Lifeworlds in Europe
How Consumer Structure between Madrid and Moscow Is Changing

A half is already shrinking +++ Purchasing power highest in Northern and Western Europe but the East is catching up +++ More elderly people in all regions in the future +++ Urban centres continue to grow +++ Russians with low income +++ A third of consumers belong to middle-class lifeworlds +++ Mid-ranking young persons a rising force in Poland +++ Large share of top-ranking lifeworlds in Great Britain
Lifeworlds in Europe

How Consumer Structure between Madrid and Moscow Is Changing
Imprint

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After many years of market research practice, lifeworlds have become established as an excellent tool for dividing the population into different segments and hence into different categories of consumer. A special feature of lifeworlds, a notion coined by the sociologist Gerhard Kleining, is that these are not limited to particular product areas or characteristics of current lifestyles, but reflect trends in society as a whole. This method of segmenting the population is used as a standard by several market research instruments, including the GfK consumer panels, the GfK Consumer Climate Index, and the “typology of wishes” employed by the Burda publishing house and will also form the basis for the joint market and media studies planned for the future by the publishers Bauer, Burda, Gruner+Jahr, and Springer Best for Planning (B4P). The lifeworlds method has also been adopted by many ad-hoc studies and for surveys conducted by brand-name manufacturers. Finally, they are used in the GfK’s European Consumer Study conducted regularly in nine countries since 2005. Family, educational institutions, and place of work provide the framework for the different phases of life through which people pass in the course of their biography. They grow up, go to school and in some cases to college or university, engage in various kinds of gainful employment, find a place to live, marry, bring up children, and eventually retire. Lifeworlds are hence dynamic classifications, describing typical stages of a person’s biography together with the very different needs and consumer wishes that go with them.

By comparing consumers across Europe, we find that if we allow for differences resulting from the varying standards of living in different countries, the biographical lifeworlds in many cases better reflect the variance in private consumption than a consideration of national differences does. Thus consumers in a particular lifeworld, such as, for instance, mid-ranking young persons, have much in common no matter what country they live in and certainly more in common than national differences would lead us to expect.

Future consumer patterns in Germany’s regions were described in the study entitled Lifeworlds 2025: How Consumer Structure Is Changing in the [German] Regions, published in 2011. Reason enough, then, to ask how lifeworlds in the European regions will develop over the next ten to fifteen years against the background of demographic change and the continuing economic and financial crisis, and what special regional features we can already discern today. Using as a basis the accumulated data of the European Consumer Study conducted by the GfK Verein, the present study traces the development of lifeworlds, looking particularly at biographical lifeworlds up to the year 2025.

Two factors are significant for how the lifeworlds in the individual European regions will develop in the future: the first is demographic trends; the second is changing economic conditions, which are influenced by the past (structural change, the burden of obsolescent industries), present (investment, expenditure on research and development, the labour market), and future (the infrastructure, a shortage of highly skilled workers). These factors are further influenced by the extent of and motives for in- and out-migration (education, work, retirement).

In what direction will consumer potential in the various regions of Europe develop? Will there be more consumers with low income, or is the share of consumers with higher socioeconomic status growing? Where will there be a particularly large number of older consumers by the middle of the next decade, and where can we expect the numbers of young people and students to decline significantly? The present study conducted by the Berlin Institute for Population and Development provides answers to those questions.

Ronald Frank
GfK Verein
Europe 2020 is the title of the European’s Commission’s most important economic strategy programme for the future. Over the coming decade it aims to secure Europe’s future as a location for research and development, improve the educational level of its population, increase economic growth, and stabilise public finances.

So far, so good. Unfortunately, however, this sequel to what has been termed the Lisbon Strategy has received little public attention, for the economic and financial crisis in Euroland has consigned all visions of the future to the back burner for the time being. The chief goals of both the Lisbon and the 2020 agendas – more education, more innovation, and more sustainability in order to remain globally competitive – have thus disappeared from the agenda in many EU states. For wherever budgets are cut, unemployment reaches record levels, and incomes and purchasing power fall, there will be little investment in the future.

Young Europeans have been worst affected by the crisis, as the unemployment statistics show. Yet these are precisely the people needed to cushion the impact of demographic change, to compensate for the future decline in the size of the workforce through better training and education, and thus finance aging European societies.

In 2008 the Berlin Institute for Population and Development published its first study on Europe’s demographic future. The study evaluated all 285 regions of the EU and of the non-EU states of Norway, Iceland, and Switzerland. Using 24 different criteria, it surveyed the whole of Europe from the Portuguese Azores in the Atlantic to Cyprus in the Mediterranean, and from the far north of Norway to Sicily. All of the indicators used tell us something about the future prospects of the regions surveyed. Taken together, they provide a comprehensive picture of the European status quo.

The study revealed huge differences not only between but also within the 30 countries surveyed: differences in economic power, levels of education, and demographics. This is scarcely surprising given that only a few years earlier the EU had gained ten new members from Central and Eastern Europe (as well as the two small states Malta and Cyprus), enlarging it to a total of 27. The countries of the former East Bloc had, moreover, just completed a difficult phase of transformation and were now faced with the gargantuan task of catching up with the rest of Europe, making it impossible for them to play in the same league as the members of the old EU. Populations were declining in some regions and growing rapidly in other, economically more powerful areas. Societies were aging at different rates, with an exceptionally low birth rate in places where many young people had moved away in search of education and work, leaving the elderly behind. Educational levels, productivity, innovative power, and opportunities for creating new jobs in the knowledge society were all distributed extremely unevenly across Europe.

Nevertheless, there were some signs that the late developers were starting to catch up with the EU heartland. Countries like Spain, Ireland, the Baltic Republics, the Czech Republic, and Slovakia were able to report high rates of economic growth and a flourishing labour market, making high rates of foreign migration necessary. The classical emigration countries like Ireland or Spain had now become immigration countries. Had these trends continued, both population and economic performance would have continued to soar. The 2008 study was based on data collected before the crisis, and while it documented some of its early signs – such as the end of the building boom in Spain or the banking crisis in Ireland, Iceland, and Great Britain – these were not yet reflected in the statistics. The Demographic Future of Europe was thus a snapshot of Europe just before the major economic slump.

Since then, not only has the economic situation deteriorated, the demographic shift has also advanced further. The present study shows these changes using the same indicators as in 2008. After Gross Domestic Product (GDP) in the EU had grown a further 3.2 percent in 2007, mainly owing to the boom in Central and Eastern Europe, it then fell by 4.3 percent in 2009 and is expected to stagnate in 2012. According to the prognoses of the European statistics agency Eurostat, only Poland, Lithuania, Latvia, and Iceland will achieve GDP growth of more than 2 percent in 2012, while the crisis-ridden states...
Lifeworlds in Europe

The continent has had the oldest population in the world. The median age, which divides a population into a younger and an older half, was 40.6 for the EU as a whole in 2009 and is likely to rise to 47.9 by 2060. Thus the workforces of European companies are aging more than in other regions of the world. Because the post-war baby-boom generation will soon reach retirement age, the “working population” between the ages of 20 and 64 will start to decline in 2014 while the number of people over 60 is already growing by two million people a year even today – at double the rate of 2007. By 2060 the share of over-80-year-olds in the population is likely to have continued to grow during this period, exceeding the 500 million population threshold in 2009. Yet this growth is slow but surely slowing down. Prognoses predict a continuing increase until the 2040s when the European population is set to reach 526 million, but after that it will gradually decline. Europe is thus on the threshold of the demographic post-growth phase. Six EU countries – Bulgaria, Germany, Latvia, Lithuania, Hungary, and Romania – have already reached this point, as have several neighbouring countries such as Ukraine, Belarus, and Russia. Germany alone is set to lose 16 million inhabitants by 2060 – and would then be only the third most populous country in the EU after Great Britain and France.

The reason for the decline is above all the continuing low birth rate. Although the fertility rate – that is the average number of children born per woman – recently rose slightly to 1.6 in the EU, it is not expected to reach the 2.1 level required to keep a population stable without immigration in the foreseeable future. Currently, only Ireland and Iceland have achieved this level, and no country has exceeded it. On the contrary, in countries like Germany, Austria, and many other South, Central, and East European states the fertility rate seems to be stabilising at the low level of around 1.4.

Natural population growth – that is, the amount by which births exceed deaths, was only one per thousand in the EU in 2011, whereas worldwide it lay at about 1 percent and in Africa it was as high as 2.4 percent. Any growth at all in the EU population is increasingly attributable to migration from non-EU states. If one includes Russia as part of Europe, then Europe is the first and only continent worldwide where the population has ceased to grow of its own accord.

Because of the small number of births and continuously rising life expectancy, Europe as a whole is aging, so that for some time now the continent has had the oldest population in the world. The median age, which divides the population into a young and an older group, was 40.6 for the EU as a whole in 2009 and is likely to rise to 47.9 by 2060. Thus the workforces of European companies are aging more than in other regions of the world. Because the post-war baby-boom generation will soon reach retirement age, the “working population” between the ages of 20 and 64 will start to decline in 2014 while the number of people over 60 is already growing by two million people a year even today – at double the rate of 2007. By 2060 the share of over-80-year-olds in the population is likely to have continued to grow during this period, exceeding the 500 million population threshold in 2009. Yet this growth is slow but surely slowing down. Prognoses predict a continuing increase until the 2040s when the European population is set to reach 526 million, but after that it will gradually decline. Europe is thus on the threshold of the demographic post-growth phase. Six EU countries – Bulgaria, Germany, Latvia, Lithuania, Hungary, and Romania – have already reached this point, as have several neighbouring countries such as Ukraine, Belarus, and Russia. Germany alone is set to lose 16 million inhabitants by 2060 – and would then be only the third most populous country in the EU after Great Britain and France.

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Because of the small number of births and continuously rising life expectancy, Europe as a whole is aging, so that for some time now

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*The median age divides the population into two halves of equal size, one older, the other younger.
Lifeworlds in Europe

have tripled to 12 percent. People over 60 and migrants are among the fastest-growing population groups in Europe.

These population effects become even more visible at the regional level; particularly in countries where the population as a whole is declining, rural areas on the periphery are losing inhabitants. While the city has always exerted a pull on young people, in the past the number of children in rural areas was much higher than in the cities, so it was possible to compensate for out-migration. This is no longer the case. As well as young people seeking education or employment, young families are also moving into the cities, because the infrastructure in rural areas is become ever thinner, with schools closing, post offices and shops disappearing, and healthcare provision deteriorating. In modern societies, moreover, new, future-oriented jobs tend to appear in those places where there is a critical mass of universities, companies, and qualified people who will take ideas and develop new products and services out of them – in other words, once again in the urban centres. Those who remain in structurally weak rural areas – from Portugal to Spain, Germany, Bulgaria, or Romania – tend to be the elderly, so that future demographic development is already pre-programmed and with it regional income distribution and purchasing power.

We see the same picture in Russia, only there the differences between urban and rural areas are even more dramatic. Because the population as a whole is declining and because since the end of communism Russians have been free to choose where they live, people are becoming ever more concentrated in the large cities, above all in Moscow, St Petersburg, Novosibirsk, Krasnoyarsk, and Yekaterinburg, while the already thinly-populated areas of this huge empire are depopulating still further.

In world terms, then, both Europe and Russia are losing demographic weight, while global income, purchasing power, and investment are moving to the new, demographically young and up-and-coming centres of the globe. In 1960 Europe’s share of the world population was still 20 percent; by 2011 it had fallen to 11 percent, and it is likely to decline further to 8 percent by 2050. Whereas Russia’s population has been shrinking for years and Europe’s has stagnated, the population of Asia is set to grow by 25 percent, that of North and South America by 29 percent, and that of Africa by almost 120 percent.

Many countries in these growth regions have in addition succeeded in using their huge potential of young people productively. Some threshold countries have invested intelligently in education and jobs and have thus managed to cash in their demographic dividend. Falling birth rates and rising incomes have led to a rapid rise in household purchasing power, which in turn has further accelerated economic development. Even if the level of prosperity in those countries is still way below that in Europe viewed in absolute terms, the economic centre of gravity is shifting even more rapidly than the demographic one away from Europe and towards Asia, Latin America, and in some cases even Africa.

Historically, Europe was always ahead when it came to demographic change, and it was here, with the advent of industrialisation, that the population explosion occurred that later spread all over the world. Now, once again, Europe is heading the trend only this time towards aging and stagnation, and soon to population decline. Here, too, the other regions of the world will follow sooner or later. All the more important then, given these parameters, to realise an innovation strategy that despite demographic givens will ensure the well-being of the European population. The EU strategy Europe 2020 could make a major contribution towards this end.

This study shows the figures for the nine countries chosen for more detailed analysis at the level of NUTS2 regions (EU) or federal subjects (Russia). For the remaining countries we used the national average.
The four French overseas territories (Guadeloupe, Martinique, Guayana, and Réunion) as well as the Spanish exclaves in Morocco (Melilla and Ceuta) are not included in the study because too much data was missing.
DEMOGRAPHIC AND ECONOMIC DEVELOPMENTS IN EUROPE AND ITS REGIONS

This study focuses on the current regional distribution and future development of biographical lifeworlds in eight European countries: Great Britain, France, Spain, the Netherlands, Austria, Italy, Poland, and Russia. The Berlin Institute analysed the regional development of lifeworlds in Germany in its study *Lifeworlds 2025*, published in 2011. Future developments in these countries and their regions depend largely on their current economic and demographic situation, which we will outline in the following.

How fit are the countries of the EU for the future, most especially the various regions of Austria, France, Italy, the Netherlands, Poland, and Spain? The answer to that question depends on the answers to a number of others, such as: Is the population declining or increasing? To what extent is it aging? How large is each country’s potential working population? Is it well qualified and are there sufficient jobs available for it? Is the economy innovative and will it go on being able to compete with other regions?

In order to judge how well equipped the regions are for the future, the Berlin Institute has developed an index based on 24 indicators. This takes into account not only the economic performance of a country or region in terms of Gross Domestic Product (GDP) or per capita income, but also the age structure of the population, the employment ratios of various population groups, educational and innovation indicators, and indicators of ecological sustainability. A list of the indicators together with precise definitions can be found in the appendix on page 115.

The index was developed and compiled for the first time in 2008. This first calculation was based on data from the years 2004–2006 and thus reflected the state of the regions before the current economic and financial crisis, which began in 2007. The newly calculated index is based on the latest available data from the years 2009–2011, enabling us to observe how the regions and countries have fared during the crisis. The findings reveal that the overall picture of the regions in the five years between the old and the new data has scarcely deteriorated. A number of regions, for example in Germany, Spain, and Poland as well as in the countries of Central and Eastern Europe even score better when evaluated as a whole than they did four years ago. If we look more closely, however, we see that the effects of the crisis are already becoming apparent, above all in certain Spanish regions and in Ireland. In the interim evaluation of the labour market and in the individual indicators on which this is based, the impact of the crisis is already very clear.

**Overall evaluation: west and north do better than east and south**

The maps of Europe on page 9 show the overall evaluation on the basis of the 24 indicators for the years 2004–2006 and 2009–2011. They thus provide an overview of how well prepared the EU states and the non-EU states Switzerland, Iceland, and Norway are for the future. For the eight EU countries subjected to closer study the maps show the findings for individual regions; for the remaining countries they show national averages.* The countries that scored highly on their fitness for the future both in 2008 and today were the Scandinavian countries, Switzerland, and certain regions of southern Germany, Austria, Great Britain, France, and the Netherlands.

The overall picture showing Northern Europe ahead of Southern Europe and Western Europe ahead of Eastern Europe has not changed very much. Among the regions of the eight selected EU countries, Upper Bavaria, North-East Scotland, and the Berkshire-Buckinghamshire-Oxfordshire region to the west of London, occupy the three top places, followed by certain regions of Austria and the Netherlands. At the bottom of the scale we find remote rural provinces in southern Italy and most regions of Poland, which are still suffering the effects of the radical structural changes that followed the fall of the Iron Curtain.

* Owing to insufficient comparable data for the other non-EU European countries – such as the states on the territory of former Yugoslavia and in particular Russia – we decided not to compile an index for these countries. In the following we do, however, outline a number of key indicators for the Russian regions, which taken together allow us to gain a picture of the demographic, economic, and social situation there.
The overall value is composed of 24 indicators from five areas ranging from demography to economy and health. The evaluation uses the same system of grading as the German school system, awarding a mark from 1 (best) to 6 (worst). The overall evaluation shows clearly which EU countries and regions are well equipped for the future – because these score high marks on all or many indicators – and which are likely to be struggling with development problems.

The comparison between the overall evaluations for 2008 and 2012 shows that the situation in most regions and countries has improved. Unemployment has fallen, not only in Germany, and GDP and disposable income have risen overall. The educational level and life expectancy of populations have also increased. Although societies all over Europe have aged over this period, the time frame is too short for this unfavourable demographic development to have had much of an impact on the overall evaluation. The map also shows clearly, however, that some countries, such as Spain, Ireland, the Baltic States, Greece, and some regions of Great Britain, have been especially hard hit by the economic and financial crisis and score worse in the overall evaluation.
In the overall evaluation the picture has not changed much over the last four years: the eastern European countries continue to lag behind the western ones, and the Scandinavian countries score highest. Nevertheless, the situation in almost all Central and Eastern European states behind the former Iron Curtain has improved considerably. In Poland the positive trend applies above all to the capital, Warsaw, and the surrounding region of Masovia, both of which have now attained a middle ranking. By contrast, some of Poland’s more rural areas are still among the regions scoring worst overall in our index. In eastern Germany many regions have improved markedly; only Saxony-Anhalt continues to lag far behind. At the top end of the ranking, Iceland was forced to relinquish its leading position after being hit by the economic and financial crisis, and Upper Bavaria now occupies first place.*

Parts of Poland and eastern Germany demonstrate that even regions whose future prospects once looked shaky can develop positively and that the overall evaluation of this study is not a final judgement. Rather, it should be regarded as a snapshot of a particular point in time, which together with the evaluations of specific areas reveals deficits and development trends and can serve as an orientation aid for political decision-makers.

Some indicators – such as climate and environmental protection or the age structure of the population – have been either hardly affected or not affected at all by the current economic and financial crisis. And while the economic and labour market data from the years 2009–2011 do show the impact of the crisis, they also show positive developments in a number of regions and countries.

Demographics: more elderly people, a few more children

Changes in the age structure of the population tend to follow long-term trends. Thus, dramatic changes in the birth rate are liable to occur only after major political upheavals, if at all. Altogether the proportion of young people in the population has fallen almost everywhere, while that of older people has risen. This reflects the fact that for some time now fertility rates have been low in the majority of EU countries. In Germany, Italy, and Spain, where the number of children born per woman has been low for decades, there are few young people and hence few potential future parents. In countries like France and Great Britain, where the fertility rate is higher, there are comparatively greater numbers of young people. Although women in most countries and regions are now having more children than was the case several years ago, the increase is only slight, and even if the trend continues it will impact on the age structure only in the long term. At the same time, life expectancy is rising, which is a further factor increasing the proportion of older people in the population.

Unlike the fertility rate, in-migration may fluctuate strongly from one year to the next because it is influenced in the short term by political and economic changes. In several of the countries and regions surveyed here, changes in the migration balance – i.e. the difference between in- and out-migration – as a result of the crisis are already observable. Ireland, Iceland, and many regions of Spain, for example, became less attractive to migrants after 2009. The impact of the crisis in these countries was felt early on and was dramatic, leading to a sharp increase in unemployment. These areas have also lost people as a result of out-migration and hence, unlike in the years prior to the crisis, even show a negative migration balance. The prospects look particularly dire in Spain, where the grave situation is compounded by a birth rate that has been low for some time.

Even though it showed some improvement in the overall evaluation, eastern Germany continues to be Europe’s most worrying region in terms of demographics. To date its regions have yet to recover from the dramatic drop in the fertility rate that followed the political upheavals of 1989, and while the out-migration of young people that has prevailed for the past 20 years has recently come to a stop, this is mainly because the proportion of young people in the population is already at a very low level.

By contrast, in recent years the Polish regions have hardly lost any inhabitants to out-migration. Although the proportion of young people in the population is gradually declining, it is still greater in Poland than in many other European countries, since here the average number of children per woman was relatively high until the fall of communism. Poland thus has the potential for relatively favourable demographic development in the years to come.

The labour market: an upswing in Germany and Poland; crisis not only in Spain

The interim indicators for the labour market show clear changes in recent years – both at the top and at the bottom end of the scale. Thus the crisis has not had such disastrous consequences for the labour market everywhere as it has in, say, Ireland or Spain. On the other hand, many regions in Central Europe have moved up to the top group, while in 2008 (using data from 2006) the Scandinavian countries and some British regions were clearly ahead with respect to employment. In southern Germany, Austria, Switzerland, and the Netherlands, more people over the age of 55 and more women are employed than was the case before – in other words, these countries and regions are making better use of their potential workforce. At the same time, unemployment has fallen considerably (or, as in Austria, has remained at a very low level).

* Here we should note that the European countries not included in our more detailed survey could only be considered as a whole. If we were to examine them at the regional level as well, Stockholm, Oslo, and Akershus as well as three other Swedish and Norwegian regions would all be ranked ahead of Upper Bavaria in the overall evaluation.
The interim score for the labour market is composed of indicators showing the proportion of various groups of the population in employment and the unemployment ratio. The interim index shows how well the potential working population has been used in individual regions and countries. Over the past four years the labour market situation has improved markedly in Central European countries like Poland and Germany. In the crisis-hit countries from Spain to Great Britain and from Ireland to Greece there are more people without work than there were four years ago.
A number of Polish regions have developed in a similarly positive direction. In 2006 Poland still occupied the lowest position in the labour market league table, along with southern Italy. A number of regions in eastern Germany and in northern and southern France only fared slightly better. Like some Polish regions, most regions in eastern and northern Germany have not only dealt well with the crisis, they are actually in a better position now than they were before. Southern Italy, on the other hand, remains near the bottom of the scale. As was the case several years ago, not even one person in two of working age is in employment here – or at least not in official employment. Moreover, less than a third of the women are economically active.

At the other end of the scale, some regions of Great Britain proved unable to maintain their very positive scores. The unemployment ratio has risen considerably, even if the country as a whole is still in the top group with respect to labour market indicators; this is more than can be said of Spain, whose regions were already doing badly in 2006 and have since deteriorated further with respect to labour market indicators.

Education: rising levels almost everywhere

In the course of the general upturn on the labour market, both Poland and Germany have managed to decrease youth unemployment considerably; in the Berlin Institute’s indicator system this is a component of the education, science, and technology indicator. Poland had one of the worst scores on this indicator in 2006 and since then has risen to the lower section of the middle-ranking countries. The region around Warsaw is way ahead of the rest of the country in this respect and is on a par with many West European regions.

The EU countries and regions are at very different stages on the path from an industrial to a modern knowledge society. As was the case four years ago, the Central and East European countries lag behind Western and Northern Europe, as do the southern regions of Spain and Italy, where youth unemployment is particularly high. These economically weak regions may become caught up in a vicious circle whereby an economy that lacks innovation triggers out-migration of young, well-qualified people to regions offering attractive job opportunities. These already structurally weak areas then lose the young talent they had.

The European centres of innovation are located in rich countries, above all in Switzerland, western Austria and southern Germany as well as in the Netherlands, Norway, and Sweden. Top of the league with respect to education and technology are the regions of southern Germany, which have a highly qualified workforce and have invested heavily in research and development. These areas are characterised by a high level of innovation, which translates into a large number of registered patents. At the bottom of the table are regions in Spain, Italy, and Poland as well as the former East Bloc countries where an innovative economy that includes research has become established in only a few centres.

The educational level of the workforce has risen in almost all regions and countries since 2006 – if only because the up-and-coming generation of employees are on average better educated than their parents and are more likely to have gone to university. The level of investment in research and development as well as the number of patents registered at the European Patent Office fluctuates in the regions from year to year. Therefore no overt upward or downward trend can be discerned compared with four years ago. Generally speaking, however, companies and state institutions in most countries and regions are tending to spend slightly more money on research and development than they did before. Overall those regions where there was a lot of investment in the past and where this investment has been successfully translated into innovation (in the form of new patents being registered) have remained in a good position.

The economy: growth despite the crisis

In most regions and countries, GDP and disposable per capita income in 2009 – the most recent year for which we have data – were higher than four years earlier. Great Britain, however, experienced a serious recession in 2008/09 in which GDP and disposable per capita income fell sharply. Exceptions to this were London and North-East Scotland, where oil continues to bring in high revenues. A number of regions in France also showed a lower economic performance in 2009 than in 2004/05, as did Iceland and regions of Denmark, Sweden, and Hungary. The Spanish economy also contracted considerably in 2009, but growth in the years prior to this had been so high that GDP and disposable income were still well above their 2004/05 levels.

Overall the majority of EU countries and regions have improved their interim score for the economic indicator. Both the data from 2009 and those from 2004/05 showed that many former East Bloc countries have not yet caught up economically with the states in Western and Northern Europe. The basic distribution of economic power in Europe showed little change, with the economic powerhouses continuing to be in Switzerland/southern Germany/western Austria, the Netherlands, and Scandinavia. While in a few smaller countries like Austria or the Netherlands economic performance is evenly distributed, in Italy, Spain, Germany, Poland, and Great Britain there is a large
Two of the indicators used to calculate the interim score for the economy – GDP and per capita disposable income – generally rise each year, meaning that a steady improvement in the economic score is the norm. Therefore one would expect this year’s evaluation to show an improvement for most regions and countries over the level four years ago. And this is indeed the case, which makes the exceptions – i.e., those countries and regions that are in a worse position than before – particularly conspicuous. The map shows that a number of British and French regions as well as Iceland have yet to overcome the effects of the economic and financial crisis.
wealth discrepancy between different parts of the country. The distance between eastern and western Germany in economic terms has, however, lessened. In France wealth is relatively evenly distributed between the regions. Only the region around the capital still stands out considerably, although France’s rigid centralism seems to have been mitigated somewhat in recent years, and consequently regions in both the south-west and south-east of the country are showing positive economic trends.

Health: life expectancy rising

The indicators for health and climate protection have improved in nearly all regions. The trend towards higher life expectancy in Europe continues unabated. Infant mortality in most EU countries had reached a consistently low level by the mid-1990s and since then has fallen again slightly. Yet life expectancy in Eastern Europe continues to be lower than in Western Europe, and statistically speaking more babies die there before their first birthday.

Most states also succeeded in lowering emissions of the main greenhouse gas carbon dioxide. Moreover, in all countries a greater proportion of electricity consumed now comes from renewables than was the case a few years ago.

Consumer mood during the crisis

People in the countries and regions of Europe are aware of changing economic conditions and respond to them. This enables them to give a subjective evaluation of their personal economic situation. Here it is not only the conditions in their own region or country that have a role to play but also the situation in Europe as a whole and worldwide.

Obviously, of the indicators used to produce the index, labour market indicators will have the strongest and most direct effect on income and hence on the material situation of consumers. Therefore their mood and subjective evaluation of their own economic situation are likely to be directly affected by this. If people are afraid of losing their jobs – independently of whether this fear is justified in individual cases – consumer confidence falls.

Consumer surveys such as the GfK-Trendsensor Konsum provide information about the subjective side of economic development in the individual countries. How do people assess their financial situation? Do they view the future with optimism or are they afraid of losing their jobs in the coming years and the financial hardship this would entail? This survey collects data every two years on underlying trends in private consumer behaviour and the consumer mood in the nine countries surveyed (eight EU countries and Russia).

In 2009/10 more than one employed person in four in the nine European countries thought their job might be threatened.* This represented only a slight rise over 2007/08. If we look at individual countries, we can clearly discern the influence of the actual labour market situation. In Germany and Austria the upswing gave rise to a buoyant mood. There the share of people afraid of losing their job fell by more than a third. In Austria only slightly more than one person in ten expressed uncertainty, while in Germany the figure was over 17 percent. In France, Italy, Great Britain, and Spain employees were more pessimistic about the future. Fear of unemployment rose particularly sharply in Spain – from 14 to 25 percent.

In the countries most affected by the crisis consumers hold a more gloomy view not only of the future, but of the present too: on average they believe that the current financial situation in their private household has deteriorated significantly since the beginning of the crisis. In 2007/08, 20 percent of consumers in the nine countries surveyed said that they were at least well provided for and that they could afford quite a few things, in other words, they were subjected to few material constraints. By 2010 this share had fallen to 17 percent. Particularly in Spain and Great Britain people saw themselves as materially worse off than two years earlier. More than a quarter of Spaniards and almost a third of Italians said they were either barely managing to make ends meet or were in financial difficulties. Only in Germany – where the upswing on the labour market was most marked – did the proportion of those positively assessing their own financial situation rise.

* In order to be able to compare the figures with 2007/08, those respondents who answered “Impossible to tell at the moment” were excluded from the calculation.
Population density and average purchasing power of the inhabitants together provide information about the potential purchasing power of a region. In densely populated regions many potential consumers live in a small area – and in places where people have a lot of money at their disposal they can spend more on consumer goods. In rural areas, by contrast, there are few people, and their disposable income and hence their purchasing power tends to be lower than in more densely populated areas.

Population density depends, on the one hand, on geographical and climatic conditions and on the other on economic structures and potential. High mountainous areas, barren steppes, or desert-like regions are more thinly populated than fertile plains or coastal regions with a pleasanter climate. Urban centres and the areas surrounding them provide plenty of jobs in industry and services and consequently many people live there. In mainly agricultural areas the number of inhabitants per square kilometre is much lower. There is a tendency for the concentration of people in urban regions to intensify over time, for in modern knowledge societies new jobs are mostly generated in areas where there are already companies, research, and educational institutions as well as a critical mass of human resources. More varied cultural programmes also draw people from remote rural areas.

