

Urbanisation, Integration, and the Welfare State: The German Case

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**Workshop on Public Service Provision
and Social Cohesion in the Context of Urbanisation**
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1) Urbanisation in the 19th Century

Growth of cities during the industrial revolution

	1819	1850	1871	1910	Development (1819-1910)
	in 1.000				
Berlin	198	412	826	2.071	946%
Hamburg	128	175	290	931	627%
Munich	54	107	169	596	1004%
Leipzig	35	63	107	679	1840%
Dresden	65	97	177	548	743%
Cologne	50	97	129	517	934%
Breslau	75	111	208	512	583%
Frankfurt a. M.	42	65	91	415	888%
Bremen	38	53	83	247	550%
Essen	5	9	52	295	5800%
Duisburg	5	9	31	229	4480%
Dortmund	4	11	44	214	5250%
Gelsenkirchen	1	3	8	170	16900%
Bochum	2	5	21	144	7100%

Source: Reulecke, Jürgen 1985: Urbanisierung in Deutschland. Frankfurt/M.

1) Urbanisation in the 19th Century

Urban change

- Fading of city borders: from city to agglomeration
- Cities lose their special legal status – statistical definition of cities
- The faces of cities change due to migration, capitalistic principles of planning and residential segregation

The social question – housing and cities

- Harsh residential segregation between social classes (small scale *in* houses and neighbourhoods, large scale *between* urban districts)
- Housing conditions of workers „(...) as one of the most disastrous of the consequences of the industrial revolution.” (E. P. Thompson)
- Housing conditions in working class neighbourhoods: extremely dense house-building, overstuffed tenements, deficiencies of fresh air and light, poor hygienic conditions, lack of privacy due to subtenants and night lodgers

1) Urbanisation in the 19th Century

Causes: regulation by market mechanisms

- Low earnings, insecure work contracts for workers – poverty of workers
- Non-existence of social benefits in case of unemployment or illness
- Non-existence of social housing and town planning (private property of land)
- Close linkage of labour market integration and housing conditions
- working class considered as *dangerous class* (from bourgeois point of view)

2) Social Policy and Social Cohesion

The political answer: regulation by state and cities – welfare state

- Motivation: fear of social uprisings and revolution
- Introduction of social policy
 - For workers: social insurance system – late 19th century: support in case of illness, invalidity, accidents, old age and (since 1927) unemployment
 - For poor people: social benefits – since 1924, basic reform: 1962
 - For tenants: social housing – since the 1920s: fixed standards and rents – and housing benefits – loosening of the linkage of labour and housing
- Expansion of social services
 - Public health care / education / employment promotion
 - Additional local social services e.g. for children
- Successive introduction of town planning – since late 19th century

2) Social Policy and Social Cohesion

“You’ve never had it so good” – Social cohesion 1950s - 1970s

- The *golden age* (Hobsbawm) of *Fordism* – due to Henry Ford’s introduction of the assembly line and the five dollar day
- Stable economic growth and the highest degree of integration and cohesion
 - Mass production of consumer goods
 - Integration of the working class into the model of consumption: *earnings* as factor of market demand and not only as factor of costs
 - Political aim: *prosperity for all*
 - Effective support for those in need
 - Decreasing residential segregation, expansion of social housing

