **new** Dortmund is fun“

- Regional reputation is not achieved by image campaigns
Regional policy: The amount of money is rather small
Example: Public pension funds and spatial money flows

- Spatial transfer is 3 times higher than the Länder fiscal equalisation
- Early retirement was easy due to full tills of the social insurance
- System of regional redistributing

Source: BBSR 2012:189
Regional policy in the Ruhrarea was only possible due to the size of the region in regard to population density, infrastructures and so on.

Inhabitant density
Lausitz versus Ruhrarea
The question of the size and the location of the region

Spatial distribution of brown coal mining

Expansion and decline of German coal mining in mio. tonnes
Development of employees in der brown coal mining 1961-2010
Case study Lausitz: Development of the population 1991-2014, Index 1991=100

Source: AK VGR der Länder; Statistisches Bundesamt, Berechnungen des ifo Instituts
Could we act in advance?
Germany: Less mineral resources but brown coal

brown coal mining, reserves and resources
in mio. tonnes
Advanced looking regional policy

Two main result between reactiv and advanced/anticipativ regional policy:

1. To break with path
   It means to start early to change the path and this means to accept less jobs, less salaries and less profits. And: You never know if the chance will take place in every case.

2. Needs and response versus prevention and action
   Traditionally, the willingness to provide resources for structural/cohesion policy is based on a regional status quo (when crisis cycles are already there). Preventive policy, however, is about preventive intervention, which means that the reason for a regional economic commitment will only become apparent in the future, and will only arise if no preventative action has been taken.
BIP in 1,000 € per inhabitant

Proportion of unemployed people
From brown coal fields to innovative Regions

- A perspective approach with a 15-30 year time horizon is a challenge due to changing framework conditions and uncertainties. However, the finite nature of brown coal and the limited approval period can have a positive effect in terms of a preventive structural policy because it reduces uncertainties.
- Preventive structural policy requires continuity, a reliable resource base (possibly fund solution) and should be long-term.
- Since 2018 a new program “Unternehmen Revier”.
- The federal government spends 4 Mio./anno.
Unternehmen Revier

- Funding programme of the German government, supplied by the Energy and Climate funds to support brown coal regions with their structural change
- The regions themselves are in charge to organise project competitions within their regional investment concept
- It’s a supporting measure along with the commission “Wachstum, Strukturwandel und Regionalentwicklung [growth, structural change and regional development]” starting in 2018, wherein federal and state government, labor unions, municipalities, companies and regional players are represented
But

- Should we accept shrinking?
- How could we organize shrinking in a social acceptable way.
- Relocation bonus in combination with public services
- How could we activate social capital (civil society) in this regions?
Regional/Cohesion policy

Harmony of objectives in post-war Germany

Social objectives

Future?

Growth objectives

Care strategy
(services to community, available income)