The largest numbers of people per square kilometre are to be found in the capital cities and surrounding regions. London and Moscow are by far the most densely populated capital cities, followed by Vienna and Berlin. The precise population density in urban regions, however, also depends on whether only densely populated city areas are included or, as in Paris, the more thinly populated surrounding area as well. Other areas where people live very close together include the Ruhr region of Germany, Paris, Madrid, large parts of southern Britain and the British Midlands, and almost the entire Netherlands.

Viewed in national terms the biggest contrasts are those between the EU and Russia, and within a country those between Russia’s regions. Whereas in Moscow each square kilometre is home to more than 9,000 people, and in St. Petersburg more than 3,000, in most other Russian regions the figure is lower than 100 and in many areas in the eastern part of the country not even as high as ten. Almost one person in three in Russia lives in a region with fewer than 20 people per square kilometre. However, the population in these large Russian regions is not distributed evenly, but is usually concentrated in the towns and cities.

Of the EU countries analysed in more detail in this study, the Spanish regions of Castilla-La Mancha and Extremadura in the south-west of the country have the lowest population density with 25 and 26 inhabitants per square kilometre, respectively. They thus form a sharp contrast to the region around the capital, Madrid, where 780 people live in a single square kilometre. In Great Britain the contrast between the thinly populated north of Scotland and the regions around Manchester is particularly stark. In Poland, by contrast, the population is relatively evenly spread. Fewer than one person in eight lives in a metropolitan region there, whereas in the Netherlands, Great Britain, and Germany the figure is more than one person in three.

High purchasing power in the north and west

In all the countries we surveyed the population was not only concentrated to a greater or lesser extent in the urban centres and the surrounding areas; these people also tended to have more disposable income to spend on consumer goods.

GfK purchasing power is calculated on the basis of recent data on net household income, consumer spending of private households, and other more general economic data for each country. Prognoses for the current year are also used.
Compared with the EU countries, many parts of Russia are almost devoid of people. The population is strongly concentrated in the cities and in the western part of the country. In the EU countries thinly populated regions are usually either mainly rural and structurally weak, like those in Poland and eastern Germany, or else they have unfavourable climatic or geographical features. This applies to the extreme north of Europe as well as to southern Italy or the Spanish interior. On the Iberian Peninsula the population is concentrated mainly on the northern Mediterranean coast and in greater Madrid.

Four of the seven regions with the highest average disposal income are in Germany: Upper Bavaria, Stuttgart, the Darmstadt region together with the financial centre Frankfurt am Main, and Hamburg. The inhabitants of London, greater Paris, and Vienna also have high purchasing power.

In some EU countries the economic and financial crisis that began in 2007/2008 has made a noticeable dent in people’s purchasing power, whereas in other countries it has actually risen. Thus four years ago Great Britain was still at the top of the nine countries surveyed in this study, yet today it lags some way behind Austria, France, and Germany.

With respect to purchasing power Europe as a whole continues to be divided into two halves by a line separating the former East Bloc countries from the states further west. Thus people in Poland and Russia are less prosperous than in the other EU countries. In Russia disposable income (taking inflation into account) has risen sharply over the past ten years. Yet at the same time social inequality has increased. A broad middle class with strong purchasing power is emerging only slowly. Muscovites and inhabitants of the Chukotka Autonomous Okrug in the far east of
The Swiss and Norwegians have by far the highest average incomes, followed by the inhabitants of the areas around Vienna, London, and Paris and the economically flourishing regions of southern Germany and the rest of Austria. People in these countries and regions have almost twice as much money at their disposal as in the region of Russia with the highest incomes, the City of Moscow, and three times as much as the region around Warsaw, which is where Polish purchasing power is highest. The calculation does not, however, take account of differences in price levels between the countries. If it did, it would show that the differences in living standards are slightly less than the differences in euro purchasing power.

The many national and international companies in the Russian capital offer well-paid jobs, whereas in the extremely thinly populated areas in eastern Russia this high figure is most likely a statistical anomaly, for lower taxes mean that many companies have registered their headquarters here, thus driving up GDP. The population of only 50,000 people lives mainly from breeding reindeer and fishing. Other areas such as Tyumen, situated east of the Urals, have become rich on account of the huge oil and gas reserves. By contrast, a number of republics in southern Russia, such as Chechnya, Ingushetia, and Kalmykia, have particularly low incomes.

GfK per capita purchasing power in euros in the NUTS2 regions, 2011/12 (Source: GfK Geomarketing)

- under 4,000
- 4,000 to under 7,000
- 7,000 to under 10,000
- 10,000 to under 13,000
- 13,000 to under 16,000
- 16,000 to under 19,000
- 19,000 to under 22,000
- 22,000 and more
The population of the EU as a whole is growing. However, this growth is predominantly occurring in the countries to the west of the former Iron Curtain. By contrast, in a number of regions in Poland, eastern Germany, and many Central and East European countries, the population has declined over the past decade. In Russia, almost all regions have lost significant numbers of inhabitants, and Russia as a whole has shrunk demographically by more than 3 percent. In Great Britain, Spain, France, the Netherlands, and Austria, almost all regions have gained inhabitants. Great Britain’s population has grown by a good 5 percent, that of Austria by 7 percent, and that of Spain by almost 15 percent. In the regions with the largest relative growth in Spain, the Netherlands, and Russia, the population has increased by more than a fifth since 2000.

Generally speaking, the cities and metropolitan regions of highly developed countries attract more inhabitants than the remote, economically weak areas. One exception is France, where the population as a whole is growing and where the metropolitan regions grew less than the country as a whole between 1997 and 2008. In countries like Russia or Germany, where the population is declining or stagnating, the urban regions, which are usually already densely populated, often gain inhabitants at the expense of the periphery. An exception here is the economically extremely underdeveloped republic of Ingushetia in the North Caucasus, which showed by far the highest population growth – 50 percent. The populations of the neighboring republics of Dagestan and Chechnya also grew considerably. In Chechnya women on average bear 3.4 children, while in Ingushetia the population grew by a quarter in 2000 alone because of the many thousands of refugees fleeing from Chechnya.

The west is growing, the east is shrinking

The greatest population losses over the past decade were experienced by Magadan Oblast and the Chukotka Autonomous Okrug in eastern Russia. These areas each lost around a fifth of their inhabitants. Fourteen other Russian regions also lost 10 percent or more of their populations. Of the eight EU countries surveyed in more detail in this study, population decline of this order of magnitude occurred only in a few regions of eastern Germany.

In France, Spain, the Netherlands, and Great Britain, everything pointed towards population growth over the past decade. More people were born than died, and immigration exceeded emigration. By contrast, in Germany, Austria, and Italy, population growth derived entirely from a positive migration balance. While in Poland there was an excess of births over deaths, this was more than compensated for by emigration. As a final point, the Russian population declined despite the positive migration balance because the number of deaths far exceeded the number of births.

Only migration will bring future growth

These trends are likely to continue and intensify in the decades to come, with population development determined mainly by migration movements within the EU and from non-member countries. For wherever the fertility rate has been below 2.1 for some time – and this applies to most European countries – the trend towards natural population decline will not be reversed in the medium term. Small or childless families have become the social norm. Most people do not want a large number of children, so that with each generation the number of potential parents dwindles. Particularly in eastern Germany and in many eastern EU countries there is a shortage of young people. These areas are likely to be Europe’s demographic losers in the future too. When the big post-war baby-boom generation grows old from about 2020 onwards and their mortality increases, the decline will accelerate further. Stable populations or even growth are, however, still possible in the future. Great Britain, France, and the Netherlands currently show a positive natural population balance – in other words, there are more births than deaths. On the other hand, women are having a comparatively large number of children, and on the other, these countries’ populations are being swelled by immigration of young people, who start families in their new homeland and thus generate further population growth.

In 2025 Germany will still be the second most populous country in Europe after Russia. But in the longer term Europe’s demographic balance will shift: prognoses suggest that by 2050 both France and Great Britain will have more inhabitants than Germany. In Poland, too, the population is set to decrease in the future, even though currently there are more births than deaths there. Throughout almost the whole of Eastern Europe the number of children born fell dramatically following the end of communism. And the low birth rate since the 1990s not only means that a segment of the population is missing but also that the number of potential parents in the future will be smaller, thus leading to further population decline with a certain time lag.
In the past decade Europe has grown most strongly in the western regions – from Iceland to Great Britain and France to Spain. At the top of the table comes Ireland, which gained almost a fifth more inhabitants over this period. By contrast, many East European countries have lost inhabitants, as have some regions of Germany, particularly in the east and in the traditional industrial centres of the Ruhr und Saar.

Russia, too, will shrink demographically. Prognoses predict significant population growth for only a few regions. These include Tyumen Oblast in the Urals, which today has a young population structure and is experiencing steady in-migration, as well as parts of the North Caucasus, southern Siberia, and Moscow and environs, which as an urban centre attracts internal migrants from other parts of Russia.
Projected population development in percent from 2010 to 2025 (Greece: 2009 to 2025; Spain: 2010 to 2021; Russia: 2011 to 2026; in each case the population level on 1 Jan)

In large parts of Europe the population is still growing. However, because in many countries and regions fertility rates have been at a low level for several decades, the numbers of inhabitants in those places have started to sink or at least are set to do so in the future. Only those areas that are attractive to migrants and/or have high fertility rates have maintained stable populations or have even grown. The predicted population development shown here is based on the population prognosis Europop2008 published by Eurostat, the statistical office of the European Union. The figures for Spain are based on the latest calculations by the Spanish National Statistics Institute and already take account of the end of the major wave of migration prior to 2008. Although the Spanish prognosis is only for the period up to 2021, development trends are likely to remain similar in the period up to 2025. In the other seven EU countries studied in more detail here, the change to migration figures has been much less dramatic than in Spain.

(Source: Eurostat; Rosstat; Instituto Nacional de Estadística; own calculations)
There is a belt of countries running through the EU where women on average have more children. In some regions the average is two or more, so that in these places each generation replaces or exceeds the one before. In these countries the population is likely to remain relatively stable even without immigration. This “fertility belt” runs from Scandinavia in the north through Great Britain, Ireland, and the Netherlands to France.

Ireland tops the fertility league, with a total fertility rate of almost 2.1 children per woman. In France and Great Britain, the figure is 2.0, in the Netherlands 1.8. In Germany, Poland, Austria, Italy, and Spain, on the other hand, the fertility rate has been low for many years and is currently about 1.4. In Poland and Russia, as in almost all EU countries east of the former Iron Curtain, the fertility rate fell dramatically following the political upheavals of 1989/90 and has risen again only very gradually even though the political and economic uncertainty of the immediate post-communist era would seem to have at least partly been overcome. None of these countries will regain the fertility rates of the pre-1989 period in the foreseeable future, however, for having few children has become the new social norm, and the newly gained personal freedom is expressed in more individual life planning. One aspect of this trend is that many women are having their first child later if they indeed have children at all.

Although fertility varies considerably across the EU, the regions within the individual countries show rather similar trends. The largest discrepancies are to be found in Spain and Italy. The number of children women have and the number of women who remain childless seems to be influenced more by national factors such as family policy and traditions than by regional particularities.

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The differences are becoming smaller

In Russia, by contrast, there are big differences between the regions, although, as in the much smaller EU, the differences have been shrinking for several decades. Only four Russian regions still have a fertility rate higher than 2.1 and hence high enough to allow the population to grow without in-migration. These are the three mountainous republics of Chechnya, Altai, and Tuva as well as the Chukotka Autonomous Okrug in the far east of the country where the population is poor and still has a traditional lifestyle. The fertility rate is particularly low, on the other hand, in western Russia, particularly in urban areas. The discrepancy between urban and rural regions is thus still clearly discernible in Russia, whereas in the EU it has grown smaller in recent years. But in the EU fewer children are born in the urban centres as well; it has long been the case that women in cities are more likely to do paid work and their average educational level tends to be higher. Both of these factors mean that they have fewer children, have them later, or remain childless.

How can the major differences in fertility between countries be explained? In the EU, the average number of children per woman is particularly high in countries where for many years it has been made easier to combine children and a career – for instance in France or Scandinavia. This suggests that family policy certainly does influence fertility.

Successful state measures include adequate and high-quality childcare (including for children under the age of three) as well as generous payments to parents for a limited period of time after the birth. In countries with a high fertility rate there is a higher social acceptance of mothers who have young children and still go out to work.

Overall the European trend towards having ever fewer children and smaller families seems to be coming to an end. In most countries (with the exception of Germany, Hungary, and Portugal), women are starting to have more children than they did ten years ago. While it is unlikely that as many children will be born as were in the 1950s and 1960s – lifestyles and social norms have changed too fundamentally for that to happen – the phase of extremely low fertility in which the number of children per woman was less than 1.3 seems to be over. In those European countries where fertility was very low over a long period, the number of births will continue to diminish over the next decades even if the number of children per woman rises slightly, for the low birth rates in the past mean that there will be fewer potential mothers in the future.
Average no. of children per woman (total fertility rate), 2009
(Source: Eurostat; Rosstat)

Whether children in Europe grow up with a small or large number of siblings depends on where they live. In an area of Europe stretching from Scandinavia to France women have a comparatively large number of children. In the rest of Europe the average number of children per woman is around 1.4 almost everywhere. The regional differences are similarly large in Russia where economically successful urban regions have lower fertility rates, whereas in the poor mountainous regions of the south and in the thinly populated north-east they are on average higher.
Nowadays migration movements are the most important factor in population development in most EU countries, for in many countries the population is growing mainly as a result of immigration. Migration trends, in turn, depend on so-called push factors in the country of origin and pull factors in the country of destination. People leave their homeland because of unfavourable economic, political, or social conditions, or because they know or hope that they will find better conditions elsewhere. With their relatively high levels of prosperity and political stability, Norway, Switzerland, and the core EU countries act as magnets for immigrants from poorer parts of the world. Almost half of those who migrated into one of the EU’s 27 member-states in 2008 came from a country outside the EU; people also tend to migrate from poorer to richer countries within the EU itself.

The crisis has changed migration patterns

Migration also, however, depends on current political and economic circumstances in the countries of origin and destination. Thus the immigration figures for any given year represent only a snapshot of that point in time. In the years prior to the 2009/10 period being examined here, Spain, for instance, experienced a wave of immigration; between 2003 and 2007, 600,000 more people came to Spain than left. With the onset of the economic and financial crisis, which had a drastic impact on the Spanish labour market, immigration declined significantly, while at the same time more than three times as many people left the country than had done in the mid-2000s. In 2011, for which we do not yet have regional data, the migration balance for Spain as a whole was negative for the first time in many years. Many Spaniards are currently seeking jobs and future prospects in other EU countries. The number of Spaniards emigrating to Germany, for instance, doubled between 2008 and 2011. After a number of years with a slightly positive or sometimes slightly negative migration balance, Germany gained almost 280,000 inhabitants through immigration in 2011. In other countries, such as Great Britain, the positive migration balance has remained fairly constant.

Whether these trends will continue and whether immigration countries like Italy and Great Britain will continue to attract people from elsewhere is thus by no means certain, but depends on political and economic developments within and outside Europe as well as immigration legislation. Prognoses predicting population growth in the EU over the coming decades certainly assume that the stream of immigration from outside the EU will remain constant.

Where the migrants to each country mainly come from depends – apart from the current political and economic situation – largely on geographical or linguistic proximity and also on historical connections. In France, for example, the largest group of migrants are from the country’s former colony Algeria. Immigrants to Spain often come from neighbouring Morocco, from Romania, or from South America. Many of Germany’s immigrants are from Poland, whereas the number of immigrants from Turkey has declined considerably over the past ten years. The largest group of immigrants to Great Britain are from the Indian subcontinent. By far the largest numbers of migrants to Poland are Polish citizens returning home. This indicates that circular migration, especially labour migration, plays a greater role in Poland than in countries like Germany or Great Britain, where most immigrants are not German or British citizens. Many migrants to Russia also have Russian roots, although most of them come from other countries of the former Soviet Union.

In many regions the positive migration balance should not obscure the fact that these regions are simultaneously also losing inhabitants to other regions and countries. Many rural regions in Spain and Italy, for instance, attract migrants from other economically weak countries in Africa, for instance. But in comparison with other EU countries they are themselves economically underdeveloped and thus have high rates of emigration as well as immigration.

The situation is similar in Russia, where the rural north-eastern regions experienced a major out-migration trend in the period immediately following the break-up of the Soviet Union, in some cases losing half their population to more westerly regions or to regional capitals. In the years 2009/10 these regions continued to have a negative migration balance as did the European north of the country, even though Russia as a whole has gained inhabitants as a result of in-migration. Whereas migrants from abroad – especially labour migrants from other post-Soviet states – are fairly evenly spread across the country because of regional work permits, internal migration goes almost exclusively in one direction: away from the already thinly populated rural areas and towards the economically powerful regions around major cities like Moscow, St Petersburg, Novosibirsk, or Yekaterinburg.
If we look at the average figures for 2009 and 2010 we see that apart from Poland, all the nine countries investigated more closely in this study gained inhabitants through immigration. But this applies only to the countries as a whole: some regions in Spain, Germany, Poland, Russia, and northern France experienced considerable migration losses. One reason for this is that foreign migrants are not evenly distributed throughout the country. Another is migration movements within countries. Particularly well-educated people are moving from peripheral areas that have less attractive jobs and are far from cultural and economic centres to the major cities and metropolitan regions.

Migrants are on average younger than the general population, and conversely, older people are usually less mobile. For this reason the average age in regions with a high rate of in-migration is often lower than in regions of out-migration. More highly educated people are generally also more willing to move within a country. For regions that attract internal migrants from other parts of the country, migration means a bonus in human capital. The less attractive regions, however, lose the inhabitants that they actually need for their own economic development but to whom they can offer neither sufficiently appealing jobs nor a cultural infrastructure. With respect to the educational level of foreign migrants the picture is mixed. Whereas immigrants in Great Britain or Poland, for example, have a slightly higher average level of education than the native population, migrants to the southern EU states or to France are often poorly educated.
Life expectancy is increasing throughout Europe. Men in the EU can on average expect to live to almost 77, women to more than 82. When people retire they have 15 to 20 years of life still ahead of them. At the same time, the number of births has been stagnating at a low level, so it is not only individuals who are living longer – populations as a whole are aging. One way of measuring this is to take the so-called old age dependency ratio, which gives the ratio of over-64-year-olds per 100 inhabitants between the ages of 15 and 64. In other words, it tells us how many people of retirement age have to be supported by those of working age in statistical terms – as well as how much a society is burdened economically by those who are no longer capable of working. Parallel to the rise in life expectancy, however, the average point at which age-related illnesses start to occur is also shifting upwards, so older people may not necessarily be a burden on society. They may go on working for longer and may engage in valuable voluntary work. For this reason many European countries are planning to raise the statutory retirement age in the coming years.

The old age dependency ratio is highest in Germany and Italy. In Germany the proportion of old people in the population is particularly high in rural regions of eastern Germany, where the fertility rate plummeted in the 1990s and where many young people have moved away in the last 20 years. For that reason the population of working age is particularly low. For similar reasons, the coastal region of Liguria in north-west Italy also has a comparatively old population. Many people from southern Italy moved there in the 1960s to work at the ports of Genoa and La Spezia and in the steel and oil industries. From the 1970s onwards structural change led to the economic and demographic decline of the region. Those who moved away were mainly the young, so the population as a whole there has aged considerably.

Migration movements mean that the old age dependency ratio in capitals and other major cities and their environs is often lower than in remote rural areas. Especially young and middle-aged people move to these centres to study or look for a job. Conversely, older people of working age and pensioners tend to leave the urban centres – if they can afford to – and move to more tranquil regions. Thus the metropolitan regions of London, Paris, and Madrid as well as Berlin and Hamburg have fewer older inhabitants and more people of working age than the respective national average.

In other regions, such as southern Spain and Italy, it is the migration of young people from abroad that has tended to keep the average age and hence the old age dependency ratio at a low level; women in these regions on average have fewer than 1.5 children. In Spain migration has fallen sharply since the beginning of the crisis in 2008. If it remains at this low level, the regions of southern Spain may in future age much more sharply than prognoses have so far predicted. In Great Britain and the Netherlands the relatively high fertility rate and constant immigration has so far ensured a relatively young population. This also applies to most regions in France. Only Limousin in the rural centre of the country has aged disproportionately, because young people tend to move away to the cities while older people move there to enjoy a quiet life in the provinces.

An aging centre, a young east

In the EU countries the populations remain young in areas where the fertility rate is relatively high and where young people are in-migrating. In Russia, however, there is another factor that plays a major role in the young age structure of many regions: men have an average life expectancy of only just under 60, while women live on average until they are 73. Life expectancy is hence so low that a large part of the population does not even reach retirement age. It is particularly low in some regions of the Far East, in Siberia, and in North-West Russia. In Poland and other East European countries life expectancy is higher than in Russia, but there, too, men in particular do not live as long as in the other seven EU countries analysed in more detail in this study. This pushes the Polish old age dependency ratio below the EU average. In addition, until 1989 the average number of children born to every woman was still more than two, so that despite steady emigration Poland still has a relatively large number of people of working age.

Beginning in roughly 2015, the old age dependency ratio in many EU countries will rise sharply again, for that is when the baby-boom generation born shortly after the Second World War will start to retire without being replaced in terms of numbers by the following generation. At that point labour – at least among the native population – will probably...
Compared with the EU countries Russia has a very low average age with comparatively few pensioners. This is, however, due neither to an intelligent family policy nor to a high fertility rate, but is mainly a consequence of low life expectancy. Poland’s population is also comparatively young, because there the fertility rate was high until 1989. Eastern Germany currently has the oldest population – followed by some regions of France and Italy – because so many young people have moved away.

Old age dependency ratio (number of over-64-year-olds per 100 inhabitants aged 15 to 64), 2009
(Source: Eurostat; Rosstat; own calculations)

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Thus the group of 40- to 60-year-olds, who will soon reach retirement age, will in some countries with low birth rates like Germany or Italy be 1.5 times as large as the group of 0- to 20-year-olds, who must gradually replace the older members of the population. In countries like Great Britain and France where a relatively large number of babies are born, the ratio is a much healthier 1.1 (approximately), but it still means that the future working population will have to support a growing number of older people everywhere. The latter will then go on working longer and in many cases have to make do with a lower pension, because the number of people paying pension contributions and taxes will shrink.
Society is set to age considerably in all European countries over the next 20 years. Life expectancy is likely to continue to rise slightly, while the younger generations in most regions and countries will be smaller in numbers than those of their parents. Many European countries experienced a sharp rise in the fertility rate in the post-war era. This large baby-boom generation will start to retire in the 2020s, leading to a clear rise in the old age dependency ratio.

How the aging population will be regionally distributed is likely to follow the patterns already visible today. In the future the capital cities and other economically flourishing regions are likely to go on attracting young migrants of working age, and their populations will hence remain younger than the national average. The regions on the periphery, by contrast, will continue to lose some of their already small number of young people to out-migration.
EMPLOYMENT AND EDUCATION

The unemployment rate only ever mirrors a particular moment in time – economic fluctuations, political measures, and demographic shifts mean that it changes from year to year. From roughly 2009 onwards, the economic and financial crisis, which had begun in 2007, began to have a major impact on national labour markets – however, not in all the countries surveyed here and not to the same extent everywhere. Thus the unemployment figures for 2011 (for 2010 in Russia) allow us to measure how susceptible national and regional labour markets are to crises.

Of the eight EU countries we studied more closely, Spain was worst affected by the crisis. The unemployment rate more than doubled between 2007 and 2011, so on average one person in five, and in the southern regions as much as one person in four, was without a job. In Italy and Great Britain, too, many people became unemployed as a result of the crisis, albeit fewer than in Spain. In Germany, for example, the south has a flourishing economy based on manufacturing and services, while the rural, eastern part of the country is structurally weak. Whereas in southern Germany fewer than 5 percent of the labour force are seeking work, in most regions of eastern Germany it is around 10 percent. The rift in Italy between some regions in northern Italy and the Mezzogiorno in the south is similar.

Major differences in Germany and Italy

While almost every country has regions with a conspicuously high or low rate of unemployment, in some countries the differences between individual regions or parts of the country are particularly stark. In Germany, for example, the south has a flourishing economy based on manufacturing and services, while the rural, eastern part of the country is structurally weak. Whereas in southern Germany fewer than 5 percent of the labour force are seeking work, in most regions of eastern Germany it is around 10 percent. The rift in Italy between some regions in northern Italy and the Mezzogiorno in the south is similar.

A country’s economic development and its degree of fitness for the future is dependent not only on how many people find a job but also how productive the working population is and how well equipped it is for future economic and technological progress. Here the level of education of the workforce is decisive, with graduates of a tertiary institution being regarded as highly qualified.

In Northern Europe the level of education is generally excellent. Much of the workforce in Great Britain and the Netherlands is highly qualified, and even in Spain with its very high unemployment rate many of those in work have gone through tertiary education. This shows that a high level of qualification in itself does not protect the workforce from upheavals on the labour market and economic crises. Nevertheless, the number of highly qualified workers as a proportion of the total workforce rises when many people with low qualifications lose their jobs – and this is what happened in Spain as a result of the crisis. The share of the population without either vocational training or a degree is above average in Spain – almost half of those over 20 have at best a basic secondary school education. There are a similar number of people in this position in Italy. In the other members of the EU studied here the share of unskilled workers was much less than a third.

In Italy, moreover, only 18 percent of the workforce has a tertiary education. This is the smallest share of the nine countries studied here. Only the regions around the major cities of Genoa (Liguria) and Rome (Lazio) have more than 20 percent with a tertiary qualification. The fact that the three regions with the lowest level of highly qualified workers are in the north of the country, which is economically far better off than the south, can be attributed to the high employment rate there. In Friuli, the Autonomous Province of Bolzano, and Aosta even people with low qualifications are rarely unemployed. Hence their share of the working population is good. In Austria, too, the proportion of highly qualified members of the workforce is low at 22 percent. Yet the economic and labour market situation is good. There are two reasons for this. First of all, at 20 percent the share of low-skilled people without a higher secondary school or vocational qualification is relatively small. The majority of Austrians, in other words, have benefited from the comprehensive vocational training system and have obtained at least some kind of mid-level qualification. Secondly, economic activity is heavily concentrated in the capital, Vienna, which produces around a quarter of total Austrian GDP, and there far more workers have a tertiary education than the national average.
Unless otherwise specified, this study always uses the unemployment rate as defined by the International Labour Organization (ILO). This figure is arrived at through surveys and is not the same as the ratio of those officially registered as unemployed—but does enable international comparison. The ILO classifies people as unemployed who are at least 15 years of age, have worked less than one hour in the week the survey was conducted, are actively seeking work, and would be available to start work within the next two weeks. Employed and unemployed together constitute the economically active population or labour force. Wherever this study refers to the official state figure for the registered unemployment rate, this is explicitly stated.

The record unemployment rate was held by Spain in 2011. In the southern part of the country, roughly 25 percent of the labour force was without a job. The situation was similarly bad in the mountainous republics of southern Russia and only slightly better in Ireland, Lithuania, Latvia, and Greece. By contrast, Austria, the Netherlands, southern Germany, Norway, and Switzerland had almost full employment despite the crisis. In these countries fewer than one person in 20 was looking for work.*

In almost all countries the regions around the capital and other major cities have the highest proportion of highly qualified workers. In urban regions there are more universities whose graduates often stay in the city where they studied. In addition, there are more companies in these areas offering jobs in knowledge-intensive services and high-tech fields, attracting well-qualified migrants from other parts of the country. The public administration also employs many people with a tertiary education. The cities with the most highly qualified workforces are London and its environs, the Spanish Basque country, Madrid, Utrecht in the Netherlands, and the region around Paris.

* Unless otherwise specified, this study always uses the unemployment rate as defined by the International Labour Organization (ILO). This figure is arrived at through surveys and is not the same as the ratio of those officially registered as unemployed—but does enable international comparison. The ILO classifies people as unemployed who are at least 15 years of age, have worked less than one hour in the week the survey was conducted, are actively seeking work, and would be available to start work within the next two weeks. Employed and unemployed together constitute the economically active population or labour force. Wherever this study refers to the official state figure for the registered unemployment rate, this is explicitly stated.
The Russian capital, Moscow, also has the country’s highest share of highly qualified workers, closely followed by the Republic of Ingushetia in the North Caucasus. There, however (as in the neighbouring republic of North Ossetia-Alania), there are not in fact a very large number of graduates. Indeed, only one person in five of working age is officially registered as working at all. The rest are either unemployed or work in the black economy. Novosibirsk, by contrast, is a centre for Russian science nicknamed the “Russian Silicon Valley”, offering many jobs for researchers and engineers.

In most countries the proportion of highly qualified people is larger in the regions around the capital than the national average, since these are the places where many international companies in the research and service sectors are located. The public administration also often offers graduates attractive jobs. London can boast the largest proportion of graduates in its working population, while some regions of northern Italy come bottom of the table. This has to do with the high employment rate in northern Italy where even people without higher education will easily find a job in the trades or in tourism. Conversely, the relatively high ratio of graduates in Spain can be explained by the fact that during the crisis those with low qualifications were the first to lose their jobs. This means that the proportion of graduates among those still employed automatically rises.
The graphics on the following pages show the current share of each biographical lifeworld in those European regions for which data are available together with projections up to 2025.

