Regional Competitiveness and Quality of Life: 
The Case of Portland and Stuttgart

Contribution to M. Zepf / L. Andres (eds.): Les Enjeux de la Planification territorial en Europe. Lausanne 2011

1. Introduction

Traditionally, planning for economic development has been seen to stand in conflict with planning for the environment and sustainability. Consequently, economic competitiveness and quality of life as distinct planning goals were characterized more by an antagonistic relationship rather than one marked by interdependencies or synergistic relationships. Along traditional conflict lines, it was assumed that economic development – especially in resource-based economies – exploits natural resources for the sake of economic competitiveness. On the other hand those interested in economic progress view environmental planning as a detractor of economic growth. Economic development was reduced to what was called »smokestack chasing«, a metaphor symbolizing a one-sided practice of attracting companies by offering expensive tax breaks and which was little concerned with its qualitative social or environmental implications.

Traditional conflicts like industrial growth vs. public health and land and energy consumption vs. protection of natural resources are being moderated by the changes resulting from economic restructuring. With the rise of a knowledge-based economy and the increasing importance of human capital, traditional industrial location factors and determinants of economic success such as natural resources and costs have become less important and more dispensable. Instead, so called soft or more intangible location factors (Grabow, Henckel, & Hollbach-Gromig, 1995) have become more important in determining the location of economic actors such as firms and people. This is echoed by Salvesen and Renski, for example, who note that »quality of life is becoming an increasingly important consideration in modern business location decisions« (2002, p. V). In particular, firms in industry sectors that are more dependent on knowledge workers and less on traditional location factors are sensitive to quality of life issues. Likewise, growth management, green space planning or environmental planning are not only addressed by those traditionally in support – such as environmentalists, farmers, progressives, etc. – but also by business representatives who increasingly perceive the environment as an important factor in securing regional competitiveness.
Without doubt, quality of life has become an important factor in regional development. Writings about the creative class have promoted the notion of quality of life as a competitiveness factor. Florida’s theory (2002, 2004) of the creative class has sharpened this argument by postulating that regional economic success depends on the attractiveness of a city or a region to innovative and creative people. According to Florida, the creative class (defined to encompass a broad range of knowledge workers such as scientists, lawyers, teachers and managers among others) is highly mobile and values tolerant, open, and diverse places. The theory’s policy prescriptions are to focus on this type of human capital by developing an attractive urban environment rather than promoting traditional location factors such as lowering costs and cultivating the business climate. Even though the theory of the creative class has been widely criticized, most notably for its unclear definition of creativity (Markusen, 2006), its neglect of industrial structures and its primacy of people over jobs (Scott, 2006), and for its prescription of a neoliberal urban development agenda (Peck, 2005), it has had a tremendous impact on the debate about local and regional strategies of economic development among practitioners not only in the USA, but also in Europe. Quality of life has been widely discussed as an important element in regional economic development strategies. Economic developers are considering the importance of natural and cultural amenities, a certain urban environment or »buzz«, climate, schools, housing, etc, and they have become more aware about the needs of certain demographic groups. They hope to create quality environments for the creative class, which in turn spurs regional economic competitiveness.

In this article we ask, if and to what extent a paradigm shift can actually be observed in the practice of economic development and regional planning in metropolitan regions (Lang, 2005). Does the practice of economic development really start to shift from a mere focus on attracting companies through the use of expensive tax breaks or other incentives to one that is focused on the endogenous potential of a region? Is the policy field of economic development questioning its traditional focus on quantitative changes such as the creation of additional jobs or the attraction of companies? Is a new type of economic development practice emerging, in which interrelations of topics such as sustainability, livability, workforce development, etc. are becoming more and more important (Clarke/Gaile, 1998)? Has the debate on the creative left a trace in the practice of regional development or is it merely a matter relevant in discussions and debates about regional policy? And finally, do regions differ in the ways they develop policy that incorporates ideas about quality of life and the creative class? In other words can we see a trend towards a universal creative-class based regional development approach?

To answer these research questions, we contrast and compare a region in Germany (Stuttgart) and one in the United States (Portland). We conducted 16 interviews (eight in each region) with regional experts from the major urban and regional planning organizations, economic development agencies, as well as academic experts who have extensive experience in the two regions. We interviewed the experts in 2007 when we visited Portland (October) and Stuttgart (December). In addition, we analyzed policy documents and the scholarly literature for each case. In the interviews we asked if there has been any change in recent years in the way local and regional institutions are looking at the relation between regional competitiveness and quality of life? Did quality of life become a more important concern in economic development strategies? Have, reciprocally, concerns of regional competitiveness gained growing influence on the definition and implementation of environmental and housing policy at the local and regional level? Which projects or programs do indicate that change?

First, we will give brief portraits of both regions (2.). Then we will present the findings, starting with a general characterizing of the strategies pursued in both regions (3.1). We identify the different fields where strategies to support economic competitiveness and quality of life converge (3.2), finally we will comment on emerging conflicts, synergies and coalitions emerging (3.3). In our conclusion (4.) we discuss how differences and

1 This comparative research study on »Regional Competitiveness and Quality of Life. The Case of Portland and Stuttgart« was funded by the Transcoop-Program of the Alexander-von-Humboldt-Stiftung in Bonn and the Polytechnic State University of Virginia in Blacksburg (USA).
commonalities can be explained.

2. Regional Portraits: Stuttgart and Portland

We chose the Stuttgart region and the Portland region as case studies because the regions have a lot in common and because they seem to be an almost perfect match for a comparative approach in this perspective. Portland and Stuttgart are both economically successful and booming regions. They are similar in size and in their economic profile (see Table 1). They have experienced increased economic competitiveness, but also growth pressures that are associated with prolonged economic success. The two regions host regional planning organizations whose members are regionally elected. Thus, both regions are pioneers in regional planning policies in their respective countries (Benz 2003/ Seltzer 2004). Because of the similarities and commonalities, we see great potential in examining how the two regions are addressing the connection between regional economic competitiveness and quality of life from a comparative perspective.

