

**FROM 'BLUE BANANA' TO 'RED OCTOPUS' AND THE DEVELOPMENT OF
EASTERN AND SOUTHERN EUROPEAN CITIES: WARSAW AND LISBON**

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Abstract

The documentation of the enlargement and transition to the economic growth of European cities from the pole of Central Western Europe known as Blue Banana (London-Milan) to a new frame called Red Octopus which designates the European metropolis as important economic centers of Central East Europe, South Europe and mainly the Iberian Peninsula is the aim of this article. The case studies of Warsaw and Lisbon will be analyzed by focusing on their course to competitiveness during 1990-2010 which had as a result to be included in the list of the top 20 investment destination of Europe. The conclusion by the analysis of these case studies shows that the main factors that contributed to a successful course of the two cities were the strategic planning, the development of partnership between public and private sector and the adaptation and implementation of innovative development plans which had as target the international promotion of the image of the two cities.

Key words: Urban development, European cities, investment destinations, Warsaw, Lisbon

JEL: R11, O52

1. Introduction: European cities in the new internationalized economic environment

The last decades in Europe and internationally mark out the radical changes which are related mostly with the internationalization of the economic activities, with the changes in the production structure of developed economies but at the same time the intensive request for new universal institutions and management systems of globalization (Moomaw, 1983, 1988; Oman, 1996; Coffey & Bailey, 1996; Malecki, 2002; Morosini, 2004; Metaxas, 2006, 2011). The impact of globalization in the cities and mainly the European differs and depends on factors such as geographic position, their productive, social and political structures but also the ways and means that are used by the cities in order to be adjusted to the standards of the new globalised reality (Amin & Thrift, 1994; Sykora, 1994; Turok & Bailey, 2004; Scott & Storper, 2003).

Beyond the rapidly development of the globalization of markets in Europe during the last decade radical changes are triggered in the geopolitical scene. Facts like the dissolving pact of Warsaw in 1989, the German unification and the collapse of the Soviet Union blend with the appearance of nationalist tensions that led to civil war and had as a consecutive the segmentation of Yugoslavia along with the recent enlargement of the 25 countries members are important factors that affected and still have an impact the present and the future of European regions and their cities. The constant procedure of European Integration causes the increase of trade flow and as a result increases the competition

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between regions affecting the interregional labour distribution. Some of the cities have limited or minimum success in attracting capitals with no geographic bonds.

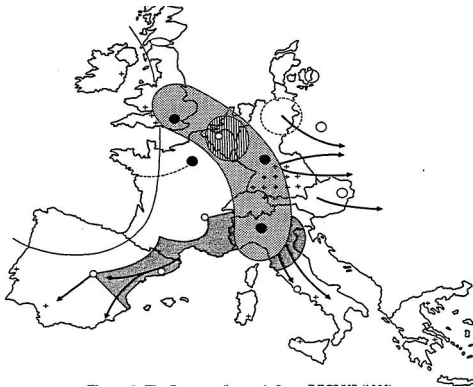
The lack of attractiveness in a city could be the result of a numerous factors but at the same time one or more solutions could be found according to the real needs. The real estate market of the cities of Central East Europe despite the difficulties that faced in the transition and adaptation to the new European standards have played a crucial role in the competitiveness of the cities like Budapest, Prague and Warsaw (Keivani et al., 2001; Parsa et al., 2000).

2. Urban development in Europe:

From 'Blue Banana' ...to 'Red Octopus'

In 1979 The European Conference of Ministers of Territorial Planning (CEMAT) presented a map of the European network of metropolitan centers based on population size and defined specific development axes for those cities. Ten years later (CEMAT, 1988) a new map was created again based on population of the cities but now defining five priority levels which promotes the idea of a European Spatial Planning. In 1989 a group of French geographer's under the direction of Roger Brunet presented a study about the development changes on urban areas of Europe (Brunet, 1989). According to this study the main development axe of Europe, called *Blue Banana*, was different from the rest of the European locations based on demographic, economic level as well in a cultural and in infrastructure level. The Blue Banana constitute the main economic and development centers of Europe (London, Amsterdam, Brussels, Frankfurt, Zurich, Milan) from London to Milan (Hospers, 2002) [Figure 1].

Figure 1: 'Blue Banana'. Source: Nordregio (2003), Brunet (1989), Nijkamp (1993)



The decade of 90s more analysts supported that Blue Banana would phase out as a development axis in Europe given the fact that left out a lot of potential development poles.

