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A Comment on Amenities and Urban and Regional Development

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- Draft version -

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Abstract

Amenities as growth drivers are being given increasing attention in urban and regional studies. The basic claim in much of the literature is that a diversity of amenities attracts location of economic activity in terms of firms and labour; especially focus is on highly skilled, knowledge workers, talents and creative class members which seek to optimise their utility function of amenities (Glaeser, 2005; Florida, 2002; 2008). In policy terms, local authorities, municipalities and other regional governmental bodies are taking these arguments very serious. They are advancing strategies and development of amenities even in small towns and peripheral regions outside the main city-regions as a new universal remedy to secure future growth and prosperity or at least to prevent stagnation and decline. In that sense, amenities in various forms are seen as a catalyst to secure local skill provision and hence new firm location and long term growth in terms of jobs and income. This paper reviews recent literature within this field and discuss whether empirical findings justify the amenity growth paradigm.

A Comment on Amenities and Urban and Regional Development

Introduction

Currently (urban) amenities as growth drivers are being given much attention in urban and regional studies and it has transmitted into urban and regional policies too (Smidt-Jensen et al., 2009; Lorentzen, 2009). The basic claim in much of the literature is that a diversity of amenities attracts location of economic activity in terms of firms and labour; especially focus is on highly skilled, knowledge workers, talents and creative class members which seek to optimise their utility function of amenities (Glaeser, 2005; Florida, 2002; 2008). In policy terms, local authorities, municipalities and other regional governmental bodies are taking these arguments very serious. They are advancing strategies and development of amenities even in small towns and peripheral regions outside the main city-regions as a new universal remedy to secure future growth and prosperity or at least to prevent stagnation and decline (Smidt-Jensen et al., 2009). In that sense, amenities in various forms are seen as a catalyst to secure local skill provision and hence new firm location and long term growth in terms of jobs and income.

The paper examines the basic tenets of the amenity-growth paradigm theoretically and empirically using the recent work in US and Europe. The amenity-growth paradigm does offer a set of new perspectives for some cities and regions but as a universal remedy for urban and regional growth it has, as many of its predecessors such as clusters or greenfield plant investment, its shortcomings. Hence, we are critical of the underlying assumptions of the amenity-growth paradigm but the critique is sustained with approbation and sympathy for its contributions to urban and regional studies and hence the analysis of the uneven economic geographies that are currently being produced. First of all, it has brought back a vital debate on urban and regional growth including the distinction between localisation economies and urbanisation economies. Secondly, it has pin pointed the value of labour, human capital, in the new knowledge economy in terms of knowledge workers, talent and creative class. Thirdly, it has drawn attention to labour migration and labour mobility as an underlying structural change of the economy emphasising the importance of specific geographies. Fourthly, it has given consideration to the fact that locations are more than just a set of factors of production or an innovation system and hence brought attention to amenities, urban beauty and design and the socio-cultural environment.

The basic tenets of the amenity-growth have, however, recently thoroughly been highly contested theoretically and empirically. Theoretically, it remains within the limitations of neoclassical economics, and hence is restrained by the classic pitfalls of being a meteristic,

agent based theory dominated by ahistoric frameworks and reversible processes (Storper and Scott, 2009; Scott, 2008). Moreover, central concepts within the paradigm appear unequivocal and one dimensional, e.g. urban beauty, tolerance, culture, although these concepts are evasive and vague or at best poly-semantic. For instance, culture is a highly debated and complex concept even within urban and regional studies (Thrift, 2005). Likewise, for whom is urban beauty beautiful? What is urban beauty? What kind of tolerance is appealing to various segments of labour? And so on. Further, little empirical evidence has been pushed forward to support the amenity-growth linkages. On the contrary, much of the new empirical evidence reveals that for instance labour movements are highly driven by primarily jobs and not amenities (Hansen & Niedomysl, 2009; Niedomysl & Hansen, forthcoming).