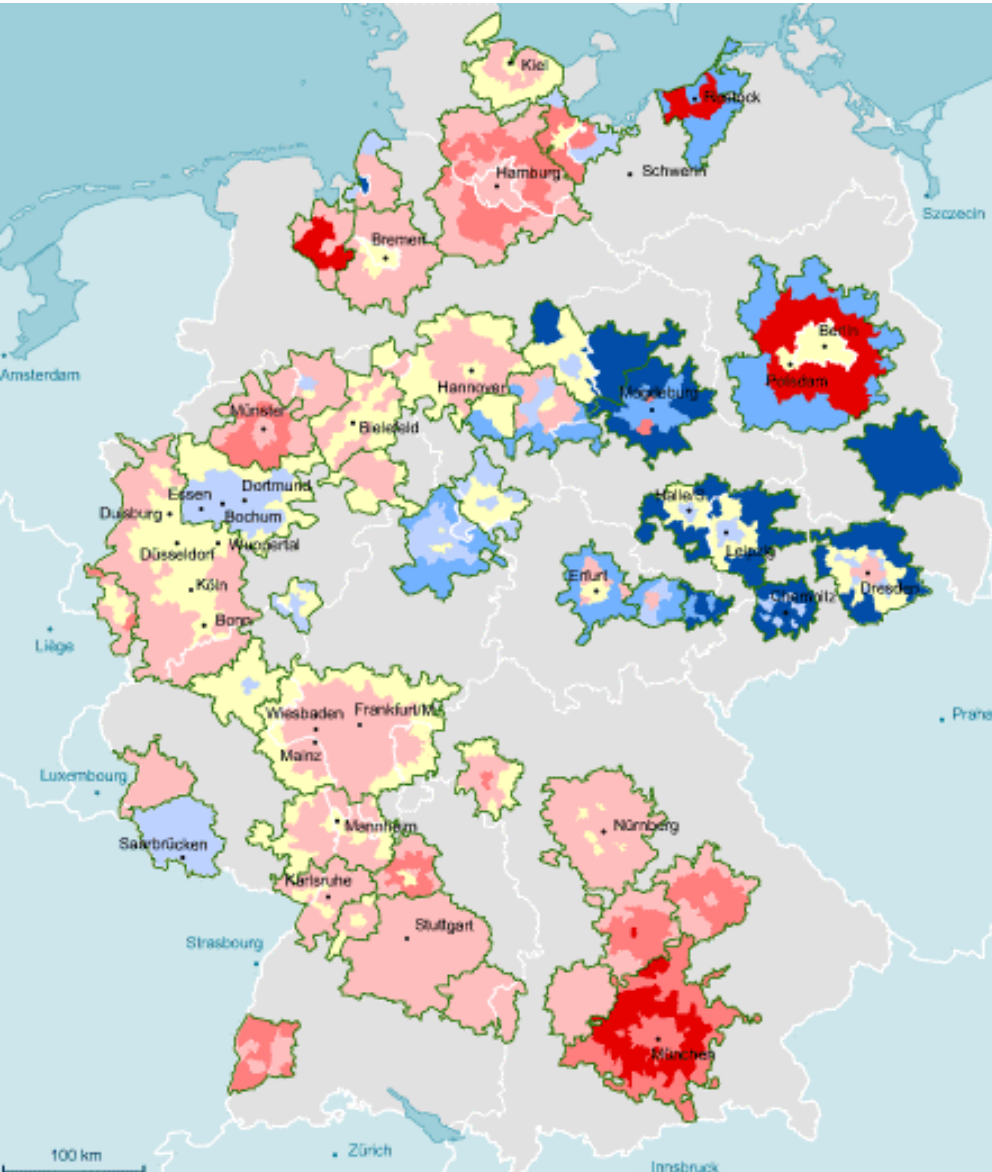
2) Social Policy and Social Cohesion

Since the 1980s:

Increasing social inequality, increasing ethnic and cultural heterogeneity

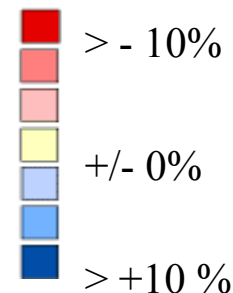
- Slow growth and *jobless growth*
- Increasing inequality in the labour market
- Welfare state was increasingly considered to be a part of the problem instead of being a solution
 - selective strengthening of market regulation
 - cutback of benefits
 - cutback of expenditures for social housing, the political aim is to abandon social housing completely
- Immigration (a. o. from Turkey, Italy, Poland, Yugoslavia)
- Pluralisation of life styles (male breadwinner model; increasing female labour market participation)
- Return of problems of social integration and social cohesion

3) Current Problems of Urban Development



Population development in agglomerations, 1997-2007

- Unequal development:
West-East gap
- Shrinking cities
 - in shrinking regions
 - growing urban hinterland