2.1 Stuttgart, Baden-Württemberg (Germany)

The city of Stuttgart is the capital and economic center for the German state of Baden-Württemberg. The Stuttgart region is home to about 2.7 mio. people who live in a total of 179 municipalities, some of which are big towns, others are small rural villages. The region is characterized by a distinct polycentric urban structure that is made up of the core city of Stuttgart and medium sized towns around it (Harlander/ Jessen 2001). Currently, the region is one of the economically most dynamic urban regions in Europe. Technology-led manufacturing industries (machinery, automobile, information technology) are clustered in dense networks of export-oriented companies. Stuttgart has a very distinct industrial profile as the »motor city«

<table>
<thead>
<tr>
<th>Portland, USA</th>
<th>Stuttgart, Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td></td>
</tr>
<tr>
<td>Region</td>
<td>2,082,240 (2005)</td>
</tr>
<tr>
<td>City</td>
<td>556,370 (2005)</td>
</tr>
<tr>
<td>Density (City)</td>
<td>1547,6/qm (2006)</td>
</tr>
<tr>
<td>Regional Employment</td>
<td>1,297,864 (2005)</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td></td>
</tr>
<tr>
<td>High-technology</td>
<td>(Employment in 2005: 59,609)</td>
</tr>
<tr>
<td>Metals, Machinery, And Transportation Equipment</td>
<td>(Employment in 2005: 40,110)</td>
</tr>
<tr>
<td>Creative Services</td>
<td>(Employment in 2005: 9,227)</td>
</tr>
<tr>
<td>Apparel and Sporting Goods</td>
<td>(Employment in 2005: 8,003)</td>
</tr>
<tr>
<td>Forest Products</td>
<td>(Employment in 2005: 15,243)</td>
</tr>
<tr>
<td>Nursery Products</td>
<td>(Employment in 2005: 8,878)</td>
</tr>
<tr>
<td><strong>Per Capita Income</strong></td>
<td></td>
</tr>
<tr>
<td>Automobile</td>
<td>(Employment in 2005: 106,936)</td>
</tr>
<tr>
<td>Machinery</td>
<td>(Employment in 2004: 67,986)</td>
</tr>
<tr>
<td>Electronics, Information and Communication Technology</td>
<td>(Employment in 2005: 68,027)</td>
</tr>
</tbody>
</table>

Table 1: Comparison of Portland and Stuttgart
of Germany. Companies like Mercedes-Benz, Porsche, and Bosch are headquartered in the region and dominate the economic structure. Among European regions, Stuttgart stands out for its strong industrial profile. The region is also characterized by an outstanding infrastructure of research and training institutions as well as good transportation accessibility via train and highways. The region boasts a high income level and purchasing power, compared to other German regions a relatively low unemployment rate (4.2% in 2008) and a booming real estate market. The labor market is attracting migrants from other German regions as well as from other countries. Today, over 20% of the people living in the Stuttgart region have a foreign background and their integration is and will be a challenge to policymakers.

In 1994 a new regional planning agency (Verband Region Stuttgart, VRS) was formed to be the planning organization for the region, following the former Regionalverband Stuttgart that was founded in the early seventies. The organization is controlled by Germany’s first regional parliament (Regionalversammlung), whose members are directly elected (5 year term); Hanover is the other region with a similar parliament). The agency develops a regional plan that formulates the goals, basic principles, and suggestions from which the planners at municipal levels have to take their line and define zones of housing or commercial development, green belts and open spaces. The Verband Region Stuttgart manages the public transportation system of the region and is responsible for open space planning. The organization has taken a more proactive role in open space planning in the last years. The region’s economic development activities concentrate on established industry clusters and building networks to connect companies and research institutions. The Verband Region Stuttgart established an independent agency for economic promotion (Wirtschaftsförderung Region Stuttgart) and has initiated another independently operating agency focusing on tourism marketing (Regio Stuttgart Tourismus Marketing GmbH).

In Germany local governments enjoy a high degree of autonomy in planning and have fervently defended this against all demands for centralization of power. This holds true also for the Stuttgart region, though its regional planning system is stronger than anywhere else in Germany. The so called »local autonomy« is guaranteed in the Constitution of Germany and empowers localities to decide on local laws and to collect local taxes. There is no equivalent to it on the regional level. Thus, the issues that are crucial for the spatial development in metropolitan areas are still predominantly discussed and decided on the municipal level, for instance on urban regeneration. The Scharnhauser Park is the largest new housing area in the state of Baden-Württemberg with 12.000 inhabitants and 2.500 jobs. The project is conducted by the city Ostfildern, (36.000 inhabitants) neighboring to Stuttgart and one of the 179 members of the Stuttgart region. The project is located on a former military site and still under construction. »Stuttgart 21« is a highly profiled project at the main railway station in Stuttgart. The most important investors are the Bahn Company and the city of Stuttgart, others are the Federal Ministry of Transportation, Construction and Urban Development and the State of Baden-Württemberg. It is the only urban regeneration project, in which the regional planning agency VRS as a regional institution is engaged in, even though with a comparatively little amount of money. The planning of this highly controversial project started in 1994, the new railway station will be opened in 2019 and it is without any doubt the largest urban regeneration project of the region with the greatest impact on regional development (Turmforum Stuttgart 21 2005).

2. 2 Portland Oregon (United States)

Portland is the largest city in the state of Oregon, which is located between California and Washington State in the Northwest of the United States. The region is home to about 2,1 mio. people. Between 1990 and 2000, the Portland region experienced a tremendous increase in population and added more than half a million new residents. Unlike most other U.S. regions, Portland has a vibrant central city. Suburban development has been controlled by strong land use planning regulations and an urban growth boundary.

Economically, Portland is the most dynamic region in Oregon. It is located about three hours south of Seattle and 12 hours north of San Francisco. Historically, the region’s industries were focused on natural resource extraction (timber, lumber, shipyards). In the last three decades, however, Portland’s econo-
my has successfully transitioned into a more knowledge-based high-technology economy. The major industry clusters are high-technology manufacturing (with companies like Tektronix, Intel, and Hewlett-Packard), footwear and sports apparel (Nike, adidas, Columbia Sportswear), metals and machinery manufacturing (Freightliner), and export-oriented nurseries that sell trees and shrubs nationally and even internationally (Mayer/Provo 2004). In contrast to Stuttgart, Portland’s higher education infrastructure is not as well developed, but policy efforts and programs are currently under way to ameliorate this weakness. In the late 1990s, the region has seen a booming real estate market. Median income increased by 16 percent from 1990 to 2000 and housing prices more than doubled. The region is attracting migrants, especially from Latin American and Asian countries.

