

# The Permian Paradox<sup>1</sup>

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*“What I can’t understand is why Perm can be governed by liberals and still be without an embankment!”*

(Mikhail Grishankov, Deputy of the Russian State Duma, at the Third Perm Economic Forum)

This paper arose out of discussions that took place during sessions of the Fourth Perm Economic Forum. A theme-based event, the Forum is held annually every September. In 2008, the theme of the Forum was urban development, including, naturally, development strategies for the city as a regional capital. The Forum took place before the economic crisis took hold and circumstances have changed significantly since that time, but the issues discussed have remained relevant. The problems facing cities worldwide are strategic ones and Russia is no exception. Economic fluctuations may affect priorities or the urgency with which particular problems are dealt with, but in their nature these problems remain unchanged.

How does an expert prepare for an economic forum? A quick look through statistics that are usually unsatisfactory – data from more or less trustworthy sources are hopelessly out of date, whilst more recent information is unreliable. A cursory examination of social surveys. A number of agitated discussions in the Mayor’s office and with fellow experts.<sup>2</sup> Clearly, this is not thorough research and cannot serve as the basis for a scholarly article. But I became impatient to organize my thoughts, particularly in the aftermath of discussions at the Forum where I had the opportunity (or I should say the good fortune) to chair the Round Table “Perm: Strategic Options for Urban Development”. So what follows is not a research paper, but a series of reflections, proposals and hypotheses, in other words, an essay.

## Why “paradox”: or, if everything is so wonderful, why is everything so awful?

By the usual criteria, the city of Perm cannot be judged a failure. In terms of its economic development and the volume of its revenues it is clearly one of the leaders amongst the “multi-million population” cities of the Volga and Urals Federal Districts. It occupies second place in terms of average monthly wages and per capita investment (after Kazan and Ekaterinburg, respectively), and has for several years securely held first place in respect of per

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<sup>1</sup> The original version of the paper was published in *Ekonomicheskaya politika*, 2008, №5, p. 32-45.

<sup>2</sup> I wish to acknowledge the contribution of those who took part in discussion of the ideas presented in this paper: Eugeni Turuntsev, Margarita Slavgorodskaya, Alexey Khrustalev with whom we preparing for the Forum. My views were further by stimulating discussions with members of the administration of the city of Perm: Nadezhda Kochurova, Larisa Kolobova, Antonina Galanova, Roman Chepkasov, Anton Gaelta and others. My personal thanks go to Arkady Katz, head of the Perm city administration, for meetings that substantially enriched my understanding of the city’s current problems.

capita budget revenues. But the city is outstanding not only for the level of its economic development: it has long been regarded by the educated classes as a center of democratic freedoms and as a bastion of civil society. This point was made quite emphatically and emotionally by contributors to the roundtable. Despite this, the population of the city continues to decline.

Is this a serious problem? The populations of Samara and Ufa are also declining. Until recently, the same was true of Chelyabinsk and Nizhny Novgorod. What reason can there be for concern, other than the fear of losing the status of being a “multi-million-population” city?

A close analysis reveals that there indeed grounds for anxiety. The size of an urban population is affected by two sets of circumstances – natural increase or decrease (the difference between the number of the births and deaths) and outward or inward migration. In the Volga and Urals Federal Districts all of the multi-million-population cities are suffering from a natural population decrease – the number of deaths exceeds the number of births. In this respect the situation in Perm is not the worst – in Samara and Nizhny Novgorod the natural decrease has been more serious. But in a number of the other cities population numbers have stabilized or even begun to increase. In Kazan and Ekaterinburg there has been a steady increase in population, and, of late, it seems that numbers have stabilized in Nizhny Novgorod and Chelyabinsk. This means that, against a background of natural population decrease, the migration inflow has been sufficient to compensate not only for the number of outgoing residents, but also for the excess of deaths over births.

Migration statistics do indeed indicate that since the first half of the 2000s all of the multi-million-population cities of the Volga and Urals have experienced a population increase driven by inward migration. All of them... with the exception of Perm, where the migration balance oscillates around zero.<sup>3</sup> This does not mean, however, that the local population is exceptionally sedentary: according to the Mayor’s Office, the city loses around 8,000 residents annually. No accurate sociological profile of these residents is available. Social surveys suggest that young people aged between 21 and 23 are the group who are most eager to leave the city. There is a feeling that it is the best and the brightest who quit Perm, that the city is losing its élite. It is a serious paradox that a city with a reputation for being outstandingly successful is proving to be unattractive to its own residents.