Biographical lifeworlds (after Gerhard Kleining) are a method of dividing populations into segments along two dimensions. The horizontal dimension plots a person’s life through three different phases: education, working and bringing up a family, and retirement. The method further subdivides the second of these three phases into two age groups and according to activity – paid work and unpaid housework. Along the vertical dimension, individuals in each phase are divided into three hierarchical groups according to their socioeconomic status: high, middle, or low. Those in the retirement phase are divided according to gender and into two social classes – working class and middle class. Single older people with their own household are classified in a separate lifeworld.

The distribution of a lifeworld across the population of a region or country essentially depends on two factors: the age structure of the population and the economic situation. In places where comparatively few older people live the proportion of people in the education phase and in the work and family phase is correspondingly higher. Conversely, their share is lower if the average age of the population is higher and many people have already retired. Projections of future development trends are based mainly on the population prognoses for three age groups: those under the age of 20, 20- to under-60-year-olds, and those aged 60 or older. The study also looks at possible shifts in the age structure within the group of 20- to 59-year-olds, as well as at the current economic and social situation in the regions and projected future trends.

Source for all maps: European Consumer Study 2005 to 2011 (published by GfK Verein); Rosstat (Russia); Instituto Nacional de Estadística (Spain); Eurostat (other EU countries); own calculations.
The lifeworld of the education phase

Youth, more than other phases of life, is a time of personal and social individualisation. Young people draw boundaries between themselves and their parents, often looking to current youth culture for orientation. The financial situation of the lifeworld school pupils is generally determined by the socioeconomic status of their families. Members of the lifeworld students usually have little purchasing power. After graduating, however, these people typically have a good chance of attaining a good professional position and a comparatively high income. Whether students in the future become top earners in their respective regions depends on whether the region offers sufficient numbers of attractive jobs that correspond with their qualifications or whether graduates find better professional opportunities elsewhere and hence migrate.

The regional distribution of the lifeworld school pupils in the population is determined largely by demographic developments. Places where many children were born during the 1990s now have a large population of 15- to 19-year-olds. The same applies to regions to which many families with children have migrated. Many young people leave the place where they grew up when they begin studying – particularly if they are from rural areas where there are few universities and colleges. The proportion of students thus depends not only on demographics but also on the density of higher education institutions in a region. In addition, different European countries have different age structures and proportions of students in their populations. Poland and...
Russia, for instance, have comparatively young populations and therefore a higher share of the population in the lifeworlds of the education phase.

In future, however, the numbers in the school pupils and students lifeworlds are set to diminish in all areas where few children are being born. This applies especially to regions in which the average number of children per woman has been comparatively low for decades, for where fewer children are born there will also be a smaller number of potential parents. This applies to Poland, Germany, and Italy. Rural areas of out-migration will also lose young people to other regions. Where, on the other hand, as in France or Great Britain, the fertility rate is still almost two children per woman, the school pupils lifeworld is likely to remain relatively stable in the future. Nevertheless, their share of the population will still tend to fall, because these countries too have aging populations, in part because of rising life expectancy.

During the education phase the distribution of the population into the three hierarchical categories of socioeconomic status begins to become established.
The **top-ranking** lifeworlds of the work and family phase

Lifeworlds with a good income and high purchasing power are scarcely limited by economic constraints. The lifeworld of top-ranking young persons consists of people who have just started their careers, hold professional positions with good future prospects, and are striving to be successful. Not only are they able to fulfil their material wishes at a young age, they also have good prospects of being able to realise their potential to the full in the future with few financial constraints. Those who belong to the lifeworld of top-ranking mid-lifers have already established themselves as a managerial elite. Whereas working men and women in this lifeworld differ little in their lifestyles and preferences, top-ranking housewives form a separate lifeworld of their own. Through the high family income they too have sufficient financial resources for personal development.

The top-ranking lifeworlds are well represented above all in regions with advanced economies. Modern manufacturing industries and services go hand in hand with a large number of people working in managerial and administrative positions together with a low proportion of unskilled workers and hence of low-income women and men. The top-ranking lifeworlds of the working population are thus to be found above all in regions with strong and viable economies. But their share of the...
The lifeworld of top-ranking housewives also tends to constitute a large share of the population in regions where the economic situation is favourable. In the Netherlands many women belong to this group, because although the majority of adult females are in paid employment, three-quarters of them work part-time. The comparatively large number of children per woman may (as it does in France) also contribute to the large share of this lifeworld in the population of the Netherlands, for after having children mothers tend – at least for a certain period of time – to assume the main responsibility for the household.

In Poland, Spain, and southern Italy the lifeworlds with high purchasing power are less well represented. In Russia their share of the population over 14 is greater than the average purchasing power and the general economic situation would suggest. This is because a larger proportion of the Russian population as a whole is of working age, for low life expectancy means that many people scarcely reach pension age. Nevertheless, compared with low-income women and men, the proportion of the top-ranking lifeworlds is much smaller in Russia than elsewhere.

In the finance and services centre London and its environs as well as in the Paris region. In Russia, too, the top-ranking lifeworlds are concentrated around the capital, Moscow.

Population also tends to be high in areas with comparatively young populations, such as in the Netherlands and many women belong to this group, because although the majority of adult females are in paid employment, three-quarters of them work part-time. The comparatively large number of children per woman may (as it does in France) also contribute to the large share of this lifeworld in the population of the Netherlands, for after having children mothers tend – at least for a certain period of time – to assume the main responsibility for the household.

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In future the lifeworlds of young and middle-aged people with strong purchasing power will either remain constant or grow in those regions which, on the one hand, are already economically powerful today and are likely to remain so, and in which, on the other hand, the age group of 20- to 60-year-olds is numerically stable. In regions whose populations will age in the future because of low fertility rates, the lifeworlds of middle-aged and older people of working age are in many cases expected to remain largely unchanged until the mid-2020s, while the lifeworld of top-ranking young persons is already declining. This shift in the age structure within the work and family phase of life is particularly strong in countries like Poland, for example. Regions around capital cities and other economic centres are likely to continue attracting young, highly qualified members of the workforce and their families from other parts of the country. At the same time, these regions manage to retain graduates because they offer them attractive jobs and career prospects. Mobility within the EU is likely to increase still further in the future, with young, highly qualified members of the workforce in particular moving their place of residence or employment either temporarily or permanently. Capitals and other large cities are particularly attractive to this well-educated, mobile generation.
The **mid-ranking** lifeworlds of the work and family phase

The **mid-ranking** lifeworlds in the work and family phase make up between a fifth and a quarter of the population over the age of 14 in most countries. In the Netherlands and in Italy they are even the largest group in the middle phase of life. Those belonging to the **mid-ranking** lifeworlds have income levels that offer them a certain degree of financial security. However, their lives are not entirely free of economic constraints. The majority of working women and men in the **mid-ranking** lifeworlds have an above average income, while the **housewives** in this category are frequently completely economically dependent on the family’s main earner.

Members of the workforce with medium purchasing power are fairly weakly represented in those regions with a favourable economic climate and where the share of **top-ranking** lifeworlds is therefore large, for instance in Austria, Great Britain, and France. On the other hand, their share of the total number of consumers is also lower in areas where the working population is small and there are many older people. One example of this is Italy – although the **mid-ranking** lifeworlds make up a high percentage of the work and family phase there.
The share of the population of the lifeworld of mid-ranking young persons is often higher in those areas where the share of the lifeworld of top-ranking young persons is comparatively low, such as in Spain. In Poland the top-ranking lifeworlds still make up a relatively small share of the population, yet the economic boom that followed the end of communism in the early 1990s has led to the emergence of a young middle class, particularly around the capital, Warsaw. The proportion of older members of the workforce belonging to the lifeworld of mid-ranking mid-lifers is, however, still comparatively low. In Russia more people belong to the lifeworlds with middle socioeconomic status than the low average purchasing power would suggest. The main reason for this is that because of low life expectancy many people don’t even reach retirement age and therefore all lifeworlds of the retirement phase are small. For this reason a larger proportion of the Russian population is in the work and family phase. Within this life phase, however, the proportion of mid- or top-ranking lifeworlds is small relative to that of low-income women and men.
The proportion of the population belonging to the lifeworld of mid-ranking housewives shows whether the lower middle classes make up a medium or high share of the total population. This applies, for example, to the Netherlands, France, and Spain. The proportion of this lifeworld is also rather high in regions with a traditional view of the family that are moderately successful economically, for instance southern Spain and Italy. Here there are not so many jobs on offer, so that women whose husbands earn an adequate income are often engaged only part-time or not at all in gainful employment.

The development of the lifeworlds of people in the working phase of life is largely dependent on the demographic development of the 20 to 59 age group, which varies considerably both between and within countries. In some cases the lifeworld of mid-ranking mid-lifers is likely to remain stable or grow by 2025 in regions with aging populations, whereas the next generation of mid-ranking young persons will already have started to decline. This applies to regions of Poland, Spain, and Italy, for instance.
Low-income women and men

The lifeworlds of those in the work and family phase with low income tend to have limited economic resources. The women in particular in this category have either a below-average or very low income. In families with a traditional division of roles, women run the household with few resources and usually have to supplement the family income by going out to work. Basic everyday worries and needs often play a primary role in these people’s lives.

In the geographical distribution of the low-income lifeworlds there is a conspicuous discrepancy between Poland and Russia on the one hand and the rest of Europe on the other. An exception is southern Spain, where the proportion of low-income women and men in the population is much higher than in the other EU countries. Whereas in France and Austria only around 20 to 25 percent of people in the work and family phase belong to these lifeworlds, in Poland and Russia it is more than half and in southern Spain still as much as 45 percent.

In these countries and regions low-income women and men make up a larger proportion of the total population, either because wages are low or because unemployment is high. The economic structure is characterised more than elsewhere by agriculture, manufacturing, and basic services. These sectors of the economy offer few well-paid jobs. Within countries the
Share of the lifeworld low-income women as a percentage of the total population over 14 in 2011

The numbers of people in this group are likely to be influenced in the future above all by the decline in the size of the 20 to 59 age group. This is likely to be particularly dramatic in areas where there is already little youth today and where many young people are migrating elsewhere. In addition, the ratio of young people who leave school prematurely is likely to play a role, since those who fail to finish secondary school are very likely to earn only a low income later. This ratio is relatively high in Spain, southern Italy, and some British regions. There the proportion of the population of low-income women and men is likely to remain constant in the future. In regions that have managed to develop into modern service economies, on the other hand, the proportion of low-income women and men is likely to fall or remain stable in the future while the proportion of people of working age is likely to increase overall. This applies, for instance, to the Mediterranean region of France.

share of these lifeworlds in the population as a whole is usually higher in rural areas than in the capital or other large metropolitan regions. Moscow has a particularly low share of this group compared with other parts of Russia.
**Working-class elderly women and men**

The lifeworlds of working-class elderly women and working-class elderly men are, like those with low income in the work and family phase, subject to financial constraints. The incomes of those belonging to these lifeworlds – either pensions or state transfer payments – are generally below average or very low. After retiring from working life they therefore do not have major resources at their disposal. Couples in this group often have a traditional division of roles.

In France, the Netherlands, and Great Britain fertility rates have declined less in recent decades than they have in other European countries. Therefore, relatively speaking, the share of older people in the population is low – and many of them are financially quite well off. Russia’s population is also on average younger than elsewhere, albeit not because of a higher fertility rate but because of low average life expectancy. Men especially often do not live to retirement age. A large majority of people of retirement age in Russia belong to the working-class lifeworlds. In Italy the share of older people in the population is already around a third, and hence very high,
and almost half of them – a very large share compared with the rest of Europe – belong to the *working-class* lifeworlds.

People in rural areas that are or were mainly agricultural and in areas where many low-skilled workers are or used to be employed in industry or agriculture tend to have low incomes. This applies, for example, to Poland and Spain, southern Italy, and the British Midlands and north. In all the countries analysed in this study the share of retirement lifeworlds is likely to increase by the mid-2020s. Future growth in these lifeworlds is likely to be low in those regions where there are already many retired people and few people of working age, for there comparatively few people will enter the retirement phase in the coming decades. Those members of the work force who retire in the coming years and who today have only low incomes or are even (long-term) unemployed are unlikely to be very prosperous when they retire. For these reasons the number of *working-class elderly people* in, for example, Poland, Spain, and southern Italy, is likely to rise disproportionately in the future.
Middle-class elderly women and men and older people living alone

The lifeworlds of middle-class elderly women and middle-class elderly men usually have an above-average or high income. People in these lifeworlds are thus subject to fewer financial constraints when they retire. Those who belong to the lifeworld of older people living alone in some cases lead a self-determined existence in their own households, while others – particularly those who are very old – are dependent on support or nursing care.

The share of the population in these lifeworlds is comparatively high in Great Britain and Austria as well as in Italy with its already considerably older inhabitants. In France the regional distribution of materially well-off older people shows that some of them have moved to the Mediterranean or Atlantic coasts after retiring. In Russia the share of elderly women and older people living alone is considerably higher than the share of elderly men, since men in Russia have much lower life expectancy and often scarcely reach retirement age.
Because of the general aging of populations, the share of these lifeworlds will grow numerically throughout Europe by 2025, while the number of people of working age will either decline or at most grow only slightly. The expected rise in the number of older people will be smaller in those regions where the over-59 age group already makes up a big share of the population today and where the share of 20- to 59-year-olds is low. There a relatively small number of people will retire over the next few decades. In countries like the Netherlands with a large middle-class of mid-lifers still in the workforce, which in future will age considerably, the number of materially well-off older people is likely to grow more than the lifeworld of working-class elderly people.
Share of the lifeworld older people living alone as a percentage of the total population over 14 in 2011

- 2.5 to under 4
- 4 to under 5.5
- 5.5 to under 7
- 7 to under 8.5
- 8.5 to under 10
- 10 to under 11.5
- 11.5 to under 13
In all nine countries investigated in this study both the average age of the population and the number of older people are increasing to a greater or lesser extent. Otherwise, though, demographic trends and the corresponding shifts in the distribution of the lifeworlds vary considerably.

Today, somewhat more than a quarter of consumers in these countries belong to the lifeworlds of the retirement phase. This share is likely to increase everywhere by 2025, since the number of people aged 60 and older is growing, albeit not to the same extent in all countries and regions. With respect to the lifeworlds of the education phase and the work and family phase, not all countries are moving in the same direction. In places where a comparatively large number of children were born in the past, the younger lifeworlds are still growing, whereas in other places they have already begun to decline.

In all nine countries taken together just under a third of the population over the age of 14 belongs to the *middle-class* lifeworlds of the work and family or the retirement phase. Roughly the same proportion of consumers in these biographical phases has only meagre purchasing power. Around a fifth belongs to the well-off *top-ranking* lifeworlds in the work and family phase.

The graphics in the following chapter show regional demographic trends in the various countries and make prognoses about how the individual lifeworlds will change in the future. Whether lifeworlds grow or shrink depends chiefly on demographic developments. But economic trends, too, may play a role in shifts in the balance of the various lifeworlds.
“Splendid isolation” was the term coined to describe Britain’s go-it-alone foreign policy in the late 19th century, but it is also an apt description of the country’s geographical status as an island nation – or to be more precise, one main island and a number of smaller islands. Situated in the North Sea, Britain has succeeded in staying out of most conflicts and most alliances on the European continent. This fundamental attitude can still be felt in the United Kingdom of Great Britain and Northern Ireland, as the country is officially called.* Although a member of the EU, Britain has participated only to a limited extent in European integration. As well as retaining the British pound as its currency and still using non-metric measuring units, it has adhered to its own way of doing things on a host of other issues as well. As an island it lacks any direct external borders with other European states, and yet this too has proved to be a disadvantage, for many remote areas of the country have had to go it alone economically without any chance of benefitting from the boom in certain regions of the European continent.

* In this study the term Britain is used as a synonym for the United Kingdom (consisting of England, Wales, Scotland, and Northern Ireland). Northern Ireland is not included in the portraits of the region because there were no data available about the distribution of lifeworlds there.
Britain’s economic and cultural centre is London, which stands out so much from the rest of the country that its statistical values in some cases have raised those for the country as a whole. The economic situation of the regions hence depends among other things on how near or far they are from the British capital, or at least on how good the transport connections to the capital are. All of Britain’s most powerful economic regions are to be found in greater London and the surrounding areas. Economic indicators for more remote areas like Cornwall and Devon on the country’s south-west peninsula, by contrast, are far below the national average. Although the distance between London and Bristol and between London and the Welsh capital, Cardiff, is about the same – roughly 200 kilometres – the road and rail links to Bristol are much better and hence one reason for Bristol’s much more positive economic development.

London is not only economically dominant but is also the country’s most populous urban area. Nevertheless, there are also a number of large cities in other parts of the country that act as a counterweight to London: Birmingham, in the Midlands, for example, is Britain’s second-largest city; then come Manchester and Liverpool in the north-west and Glasgow and Edinburgh in Scotland. Britain’s population of roughly 60 million is thus more evenly distributed over the country than, say, that of France with its even more centralised structure. Overall, the population of Britain is still growing slightly, since the fertility rate, at a current average of 1.9 children per woman, is comparatively high. In addition, since the late 1990s, Britain has gained at least 100,000 – in some cases more than 200,000 – people a year through a positive migration balance. In demographic terms, then, the United Kingdom is doing quite well and is not aging as much as many other European countries. Like that of France, the population of Britain will probably exceed that of Germany by around 2040.

Migrants are attracted by one of Europe’s strongest economies, which includes the aviation, arms, and car industries as well as chemicals and pharmaceuticals. The economy is, however, dominated by services, especially in the banking and insurance sectors, making London the world’s most important financial centre. For that reason, however, the current financial crisis has hit Britain much harder than most other countries. At the same time, broad swathes of Britain’s former industrial regions have still not recovered from the decline of heavy industry in the twentieth century. Regions like Wales, the Midlands, and the north-east are still structurally weak and thus exert a downward pull on the country’s overall productivity and hence per capita GDP, which is not among the highest in Europe. In terms of per capita purchasing power Britain is not one of Europe’s leading lights either, but finds itself at the upper end of the middle-ranking countries.

Another centre of the British financial industry besides London is Scotland, in the north of the British Isles. Scotland, too, suffered decades of decline in the post-war era, but has since succeeded in bringing about an economic renaissance fuelled not only by the finance industry but also by a solid electronics and IT sector as well as the largest oil reserves in the European Union. This has enabled Scotland to prosper and to form a self-assured counterweight to the dominance of London.

Demographic shifts in Europe

Of the nine countries studied, Great Britain has the strongest population growth and according to prognoses will be the most populous of today’s members of the EU by 2050. By then, Germany will probably occupy only third place. The population of Great Britain is expected to have already grown by around 10 percent by the mid-2020s. In absolute terms Russia will experience the greatest population loss. Prognoses expect its population to decline by around 17 million people.
Great Britain

Scotland

Geographically speaking, Scotland occupies the northern third of the British Isles. Having already gained a degree of political independence, the Scots are planning to hold a referendum in 2014 on complete secession from Britain – a sign of the strong national consciousness and confidence in this part of the United Kingdom. Of course, its independent way of thinking also stems from the fact that Scotland is one of Britain’s economically stronger regions, with an unemployment rate well below the British average in some areas. Economic indicators such as per capita GDP or disposable income are only slightly below those for the country as a whole, which are in any case inflated by the figures for greater London; in many other regions these indicators are much lower. Although the fertility rate in Scotland is lower than the British average, the Scottish population is set to increase by about 10 percent by 2025, because people are moving to Scotland encouraged by the positive statistics for education and training as well as research and development. Although Scotland is home to only 5.2 million of the 62 million British citizens, it has 15 universities of which is home to only 5.2 million of the 62 million research and development. Although Scotland is economically weaker than the south-eastern boom regions around London. Thanks to the oil and gas industry, north-east Scotland’s economic indicators are so good that in statistical terms they raise the level for Scotland as a whole.

Scotland’s most important source of income since the 1970s, however, has been the exploitation of its oil and gas reserves off the north-east coast, the largest in the EU. This is where Aberdeen – Scotland’s third-largest city with a population of somewhat more than 200,000 – is located. Like the nearby Shetland Islands, Aberdeen has an unemployment rate only half that of the British average, and average incomes in this region are exceeded only by the south-eastern boom regions around London. Thanks to the oil and gas industry, north-east Scotland’s economic indicators are so good that in statistical terms they raise the level for Scotland as a whole.

Scotland’s real centre, however, is a belt running through the middle of the country where all its other major urban areas apart from Aberdeen are located. These include the capital, Edinburgh, with just under 500,000 inhabitants. This ancient city with many listed buildings is home to one of Europe’s most important financial centres. Its correspondingly high level of productivity and low level of unemployment attract an above average young and well-educated population. Conditions are somewhat worse in nearby Glasgow, Scotland’s largest city and home to almost one Scot in four. While unemployment is higher in Glasgow than in Edinburgh, the city has nevertheless been able to boast strong economic growth in recent years. By contrast, both the rural areas of southern Scotland that border England, and northern Scotland including the Highlands and most of Scotland’s almost 800 islands are thinly populated and economically weak. With the exception of the oil industry in the north-east, these parts of Scotland live mainly from tourism, sheep-farming, and fishing and therefore have a below average economic performance.

The overall positive economic situation in Scotland is reflected in the large proportions of the young and middle-aged top-ranking lifeworlds among the population over the age of 14. The share of the lifeworld of top-ranking young persons is the second largest in Britain after greater London. Students also make up an above-average share of the population. If Scotland invests its high oil revenues wisely, it will be able to offer its graduates a future. The number of young members of the workforce is at any rate likely still to rise slightly, while the lifeworlds of mid-lifers will tend to shrink slightly. The lifeworlds with high purchasing power will, however, probably remain relatively stable numerically speaking.


**Great Britain**

**The North-West**

The north-west of England, which runs along the coast to the south of Scotland, is overall one of the most densely populated regions of the United Kingdom. More than four million people live in and around the cities of Manchester and Liverpool, which together with several adjacent medium-sized cities form a major conurbation. The parts of the region directly bordering on Scotland and Wales, by contrast, are mainly rural and much more thinly populated. In Cumbria, on the border with Scotland, for instance, the most important economic sectors are agriculture and tourism. However, this remote region is also known as Britain’s “energy coast”, because this is where a whole series of power stations are located generating electricity by a variety of methods. The largest private-sector employer here is the vast nuclear energy plant Sellafield, which employs 10,000 people.

While the conurbation of Manchester and Liverpool contains some of Britain’s poorest areas, some of the regions to the south of these two cities are extremely wealthy – particularly around Manchester. The city is the economic centre of the north-west and competes with Birmingham in the Midlands for the position of Britain’s second most important city after London. Manchester has been through some hard times, however. Having grown steadily around Manchester, the city is the economic centre of the north-west and competes with Birmingham in the Midlands for the position of Britain’s second most important city after London. Manchester has been through some hard times, however. Having grown steadily at the beginning of the 20th century as the centre of the British textiles industry, its population declined by 40 percent between 1931 and 2006. In the meantime, however, the city has succeeded in reversing the trend and is now growing again. Alongside a relatively high average number of children per woman, migrants attracted by up-and-coming neighbourhoods and a redeveloped city centre are mainly responsible for this population growth. Many of the city’s new citizens are young, so that Manchester’s population is much younger than the British average. The former industrial city now thrives in sectors like services, finance, culture, and the media.

Liverpool has gone through a similar development process. Here it was the major port with its numerous docks that was mainly affected by economic changes. Liverpool has, however, been less successful than its eastern neighbour in bringing about structural change. Per capita GDP in greater Liverpool currently lies at barely 79 percent of the EU average, while the figure for Manchester is 96 percent.

The unemployment rate in Liverpool is considerably higher, as is the share of long-term unemployed. Although the port is still one of the most important in the country, Liverpool’s income, alongside the services sector, is nowadays drawn mainly from tourism thanks to its lively cultural scene. Nevertheless, it is still one of Britain’s economically weakest cities and its population is continuing to decline.

Overall the population of north-west Britain will continue to grow slightly in the coming years, mainly because of the above-average fertility rate. However, with the exception of Manchester and its wealthier suburbs, the region has little to offer its new inhabitants in economic terms. Average incomes are well below the national average, although this is partly compensated for by lower taxes and living costs.

The generally difficult economic situation in the north-west is reflected in the fact that the top-ranking lifeworlds with greater purchasing power make up only a small share of the population here. The only region in Britain where this share is lower is the neighbouring north-east region. The percentage of students is also low, despite the fact that the area is home to several reputable universities. As in other industrial regions, an above average proportion of elderly men and women are working-class, and the pensioners of tomorrow, too, are in many cases likely to have low incomes. Nevertheless, especially in Manchester and environs, a young middle class seems to be establishing itself. In terms of numbers, all the lifeworlds of the education and work and family phases are likely to remain more or less stable, whereas those of the retirement phase are expected to grow.

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**Development of the population according to age group until 2025**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 19 years</td>
<td>+ 4 %</td>
</tr>
<tr>
<td>20 – 59 years</td>
<td>0 %</td>
</tr>
<tr>
<td>60 years and older</td>
<td>+ 21 %</td>
</tr>
</tbody>
</table>

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**Lifeworlds in Europe**
Great Britain

The North-East

The north-east of England embraces the region North-East, bordering directly on Scotland, and Yorkshire and Humber to the south. North-East – together with Wales and Northern Ireland – is one of the economically weakest corners of the United Kingdom; Yorkshire is in only a slightly better position. One reason for this is that whereas the extreme north-east is mostly thinly populated, further south there are several cities, such as Leeds, Sheffield, and Bradford, each with around 500,000 to 700,000 inhabitants. All of these cities, situated very close together, were important centres of the industrial revolution and were hence hard hit by the structural changes that took place from the mid-20th century onwards. Indeed, the entire north-east of England was once a centre of the British coal industry before many mines closed down in the 1990s. The region was also home to shipbuilding and the iron and steel industries – sectors that have declined sharply in recent decades.

For this reason unemployment continues to be high, even though manufacturing here is still more important than in other British regions. A consequence of this high jobless rate is that per capita GDP is not even half the level of that in London. Average disposable incomes are among the lowest in Britain. Despite this gloomy economic situation, the fertility rate corresponds roughly with the relatively high British average and there is a certain degree of in-migration, so that in some places the population is expected to grow considerably by 2025.

The leading light of north-east England in economic terms is Leeds, the region’s largest city. It has recently become an important regional finance centre, and thanks to low labour costs the city also has a large retail sector and many call centres. Sheffield’s story is similar: this former centre of the British steel industry has retained many steel manufacturers in the area, but the city has also managed to attract new industries, mainly in the services sector. Like in Manchester, much has been done to make the city more appealing since the early 2000s. Since then the population has slowly begun to grow again and unemployment has fallen slightly.

By contrast, the picturesque city of York, with a population of some 200,000, has comparatively low unemployment. Here the city’s historic buildings attract many tourists, creating jobs in this sector. Hull (full name Kingston-upon-Hull), 95 percent of which was destroyed in the Second World War, is less fortunate and has yet to recover from the decline of its former industries and its port. With a population of 260,000, it has one of the highest unemployment rates of all English districts, and a very large number of the jobless are long-term unemployed who no longer participate in training or job creation schemes. The highest proportion of long-term unemployed is, however, to be found in the northern part of the region, exceeded only by Northern Ireland. It is one of the poorest regions in the entire country. The regional administrative centre Newcastle-upon-Tyne, with a current population of almost 300,000, was once an important shipbuilding location. It now plans to promote knowledge-based sectors such as culture and research, but has so far not been very successful, as the continuing high unemployment rate shows.

The relatively difficult economic situation in north-east England is reflected in the fact that only a small share of the population belongs to the top-ranking lifeworlds. Instead, the region leads the country in its share of working-class elderly men and women – a consequence of its industrial past. Given the economic development (or lack of it) here, it is questionable whether young people, whose numbers are expected to increase by around 10 percent, will one day find work in the region. Demographic trends mean, however, that all younger lifeworlds will grow slightly by 2025. The solid share of people with middle socioeconomic status in the population does at least give grounds for hope that the north-east will eventually accomplish structural change.
The largest conurbation in the East Midlands is formed by the triangle of Nottingham, Leicester, and Derby. Nevertheless, this part of the region is the second most thinly populated area in England after the south-west. The economic situation is, however, better than in the West Midlands. At around 20 percent, youth unemployment here was seven percentage points lower than in the West Midlands in 2011. One reason for this is the largely rural structure, which provides many, albeit badly paid, jobs. The conurbation around Leicester is home to a relatively wealthy population, for here there are several major companies, including two Rolls-Royce factories in Derby where reactors for nuclear submarines and turbines are built.

The West Midlands is dominated by the City of Birmingham and environs. This conurbation, which also includes Wolverhampton and Coventry, is home to more than three million people – making it Britain’s second-largest conurbation. Almost a third of the population here are members of ethnic minorities, most of them from Pakistan, India, or Bangladesh. Birmingham was once a centre of the industrial revolution where coal from the nearby coalmines was used for metal smelting and processing. Now most of these industries have disappeared, as has car manufacturing in Coventry, for many years the centre of the British car industry.

One consequence of this structural change is widespread poverty, caused by very high unemployment. Two districts of Birmingham have the highest unemployment rate in the whole of Britain. Overall, only in north-east England is the economic situation worse. Nevertheless, the West Midlands is now making use of its central location and easy accessibility to become a centre for transport, trade, events, and conferences. Birmingham central station is the most important railway hub in the whole of Britain, and a number of motorways intersect here. It has recently even become a tourist destination: rather like the cities of the Ruhr region in Germany, Birmingham has turned its old industrial buildings into visitor attractions and uses them for cultural events.