Portland and the state of Oregon are unique among other regions in the United States regarding their land use planning systems and controls. In the early 1970s, the state of Oregon decided to institute a state-wide land use planning system that featured urban growth boundaries. The initial intent was to protect valuable agricultural lands from development. Today, the system serves to regulate land use and urban sprawl. As a metropolitan region, Portland exhibits unique traits in how the land use planning system is implemented and is often considered the poster child for a way of planning that curbs urban sprawl, encourages mixed uses, and preserves open space. Parallel to the state-wide system, Portland established a regional organization – Metro – that would preside over land use planning (Abbott 2001/Seltzer, 2004). Like in the case of Stuttgart, this parliament is regionally elected (the only one in the United States). Metro develops regional functional plans and can require changes to local comprehensive plans to make them consistent with the regional plans and goals. Metro also establishes and manages Portland’s urban growth boundary which affects 24 cities and parts of three counties. Besides land use planning, Metro manages waste and recycling, the Zoo and the convention center, regional green spaces, parks and open spaces. Metro’s economic development efforts are primarily related to the provision of industrial lands within the urban growth boundary and the management of the convention center. Portland is one of a few regions in the United States that has intentionally and very deliberately adopted planning tools and instruments at the regional level (Abbott 1983/2001).

Portland is not only known for its regional planning approach, but also for its success with urban regeneration. The City of Portland has gained a reputation for being able to revitalize not only the downtown area but also inner-city neighborhoods (Abbott 2000). These areas were upgraded through the use of green spaces along the riverfront, the creation of new public spaces and plazas, mixed-use projects, and through a new interconnecting public transportation system that includes light rail, streetcar and buses. The central area of Portland (downtown area some inner-city neighborhoods) has gained population by 25% between 1990 and 2000. Areas like the Pearl District or South Waterfront, the two largest urban regeneration projects of the last decade, are now vibrant mixed-use neighborhoods. Portland has become a poster child for the trend in downtown renaissance in the USA (Jessen/Mayer 2009).

2.3 Comparing Portland and Stuttgart

The two regions have a great deal in common: both are prospering dynamic regions of similar size and importance in their respective states; both have strong regional institutions known for their unique standing. But the regions also differ in some important ways.

Compared to Portland Stuttgart still has a more traditional industrial base. The automotive industry is of great importance to the Stuttgart conurbation. A dense network of companies has been established over the years, comprising several global players. However, the industrial base has diversified in the last decades. The region is also home to a growing amount of enterprises related to information and communication technologies like the German plants of SEL Alcatel, IBM or Hewlett Packard, environmental technology and media. The specific mix of global players and innovative small and medium-sized firms that successfully compete on the world market is one of the key factors of the economic success of the region.

Portland has a somewhat more balanced industrial profile. Its economy has a strong traditional natural resource-oriented base (forestry, timber, metals and machinery). In recent years, however, the economy has shif-
toward more knowledge-based sectors and industries that require skilled talent. For example, the region has been able to grow a significant cluster of footwear and sports apparel companies that employ highly talented and creative people. In addition, a green building industry cluster is emerging, reflecting in part on the innovative position the region and the state take in regulating environmental issues and promoting sustainability.

Both regions boast of outstanding research and training capacities. With two well reputed universities and a considerable number of private and public research institutes, the Stuttgart region is one of the most productive nuclei of technological innovation, showing the largest number of patent-applications of all major urban regions in Germany. A high level of professional qualification and skills characterizes the labor force in the Stuttgart Region. In Portland, not so much the two universities, the research units of the high tech companies like Tectronix, Intel or global players in the leisure industry like Nike are the engines of technological innovation (Mayer 2005).

Besides these commonalities and differences, it should be kept in mind, that there are substantial differences in the overall context of regional policies between both regions. In the German context, a legal framework incorporates the regional level as a link between national and local planning. Regional governance beyond land use planning differs from region to region in Germany as some regions have been more proactive than others. In the United States, regional planning approaches are not proscribed and the extent to which regions undertake planning at the regional level depends on local circumstances. Thus, while the German context requires by law certain functions (regional planning) at the regional level, the nature and extent of regional planning in the United States is highly contingent on the regional context. Therefore, regional approaches in the United States differ widely and take on unique purposes (for an overview of different approaches see Foster 2001).

Finally, the image of the two regions could not differ more: Portland has a reputation of being a vibrant, »hip« and »green« city that attracts thousands of young, creative people (Cortright & Coletta 2004). Justified or not, Stuttgart has the ambiguous if not bad reputation of being an affluent, but boring, unloved city. Or as one of our interview partners put it: »Nobody who moves to Stuttgart for the sake of a job, is looking forward to living in that city.« Young, highly qualified people come to Portland because of the city; young, highly qualified people move to Stuttgart inspite of the city.

These differences point to important nuanced perspectives of the context in which regional and local policies take place in Portland and Stuttgart.

3. Findings

3.1 New regional development strategies?

Both regions are far from following a coherent and consistent regional and/or local strategy that acts upon regional competitiveness and liveability as convergent objectives. Our interviews and research indicate that traditional strategies and conflict still dominate in both cities, but resulting from different reasons. This suggests that the specific local context, in particular the economic and planning history and development trajectories of each region play an important role in determining the ways in which policy makers and planners discuss and act upon new paradigms such as quality of life, creative class, and economic competitiveness.

In Stuttgart we find a highly professional economic development practice both at the regional and local level. Yet, economic development is still focused on directly addressing companies and the labor market by giving incentives to new companies in high-tech sectors, launching educational and research and development programs, modernizing the region’s infrastructure (airport, convention center, public transportation) and by providing platforms for knowledge exchange on specific, firm-relevant topics. The interviewees acknowledged clearly defined reservations against strategies that focus on the creative class however it may be defined. The majority of our interview partners considered the present regional and local policies as adequate and successful. They clearly expressed doubts that a change of objectives and strategies in line with ideas about the creative class developed by Richard Florida is really needed in the Stuttgart region.