Lutzky (1990) presented a new version of development in the European urban space by dividing Europe in seven geographical apartments – 'House with seven apartments' – [Figure 2] and by focusing on the economic and

productivity dynamics of each area. One example is the *Sun Zone* (apartment 1) which contains those urban areas with strong tourist industry while the Banana axis (apartment 2) constitutes those urban areas of Central Western Europe with industrial and technological development. A crucial point in Lutzky mapping of urban areas which was confirmed 15 years later was the formulation of apartment 5 which points out as growth centers in industry, research, technology and cultures the former Eastern Europe (Berlin, Budapest, Warsaw and Vienne). One year later in 1991, Kunzmann and Wegener (1991)

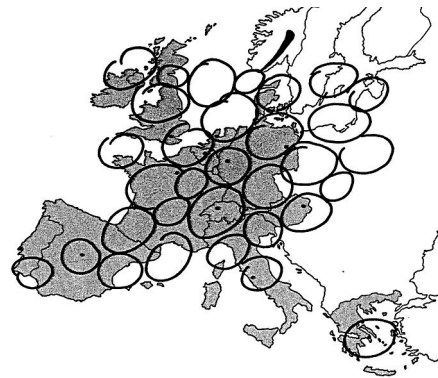
attempted to give a broader dimension for growth in the European urban space (not supported by the Blue Banana axe) by introducing the version ‘European *Bunch of Grapes*’ claiming that the future map of Europe will be the result of composing many urban clusters (big and small) and defining the future European Economy of networks. This model is known as ‘*Green Grape*’ and aims at an open and broader growth of all European areas and wherever each area could potentially operate in a competitive way against other areas (Figure 3).

Figure 2: Europe of 7 apartments



Source: Lutzky (1990), Nijkamp (1993)

Figure 3: ‘Green Grape’

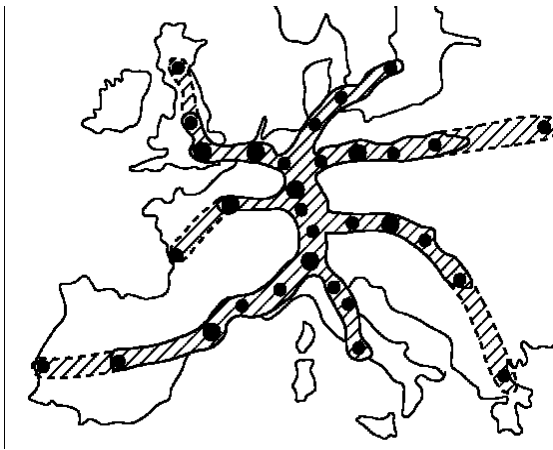


Source: Kunzmann and Wegener, (1991)

The economic and political developments in Europe during the 90s brought to the foreground the countries of Central East Europe which led to the formulation of scenarios in order to organize the New Europe in an attempt to incorporate the changes and the trends in global level (Landesmann 1998, 2003:1). Like Lutzky had predicted in 1990 urban centers like Warsaw and Prague enhanced their competitiveness inside the urban system against the traditionally big and strong economic centers of Western Europe and the rest of the world (*World Cities*) [Table 1 in the Annex].

In addition at the foreground there were other cities of the Mediterranean which strengthen their role by affecting the balance of the European urban system. Cities like Barcelona, Madrid, Athens, Lisbon, Torino and others improved their image as strong economic urban centers of the European South (Dura-Guimera, 2003). Some of the success stories are those of the Iberian Peninsula, Barcelona and Lisbon which their economic development was supported though the organization and conduct of important “mega events.” A base point for the countries of Iberian Peninsula was the successful implementation of Olympic Games in 1992 in Barcelona and in Lisbon the organization of EXPO in 1998 (van den Berg et al., 2000:61; Russo & van den Borg, 2002).

It is certain that the primary core of blue banana during the 90’ was transforming and finally extended to other areas of the Southern and Eastern Europe. The new European map changed and the connections and growth between the economic and cultural relations of urban centers of the Western and Central Europe to other cities and regions comes to the center as it is formed in figure 4. The new form of those urban connections in the European area is called by van der Meer as ‘*Red Octopus*’.

Figure 4: 'Red Octopus' Source: Van den Meer, (1998)

When attempting an evaluation of all the above models in the European space it will be underpinned the fact that a broader mapping of the development happened at early 1990. The traditional axe of Blue Banana is the same at its base until today yet clearly differentiated.

The models of *Green Grape* and *Europe of 7 apartments* which promote or launch a total urban development (large and small urban centers) are valid to an extent

because there are cities in the broader urban space mostly small and middle size which have strengthen their growth image/growth potential based on their characteristics, history, their geographic position in the national or international space, their self sufficient economic dynamics (CEC, 1992; ESDP, 1999) but also on their internal dynamics on levels such as the formulation of political strategies and procedures of decision making *Red Octopus* is a model which focuses on the competitive image of specific European urban centers which develop connections between them and operate as investment poles for research and technological development by contributing to the general financial economic robustness.