The share of low income women and men as well as working-class elderly men and women is relatively high in the old industrial areas of the Midlands. At the same time the shares of prosperous people of working age in the top-ranking lifeworlds of young persons and mid-lifers is higher than in the regions north of the Midlands, indicating that structural change has been at least partially successful. The size of the young working population is even expected to grow by 2025. However, many of the people who will retire in the coming years are likely to have a rather low income.
Great Britain

The South-West and Wales

South-west Britain is divided into two main regions: the peninsula between the Irish Sea and the English Channel with the county of Cornwall at its tip; and Wales to the north. Together with England, Scotland, and Northern Ireland, Wales is the fourth component of the United Kingdom and has some degree of independence. It differs sharply from the England, not only culturally but economically as well, being one of the weakest regions of the country in this respect. For a long time it lived mainly from mining – iron, silver, and quicklime, and above all coal. The Welsh capital Cardiff was once the world’s largest coal-exporting port. With the decline of heavy industry, however, most jobs in this sector were lost, and to this day Wales has been unable to replace them. The result is a continuing high unemployment rate, the lowest household incomes in Britain, and per capita GDP that is way below average. Overall, the United Kingdom produces 111 percent of the average European per capita GDP, but in Wales the figure is 30 percent lower and hence the lowest in the whole of Britain.

Nevertheless, the comparatively low labour costs have attracted foreign investors to Wales. Although the steel works at Port Talbot is still Wales’ biggest employer, the region is now dominated by light industry and plastic manufacturing and processing as well as services. Other sectors are tourism and agriculture. Wales has so far, however, been unable to attract any sectors with high added value – among other reasons because it has no real urban centre. The mountainous north and west are thinly populated, and two-thirds of the three million Welsh live in the south around the major cities of Swansea and Newport as well as in the area around the capital, Cardiff, which has around 340,000 inhabitants.

Almost directly opposite Cardiff on the other side of the Bristol Channel is the city of Bristol. It, too, was once a flourishing port but unlike Cardiff it has managed to generate new economic growth with a focus on financial services, media, and the aviation industry. The city’s good road and rail connections to Heathrow Airport have proved advantageous and have helped ensure that the largest city in the south-west has one of the highest per capita GDPs in the country. Otherwise the region is generally thinly populated and mostly rural.

In particular the counties of Cornwall und Devon at the tip of the peninsula are rather remote from the economy of the rest of the country on account of their poor road and rail links. The rule of thumb here is, the more remote a place is, the higher the unemployment rate. Some areas of Cornwall are thus among the weakest in northern Europe in terms of incomes. Nevertheless, the area’s geographical isolation with more than 1,000 kilometres of beautiful coastline is a major tourist attraction. The local tourism sector is the country’s second largest after London. In terms of population the south-west is one of the fastest-growing regions, even though many young people leave the remote parts of the region in search of work. This is partly accounted for by people moving here to retire, partly by the comparatively high fertility rate of almost two children per woman. By 2025, 7 percent more 20- to 59-year-olds will live here than do today – that is the strongest growth in the country in this age group. It is mainly the younger parts of this age group that will grow and hence the lifeworlds of mid- and top-ranking young persons.

At the same time, the high in-migration rate of retired people means that the south-west as a whole has the highest share of middle-class elderly men and women as well as of older people living alone. Since these people generally bring sufficient financial resources with them and need a place to live as well as medical and nursing care, they also create jobs. Hence the retired population may hold the key to the future for the younger generation in Britain’s south-west.
The British capital, London, is the economic hub of the United Kingdom. Greater London, located in the south-east of the British Isles, is Britain’s smallest region in terms of area, but it is also the most populous urban area in the entire European Union. Population density in this major city is 19 times higher than anywhere else in Britain. A total of around 8 million people live in London, and greater London and environs is home to between 12 and 14 million. Moreover, the population is expected to grow another 13 percent by 2025. Particularly in the outer suburbs women have comparatively many children, and overall London benefits from continuous in-migration. At the same time, many older people are moving out of the city into the surrounding regions. Therefore London’s inhabitants are on average relatively young. In 2009 the share of the population under the age of 35 in the inner city was more than ten percentage points above the British average. In 2030 the old age dependency ratio in this part of the city is expected to be less than half that of the rest of the country.

The city attracts many migrants from other parts of Britain and from abroad because it is an international centre for business, education, research, the arts, entertainment, and tourism. This is reflected in the economic data. Almost a third of total British GDP is generated in greater London. In statistical terms every Londoner produces 44,000 euros a year – almost double the EU average. As a result of this unusually high level of productivity, London is where the country’s highest incomes are to be found and by far the highest purchasing power. Around 15 percent of the money that British households spend comes from greater London alone. However, living costs, too, are among the highest in the world, along with cities like Moscow and Tokyo.

In this former industrial city the proportion of jobs in industry is now half the British average. Instead, services are by far the most important sector and employ more than 85 percent of the workforce. Alongside rents and property speculation, the finance centres in the City of London and Canary Wharf to the east are the city’s most important economic factor. Its products are also London’s most important exports. This dominant sector makes the city, together with New York, the world’s leading financial centre. More than 500 banks have branches in the city, and there are also numerous insurance companies and stock exchanges. Nevertheless, many companies from other sectors are also represented in London, for here they find the country’s best-qualified workforce. Thus a third of the working population has a tertiary education, one of the highest ratios in the world. With almost 50 universities, some of which are highly renowned, London is home to the highest concentration of tertiary education institutions in Europe. And more than 70 percent of London’s graduates stay in the city after completing their studies in order to start a career. Yet the city also has comparatively high unemployment – among the jobless there are many young people and highly qualified people who have moved to the city in search of work.

On account of the young age structure, all lifeworlds of the retirement phase make up a smaller share of the population than the British average. Many older people cannot or do not want to afford the expensive life in the capital and instead move to the surrounding regions. Thus the predicted future growth of this age group is likely to be accounted for chiefly by well-off pensioners. The population shares of the education and work and family phases are comparatively high – and of these almost a third belong to the top-ranking lifeworlds. The up-and-coming group of mid-ranking young persons is also strongly represented. The lifeworlds of mid- and top-ranking young persons with middle to high purchasing power are likely to remain stable or grow slightly by 2025, whereas the lifeworlds of the middle-aged and the elderly will become much larger. Thanks to its young, well-educated, and dynamic population London appears to be perfectly equipped for the future.
Great Britain

The South-East

The south-east region, which forms a ring around greater London, can be divided into two halves in terms of economic data. The regions south and west of the capital encompassing Berkshire, Buckinghamshire, Oxfordshire, Surrey, East and West Sussex, Hampshire, and the Isle of Wight as well as Kent are economically the second strongest region of Britain after London. The eastern half, by contrast, encompassing East Anglia, Bedfordshire, Hertfordshire, and Essex, while still above average, is slightly weaker economically than the neighbouring region. One reason for this is that the easternmost region of East Anglia is mainly agricultural, producing, for instance, more potatoes than anywhere else in Britain. But East Anglia is also home to Cambridge University, one of the oldest and most distinguished universities in the country. It has hence attracted high-tech companies that have established themselves in a broad spectrum of sectors, ranging from car manufacturing in Oxford – also home to one of the most famous universities in the country – to Internet companies in Brighton, which have brought this picturesque city on the south coast the nickname “Silicon Beach”, to civilian and military shipbuilding in Portsmouth and Southampton, which together form an urban conurbation with more than a million inhabitants. Another very wealthy area is the county of Surrey, directly adjacent to London, where many of those employed in the financial sector live.

Unemployment is, however, even lower in the prosperous regions west and south of the British capital, the second strongest economic region in the country after London. This region is home to 8 million people, more than any other region of Britain. Nowhere else are there so many companies as here. They encompass a broad spectrum of sectors, ranging from car manufacturing in Oxford – also home to one of the most famous universities in the country – to Internet companies in Brighton, which have brought this picturesque city on the south coast the nickname “Silicon Beach”, to civilian and military shipbuilding in Portsmouth and Southampton, which together form an urban conurbation with more than a million inhabitants. Another very wealthy area is the county of Surrey, directly adjacent to London, where many of those employed in the financial sector live.

Thanks to the positive economic development and relative proximity to London, all the regions around the British capital have more or less positive migration balances – in other words, more people are moving into the region than leaving it. At the same time, fertility rates are at roughly the comparatively high average rate for Britain as a whole. The result is strong population growth, and by 2025 the population of East Anglia, for instance, is expected to grow by almost 14 percent. Although the group of under-20-year-olds and young members of the workforce is growing, the population is aging nonetheless, particularly in remote East Anglia. Thus the number of people over the age of 60 is expected to rise by a quarter in the area around London by 2025 – more than anywhere else in Britain.

These future pensioners are, however, likely to have high purchasing power. Even now, there are more middle-class elderly men in the area around London than anywhere else in the country. At the same time, the relatively high density of companies and the good connections to the city of London mean that the share of top-ranking lifeworlds is large. After London and Scotland this is also the area with the largest share of school pupils. Thus, thanks to the far-reaching economic power of the capital, this part of Britain looks set for a rosy future in both demographic and economic terms.
Almost 400 years ago the French King Louis XIV rigorously curtailed the authority of the country’s regional rulers to decide the fate of their regions and brought all important decision-making under the purview of the royal court. This 17th-century organisational form, according to which all power emanates from the centre, continues to dominate France even today. The philosophy behind it is that politics, the economy, and society are best ruled, steered, and administered from the centre.

Today, however, this “centre” is no longer the court of Louis XIV in Versailles but the central government in the capital, Paris. France’s centralised organisation is reflected in the fact that virtually all its key transport infrastructure – such as the routes nationales and express railway links – runs to and from Paris, where not only the most important French economic, political, and cultural institutions are concentrated but also the French themselves – Paris has almost three times as many inhabitants as the second-largest French city, Marseille. Overall the 65 million French are very unevenly distributed across what is the EU’s largest country in terms of area. While Paris is booming, regions in the interior and in the north and west of the country are comparatively thinly populated and economically rather weak.
However, this ubiquitous fixation on Paris has in fact been decreasing for some years now. For one thing, the French government has introduced reforms designed to decentralise the country, such as transferring more competencies back to regional administrations and deliberately relocating national institutions to structurally weak areas. For another, the countryside in France is currently experiencing something of a renaissance. Many people are turning their backs on the large cities with their high living costs, above all Paris, to start new lives in villages and small towns. What is more, slightly smaller centres such as the third-largest French city Lyon or the up-and-coming southern cities of Toulouse and Bordeaux or wealthy regions like Alsace and the eastern Mediterranean coast are increasingly offering good prospects for young families and highly-qualified people.

France still has less than half the population density of Germany, but the number of inhabitants is growing. Fertility rates have remained comparatively high almost constantly since the Second World War, and the average number of children born to every woman is the highest in Western Europe after Iceland and Ireland. In addition, immigration, above all from other European countries and the former colonies, has also helped to swell the population. The population structure has therefore developed rather favourably: the population is aging less than in other European countries and is comparatively young.

The French economy, driven chiefly by the export of cars, aeroplanes, pharmaceuticals, electronics, and wine, has put money in people’s pockets, giving the French a level of purchasing power roughly a third higher than the EU27 average. Many sectors are dominated by large state concerns that emerged after the major nationalisation wave of the 1980s. The fact that much of the economy is controlled or protected by the state is a further consequence of the French ideal of a strong centralised state – which has both advantages and disadvantages. Because of its relatively inflexible labour laws, France has a comparatively high ratio of long-term unemployed, but thanks to the large state sector with its many state-financed jobs the French government has been able to cushion the effects of the current crisis fairly well. The price of this is less innovative power, reflected among other things in a sub-optimal level of productivity. Thus French per capita GDP is below that of other European countries like Germany, Austria, Great Britain, and the Netherlands.

Even countries with many children are aging

All nine of the countries studied here have aged since the mid-twentieth century – as has all of Europe. The reasons for this are the rise in life expectancy and the decline in the number of children born per woman. The median age, which divides the population into a younger and an older half, is also likely to go on rising over the next 50 years. Whereas a steep rise is predicted until well into the 2040s for countries with relatively low fertility like Germany, Spain, or Italy, the median age is rising only slightly in the Netherlands, Great Britain and France, where many children are born.
The North

The northern tip of France on the border with Belgium is the second most densely populated region after greater Paris and, thanks to the highest fertility rate by far of all French regions, also the youngest. More than a third of the region’s inhabitants are younger than 25. However, although this is a region where many children are born, there is also a considerable degree of out-migration. In no other French region is the migration balance so low – in other words, in recent years far more people have moved away from the area than have moved to it. Since this loss exceeds the comparatively high number of births, the population here is declining. The region is one of the few in France that is predicted to have a smaller population in 2025 than it does today.

The main reason for this strong out-migration trend is the lack of economic prospects. Until the Second World War, the north was an engineering, coal mining, and textiles centre. Even in the early 1950s the region was still producing half of France’s coal and a third of its textiles. But in the second half of the 20th century it was hard hit by the wave of de-industrialisation. Many factories had to close because production was no longer viable. As a result, the unemployment rate in this area is still well over the national average. Young people have been particularly hard hit and the share of long-term unemployed is almost ten percentage points above the European average. Unemployment is one of the region’s biggest problems and it is the main reason why per capita purchasing power is almost 3,000 euros less than the French average of around 20,000 euros. The sluggish economy also means that per capita GDP is around a fifth below the national level and only 88 percent of the EU average.

Northern France is certainly not a high-tech region, and companies here spend only a fraction of the national average on research and development. However, the picture is not all gloomy. Several car manufacturers, including Toyota, have opened factories in the city of Valenciennes, with its population of 43,000. More importantly, the regional capital, Lille, which has already held the status of European cultural capital, has succeeded in transforming its economy into a modern, knowledge-based one. The Flemish-dominated city has benefited from the fact that the TGV, Eurostar, and Thalys express trains have stopped here since the mid-1990s. This good rail connection is one of the reasons why Lille now has four universities. The region is also well on the way to establishing a service-based economy, for its geographical location as a hub for trade routes running between Western and Eastern Europe as well as being the gateway to Great Britain give it a big advantage as a trading and distribution centre. The distribution of the lifeworlds highlights the unusual economic and demographic position of northern France. After Paris, which has a magnetic appeal, it has the biggest share of youth in the population in the whole of France. At the same time, Lille’s universities attract students from all over the country, so students form a fairly large proportion of the population. However, to date the future elites have tended not to stay in the north after graduating because the area offers too few jobs for highly-qualified people. For this reason the region scores rather badly in terms of the share of top-ranking lifeworlds, although the share of the middle-class lifeworlds is above the national average. Nevertheless, there are some solid groups belonging to the lifeworld of top-ranking young persons, indicating that a new generation of well-qualified people has settled here and may stay. Together with the highest proportion of the lifeworld of mid-ranking young persons in all of France as well as healthy population shares of mid-ranking mid-lifers this may be an indication that northern France is gradually overcoming its difficult economic situation. It is possible that in the future the lifeworld of top-ranking mid-lifers with high purchasing power will remain stable even if the number of 20- to 59-year-olds falls considerably. Otherwise, though, all the lifeworlds of the work and family phase are likely to decline.
France

The Western Paris Basin

The western Paris basin comprises Normandy, which runs north-west of Paris along the English Channel, and the region Centre, south-west of the capital. Purchasing power here is generally slightly below the national average, although the region’s economy overall is somewhat better than that of the eastern Paris basin. An important factor here is the river shipping route along the Seine to the English Channel. The Seine crosses Normandy, connecting the Île-de-France region with the sea. Many companies are located along the Seine, which also runs through the region’s only two large cities, Le Havre and Rouen. Both can boast large harbour facilities, making the region the fourth most important European trans-shipment centre for maritime freight, and were both traditionally centres of heavy industry. Thus Le Havre, France’s second-largest port after Marseille, has petrochemicals and pharmaceutical concerns, docks, and shipping companies. Le Havre is also home to one of the French car manufacturer Renault’s biggest factories.

These sectors require many highly-qualified blue- and white-collar workers. And particularly in the Haute-Normandie, in the eastern part of the region, they ensure that average salaries and wages are above the national average. The economic situation is not quite as good in Basse-Normandie to the west, where GDP is only 84 percent of the EU average. The area suffered considerably from the decline of heavy industry in Europe. Men, in particular, lost their jobs following the demise of shipbuilding in the 1980s and the bankruptcy of the household equipment manufacturer Moulinex in Alençon in 2001. There are, however, still jobs to be had at the nuclear reprocessing plant in La Hague and at the nuclear power station in nearby Flamanville. For a time during the 1980s, while one plant was being built and the other expanded, the Basse-Normandie peninsula was Europe’s largest building site. In contrast to the industrial regions of Normandy the region Centre lives mainly from agriculture and tourism. The Loire Valley located in this region is referred to as “the garden of France”.

Population development in the western Paris basin is determined chiefly by migration and varies depending on proximity to greater Paris. The Département Eure, for example, benefits from the short commuting distance to Paris. The coastal département Seine-Maritime, on the other hand, suffers from out-migration; nevertheless, unlike many other rural regions, it has been able to slow down this trend, since the region’s many villages are regarded as attractive places for older people to retire. This is an important reason why the population of over-60-year-olds will increase by a third by 2025, however, since the overall fertility rate is roughly equivalent to the rather high French average of about two children per woman, the population of young people also looks set to remain more or less stable. Prognoses therefore predict a minus of only 4 percent in the 0 to 19 age group by 2025 for the regions west of Paris, in contrast to minus 8 percent for regions east of the capital.

The share of young people in the population in the western Paris basin hence corresponds roughly with the French average, although because the region has only a few major universities the number of students is low. At the same time Normandy’s petrochemicals and pharmaceutical companies, dockyards and shipping companies, as well as the popular tourist regions along the Orleans-Tours axis and the proximity of parts of the region to Paris mean that everywhere the share of top-ranking lifeworlds with high purchasing power is slightly above the national average. The region also has a solid proportion of middle-class lifeworlds. However, demographic trends are expected to produce a decline in all lifeworlds of the education and the work and family phases by 2025. Only the lifeworld of top-ranking mid-lifers is expected to remain stable, since today there are many young people with strong purchasing power. Hence most people who will have reached retirement age by 2025 are likely to be financially well off.

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<th>Socioeconomic status</th>
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Development of the population according to age group until 2025

- 4 %
- 10 %
+ 33 %
Here the effects of economic and demographic developments are visible in the distribution of lifeworlds. Although the share of school pupils is still around average thanks to a comparatively high fertility rate, the share of students is negligible. Compared with other French regions only a few inhabitants of this region belong to the top-ranking lifeworlds. And the up-and-coming lifeworld of mid-ranking young persons is the lowest of anywhere in France. The shares of low-income men and women are, by contrast, comparatively high, and retired people, too, disproportionately often have only modest financial resources at their disposal. This is likely to be the case for many future pensioners, too. Because the number of people of working age is decreasing, all the lifeworlds of the work and family phase look set to decline as well. Overall, the prospects for this corner of France are rather worrying: it has few highly-qualified young people and to date little potential for attracting them and keeping them there.

The dominance of agriculture means that the number of people with tertiary education among the population of the eastern Paris basin is relatively small, and here few people work in high-tech jobs than in other parts of the country. Instead, low-skilled workers, probably mainly from the agricultural sector, make up a large share of the population. And because in times of crisis these are the first people to lose their jobs, unemployment in the regions of the eastern Paris basin is comparatively high, especially in Picardie, where many people have been out of work for more than a year. The share of long-term unemployed in the population is hence one of the highest in France. Overall, more people receive some form of state support in the eastern Paris basin than in other parts of France.

Seeing no future for themselves here, many people move away – many of them drawn to nearby Paris. Only Burgundy, with its particularly attractive landscape, has more in- than out-migration. For a long time the number of children per woman was above the national average, but has recently decreased so that the number of births cannot compensate for the effects of out-migration. As a result, the population in the eastern Paris basin is set to decline by 2025, particularly in the region Champagne-Ardenne. And it will age much more than the region Île-de-France around Paris. Thus the share of 20- to 59-year-olds is expected to decrease by 13 percent by 2025, while the share of over-60-year-olds will increase by 32 percent. The old age dependency ratio will then be well above the figure for France as a whole.

The eastern Paris basin stretches from Picardie, the region bordering on Belgium and the English Channel, across the region Champagne-Ardenne directly to the east of Paris to Burgundy, southeast of the French capital. Although there are a number of medium-sized enterprises in industrial sectors like engineering and glass and textiles manufacture, particularly in Champagne-Ardenne much of the region is dominated by intensive agriculture. In Picardie, for instance, 70 percent of the land is used for agriculture, whereas the national average is less than 50 percent. The farms here are on average much larger than anywhere else in France, where smallholdings are much more common. Champagne, for example, not only has numerous small and medium-sized vineyards producing the famous sparkling wine of the same name, but is also home to several agricultural concerns producing grain and sugar beet on a large scale. Burgundy is a big wine-growing area but specialises in rearing livestock, too. Since agriculture is usually associated with low productivity, regional GDP and disposable income are both below the French average. Picardie in the north, in particular, is economically rather weak.
In centralised France, the region Île-de-France is the undisputed political, cultural, and economic centre. For this reason the region, which in most respects is synonymous with greater Paris, comes top of the league tables for all kinds of indicators. It is, for example, far more densely populated than any other region of France. Here almost 12 million people inhabit an area equivalent to just under 2 percent of the total area of France. Population density is hence more than nine times the French average. And nowhere else in the country is there such a concentration of major companies as here. They produce luxury goods like fashion and jewellery as well as chemical products, electrical appliances, cars, and machines. Tourism also has an important economic role to play, Paris being the world’s most visited city.

Since most of France’s economic power is concentrated in Paris, this is also the region with the country’s highest average incomes. GDP in Île-de-France is roughly twice that of other French regions, in fact it is the highest of all European regions. Nevertheless, despite these positive figures, unemployment is just as high in Paris as it is in other parts of France.

Greater Paris offers an above average number of jobs for highly-qualified people and their share of the working population is higher than anywhere else in France. Yet blue-collar workers, and less-skilled white-collar workers – in many cases immigrants from the former colonies – are more likely to be unemployed than the French average. This leads to social tensions.

Nevertheless, overall the economy is booming in greater Paris. The share of women and older people in the workforce is higher than anywhere else in the country, and youth unemployment is the second lowest in France. In addition, one French student in four studies at a Paris university. The economy of Île-de-France draws young people from all over the country. Both of these factors together mean that the population share of under-35-year-olds is the highest in the country. Despite these attractive conditions, however, Paris still has one of the highest negative migration balances in all of France. In other words, far more people are moving away from Paris than are moving into the city. One of the reasons for this is that many pensioners prefer to leave the noisy, expensive city and spend their twilight years in the country or in the south of France. As a consequence, the share of over-75-year-olds in the population as well as the old age dependency ratio is the lowest of all French regions. It is also for these reasons that the total population of the region grew only slightly more in Paris between 2000 and 2010 than the French average, and the number of children per woman is also slightly above the national average. Thus, all in all, the Paris region is by no means the area with the highest population growth – despite its attractions as an economic centre.

In Paris people concentrate on their work and their careers, so for people in the *top-ranking* lifeworlds Paris is the most attractive region in France. The share of young and middle-aged people with particularly high purchasing power is thus the highest in the country. In terms of students, Paris, the university capital, also far outstrips anywhere else in France. Their share of the population over the age of 14 is at least double and in some cases three times that of other regions. Because of its unrivalled attractions as an economic centre, the city can expect to go on attracting well-qualified young people who are also likely to stay, given the large number of major companies and political institutions to provide them with jobs. All lifeworlds of the work and family phase are thus likely to remain stable, while the younger ones may even grow slightly. Although the lifeworlds of retired people are currently strongly underrepresented, the number of people aged 60 and older will also increase considerably, even in the young city of Paris.
Lifeworlds in Europe

The West

France’s Atlantic coast consists of three regions. From north to south these are Brittany, Pays de la Loire, and Poitou-Charente. Currently home to 8.5 million of the total French population of 65 million, the region’s demographic development is likely to be below average in the future. Above all, it will age more than the national average in the next few decades. Even in 2009 the old age dependency ratio was already three percentage points over that for France as a whole. Although more children are born per woman here than in other French regions and more people are migrating into the region than out of it, many of the in-migrants are older people moving from the interior or the capital to the beautiful Atlantic coast, and it is these people who pull the average age up. On the other hand, those who leave tend to be young people, especially women. Thus the slightly above average fertility rate is unable to compensate much for the decrease in the share of the women in the population.

In economic terms, too, western France is relatively weak, partly on account of its remoteness from the centre of the country. GDP is below the French average and incomes are among the lowest in the country. Here there are neither large cities nor many major companies. Only in Pays de la Loire is there a manufacturing industry of any size. The west is a culinary centre that lives from agriculture, fishing, oyster cultures, and tourism, so value added is correspondingly low.

Brittany was for a long time regarded as the poorhouse of France. As one of France’s most important tourist regions it is strongly dependent on seasonal business and offers few jobs for highly-qualified people. Yet thanks to tourism, Brittany, like the rest of the west coast, has a lower proportion of long-term unemployed than the French average. Unemployment overall was also well below average in 2010. Besides tourism the Breton food industry offers jobs, but like the other sectors here it is at a disadvantage because of its remote geographical location far from the main domestic markets and the rest of Europe.

The food industry is also an important sector in Pays de la Loire at the mouth of the Loire on the Atlantic. The regional capital, Nantes, is home to an Airbus factory which employs some 10,000 people. Located roughly 50 km from the coast, the city was once dependent upon its harbour, which used to be one of France’s most important. Nowadays it is of only minor significance for trade, because it is not accessible for large modern container ships.

Poitou-Charente – the smallest of the three west coast regions in terms of population and also economically the weakest – is beset with problems. Although there are a number of small and medium-sized industrial companies here, cognac remains the most important export. Overall, this rural area is characterised by a strongly aging population.

The distribution of consumers between lifeworlds with greater or smaller purchasing power along the west coast corresponds roughly with the French average. There is an above average share of middle-class elderly men, many of them pensioners who have moved there from the interior to spend their retirement in the mild climate of the Atlantic coast. The large number of elderly people with adequate financial resources, whose numbers are set to increase considerably in all regions of France as the population ages, may also represent an economic opportunity if this region manages to specialise in branches focused on providing housing and services for them. In addition, Brittany, at least, with its strong regional identity, has in recent years been able to boast a slow but steady economic upturn. Overall, however, the lifeworlds in the young and middle-aged groups are likely to remain stable, while those in the retirement phase will grow.
France

The East

Taken together, the east of France can boast comparatively good economic and demographic data, yet considerable differences emerge when we look at the three eastern regions – Alsace, Lorraine, and Franche-Comté – separately. At the top comes Alsace, located along the German border. While in terms of area it is actually the smallest region of France, in economic terms it comes in second place of all French regions after Paris. Alsace has one of the highest levels of per capita purchasing power in France, and per capita GDP is greater only in the wealthy Rhône-Alpes region. Behind these positive indicators is a dynamic economy that spans a number of different sectors, from the car industry in Mulhouse to bio-technology in the life sciences network BioValley – which also extends into south-west Germany and northern Switzerland – as well as wine-growing and tourism. The regional capital, Strasbourg, is also the seat of many EU institutions, including the Council of Europe, the European parliament, and the European Court. Taken together, all this means that the region has one of the lowest unemployment rates in the country. Although women in Alsace have comparatively few children, the population is growing through in-migration.

In second place after Alsace comes Franche-Comté, which lies in the Jura mountains on the Swiss border. It is thinly populated and consists mainly of villages surrounded by the most thickly wooded areas of France, suggesting poor economic data. However, Franche-Comté is also the location of several car manufacturers as well as Alstom, the company which makes TGV high-speed trains. Since there are very few companies from other sectors, such as services, industry in Franche-Comté has a higher status than anywhere else in France. At any rate, these company offshoots as well as the many people who commute to neighbouring Switzerland means that relatively few people are unemployed. Because of the large percentage of manufacturing, however, not only the unemployment rate but also disposable income lies below the French average. The number of children per woman is above the national average – probably because of the major importance of traditional family structures in this largely rural region.

In Lorraine, which borders on Belgium, Luxembourg, and Germany, the situation is more difficult. This used to be one of France’s most important industrial centres in the first half of the twentieth century. Yet structural change has hit this former mining and steel region hard, as it has the neighbouring German Saarland, causing high unemployment, and to date the region has succeeded in attracting only a few new sectors. For this reason Lorraine is today one of France’s economically weakest regions. GDP per capita is 15 percent below the EU average, while the unemployment rate is above the national average. Only the large numbers of commuters to Luxembourg as well as the low share of women who go out to work and a negative migration balance brought about by out-migration and low birth rates have prevented the unemployment figures rising even higher. A number of universities and affiliated institutes as well as the engineering college of the Institut National Polytechnique de Lorraine give some grounds for optimism.

The comparatively high density of excellent universities in eastern France means that the lifeworld of students makes up the second-highest share of the population in all of France. However, the relatively low figures for the lifeworld of top-ranking young people indicate that after graduating these people do not find sufficient jobs in their field. All in all, the region has established a solid economy, as shown by the comparatively high shares of the lifeworlds of mid- and top-ranking mid-lifers. Thanks to its central position in Europe, the east of France has the potential to develop positively both economically and demographically in the future too. Nevertheless, the number of people under the age of 60 here is falling and the number of older people is increasing. Therefore the lifeworlds of the retirement phase will grow while the others decline.
France

The South-West

Two major cities, Bordeaux and Toulouse, are located in south-west France near the border with Spain. A total of 750,000 people live in the areas in and around these two cities. As the capitals of the regions Aquitaine and Midi-Pyrénées they are both cultural and economic powerhouses in this corner of the country. While the surrounding areas are mainly rural and relatively thinly populated, these magnets for in-migration ensure population growth and satisfactory economic development. The two regional capitals are also responsible for the fact that the unemployment rate in this part of France is below the national average, whereas further inland the region Limousin, with its capital, Limoges, has less favourable indicators. Here per capita disposable income is several percentage points below the national figure, and per capita GDP is more than ten percentage points below the EU average.