The paper explores the literature that in recent years have followed in the aftermath of the urban turn in urban economic geography. Based on the review of the most important contributions to the field we discuss how the amenity-growth paradigm is used as a locomotive for regional planning regardless of regional context. To frame the critique, an understanding of the linkages between amenities and urban and regional development requires knowledge of cities, their size and position in urban and regional systems, the urban firms and industries position in the division of labour and the sociopolitical context of the cities. In the first section, the economic dynamics of cities are shortly presented and the difference between localisation economies and urbanisation economies explained as a crucial to understand amenities, city size and growth. The next section the amenity-growth paradigm is outlined and the main critique presented. The following section examines the resent empirically based studies that have examined the amenity-growth paradigm's main hypothesis and based on these conclusion the ends with a discussion of the potential of the amenity-growth paradigm for small and medium sized cities.

Cities, Agglomeration Economies and Urban Competition

The urban and regional geographies in the western hemisphere have changed dramatically in the past decades also changing the growth potentials in terms of jobs and income of small and medium sized cities depending on their position in the (global) division of labour and their positions in the urban and regional system. First of all, since the 1990s there has been an economic resurgence of the large cities in Europe and North America driven by the rise of the service and knowledge economy which has brought many new economic activities including advanced business services, creative, experience and cultural industries sustained by strong and diverse labour markets (Hansen & Winther, 2010). The economic resurgence of the large cities is consequently also a part of a long term transformation of the capitalist economy

moving from manufacturing dominated growth towards knowledge as a prime asset creating growth (Scott, 2008).

Agglomeration economies and city size

The analysis of urban economic dynamics often takes its point of departure from two basic ways of theorising and explaining the dynamics of urban and regional growth. Both frameworks build on agglomeration economies, and thereby argue that the co-location of economic actors and the concentration of economic activity have a positive influence on the economic performance of firms and industries and hence on urban and regional growth. First, localization economies concerns local factors that '...are external to firms but internal to an industry within a geographical region' (Feldman 2000, p.383). Localization economies can be understood as dense input-output relations, a skilled labour pool and organisational and knowledge spillovers that are external to a firm but internal to firms within an industry in a geographical bounded area and hence resembles Marshallian effects. Localisation economies relate to firms within closely related industries and the basic argument is that co-location can help to spread new knowledge – codified and tacit – on the one hand and provide a large pool of highly qualified labour on the other. Secondly, urbanisation economies can be seen as '... scale effects associated with city size or density.' (Feldman 2000, p.383). Urbanization economies shall be understood as effects that are external to industries but internal to a bounded urbanised area. Urbanisation economies are related to all firms in all industries, and the basic argument is that density and diversity can help reduce search costs on the one hand and expose firms to unexpected events that can bring along innovations on the other. An important conclusion is that urban size, diversity and density matters to realise urbanisation economies. The potential for urbanisation economies including a diversity of urban spaces and amenities in small and medium sized cities is therefore limited. Thus, the position in the urban and regional hierarchies has fundamental impact on the possibilities to realise different kinds of agglomeration economies.

Further, changing economic and industrial structures, changing modes of production and organisation caused by fluctuating demands and technological breakthroughs have induced different moderations of localization economies and urbanization economies in an attempt to explain the dominating economic dynamics of a particular place at a specific time. Time and place are parameters that constitute that field of economic geography and urban and regional growth (Storper & Scott, 2009). Essential for the understanding of regional development is that the urban and regional systems drive the economic development in different directions; the importance of particular city changes over time and the geographical context matters but differs among cities and regions. The theoretical focus in urban and regional studies in the 1980s and early 1990s was on localization economies and specialised local growth especially

directed against theorising the emergence of industrial districts in the 1970s and 1980s and flexible specialisation as a new mode of growth (Brusco, 1982; Prior & Sable, 1984). The economic growth in many European countries was found outside the large city-regions in former rural and peripheral regions based on specialised local production systems (Asheim 1996; Markusen 1996).