Source: BBSR 2010

3) Current Problems of Urban Development

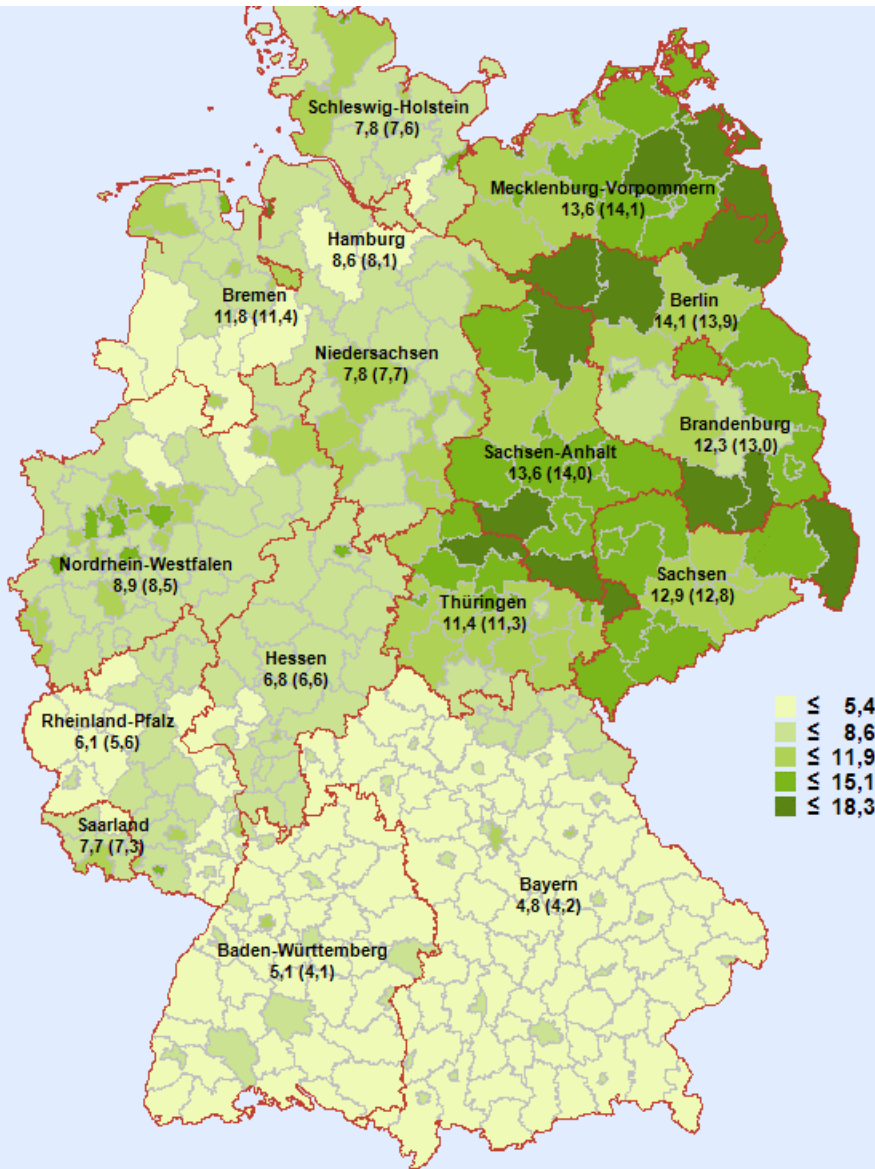
Political positions towards regional inequalities

- Rich regions pay for poor regions – principle of equal life-chances in all regions (German constitution)
- Policy of regional balancing weakens all – principle of *strengthen the strength*

Problems of shrinking cities

- Vacancy of residential buildings
- The *perforation* of cities: vacancies of other buildings and places
- Residential segregation
- Too large infrastructure – technical, social, cultural
- Local budgets: reduction of local taxes – dramatic crisis of finances
- Risk of a vicious circle