3. City Images and Urban hierarchy systems

The creation or the construction of a positive city image is a significant factor of the economic recovery (Hall, 1998:115). Cities are oriented towards a competitive and attractive image in order to increase their market share in the global environment. Cities and countries globally, are interested in their investment image (Christiaans, 2002; Stubbs et al., 2002; Ulaga et al., 2002; Shotar, 2005; Metaxas and Tsavdaridou, 2011) in parallel with the formulation of competitive tourist and cultural image which is set as a priority in many cases (Dahles, 1998; McCann, 2002; Seo, 2002; Atherinos, 2003). Some of the cities that implemented policies of growth so as to attract potential target markets, to enhance their financial state and finally increase their market share towards the international competitive scenery are Rotterdam (urban commercial center) [Jansen-Verbeke & van Rekom, 1996; McCarthy, 1998], Prague (as cultural center of Central Eastern Europe) [Hammersley & Westlake, 1996; Metaxas, 2006; 2011] and Leipzig (as world trade center) [Kotler et al., 1999:56]. Table 2 presents some characteristic studies regarding cities images of the last 20 years.

This effort by the cities in international level had as a target the maintenance of a high place in the urban ranking system. The development of network connections and synergies between them in order to gain both the benefits and enhance their competitiveness constitute aspects of this effort (Chase-Dunn & Willard, 1993). The study of urban hierarchy systems in international and European level became an academic subject during the 1960 and later even though the first reference on the creation of urban

hierarchy system is in the central place theory of the German academic Walter Christaller (1933) 70 years ago (McCann, 2002:123). Christaller theory was based on the observation of geographic allocation of large and small cities in South German adapting in his approach the spatial concentration and the spatial dispersion of their activities.

Table 2: Studies on Cities Images

| Studies | Cities Images |
|---|--|
| Lambooy & Moulaert, 1996; Goldstein, 1991 | <i>the innovative city</i> |
| Hall & Hubbard, 1998 | <i>the entrepreneurial city</i> |
| Daniels, 1993; Bonamy & May, 1994 | <i>the producer and business services city</i> |
| Castells, 1989 | <i>the informational city</i> |
| Gottmann, 1961, 1983 | <i>the transactional city</i> |
| Batten, 1995 | <i>the network city</i> |
| Lambooy & Moulaert, 1996 | <i>the institutional city</i> |
| Lambooy & Moulaert, 1996 | <i>the evolutionist city</i> |

Source: Authors

This study focus on the cities of Warsaw and Lisbon which the last 15 years used different policies and growth means and accomplished their economic robustness while at the same time improved their competitive position in the urban hierarchy system as investment and as cultural and tourist destinations. More specific those cities are analyzed as investment destinations using data from the database of European *Cities Monitor* for the period 2001-2010. In parallel a reference is made on current and future development policies based on studies and strategic development plans which were carried out the last years (Warsaw Development Strategy, 1999; Ernst and Young Attractiveness Survey, 2007; 2011 European Cities Monitor, 2001-2010; PAIZ, 2006; KPMG, 2006; EXPO, 1998; Strategic Plan of Lisbon, 1992; Camara Municipal de Lisboa, 1990).

4. Warsaw and Lisbon

4.1 Socioeconomic changes the last 20 years

Especially in the case of Central Eastern European cities, since the fall of the Berlin Wall in late 1989 great changes have taken place in the former socialist countries of Europe and the Soviet Union, the so-called ‘*transformation*’ (Illner, 1996; Metaxas & Tsavdaridou, 2011). The new socio-economic and political circumstances of Poland, Hungary, Czech Republic, Slovakia and Slovenia have had important economic effects on the degree of openness to foreign trade of goods and services, with positive impact for economic development (Aguayo, 2005). In the case of countries and cities in central-eastern Europe the scenarios for the organization of New Europe, were interpreted as transition and adaptation policies on the part of central-eastern European countries towards the western European development prototypes, as the weakness to maintain the economic and political structures existing before 1989 and the ineffective implementation of policies in the former economies of central planning, led to them (Wallace, 1998).

From 1989 and later Poland experienced a period of important social and economic changes like most of the countries in the former Eastern Europe. The top priority form

them was the modernization. The economic and political system until that time had weakness in the planning and organization of modern infrastructures mainly on the transportation, the financial and telecommunications sectors (Warsaw Development Strategy, 2006). Those changes was related with the existence of an open economy but also with the transition of power, control and initiatives from the central authority to local authorities which affected as expected the economic and social growth of Warsaw (Turnock, 1998; Keivani et al., 2001). In January 1990 the first program of financial restructuring provided the establishment of a free competitive market, new enterprises, installation of foreign enterprises and the development of an international economic system of synergies. According to statistical data of the National Bank of Poland in 2006 the value of FDI was 13,922 mil USD increased at 6.254 mil USD or more than 2005 with a 55% (PAIZ, 2007:4). Fifteen years later (2007) Poland is one of the 10th most attractive World FDI destinations mostly in car industry and electronics and the 7th most attractive FDI destination for 2010 in Europe while its ranked on 3rd place on jobs creation (Ernst & Young European Attractiveness Survey, 2007:12; 2011:16) [Table 3 in the Annex].