In Portland, economic development at the lo-
cal and regional level is highly fragmented, inefficient and focused on traditional tools such as marketing and industrial recruitment. This is reflected in the organizational structure of economic development planning: Metro does not have an economic development department. Each city in the region has its own economic development program. Traditional planning functions such as land use, transportation planning, etc. are the responsibilities of the regional planning agency Metro. Organizationally, planning for economic development and planning for quality of life are separate. Interviewees noted a deep division among the actors standing behind each. Paradoxically, traditional planning efforts in Portland (such as the implementation of the urban growth boundary in the 1970s, public transportation and transit-oriented developments, downtown redevelopment, upgrading public spaces, and the protection of greenspace) that were implemented over the past three decades have made the region very attractive to firms and people. Interview partners agreed that even though the region has been practicing what Richard Florida is recommending (i.e. focusing on improving the living conditions), it did not implement these strategies deliberately. The success of the region in translating quality of life into economic competitiveness seems to be an accidental and unintended result of a much longer strategy aimed at environmental goals for their own sake rather than economic objectives.

**Stuttgart – professional regional economic development and conventional spatial planning**

Regional economic development in the Stuttgart Region is widely seen as very professional, highly efficient, and mostly well-integrated into the spatial planning and into the economic development strategies pursued by the municipalities. On a regional level, there are hardly any severe conflicts between the regional planning schemes and the regional economic policies and there are well-approved routines and procedures to handle upcoming problems. Major conflicts occur on the local level between local planning and local economic development, which primarily follow traditional lines. Mostly, these conflicts are about environmental regulations that are supposed to be too restrictive to allow for successful economic development or about economic initiatives that are considered to be an unacceptable threat to the environment and the living conditions in the area.

On a regional level, these kinds of conflicts have been reduced to a minimum in the Stuttgart region. This shows that there is obviously a general understanding that, in the long run, environmental-friendly spatial planning is not a threat but a precondition of economic success. Economic development in the Stuttgart Region is in the hands of Stuttgart Region Economic Development (Wirtschaftsförderung Region Stuttgart GmbH – WRS), founded in 1995 as a subsidiary of the VRS (Stuttgart regional planning agency). Besides the VRS who holds the majority of the shares (51%), other important shareholders are Kommunaler Pool Region Stuttgart (association of municipalities and the five counties of the region (24% share) and the LBBW (State Bank of Baden Wuerttemberg; total share: 16%). The ways the WRS promotes regional economic development and related activities are mostly traditional in contents and innovative in form.

The WRS constantly develops, implements and refines new concepts and instruments of business promotion and creating new job opportunities. In doing so, they maintain a close cooperation with local economic developers, companies, chambers of industry and commerce and other institutions. A good example is the so called real estate-e-marketplace, a digital regional marketing platform which addresses companies based both in and outside the region. It offers access to undeveloped land, logistics areas, production and storage space, office and retail space and business start-up centers (www.wrs.region-stuttgart.de) both addressed to companies that want to expand or relocate and are in search for new locations. Another very specific asset of the regional economic development strategy are the so-called regional competence and innovation centers. These are technology-based networks with an explicitly practise-based approach. By offering a platform for dialogue and cooperation between regional research institutions and regional firms, they aim at faster transferring research results into products. This is especially attractive for small and medium-sized companies as a convenient access to new innovative technologies. These competence centers are specialised: on environmental technology, virtual reality, telematics, mechatronics and other technologies.
The WRS also focuses on strengthening new technologies with a high economic potential by developing and implementing further the med networks, for instance for biotechnology (Bio Region STERN Management GmbH), energy and environmental technology, information and communication technology and for the so-called creative industries (with offerings for the music and film industry).

There is a broad consensus on the strategies of the WRS with its focus on supporting the companies of the region and on attracting companies and investors to the region. There are no explicit intentions to expand the scope of strategies that include issues of improving the quality of life for the sake of regional economic competitiveness and efforts to directly attract highly qualified workforce.

Portland: Fragmented regional economic development and progressive spatial planning

Portland has an exemplary regional planning system. Metro is responsible for coordinating land use planning and for transportation policy at the regional level. As a result, Metro’s competencies in the realm of economic development are limited to issues related to the availability of industrial land and transportation of people and goods. Metro’s original assignment was geared towards growth management and the protection of valuable farmland. Metro recognizes that »being a nice place is not sufficient« and that local and regional development policy has to embrace issues of economic competitiveness. Interviewees noted that Metro’s perspective has lately changed from »promoting growth instead of accommodating growth«.

In contrast to Stuttgart, economic development planning and spatial planning are fragmented and not very well integrated. Metro does not have any formal authority to undertake business promotion of any kind. There is no equivalent organizational unit at the regional level that is responsible for economic development like the WRS in the Stuttgart region. For example, for the city of Portland, economic development planning is done by the Portland Development Commission PDC, created in 1958 as the urban renewal agency for the city. PDC’s portfolio is heavily oriented towards physical economic development with housing and urban revitalization at its core. Suburban jurisdictions like Beaverton, Hillsboro, or Gresham each have their own economic development programs. Each, however, mostly focuses on their own localities.

Interviewees noted that important parts of the private sector question Metro’s regional development policies as unsupportive of industrial development. These groups argue that Metro’s approach to spatial and transportation planning favors environmental goals over economic development goals. They criticize the region’s supporters of growth management for being overly biased towards environmental issues and for underrating and neglecting the needs of the local and regional economy. Other lines of conflict can be observed between traditional resource-based industry sectors and industries that rely more heavily on human capital and creativity.

In recent years, some attempts have been made towards a more regional approach to economic development. In 2002, a regional task force (Metropolitan Economic Policy Task Force) was formed to discuss the merits and potential of creating a regional economic development strategy. The taskforce consisted of a diverse group of 19 leaders from the public and private sector. The group identified four strategy elements, including livability and civic culture, talent, industry clusters, and land, infrastructure and business climate (Metropolitan Economic Policy Task Force, 2003). The implementation of the strategy was left to the Regional Economic Development Partners, a partnership of the region’s economic development planners. In 2005, the efforts were followed up by the development of a Regional Business Plan and the Comprehensive Economic Development Strategy for the Portland-Vancouver Metropolitan Region.