Urban competition and the rise of urbanisation economies

In the late 1990s and 2000s theoretical focus changed and was directed towards urbanisation economies and the growth of large city-regions as they once again began a period of marked growth (Scott, 2008; Hansen & Winther, 2010). In the 1970s and 1980s many large city-regions in Europe was in crisis experiencing job loss and deindustrialisation especially in the inner cities (Scott, 1988). The resurgence of the large city regions was based on the rise of a variety of industries mainly within the service and knowledge based economy, partly initiated through a general organisational disintegration of non-core activities leading to a growing independent field of service based activities formerly taking place inside the organisations and hence a revitalisation of many inner cities in Europe and North America (REF). This process leads to and increasing regional division of labour reinforcing urban-urban and urban-peripheral competition, creating even more distinct differences between spaces of production.

Consequently, the 1990s and 2000s witnessed an increasing competition between places for investment, firm location and recently also labour (Jensen-Butler et al., 1996). The intense urban competition in the 1990s has continued in the new millennium and recently also small and medium sized cities have increasingly joint in (Smidt-Jensen et al., 2009). Relocation of traditional manufacturing driven primarily by labour cost has resulted in an even more crowded marked of regions that compete for the same type of investments, firms and labour. In many cases, this has lead to the use of of-the-shelf concepts arriving from the amenity-growth paradigm mainly constructed around the assumption that by marketing regions (and their particular amenities) and by boosting the urban design and physical milieu, the chances of attracting new investments, firms and labour will increase. In the next section we will go into a deeper discussion of the thoughts behind this rationale.

Amenity -Growth Paradigm

Parallel to more established theories of regional development based on localisation economies (Cooke and Morgan, 1998; Maskell and Malmberg, 1999; Becattini, 1990; Brusco, 1982; Piore and Sabel, 1984), a heavy debate have been going on in academic journals and books in the last decades. The debate is very much linked to analytical frameworks motivated by urbanisation economies and urban competition and it discusses the role of amenities for urban and regional development (Florida, 2002; Clark et al. 2002; Lorentzen 2009; Smith-Jensen et al,

2009. Inspired by the thoughts of Jacobs (1969), who in her work argued that the diverse characteristic of cities has a positive effect on innovation, Richard Florida argues that "*Creative people are not moving to...places for traditional reasons...What they look for in communities are abundant high-quality amenities and experiences, an openness to diversity of all kinds, and above all else the opportunity to validate their identities as creative people*" (Florida, 2002, p. 218). Richard Florida can be seen as one of the most successful scholars within the amenity-growth paradigm. His notion of the creative class that is considered an essential prerequisite in a knowledge economy and hence creative class members are argued to be vital to attract for cities to sustain economic growth, has witnessed momentum far beyond academic circles.

Florida (2002; 2005) argues that in a time of global competition on knowledge, regions need first and foremost to attract and retain highly creative and highly skilled labour to attract and retain capital investments. Input of human and creative capital becomes more and more important for production in the western hemisphere because of the rise of the knowledge economy. Due to the rather footloose character of creative and human capital regions can by providing the right atmosphere attract creative people and with them investments in high-tech and knowledge industries. Florida argues for some kind of balance in the politics that providing favourable conditions for people and favourable conditions for production but he states that attracting people is the most crucial element of growth policies if growth shall be obtained. He further argues that the most attractive cities are cities that succeed in building a tolerant and diverse atmosphere; something that is supposedly indicated by large communities of gays and bohemians and other groups that do not fit into the norms of the standardised society.

Florida (2002) emphasises tolerance as the single most important 'amenity' for attracting creative and innovative people. He also stresses, however, that the presents of human capital and high-tech and knowledge intensive industries are essential too. Clark et al. (2002) claim that amenities are the single most important driver in urban growth. Though they are primarily addressing larger urban areas the argument goes for less urbanised areas as well: Cultural amenities such as parks, museums, signature architecture etc. propel urban growth. This view can be argued to provide a very simplified understanding of how social and economic structures work and of the dynamics of industrial and labour location.