Regarding, *Warsaw* is the capital of Poland since the end of 16th century when King Zygmunt III carried his kingdom from Krakow (Niemczyk, 1998). Warsaw and its broader region encompass a metropolitan area of 2,4 million residents placing Warsaw among the European large urban centers. The economic growth of Warsaw was based on the industrial and commercial sector while tourism, infrastructures and transportations played recently an important role of the city economic growth. Especially after 1996 in addition with the rest of Poland cities, Warsaw was oriented mostly on foreign investments. The existence of an open economy in the light of international financial relations and transactions which are set by the new economic environment gave Warsaw the chance, the potential to take advantage of the opportunities (the development of international relations and cooperation with other cities) but also deal with the challenges/threats (competitive market in international, national and local level). According to the Strategic Development Plan Warsaw had the dynamics to become a metropolitan center of Europe with a competitive image in the sector of services, trade and technology-innovation-education (Warsaw Development Strategy, 1999:130-1).

Lisbon is the capital of Portugal since 1225. Its history designates that through the years several cultures and nations left their mark (Roman, Visigoths and Arabs) while during the 15th and 16th century Lisbon was the anchor point for navigators (Balsas, 2001). The last 30 years Lisbon and its region enter to a period of dramatic and rapid changes. The key factors that affected those changes according to many opinions were the internationalization of Portugal economy focusing on the attraction of FDI in Lisbon, promoting the third sector in the market during 1980-1990 (Fonseca et al., 2002; Salgueiro, 2001; Malheiros & Vala, 2004).

The entrance of Portugal in EU in 1986 is related to a complete transformation of the socioeconomic structure of the country mainly Lisbon which effected its financial base, its population size, the structure of the population, the lifestyle and the natural environment simply because infrastructures of large range took place that had as a goal the aesthetic of the city and the improvement of the natural environment (Silva & Syrett, 2006; Sylva, 2002; Morgado, 2007). At the same time a positive investment climate was created that had as a result the attraction of foreign investments which were oriented to

the industrial sector and later to services. A critical point was the privatization of bank and insurance sector during the 1980. The privatization of bank and insurance sector led foreign investments to expand to different markets like financial, consultancy services, marketing and telecommunication either with the form of exports, merging or franchising (Teixeira & Pires, 2001; Pires, 2003)

4.2 Strategic Planning and economic development

With regard to Warsaw, the strategic planning begins with the formation of the Master Plan in 1989 which due to the political and economic changes in 1990 was replaced by a new in 1992. The program of 1992 was modified in April of 1997 when a new development plan was launched the ‘Warsaw Development Strategy Until the year 2010’. In this recent new plan have been participated new forms of collaboration by enterprises and development sectors who request a more flexible and free form of planning and development policy which can adapt according to the demands but also exploit the opportunities of a new reality besides the local authorities (Niemczyk, 1998). The new strategic goals were reflecting the vision of the city which is a) the reinforcement of the role of Warsaw as important factor which contributes to promotion and maintenance at an international level of the image of Poland, b) the modification of a high attraction rate of the city in order to attract international organizations and enterprises but also visitors. The new development strategy of the city is based on the Strategic Development Plan which attributes to the above goals setting the following requirements: a) improvement on the internal and external connections through the development of transport networks, b) modernization of the city production base by emphasizing on industry and services, c) developing a better quality of life, d) effort to improve an attractive business environment, e) effort to improve the image of the city as investment destination and f) investment on the history of the city and on its cultural heritage.

In the case of Lisbon the system of modern urban planning starts with the main plan of Plano Director Municipal – in 1982 (Law Decree 208/82) [Alden & Pires, 1996]. After the integration of Poland in the EU the procedure of strategic planning changes character and becomes more complex incorporating economic, political and social policies (CLM, 1990). The city Strategic Plan in 1992 was developed with target the planning and implementation of a future vision and image of Lisbon focusing on four basic goals (Alden & Pires, 1996; Vansconselos & Reis, 1997): a) to be an attractive place to live and work, b) to be competitive versus other European cities, c) to develop a character of a metropolitan center and d) to adapt a modern, synergetic and effective form of government. The core of the Strategic Planning was the creation of Lisbon as Atlantic capital of Europe and also to be as one of the most attractive European metropolitan in the future. In order to fulfil the basic goals for growth and competitiveness Lisbon in opposition to Warsaw didn’t turn to attracting FDI but turned in to planning and organizing mega events of international range and dynamic. Since 1992 when Portugal had the Presidency of the Council of the EU until 2004 Lisbon and its wider region hosted three mega events of high importance: a) the institution of European Capital of Culture b) the World Trade exhibition EXPO 98 (Alden & Pires, 1996; Vansconselos & Reis; 1997) and c) the European Football Championship EURO 2004. Those three events were accomplished successful and enhanced the image of the Lisbon according to