However, Portland does not have a coherent and integrated strategy to address issues of quality of life and competitiveness. Quality of life goals are represented by the growth management efforts on behalf of Metro. Economic competitiveness is promoted by a fragmented group of private sector interests and local developers. Each group recognizes the importance of each other’s planning objectives. However, organizational fragmentation and, to large degree, assumptions about the burden regional planning supposedly pose on economic growth and progress seem to
3.2 Emerging Changes

Not having a new coherent strategy does not mean that there is no indication at all about a shift in the relation between the objective of economic competitiveness and quality of life. This holds true for both regions. Most of the interview partners agreed that there is a shift - but more so in Portland than in Stuttgart. There seems to be a consensus that environmental concerns of any kind are not any longer seen as a threat to economic competitiveness in the first place even by the traditional sectors of the local economy. In both regions, interviewees noted the potential of so-called »green« or sustainable industries. Beyond that there are various kinds of more or less partial, fragmented, uncoordinated planning and policy approaches that reflect these shifts. They are significantly different in Stuttgart and Portland.

Stuttgart: landscape planning, child care, housing policy

In the Stuttgart region the regional and local experts were aware that quality of life has become an important determinant of regional economic competitiveness. The strong orientation towards traditional economic development in the Stuttgart region does not mean that there is no change in regional and local policies and planning practice at all. There were some topic areas and new forms of cooperation between the private sector, the region and the cities, that refer to the connectivity between economic competitiveness and quality of life. Namely, interviewees highlighted the emerging of a new understanding and/or new forms of cooperation in the area of landscape planning and child care.

One of the main areas that VRS (Stuttgart regional planning agency) is currently working on is the development of concepts and plans for the landscape of the region. It is recognized that this landscape represents the regions »green infrastructure«, thus placing it, at least in words, at the same level as the »grey infrastructure«, i. e. technical infrastructure like the regional transportation system. Since the early nineties the regional planners follow an ambitious concept of landscape planning in Stuttgart. It is a major concern, not only to protect, but to continuously improve the quality of the »green infrastructure«. The VRS defines this policy as a major contribution both to the protection of the environment and to the economic attractiveness of the region. In 1996 the VRS set up a concept for a Stuttgart Region Landscape Park (Verband Region Stuttgart 1996), forming the overall framework for six so-called Regional Landscape Parks. These parks cover the total area of the region. Their boundaries are defined by natural assets (valleys, high plateaus etc.) and include the areas of several municipalities, though mostly only parts of it. Since 2005, the VRS gives financial incentives to the municipalities for cooperation, the creation of networks that integrate local initiatives and to implement measures like constructing hiking paths, renaturalizing river fronts or protecting wildlife habitats. Interviewees mentioned some initiatives to enlist local companies to join the network. But this was successful only in parts. The firms mostly confined themselves to sponsoring of specific single projects. These private contributions are not mandatory and may be interpreted as some other kind of corporate identity management on behalf of the engaged companies. Some firms are starting to recognize the importance of the regions environmental infrastructure. Mercedes Benz, for instance, has an environmental unit with a considerable annual budget for environmental projects in the Stuttgart Region.

Another area in which the region, localities and the private sector cooperate is the provisioning and financing of childcare. As there is still a considerable shortage and poor quality in child care infrastructure in Germany, especially for day nursery (age group 0-3 years), the large companies in the Stuttgart region (such as Daimler Benz, Porsche, Bosch and others) are highly active in this field. They spend a lot of money to create childcare facilities available to their employees. This is a result of changing demographics in the labor market. Increasingly, women are staying in the workforce and they often enter non-traditional occupations such as engineering and sciences. Firms see female employees as an important and valuable workforce that they cannot loose. As child care is seen as a genuine public matter the companies receive subsidies from the local authorities, at least as long as the municipalities themselves can
not provide a sufficient supply. The WRS has created a platform to improve the coordination of child care institutions in the region and to support cooperation between the public and private sector. This initiative is sponsored by local industrial firms, a regional bank and the regional TV station.

However, such financial engagement of private firms in public infrastructure is a rare exception. The general understanding is that there should be a strict «division of labor»: the companies pay their taxes and the regional and local public institutions hopefully spend it wisely to improve the quality of life and to provide a decent infrastructure. In Germany direct support of public investment through private companies is seen critically as a possible way to influence decisions made by democratically elected bodies.

Another area in which the private sector is engaging and which relates to quality of life is in the area of culture and arts. The region’s largest firms start to invest in projects that go beyond traditional sponsoring of sports and cultural events. As part of their Corporate Identity Management the region’s most prominent forms are investing directly in the creation of cultural institutions. Even smaller companies are involved. The Stihl Company, the world market leading producer of motor saws, financed a new art gallery for the city of Waiblingen in the Stuttgart region, where the firm is based. Moreover, the Stuttgart region benefits indirectly to a large degree from the marketing strategies of the automotive industry which since a few years include new attractive museums: The new Mercedes Benz Museum, built by the Mercedes Benz Company, opened in 2006. With its signature architecture the museum has become the most frequently visited museum in Stuttgart within a year. Of course, it is meant to help Mercedes Benz become a more successful automotive company, not to make Stuttgart more attractive in the first place, but, actually, it does. The new Porsche Museum (opened in 2009) will probably have the same effect.

In many large European cities strategies of urban regeneration and housing policy are seen as key instruments to make a region or a city more competitive and more livable at the same time. This is also true for Stuttgart (Jessen 2008). As mentioned above, the urban regeneration project Stuttgart 21 includes basically three elements: new railway tracks and nodes for the long-distance and local public transport, a second new terminal for high-speed trains at the airport, a new urban quarter (100 ha) to be developed on the railway land for 10,000 people and 24,000 jobs. The plan is to replace the existing cul de sac main station with a state of the art underground through-station with an extended tunnelsystem. As the most ambitious endeavour of the region Stuttgart 21 has to fulfill high expectations. The project

- will integrate the Stuttgart region into the European high-speed-train network (Paris-Munich-Vienna) and substantially reduce long distance travel times
- will contribute to an environmentally sound transport system;
- will increase the accessibility and the attractiveness of the airport and trade fair;
- will give way to a more sustainable regional development by developing a new inner city area of 100 hectares, by expanding inner city parks and by substantially improving the public transport system;
- will make the city of Stuttgart a more livable place by providing new attractive locations for housing, services, retail and cultural venues (including architectural flagships such as the new underground railway station or the so-called Library 21 and others) and by linking up those parts of the inner city that have been separated by the railway tracks over decades.