In a more thorough, though quite different, analysis Chen and Rosenthal (2008) argues that they can identify a changing pattern of migration for firms and households across USA. According to the empirical data that Chen and Rosenthal use "*the willingness of households to migrate in search of jobs and consumer amenities is an important driver for local shifts in supply of skilled labour*" (2008, p.530). In line with Glaeser (2005), Chen and Rosenthal (2008) identify a decrease of young highly educated people in what they call the greying regions of

the US while they see a dramatic increase in population in the sun-belt regions of the US. Chen and Rosenthal (2008) find that households generally look for non-metropolitan areas and cities in warm coastal locations, while firms, however, tend to prefer large growing cities. Moreover, workers tend to be attracted to areas that are attractive to businesses, with this tendency increasing with the level of education, while retired people tend to seek towards places that have consumer amenities and low living costs. In a more lifecycle perspective young people and young couple seek towards places that have thick labour markets to prevent co-location job problems while married couples older than 50 years seek towards places with high concentrations of consumer amenities. The findings of Chen and Rosenthal (2008) indicate that amenities have different meaning and different importance for different groups of people, and hence, it is far from an unambiguous strategy to produce urban amenities. This is, however, not a surprising finding but essential if amenities are used as an instrument to facilitate future economic growth. Nevertheless, it may also be seen as a very simplified way of viewing regional growth.

The main critique of the amneity-growth paradigm

Storper and Scott (2009) recently raised a very central and vital critique of the amenity-growth paradigm. The amenity-growth paradigm does not account for nor has a theoretical understanding of the importance that the dynamics of economic, social and industrial structures have on the growth and decline of cities and regions. Regions are not detached from the overall technological regimes and phases of capitalism (Amin, 1994; Jessop, 2001). Regions are highly influenced by history and the regional economic and industrial development is path-dependent and follows specific trajectories (Essletzbichler & Winther, 1999; Winther, 2001). Further, labour markets and labour qualifications do not change over night, organisations, institutions and regulations that underpin past and current production structures take time to change (Peck, 1996). The essence of this critical view on the amenity-growth paradigm is that industries produce regions rather than regions produce industries (Storper and Walker, 1989; Storper, 1997). Changing the dominating economic dynamisms of regions through regional policies is a long and very difficult process as firms and industries also are highly connected to national, international and global production networks (Henderson et al. 2001) and regional policies are constrained by national and supra-national policies. It is not, however, impossible to change paths and directions but it takes time and it is not solely within the hands of regional policies to do so. Thus, boosting new urban spaces and designs and other mainstream initiatives evolving around amenities are not necessarily the quick cure for ill regional economies.

This argument fits with the recent critique provided by Peck (2005), though not looking particular at small and medium sized cities, argues that most cities do not even have the

preconditions for a transformation using the insights made available by the amenity-growth paradigm. Nonetheless, many cities implement development plans and strategies based on the assumption that by offering cultural amenities and high standards of public services they will eventually attract highly skilled labour which in turn will attract investments, firms and jobs (Smidt-Jensen et al., 2009). Peck (2005) further questions the relevance of the creative class thesis and hence the amenity-growth paradigm outside larger metropolitan regions by pointing out that no universal cure for less favoured regions can or have been found.

According to Peck, smaller cities use substantial investments to upgrade the local urban spaces believing that by doing so they will be able to attract and retain creative labour. This can, however, be a costly and poor path to go down, and can easily leave smaller and less successful regions in an economic deadlock. The work by Hansen and Niedomysl (2009) strengthen this point of view as they show how creative and highly educated people are motivated by job possibilities rather than local amenities when moving from one place to another. The critique is further supported by Andersen et al. (forthcoming). According to empirical material from Denmark, Finland, Norway and Sweden Andersen et al. (forthcoming) find no or very little support for Florida's creative class thesis when studying peripheral and small regions in Scandinavia.

Conclusively, many small and medium sized cities see the amenity-growth paradigm as the cure to all ills. Investment in culture, amenities, nature and experiences are promoted to secure and attract citizens that shall provide the foundation for new economic activities. But the preconditions for creating growth in small and medium sized regions differ considerably from the preconditions of larger regions. They consist of smaller labour markets offering fewer qualifications, lower level of demand etc. and hence the basic dynamics of urbanisation economies that are underlying theoretical argument behind the amenity-growth paradigm are not present. This makes it highly problematic to put an amenity based development strategy into practice.