What are the reasons for this state of affairs? The problem was considered in some detail both before and during the Forum and two interpretations emerged. In his address to the Forum, both were touched upon by the Mayor of Perm, Mr. Arkady Borisovich Katz.

## **Diagnosis 1: An ordinary city**

One interpretation is that in the post-Soviet era Perm has been unable to assume functions that, formally or informally, would have enabled it to claim some special status. Unlike Ekaterinburg and Nizhny Novgorod, Perm is not the capital of a Federal District; nor

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<sup>3</sup> In all fairness, it should be noted that an even more negative situation, measured by this indicator has developed in the city of Ufa up to the middle of the 2000s. For the second half of the 2000s we have contradictory data from a variety of sources from which no clear conclusion can be drawn.

is it the centre of an ethnic community (as is the case of Kazan). Perm is simply a city like any other.

This thesis is debatable. For one thing, special status is both a privilege and a challenge: the more diverse the functions exercised, the greater the demands that have to be met. For another, not all of the multi-million-population cities that we have mentioned enjoy special status. Let us compare Perm and Chelyabinsk: the latter is also an “ordinary city”, without any particular administrative functions. I can confidently make this comparison as I have managed a number of projects in Chelyabinsk and am not relying on hearsay.

Before we delve into arid statistics, here are a few highly personal impressions of both cities. Chelyabinsk (at least, its central districts), seems to me to possess a far more coherent urban environment. It is more compact and covers an area considerably (1.56 times) smaller than Perm. A large and beautiful park can be reached on foot from the centre in twenty minutes. Using public transport, a wooded park is a mere fifteen-minutes away. In the centre, Kirovka Street has been pedestrianized and has shops and outdoor cafés. The centre is quite clean, with grassy areas, spacious roads for traffic, large squares and welcoming gardens.

But that is not all. The urban landscape of Chelyabinsk has its own distinctive character, mood, and style. For example, many Russian cities, including Perm, now deploy small-scale sculptures in order to create atmosphere. Probably very few examples of this genre of sculpture are as successful as the figure of the *khodok* peasant who stands next to offices of the Chelyabinsk Regional Assembly, scratching the back of his head and gazing in perplexity at a gigantic tome of the Constitution. This gentle irony expressed in this sculpture remains with one as one strolls the length of Kirovka Street. The sculpture parade continues: a lazy caravan of camels has come to a halt right in the middle of the street. Nothing surprising here – after all the camel is the heraldic symbol of the city. We find a beggar seated in front of a bank, his bald head shining from having been touched by innumerable passers-by (to bring luck no doubt, or even money). What seems from a distance to be a memorial plaque turns out to be the head of a photographer with a camera protruding from the wall. Pedestrian areas are becoming increasingly popular in Russian cities, and urban sculpture, too, to be found in many places, but in my opinion nowhere has there been such a successful creation of a positive emotional mood as in Chelyabinsk.

The city has more than Kirovka Street to boast of. The main building of the local university is a small-scale, almost miniature, copy of Moscow University and reminded me of Ottawa. In Ottawa, the administrative buildings in the city centre resemble “Lego” toy replicas of famous buildings in the countries of origin of Canadian immigrants – the London Parliament, the Castles of the Loire. In fact, one is continually discovering unexpected similarities between Chelyabinsk and Canadian cities. One acquaintance of mine remarked, after returning to Chelyabinsk from a business trip, that Kirovka Street by night reminded him of Montreal.

These positive impressions<sup>4</sup> are not meant to imply that Chelyabinsk has no problems. It has more than enough of them. Some of the city’s outlying industrial districts could serve as

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<sup>4</sup> I repeat that these impressions are entirely subjective – on others the city makes an completely different impression. For example, in his essay “Peyzazh Chelyaby” published in *Novy Mir*, Sergey Kostyrko depicts the

the set for a horror movie (not my comparison, but that of Mr. Yurevich, the Mayor of Chelyabinsk, I hasten to add).<sup>5</sup> Downwind from the metallurgical plant, one wishes one had a gasmask. The River Miass, running through the city, has become a conduit for industrial waste. But none of this detracts from the overall impression of a city where the local authorities are doing their best to create a harmonious urban environment. One project scheduled for the near future is refurbishment of the embankment situated at the opposite end of Kirovka Street from the central square. This policy is much appreciated by local residents: a recent survey (more information on this, below) showed that nearly three-quarters of local students agreed that the appearance of the city had recently changed for the better. Respondents also rated Chelyabinsk more highly than the capital of the Urals, Ekaterinburg, for the style of its architecture and the quality of services and amenities in the town centre.