The costs of the project will amount to 3.1 billion Euro. The Bahn AG, the state of Baden-Württemberg, the federal government, the city of Stuttgart and the VRS signed an agreement that fixed the financial obligations of the project partners. Even, though housing construction is a crucial part of the project’s efforts in urban regeneration, it is has not been considered as chance to attract young, highly qualified urbanites as it is case with the urban regeneration strategies pursued in other cities like Copenhagen, Manchester, Hamburg, or Amsterdam (Jessen et al. 2008). The local authorities (apart from the planning department) do not see housing policy and downtown redevelopment as crucial economic strategies in this perspective. What can be found, are some halfhearted attempts to increase the share of new housing in the very heart of the regeneration area of Stuttgart 21. This is an improvement, because originally no housing at all was planned. Down-
town housing and mixed use developments in the central area close to the station have not been seen as viable. Moreover, there are no substantial initiatives to offer new forms of inner city housing to attract new target groups. Housing policy in Stuttgart still predominantly focuses on improving the living conditions for those who live in Stuttgart, especially young families.

Portland: reorienting planning and economic development, affordable housing and fighting gentrification.

Portland’s »green image« has attracted many young and talented people. Emerging industries in the region such as high-technology, footwear and sports apparel, media, etc. rely on this type of labor pool and the region’s planners are recognizing the need to develop proactive policies to retain this group. Our interview partners agreed that Portland has been very successful in attracting talent and businesses, but that the region needs to make better use of it and to be more strategic in developing its economic assets. In particular, the retention of talent and issues associated with housing, gentrification, etc are seen as important policy goals. Thus, in Portland, the focus of striving for new strategies is more one of organizational and process innovation and one of coping with the unintended negative social effects of the successful regional strategies of the last decades. The following issues reflect new ways of connecting more closely the goals of economic competitiveness and quality of life:

- Reorganizing and reorienting regional planning and economic development
- Promotion of new industries
- Increasing the efforts of affordable housing, especially for young people and families
- Fighting residential and commercial gentrification in the inner city.

Given the fragmented nature of different planning areas, the region’s policymakers are keenly aware that they have to do something about this. As economic developers are noticing the gap between economic development and planning, they are working on new forms of dialogues between different parties. There are substantial efforts underway to create adequate platforms for regional economic development agencies. In particular, the region’s economic development professionals have formed a new organization at the regional level aimed at economic development.

In addition, interviewees noted a reorientation in the approach of planning. Metro, for example, is currently rethinking its decision-making procedures from a rigid top-down approach to a more cooperative approach that integrates regional economic associations, citizen groups and others. At the neighborhood level, new concepts of participation are underway focusing on facilitating access to the planning process for new citizen and migrants, as those groups that are critical to the region’s economic future have been neglected in the past.

The private sector is engaging in regional green space planning. One example highlights this trend: In Portland, voters approved the Natural Areas Bond Measure in 2006 and directed Metro to acquire and protect about 4,500 acres of land inside and outside the urban growth boundary. The $227.4 bond measure allows Metro to acquire land to permanently protect it from development and thereby increase quality of life for residents inside the urban growth boundary. Firms in the region such as Portland General Electric supported the bond measure.

A new orientation towards a merging of quality of life and economic competitiveness issues is reflected in changing priorities of local business promotion. The region’s economic developers are focusing on the promotion of green or sustainable industries and creative industries. These have different location requirements than their older, more traditional resource-oriented counterparts. The region can already claim clusters such as the footwear and sports apparel industry, an emerging bicycle manufacturing sector, and alternative energy and sustainable building industry. It is expected that these strategies may help to retain and attract not only businesses in these fields but more importantly the human resources these industries need. Fostering these industries is supposed to create employment opportunities for the legions of young people the city attracted. This type of economic development may also have the potential for the creation of new types of synergies. Environmental concerns created a range of government regulations, policies, and programs that may contribute to the creation of new types of industries. Especially
in areas such as sustainability technologies, new industries have been developed as a result of environmental programs and policies (Allen/ Potiowsky 2007).

Affordable housing has always been a major concern of Portland’s local policies. Since 1988 more than 10,000 housing units were built in the central city. At the same time new attractive areas emerged for housing and the close-in inner suburbs have gained appeal with young newcomers and families. Despite the success in developing new neighborhoods and increasing supply, there is still a shortage of housing. As was noted «the increase in housing» has not solved the problems how to provide quality housing for all (City of Portland 2008: 29). The Portland-Plan, the city’s new comprehensive plan, which was created through an intense public participation process, identifies affordable housing as one of the primary goals also for the future. This follows local and regional efforts since the 1990s to orient public policy towards the provision of affordable housing. The city plans to use a fixed portion (30%) of public finances gained through tax increment funding (TIF) for the provision of affordable housing. TIF is a widely used instrument of public financing in inner-city redevelopment schemes. It is based on the increased tax revenues that can be expected from a successful development.

Housing will become even more important as the region is expecting population growth of more than 1 million residents by 2030. The city of Portland recognizes two specific target groups for the future housing policy: the young talented, but poor newcomers and young families with children, who do not have the resources of upscale housing. Both groups suffer from the lack of affordable housing in a specific way that puts the overall objective of economic competitiveness at risk.

Portland has attracted many newcomers that have moved to the region without necessarily having a job. Housing prices increased because of high demand and as a result of a successful and prospering economy. These newcomers have added a lot of vitality and vibrancy to the Portland region, but often cannot afford modest places to live. The city of Portland is interested, not only to attract these groups, but also to retain them in the city, as this is considered to be essential for the city’s economic future. In this perspective, improving the provision of affordable housing can be seen as part of an economic development strategy that is directly related to issues of quality of life. However, the established companies such as Nike, Intel, etc., that benefit from this group’s presence, should have developed an interest to questions of affordable housing, but their efforts are still mainly directed towards improving education and workforce development infrastructure.