In What Direction Does Empirical Findings Point?

In the above sections, we have presented a number of theoretically based arguments supporting one of two conflicting beliefs, namely whether investment in amenities is a road to prosperity or at best a sack of money that could have been used more efficiently elsewhere. In this section, we analyse selected, central empirically findings, found within this field of research, to go into a deeper discussion of the justification of the amenity-growth paradigm in urban and regional studies. Empirical findings within the amenity-growth paradigm come from at least three different directions. First, regional economist has touched upon the subject by including amenities as one of several parameters in their econometric models. Secondly, the

perspective of amenities as a factor of attraction has a long tradition within migration studies, though pull-push factors rather than economic development have been the main research focus in these studies. Thirdly, a growing literature is emerging within the field of economic geography with a research focus on uneven regional growth as the primary concern (Hansen and Winther, 2010; Storper and Scott, 2009; Boschma and Frisch, 2009)

Additionally, and very important from a research and policy perspective, findings and research agendas tend to be considerably different between North America and Europe. There are marked differences between the urban and regional contexts as the discussion below confirms. There are substantially different urban and regional hierarchies, national welfare state regimes, modes of growth and economic structures between the US and Europe. These differences result in various modes of growth or varieties of capitalism (Peck & Theodore, 2007; Jessop, 2001) that support and react to economic changes in very different ways. Two important issues come into play in the amenity-growth framework. First, the variety of capitalism has resulted in a system with more double income families in especially the Nordic countries compared to USA which results in lower mobility rates as two new jobs rather than one needs to be found (Asheim, 2009; Asheim and Hansen, 2009). Secondly, in most parts of Europe and especially in the Nordic countries, the regional hierarchy differs considerable from the North American. The numbers of large city-regions that compete on almost equal terms are low. In all Nordic countries for example, the capital regions are the only city-regions with more than 1.000.000 inhabitants and their position in the very top of the each national regional hierarchy is indisputable both in terms of economic power, employment opportunities and the largest share and variety of amenities (Andersen et al. 2010; Andersen et al. in press).

Jobs or amenities?

With these marked differences in mind, a number of studies have been produced that brings us closer to an understanding of the links between amenities and urban and regional growth. A key for understanding the role of amenities for promoting urban and regional growth is to identify what are the most important location factors for firms and labour and not the least what causes labour and firms to move from one location to another. Hansen & Niedomysl (2009) and Niedomysl & Hansen (in press) approaches this question by asking approximately 5000 people in Sweden that recently moved from one region to another about their motives and decisions to move. The findings overwhelmingly points in a direction that is different from the main argument of the amenity-growth paradigm. The main conclusion is that jobs and carrier opportunities are the single most important reason why people migrate no matter the migrants' level of education and income. Further, personal social relations come before factors that can be categorised as amenities. These findings do not, however, indicate that amenities

are unimportant for migrants. More likely, the conclusion is an indication that amenities are generally of secondary importance to migrants. Job opportunities and personal social relations are the most important motive for migrating but amenities plays a vital role if the migrant have to choose between two locations that offer equal opportunities in regard to jobs and personal social relations. Faggian, McCann and Sheppard (2007), Faggian and McCann (2006; 2009a; 2009b) with others have made considerable contribution to this debate working on migration patterns of students and newly graduates from UK universities. The studies show that human capital, or soon to be human capital, is relatively mobile in UK: '*As such, most students in Great Britain do not enter into employment in the same local area (defined as a 15 km radius) as the university they attend*' (2009a, p.221). Students move both to and later away from universities to gain education and later to gain employment. However, the findings by Faggian, McCann and others also indicate that job opportunities are an important motivation for migration of human capital.

Further, empirical material on the service industries in Copenhagen, Denmark, reveals that intra urban industrial patterns tend to reproduce and reinforce themselves (Hansen & Winther, 2010). In the case of Copenhagen this means that the city is getting more and more fragmented, creating particular hotspots of highly knowledge intensive industries while other areas are getting less knowledge intensive but rather increases low skilled labour service industries, thus strengthen location options for creative people. These findings also question the whole idea of having a creative master plan because even in a relatively homogenous city like Copenhagen differences are substantial and means of generating growth have to be equally diverse .