By contrast, the urban landscape of Perm seems dislocated, formless and incoherent. It is difficult to say what creates this impression. Perhaps it is the disproportionately huge, “un-city-like” central square with its gloomy, concrete boxes of administrative offices and shopping malls or (I refer to the epigraph above), the absence of an embankment, instead of which a railroad runs alongside the river and draws the eye towards an array of gloomy factory chimneys on the opposite bank. But are we perhaps projecting onto this urban landscape the impression we have picked up of a fragmented, disjointed, or, as one expert put it, “uncoordinated” urban community?

While this kind of anomie can be experienced, to some extent in any large city, the problem in Perm, as was noted at the Forum, is fairly unique. A most illuminating remark was made by Natalia Zubarevich, a well-known geographer: “The structure of the economy of Perm - with its very defence-oriented heavy industry, created a particular mentality amongst its citizens. Then, during the Second World War, the evacuation of Leningrad brought into Perm a very valuable cohort of people from Leningrad. These newcomers became a self-sufficient “intelligentsia” and were responsible for developing a remarkably high level of cultural activity. The urban population is now multi-layered and unique in that it possesses a highly mobile, highly adaptive stratum at the upper levels and, at the lower levels, a proletarian stratum that is resistant to modernization and does not readily participate in the “micro-societies”, that make up the social fabric of many cities. Furthermore, these lower strata are absolutely indifferent to the quality of the urban environment”<sup>6</sup>.

This kind of social disjointedness inevitably finds expression in the ambience of the city. One of the main restaurants of Perm is the “Zhivago” (some think that Perm was the model for the city where Pasternak’s hero spent his last days). In one of its rooms it proudly displays the originals of several of Pasternak’s letters. By contrast, the most famous restaurant in Chelyabinsk since Soviet times has been the “Ural Dumplings”. In Magadan, where, at one time, many intellectuals also came to reside, one finds “The Green Crocodile”. The small private hotels in Perm are ultramodern in design and offer a degree of comfort that is almost up to European standard. And yet, the streets are covered in dirt and slush. In the centre of the

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city as a composite of gloomy Soviet symbolism and the horror of industrial degradation. For him, Chelyabinsk is an “as yet un-deciphered hieroglyph of “Soviet times” (*Novy Mir*, 2008, №1, p. 135)

<sup>5</sup> During a business breakfast in the local office *Rossiyskaya gazeta*, the Mayor of Chelyabinsk, commenting on the results of the restructuring of the local economy during the 1990s noted, in particular, that ‘Many factories have gone forever. Either the sites have been razed and are now open trading centers or the empty buildings have been abandoned – a perfect film-set for horror movies.’ (<http://www.polit74.ru/chel.detail.php?ID=19290>)

<sup>6</sup> Citations are from the transcript of the Perm Economic Forum.

city one feels as if one has arrived in the middle of a building site. One has a constant feeling of lack of amenity and discomfort.

But these are personal impressions. Let us consider more objective data. At almost the same time (in May and June 2008) young residents of Perm and Chelyabinsk were polled on their attitudes to their native cities and their intentions with regard to migration.<sup>7</sup> That these polls were conducted on the same issues in both cities is significant, for it is the young who are ready to “vote with their feet” and whose preferences will shape the future of cities throughout Russia. The research covered several different age groups and employed different sociological methodologies. For this reason the quantitative findings are not directly comparable. Even so, one can identify a number of qualitative trends that reveal how young people perceive their city.

First of all, the surveys showed that in large cities the everyday hardships of life are similar. In Chelyabinsk, in-depth interviews of young people identified three main problems – employment, housing and the environment. A more wide ranging survey added to and modified this list: over 50% of respondents additionally mentioned problems relating to crime and material hardship. In Perm, the responses were in many ways similar: the three main problems were housing and everyday living conditions; threats to personal safety; and the struggle for a decent standard of living. Thoughts of re-locating were driven primarily by housing problems and anxieties concerning personal safety.

Certain responses provide a more nuanced insight into the state of the urban environment. While the young residents in both cities put housing problems at the top of their list of problems and the high cost of housing is a universal complaint, respondents in Chelyabinsk noted that the cost of housing in Chelyabinsk was lower than in other big cities. This seems to reflect economic realities – according to the local administration, housing costs in Chelyabinsk are lower than in any other “multi-million population” city. The general situation with housing in the city is not bad: the rate of construction of new housing has been increasing annually and the supply of housing per capita is approaching the level of Kazan, which has the lead in this respect amongst all of the “multi-million-population” cities of the Volga and Urals regions.