The smallest region of France, Limousin, forms the geographical centre of the country. Because it is so thinly populated it tends to be referred to as the “empty centre”. Only a few companies, among them several established manufacturers of enamel and porcelain, offer jobs and therefore prospects for young people. According to prognoses the old age dependency ratio here will lie well above the French average in the coming years. Even in 2009, only just over a third of the population was younger than 35 – whereas the national average was more than 43 percent. Nevertheless, after many years of population decline the central region has been running a successful campaign to attract people from the country’s expensive big cities. It has thus benefited from the renaissance of rural life in France.

In the region Aquitaine on the coast, by contrast, there are a number of medium-sized cities that have been growing for some time, attracting people with their sunny, mild climate. Many of the new arrivals find work in the wine-growing areas around the regional capital, Bordeaux, or in tourism, which has been booming all along the Atlantic coast right down to the Spanish border. Bordeaux, with a population of 240,000, had been declining demographically for a long time, but it has now succeeded in effecting a turnaround so that the inhabitants of this traditional university city are on average younger and better educated than in the rest of France. The local economy rests on the one hand on the wine sector, which produces one quarter of France’s wine with an annual turnover in the tens of billions, and on the other on trade and services. Most goods being transported to Spain and Portugal move through Bordeaux. In addition, the aviation and space industry also accounts for 20,000 jobs, for example at the aviation concern Aérospatiale.

This is also an important sector in nearby Toulouse. Of the city’s 440,000 inhabitants, 34,000 are involved in building aeroplanes, helicopters, rockets, or satellites, chiefly at Airbus or its parent company EADS. At this high-tech location an above average share of GDP is invested in research and development, providing jobs for many highly-qualified people. These favourable conditions make Toulouse one of the country’s fastest growing conurbations. Like south-west France as a whole the city is growing mainly because of in-migration, for the number of children born per woman is well under the French average. The population is thus expected to increase by 13 percent by 2025.

The low fertility rate throughout south-west France means that this region has the smallest share of school pupils in the whole country, although this segment of the population is expected to grow by 2025. The young lifeworlds in the work and family phases will probably also grow slightly, whereas the lifeworlds of the retirement phase will experience much stronger growth. Although all in all fewer consumers in this area belong to the top-ranking lifeworlds than the national average, a class of young people with high purchasing power has established itself, so that in the future the lifeworld of people of top-ranking mid-lifers is expected to increase slightly. In order to keep the aging of the population in check, however, the areas further away from the prosperous centres will need to make an effort to attract young, qualified migrants.
France

The South-East

The economic and demographic balance is very unevenly spread in the south-east of France, which comprises the regions Rhône-Alpes and Auvergne. Whereas the Auvergne, located mainly in the inaccessible Massive Centrale, is one of the country’s weakest areas economically, the region of Rhône-Alpes directly adjacent to the Swiss and Italian borders is not only the largest in terms of area, but in terms of number of inhabitants and economic power it comes in second place after the dominant Île-de-France region including greater Paris. Thus economic performance in Rhône-Alpes is more than ten percentage points above the EU average. Purchasing power is above the national average, unemployment below it.

The eastern and southern parts of the Rhône-Alpes region are thinly populated. More than 40 percent of the population live in the west and the north in the areas around the major cities of Grenoble, Saint-Étienne, and the administrative capital, Lyon. Around 1.5 million people live in the areas around this city, located at the confluence of the Rhône and the Saône, between the Jura, the Alps, and the Massive Centrale. This makes Lyon France’s third-largest city after Paris and Marseille. And this is where the pulse of the boom region Rhône-Alpes in south-eastern France beats. Lyon was already an important industrial city in the 19th century and with its suburb of Villeurbanne is still one of France’s leading manufacturing centres, the most important sectors being metal smelting and processing alongside chemicals, pharmaceuticals, and plastics and rubber production. Lyon is also the location of the pan-European TV channel Euronews and the headquarters of the major bank named after the city, Crédit Lyonnais.

The Rhône-Alpes region can boast the largest number of registered patents per capita after Île-de-France. The region’s major potential for research and development is boosted by a whole string of elite universities, the so-called Grandes Écoles. There then are a number of universities and colleges. The Rhône-Alpes region thus has the largest number of students after Paris. The good conditions it provides for work and study means that the population of Rhône-Alpes is relatively young and grew by almost 10 percent between 2000 and 2010. This is accounted for by a high fertility rate and steady in-migration. By 2025 the population is set to grow by around another 10 percent.

The Auvergne region further west forms a stark contrast to this. Here the number of inhabitants is expected to grow by only about 1 percent over the same period, which means that in a region where the population density per square kilometre is only half the French average it will at least remain stable. The local economy does not attract much in-migration, and GDP per capita is almost 10 percent below the EU average and hence 20 percent lower than the neighbouring Rhône-Alpes region. Economic development is rather sluggish, the most important exports being cheese, mineral water, and penknives made in the small town of Laguiole. By far the region’s biggest employer is the tyre manufacturer Michelin in the regional capital, Clermont-Ferrand, where more than 30,000 people work. It is the only company listed on the French share index CAC 40 that does not have its headquarters in Paris. Even today the population of the Auvergne is the oldest in France and it is aging more than in most other French regions.

Overall the situation in the south-east of France is rather positive, thanks above all to the positive indicators in the Rhône-Alpes region. Hence the share of school pupils and students is comparatively high, and the region also has relatively large shares of people in the top-ranking lifeworlds. The number of people in the work and family phase in this region is likely to remain stable and thanks to the overall favourable economic development, so is the share of lifeworlds who are financially well off. The major disparities could, however, lead to a further division of the south-east into one part with excellent economic and demographic prospects and another with only mediocre or poor development.
France

The Mediterranean

The French Mediterranean coast is developing quite well both economically and demographically. It has a number of growing urban centres, above all France’s second-largest city, Marseille, but also many smaller towns to which many people have retired – many of them very wealthy. But they are not the only ones moving into the area. Thanks to a positive migration balance, the population of the entire Mediterranean area in the age group up to 19 is likely to grow almost as strongly as in Paris by 2025, while the 20 to 59 age group is growing more quickly than in any other region of the country. If we look at the fundamental data of the Mediterranean coast more closely we see that the region is divided into two: on the one hand the western region of Languedoc-Roussillon with relatively weak economic indicators; on the other, the prosperous region of Provence-Alpes-Côte d’Azur, where alongside Marseille the major cities of Nice and Toulon are located. The island of Corsica located off the coast of Italy, which also belongs to the Mediterranean region, shows a rather mixed picture. Here per capita GDP is the lowest in France with the exception of the overseas départements. The thinly populated island has no industry to speak of and lives from tourism and wine-growing. Because there are few jobs, and incomes are low, many young people leave Corsica, which also means that relatively few children are born there. At the same time, many people are moving to Corsica, and by 2025 the population is expected to grow by a fifth.

The strong population growth on the mainland in the western coastal region of Languedoc-Roussillon is also accounted for mainly by in-migration, since the fertility rate here is lower than the French average. It is, however, mainly the coastal regions that are benefiting from this in-migration, while the hinterland is declining. In Languedoc-Roussillon overall there is very little industry or services: after Corsica the region has the second-lowest share of jobs in industry in all of France. One of the few exceptions is the administrative centre Montpellier, where several industrial companies are located. The western Mediterranean coast lives mainly from tourism. Other important sectors are wine-growing and the fishing industry in Sète, one of the most important French Mediterranean harbours. Many jobs on the western Mediterranean coast are in badly paid, fluctuating sectors like construction, and then there are seasonal jobs in tourism. The result is very high unemployment and a large number of recipients of state benefits as well as unusually low average wages and salaries.

By contrast, the eastern region of Provence-Alpes-Côte d’Azur on the border with Italy is much more prosperous than the western Mediterranean coast. This is home not only to the celebrity resort of St Tropez but also the prosperous city of Nice, where many high-tech companies have established themselves. The nearby port city of Marseille forms a stark contrast to this. This city considers itself Europe’s gateway to Africa and is home to many illegal immigrants from North Africa, and because many industrial companies have closed in recent decades social tensions run high, as does the crime rate. At the same time, the city is also home to many major companies, such as vehicle manufacturers, and it is making an effort to deal with its problems and to attract more tourists.

Over the whole French Mediterranean coast low fertility rates and high migration rates for older people mean that the lifeworlds of the education and the work and family phases are below averagely represented. The values are high for middle-class elderly men and women and also for older people living alone, showing the area’s importance as a place to retire. In 2025 – as everywhere in France – there will be far more people over the age of 60, although the number of youth and the young working population is expected to increase as well. With the dynamic development around cities like Montpellier, the Mediterranean region would appear to have rather good prospects.

<table>
<thead>
<tr>
<th>Education</th>
<th>Work/Family</th>
<th>Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Top-ranking young persons</td>
<td>Top-ranking mid-lifers</td>
</tr>
<tr>
<td>School pupils</td>
<td>Low income men</td>
<td>Middle-class elderly men</td>
</tr>
<tr>
<td>Students</td>
<td>Low income women</td>
<td>Middle-class elderly women</td>
</tr>
<tr>
<td>ranking mid-lifers</td>
<td>Ranking mid-lifers</td>
<td>Ranking house-wives</td>
</tr>
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<td>ranking</td>
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<td>ranking</td>
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Socioeconomic status

<table>
<thead>
<tr>
<th>Phase of life</th>
<th>0–19 years</th>
<th>20–59 years</th>
<th>60 years and older</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income men</td>
<td>+ 11 %</td>
<td>+ 4 %</td>
<td>+ 32 %</td>
</tr>
<tr>
<td>Low income women</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Development of the population according to age group until 2025
Once a poor and largely backward country, Spain was for a long time cited as a shining example of how new EU members could successfully attain the economic level of the core EU countries. But today it has become clear that Spain’s rapid rise was built on sand. Even the most optimistic scenarios do not expect Spain to regain the level of economic performance it achieved in the pre-crisis year 2007 until 2025, according to the Economic and Social Council, which advises the Spanish government. Yet even for this to happen, the Spanish economy would have to create 300,000 new jobs annually starting in 2014. Where the impetus for such an upswing is to come from is currently not at all clear. The recession is at any rate expected to continue through 2013.

The most recent crisis brought an end to a phase of economic growth in Spain, driven in the early years of the new millennium above all by the boom in real estate. During this period more new housing was built in Spain than in Germany, France, Italy, and Great Britain put together. In 2007, one Spaniard in eight was still employed in the construction sector. Numerous households – encouraged by the low interest rates for mortgages – took on long-term debt in order to buy flats, thus helping to finance the boom. This, compounded by rising private consumption, contributed to many years of strong economic growth in succession.
During this period it was not only the economy that grew but the population as well, especially through immigration. Between 2000 and 2010, Spain gained seven million new inhabitants – most of them foreign immigrants. But even without the immigrants the country’s population is still comparatively young. Until the 1980s Spanish women were on average having well over two children. But after the economy began to boom following Spain’s accession to the EU in 1986, the fertility rate began to fall and by the 1990s was the lowest in the whole of Europe. Even today Spanish women are having fewer children than the European average. Until recently, the huge wave of immigration of the 2000s was more than compensating for the low number of births. But now this phase of major immigration seems to be over, at least for the time being. In 2011 the migration balance was even negative for the first time since 1990 – that means more people left Spain than arrived. Current prognoses for 2025 are therefore predicting only a slight rise in the population of somewhat more than a million people.

Spain will not experience a major demographic crisis until the decades following 2025, for that is when the large cohorts born before the 1980s and the young people who immigrated to Spain in the 1990s and 2000s will reach pension age. They will then be followed by much smaller generations. Between 2010 and 2025 the old age dependency ratio is expected to rise only moderately, but by 2050 it will probably more than double, so that for every 100 people of working age between the ages of 15 and 64 there will then be around 60 people over the age of 64. The social security and pensions systems will thus face major challenges for which the economically weakened country must prepare itself. It does, after all, still have a number of decades in which to use the potential of its young population and to make its economy more productive and more innovative.

The growth of the past decade in fact concealed the structural weaknesses of the Spanish economy, for only a small portion of the country’s surplus could be attributed to productivity gains. In reality it was based largely on an increase in the size of the workforce. These extra people worked in the construction sector, in tourism, or in the factories of foreign companies attracted by Spain’s low labour costs. The jobs in these sectors were, however, often badly paid and required few qualifications. And they were, as experience has shown, by no means crisis-resistant. Although Spain created more jobs than any other EU country over the past decade, when the crisis came these jobs were also the first to be lost. Overall, the Spanish economy invested too little in the sectors of the future, the only exceptions being prosperous regions like the Basque country and Catalonia. The economy is dominated by small and very small businesses; only one company in ten has more than five employees. And these companies in many cases do not have the capital to invest in research and development.

Hence Spain is currently in danger of being sucked into a downwards spiral, with catastrophic prospects for the up-and-coming generation – and it is for this reason that predominantly well-qualified people, who might contribute to creating a more innovative economy, are emigrating. Those who stay behind tend to have a low level of education, which is true of a comparatively large number of Spaniards. Around a quarter of 18- to 24-year-olds leave school without any secondary school qualification. At the same time, the government is severely curbing expenditure on education as part of a general austerity programme. Yet in order to use its population productively, which is relatively young by European standards, what Spain really needs is a major programme of innovation. Only this would enable it to close the gap with the core EU and the global economy.*

* The Canary Islands and the Spanish exclaves Ceuta and Melilla on the coast of Morocco are excluded from the following portraits of Spain’s regions, since there are no data available for the distribution of biographical lifeworlds in these regions.
Spain

The North-West

Around four and a half million people live in the north-west of Spain, most of them in the coastal regions. Two-thirds of the inhabitants of this part of the country live in Galicia on the Atlantic in the extreme north-west, which is separated from the rest of Spain by high mountain ranges. This is where the city of Santiago de Compostela lies. With a population of around 100,000 it is the final destination of the St James’s Way pilgrimage route, which is of major cultural and touristic importance. Alongside Santiago the north-western Costa Verde is also a popular tourist destination. Visitors from the dry Spanish interior like to come here in the summer to enjoy the mild ocean climate of the “green coast”.

The northern part of the region, Asturias, likewise has a stunning landscape, yet it is actually Spain’s mining and heavy industry centre. However, since the 1970s it has become increasingly difficult for the coal and iron ore mined here to compete with cheap imports and so these industries have declined in significance. Those who formerly worked in them have had great difficulty finding new jobs. As part of the austerity package aimed at overcoming the crisis, the government also plans to drastically cut state subsidies for mining, thereby threatening several thousand more jobs. The province is having difficulty attracting new industrial sectors to Asturias on any significant scale. Instead, dairy farming and fishing continue to play a relatively large role in this area with its damp climate. Despite the rather backward economic structure, the unemployment rate in the north-west is still five percentage points below the Spanish average.

In neighbouring Galicia there are few large companies and the share of small and very small businesses is even higher than the Spanish average. Two of the few exceptions to this are a Citroën factory in Vigo, a city of 300,000 inhabitants, and the textiles company Inditex near La Coruña. The latter is responsible for the fact that since the 1990s textiles has overtaken fishing as the most important employer in Galicia. But even before the crisis the region’s economy was relatively weak. GDP per capita is hence below the Spanish average.

The economic structure of the north-west influences the distribution of the lifeworlds. In the work and family phase the share of low-income women and men is around five percentage points higher than in Spain as a whole, while the top-ranking lifeworlds are underrepresented. Nevertheless, there is a relatively strong young middle class. The age structure of the population is striking: almost a third of the population is already in the retirement phase, more than in any other Spanish region. The national average is around 27 percent.

This is a consequence of a special demographic situation in the north-western Spanish provinces. In Galicia and Asturias the fertility rate has been very low for a long time and at the beginning of the new millennium was even below one child per woman. Nowhere else in Europe has it been as low as this in recent years. For this reason, contrary to the Spanish trend, the population in this region has not grown since 2010 but has remained more or less stable. And already today it is considerably older than the Spanish average. The number of older people is expected to rise further from its already high level until 2021.* Among people of working age there will be shifts in the age structure too: the lifeworlds of mid-lifers are still growing slightly or remain stable while the younger age groups are set to visibly decline in numbers. Given the difficult economic situation in Spain, the low-income lifeworlds are scarcely likely to grow smaller. And many future pensioners in north-west Spain will probably live rather modestly.

* For Spain this study used the regional population prognoses of the National Institute of Statistics rather than those of the European statistics office Eurostat. This latest prognosis already takes account of the sharp fall in immigration to Spain since the beginning of the economic crisis and therefore expects much smaller population growth in the coming years. The national prognosis only covers the period up to 2021, but developments up to 2025 are unlikely to differ much.
At the centre of the Spanish north is the Basque country, known above all internationally for the terrorist attacks staged by the separatist movement ETA. It is already relatively independent, and like the neighbouring province of Navarra to the east, also populated by Basques, it collects its own taxes and then pays a proportion of these to the Spanish state. For large swathes of the population, however, this partial autonomy does not go far enough, and a number of official parties are fighting for the complete independence of the Basque territories in Spain and France from the central governments.

The long years of ETA terrorism that have accompanied this striving for autonomy do not seem to have had a negative effect on economic development in the region. The Basque country and Navarra, home to around two thirds of the over four million people who live in the Spanish north, form the economic centre of this part of the country and are among the most prosperous provinces in Spain with the best prospects for the future. Following the decline of traditional industrial sectors like steel production and shipbuilding in the 1970s and 1980s, the Basque country has succeeded in getting the economy back on its feet. Although this is still a predominantly industrial area, its economy is increasingly based on modern industrial sectors with high productivity. In terms of new patents registered, the Basque country and Navarra come top in all of Spain. This is where the majority of industrial jobs in the Spanish north are. However, two of the country’s most important banks also have their headquarters on the Atlantic coast on the border with France: Banco Bilbao Vizcaya Argentaria (BBVA) in Biscay, and Banco Santander in the city of that name, which belongs to the neighbouring region of Cantabria.

The latter, located west of the Basque country on the Atlantic coast, was likewise for a long time dominated by heavy industry. Even today ores and coal continue to be mined here. By contrast, the coastal region, with its cool climate, and in particular the provincial capital, Santander, noted for its white beaches, are popular destinations for Spanish tourists from the interior. Other smaller industrial centres are also to be found outside the Basque country and Navarra in cities like Burgos, Palencia, or Torrelavega. Overall, the share of people working in industry (excluding construction) in the north is a third higher than the national average. In the more thinly populated areas in the interior agriculture and the food industry play a relatively large role, for example in the province of La Rioja with the wine-growing region of the same name.

The educational level of the population shows that the region has a good chance of continuing to be one of Spain’s economic powerhouses in the future as well. Fewer young people leave school here without a qualification than the Spanish average, albeit more than in the EU as a whole. Among the adult population the number of people without a secondary school or vocational qualification is small. In terms of qualifications the Basque country heads the league table. Here more than half of the workforce are graduates of universities or colleges.

If we look at the lifeworlds we see that the region’s prosperity is distributed among a relatively broad group of consumers. Almost 45 percent of the population in the various life phases over the age of 14 belong to the middle-class lifeworlds – around ten percentage points more than in all other Spanish regions. Therefore low-income women and men and working-class elderly women and men are strongly under-represented. Of older people, whose numbers will continue to increase, a large number will continue to enjoy a high standard of living in 2021. All lifeworlds of the retirement phase look set to grow. If the region succeeds in advancing further along the road to modern high-tech industry and an innovative, knowledge-based economy, it will continue to secure prosperity in the future and be able to offer attractive jobs to people with medium and high levels of qualifications. The lifeworlds of mid-lifers with higher purchasing power are thus likely to remain stable in the future. The younger lifeworlds, however, will decline as a result of demographic trends.
Spain

The North-East

The economic centre of the Spanish north-east is located in the metropolitan region around Barcelona in Catalonia. This area has a long tradition as an industrial centre, and although the services sector is growing, more than half the workforce is still engaged in production or in production-related services. In 2010 Catalonia contributed almost a quarter of Spain’s total industrial turnover and around a fifth of its GDP. Like everywhere else in Spain, there are many small and medium-sized companies here as well as a number of international companies that have their Spanish headquarters in Catalonia. The region’s strong economic growth is due among other things to the steady in-migration of young people. Nevertheless, productivity has not risen as much as GDP.

Yet Catalonia’s innovative economy is in a relatively good position to overcome the crisis. The share of high-tech production is above the Spanish average; the same goes for the number of registered patents per resident, even though this region does not produce various Opel models. The Balearic islands, such as Mallorca and Ibiza, which also belong to this region, are economically mainly dependent on tourism. Three quarters of the workforce here is employed in the services sector, many of them in hotels and restaurants. As well as holidaymakers, migrants also come to the islands and remain permanently – pensioners looking for a place to retire in a pleasant climate, for instance, or young people seeking work in hotels or catering.

The western areas of this part of Spain as well as the mountainous Pyrenees territory on the country’s northern border are thinly populated compared with the coast. More than half the population in the western half of the north-east region lives in the only major city in this area, Saragossa, which has around 620,000 inhabitants. Away from this centre on the fertile plateaus of the Pyrenees in the north-eastern Spanish interior agriculture still has a major role to play, accounting for around 10 percent of regional gross value added – a larger share than the Spanish or European average. Otherwise the economy here, too, is dominated by manufacturing. Many Spanish and international companies have their production facilities in or around Saragossa, the most important of them being the General Motors factory opened in 1982, which produces various Opel models.

The population in Spain’s north-east has grown steadily in recent years through a steady stream of in-migration, most of it to the Balearic islands and the coastal regions. Given that in-migration has fallen since the crisis and out-migration has risen, the population of 20- to 60-year-olds is forecast to decline over the next ten years, albeit almost exclusively in the younger age groups, which owing to many years of low birth rates are relatively small already. The 40 to 60 age group will, however, remain stable, while the number of people of retirement age and hence all lifeworlds of the retirement phase will grow.

All in all the north-east is one of Spain’s economically strongest regions. GDP and per capita incomes are well above the national average – and this applies to all parts of the region, so it is not just the trading centre Barcelona that makes this part of the country prosperous. Here the share of top-ranking lifeworlds is higher than in other Spanish regions and that of low-income women and men correspondingly smaller. However, high youth unemployment and the large proportion of young people who fail to finish school raises fears that – like in other Spanish regions – around a fifth of the younger generation will remain without employment prospects in the long term. For the students who also make up a relatively large share of the population, on the other hand, the region will continue to offer attractive jobs.

### Development of the population according to age group until 2021

<table>
<thead>
<tr>
<th>Phase of life</th>
<th>0 – 19 years</th>
<th>20 – 59 years</th>
<th>60 years and older</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income men</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
<tr>
<td>Low income women</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
<tr>
<td>Mid-ranking housewives</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
<tr>
<td>Mid-ranking mid-lifers</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
<tr>
<td>Mid-ranking young persons</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
<tr>
<td>Top-ranking housewives</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
<tr>
<td>Top-ranking mid-lifers</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
<tr>
<td>Top-ranking young persons</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
<tr>
<td>Middle-class elderly man</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
<tr>
<td>Middle-class elderly woman</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
<tr>
<td>Working-class elderly man</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
<tr>
<td>Working-class elderly woman</td>
<td>0 %</td>
<td>−14 %</td>
<td>+15 %</td>
</tr>
</tbody>
</table>

0 – 19 years | 20 – 59 years | 60 years and older
0 % | −14 % | +15 %
Madrid is the financial and administrative centre of the country and the most prosperous Spanish province. Its gross per capita regional product was 36 percent above the EU average in 2009 and it is one of the OECD regions with the largest proportion of employees in knowledge-intensive services. The city’s eight state and numerous private universities generate well-qualified young graduates. In recent decades the metropolitan region has grown not only economically but demographically as well – by around a million people between 2000 and 2011 alone. This was caused by heavy in-migration from other Spanish regions and from abroad.

In the centre of Spain outside Madrid agriculture still accounts for a high proportion of GDP. Although the rural regions generally had a slightly positive migration balance in 2009, accounted for mainly by foreign immigrants, if we look at internal migration in Spain we see that this part of the country is actually losing inhabitants to other regions. Typically these are young, well-educated people attracted to the big city because that is where the appealing jobs and cultural offerings are. Unemployment in the region overall is somewhat lower than the very high Spanish average, but in the southern part of the central plateau one person in five is jobless. A big problem – as everywhere in Spain – is youth unemployment. Around 40 percent of 15- to 24-year-olds who are no longer attending school fail to find a job. The fifth of these who have not completed the higher secondary school qualification are particularly hard hit. Per capita income is especially low in the southern part of the Spanish central region, while in the northern rural areas it corresponds roughly with the Spanish average.

The regional contrasts – the economic powerhouse Madrid, on the one hand, and the large, thinly populated surrounding areas, on the other – cancel one another out so that in the distribution of lifeworlds Spain’s centre is average in almost all respects. Through all phases of life around a third of consumers belong to the group with middle socioeconomic status. The share of low-income women and men and working-class elderly women and men is lower than in the south of Spain but higher than in the north.

In view of the high unemployment and youth unemployment, the number of low-income women and men with low purchasing power is hardly likely to diminish, even though the 20- to 59 age group is declining. Older people, too, who are expected to grow in number by a fifth in the coming ten years, will probably in many cases have only a small income. What is also probable, however, is that the economy in greater Madrid will develop more favourably than elsewhere in Spain – and that the region will therefore continue to have a solid middle class, albeit one whose average age will rise markedly, since the age groups under the age of 40 are declining.
Spain

The East

Almost seven million people live in Spain’s eastern region, which consists of four provinces along the coast and Albacete in the interior. The province of Valencia on the Mediterranean is home to five million people alone. But the neighbouring province of Murcia is also relatively densely populated. By contrast, very few people live in Albacete in the interior, even though in terms of area this province makes up a quarter of the eastern region. Overall the population in the Spanish east grew by a quarter between 2000 and 2010, mainly through above average immigration. The new arrivals were mostly young and therefore at an age when they might start families. For this reason, too, more people were born in this region than died. Since 2009, however, migration has declined sharply and the region is losing inhabitants to other Spanish provinces. So the population is likely either to stagnate or to grow slightly in the future and will age considerably.

The region’s population, which has been rather young to date, would represent great potential for the region and could contribute to growth and economic development if only these young people were well educated and sufficient jobs were available for them. Yet around half of those between the ages of 20 and 60 have at most a lower secondary school qualification and no vocational qualification. Around one person in four between the ages of 18 and 24 are so-called NEETS (not in education, employment, or training). These people therefore have little prospect of professional success. Cuts in expenditure on education have aggravated the situation still further.

With respect to economic development the Valencia region was once one of Spain’s leading lights. It profited strongly from the property boom, fired on the one hand by strong population growth and on the other by demand from British or Germans wanting to settle or buy holiday homes here. The coast around Valencia is one of Spain’s most important tourist destinations and is very built-up. The economic boom was also driven by expensive prestige projects, which, however, ultimately failed to set in motion any sustainable economic development. In 2007, for instance, Valencia became the first European city to host the Americas Cup, one of the most important sailing regattas, and since 2008 it has staged a Formula 1 Grand Prix. Between 1991 and 2006 an enormous ensemble of cultural and economic buildings were constructed here in the hope that developing culture would help to get the economy going. Work has also been in progress since 2004 on a new airport for Valencia. It is more or less finished but has yet to go into operation and is considered a white elephant project. Today the Valencia region is heavily in debt and in July 2012 became the first Spanish province to ask the central government for financial assistance – closely followed by neighbouring Murcia.

Overall, the economic structure of this part of Spain is dominated by sectors and branches with rather low productivity and value added. In some regions almost 10 percent of the population is employed in agriculture – more than in almost any other Spanish region. Along the coast tourism has a major role to play. Manufacturing is concentrated in sectors like the shoe and leather industry, food processing, furniture production, and textiles. Although these sectors offer jobs, their potential for innovation is rather low. In terms of turnover car manufacture dominates the northern provinces of this part of the country, whereas in the south it is food processing.

Life worlds with low income are over-represented in this region, those with high purchasing power under-represented. People of working age tend to be rather young as a result of the high rate of in-migration in recent years. Thus the life worlds of mid-lifers will probably still grow, whereas overall the group of 20- to 59-year-olds is already declining. In view of the serious economic situation, the life worlds of low-income women and men are likely to maintain their large share of the population, and many future pensioners will probably have only a small income.
Economically the region is very backward. Per capita GDP is well below the European average. Agriculture, construction, and tourism are the most important sectors. In good times they offer many jobs for unskilled labour, but these jobs are susceptible to crises and generate only low value added and productivity. Among the few large industrial companies are the Renault and EADS factories near Seville, which benefit from the relatively low local labour costs. One sector that may trigger development and create new jobs is renewable energy, for the coastal climate favours solar and wind power. In Almería and near Tarifa major solar power stations and wind farms have been built in recent years. Exports to date consist mainly of agricultural products. Eighty percent of Spanish vegetables for export come from Almería.