the general opinion which led to be one of the most competitive destination which attracted international, cultural and commercial events. According to European Cities Monitor (2005:9) those three events seem to have great influence on the city that hosted them. A specific example was EXPO 98 which was not only a big event but worked catalytic in the reorganization of the city, its economic dynamic and its future development planning (Carriere & Demaziere, 2002; Metaxas, 2006).

Finally it seems that the strategic goals of the two cities had a common base which was the competitiveness and attractiveness but were differentiated as far as the means and ways in the accomplishment of their goals. It is apparent that the two cities to a point make true their vision, enhanced their role and designated their dynamics in the urban hierarchy system of the European and international space.

4.3 Warsaw and Lisbon as investment destinations

Studies of the last decade related to the hierarchy of Warsaw and Lisbon in the European urban system place those cities in high levels compared to other metropolitan capitals and urban centers. According to the German Academy of Urban Planning and Development, Warsaw (with Lisbon, Prague and Budapest) is concluded in the category of the “future European centers” (Warsaw Development Strategy, 1999:95). Similar estimations make the European Cities Monitor (2001-2010). In this section it will presented the main data about the profile of those cities as investment destinations. The data concern the total image of the city as investment destination in comparison to neighbor – competitor cities and the total effort that is made to promote the image of those cities and the output of this effort. The source of the data is from the European Cities Monitor Survey (2001-2010)] and concerns the evaluation of 30 European cities from 506 top executives of European multinational enterprises (industry, commercial and services sector). The top executives evaluate a number of factors (such as, skilled personnel, easy access to the markets, urban infrastructures, telecommunications, investment climate and attitude by the authorities, promotion of the city image etc) which are consists the criteria of foreign enterprises to select their future business location (CEC, 1993). The hierarchy of cities is based on the sample estimations which are characterized as “better”, second better and third better city. The presentation period is 2001-2010 in comparison to 1990 which was the first year that the current study took place.

It gets clear from the data of Table 4 that Warsaw and mostly Lisbon are placed according to experts of multinational companies between the first 25 European destinations for the placement of enterprises. Both cities have very important elements. Lisbon maintains a characteristic stability during the period of 1990-2010 with limited changes with a rate of 1-2 points. The conclusion is that although the city was cut off from the rest of the European map and the decision making centers in Central Europe managed to maintain its competitive position versus other destinations like Manchester, Lyon, Rome and Glasgow. Warsaw is placed 1 point above in the hierarchy related to its initial image of 1990 and clearly keeps a stable course especially after 2003. This fact is related to the reorganization of the city (policy and economic field) and the adjustment to the new European standards into the integration process. The image of a rising dynamic business center in a European and International level has been already predicted at the beginning of the 2000 decade (Keivani et al, 2002). An important element is the fact that

Warsaw along with Spanish cities (Madrid and Barcelona) and the cities of former Eastern Europe (Prague and Berlin) present a high increase in the hierarchy table which confirms the predictions of Lutzky (1990) and the opinion of van den Meer (1998). Also it is apparent that the traditional axe of Blue Banana until 1990 didn't keep its initial form after 2001 due to the shift of the interest for the reorganization and growth of the European area towards the Northern Western and Central Eastern Europe.

Table 4: The thirty best European cities investment destinations-
Overview (1990 and 2001-2010)