Another primary target group for affordable housing are families with children. Many of the former young single urbanites have started a family. In the last 10 years housing production was almost exclusively concentrated on luxury apartments for small well-to-do households, notably in the central area and in the new neighborhoods such as Pearl District and South Waterfront. There is an extreme lack of housing for families with little kids in the inner-city. The city of Portland is determined to change this. Family-oriented planning and housing provision is seen as another strategy to prevent specific demographic groups considered economically relevant from leaving the city or region. This includes not only plans of family housing construction but also plans for the necessary infrastructure such as child care facilities, schools and family-friendly neighborhoods.

Gentrification - both commercial and residential – is an emerging area of conflict in Portland. Processes of densification and redevelopment in traditional neighborhoods cause problems. As these redevelopment processes have been concentrated on a few neighborhoods that are relatively close to downtown Portland, outlying areas have not experienced this type of upgrading nor are they subject to gentrification processes. Rising housing costs and the relocation of people who cannot afford living in close-in neighborhoods towards the outerlying suburbs are problematic unintended consequences of Portland’s successful urban regeneration efforts. As a result, households have to move from their old neighborhoods into new areas, they face increased transportation costs and possibly a less ideal provision of public goods and infrastructure. The city of Portland recognizes this issue and aims not to become the victim of its own success. Thus, the Portland Plan emphasizes the issue of equity: urban development policy is only successful if all segments of
society can share the economic success and increasing quality of life in the region. This includes strategies to make the outer-ring suburbs more livable and accessible.

3.3 New conflicts - old conflicts

Have new conflicts emerged? How do they relate to the traditional conflicts between economic competitiveness and liveability? There are significant differences between the Stuttgart region and the Portland region. The differences can be illustrated in two examples: In Stuttgart, the urban redevelopment project Stuttgart 21 highlights severe tensions between the goals. In Portland the conflicts are pronounced in the controversial efforts to weaken the power of regional planning policies.

**Stuttgart – massive regional conflict along traditional lines: Stuttgart 21**

In Stuttgart traditional conflicts are still predominant. There is a deep-rooted skepticism among the citizens towards any change in their neighborhood (NIMBYism). They find expression in protests of citizens groups against big infrastructure projects like the new convention center or the planned extension of the airport. Most significant are the massive conflicts that are related to the project Stuttgart 21.

The project Stuttgart 21 that we outlined above has been highly controversial since 1994, when the first plans were announced. The conflict follows pretty much the traditional lines between economic and environmental demands. On one hand, the project is supported by the vast majority (80%) of the regional parliament and municipal council of Stuttgart. All major political parties except the Green party are dedicated followers of the project. They promote the project as a unique opportunity for sustainable urban development of the Stuttgart region. Stuttgart 21 is supported by the chamber of Industry and Commerce and by the local and regional economy. A »pro-Stuttgart 21-initiative« was formed where local celebrities advocated for the project, among them many executives of large companies, for instance the former CEO of Porsche, Wendelin Wiedeking. They claim that the project will substantially improve the high speed train connections from Stuttgart to any other European city. It will bring faster and more efficient regional public transport. Moreover, it will locate thousands of new residents and jobs into the inner-city, will bring an enlargement of green spaces and the investments of 3 billion Euro needed for construction will boost the regional economy. This is thoroughly disputed by the opponents to Stuttgart 21. An anti-Stuttgart 21–alliance was formed that primarily fights the changing of the cul-de-sac railway station into an underground railway station with its extensive system of tunnels. The alliance presented an alternative planning solution that sticks to the cul-de-sac-station. Members of the alliance are BUND (Friends of the Earth Germany), ProBahn, (a non-profit organization of passengers of public transport in Germany), VCD (an association for sustainable mobility and a major German transport and environmental organization) and many other associations and local groups. It includes also a very active group of Stuttgart citizens who are dedicated to the struggle against the project. First, they have deep doubts that the financing scheme of Stuttgart 21 is sound. They expect that the real construction costs will double to at least 6 billion Euro. Thus, in the end it will cost the tax payer much more than announced. Second, they deny the claimed substantial improvement of the intercity and the regional public rail services, they point to the heavy risks the tunnel construction will bring to the local mineral water sources, and finally, they criticize that the old railway station, a landmarked historic building, will partly be destroyed.

What makes this regional conflict very special is its scale. The project Stuttgart 21 was never popular among citizens even though the local press coverage was predominantly pro Stuttgart 21. Several public opinion polls over the years showed that the majority of the Stuttgart population was constantly opposing the project. The anti-Stuttgart 21-alliance started a petition for a referendum against Stuttgart 21 in 2006. More than 67,000 Stuttgart citizens signed up, much more than needed to fulfill the quorum. Many local celebrities (scientists, artists and other well-known Stuttgart citizens) joined the anti-Stuttgart 21-alliance. Due to formal legal reasons, the referendum was not held in the end, very much to the frustration of the initiators of the petition and of many citizens. In August 2009, the election of the municipal council brought a completely unexpected landslide victory for
the Green Party. For the very first time in a large German city, they became the strongest parliamentary group in the council, whereas all other parties that supported Stuttgart 21 lost votes and the conservative party who had ruled local politics in Stuttgart since the mid-sixties lost its parliamentary backing. Probably for the very first time in a large city, a controversy about a single major urban project has completely changed the distribution of local political power. On one hand, this conflict is unique in its tremendous political impact, on the other hand, it has many traditional features. It is a conflict about a large-scale, technology-oriented urban project that focuses on environmental and financial issues. The old familiar antagonism between competitiveness and environment is still constitutive for the controversy.

Portland - new conflict, new coalitions: Measure 37

Very significant for new conflicts coalitions and for the present state of public debate about the future of regional planning policies in Portland was a public campaign in 2007. As the region has experienced attacks on its land use planning system (Measure 37), new alignments among economic and political actors emerged. Here, businesses that depend on the region's quality of life and livability (Nike, Nike spinoff nau, wineries etc.) have supported Measure 49 through campaign contributions and other support.