3) Current Problems of Urban Development



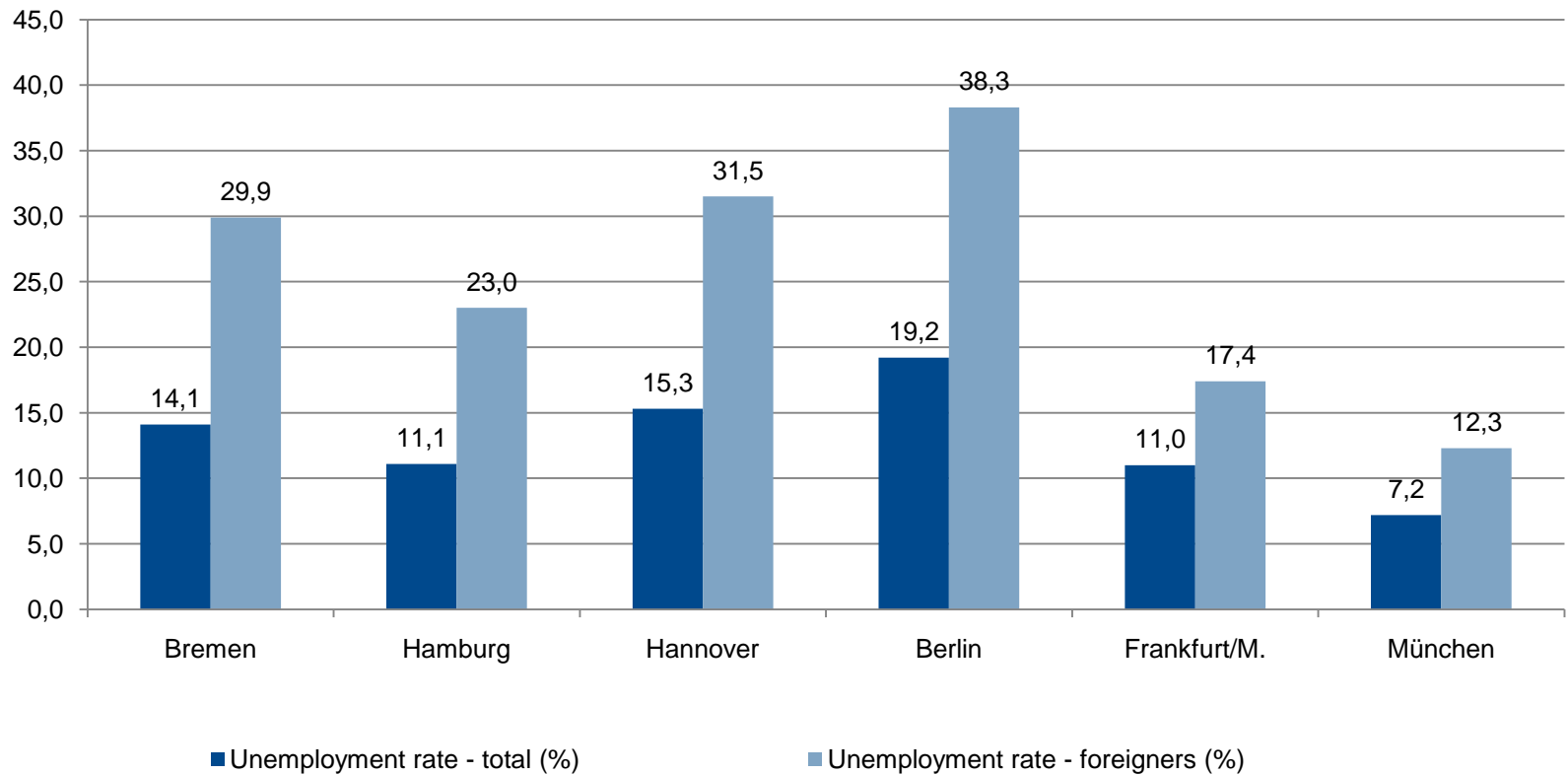
Unemployment rate in federal states, cities and counties, 2009