So far the prospects for the regional economy to become a modern, knowledge-based one are still rather poor. A very large proportion of the employers here are small and very small companies, which generally do not generate many jobs, invest little in research and development, and are scarcely capable of contributing to regional growth. The comparatively low educational level of the population may also put a brake on growth and economic development. In southern Spain one person in three between the ages of 18 and 24 has failed to complete school. In particular young men leave school at 16 without any qualification and directly seek work. Until a few years ago the construction industry and the services sector were able to absorb many of these low-skilled members of the workforce, but today, at 30 percent, unemployment is extremely high, and among the economically active under the age of 24, more than half are looking for jobs.

The economic and age structure of the region is reflected in the distribution of the lifeworlds. The share of top-ranking lifeworlds is low and that of those with low income very high compared with other Spanish regions. This is a consequence of the low employment rate and of the sharp rise in unemployment that has taken place in recent years. All lifeworlds in the retirement phase make up a relatively small share of the population on account of the rather young average population. They are likely to grow considerably in the next ten years. Whereas the younger age groups will remain more or less stable in terms of numbers, prognoses expect an increase of a fifth in the over-60-year-olds. The number of middle-aged and older people of working age is rising considerably and therefore the lifeworlds of mid-lifers are likely to go on growing. Owing to high unemployment and the high share of lifeworlds of low-income women and men, many future pensioners will probably have only a small income. In view of high unemployment and the large number of young people failing to finish school, the distribution of the lifeworlds of the work and family phase is likely to shift in the direction of lifeworlds with low income.
The Dutch call parts of their homeland “De lage Landen”, the low-lying lands. No wonder, for around a quarter of the territory of the Netherlands lies below sea level. The Netherlands is therefore particularly vulnerable to the forces of nature, such as storm tides or a rise in the sea level as a result of climate change. This situation is aggravated further by the fact that the Netherlands is the most densely populated non-city-state in Europe. And population density is expected to increase still further in the future, thanks to a high average fertility rate as well as a certain amount of immigration, which will result in a slight demographic plus.

Compared with other European countries, both economic and demographic development in the Netherlands is rather homogeneous, although the country does have an undisputed centre in the large urban agglomeration of Randstad – consisting of several medium-sized cities together with the major cities of The Hague, Amsterdam, and Rotterdam – where almost half of the 16 million Dutch citizens live. The dominance of this area is, however, balanced out by medium-sized cities spread all over the country like Maastricht, Groningen, Nimwegen, Tilburg, and Enschede. These
sub-centres are often prosperous business centres with growing populations. Therefore the regional differences when it comes to such things as wealth distribution are not as large in the Netherlands as in some other European countries. And even the structurally somewhat weaker areas in the northern, eastern, and southern regions of the country are still economically much better off than many areas in Southern Europe.

Nevertheless, the population of the Netherlands is aging too. The age group of over-60-year-olds will grow by more than a third by 2025. One reason for this is that in the post-war era until the 1970s fertility in the Netherlands was very high and this generation of baby boomers is now gradually beginning to reach pension age. Over the same period the population group between 0 and 19 years of age is expected to diminish by almost 10 percent, while the group of older people of working age is also likely to shrink markedly. This is the result of the small number of children born per woman from the mid-1970s to the mid-1990s, which produced a relatively small generation of parents. Today this cohort is still under 40 and in 2025 will have reached middle to older working age. The changes in the fertility rate in the past are likely to have a decisive influence on the future size of the lifeworlds in all regions of the Netherlands.

In the meantime, however, the average number of children per woman has risen again in the Netherlands to become one of the highest in Europe. The basis for this positive demographic development is the comparatively healthy Dutch economy. The country is one of the economically most powerful in the European Union. Per capita GDP is a third higher than that of Europe overall and thus the highest in Europe. At the same time, the unemployment rate is one of the lowest among the 27 member-states of the European Union. Young people are least affected by unemployment and even when people do become unemployed they find a new job relatively quickly.

One of the reasons for the comparatively rosy state of the economy is the Netherlands’ geographic position. The country benefits from the fact that it occupies a central position between Europe’s three largest economies – France, Great Britain, and Germany – and is therefore a transit point for much of inner-European trade. For this reason, too, Rotterdam and Amsterdam are two of Europe’s largest ports and Schiphol is one of its biggest airports. The Netherlands is also home to highly developed service companies as well as industrial giants like Unilever and Philips. Added to this is an efficient agricultural sector, making the Netherlands one of the world’s most important exporters of agricultural produce. Development has also been driven by the exploitation of the large natural gas reserves in the north of the country. The Netherlands’ close economic ties with its neighbours meant that this trading nation suffered a slight recession as a result of the economic and financial crisis. Consumers and investors have exercised restraint, and the government has curbed expenditure. However, the Dutch economy rests on such a firm basis that the Netherlands is likely to regain its place at the top of the league table in the near future.

Dutch men often work part-time too

In the Netherlands part-time work is an important component of labour policy introduced in the 1990s with the aim of increasing the economic activity rate of women. It succeeded, for today the ratio of women who work outside the home is higher than in the other seven countries studied and three quarters of them work part-time. But even among men, a quarter of the working population do not have full-time jobs. Part-time work is also part of the government’s family policy, which is designed to make it easier for both women and men to combine work and family. Even women with children under the age of six go out to work much more often in the Netherlands than in other EU countries. For Russia there were no comparable data available about full- and part-time work.
The North

The comparatively thinly populated north of the Netherlands, which comprises the provinces of Groningen, Friesland, and Drente overall appears to be a weaker economic region. Here unemployment is higher than in the other three Dutch regions and disposable income is lower. But if we examine the areas in more detail we find that there is actually an economic divide in the north Netherlands. While Friesland and Drente are indeed the country’s weakest provinces, Groningen, with a per capita GDP that is 170 percent of the European average, is by far the economically most powerful Dutch province. This is attributable mainly to the local reserves of natural gas, which are exploited close to the provincial capital of the same name and drive the regional economy. At the same time, purchasing power in Groningen is the lowest of all Dutch provinces, signifying that the profits of the gas industry do not necessarily benefit the local population.

The area around Groningen, the only major conurbation in the north and its unofficial centre, is home to around 350,000 people. As one of the country’s oldest university cities it attracts many young people. The region therefore has a slightly above average proportion of people under the age of 35. Although more people are unemployed in the province of Groningen than in any other Dutch region, the unemployment rate is nonetheless at a comparatively low level as is the case for the country as a whole. Many graduates find work in Groningen or in the nearby industrial centre Delfzijl in the gas, chemicals, or metal industries or in shipbuilding.

Many people from the province of Drente to the north therefore commute to the Groningen area to work. The thinly populated area far from the coast and near the German border is mainly rural. Given, however, that Hamburg, Hanover, the German Ruhr region, Antwerp, and the west Netherlands agglomeration of Amsterdam, Rotterdam, and The Hague all lie within a 250-km radius of Drente, the region has the potential for the economy to flourish. The situation is only slightly better in the coastal province of Friesland, where people live mainly from tourism or livestock farming. The area is also home to several major companies, from the food industry, for example.

Whereas the average number of children per woman in the province of Groningen is exceptionally low on account of the many students there, women in Friesland and Drente have an average of two children, a figure that is almost high enough to prevent the population shrinking even without immigration. But whereas in Friesland out-migration compensates for natural population growth, in Drente the population will increase slightly in the future. This province also has by far the highest share of long-term unemployed in the country – a consequence of structural change towards larger and more efficient agrarian concerns. Since this points to a further reduction in jobs in this province, it may in the future also suffer out-migration.

The mixed picture in the northern Netherlands is reflected in the distribution of the lifeworlds. Thanks to the high fertility rate in some provinces the north has the highest share of the lifeworld school pupils in the country. But in the future they are likely to diminish considerably in number as are the lifeworlds of middle-aged and older people of working age. As in other Dutch regions there is a broad middle class, but in the top-ranking lifeworlds the north is weaker, despite the economic boost that the economy here has received from the natural gas industry, and their share is much lower than in the country as a whole. At the same time, the share of low-income women and men with low purchasing power is a third higher than the national average. While all regions of the Netherlands are doing well economically and demographically compared with the European average, within these parameters the situation in the north is more problematic than elsewhere.
The Netherlands

The West

The economic pulse of the Netherlands beats in the provinces North Holland, South Holland, Utrecht, and Zeeland. This is where the Netherlands’ major cities The Hague, Amsterdam, and Rotterdam are located, which together with a number of other cities form the dominant conurbation Randstad. This area is home to around 40 percent of the Dutch and is one of Europe’s most densely populated regions. Although women in the west Netherlands have slightly fewer children than in other parts of the country, here the immigration balance is highest, so that the number of inhabitants is set to grow sharply in the future. The league table is headed by the west Netherlands province of Utrecht, whose population is expected to increase by 10 percent by 2025. The west Netherlands is also the country’s economic powerhouse and has a gross regional product that is among the highest in Europe. Here people have more disposable income than anywhere else in the country, and the share of long-term unemployed is the lowest in the whole country. The few unemployed thus usually do not take long to find a new job. One reason for this is the flourishing services sector which, with the exception of the industrial centre Rotterdam, is responsible for the majority of economic performance.

The two provinces North and South Holland form the centre of the west Netherlands. Amsterdam, the largest Dutch city, is located in North Holland. Around 1.1 million people live in greater Amsterdam, which is headquarters to major Dutch companies like the brewery Heineken or the electronics company Philips. Close to Amsterdam is also Schiphol airport, one of the largest in Europe. Amsterdam is almost entirely responsible for the fact that North Holland has the highest per capita GDP in the whole country. This figure is slightly lower in South Holland where the provincial capital, The Hague, is situated, which is the Dutch seat of government and home to several international organisations. Economically more significant is Rotterdam, which also has a larger population. It is the Netherlands’ leading industrial and trading city and is Europe’s largest sea port. Thus many major companies in the transport, logistics, and chemicals sectors have established themselves around Rotterdam. The city attracts foreign immigrants, who have helped lower the average age of the city’s population but are also in some cases the source of social tensions.

East of South Holland lies the province of Zeeland. Utrecht with its 660,000 inhabitants roughly marks the geographical centre of the Netherlands and is its smallest province. On account of its central position the city of Utrecht with its 660,000 inhabitants is an important transport hub. It is home to many service companies, such as banks, insurance companies, and the Dutch state railways company Nederlandse Spoorwegen. Apart from Groningen, where the natural gas industry is responsible for very high per capita GDP, Utrecht is the country’s economically strongest province. It also has a relatively young population. The province of Zeeland on the border with Belgium has a slightly less flourishing economy. It consists mainly of islands and peninsulas and until the 1980s was badly connected in terms of transport. Although there are some docks here as well as the petrochemicals industry, overall the province’s economic performance is below average and population development is stagnating. Since many young people are leaving Zeeland to look for work in other provinces and a comparatively high number of pensioners settle here, the population is on average the oldest in the country.

All in all, the west Netherlands has a young population with high purchasing power and a broad middle class. More than a quarter of consumers are classified in top-ranking lifeworlds – more than in other parts of the country. By contrast, the share of low-income men and women is the lowest in the whole country. Because the number of children born per woman at 1.5 was relatively low until the mid-1990s, prognoses expect the middle-aged working population to decline, while the number of people of 60 years and older will strongly increase. However, since it is a magnet for immigrants, the western region need not worry about its demographic future.
The Netherlands

The East

With respect to per capita GDP the east Netherlands, comprising the provinces of Overijssel, Gelderland, and Flevoland, comes bottom. Disposable income is also below the national average, although still slightly higher than in the economically weak north. This region, however, tops the league table in terms of the number of children per woman. One important reason for this is to be found in the province of Flevoland, which is the youngest of the Dutch provinces and consists mainly of terrain that has emerged as a result of land reclamation over the past 100 years. Flevoland is therefore made up mainly of artificial islands and peninsulas surrounded by lakes and canals. Here the Netherlands is busy executing a plan to enlarge its geographically restricted country. Although most of this newly gained land is used for agriculture, the Dutch are also planning and building several new towns and villages in the region. These attract new inhabitants, so that Flevoland has a very positive migration balance. For this reason, too, the population is expected to grow by almost 20 percent by 2025.

Because the in-migrants include many young families, the province’s population is younger than average, and women have comparatively many children.

The city of Almere in the south-west of the province is particularly attractive for migrants. It is only 25 km from Amsterdam and is part of the greater metropolitan area of the Netherlands’ most populous city. Almere was built as a new city in 1975 in order to take some of the spillover from the densely populated conurbation. Today it is the fastest growing city in the Netherlands. Since it was founded, the number of inhabitants has grown from around 50 people to approximately 190,000. However, as in Flevoland as a whole, the increase in jobs has not been able to keep pace with population growth. The unemployment rate in the province is the second highest in the country.

East of Flevoland lies the province of Overijssel. The provincial capital is Zwolle with a population of around 120,000. However, the largest urban settlement in Flevoland is the city of Enschede with 160,000 inhabitants. Enschede was once the centre of the Dutch textiles industry, but since the 1960s the city has undergone major structural change as a result of growing competition from low-wage countries and this is still continuing today. Nevertheless, Enschede, along with the surrounding region of Twente, is an important location for Dutch industry. As well as companies from a whole range of sectors, the technology-oriented Enschede University also has a major role to play.

South of Overijssel stretches the large province of Gelderland, in which three larger cities with between 140,000 and 160,000 inhabitants are located. One of these is Apeldoorn in north-west Gelderland, which, on account of its central position in the country, has attracted numerous industrial and services companies, as well as national state institutions. The other main cities in the region are Nimwegen, which is a similar size to Apeldoorn, and the provincial capital Arnhem. Together these form the second-largest Dutch conurbation after The Hague-Amsterdam-Rotterdam. Yet outside these large cities Gelderland is mainly agricultural and is also the location of the Netherlands’ largest forest.

Despite the rather stagnant development in many areas, the east Netherlands – thanks in part to the young and dynamic Flevoland province – is in a good position both economically and demographically. Many commuters to The Hague, Amsterdam, and Rotterdam live in Flevoland and in parts of Gelderland. Since these metropolitan regions are expected to grow in the future, the surrounding region is also likely to become more attractive as a place to live. Although the number of people over the age of 59 is set to increase by 40 percent in the east by 2025, their share today is still comparatively small. Tomorrow’s pensioners are likely on average to be better off than today’s, since the latter include many former workers in industry. What is more, since many children are being born in the region, the lifeworlds of the education phase are well represented. The provinces of the east Netherlands also lead the country in their share of mid-ranking young persons – a further sign of how well this part of the country is developing. The young lifeworlds of the work and family phases are also likely to remain stable in terms of numbers, whereas those of mid-lifers will decrease slightly.

Development of the population according to age group until 2025

<table>
<thead>
<tr>
<th>Phase of life</th>
<th>0–19 years</th>
<th>20–59 years</th>
<th>60 years and older</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income men</td>
<td>–8 %</td>
<td>–3 %</td>
<td>+40 %</td>
</tr>
<tr>
<td>Low income women</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid-ranking house-wives</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Mid-ranking mid-lifers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid-ranking young persons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top-ranking house-wives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top-ranking mid-lifers</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Top-ranking young persons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle-class elderly men</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Middle-class elderly women</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working-class elderly men</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Working-class elderly women</td>
<td></td>
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</tbody>
</table>

Life expectancy is highest in the cities of the east Netherlands.
The Netherlands

The South

The south Netherlands is one of the country’s industrial centres and has two provinces: North Brabant and Limburg. In terms of economic performance the region comes about half way down the national league table but in European terms is still way above average. The south Netherlands has the highest proportion of Catholics in what is mainly a Protestant country. This has given rise to a number of cultural particularities: for a long time the south was the area with the largest average family size in the Netherlands, but now the women in this area have the lowest fertility rate in the whole country. Since the number of children born per woman has been falling since the 1960s, this area now has the lowest share of under-35-year-olds. For this reason the region will age more than average in the future.

Particularly in Limburg, the southernmost Dutch province, the number of children per woman is way below the national average. Moreover, the region also suffers from out-migration, so that its population will shrink more than any other by 2025. One reason for this is the comparatively poor economic development of this former coal-mining region. With the decline of the coal industry in the 1960s, it lost many jobs and has still not recovered from this turn of events. Nevertheless, the state has sought to counteract the effects through restructuring measures – for example by moving the national statistics office to Heerlen in Limburg. This is also the headquarters of the former mining and now chemical and pharmaceutical giant Koninklijke DSM, which provides many jobs. The cities of Venlo and Roermond on the German border, on the other hand, have become destinations for people from the German Rhine and Ruhr regions going on day trips or shopping excursions. The extreme south of Limburg borders on Belgian Wallonia, meaning that the provincial capital, Maastricht, with around 120,000 inhabitants is French-influenced. This ancient university town is rich in culture, with several educational institutions which attract an above average number of foreign students. Maastricht is also home to a number of industrial companies, including large parts of the traditional Dutch ceramics industry.

The neighbouring province of North Brabant is mainly agricultural and attracts many tourists. The province’s few cities are home to many industries and industrial services. The provincial capital is Hertogenbosch with 140,000 inhabitants. However, the epithet “heart of Brabant” is claimed by the nearby city of Tilburg with 200,000 inhabitants. Once a textiles centre, Tilburg went through a painful process of structural change in the 1980s. Today, however, its economy is flourishing again with a broad spectrum of sectors ranging from chemicals to printing, banking, and insurance. The slightly larger city of Eindhoven is considered the technology centre of the south and also has an important Technical University. In addition the Dutch multinational Philips has factories here and also operates a Research and Development Centre. This is supplemented by numerous other technology companies, such as the lorry manufacturer DAF. Other important companies are located in Breda, a city in the western part of North Brabant with a population of 180,000. They include the food giant Royal Cosun as well as some branches of the Belgian brewery concern Anheuser-Busch InBev.

Firms like these have attracted many well-qualified young people, so that the share of the lifeworld of top-ranking young persons in the south is the highest in the Netherlands. The lifeworld of top-ranking mid-lifers has been able to stabilise in terms of numbers, even though this cohort ought to be declining. The number of young people of working age is also likely to remain relatively stable. In terms of the share of the mid-ranking lifeworlds, the provinces of Limburg and North Brabant occupy the lowest places in the national ranking, whereas a relatively large number of people belong to the lifeworlds with low income. In addition, the average fertility rate, which has been falling steadily for years in the south Netherlands, means that the share of youth living here is lower than anywhere else in the country. The future prospects of the south Netherlands are therefore rather mixed.

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Lifeworlds in Europe 81
Austria got its name “Österreich”, which literally means eastern territory, back in the Middle Ages when it often formed the eastern part of various empires and states. Austria was regarded as part of Eastern Europe and enjoyed good relations with other states and regions in this part of the continent. Later, too, Austria in its various official incarnations was oriented mainly towards the east, an alignment that was interrupted only during the Cold War when trading relations with the East Bloc were practically non-existent. This is one of the reasons why the Alpine republic for a long time lagged behind Germany economically and did not become a member of the EU until 1995, ten years after Spain and Portugal. Today Austria once again benefits from its geographical position: as a neighbour of the Czech Republic, Slovakia, Hungary, and Slovenia it forms the gateway to Eastern Europe. No other country in the western EU has better traditions of relationships with Central and Eastern Europe than Austria.

The Alps cover almost two thirds of Austrian territory and these areas are hence only partially habitable if at all. This is one reason why the territory of Austria, in statistical terms, is less than half as densely populated as Germany. Austria can be divided into roughly three parts. A fifth of Austria’s population of somewhat more than eight million lives in greater Vienna in the north-east of the country. Here the population is growing, mainly as a result of in-migration. Although the north-east overall is comparatively densely populated, its economic indicators vary. The

<table>
<thead>
<tr>
<th>Population in 2011</th>
<th>8,404,252</th>
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<tbody>
<tr>
<td>Projected population in 2025</td>
<td>8,866,411</td>
</tr>
<tr>
<td>Number of children per woman in 2011</td>
<td>1.44</td>
</tr>
<tr>
<td>Median age in 2011</td>
<td>42.0</td>
</tr>
<tr>
<td>GfK per capita purchasing power in euros</td>
<td>20,200</td>
</tr>
<tr>
<td>Percentage of top-ranking lifeworlds</td>
<td>27.6</td>
</tr>
<tr>
<td>Percentage of middle-class lifeworlds</td>
<td>30.4</td>
</tr>
<tr>
<td>Percentage of lifeworlds with low purchasing power</td>
<td>27.0</td>
</tr>
</tbody>
</table>
somewhat less densely populated north-west, on the other hand, is economically rather successful, above all the prosperous cities of Salzburg, Innsbruck, and Linz. More worrying, economically speaking, is the south, which is overall rather structurally weak. One exception to this is the up-and-coming area around Graz, Austria’s second-largest city after Vienna.

Despite the problems in the south, Austria is overall a very prosperous country. Per capita purchasing power is one of the highest in the EU. One reason for this is its economic performance, which is likewise one of the highest in Europe. Since Germany is by far the most important trading partner of Austria, the latter’s GDP correlates closely with economic trends in the neighbouring state, although Austrian per capita GDP is in fact higher than Germany’s and ranks in second place behind the Netherlands within the EU. Following a decline in the wake of the financial crisis, Austria can now boast comparatively healthy growth figures.

The economy is divided into a small, but relatively well-developed agricultural sector, a healthy, albeit not very large, industrial sector, and an extensive services sector. Trade, with Eastern Europe as well as Germany, accounts for the largest share of GDP. Almost a tenth of GDP comes from tourism, for Austria is one of Europe’s most popular tourist destinations. The Austrian economy is based mainly on many small and medium-sized enterprises. Although its structure means that it employs relatively few highly-qualified people, it does provide a large number of jobs. Austria therefore has one of the lowest unemployment rates in the EU. Only a few young people are without a job, for the well-developed vocational training system means that entry into the world of work is relatively smooth. And even when people do lose their jobs, they usually find new ones quickly.

The positive labour market situation attracts many immigrants from Germany, who form the largest group of EU foreigners. Overall, however, immigrants from the former Yugoslavia are Austria’s largest group of inhabitants with foreign roots. These immigrants mean that Austria has a solid positive migration balance and are also responsible for the fact that Austria’s population is continuing to grow at a moderate pace. The average number of children born per woman, by contrast, is rather low, which could cause problems in the future. Prognoses predict that the number of births and deaths will remain balanced for another 20 years. In terms of age structure, then, Austria comes somewhat in the middle when compared with the rest of the EU. But like so many other EU states Austria is looking for ideas that will lead to the birth rate increasing once more.

Company expenditure on research and development as a percentage of GDP, 1985–2010 (Source: Eurostat)

Average company expenditure on research and development as a percentage of GDP, 2005–2009 (Source: Eurostat)

Will Austria soon be Europe’s top innovator?

Companies in Germany and Austria invest a particularly large amount in research and development (R&D) relative to GDP. R&D expenditure since the 1980s rose more sharply in Austria than anywhere else by far. Spending on R&D has risen in Spanish companies, too, but it is well below that of the leading countries. In places where more is spent on research and on developing new technology, there is generally more innovation, which translates into patents. In 2010 Germany was particularly successful by comparison with the investment of previous years. Given its high level of investment, Austria may catch up with Germany in the coming years.
Austria

The North-West

The north-west of Austria covers around 40 percent of the total territory but is home to only just over a third of all Austrians. It is thus less densely populated than average, yet its economic performance is above both the Austrian and European average almost everywhere – and growth is higher here than anywhere else in Austria. Per capita GDP is about a third above the EU average, and the inhabitants of this area have a level of purchasing power that is almost a quarter above the EU average. Thus the population of this area is relatively prosperous. The economy of north-west Austria is characterised mainly by small- and medium-sized businesses, many of them in the tourism sector. Indeed, north-west Austria has almost twice as many overnight stays per 1,000 inhabitants as the national average. Many other small- and medium-sized businesses are engaged in agriculture and forestry. The state of Upper Austria, for instance, has the largest stocks of cattle and pigs in the country. This northern state, of which Linz is the capital, is also one of north-west Austria’s few industrial centres and is responsible for a quarter of the country’s exports. One Austrian in four employed in production works here, and thanks to industry and family phase belong to the lifeworlds of the middle class. Many of them, however, are already older and will reach retirement age in the coming 10 to 20 years. Overall the number of people of working age is falling slightly, but the healthy economic situation means that the mid- and top-ranking lifeworlds with higher purchasing power have the potential to remain more or less stable numerically. The number of people over 60, on the other hand, is expected to increase by almost 40 percent by 2025. Although many of these future pensioners are likely to be well provided for, the aging of the population and shortage of younger members of the workforce present challenges for the region.

The dominance of agriculture, and tourism, and industry means that a relatively small proportion of employees are highly qualified people working in high-tech jobs. Nevertheless, thanks to the numerous family businesses, the ratios of women and older people in the workforce are higher than the Austrian average, and youth unemployment is the lowest nationwide.

In recent years the state of Vorarlberg has shown the highest population growth in the country and has the youngest population. Although women in north-west Austria have on average more children than in other parts of the country, population growth in the region is accounted for mainly by in-migration, even if this is a smaller factor than in other parts of Austria. In addition, the number of children per woman has, contrary to the general European trend, dropped slightly in recent years. For the time being, however, Vorarlberg and Upper Austria still have the youngest population in the country, so that the old age dependency ratio is also lower than anywhere else in Austria.

The dominance of industry, agriculture, and tourism and the resulting low share of high-tech jobs means that north-west Austria is not a knowledge and innovation centre. The share of the lifeworld of students in the population over the age of 14 is comparatively low, and the top-ranking lifeworlds are also proportionately smaller than in other parts of Austria. Overall, however, the inhabitants of the north-west region are materially well off. What is more, many people benefit from this level of prosperity: thanks to the many solid small- and medium-sized businesses an above average share of people in the work

<table>
<thead>
<tr>
<th>Socioeconomic status</th>
<th>Phase of life</th>
<th>Development of the population according to age group until 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income men</td>
<td>0–19 years</td>
<td>- 9 %</td>
</tr>
<tr>
<td>Low income women</td>
<td>20–59 years</td>
<td>- 4 %</td>
</tr>
<tr>
<td>Middle-class elderly</td>
<td>60 years and older</td>
<td>+ 38 %</td>
</tr>
<tr>
<td>Middle-class elderly</td>
<td>0–19 years</td>
<td>- 9 %</td>
</tr>
<tr>
<td>Middle-class elderly</td>
<td>20–59 years</td>
<td>- 4 %</td>
</tr>
<tr>
<td>Middle-class elderly</td>
<td>60 years and older</td>
<td>+ 38 %</td>
</tr>
</tbody>
</table>
Austria is situated, the weaker its economic performance. Overall Lower Austria is still an agricultural region. A third of the value added generated by Austrian agriculture comes from this region, which is also home to important Austrian wine-growing areas. In 2008 around 8 percent of employees in this state worked in the primary sector, i.e. agriculture and forestry. In Austrian and European terms that is a great deal.

Thanks to the modern economic structure and the attraction of Vienna for highly qualified people, north-east Austria has the country’s highest share of top-ranking lifeworlds. These include many employees and managers of the plethora of companies and international organisations located in Vienna who live either in the city itself or in the rural surroundings. Since Vienna offers many exciting employment opportunities for ambitious young people and, unlike the rest of Austria, the number of people under the age of 60 is likely to go on growing in the future, the mid- and top-ranking lifeworlds with high purchasing power are likely to remain stable or increase slightly. The lifeworlds of young persons, in particular, are likely to grow considerably. This positive development will, however, continue to be led by Vienna and its surroundings, while the population of regions on the periphery continue to have lower purchasing power.

Austria

The North-East

Austria’s north-east region achieves several top rankings – both positive and negative. The share of long-term unemployed is higher here than anywhere else in Austria. At the same time the average level of prosperity is higher in north-east Austria than in any other part of the country and it is also the region with the highest incomes among the working population. This is hardly surprising, given that this is where the capital, Vienna, is located. Vienna is the economic and cultural centre both of the region and of the country. It has a long cultural tradition, is regarded today as the centre of a modern knowledge- and services-based economy, and has several times been declared the city with the highest quality of life in the world.

Around a quarter of all Austrians live in greater Vienna, which is also part of the state of the same name. Per capita GDP is by far the highest in all of Austria and almost twice as high as in remote Burgenland in the south-east of the country. In terms of GDP Vienna is well above the European average and is one of the wealthiest regions in the EU. One reason for this is that it is home to numerous international organisations and companies that use Vienna as a gateway to Eastern Europe. The city has benefited especially from the EU’s eastern enlargement.

Nonetheless, the unemployment rate in Vienna is by far the highest in Austria, although at 7 percent in 2011 it was still well below the European average. The same goes for youth unemployment. The Viennese economy attracts many well-qualified young people, who are then in short supply in other parts of the country. The capital therefore has one of the highest migration surpluses in Austria. The young migrants continually rejuvenate the age structure, which means that the share of pensioners in the population in the future, too, will probably remain lower than that in all Austria’s other states. Many of the migrants are students who come to Vienna to study at one of the numerous universities and colleges in the capital. Vienna is also in a position to offer them attractive jobs when they graduate, so many of them remain in the city. The share of highly-qualified members of the workforce is thus almost ten percentage points higher than the Austrian average. The population of Vienna is expected to increase by 14 percent by 2025 and is hence the state with the highest population growth in Austria, in part at the expense of other regions.