While open space planning seems to be a successful element in the wider growth management framework and one that has received widespread support from public and private interests, the state's land use planning system operates in a much more hostile environment. Over the years, voters in Oregon have approved measures that would limit the state's land use planning system. Most notable were the measures adopted in 2000 and in 2004. Measure 7 was approved in 2000 and required compensation for any loss of potential property value due to state or local regulations. The Oregon Supreme Court invalidated the measure but failed to provide an alternative or more moderated compensation program. This allowed other measures to emerge on the ballots, and in 2004, voters approved Measure 37. This measure required jurisdictions to compensate property owners if they faced losses in property value. If they were not compensated, the alternative was to waive the regulations, essentially discouraging urban and regional planners from doing their job and enforcing the ideas of growth management in Oregon. By 2007, there were more than 7,414 claims filed with more than 4,867 in counties of the Willamette Valley, which represent the more urban part of the state (Institute of Portland Metropolitan Studies, 2009).

Measure 37 was, however, overturned by a popular vote in November 2007. The initiative was called Measure 49 and was voted on with a 62 to 38-percent margin of victory. What is relevant here, is the support that Measure 49 received from the private sector. The most prominent private sector supporters (in terms of financial contributions to the Yes on 49 campaign) were the founder of Nike, Phil Knight, and a wine maker from the Willamette Valley (Eric Lemelson). These private sector supporters represent an interesting coalition of private interests, which highlights the changed nature of Oregon's – and particularly of Portland’s regional – economy.

This private sector support reflects the changed needs of industry in the state. Firms like Nike depend on the ability to attract and retain a highly qualified workforce (the creative class). Keeping Portland livable is one of their primary concerns. Niche agricultural sectors such as the wine industry is located just outside the urban growth boundary and benefits from the protection of fertile land in the Willamette Valley. Both industries have done quite well in recent decades, which stands in quite contrast to declining resource-dependent sector such as timber, fishery, or commodity agriculture. Howe et al. (2004) note that the »resource economy, which had once united the state, has emerged as a source of great conflict. Rural Oregon views environmentalists as urbanites seeking to destroy their ability to make a living in order to preserve the city’s playground. It is easy to understand why those without jobs who live amidst an abundance of natural resources would come to believe that the state’s land use planning system does not allow them to make a living« (p. 393).

Besides conflicts and synergies, the changing nature of the relationship between the environment and the economy is accompanied by changing constellations of actors. While the traditional perspective has pitched the indus-
trialist against the environmentalist, we now see different types of coalitions and alternative regimes in which formerly opposed actors are collaborating. This stands in contrast to theories of the growth machine or urban regimes (Imbroscio, 1997, 1998; Logan/ Molotch, 1988), that describe the ways in which business interests dominate urban politics and do not allow alternative considerations such as those for the environment or redistribution. However, new types of governance approaches highlight the various forms of regional cooperation and networks. Business coalitions and alliances are increasingly interested in social and environmental issues. Alternative regimes may arise. Kanter presents various examples of formal and informal business coalitions that are cooperating because of the need to represent a strong community in the global economy and Leo (1998) specifies the alternative growth regime that evolved in Portland and which engages farmers, environmentalist and business interests.

4. Conclusions

Regional development strategies aimed at economic competitiveness and quality of life have increasingly become interconnected. The two fields have traditionally been separate and defined by different planning goals, outcomes and sometimes even conflicts. However, we observe that regions utilize a combined perspective to enhance their economic standing. This is partially rooted in the universal decline of manufacturing and the rise of knowledge-based economies. In this paper, we examined and compared regional planning strategies aimed at promoting economic competitiveness and quality of life in Stuttgart (Baden-Württemberg/Germany) and Portland (Oregon/USA). Both regions have strong regional planning regimes and their economies are transitioning, making them ideally suited for a comparative study.

We found that both regions are far from following a coherent and consistent regional and/or local strategy that acts upon regional competitiveness and livability as convergent objectives. Traditional strategies and conflicts are still predominant. The lack of a new coherent strategy does not mean that there is no indication at all about a shift in the relation between the objective of economic competitiveness and quality of life. What we found were various kinds of more or less partial, fragmented, uncoordinated planning and policy approaches from various sides that reflect these shifts. There are significant differences between Stuttgart and Portland, though. How can we explain the differences between the two regions? The ways in which quality of life and competitiveness relate to each other in the planning approaches in these regions is highly contingent on the region’s context and history.

The case studies illustrate the need for a more differentiated view on paradigm shifts such as the rise of the creative class, the importance of quality of life in economic development, etc. Regions follow certain paths and their respective approaches in planning are path dependent. These paths are shaped by the specific type of coalitions between the private and the public sector. They are also shaped by the development of unintended consequences that follow from certain strategies. In Portland, for example, economic restructuring resulted from the emergence of new industries. These industries benefited from the attractiveness of the region to certain demographic groups. And the attractiveness of the region was created through the careful attention on protecting open space through land use planning. As traditional industrial region, Stuttgart embodies a region, where competitiveness is seen as a result of the success of the region’s export-oriented manufacturing firms and highly innovative research institutions. With its community of scientists, technicians and engineers the region has a very specific »creative class« of its own. Thus, Stuttgart planners do not see a need to develop specific policies aimed at the »creative class« shaped after the model Richard Florida presented. In Portland, the region’s »green image« has attracted many newcomers who value quality of life. The unintended consequence of this successful attraction strategy is the need to plan for housing and employment opportunities for this group. Environmentally conscious regional planning as expressed in the long tradition of growth management, integrated land use and transportation planning, etc. has resulted in a successful economic development strategy primarily through the creation of a competitive labor poll. The resulting conflicts over gentrification, housing etc., have become important issues that the region needs to deal with.
References


www.ostfildern.de

www.region-stuttgart.org

www.stuttgart.de

www.stuttgart21.de

www.stuttgart-tourist.de

www.wrs.region-stuttgart.de

www.metro-region.org/

www.portlandonline.com/

www.pdc.us/

www.portlandregion4biz.com/

www.lcd.state.or.us/