| Cities | 1990* | 2001 | 2003 | 2005 | 2009 | 2010 | Change 1990-2010 |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------|
| London | 1 | 1 | 1 | 1 | 1 | 1 | - |
| Paris | 2 | 2 | 2 | 2 | 2 | 2 | - |
| Frankfurt | 3 | 3 | 3 | 3 | 3 | 3 | - |
| Brussels | 4 | 4 | 4 | 4 | 5 | 4 | - |
| Barcelona | 11 | 6 | 6 | 5 | 4 | 5 | +6 |
| Amsterdam | 5 | 5 | 5 | 6 | 8 | 6 | -1 |
| Madrid | 17 | 8 | 7 | 7 | 6 | 8 | +9 |
| Berlin | 15 | 9 | 9 | 8 | 9 | 7 | +8 |
| Munich | 12 | 10 | 10 | 9 | 7 | 9 | +3 |
| Zurich | 7 | 7 | 11 | 10 | 13 | 13 | -6 |
| Milan | 9 | 11 | 9 | 11 | 10 | 11 | -2 |
| Dublin | - | 13 | 12 | 12 | 18 | 20 | -7 * |
| Prague | 23 | 21 | 17 | 13 | 21 | 21 | +2 |
| Lisbon | 16 | 16 | 15 | 14 | 17 | 17 | -1 |
| Manchester | 13 | 14 | 13 | 15 | 16 | 12 | +1 |
| Düsseldorf | 6 | 17 | 16 | 16 | 15 | 10 | -4 |
| Stockholm | 19 | 15 | 18 | 17 | 20 | 16 | +3 |
| Geneva | 8 | 12 | 14 | 18 | 11 | 14 | -6 |
| Hamburg | 14 | 18 | 20 | 19 | 12 | 15 | -1 |
| Warsaw | 25 | 27 | 22 | 20 | 23 | 24 | +1 |
| Budapest | 21 | 22 | 23 | 21 | 26 | 30 | -9 |
| Glasgow | 10 | 19 | 21 | 22 | 29 | 29 | -19 |
| Vienna | 20 | 23 | 24 | 23 | 28 | 22 | -2 |
| Lyon | 18 | 20 | 19 | 24 | 19 | 19 | +1 |
| Copenhagen | - | 24 | 25 | 25 | 25 | 25 | - |
| Rome | - | 25 | 26 | 26 | 22 | 28 | -3 * |
| Helsinki | - | 26 | 29 | 27 | 31 | 31 | -5 |
| Moscow | 24 | 30 | 28 | 28 | 32 | 33 | -9 |
| Athens | 22 | 22 | 30 | 30 | 34 | 36 | -14 |

Source: European Cities Monitor (2001-2010) – Row data by the author. Note: * (2001)

Table 5 presents the dynamics of Lisbon and Warsaw against their neighbors-competitors cities with a number of business location criteria. The outcome is that the two cities are placed high with specific criteria which concern the labor costs and the value for money for office spaces. Those criteria are very important due to its connection with the

foreign investments establishment (Head et al, 1999; Christians, 2002; Harrington & Warf, 1995; Miller, 1977; Zhu, 2000; Metaxas & Tsavdaridou, 2011).

Table 5: Place of Lisbon and Warsaw compared to other neighbor-competitors investment destinations for business establishment-specific criteria.

| | Lisbon | Madrid | Barcelona | Warsaw | Prague | Vienne | Berlin |
|--|---------------|---------------|------------------|---------------|---------------|---------------|---------------|
| Availability of qualified staff | 31 | 10 | 13 | 18 | 24 | 30 | 5 |
| Labor cost | 3 | 12 | 9 | 1 | 6 | 31 | 17 |
| Quality of urban infrastructure and transportation | 24 | 4 | 6 | 33 | 24 | 16 | 3 |
| Availability of office spaces | 12 | 3 | 6 | 12 | 22 | 31 | 1 |
| Value for money of office space | 2 | 12 | 8 | 6 | 20 | 24 | 3 |
| Spoken languages | 23 | 22 | 13 | 16 | 24 | 20 | 9 |