In Perm, the situation is far worse: housing construction is proceeding at a slower rate: only Ufa, amongst comparable cities has lower indicators for housing supply. Meanwhile, as in other major cities, there are signs of stagnation in the housing market. When, in conditions of acute shortage of housing (potential demand), high levels of income (real demand), and a relatively low level of supply, there is a saturated market, one has to ask questions about the adequacy with which the local economy is responding to market signals. One reason for this inadequacy might be a high degree of monopolization in the housing market. The question, of course, requires further study; but the purpose of this essay is to raise such questions and suggest possible solutions. As it happens, the Chelyabinsk city administration is considering the de-monopolization of housing supply as a means of controlling the rising cost of housing.

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<sup>7</sup> In Chelyabinsk, the survey was conducted by the sociological information center “Zyryanov & Partners”. The survey comprised in-depth interviews with 96 college graduates and a questionnaire-based survey of 1,001 senior students of local colleges, mostly aged 20-23. In Perm, the research was carried out by the sociological company “Perm Omnibus”. This company carried out a questionnaire-based survey of young people in three age groups: 14-17, 18-23, and 24-30 years old. The survey was carried out mainly at their place of residence.

Whilst personal safety is a problem in both cities, it seems to be more serious in Perm. In Chelyabinsk, the problem seems now to rank below environmental concerns. Statistical data also suggest that conditions are better as regards personal safety in Chelyabinsk than in Perm. Perm has indisputably the worst per capita crime rate of all the multi-million-population cities of the Volga and Urals regions (though the situation has been improving somewhat), whereas Chelyabinsk has the lowest incidence of crime (though statistics suggest it is on the increase).

In both cities, the personal opinions of respondents with regard to personal safety differ: some believe that the gravity of the problem is exaggerated and that there is no real crisis; others insist that personal safety is one of the most serious problems and that in many ways it shapes long-term life strategies. Lack of safety is conceived of as a complex, non-linear phenomenon that cannot be reduced to crime indicators – the conditions of everyday life are unsafe, it is unsafe to do business and have children; children, given the social conditions they are brought up in, run a serious risk of becoming alcoholics or drug addicts.

To conclude the first part of our analysis, let us turn to the question of a city's "image". Certainly, it must be more difficult for an "ordinary city" to create a distinctive image of itself than for a city with special administrative status. For Chelyabinsk, its reputation as a city of industrial might (the city of "tanks" or of the smoking factory chimney, according to preference) and the renown of the local ice-hockey club 'Tractor', are assets.<sup>8</sup> The city administration has actively involved the ice-hockey club in shaping the city's image and has invested a great deal of effort in fostering public participation in sport. If there was a competition for the title of the sports capital of the Russian regions, Chelyabinsk would be hard to beat. For "consumption", within the city and in the Urals region, the image of Chelyabinsk as a city free of traffic jams is being vigorously promoted. And while image and reality do not fully coincide, the local administration has allocated significant resources to this promotion, and has achieved some success.

Perm is not a city lacking in reputation, but that reputation is somewhat ambivalent. The Diaghilev Ballet Seasons are becoming increasingly popular...but in Europe. Very few in Russia have heard of them. A statue of Diaghilev, a native of Perm, by Ernst Neizvestny stands in the local high school named after Diaghilev but only serves to frighten the first year pupils. Alexei Ivanov, currently one of the most fashionable Russian authors, is another son of Perm. In his writings, he depicts ancient Perm as a mysterious, enigmatic and beguiling land. Alas, fashionable authors have few readers these days...

In general, Perm has not had any special place in public awareness until recently. Whether it's Perm or whether it's Penza, the impression is of some kind of backwater. Having heard that there was a plan to trade on the fact that the city had given its name to the geologic "Permian Period" and build a dinosaur park, I asked my 17-year old son to find out from his fellow students what they understood by "the Permian Period". It seems that for this not particularly knowledgeable generation all that comes to mind is the city of Perm, so apparently there is no special need to bring in the dinosaurs. To say nothing of the fact that there were no dinosaurs during the Permian Period.

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<sup>8</sup> Perm's soccer club 'Amcar' is in the national Premier League and could also have been enlisted in shaping the city's image. But, whereas 'Tractor' carries an unambiguous association with Chelyabinsk, there is no connection between the term 'Amcar' and the city of Perm and there is no association in the mind of the general public.

But my caveat at the beginning of the last paragraph was deliberate, because recently the city did enter public awareness. A terrible air crash on the day after the closure of the Economic Forum inflicted much suffering on local residents and dealt a heavy blow to the city's reputation. Of course, the city itself bore no responsibility for this event, but even so it contributed to a negative emotional perception of the Perm region.