Lower Austria also benefits from the attractiveness of Vienna. In conjunction with the capital region it surrounds, this state forms the region of north-east Austria. Not only does Lower Austria have the second-highest population growth in the country, in economic terms, too, the state profits from the economic power of the capital. The territories bordering on greater Vienna benefit from the high purchasing power of the Viennese. The further away from Vienna an area of Lower Austria is situated, the weaker its economic performance. Overall Lower Austria is still an
South Austria, encompassing the state of Carinthia in the south-west, Styria in the south, and Burgenland in the extreme east, is structurally the weakest area of the country. Per capita GDP and average disposable income are thus both the lowest in Austria. Burgenland, especially, which in terms of population is the smallest state, is on account of its former status as the EU external border to Eastern Europe economically underdeveloped – and is also the only region in Austria to receive special funding from the European Union. Here per capita GDP is only just over three-quarters of the EU average. Despite this difficult situation, the unemployment rate is below that of Austria as a whole. One reason for this is that around 40 percent of the workforce in Burgenland has found work elsewhere and commute, many of them to nearby Vienna. One source of hope in Burgenland is the booming wind energy sector. The region leads Europe in this sector and contributes to growth and productivity. The western parts of the region are well on the way to doing this, whereas eastern Burgenland is likely to remain Austria’s most troublesome area economically for the foreseeable future.

A real economic powerhouse of the region is Styria, located further west, which leads Austria in terms of economic growth. In particular the car industry in the up-and-coming conurbation of Graz, including the components supplier Magna, is driving growth. Environmental technology, too, is booming in Graz, and these sectors are responsible for the fact that, statistically speaking, Styria invests the largest share of its gross regional product in research and development of all Austrian states.

Overall, though, south Austria lags behind, not only in economic terms but also in terms of education and fertility. The number of graduates in the population is below the Austrian average, and the regional fertility rate is the lowest in the whole country. In Styria, for example, women on average have only 1.3 children, which is below the already low Austrian average of around 1.4 children per woman. And the situation is not expected to improve, especially given that the ratio of women per 100 men between the ages of 20 and 29 is lower here than anywhere else in the country. As a result, south Austria has a large proportion of older people. Even today the share of under-35-year-olds in the population is the lowest and the share of over-75-year-olds the highest in all of Austria. To date, a slightly positive migration balance has been able to compensate for the decline in the birth rate in south Austria and has kept the population stable. This positive migration balance is not large, however, and in Carinthia more people moved away than arrived in 2009/2010. Thus, from a current perspective the population is hardly likely to grow through in-migration. Carinthia is the only Austrian state where the population is expected to decline by 2025.

Despite the structural weakness of some parts of south Austria, the population is not badly off – a consequence among other things of the overall high purchasing power of Austrian consumers. But prosperity is spread less evenly than in the regions further north: although the share of those in the lifeworlds with lower purchasing power is above the national average, the share of the wealthier top-ranking lifeworlds with high socioeconomic status is scarcely lower than in other Austrian regions, while the mid-ranking lifeworlds are relatively underrepresented.
With every degree of latitude one travels south along the 1,000-km long Italian peninsula, from the Alps to the heel and toe of the boot, the key economic indicators become slightly worse. There is scarcely another European country that has such crass inequalities with such a clear geographical distribution as Italy: the further south one goes, the lower the per capita GDP and level of prosperity are and the higher the level of unemployment is. While the north of the country is one of the European continent’s economically most powerful regions, the south is dependent on development funds from the EU. Nevertheless, viewed overall Italy’s data do not look bad. The fourth largest country in the European Union is one of its highest net contributors; overall per capita GDP and disposable incomes are slightly above the EU average; and the population has grown by around 6 percent over the past decade. But this positive picture is only made possible by the fact that the very good figures for northern Italy statistically raise the data for the country as a whole.
Any improvement in this respect seems unlikely in the foreseeable future, since the Italian economy is not in a position to provide the majority of the country’s inhabitants with a sufficient economic basis to start a family. Italy has too few globally competitive companies producing profitable high-tech goods or services. Expenditure on research and development is low by European standards, and the share of highly-qualified people in the workforce is relatively low. Italy’s economy is based on a few major companies like the car manufacturer Fiat, the aircraft manufacturer Finmeccanica and the insurance company Assicurazioni Generali. The country has a broad base of small and medium-sized family businesses in the processing sector, the food industry, tourism, and fashion and design. But these often have a hard time competing on global markets.

One consequence of this rather weak global competitiveness is large-scale youth unemployment. Moreover, almost half of the Italian unemployed have been without a job for twelve months or more – a sign of how entrenched the economic situation is. Many of the unemployed disappear into the black economy, which is large in Italy. Observers assume that up to a third of Italian economic performance is unofficial and therefore fails to benefit the country – a vicious circle which Italy has so far failed to break.

All in all, however, Italy has a big aging problem, almost as big as Germany’s. One reason for this is the fertility rate, which underwent a sharp decline in the 1980s and today is still at a low level of around 1.4. According to prognoses, the number of people under 20 will decline rapidly in the coming years and by 2030 the age group of over-65s will make up more than a quarter of the population – a value exceeded in only a few other European countries such as Germany, which is experiencing very heavy aging. How well do countries use their potential workforce?

In all the countries studied fewer women between the ages of 20 and 64 went out to work than men and fewer older people than those who were younger. The differences in the employment ratios between genders and age groups varies to different extents in different countries. In Italy only half of women and not even 40 percent of 55- to 64-year-olds are employed in the official labour market, which is a particularly low ratio. And even in countries where the differences are smaller, such as Germany or the Netherlands, female labour volume is considerably lower than male, since women much more often work part-time. In Russia the employment rate for women is traditionally very high.

Employment rates of 20- to 64-year-olds, 20- to 64-year-old women, and 55- to 64-year-olds (Russia: 20- to 59-year-olds and 55- to 59-year-olds), 2011 (Russia 2010) (Source: Eurostat; Rosstat; own calculations)
In comparison with other parts of the country, the north-west of Italy is very much Italy’s economic powerhouse. This is where the cities of Milan, Turin, and Genoa are located – Italy’s three most important industrial locations. They make the area one of Europe’s top economic performers, resulting in Italy’s second-lowest unemployment rate. In 2011 unemployment in the north-west was more than two percentage points below the Italian average. At the same time, per capita GDP and disposable incomes are higher in the north-west than anywhere else in the country. The north-west is also densely populated, its population having risen sharply during the major migration to the north from other parts of the country between the 1950s and 1970s. At that time several million people migrated from the underdeveloped south to the northern industrial centres, seeking to sell their cheap labour and thus benefit from the Italian economic miracle that occurred in this area in the post-war era; in so doing, they also helped to fuel the boom. In the coming years, however, the population of the north-west will increase only moderately in most places and even fall in some parts of the region owing to the very low fertility rate, which cannot be compensated for even by the slightly above average in-migration still taking place. The north-west also includes the relatively small regions of Liguria on the coast and Aosta on the border with Switzerland. Liguria’s capital, Genoa, is an important container port, but what was once a centre of heavy industry now suffers from an unemployment rate that is high by north Italian standards, and its population is aging and shrinking in terms of numbers. Aosta lives mainly from agriculture and tourism, but its population is rather prosperous because the area is also home to many innovative small and medium-sized businesses.

The majority of the territory of north-west Italy is covered by two regions: Piedmont, with its capital, Turin, and Lombardy, where Milan is the main city. Lombardy has by far the largest population of all Italian regions. With ten million people, four million more people live here than in the second-most populous region of Campania where the major city of Naples is located. With over a million inhabitants, the Lombard capital, Milan, is Italy’s second-largest city after Rome and the conurbation surrounding it is the most populous in Italy. This large populace finds work in a prosperous economy covering a broad range of sectors. Milan is one of Europe’s most important industrial locations, but the city is also a key centre for trading and banking, and its fashion and design industry is famous the world over. Overall, almost half of Italy’s major companies are based in Milan, which is also the country’s foremost transport hub.

Piedmont, which literally means “at the foot of the mountains”, lies in the Alpine arc. It lags behind Lombardy in economic terms and is still far above the Italian average.

Whereas the mountainous north and the agricultural areas of the south are rather thinly populated, almost half of Piedmont’s population lives in greater Turin. With a population of 900,000 people this city is located at the very heart of the region. Turin is home to several major companies, including the car manufacturer Fiat, an abbreviation for “Fabbrica Italiana di Automobili Torino”. Other major companies include the food giant Ferrero and the electronics firm Olivetti.

Thanks to the many jobs provided by major employers like these, the Italian north-west has the country’s largest share of the middle-class lifeworlds in the work and family and retirement phases. The top-ranking lifeworlds with high purchasing power also make up an above average share of the population. Because of the low birth rate, however, the region also has the lowest share of school pupils in the population. In addition, the already large number of people over the age of 60 is likely to increase by almost a fifth by 2025. The lifeworlds of mid-lifers are expected to remain more or less stable numerically, while the younger age groups are already declining. The demographic future of the north-west thus depends on its attractiveness as an economic location, for it must continue to bring young migrants to the region.
The North-East

Like the north-west, the north-east of Italy also scores well above average in economic terms. When we look at the situation more closely, however, we find that the wealth is more evenly distributed than in the north-west, where greater Milan and Turin are chiefly responsible for the high average figure. In north-east Italy, by contrast, nearly all areas are prosperous. The main driver of this development is, as in the Milan-Turin-Genoa triangle, industry. But in terms of intensity the industry of the north-east lies somewhere between the industrial centres in the north-west and less-industrialised southern Italy. For instead of major corporations, nearly all corners of the north-east are populated by highly specialised small and medium-sized companies. They are responsible for the lowest unemployment rate in the whole country and the second-highest household incomes after the north-west. Until around 40 years ago, large swathes of the north-east were structurally weak and thus classic emigration regions. Nowadays, increasing prosperity attracts many migrants to the region. At the same time, the average number of children per woman is the highest in Italy. Thus, unlike in other areas of the country, the age groups of under-20-year-olds and 20- to 59-year-olds are expected to remain numerically more or less stable until 2025.

Typical for the situation in the north-east is the autonomous region of Trentino-South Tyrol. Immediately after the Second World War much of this corner of Italy was remote, mainly agricultural hinterland. But like many other areas of northern Italy it experienced a major boom shortly thereafter and today is one of the country’s economically most successful regions. South Tyrol today has an unemployment rate of under 3 percent and thus by far the lowest rate in the whole of Italy. Youth unemployment is very low here, and an above average proportion of women go out to work. The inhabitants of Trentino-South Tyrol work in the food industry, where they mainly grow fruit and wine, in tourism, especially winter sports, and in small and medium-sized companies producing special building materials or engaging in arts and crafts. In the coming years the population is expected to grow more strongly here than in any other region of Italy.

The Veneto is also a prosperous region, its capital, Venice, being Italy’s most popular tourist destination. Despite its position on the ecologically sensitive Po delta amid numerous lagoons, it is also one of Italy’s most important industrial centres. Mestre and Marghera, the two districts of Venice situated on the mainland, are home to oil refineries, chemicals factories, and docks.

The top economic position in the north-east is, however, occupied by Emilia-Romagna, which together with Lombardy and Aosta is among Italy’s wealthiest regions. Alongside traditional industries like ceramics and machine-building and newer ones like robotics and bio-medicine, the area is also home to the sports car manufacturers Ferrari, Lamborghini, and Maserati. Friuli-Venezia Giulia in the east of the region is also well off economically. The regional capital Trieste, with its 200,000 inhabitants, is the headquarters of the insurance company Assicurazioni Generali and the coffee producer Illy. Unlike the rest of the north-east, however, Friuli-Venezia Giulia has demographic problems. Since the 1960s it has lost a quarter of its population, and because the number of children per woman is still below the Italian average, it is set to decline further in population terms in the coming years.

One indicator of the north-east’s overall prosperity is the fact that it can boast the highest shares of the top-ranking lifeworlds in the whole of Italy. Today’s older members of the workforce are on average well provided for and this is likely to apply to many future pensioners as well. Although the share of students is the lowest in Italy, highly qualified people are not necessarily required for the region to continue to develop positively, for the north-east’s prosperity is based largely on small- and medium-sized companies, only some of which make high-tech products. Like in the north-west, the number of 20- to 59-year-olds is expected to remain more or less stable, but within the population of working age the number of young people will fall considerably while the number of older members of the workforce will increase slightly.
If northern Italy is the peninsula’s economic heartland, then Central Italy with the regions Tuscany, Umbria, Marche, and Latium is its cultural heart. There are very few major companies in this part of Italy, and in many areas people live mainly from agriculture and tourism. Central Italy, however, also includes the region of Latium with the capital, Rome. With a population of 2.7 million, Rome is Italy’s largest city and the seat of almost all Italy’s major public administration offices as well as several sub-organisations of the United Nations, not to mention an enormous number of cultural treasures. The city’s numerous historic buildings and archaeological sites in the city centre have actually hindered urban development because they make it almost impossible to erect modern buildings or an urgently needed new underground system. By contrast, the satellite suburbs are in some cases neglected and have high crime rates. Rome is not an industrial city but lives mainly from services, including many state-owned companies, government and public administration offices, tourism, and the wholesale and retail trade. The city is also the centre of the Italian film industry. Apart from the film sector, the city’s strong dependence on state and international organisations has acted as a brake on the development of the private sector in Rome. Only in economically weak Calabria do a smaller proportion of people work in industry. In population terms, at least, Rome has experienced some recent growth, following a decline in the 1990s.

The region of Tuscany to the north is larger than Latium in terms of area but has a smaller population. Tuscany has many forests and protected areas and lives mainly from producing wine and olives as well as from tourism. One of the few companies in Tuscany that is of significance outside the region is the fashion label Gucci, based in Florence. But apart from this the city depends on tourism, and in the summer the number of tourists actually exceeds the local population. However, since the 1970s, when more than 450,000 people lived here, the population has fallen to 370,000.

East of Latium and Tuscany lies Umbria and Marche, neither of which have any major cities. The interior region of Umbria with its capital, Perugia, is by far the economically weakest region of Central Italy. Partly because it lacks a coastline, fewer tourists come to Umbria than to other areas of Central Italy, and its people work in agriculture, small industrial companies, and various service companies. The situation is similar in Marche, although its Adriatic coast does serve as a tourist attraction. All in all, despite these difficulties, Central Italy is still above the Italian average in terms of key economic indicators such as average disposable income or per capita GDP. While it is not thriving as well economically as the north, it is still in a better position than the destitute south. However, Central Italy also has the lowest number of children per woman in the whole of Italy, so that even now the share of the population under the age of 35 is below the already low Italian average. Nevertheless, the regions of Central Italy are currently experiencing strong in-migration, so that the population there looks set to grow slightly in the coming years.

Thanks to the many traditional university towns, a larger share of the population in Central Italy belongs to the lifeworld of students than in other parts of the country. The lifeworlds of the work and family phase are dominated by people with middle socioeconomic status. In the long term, however, the low birth rates mean that the number of young persons will decline while the lifeworlds of mid-lifers will remain roughly stable. As in all Italian regions, the lifeworlds of the retirement phase already today account for around a third of the population over the age of 14 and will continue to grow in the years leading up to 2025. Central Italy will therefore need to come up with ideas for how it can attract young, well-qualified migrants in the future.
Italy

The South and the Islands

The south of Italy is the country’s problem region. Its economic performance is only two-thirds of the Italian average, while disposal income is almost a third below the national average. What is more, the unemployment rate is more than twice as high as in the northern and central regions. Young people are especially hard hit, and many women are not economically active at all – i.e., neither officially employed nor looking for work. The ratio of women in the workforce is only just over a third in some parts of the south, whereas the EU average is two thirds. There are several reasons for the poor economic situation of the Mezzogiorno, which covers the areas from the Abruzzi to Campania, Calabria and the island of Sicily. The south suffers from its location on the periphery, the poor infrastructure, and organised crime, which stifles economic growth. In many areas the population lives largely from agriculture and tourism. There are only a few pockets of industry, such as the semiconductor manufacturer in Catania, Sicily, or the metal-processing companies and car suppliers in Bari, capital of Puglia. These pockets of industry are to some extent a consequence of the deliberate development policy from the 1960s to the 1980s. Highly-developed services are more strongly represented than in other Italian regions. This category accounts for a third of the population in the work and family phase, and more than half of elderly people are working-class. When they retire southern Italians often have only a small income, and this is likely to apply to the majority of future pensioners as well. Of the still numerous young population in southern Italy, the well educated in particular are likely to migrate to the north. The decline in the group of 20- to 59-year-olds will, for the time being at least, mainly affect the younger population of working age. This does not augur well for the economic and demographic development of the region.

Southern Italy is relatively thinly populated, among other reasons because for many years southern Italians migrated to the north or abroad, and the population is set to decline further in the future, for the average number of children per woman is low, as is in-migration. Although the population of the south is still younger than average, in the future it will age more quickly than any other part of the country. While the population segment under the age of 19 is expected to shrink by 12 percent by 2025, the cohort of people 60 years and older is set to grow by more than a quarter.

The situation is still relatively good in the region of Abruzzi and on the island of Sardinia. Geographically both belong more to Central Italy but are counted as part of the Mezzogiorno for historic reasons. Abruzzi, which lies to the east of the capital region of Latium, has a much lower unemployment rate than the areas further south. The Abruzzi benefits from its position as a trading transit point in the centre of the Italian peninsula. At 1.05, Sardinia has the lowest average number of children per woman in the whole country, yet its economic prospects are comparatively good, because a broad spectrum of sectors has settled on the island, ranging from the oil industry to the IT company Tiscali in the regional capital, Cagliari. By contrast, the region of Campania on the mainland, though the most densely populated region of Italy, is also economically the weakest. The regional capital, Naples, is Italy’s third-largest city. Official estimates put its population at between three and four million. The city lives mainly from small businesses as well as from the black economy. The only city that is worse off is the Sicilian capital, Palermo, with 600,000 inhabitants the second-largest city in the Mezzogiorno. Palermo has the lowest per capita income of all Italian provincial capitals.

The difficult situation in southern Italy is reflected in the fact that this region has by far the smallest share of people in the top-ranking lifeworlds. Conversely, low-income women and men with weak purchasing power do not economically active at all – i.e., neither officially employed nor looking for work. The ratio of women in the workforce is only just over a third in some parts of the south, whereas the EU average is two thirds. There are several reasons for the poor economic situation of the Mezzogiorno, which covers the areas from the Abruzzi to Campania, Calabria and the island of Sicily. The south suffers from its location on the periphery, the poor infrastructure, and organised crime, which stifles economic growth. In many areas the population lives largely from agriculture and tourism. There are only a few pockets of industry, such as the semiconductor manufacturer in Catania, Sicily, or the metal-processing companies and car suppliers in Bari, capital of Puglia. These pockets of industry are to some extent a consequence of the deliberate development policy from the 1960s to the 1980s. Highly-developed services have a relatively small role to play.

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“Creating history together” was the slogan of the European soccer championships hosted jointly by Poland and Ukraine in summer 2012 and attended by fans from all over Europe. If this was a resolution, then it was an ambitious one, and yet it reflected the current mood in Poland. After the difficult years of post-communist transformation, many local economic experts now believe this land of 38 million people situated on the Baltic is about to make a historic leap forward. People are already talking about the period from 2010 to 2020 as the “golden Polish decade” by the end of which Poland aims to be on a par with the countries of Western Europe in economic and social terms.

Poland’s accomplishments are certainly impressive. Between 1989, when it took its first steps towards democracy, and 2011, this once desperately poor country managed to almost double its GDP. Today Poland leads the transitional states in Europe, and even in pan-European terms it ranks well. Unlike many other EU states, the Polish economy came through the financial crisis virtually unscathed, being the only member of the EU whose GDP did not decline in the crisis year 2009 but instead grew by 1.6 percent. And in the years that followed, Poland was among the EU’s top performers with growth rates of around 4 percent.
There are many reasons for this success story. First of all, the conservative Polish banking system proved to be well nigh immune to the financial crisis – and hence managed to reap the rewards of being “in arrears” as far as development was concerned. This benefited banks in states whose financial markets had not been completely liberalised and therefore offered little scope for speculative transactions. And because Poland’s western neighbours were tangibly affected by the crisis, demand for cheap products from Poland rose. Second, the Polish domestic market is very strong. Poland has a large segment of the population under 40, a group regarded as particularly enthusiastic consumers who have a lot of catching up to do after the long years of socialism. This is the driving force behind sales of goods like televisions and DVD players.

Poland’s young population is both a blessing and a curse. On the one hand, young people are big consumers and thus fuel the Polish economy, giving it an additional boost with their abundance of ideas and innovative power. At the same time, the limited Polish labour market is having trouble absorbing the scores of people born from the early 1980s onwards. As a consequence, youth unemployment has been well over the EU average for many years and today is still around 23 percent. Because they rate their prospects at home as dim, many highly-qualified Poles are leaving Poland, so that in the long term the country will lose important human capital.

Aside from youth unemployment the situation on the Polish labour market has been fraught for many years now. The ratio of the economically active – i.e., the share of the population capable of employment who actually work or seek work – is low in Poland, at around five percentage points below the EU average. The steady rise in the official unemployment rate since 2008 shows that only part of the Polish population is benefiting from the country’s uninterrupted economic growth. And although overall GDP is steadily increasing, it is still very low in per capita terms and is only 65 percent of the EU average. Hence the level of prosperity is scarcely higher than in Croatia, which has yet to join the EU.

What is more, wealth is very unequally distributed in Poland. Even if the Gini coefficient, an international indicator of social inequality, bucks the European trend and is continuously falling in Poland, it is still above the EU average. The large regional differences within the country are one reason for this: the economically successful west and the weak east of the country are often worlds apart, as are the mostly booming cities and often poor rural regions. More than one Pole in four is threatened by poverty and social exclusion. The Polish government is trying to counteract this trend by making transfer payments and allocating money from EU structural funds to weaker areas. However, whether Poland will be able to continue its successful path and whether this ten-year period will indeed go down in history as the “golden Polish decade” remains uncertain in view of the country’s sharply rising levels of debt. The introduction of the euro, originally planned for 2011, has been postponed and is now not expected before 2015.

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**Education protects against poverty**

In all the countries studied, people with a low level of education – a lower secondary school certificate or no secondary school certificate – are at greater risk of poverty. People with a tertiary education, by contrast, rarely have an income below the poverty threshold. Poorly educated people in Poland have a particularly high poverty risk, while in the Netherlands the poverty ratios hardly differ according to level of education. In Spain and Italy the variation is smaller than in Poland, but more than half of 25-year-olds have a low level of education there.

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* A person is regarded as at risk of poverty if they earn less than 60 percent of the median equivalent income.
The northern Polish region comprises the voivodeships or provinces of Pomerania and West Pomerania. A significant feature of both is their northern Baltic coast. The sea is not only an important transport route for this part of Poland, but also attracts many tourists. Both these factors – tourism and the coastal location – present a viable alternative to agriculture for the inhabitants of rural areas, so agriculture is not as important an employer in the north as it is in the rest of the country. Although the figure varies from one district to another, only about 9 or 10 percent of the working population of this region work in agriculture, whereas the average for Poland as a whole is almost one person in five. Nevertheless, in terms of per capita GDP, the north is less prosperous than the Polish average, albeit still wealthier than the underdeveloped voivodeships of Lublin or Subcarpathia in the southeast of the country. Yet this area is in danger of losing its advantage, for in terms of growth in per capita GDP between 2007 and 2010 these two northern provinces came near the bottom of the table for Poland as a whole.

The capital of the voivodeship of Pomerania is Gdańsk – the home of the famous Gdańsk docks which were the cradle of the Polish democracy movement that started in 1980. Even today shipbuilding is still the leading sector in Pomerania. Yet like everywhere else in Europe the region’s docks have recently had to contend with empty order books. Shipbuilding ceased entirely in Szczecin and Gdynia in 2009. The Gdańsk docks have been completely restructured by a Ukrainian investor, so that they now build luxury yachts instead of container ships. Only the repair docks remained immune to the sharp drop in orders during the economic crisis. Alongside shipbuilding, the food industry, engineering, and oil refinery are important sectors in Pomerania. Other up-and-coming sectors include IT, electronics, and biotechnology. Foreign companies such as Dr Oetker or Intel have opened branches here.

In West Pomerania the economic potential is concentrated mainly in the areas around the most populous cities of Szczecin and Koszalin. The harbour complex Szczecin-Swinoujscie is one of the largest on the Baltic. As well as food processing, construction, and logistics, the timber industry also has an important role to play here. A special feature of West Pomerania is its large number of small and medium-sized businesses, of which there are a higher number than in any other Polish province. Nevertheless, their innovation potential is small and they do not provide many jobs. At the end of 2011, unemployment in West Pomerania was around 18 percent, the second-highest official unemployment rate in all of Poland. Within this province only the city of Szczecin managed to have lower unemployment levels than the national average of 12.5 percent. Neighbouring Pomerania, on the other hand, was about average, albeit with large regional differences, ranging from 5 percent unemployment in the sub-region of Trójmiasto, or Tricity, comprising the cities of Gdańsk, Gdynia, and Sopot on the bay of Gdańsk, to 19 percent in the sub-region around the city of Słupsk in the north-west.

Altogether the northern region is home to 3.9 million people. Of those aged 14 and older almost a third can be classified as people in the work and family phase with low income. And of elderly persons in the retirement phase more than half are working class. Hence people with weak purchasing power are strongly represented in the north of Poland – as they are everywhere in the country. Nevertheless, the share of the top-ranking lifeworlds is still above the national average here and is higher only in Masovia, the region around the capital.

Although the population of the northern region is on average comparatively young, within the work and family phase the young lifeworlds are below average in size and are likely to shrink further by 2025. The lifeworlds of mid-lifers, on the other hand, are expected to remain stable in numerical terms. Many of those of working age today will reach retirement age over the next 15 to 20 years and thus ensure that the number of people over the age of 60 will increase by half as much again by 2025 – a sharper increase than anywhere else in Poland. Thus all lifeworlds of the retirement phase will grow considerably. The majority of future pensioners are not likely to have high incomes in old age.

### Lifeworlds in Europe

**Educational Status**

- **School pupils**
  - Students
  - Teachers

**Age and Occupation**

- **0 – 19 years**
  - 10%
- **20 – 59 years**
  - 10%
- **60 years and older**
  - 50%

**Development of the population according to age group until 2025**
Poland

The North-East

With 59 inhabitants per square kilometre the north-east is Poland's most thinly populated region and is much less well developed than the west of the country. Although this region east of the Vistula is regarded as Poland’s "green lung" on account of the many lakes and forests and the low environmental pollution, per capita GDP in the two provinces of this region, Podlaskie and Warmia-Masuria, is only 45 percent of the EU average. Average incomes are correspondingly low. Of the 2.6 million people who live in the north-east, somewhat more than a third are women and men with low income in the work and family phase, while another 16 percent are working-class elderly women and men. More than half the population of the north-east belongs to the group of consumers with low purchasing power. Those in the work and family and retirement phases belonging to the middle-class lifeworlds do not make up even a quarter of consumers – fewer than in any other Polish region.

One problem of the north-east region is the insufficient number of jobs. In Warmia-Masuria (also known as Ermeland-Masuria) on the border with the Russian exclave Kaliningrad one person in five is officially jobless – the highest official unemployment rate in all of Poland. Nevertheless, economic developments here do give some grounds for hope. Growth in per capita GDP between 2007 and 2010 was above the Polish average, and foreign investors like Michelin and Philips have opened production facilities here. Engineering and the electronics industry are also important employers, even if the production of food and beverages is still the leading sector. Non-industrial sectors are also starting to gain in significance. The University of Warmia-Masuria, founded in 1999, provides jobs for 3,300 people and is hence one of the region’s biggest employers. Over 30,000 students are registered there, studying subjects ranging from mathematics to education. Foreign investors and a student population eager to bring about innovation indicate that the region’s western province is on the right track to bring about innovation indicate that the region’s western province is on the right track and may catch up with other Polish regions.

It forms a stark contrast to the neighbouring eastern district of Podlaskie, located on the border with Belarus and Lithuania. Per capita GDP growth here was below average between 2007 and 2010. The official unemployment rate is high, and many people are employed in agriculture in low-paid jobs, which normally do not require high qualifications. Almost one employee in three in Podlaskie earns their living in this sector, despite the fact that the conditions for agriculture are worse than anywhere else in Poland. The soil is poor and generally suitable only for grazing. There are few large farms with modern technology, although some of the dairies are among the largest and most modern in Poland. Although agriculture has a major role to play as an employer, it provides only 10 percent of gross value added, whereas the public sector makes an above average contribution. Almost one person in five in this area is employed in providing non-market services: in the public administration, healthcare, or education. Barely one person in five works in industry or construction – 7 percentage points less than the Polish average.

The unspoil scenery here raises hopes that tourism may bring a surge in development in the near future. However, so far Podlaskie has not been able to realise its full potential in this respect and still records the fewest overnight stays in all of Poland. Travellers tend to focus on a few areas of the province. One of these is Białystok, with 300,000 inhabitants by far the largest city in the province. By 2025 north-east Poland is expected to lose 3 percent of its population. While the young cohorts are shrinking, as everywhere in Poland, the number of 40- to 59-year-olds and hence the middle-aged lifeworlds will remain relatively stable. All lifeworlds of the retirement phase, on the other hand, are expected to grow considerably – most of all those of the working class.
Poland

The West

Half way between Warsaw and Berlin lies the city of Poznan, the provincial capital of Greater Poland, which belongs to west Poland. Since the Cold War, Poznan and Hanover, the capital of the German state of Lower Saxony, have been twinned. For this reason several companies based in Lower Saxony, such as Volkswagen, Bahlsen, and Nordzucker, have opened branches in Poznan, which is home to around half a million people. Greater Poland is regarded as an excellent place to invest on account of its favourable location and infrastructure: key road transit routes between Eastern and Western Europe run across this province, and there are also river shipping routes and a good railway network as well as an international airport. As a result Greater Poland has experienced an economic upturn in recent years. Between 2007 and 2010 it recorded the fourth highest per capita GDP growth of any Polish province.