- South-North-gap
- West-East gap

Source: BBSR 2010

3) Current Problems of Urban Development

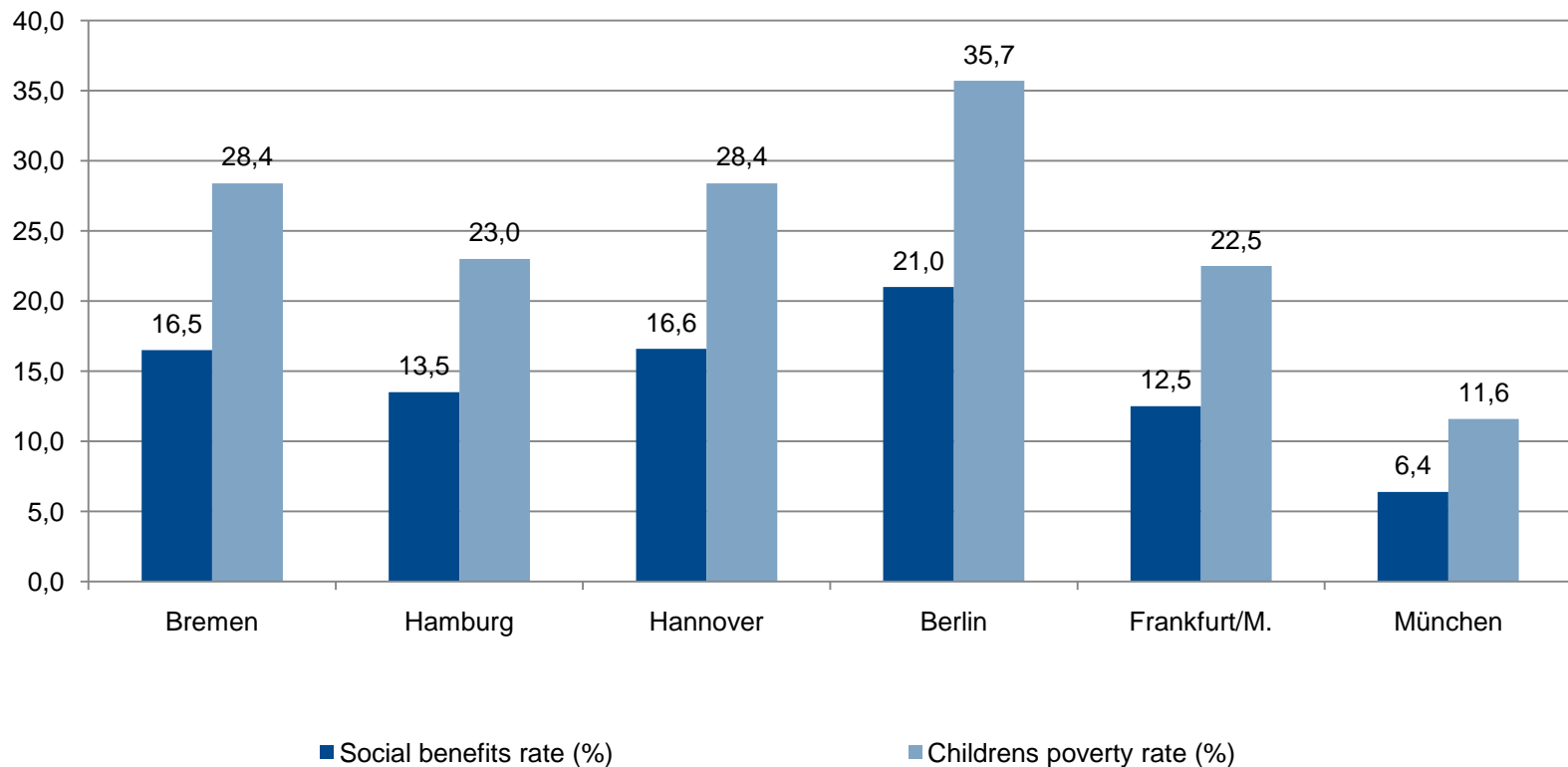
Unemployment rate in six large cities, 2008



Source: www.wegweiser-kommune.de

3) Current Problems of Urban Development

Rate of social benefits recipients and children's poverty rate in six large cities, 2008



Source: www.wegweiser-kommune.de

3) Current Problems of Urban Development

Problems of social integration and social cohesion *in* cities

- Increasing residential segregation
- Formation of *disadvantaged* neighbourhoods – defined as city quarters with an above-average share of poor and unemployed households
- Neighbourhood effects on *social exclusion* – living in a disadvantaged neighbourhood reduces the life-chances,
 - e.g. on the labour market, in the schools, on the duration of poverty, on the social networks etc.

3) Current Problems of Urban Development

Theses: Conditions of successful social integration and social cohesion *in* cities

- Receptive labour and housing markets
- Higher social benefits
- Return to social housing
- Continuity of the *social city* programme
- Weakening of market regulation
- Adhere to the principle of equal life-chances in all regions

- All that is very expensive but it could be that the continuation of market regulation produces less social cohesion and more social exclusion in the cities – and that might be even more expensive.

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