

Western Pennsylvania, USA and Germany's Ruhr

A Transatlantic Dialogue on Making and Managing Economic Transition

The [Transforming Industrial Heartlands Initiative](#), founded in 2019, uses economic development to [protect democratic institutions from political extremist movements](#) in Europe and the United States. It was started by John C Austin, Senior Nonresident Fellow at the Brookings Institution, Chicago Council on Global Affairs, and Director of the Michigan Economic Center. The initiative has blossomed into a lively network of economic development professionals, elected officials, policy-makers, and academics from [both sides of the Atlantic Ocean](#). Through [events](#) and [study tours](#), they exchange ideas and best practices on transitioning their home regions away from heavy industry into a world no longer reliant on fossil fuels.

Working closely with the German Consulate in Chicago and Carnegie Mellon University in the United States, the University of Manchester in England, Business Metropole Ruhr and University Alliance Ruhr in Germany, the Initiative recently kicked off its “Transatlantic Dialogue on Transition” initiative. At its inaugural convening, a group of American and German practitioners discussed the recent successes and shortcomings in the economic transitions of the greater Pittsburgh area and Germany's Ruhr region in North Rhine-Westphalia. Eight experts from Pittsburgh and the Ruhr met in a two-hour video conference to discuss topics of governance and support, access to capital, business practices, and mobility. The convening ended with the participants posing questions they would like to pursue in the future and exploring relevant concepts and terms.

Both regions are densely populated, with the Ruhr being home to 53 cities and municipalities and 5.1 million people. The Pittsburgh region has a population of 2.3 million people spread across 400 municipalities. Some of which have seen their populations decline by up to 60%. In lieu of venture capital investment, regional universities contributed substantially to new investment and economic activity in the regions by providing research and development for local enterprises.

Academic institutions featured in both Pennsylvania's and the Ruhr's transformations. The key role of universities in economic regeneration was especially evident in the Ruhr Region, which transformed from an industrial to an academic hub since the 1960s, when it was home to 250,000 coal miners and no students. In 2020, after the last mine in the region ceased operations, the region boasted 250,000 students at 22 universities and colleges. While this transition was massive, it was undertaken carefully. The state, both on the federal and the regional level, and industry made sure that steel and coal workers received economic support as their industries declined.

The process was facilitated by governance structures that were created a century ago. Today, the [Ruhr Regional Association](#) is at the center of the cooperation between the Ruhr's cities.

The Ruhr parliament and the regional council of mayors coordinate regional development efforts, not only economically, but also culturally, and regarding education, research, and environmental preservation. Through the joint regional development institution [Business Metropole Ruhr](#), the region leverages its economical impact and regional brand recognition internationally to attract business from North America, Asia, the Middle East, and other parts of Europe.

However, this level of intergovernmental collaboration does not exist in the Pittsburgh area. The intractable political divisions that currently define American politics are among the factors preventing this from taking place. While Pittsburgh's voters reliably elect liberal candidates to office, the surrounding counties and small towns are more conservative. Additionally, small towns and villages fear losing their uniqueness, autonomy, and character if they were to enter governing coalitions with a larger metropolitan region.

Pittsburgh lacks access to venture and other capital to boost local startup businesses. The COVID-19 pandemic dented the growth of Pittsburgh's burgeoning technology sector. Investors, wary of the possible loss of their investments, recently curtailed the funding of startups. Currently, Pittsburgh is finding ways to keep local capital in the region, rather than seeking investment from outside the region.

Demographic shifts have also posed a challenge for Pittsburgh. After the industrial decline began in the 1960's, a generation of young people sought their fortunes in other parts of the country, leaving behind a shrinking, aging population whose skills no longer fit the modern economy. However, the region mapped its assets, and thereby redeveloped its workforce to clean up the former industries and invested in a greener economy. Talent retention will be crucial in Pittsburgh's entry into the green economy.

Ruhr Region is also attracting more private investors. Historically, the State of North Rhine-Westphalia, the former and current national capitals of Bonn and Berlin, and the European Union in Brussels funded the economic transitions in the Ruhr. However today, the Ruhr presents itself as the region of opportunities to investors, researchers, and funders. The Ruhr's vision to become the greenest industrial region in the world through investments in green hydrogen, the circular economy, and other means of reducing the CO2 emissions in energy-intensive industries.

As the discussion ended, participants addressed key terms in economic development that are relevant to both regions. The experts exchanged ideas on what "quality of life" means in the wake of the COVID-19 pandemic in Germany and the United States. The pandemic drove



people out of cities on both sides of the Atlantic Ocean, in search of green space. However, urban and economic development professionals continue to be drawn to high-density, transit-oriented development, even as transit ridership has yet to return to pre-pandemic levels. In the future, economic development officials should further explore the underlying data of these trends to distill what people see as quality of life.

Additionally, as Germany is investing in public and non-motorized transit systems like busses, trains, and bike lanes in cities, municipalities are encountering a shortage of traffic engineers to plan the transit routes.

In the United States, high levels of social and economic inequality remain a problem for economic development practitioners. These socioeconomic divisions run within cities and between urban and rural areas. The transition to a green economy centered on renewable energy and decarbonization is an opportunity for American cities to address the well-documented legacies of segregation in the United States. Similarly, the Ruhr Region, which still suffers from higher unemployment than the rest of Germany, can establish itself as center in the green economy by building on its industrial legacy.

Economic development professionals must find a way to manage this economic transition as painlessly as possible for workers, offering opportunities for all. The discussants made clear that the challenges a region faces cannot be tackled without cooperation between its cities and municipalities.

The participants also identified a range of dimensions of transition such as

- Jobs and workforce development,
- Social cohesion,
- Attracting investment and venture capital,
- Attracting advanced manufacturing,
- Attracting talent,
- Managing demographic change,
- Improving and maintaining environmental quality,
- Improving equitable quality of living,
- Preserving and investing in local culture,
- Increasing urban and regional mobility and transit networks,
- Bolstering and expanding community engagement and participation in governance and development,
- Converting disused industrial sites into community assets that contribute to a redeveloped economy, and
- Building regional cohesion.



Discussants emphasized the importance of transatlantic exchanges in identifying best practices in managing economic transitions. Therefore, the Transforming Industrial Heartlands Initiative will continue to develop the Transatlantic Dialogue on Transition into an issue-focused exchange between experts, bringing together practitioners from both sides of the Atlantic with similar economic transition priorities.

Participants in the discussion:

Ruhr

- Prof. Dr. Julia Frohne, CEO of [Business Metropole Ruhr](#), gf@business.ruhr
- Heike Marzen, CEO of the [Economic Development Agency of the city of Dortmund](#), heike.marzen@stadtdo.de
- Stefan Kuczera, in charge of planning and regional development at the [Ruhr Regional Association](#), kuczera@rvr.ruhr
- Dr. Anne Budinger, head of the environmental education team of the [Ruhr Regional Association](#), budinger@rvr.ruhr

Pittsburgh

- Audrey Russo, President and CEO [Pittsburgh Technology Council](#)
- Rick Stafford, [Heinz College](#) Distinguished Service Professor of Public Policy, Carnegie Mellon University
- Megan Zeigler, Vice President of Planning and Policy, [Green Building Alliance](#)