The above studies suggest that evolutionary industrial dynamics in combination with social relations play a fundamental role for the urban conditions of growth, and thus that amenities are not as influential on regional growth as the amenity-growth paradigm tries to discursively construct. Another vital conclusion is that the importance of amenities varies according to industry. Asheim and Hansen (2009) suggest that the knowledge bases of firms and industries can be used as one way of distinguish between the importance of amenities, or what they, inspired by Florida (2002), coins as people climate - a concept that is a little broader than the amenity concept as it includes tolerance and openness to foreigners. Asheim and Hansen divide knowledge into three ideal types of knowledge bases: Analytical (science based), synthetic (engineering based) and symbolic (arts based). Each knowledge base is characterised by different combination of learning processes, use, acquisition and transition of knowledge. All work tasks are based on a combination of these knowledge bases but by identifying occupations that draw primarily on one of the three knowledge bases, Asheim and Hansen (2009) produce an analytical framework that can diversify the amenity-growth debate further.

Accordingly, they rank 70 Swedish labour market regions to how well they perform on people climate and business climate (the latter represents the more traditional variables such as patents, technology intensiveness of the production and so on) and next link the regions performance with people climate and business climate to analyse where the high concentrations of occupations that draw on primarily one of the three knowledge can be found. The exercise shows that regions that rely more on synthetic knowledge bases tend to perform better on the business climate variables than on people climate variables, and that regions that dependent more upon analytical and especially symbolical knowledge bases, tend to perform better on people climate variables and less on business climate variables. These finding suggest that amenities might differ in impact on the regional growth based on whether regions more or less dependent on one of the three knowledge bases. Amenities might be important for regions that have high concentrations of industries and labour that draw on symbolic knowledge bases while it might be less important for regions that are more dependent synthetical knowledge. Therefore, the impact that amenities can have on regional development might be a trade-off between the mix knowledge bases that are dominating in a particular setting and hence on the cities industrial structure and position in the spatial division of labour.

Amenities and growth

Recently, the experience economy has been promoted as a remedy for sustaining local and regional growth also outside the main growth regions. It is related to the amenity-growth paradigm as the experience industries create local amenities besides creating growth. Smidt-Jensen et al. (2009) recently concludes that the idea of the experience economy can be a window of opportunity for small and medium sized cities outside the growth centres when it comes to the traditional tourist places with natural, cultural or entertainment amenities. However, for a majority of cities a strategy using the experience economy as a way to sustain the amenity-growth paradigm may turn out to be a fragile growth strategy at least in terms of job growth and creation. The study supports that outside the main urban growth centres the experience economy has some potential to create growth in terms of jobs or attract labour even in peripheral regions. The jobs may not be high end knowledge workers or creative class members but they probably have a better match with the existing local labour markets. In the case of Denmark, however, the potential seem most evident in the classic tourist destinations building on localisation economies rather than urbanisation economies. The remaining majority of cities do not seem to have been effected by the rise of the experience economy. The growth has mainly been found the centres of the large city regions. This supports the conclusion that the amenity growth paradigm is supported by urbanisation economies rather than localisation economies making the strategy vulnerable in non metropolitan areas.

Discussion and Concluding Remarks

The rise of the amenity-growth paradigm in urban and regional research, points out a new direction in urban and regional strategic planning in many western countries. Previously, the focus was mainly on attracting new businesses, firms and industries and in many cases supporting clusters and innovation, a rather Schumpeterian-porter inspired approach to local industrial policies. Municipalities and regional authorities were occupied with creating sciences parks, infrastructure, targeting specific businesses and firms. However, the strategic planning of many small and medium sized cities currently see a variety of amenities as a new strategic tool to gain economic growth in terms of new jobs, new firms and new industries. Amenities attract citizens (knowledge workers, creative class members, or other groups), and attractive citizens attracts new firms hopefully in new industries. Further, new industries for instance within the experience economy or creative industries are themselves amenities and they will hence attract new citizens. This argument, however, builds highly on the notion of urbanisation economies and hence on city size and economic, social and cultural diversity.