Source: European Cities Monitor (2010) – Raw data by the author

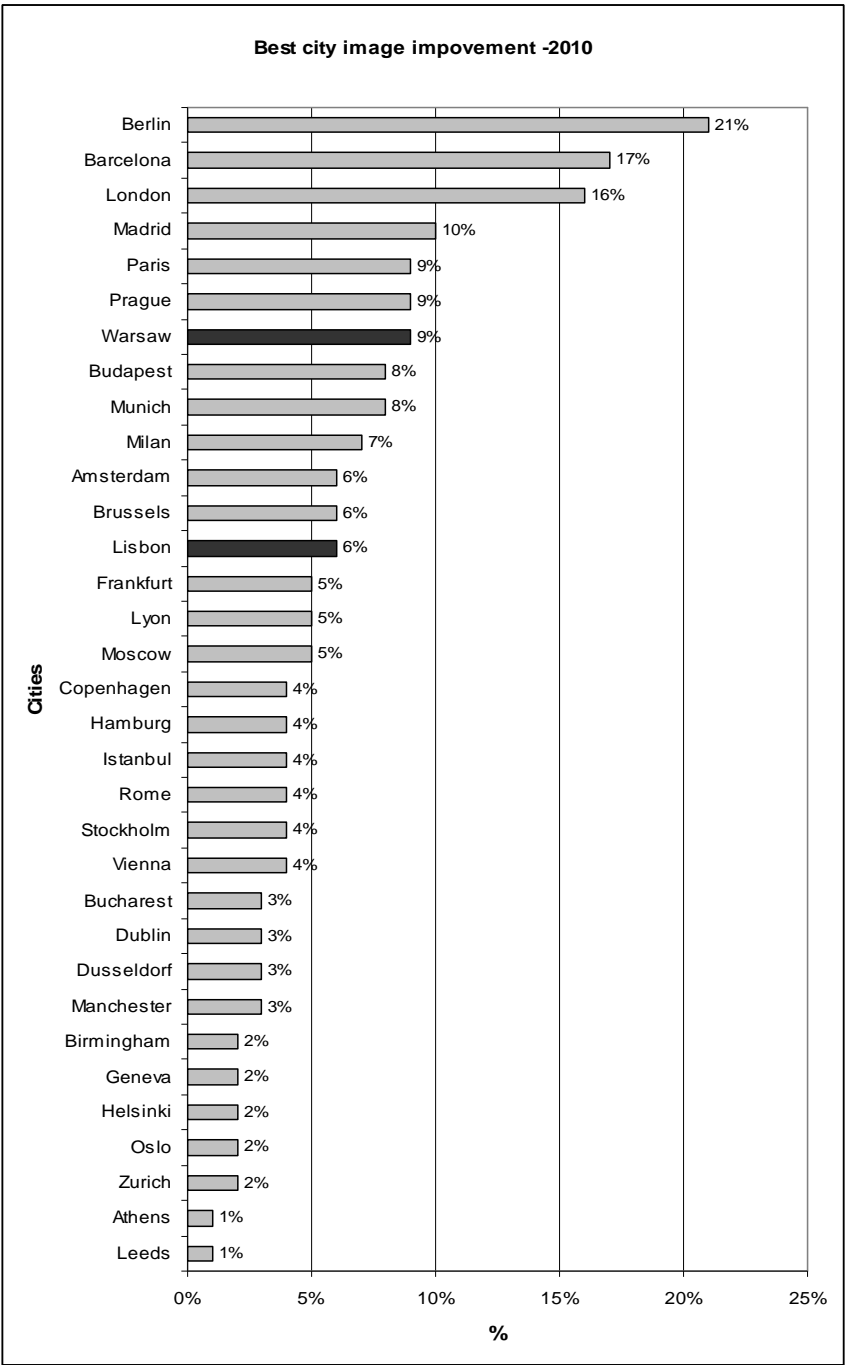
Yet this outcome is not related to a positive contribution of foreign investments in the development of cities. Low labor cost and land use and offices with friendly investment motives could lead to non competitive investments, with low skilled labor and quality of products and as a consequence a potential concentration to the wider areas of Lisbon and Warsaw which is not entailing the growth of the cities but instead the recession of them and its regions. According to recent empiric data of KPMG (2006:16) with specific reference to Polish investment market the above criteria may be important for potential investors yet priority must be given to the exploitation of other criteria which are advantages for Polish cities like their geographical position, the market size, the skilled labor and the cultural element.

Extremely revealing are the data about the multinational enterprises tendency about the expansion of their activities the last five years (2007-2011). The former Eastern Europe cities dominance is characteristic with Warsaw being first as the most attractive potential investment destination between Moscow, Prague, Budapest and Bucharest. The metropolitan cities of Central Europe are considered as less attractive while important investment poles in the near future are the cities of South and Iberian Peninsula and to a point Greece (Athens) and Turkey (Istanbul). This fact is also explained by the promotional efforts and the best way of improvements of the two cities images.

Figure 5 presents what European cities doing the most to actually improve themselves. As we can see the two study cities are included to the first 15 top destinations regarding image improvement. The main point is that Warsaw and Lisbon are compete

the core and dynamic centres of the traditional axis of Blue Banana, like London, Brussels and Amsterdam, but also the new European investment markets of Iberian Peninsula and the rest Central-eastern Europe.

Figure 5: Best City Image Improvement (2010)



Source: European Cities Monitor (2010: 8)

Closing this section, we have to point out something important. Unfortunately, the establishment of FDI to areas like Prague and Warsaw and the rest urban areas of Eastern Europe, is connected with two key problems: a) FDI establishment, because it is a recent phenomenon needs time to link foreign enterprises and the local enterprises and the local economy and b) the low level of skilled labor and technological development in the countries of Central Eastern Europe related to those of the Western Europe does not allow the support either meets the expectations or demands of foreign enterprises by the local business economies (European Cities Monitor, 2007:16; 2010: 20; Pavlínek, 2002, 2004).

5. Conclusions

The purpose of this article was to capture the urban development in the European map. It is about a map that changed the last years after the coalition of communism and the ambiguous socioeconomic and political developments in Europe and differentiated and marked by a decentralization of the financial power from the traditional economic and productive axe of Europe known as *Blue Banana* to new wider development shape known as *Red Octopus* which means that new economic metropolitan centers of Eastern and Southern Europe designates/denotes/shows their dynamics.