During a recent business trip to Irkutsk, I asked why the city's wonderful architectural heritage, its unique wooden housing and impressive examples of Siberian Baroque, are so little used in promoting the city's image. I was told that Irkutsk already had an image and that it consisted of Lake of Baikal and of air crashes. Sadly, Perm faces a similar predicament, without the mitigating feature of Lake Baikal.

At the economic forum, in addition to the idea of the "ordinary town", there was another theory as to why Perm was losing its population.

*Diagnosis 2: "A restlessness now overcame him/A need to move from place to place"<sup>9</sup>*

The second diagnosis highlights the exceptional mobility of the residents of Perm. One expert claimed that the natives of Perm "are well suited to contemporary life" they are free, independently minded, more nimble, and accept responsibility for their own future. Where the residents of Samara or Yekaterinburg, no matter how pessimistic about their prospects, will grumble but stay at home, the "Permians" will be set off in search of a better life in St. Petersburg, Moscow, or abroad. The thesis has had so much currency lately that it has become a cliché. So let us examine it closely.

A detailed examination of migration processes in big cities was more than I was able to undertake in preparation for the Forum. I shall therefore rely on the data obtained in the surveys already mentioned. In comparable age groups, the proportion of those wishing to leave Perm was about 30%, whereas in Chelyabinsk it was 40%. Of this 40%, half aspired to life in the capital cities or abroad, whilst the remainder wished to return to their place of birth. Though, as we have said, the quantitative data in these surveys do not always lend themselves to direct comparison, and the inclusion in the survey of both natives of Chelyabinsk and newcomers could not but affect the results, it is fair to say that, as far as their desires and aspirations are concerned, the young people of Perm are not much more mobile than their counterparts in Chelyabinsk<sup>10</sup>.

So, it is possible that Perm does not lose more of its population than Chelyabinsk, but that it attracts fewer. Of the thousand students randomly selected for the survey from Chelyabinsk colleges, about half were natives of the city, just over a third were natives of the

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<sup>9</sup> Alexander Pushkin, *Eugene Onegin*, Book VIII, Stanza XIII.

<sup>10</sup> This is confirmed by the results of the in-depth interviews, according to which over 60% of natives in Chelyabinsk plan to stay on in the city, some 30% - to leave for other cities, whilst under 10% have not yet made up their minds. Students, who came to the city from the surrounding region, feel somewhat differently: over 50% of them intend to settle in Chelyabinsk; some 15% - are thinking of moving to other large cities; over 20% "don't know"; and only 10-12% intend to return to the region.

region, and approximately 12% came from other countries and regions. A significant proportion of immigrants, particularly those from rural areas, want to remain in Chelyabinsk. I do not have corresponding figures for Perm, but according to Natalia Zubarevich, in sparsely populated territories the power of attraction of an urban centre is weaker and the ability of Perm to attract people from its surrounding region cannot be compared with that of, say, Krasnodar. However, this hypothesis requires in-depth examination before it can contribute to the formation of policy.

Let us now examine one policy that has been proposed as a means of counteracting the high level of outward mobility of the residents of Perm. The Mayor of Perm devoted most of his presentation to this subject. His main idea is not to try to retain the working population, but to position Perm as an city of opportunity, as the springboard for a future career: people should come to Perm with the idea of advancing further in their careers, if necessary in some other city. Having realized their potential, they would return to Perm to take up senior, high-status positions. Throughout their lives they would still have links with the city, in the form of businesses, housing and social networks, They would promote a positive image of Perm in the outside world and their own personal success would be a resource that the city could draw upon in developing its image.

It has to be said that experts at the round-table, while recognizing the originality of this prescription for the city's problems, gave it a rather cool reception. The principal risk, in their opinion was that in focusing on emigrants, the city would neglect its resident population. Here is a representative sample of opinions expressed in the course of what was an animated discussion:

*“What group is this strategy aimed at? How can a “top-down” project of this nature be considered progressive? What are the implications for the people who are not going to leave and who will be adamantly opposed to this policy? How will their success in life be catered for in your strategy? This is something that needs to be discussed.*

*“What are the wishes of the people of Perm? From what I have heard, attention is being focused on some vague outside world and in my opinion that is an error. The residents are being completely left out of the equation. What is important from our point of view is that people should come to live here. It does not matter if they do not settle here. Let them stay for three to five years if they wish after which they can be replaced by newcomers”.*

*“What is being proposed consists, essentially, of three strategies wrapped up in one. The first seems to be that we should create a city that treats its native citizens well. Then people who comes to live here for about three years will adopt our values and in becoming successful will become, to some extent, “Permians”. Or are we talking about a policy that aims to treat everyone well? Or about a policy that aims to provide benefits only to newcomers? Such a policy would also make sense.”*

Perhaps, it was Nadezhda Kosareva, President of the “Institute of Urban Economics” who best summarized of all of the doubts that were expressed: in focusing its attention upon temporary residents, the administration would create an environment that was inhospitable to those had not thought of leaving but who might well be prompted to leave by this very strategy. Clearly, the risk of such a perverse outcome should be borne in mind.