The central questions are: What shall small and medium sized cities bet on to secure their future economic development? Shall they create new amenities that can attract new citizens and hence according to the amenity-growth paradigm new businesses? Shall they direct their investment to attract and develop a knowledge based service economy? Or should they open up for creating new urban spaces for creative industries? Should they develop the local experience economy to sustain job creation and provide amenities? Shall they focus strategically on further specialisation, developing local industrial clusters and hence uphold and develop existing location economies and Marshallian effects or is it better to underpin the economic future with economic and cultural variety and urbanisation economies? Many cities also small and medium sized cities currently bet on the various aspects of the amenity-growth paradigm (Smidt-Jensen et al., 2009), and subsequently build on their endogenous resources in terms of local amenities. The possibilities for growth and prosperities of small and medium sized cities cannot, however, be reduced to their endogenous potentials only. The geographical context of small and medium sized cities has major impact on the possibilities for job creation, new firms, innovation and general economic growth including their position in the urban and regional economic systems and the spatial division of labour (Storper & Walker, 1989; Storper & Scott, 2009).

Economic resurgent of the large cities and the rise of new industries have in many cases consisted of a revitalisation of the inner cities on the one hand (Hutton, 2004) and an expansion of the large cities into the surrounding countries on the other hand (Winther & Hansen, 2006; Hansen & Winther, 2007). The large cities has recently conceptualised as city-

regions (Jonas and Ward, 2007; Scott, 2008). City regions refer to large metropolitan areas that cannot be reduced to the densely built-up city but include its hinterland that stretches beyond the administrative and morphological boundaries of the city creating new urban geographies on the edge of the metropolitan areas. Therefore, a second main characteristic of the new urban and regional economic geographies in the western hemisphere is the expansion of the city regions that has created new urban geographies on the fringe of the growth regions (Kloosterman and Musterd, 2001; Phelps and Parsons, 2003; Hidding et al., 2000). A third characteristic of the new urban and regional economy is the crisis of the remote and peripheral regions and cities together with for instance old industrial cities and regions. In many cases they struggle with economic stagnation and recession in terms of job loss, firm closure, structural crisis on local labour markets, depopulation etc. Such processes often lead voters to calls for action by politicians. Changes have to be done – the faster the better – and preferable changes that leaves a physical impression.

Thus, the potential of amenities as growth drivers in small and medium sized cities depends on the cities position in the urban and regional hierarchy, in the national and international division of labour and their geographical location in the economic geographies. First, city size influences the potential to realise the urbanisation economies, e.g., the size of markets and the potential for economic, social and cultural diversity. This may prove highly difficult for small and even medium sized cities to realise such potentials. Events, investment in culture and specialised industries can realise localisation economies and Marshallian effects or even attract specific segments of labour and firms but it is not likely that such places can realise urbanisation economies as such. Second, transformation in global and national economic and industrial structures can have significant influence on the growth and decline in small and medium sized cities' industries and firms depending on their connectedness to global economic structures. Third, small and medium sized cities location in space can have impact on their possibilities for future growth and prosperity. Small and medium sized cities located in the large city regions can benefit from the proximity of the urban region including access to large markets, a position in the local internal specialisation of the city regions and the potential for realising urbanisation economies also using amenities. Small and medium sized cities just outside the growing city regions have a different potential as for instance commuter cities using local natural and cultural amenities etc. Outside the main growth regions in the peripheral and remote regions the potential for future growth using amenities and urbanisation economies as a vehicle to drive growth is more fragile as a strategy as it is almost impossible to create the urban spaces needed for realising such potentials.

The above critique of the amenity-growth paradigm is mainly based on the use of the arguments for creating regional competitiveness and its transformation into regional policies.

The amenity-growth paradigm does, however, provide a theoretically perspective that can contribute to understand the uneven geographies that are currently being produced including new insights into why some cities and regions even outside the main growth regions have experienced growth while others stagnated or even declined. Nevertheless, it cannot alone explain the uneven geographies of modern capitalism.

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