

URBAN POLYCENTRISM: WHEN CONNECTING CITIES ALSO GENERATES WEALTH

Posted on 01/06/2026 by Naider

For decades, much of territorial development policy assumed that economic growth depended primarily on strengthening a single dominant city, at the expense of the rest. The logic seemed self-evident: the larger and more concentrated a city, the greater its opportunities to generate employment, innovation and productivity.

Recent evidence reveals a more complex reality. In many territories, **several medium-sized cities that are well connected to one another can function together as an integrated economy, capable of generating some of the advantages of a large metropolis without concentrating all activity in a single urban centre.** What the evidence shows is that the key lies not solely in the size of each city, but in how they relate to one another.

When proximity between cities also matters

In a previous article we saw how density and proximity within cities increase economic productivity. But there is a second, less visible dimension of urban form that also matters: the way cities organise themselves in relation to one another within a region.

Urban economics has shown for decades that cities generate benefits because they bring people, firms and knowledge closer together. But those effects are not confined to the interior of each city. They can also arise between different cities when sufficiently intense connections of mobility, employment, services and economic collaboration exist.

This form of territorial organisation is known as **polycentrism: a system in which several relatively close cities share economic functions and connect with one another through transport networks, labour markets and knowledge exchange.**

The concept may seem abstract, but its effects are very concrete. A region where several cities are well integrated allows people to access more employment opportunities, enables firms to find specialist suppliers and workers more easily, and allows knowledge to circulate more rapidly between territories.

In practice, **polycentrism seeks to make several cities function as parts of the same regional economy.**



Vitoria-Gasteiz tranway. Foto de [David Vives](#) en [Unsplash](#)

Territorial structure also affects productivity

Polycentric regions can generate significant economic advantages, particularly when they are well functionally integrated. Meijers and Burger (2010), analysing US metropolitan areas, found that polycentric regions tend to show higher levels of productivity.

The reason is relatively straightforward. Several connected medium-sized cities can share some of the typical advantages of a large metropolis: broader labour markets, greater diversity of specialised services, more extensive business networks and better circulation of knowledge. In smaller regions, where no large cities exist, the *borrowed size* effect can be particularly important because it opens up the possibility of accessing levels of wellbeing that had seemed reserved for large cities (Meijers and Burger, 2017; Ouwehand, Van Oort and Cortinovis, 2022).

A person can live in one medium-sized city, work in another and access specialised services in a third. A firm can locate part of its production in one municipality and collaborate with suppliers or technology centres in nearby ones. **Territorial integration expands the effective size of the regional economy.**

But these benefits do not arise automatically. **Geographical proximity alone is not enough.** If transport connections are poor, if daily commutes are too long or costly, or if each city functions in administrative isolation, the potential advantages of polycentrism are considerably reduced.

Territorial integration: an opportunity to strengthen economic transformation

Decisions about transport, spatial planning or urban coordination are often presented as technical or administrative matters, but they are also economic decisions: they determine how easily people, knowledge and opportunities circulate within a region and, therefore, directly influence productivity, innovation and the capacity for economic transformation of cities.

Regions that combine sufficiently dense cities with good inter-urban connections tend to achieve better productivity and innovation outcomes over the long term (Brezzi and Veneri, 2015). These benefits are not always immediately visible. A poorly integrated region cannot directly observe all the opportunities that never came to pass: business collaborations that never materialised, investments that failed to find the right environment, or workers who could not access certain jobs because connections were insufficient.

Transport infrastructure is fundamental to strengthening regional integration between cities, but it is not the only relevant factor. Institutional coordination, shared spatial planning and the capacity to think of the region as an integrated economic system — rather than simply as a collection of separate municipalities — also matter.

In this context, the Basque Country represents a particularly interesting case. Over recent decades it has developed one of the most significant processes of industrial and economic transformation in Europe, supported by a solid institutional base, a strong industrial capacity and a major modernisation of its infrastructure. It also has a singular territorial structure: a system of medium-sized metropolitan cities (Bilbao, Vitoria-Gasteiz and San Sebastián) and smaller ones (Eibar, Durango, Arrasate-Mondragón, Tolosa, etc.) that are relatively close to one another, with complementary productive specialisations.

The economic potential of the Basque model lies not only in the individual strength of each of its cities and their metropolitan areas, but also in their capacity to function increasingly as an integrated urban network. The proximity between its main urban centres offers a significant opportunity to deepen connections between labour markets, innovation ecosystems and industrial and technological value chains.

The relevant question is not whether Basque cities are sufficiently close to one another, but how to make even greater use of that proximity to reinforce existing economic complementarities. The greater the functional integration between its cities — in terms of mobility, knowledge, innovation or business collaboration — the greater their capacity to amplify agglomeration benefits and consolidate a more competitive, innovative and territorially balanced development model that can compete with Europe's most important cities.

In an economy where productivity depends increasingly on interaction, mobility and knowledge, regions do not compete solely on size. They also compete on their capacity to connect and function as coordinated urban systems. And in that sense, spatial planning and regional integration can become decisive tools for further strengthening the economic and industrial transformation of the Basque Country.

References

- Brezzi, M. y Veneri, P. (2015). Assessing polycentric urban systems in the OECD: Country, regional and metropolitan perspectives. *European Planning Studies*, 23(6), 1128–1145.
- Meijers, E. y Burger, M. (2010). Spatial structure and productivity in US metropolitan areas. *Environment and Planning A*, 42(6), 1383–1402.
- Meijers, E. y Burger, M. (2017). Stretching the concept of 'borrowed size'. *Urban Studies*, 54(1), 269–291.
- OCDE. (2020). OECD regions and cities at a glance: Country note Netherlands. OECD Publishing.
- Ouwehand, W., Van Oort, F. y Cortinovis, N. (2022). Spatial structure and productivity in European regions. *Regional Studies*, 56(1), 48–62.
- Van Oort, F., Burger, M. y Raspe, O. (2010). On the economic foundation of the urban network paradigm. *Urban Studies*, 47(4), 725–748.