## Let's add another million!?

Let us put the discussions of the Forum aside for one moment and attempt an overview of the problem. I began with the assertion that, by traditional criteria, Perm could be judged to be a fairly successful city. But what are the appropriate criteria for determining whether Perm is developing successfully as a national city, as a world city and is making a worthwhile contribution to modern civilization?

At the previous economic forum, the response of the city administration to this question had been straightforward – the development strategy of the city would be considered successful if the population regained its previous “multi-million” level. At present, the administration is less sure of the value of this indicator. Can a city's success can really be measured by to the growth of its population?

Any answer will depend upon what kind of future one envisages for the city. In the industrial age quantitative indicators were quite adequate as measures of qualitative processes: as often as not, “more” was equivalent to “better”. Increasing numbers of increasingly huge factories created or transformed the urban environment by imposing their essential requirements: growing numbers of workers became involved in the production process; increasing numbers of people arrived to provide services for the labour force. This was how the “old- industry” cities came into being. Their *raison d'être* was to support the production process. Perm was one of these cities. This kind of urban development was driven by the logic of industrialism<sup>11</sup>.

But these times have passed. In the late twentieth century many Western industrial centers experienced a number of profound crises. Owing to the rising cost of labour, in response to campaigns for protection of the environment and as a consequence of the energy crises of the 1970s and 1980s, companies in the developed countries began to transfer their core industrial production to third-world states. Cities were deprived of their economic base. They had only two choices: either they could accept their fate and turn into ghost towns; or they could embark upon a radical renewal of every aspect of urban life.

Pittsburg, the capital of the US metallurgical industry, adopted the latter strategy. At one time it was responsible for up to 50% of US steel output. Other branches of industry were insignificant. The local university, founded in the 1930s, had little to recommend it. The city hovered on the brink of environmental catastrophe; breathing without oxygen support was virtually impossible.

After the local metallurgical plants closed down, the population of the city was reduced by more than half - between 1950 and 2000 the number of residents fell from 677,000

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<sup>11</sup> At this point, I should like to quote two of my favorite invocations of that period as perceived by contemporaries and descendants. “We are heading towards an unprecedented objective demonstration of things, regimented crowds and an overwhelming, brazen grandiosity. There will be no place for lyricism and no sense of intimacy.” (Gastev A. *O tendentsiyakh proletarskoy kultury//Proletarskaya kultura*, 1919, № 9-10, p. 45). “It was the time of colossal files on the march, grandiose gatherings, gigantic sports competition and massive theatrical performances, as well as of mass production in the industrial sector and large-scale construction forms in architecture”. (PEUKERT Detlev J.K. *The Weimar Republic: the Crisis of Classical Modernity*/-London: Penguin Books, 1991, p. 161.

to 335,000. But, at the same time, plans for modernizing the city centre, developing the transport infrastructure, re-locating ecologically damaging production plants, and regenerating the urban environment were vigorously implemented. As a result, Pittsburg now has high ratings according to a number of measures of the quality of life: it figures amongst the top ten cleanest cities in the US; it is the thirteenth most attractive city for young specialists; and in 2007 it was ranked first in an evaluation of standard of living (by criteria that included cost of living, personal safety, and cultural amenities).

It cannot be claimed that the city has solved all its problems. The poverty rate is still high, and according to some data there is still a serious problem of air pollution. Not all of the local regeneration projects have been a success. But one has to acknowledge that there has been a radical improvement in the quality of the urban environment.

The city's economic basis has also been radically transformed. There has been a vigorous development of high-tech production - of robot-technology, nuclear energy, advanced medical technology. The educational sector has become a major employer and the city boasts several universities. Measured by the proportion of employees it contributes to the local economy, the educational sector is now on a par with the metallurgical industry of 50 years ago. The city has become a leading center for corporate management – as many as eight of Fortune's Top 500 corporations and another 7 of the top 1,000 have their headquarters in Pittsburg. The city is judged to be one of the top ten most "business-friendly" metropolises in the USA.

Having said this, the decline in population that began in the 1950s has continued: as of early 2008, there were 313,000 residents and there is a high degree of probability that by 2010 there will be no more than 300,000.

