



## GERMANY: A GLOBAL CITIES SYSTEM?

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The globalisation and digitalisation of the economy will not – as many experts have prophesied – lead to a disintegration of cities. Rather, it will lead to the creation of a new form of urban centrality whose chief manifestation is the ‘global city’. This new type of city, as Saskia Sassen has demonstrated convincingly, plays a strategic role in the globalised economy: it is in existing global cities that the control, integration, and management functions of global value chains concentrate. At the same time, global cities are central production locations and transnational marketplaces for the high quality, knowledge based services that feed into the head-office functions of multinational companies.

Germany has been a world export champion for many years, and few economies are as strongly integrated into the world market. Yet despite this, no German city makes it into the top group of global cities. Exceptionally, the Inventory of World Cities classifies Frankfurt – a ‘small’ city with just 660,000 inhabitants – as an ‘alpha world city’. But other German metropolises such as Berlin, Hamburg, Munich, and Düsseldorf only rank as ‘gamma world cities’ – third-class global cities. Other German cities do not even rate a mention. How, then, can we explain this apparent contradiction between the central position of Germany in the global economy, and the fact that its cities are rated as second or third class? The usual answer is to point to Germany’s history, with all its interruptions and peculiarities. Germany gained a single capital city in only 1871, with the founding of the Prusso- German Empire. Berlin became the seat of government and, over time, the dominant German economic and cultural metropolis – although it never reached the centrality of London or Paris. The catastrophes of the Nazi regime and the Second World War brought about the collapse of the German Empire and Germany’s subsequent division into four occupied zones. The central metropolitan role of Berlin was dismantled. Many companies moved away from the geopolitically unstable Berlin and the Soviet occupation zone to West Germany. The Reichsbank in Berlin was closed and, following a decision of the American occupation government, the new Bank Deutscher Länder was established in Frankfurt. In consequence, large banks such as the Deutsche Bank and

Dresdner Bank relocated their head offices to Frankfurt and other banks followed suit. Frankfurt Airport became America’s main German air force base. Today, gateway functions of Frankfurt Airport and the city’s role as an international financial centre are the direct results of these decisions taken during the occupation years. Similar historical decisions led to the specialisation of other cities: Munich became Germany’s high-tech metropolis; Hamburg, its news and media centre; and, with the creation of the German Federal Republic in 1949, the seat of government was moved to Bonn. The result of these historical developments is evident: today, Germany has a highly polycentric urban system, with its metropolitan functions distributed between Berlin, Hamburg, Munich, Frankfurt (Rhine/Main), Cologne/ Düsseldorf (Rhine/Ruhr), Stuttgart, and the potential metropolis Halle/Leipzig/Dresden (Saxony Triangle). After reunification Berlin was reinstated as the seat of government, but it is highly unlikely that it will resume its former central economic role.

This historical sketch implicitly classifies Germany’s urban network as a special case in the hierarchy of the global urban system – a case that shows clear deficits. Can Germany, with its globally oriented economy, do without a truly global city? If it cannot, which city might fill this role? The discussion on ‘varieties of capitalism’ (Hall/Soskice) supplies a possible alternative answer to the question of globalisation and urbanisation in Germany. If it is true that modern capitalism is not a homogeneous entity, but that different models of capitalism have formed themselves under different historical conditions, then it is not unlikely that these different models also have correspondingly different patterns of urbanisation.

Historical studies show that Germany, as a late comer industrial nation, developed an alternative to the liberal system of production even as early as the end of the 19th century. Germany’s ‘coordinated market economy’, coupled with the strongly federal structure of the German state, formed the basis for the economic and social system in West Germany. Because of their specific manufacturing tradition, German companies concentrated on producing high-quality, distinctive,

customer-oriented products as an alternative to mass production and global price competition. With diversified, export-oriented, high-quality manufacturing, Germany established itself in the upper niches of the world market. This characteristic production model and the related production strategy led to the phenomenon of 'manufacturing/service districts'. In Anglo-Saxon countries, the globalisation push in the 1980s and 1990s led to a strong geographical dispersion of industrial functions – an important factor in the growth of central business functions in global cities. By contrast, German conurbations showed a development dynamic that was based strongly on the interaction between knowledge intensive industrial activities and company focused services. Since the mid-1990s, this interactive development has seen some uncoupling of industrial sectors and regions. Yet, the relationship between the development of industry and of services has not broken down – it has simply become more dispersed. At the same time, individual metropolises are developing increasing specialisations in particular clusters of high value services.

Underlying this argument is the thesis that 'Rhineland capitalism' has not just produced an alternative model of production, it has led to the formation of an alternative, fully viable model of urbanisation. This prompts many questions: can Rhineland capitalism hold its own against Anglo-Saxon liberal capitalism in the long term? Do German companies not increasingly depend on 'buying in' management and development knowledge for their global strategies in cities such as London and New York? Are we seeing the emergence of mixed business strategies that can exploit the advantages offered by both the decentralised urban system and the centralised global cities system at the same time?

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