It is suggested that the new reality was predictable. Lutzky estimations and those from Kunsmann and Wegener were oriented to an Eastern enlargement of Europe at the beginning of 2000. In these terms the organization scenarios of New Europe were translated as transition and adjustment policies of the Central Eastern Europe to the Western European growth standards due to infirmity to maintain the economic and politic structures of the post 1989 and due to the ineffectiveness of implementing policies to the former economies of central planning (Wallace, 1998).

On the other hand for different reasons the designation of Southern Europe urban centers and specially those of Iberian Peninsula was considerably and rapid. The main reasons that enforced the dynamics of the Southern Europe were their need for a strong identity of metropolitan character, the recognition as strong economic centers with cultural profile, their ability for direct competition against the cities of Western Europe.

Warsaw and Lisbon are characteristic examples of the new urban reality like Prague and Barcelona. Their growth goals were different and so was their means but the two cities accomplished to be ranked highly in the urban hierarchy system and be one of the top investment, cultural or tourism destinations. It seems that Warsaw growth was expected to a certain point. The European enlargement, the opening to the other markets, the interest of Russia market with parallel changes in the political and social scene was the factors that set the course for Warsaw and the other cities of Eastern Europe. It is a logical assumption yet it is worth mentioning the adjustment of cities to the new European standards. In many cases the cities of former Eastern Europe engulfed successfully new policies and practices, the Strategic Planning, the development of marketing plans, the enhancement of the role of local government, the adaptation of urban management policies and the control and management of cultural heritage.

In the case of Lisbon there was no expected output but a given fact. Portugal could be characterized as one of the most cut out countries in Europe since its only land border is Spain. Yet, despite its geographical position, is accomplished the last 20 years to be constant between the most competitive cities in Europe and to reinforce its place by investing to new development strategies and to new strategic planning. Lisbon showed its dynamic as a cultural-tourist destination by given emphasis to the attraction, hosting and

organization of mega events and finally became one of the most competitive destinations in European level.

The examples of Lisbon and Warsaw prove that the goal for growth and change didn't happen in a random way. It was based on effective planning, on understanding the new reality, on exploitation of opportunities and orientation of all forces towards the acceptance and accomplishment of a common development vision. A vision that based on the cooperation and representation of common policies and interests on growth among cities actors and decision makers.

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Annex on line at the journal Website: <http://www.usc.es/economet/eaat.htm>

Annex

Table 1: Studies on World Cities Development

| Studies | Cities |
|---|--|
| Hall (1966) | London, Paris, Randstad, Rhine-Ruhr, Moscow, New York, Tokyo |
| Friedmann & Wolff (1982) | Tokyo, Los Angeles, San Francisco, Miami, New York |
| Friedmann (1986) | London, Paris, New York, Chicago, Los Angeles |
| Meyer (1986)* | New York, London, Paris, Zurich, Tokyo |
| Thrift (1989), Warf (1989)*, Sassen (1991) | New York, London, Tokyo |
| Budd (1995)*, Short et al., (1996) | Tokyo, London, New York, Paris, Frankfurt |
| Knox (1996) | London, New York, Tokyo |
| Muller (1997) | London, New York, Tokyo |
| <i>The Economist</i> (1998) | London, New York, Tokyo |

Source: Beaverstock *et al* (1999). * Particular Studies of Financial Economic Centres

Table 3: The top 15 European countries for FDI

| | Countries | FDI projects 2010 | Change 2009 - 10 | Share of total | Jobs created* |
|----------|------------------|------------------------------|-----------------------------|---------------------------|----------------------|
| 1 | UK | 728 | 7% | 19% | 21,209 |
| 2 | France | 562 | 6% | 15% | 14,922 |
| 3 | Germany | 560 | 34% | 15% | 12,044 |
| 4 | Russia | 201 | 18% | 5% | 8,058 |
| 5 | Spain | 169 | -2% | 4% | 7,723 |
| 6 | Belgium | 159 | 9% | 4% | 4,010 |
| 7 | Poland | 143 | 40% | 4% | 12,366 |
| 8 | Netherlands | 115 | 6% | 3% | 958 |
| 9 | Ireland | 114 | 36% | 3% | 5,785 |
| 10 | Italy | 103 | 3% | 3% | 627 |
| 11 | Switzerland | 90 | 30% | 2% | 673 |
| 12 | Hungary | 88 | 38% | 2% | 8,572 |
| 13 | Sweden | 77 | 33% | 2% | 1,125 |
| 14 | Czech Republic | 71 | 16% | 2% | 4,815 |
| 15 | Turkey | 64 | 10% | 2% | 3,830 |
| | Other | 513 | N/A | 14% | 30,620 |
| | Total | 3,757 | 14% | 100% | 137,337 |

Source: *Ernst & Young's European Investment Monitor 2011:16*. *Job creation for projects for which the information is available.