At the Round Table in Perm, my colleague Andrey Khrustalev dealt with the case-study of Pittsburgh but left many questions unanswered. If its population is declining, can Pittsburg be considered a successful city? Was it more successful when its population was close to 700,000? Or is it more successful now that standards of living have improved so substantially? Finally, what are the lessons for Perm?

Perm, like other Russian "old industry" cities is not seriously perturbed by the fact of its industrial specialization. It is precisely the traditional industries that have enabled Perm to secure the leading position in terms of investment, wages and budget revenues that we mentioned earlier. The city leaders do not see any inherent conflict between the traditional and the new economies, or distinguish between the industrial and the post-industrial impact on urban development. Nor do they see any direct relationship between the nature of the city's economic base and the outflow of young people. But is their analysis correct?

Let us look again at the sociological surveys. Clearly, the decision to remain in one's native city results from the interaction, on the one hand, of factors that bind an individual to that city and, on the other, of incentives that drive him or her elsewhere. In the survey for Perm these factors were not investigated, which is why, once again, we have to refer to the data for Chelyabinsk. As it happens, the data are illuminating. It is the social circle (relatives, friends), housing and work that bind individuals to their home city. The incentive for emigration is the aspiration for a more interesting, varied and creative life, the opportunity for self-realization. Specifically, the principal incentives are more highly paid work (particularly in one's special field); greater opportunities for professional advancement; an improved

standard of living; and a higher level of culture, including a positive attitude to everything that is new and progressive. In other words, the principal factors influencing any decision to emigrate from a city have to do with one's profession and with cultural amenities.

The question then arises whether an "old-industry" city can cater for all of the aspirations of the younger generation? Is it sufficient merely to improve the performance of the city administration, pay greater attention to the quality of the urban landscape, and deliver a broader range of services? These measures can have a positive effect but by themselves they are unlikely to provide a solution. The problem is that an industrially based urban economy affects the environment both directly (for example, air pollution), but also indirectly, by creating a mass labour force of "blue collar workers". Unfortunately, this manual labour force has not been enabled to acquire a high level of culture, develop a personal interest in the native city, or to overcome harmful habits. As Olga Vendina has put it, "the industrial economy is an economy of low-cost workers",<sup>12</sup> in whose education and cultural development investment has been minimal. That is why, all other things being equal, environmental standards and levels of personal safety and amenity in an "old-industry" city are always lower than in a post-industrial city.

Are young people willing to come to terms with these problems? In the Chelyabinsk survey, respondents were asked two questions: "What kind of city would you like Chelyabinsk to be in the future?" and "What kind of city do you think Chelyabinsk will actually become?" It turned out that young people hoped that their city would become a center of research and education and of modern consulting, management and financial services. They dreamed of a Chelyabinsk that would be a center of environmental innovation, of culture and of leisure. But nearly 60% of respondents expected that, in reality, Chelyabinsk would continue to be a center of metallurgy and machine engineering and just under 20% of respondents were happy to see the city continue along this path. A striking divergence of opinion. At the same time, the survey indicated that college graduates do not aspire to employment in local industrial enterprises and are looking to other spheres of employment either in their own city.... or elsewhere.

What are the prospect for evolutionary change? At this year's Forum there were many proposals for developing a new economy in the city, just as there had been last year. A variety of ambitious plans have been put forward: new industries with high value added; educational and healthcare clusters; creation of a management centre for big corporations and so on. But in the conditions of an "old-industry" city, can one really envisage a conflict-free development in all of these spheres? During the Round Table, when participants were invited to discuss a project with the intriguing name "City N" this question received a completely unanticipated answer.

The essence of the project was as follows: a large energy company, striving to improve its long-term competitive advantage, considers ways of developing its non-production, post-industrial operations (research and development, staff training, etc.). Naturally, the question arises where to locate the corporate decision-making center and all of the multi-faceted support activities. These are, of course, the very activities that constitute the economic base of post-industrial cities. In the final analysis, none of the twenty two subjects of the Russian Federation and none of the five large cities where the company currently

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<sup>12</sup> Vendina O. The hypnosis of growth (*Gipnoz rosta*)//*Expert Ural*, 2008, №25, p.14

operates meets the selection criteria that the company has drawn up for the assessment of the socio-cultural profile of a region, accessibility of transport, environment, personal safety, and other aspects of the urban environment, including the relationship between local government and business. Consequently, there emerges the idea of “City N” - a small-scale, compact urban formation designed specifically to cater for the goals of corporate development.

But the point is not whether this project makes sense or not – it was severely criticized at the Forum, where participants pointed out that the concept of the “corporate city” was discredited long ago.<sup>13</sup> The main point is that, faced with a wide range of choice, the company failed to find in any existing city a suitable location for the development of its post-industrial operations. This raises the question how far one can envisage the legacy of “old industry” ever being overcome in a conflict-free, evolutionary manner.

I find it fascinating when a problem, including that of choosing between an industrial and post-industrial development scenario can be presented in visual form and in this instance the visual image that came to mind was that of Chelyabinsk. Practically in the middle of the city, at the bend of the River Miass, there stands a electrometallurgical plant. It spews pollution into the atmosphere and has transformed the surrounding area into a kind of lunar landscape. The factory provides 10,000 jobs and as long as it operates in the centre of the city, no matter what kind of success Chelyabinsk will formally achieve, it will never break free from the stranglehold of the industrial era and become an organic part of modern civilization. No matter whether relocation of the plant takes place in the near or distant future, the city will inevitably, at some point, have to decide what it considers to be more important - quantity or quality: either 10,000 jobs or the opportunity of a leap into the postindustrial future.

But let us return to the question we are asking in this section. Can the success of city’s development be measured by population increase? Perhaps cities that owe their existence to the logic of industrialization are simply doomed to have their success measured in figures, rather in terms of their skills, in terms of the number of their residents, the volume of production, or the creation of new districts, but post-industrial cities are judged differently. They compete for a resource consisting of highly qualified, pro-active individuals, those who are increasingly referred to as the “creative class”, people who are not mass produced and cannot be evaluated in quantitative terms. For such cities the indicators of quality of life, amenity, and appeal to professionals are more important than quantitative criteria. The entry for Pittsburg in Wikipedia<sup>14</sup> utilizes 5-6 criteria for rating aspects of the quality of life and of the business climate and by all of these the city is given a fairly high ranking. These are the kinds of qualitative criteria that are now used to measure the successful development of a city.

### **Instead of Conclusions: The “Burden of Power”**

From the standpoint of a city manager, this essay probably poses more questions than it answers. How a city sees its future, what its goals should be, the priorities it adopts for development - all of this is the responsibility of local government. In the current state of

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<sup>13</sup> As Vyacheslav Glazychev, a well known urban specialist, wryly commented, “this is the corpse of an idea that was stillborn from the outset.”

<sup>14</sup> [http://en.wikipedia.org/wiki/Pittsburg,\\_Pennsylvania](http://en.wikipedia.org/wiki/Pittsburg,_Pennsylvania)

research we cannot provide comprehensive recommendations on urban development strategy. But some suggestions may be useful.

There was a consensus at the Forum that there is no “quick fix” for the problems facing Perm. The city’s competitive advantages can only be built upon gradually, adopting “a set of complex inter-related measures” (again, the words of Natalia Zubarevich). These measures should include the adoption of certain basic standards for the delivery of municipal services (even if these standards are not as high as one would wish at the outset); transformation of the city’s architectural landscape; and development of a policy for projecting the image of the city.

It also needs to be borne in mind that politics is the art of possible. In one of the thirty slides that accompanied his presentation to the Forum, the Mayor of Perm listed the essential attributes that Perm must possess if it was to become a city of opportunities.

These included:

- a harmonious urban landscape
- a modern educational system;
- high quality health care;
- cultural facilities;
- a high degree of personal safety
- enhancement of public spaces (“Placemaking”)
- comfortable facilities for the general public;
- accessible housing in various segments of the market;
- an integrated intra-city transport system

Needless to say, this list alone could provide the city administration with a programme for many years ahead and there is no guarantee that all of the goals could be achieved. But, if the administration believes that these objectives are attainable, they need to adopt a system for prioritizing and sequencing their reforms, for the art of management consists in a constant struggle to balance infinite needs against limited resources.

As regards resources, my impression is that the city administration has failed fully to realize the resources that can be gained from interaction with the local community. This is an interaction that can serve to develop a relationship of trust. This is somewhat perplexing. The managers of the City of Perm and of Perm Territory have a reputation for being highly qualified specialists who employ the latest management techniques, including techniques borrowed from the private sector. But the rationale of these highly professional methods is often incomprehensible to local residents. The administration and the local community have not yet discovered a common language. And yet, from a corporate governance standpoint, the population can be considered to be shareholders in a company known as the “city”. They are the company’s client. These are extremely important relationships for any corporation.

In conclusion, we should remember that strategic development always involves giving preference to one alternative over another. We gain some benefits and sacrifice others. As the English saying goes, “You cannot have your cake and eat it”. The burden of power consists in making these kinds of choices.