The official unemployment rate is the lowest in all of Poland, albeit with considerable regional differences. The city of Poznan, with a population of around 552,000, is home to roughly one person in six in the province and has an unemployment rate of only 4 percent. Yet in other parts of the province the rate is well above the Polish average. Within the OECD there was scarcely a region in 2008 where the differences in terms of per capita GDP were as big as in Greater Poland.

This means that prosperity is very unevenly distributed – even if average incomes and GDP are relatively high by Polish standards.

With a 28 percent share of the region’s economy, industry has a big role to play in the creation of value added. Among the most important industrial sectors are car production and logistics. Agriculture, too, is a significant economic factor in Greater Poland. It generates more than 5 percent of regional gross added value – around two percentage points more than the Polish average – and has one of the country’s highest productivity scores. With a share of 45 percent, an unusually high proportion of the roughly 3.4 million inhabitants of Greater Poland live in the countryside.

The proportion is lower in Kuyavia-Pomerania in the east of the west Polish region. The province has a population of 2.1 million and is economically considerably worse off than Greater Poland. Even if growth in recent years has been higher than other areas of Poland, per capita GDP is still below the national average. There has been little investment because the economic infrastructure is considered the worst in the country. A lack of research institutions, special economic zones, and trade fairs makes the region unattractive for investors. Nevertheless, in comparison with other areas, it does offer a large sales market as well as a skilled cheap workforce. Currently, however, the official unemployment rate is around 17 percent, considerably above the Polish average. Only in the urban centres of Bydgoszcz and Torun is it much lower than this, no doubt among other reasons because these cities have managed to position themselves as good investment locations, above all for industrial production. In Kuyavia-Pomerania this is concentrated in the chemicals, machinery, and food sectors as well as in the manufacture of high-tech products.

Around half of the population over the age of 14 are classified as low-income women and men or working-class elderly women and men. Only just over one person in four belongs to the middle-class lifeworlds. The region’s population is on average rather young, but the currently comparatively small group of over-60-year-olds will grow considerably by 2025, more than in most of the country’s other regions. The majority of future pensioners today belong to the low-income lifeworlds with low purchasing power, and are therefore unlikely to have very high incomes when they retire. Within the work and family phase the age structure is shifting, too. The younger lifeworlds are already shrinking considerably in numerical terms. Thus the lifeworlds of top- and mid-ranking young persons are also expected to become smaller, even if the favourable economic trend continues in parts of the region. The lifeworlds of mid-lifers, on the other hand, look set to grow slightly.
Above all, the rapid development of the capital city has ensured that the top-ranking lifeworlds are better represented in central Poland than anywhere else in the country. Altogether a third of the population over the age of 14 belongs to the middle-class lifeworlds, whose members are equally divided between young, middle-aged, and older cohorts. The well-represented lifeworld of mid-ranking young persons, to which one person in ten belongs, is a special feature of this region, and promises rosy prospects for the future, since this lifeworld looks set to remain stable as a strong group of consumers for some time to come.

In Warsaw an above average number of people work in the services sector, while industry provides only a few jobs. In the smaller cities of the region, such as Radom, Ostrołęka, Siedlce, and Płock, employees in the industrial sector and construction still account for a third of the working population. Yet despite the advanced economic development of central Poland as a whole, agriculture still generates around 3 percent of the region’s value added, a surprisingly high proportion. This is where Poland’s largest agricultural lands are located, so that in some areas around half of the working population is employed in agriculture whereas in other areas of the country it is scarcely more than a third. Masovia is the most important Polish producer of fruit, vegetables, cereals, and milk, as well as beef and pork.

Even if central Poland can boast good economic indicators, the region is not without its problems. Although the official unemployment rate at around 10 percent is slightly below the national average, in many areas it is far more than this. Prosperity is very unevenly distributed, so that the wealth differences within the region are among the highest in the OECD in terms of per capita GDP. Low-income women and men are more weakly represented in this part of the country than in Poland overall. Yet they still account for almost a third of all consumers in the central region. Unlike most other regions, central Poland is expected to grow by almost 130,000 inhabitants by 2025. This growth will, however, only take place in the older cohorts. All lifeworlds of the retirement phase are expected to grow considerably, but within the work and family phase, too, the middle-aged lifeworlds will also grow. Through these shifts in the age structure not only will the number of low-income women and men decline, but the young lifeworlds with greater purchasing power may become smaller as well, even if the economic situation remains favourable.
Poland

Łódź Region

The region in the geographical centre of the country, consisting exclusively of the province Łódź, is intersected by all the country’s important transportation routes. The region benefits from this fact and is making an effort to maintain a well-functioning transport network. Currently, roads and railways are being expanded and modernised. While today it still takes two hours to travel from Łódź to Warsaw by train, there are plans to cut the journey time to 30 minutes by 2020. It is hoped that people working in Warsaw will then move to this area and commute from Łódź to the capital.

For the roughly 2.6 million inhabitants of Łódź province agriculture and industry are the two most important economic sectors. The region contains 50 percent of Poland’s agricultural land and almost one person in five is employed in agriculture – two percentage points more than the Polish average. But industry and construction also have an important role to play, accounting for almost a third of employees. The services sector, by contrast, is small. The distribution of employees over sectors is also reflected in the distribution of the lifeworlds. Whereas only a few people belong to top-ranking lifeworlds, the low-income women and men are the largest consumer group, making up almost a third. In addition to these people with low incomes there are around 14 percent who belong to the group of working-class lifeworlds in the retirement phase. Hence the group of people with low purchasing power is slightly smaller than the Polish average, whereas that belonging to middle-class lifeworlds is slightly larger. How the consumer structure develops in the future will depend on the cohort of school pupils, whose share of the population over 14 is, at 11 percent, rather large. If the province continues along its present path the latter may well find good career prospects here.

Like the rest of the country, the Łódź province has been through a phase of very dynamic development. In 2005 the official unemployment rate was still well over 18 percent and thus slightly above the Polish average at that time. Today, only about 10 percent of the population are registered as unemployed, which is roughly equivalent to the national average. At more than 62 percent, the ratio of the economically active –, i.e., that segment of the population capable of gainful employment who actually work – is one of the highest in the country. And although wages and salaries are still low, the inhabitants of Łódź can be optimistic about the future. Between 2007 and 2010, per capita GDP grew more than in almost any other Polish region. Łódź started from a low baseline, however, so this value is still slightly under the Polish average, but if things continue to develop as they have so far, the province could soon catch up.

One reason for the positive development is the economic progress in the provincial capital, Łódź, where one third of the region’s inhabitants live. In the 1990s the “Manchester of Poland”, as it has been called, was still facing economic ruin, for when socialism came to an end in Europe the many textiles factories that had been the city’s only industry lost their markets. Many companies had to close and their employees found themselves out on the street. In 1997 Łódź was declared a special economic zone. This succeeded in attracting more than a hundred companies from a broad range of sectors, covering everything from logistics to manufacturers of household goods. Hence companies like Dell, Fujitsu, Siemens, and Bosch today have factories in the region and are important employers. And even apart from the special economic zone, the economic structure of the district has changed considerably. Besides the textiles and clothing industry that continue to play an important role, the pharmaceuticals and building material industries are flourishing. A coal-fired power station in the province of Piotrków-Bełchatów, the most important industrial location besides Łódź, supplies 20 percent of the country’s domestically generated electricity.

By comparison with the rest of the country the group of over-60-year-olds will grow rather slowly up to 2025, but their share of the population is already relatively high today. Although all younger cohorts are shrinking numerically, the lifeworlds of mid- and top-ranking mid-lifers are likely to remain stable, for in recent years a comparatively large group of young consumers with strong purchasing power has emerged.
Poland

The South-West

The Polish south-west has benefited from its geographical position, for many important European road, rail, and shipping routes as well as air routes between Western and Eastern Europe run along Poland’s border with Germany and the Czech Republic. Overall 3.9 million people live in this part of Poland. Somewhat more than a million of them live in Lubusz in the north, Poland’s smallest province in terms of population. The remaining 2.9 million live in the southern province of Lower Silesia on the Neisse River, which is one of Poland’s most successful provinces economically speaking. Only 30 percent of its population live rurally – 10 percent below the figure for Poland as a whole – where they often have a lower level of education and work in jobs with lower productivity than the urban population. The Lower Silesians benefit from the high per capita GDP in this area, which is the second-highest in the country. This brings the population incomes that are above average. Despite its small population this area makes a comparatively large contribution – 8 percent – to total Polish GDP. This is mainly because the district has several attractive economic locations, of which Wroclaw –Poland’s fourth largest city with 633,000 inhabitants – is one of the most investment-friendly places in the whole country. International corporations like DHL, Hewlett-Packard, Google, Siemens, and Microsoft all have branches there. Wroclaw is also an important educational centre, which means that the region has many well-qualified workers at its disposal. Wałbrzych, which is about an hour away from Wroclaw, is known for its car industry driven by investors like Toyota, the tyre manufacturer Metzeler, and the Japanese car components supplier Takata. Wałbrzych is also known as the capital of Polish IT. Despite its extensive high-tech industry, Lower Silesia’s tradition as a coal mining centre continues to play a major role. The Polish publically traded company KGHM, one of the world’s largest copper and silver producers, has its headquarters here, and is a major employer in the area.

While one of Poland’s south-western provinces seems to be on the road to success, the other is having major problems keeping up: Lubusz, half of which is covered by forest, is dominated not by IT and car manufacturing but by timber and paper production. Modern industries are to be found mainly in the small urban centres of Gorzów Wielkopolski and Zielona Góra, with around 120,000 inhabitants each. The companies in Lubusz cover a broad range of sectors from the electronics and chemical industries to food processing, textiles, and building materials. In addition, Lubusz is home to several publishing houses. Altogether a third of the province’s inhabitants are employed in industry and construction, far more than the Polish average. But even if the economy is highly diversified, the economic situation in the province of Lubusz is anything but satisfactory. The official unemployment rate is above average, while per capita GDP persists at a level below the Polish average. Incomes are hence also low.

The Polish south-west thus consists of two very different provinces, one of which comes near the bottom of the table in nationwide comparison, while the other seems to be advancing by leaps and bounds. Overall, the lifeworlds with low income or that are working class and hence have low purchasing power dominate the middle and older phases of life and embrace half the population. There is, however, also a strong segment of mid-ranking young persons, who make up almost 9 percent of the population over the age of 14. Thus the lifeworld of mid-ranking mid-lifers looks set to continue growing while the middle class as a whole will remain stable, even if the age group of 20- to-59-year olds shrinks numerically. This applies likewise to the lifeworld of top-ranking mid-lifers, which today is still very small. All younger lifeworlds, by contrast, will probably become smaller because of the aging of the population, while those of the retirement phase will grow markedly.
Economic development in Opole, however, lags behind that of other Polish provinces. Although the official unemployment rate is actually slightly above the Polish average, per capita GDP is almost 20 percent below it. Disposable incomes are correspondingly low – the lowest in all of Poland in fact. In order to escape the dire economic situation, many members of the German minority here decided after the fall of communism to apply for German citizenship in order to seek work in Germany. Around 70,000 to 90,000 people from the district of Opole still work abroad today. Many of them are seasonal migrants or commuters, meaning that they have not left the region for good, but it is estimated that around 11 percent have emigrated permanently. Those who remain behind are often older people.

This is also evident in the consumer structure of southern Poland. Working-class elderly women and men make up 20 percent of the population over the age of 14, an unusually large group. Furthermore, the share of low-income women and men is among the highest in Poland. All lifeworlds of the education and the work and family phase are likely to decline in the future – only the lifeworld of mid-ranking mid-lifers looks set to remain largely stable, since the large young middle class will soon grow into this phase.

The South

What the Ruhr region once was for Germany is for Poland the province of Silesia in the eastern part of the southern region. Even today, coal mining and steel production continue to be important pillars of the economy here. In the region bordering on the Czech Republic and Slovakia, industry contributes a third of gross value added and together with construction employs over a third of the regional workforce – the highest value in the whole of Poland.

Although in terms of area this is one of the smaller regions of Poland, in terms of population Silesia, with 4.6 million inhabitants, is the second-largest province after Masovia. The majority of Silesians live in big cities with more than 100,000 inhabitants, of which there are 12 in Silesia. The largest of them is the capital, Katowice, with just over 300,000 inhabitants. This traditional coal mining province is now putting its hopes in economic diversification and is investing in research as well as in IT and green technologies. Yet although the other cities of the region are gradually turning away from traditional industries, coal and steel and the associated energy sector as well as vehicle manufacturing remain central for the Silesian economy. Textiles and chemicals also play an important role. Thanks to its ski resorts the south has a flourishing tourist industry. Currently, Silesia is still one of Poland’s economically advanced regions, and disposable income is higher only in Masovia around the capital, Warsaw. Per capita GDP here is also above the Polish average. Other regions are catching up, however, and per capita GDP growth in Silesia between 2007 and 2010 was not as strong as in many other parts of the country.

GDP growth in the province of Opole was even lower. In terms of both area and population Opole is the much smaller half of the Polish south and is home to about one million people. Unlike Silesia, which is dominated by cities, half of the territory of Opole is used as agricultural land, because it is very fertile. Moreover, almost half the population lives in villages and small settlements – a very high percentage. Agriculture employs 16 percent of the workforce in the province, whereas in neighbouring Silesia it is ten percentage points fewer. Nevertheless, industry and construction are an important labour market factor in Opole, too. A third of the workforce is employed in these sectors and generates more than 35 percent of regional gross value added. Thanks to local reserves of lime, the cement industry is flourishing, but other sectors, like food processing, car production and chemicals, are important, too.

![Diagram of life worlds according to phase of life and socio-economic status.](image-url)
Poland

The South-East

With 8.8 million inhabitants the Polish south-east is Poland’s largest region in terms of population. It consists of four provinces. The two more westerly ones, Lesser Poland and Świętokrzyskie, have scored economic successes in recent years. The eastern provinces of Lublin and Subcarpathia, on the other hand, which account for almost half the region’s population, come bottom economically in nationwide terms. This is reflected, for example, in the indicator per capita GDP, which in these two problem districts is just over 40 percent of the EU average. Low productivity also means that people here have little disposable income, in fact less than anywhere else in Poland. Most of the inhabitants of the two provinces live in the countryside, and around a third of them work in agriculture, if indeed they find work at all, for unemployment is a major problem in this part of the south-east. In particular in Subcarpathia, near Slovakia and Ukraine, many people are jobless. This district has the fourth highest official unemployment rate in Poland.

Even if the overall picture is rather dismal, the few urban centres are still the local beacons of hope. Rzeszów, for example, the capital of Subcarpathia, is home to almost all of Poland’s flourishing aviation industry. Aeroplane components and fixtures are produced here alongside light aircraft and helicopters. In this city of 178,000 people, the official unemployment ratio lies at only 8 percent and hence far below the Polish average. The situation is similar in the city of Lublin, capital of the province of the same name. This city of 348,000 inhabitants is the largest east of the Vistula and serves as a magnet for young people from all over Poland who come here to study. The city is dominated by students, who make up almost a third of the population and raise hopes of a viable future. Yet despite these isolated beacons of hope, these two provinces are increasingly falling behind the rest of the country. Thus Lublin and Subcarpathia showed under-average growth in what was already low per capita GDP between 2007 and 2010. Subcarpathia just managed to scrape into fourth place in a nationwide comparison.

The situation is completely different in the two neighbouring provinces to the west, Lesser Poland and Świętokrzyskie, which show the most dynamic economic development in all of Poland. Both are well ahead of Lublin and Subcarpathia in terms of per capita GDP and disposable income. Thus the province of Lesser Poland is the only area in the south-east with an official unemployment rate below the Polish average. This is mainly because of its capital, Cracow, where unemployment is only 5 percent. The old town of this city of 756,000 inhabitants has been declared a World Cultural Heritage Site by UNESCO and is home to Europe’s second-oldest university.

Cracow attracts many tourists and is the social and economic centre of Lesser Poland. The province of Świętokrzyskie has also developed at a similarly rapid pace in recent years, although not all inhabitants have yet benefited from the boom, so that the official unemployment rate is well over the Polish average.

With a share of just under a third, low-income men and women make up the largest group of consumers in the south-east region. More than one person in five in the work and family phase is part of the middle-class lifeworlds, but only very few belong to the top-ranking lifeworlds with strong purchasing power. By Polish standards the group of under 20-year-olds is unusually large. This is one reason why the population of the south-east is likely to remain numerically more or less stable until 2025, unlike many other areas of Poland. The age group between 20 and 59, which is important for the economy, will shrink by 2025, but not as much as in many other Polish regions. The decline will affect mainly the younger cohorts. The middle-aged lifeworlds, on the other hand, are expected to remain more or less the same size over the coming 15 years, while those of the retirement phase will grow markedly.

<table>
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<tr>
<th>Phase of life</th>
<th>School pupils</th>
<th>Students</th>
<th>Working-class elderly men</th>
<th>Working-class elderly women</th>
<th>Mid-ranking young persons</th>
<th>Mid-ranking mid-lifers</th>
<th>Mid-ranking house-wives</th>
<th>Middle-class elderly men</th>
<th>Middle-class elderly women</th>
<th>Low income men</th>
<th>Low income women</th>
<th>Older people living alone</th>
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<td>0–19 years</td>
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<td>60 years and older</td>
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Development of the population according to age group until 2025
In December 2011, Pascal Lamy, director-general of the World Trade Organisation (WTO), ceremoniously presented the Russian negotiator Maxim Medvedkov with a black T-shirt printed with the words: “Welcome to the WTO . . . finally!” There was certainly cause to celebrate, for Russia was at last about to become a member of the global organisation following 18 years of negotiations. In return for its promise to dismantle trade barriers, Russia, with its population of 143 million, hoped to attract foreign investment. Prior to that, many investors had been slow to commit money to Russia, deterred by the tricky legal and technical parameters. In 2011 Russia managed no better than 120th place out of a total of 183 countries in the World Bank’s Ease of Doing Business Index – one of the lowest positions of all the former communist states of Eastern Europe and Central Asia. In few countries does it take longer for a company to get access to electricity, and Russia is considered one of the most obstructive countries in the world when it comes to obtaining building permits or gaining access to foreign trading partners.
Nevertheless, since the end of the rouble crisis in 1999, Russia has also scored some major successes. Between 1999 and 2008, GDP grew by a total of 70 percent, and the average incomes grew by a factor of eight in the same period. Although in 2009, during the worldwide financial crisis, GDP plummeted to minus 7.8 percent, it has since recovered and Russia was able to report positive growth of 4.3 percent in both 2010 and 2011. The unemployment rate is also returning to the pre-crisis level. Russia was able to overcome the crisis quickly thanks mainly to the many programmes launched by the state to stabilise the Russian economy. However, the crisis also led to a halving of state financial reserves accumulated primarily from the sale of raw materials. Experts believe that were Russia to undergo a second crisis of the same order of magnitude as 2009, this would empty state coffers.

For the time being, then, the Russian economy is in comparatively good shape again, but this has made little difference to the majority of the population. Although this multi-ethnic state is overall considered to be highly developed, there are major differences between the various regions and population groups. Unemployment, for example, is almost twice as high in rural areas as it is in the cities. Whereas the unemployment rate in Moscow and St Petersburg is negligible, in other regions it has reached double-digit figures and young people between the ages of 15 and 25 are particularly badly affected. The figures should be treated with caution, however, since according to estimates one quarter to one third of all employment takes place within the black economy. In other words, many people of working age are employed but do not pay taxes – nor do they have any social security.

Poverty continues to be a major problem in Russia and threatens roughly one person in two. Particularly in rural areas incomes and savings are often low. Since the demise of the Soviet Union the rich have become ever richer, while lower income groups have less and less. A quarter of the population of Russia is now considered to belong to the underclass, and between 20 and 30 percent are classified as having low incomes. One household in ten lacks basic provisions such as access to drinking water or healthcare. The state has yet to succeed in establishing a proper social security system. Between 2009 and 2011, the share of the population unable to afford adequate food fell, yet in a survey conducted by the opinion research institute Levada Centre, half the respondents said they were unable to afford consumer durables. In 2009 this figure was around ten percentage points lower.

Not only is there a steadily rising number of people in Russia who cannot afford basic provision, the number of consumers is also falling. According to population prognoses, Russia will lose 25 million inhabitants by 2050 – almost a fifth of its current population. Because Russian society is aging, a declining working population will be supporting an ever larger group of pensioners. Thus pension funds that are already empty will face further major costs. At the same time, Russian economic power is set to wane as a result of labour shortages. The country with the largest territory in the world thus faces enormous challenges.

Russia’s economy shows the strongest growth

Of all the countries considered here, Russia had the highest GDP growth rates from the mid-2000s until 2008. In 2009 it experienced the deepest recession but also showed the strongest recovery the following year. In Poland, too, GDP is growing more than in the older EU countries, and there the economy did not even shrink in the crisis year 2009. In terms of per capita economic performance, however, both Russia and Poland trail behind the more westerly states. In the Netherlands and Austria, the two countries with the strongest economies of those surveyed here, per capita GDP in 2011 was around two and a half times that of Russia and double that of Poland.
Alongside its economic woes, Central Russia also faces major demographic problems: women have few children, so society in these regions is aging faster than in the rest of the country. In addition, people in Central Russia die earlier than anywhere else in the country. Often it is men below retirement age who die prematurely, in some cases on account of their high alcohol consumption.

Yet for all the problems, there are some success stories too. One of them is the mining city of Belgorod near the Ukrainian border. Belgorod Oblast, the local administrative unit, is one of Russia’s biggest exporters of metal products like iron ore or steel. Although the region’s dependence on exports makes it vulnerable to economic downturns, its 1.5 million inhabitants, who live beside the world’s largest iron ore basin, are relatively prosperous in comparison with neighbouring areas. Belgorod is ranked in sixth place in the HDI – well ahead of Moscow Oblast. Although incomes in Belgorod are the highest in all of Russia, in terms of development Belgorod Oblast is scarcely above the Russian average.

Besides Belgorod a number of other areas of Central Russia are showing promise. One particular highlight is the small city of Kaluga, which between 2006 and 2010 attracted 3.4 billion euros in foreign investment – the highest in all of Russia. What is more, in 2010 industry in Kaluga Oblast exhibited the highest growth of anywhere in Russia. The area’s success story began with the Volkswagen factory, which opened its doors in 2007, and a whole series of other international corporations followed in its wake. All in all, industrial cities like Kaluga, Belgorod, or Vladimir have the potential to help bring about an economic upswing in Central Russia as a whole.

Currently, however, one person in three is classified in the group of low-income women and men, while one person in ten is an elderly member of the working class. Almost 45 percent of the inhabitants thus count as the weakest consumers. The comparatively large lifeworlds of mid-ranking young persons and mid-lifers give grounds for optimism. Almost one person in four – and hence well above the Russian average – belongs to one of these categories. If they stay in the area, they will consume a lot in the years to come and may thus help to fuel the local economy. Demographic trends indicate that all lifeworlds encompassing retired people are likely to grow considerably by 2025. The decline in the share of 20- to 59-year-olds in the population will take place mainly in the cohorts under the age of 40. The lifeworlds of middle-aged people with more purchasing power are thus likely to remain stable or – should economic developments be positive – even to grow.
Moscow is growing, and the city government plans to expand the territory the Russian capital occupies today by 1,460 km², making it an area as large as Hamburg and Berlin combined. This would entail Moscow at least doubling in size in terms of area. Vladimir Ressin, the city’s deputy mayor, explained that there simply wasn’t enough space for new roads, shops, and housing.

In fact Moscow is one of the few areas of Russia where the population has been growing steadily in recent decades. Between 1989 and 2010 the city’s population increased by 2.6 million to 11.5 million, making the city on the Moskva River the largest in Europe. The population increase can be accounted for primarily by migration to the city, which not only swells the city’s population but also ensures a steady stream of new people to join the workforce. For the city’s economy to continue to boom it needs these migrants, because the fertility rate in Moscow is comparatively low. The metropolitan area around the Kremlin is certainly attractive, not only for migrants from other parts of Russia but also for foreign immigrants. Of the total of 162,000 people in Russia who left their home region in 2009, the majority went to Moscow. Moreover, Moscow has more foreign immigrants than almost any other city in Europe, occupying third place behind London and Paris in terms of the number of inhabitants born abroad.

Nevertheless, with an unemployment rate of only 1.7 percent and a flourishing economy that generates more than a fifth of total Russian GDP, Moscow is a very attractive location. The sector primarily responsible for economic success is services, which in 2009 was responsible for almost half the city’s GDP and employed just under 62 percent of all those in work. The wholesale and retail sectors came in second place, employing one person in four and accounting for around a third of Moscow’s GDP.

Half of all Muscovites have higher education and thus contribute a great deal to the city’s economic performance. Nowhere else in Russia is the proportion of lifeworlds of top-ranking young persons and mid-lifers – 10 percent each – as high as in the pulsating capital. Moscow also has a large group of young and middle-aged persons belonging to the mid-ranking lifeworlds, which encompass around 24 percent of the population over the age of 14. In addition, typically for the area around a major city, Moscow’s population has a comparatively high proportion of people of working age. By 2025, however, the age structure will shift upwards considerably, with the number of people aged 60 and older probably rising by more than a third. The lifeworlds encompassing middle-aged or older members of the workforce will probably also grow slightly, while the number of under 40-year-olds will decline sharply – a consequence of the sudden drop in the birth rate following the demise of the Soviet Union. Even if the economy continues to flourish, the lifeworlds of young people with strong purchasing power will become smaller, as will those of low-income women and men.
Russia

North-West Russia

The North-Western Federal District has 13.6 million inhabitants and is thus about four and a half times as big as Germany. As the direct neighbour of Poland, Estonia, Latvia, Lithuania, and Finland, North-West Russia has borders with several EU states. The far north of the region borders on the Baltic, Barents, and White Sea. The territory is covered in huge forests, and 84 percent of its population live in cities. Altogether this federal district produces more than 10 percent of Russian GDP – mainly in St Petersburg and the surrounding Leningrad Oblast, where more than half of the population of North-West Russia live. At first glance the economy in this region looks rosy. The prosperity indicator of per capita GDP is well over the national average. But this is due almost entirely to the prosperous city of St Petersburg and the surrounding oblast. Per capita GDP in half of the oblasts in North-West Russia is actually below the national average.

After Moscow, St Petersburg is regarded as Russia’s second economic centre. Productivity in the city rose between 2000 and 2010 by around 10 percent a year. Located on the Gulf of Finland, it was already a leading centre for shipbuilding, energy technology, and engineering in the Soviet era, and since then several international concerns have opened production facilities there. What is more, St Petersburg and the surrounding oblast have become a magnet for direct foreign investment. Only Archangelsk Oblast, in the far north on the White Sea, has attracted a comparable level of investment. Economic success brings people from all over Russia and from abroad to the North-West. Thus between 2007 and 2009, St Petersburg attracted almost as many migrants as Moscow. This influx is important for the city, for even today there is already a shortage of skilled labour.

Kaliningrad, the Russian exclave cut off from the rest of Russia and sandwiched between Lithuania and Poland, also suffers from a shortage of skilled workers. Its economic success is based above all on the tax breaks for investors that it offers – however these are soon set to come to an end. How Kaliningrad will develop after that is difficult to predict. The most northerly region of North-West Russia, Murmansk, has lost almost a third of its population since 1989 – mainly through out-migration – even though it is now doing comparatively well economically, and incomes are well above the average for the North-West. The port of Murmansk, which is frost-free all year round, is an important location for exports; in addition, the area also possesses mineral resources which it mines and processes. This can also be a disadvantage, however. Because Murmansk’s economic performance, which accounts for as much as 5 percent of North-West Russian GDP, is based on selling raw materials, it is particularly vulnerable to dips in the economic cycle. In fact, the whole of North-West Russia is economically dependent on raw materials markets. Komi and Karelia produce timber, and Vologda makes steel. In Karelia GDP declined by almost 8 percent between 2008 and 2009, while Vologda experienced a decline of almost 28 percent. What is more, 17 percent of the population has an income below the legally determined subsistence level – the highest proportion in Russia. With the exception of St Petersburg, this figure runs to double digits throughout the North-West.

Although the economic situation in St Petersburg and Leningrad Oblast gives grounds for optimism, the distribution of lifeworlds among the population of the North-West as a whole corresponds roughly with the Russian average – on account of the weak economic performance of the rural areas. Because average life expectancy is low here, the lifeworlds of people in retirement are rather weakly represented, although they are likely to grow considerably in the future. Within the lifeworlds in the work and family phases of life the age structure will shift in the future with the proportion of young people and hence young lifeworlds shrinking and the lifeworlds of middle-aged persons most probably remaining fairly stable until 2025. If rural areas develop in a positive direction the lifeworlds of top- and mid-ranking mid-lifers may even grow slightly.
Russia

South Russia and the North Caucasus

In the south of the country lie the stable, forward-looking Southern Federal District and the North Caucasian Federal District. The majority of the 23 million inhabitants of this region live in the wealthier Southern Federal District, which stretches from the Black Sea in the west to Kazakhstan in the east. This is where the city of Sochi is located, which will be hosting several major sporting events in the coming years. In 2014 the city with 340,000 inhabitants on the Black Sea will host the Winter Olympics, in 2016 the ice hockey world championships, and two years later the soccer World Cup will be staged at several cities in the district, including Sochi. This is one of the reasons why Sochi, located in Krasnodar Krai in the west Caucasus, is currently Russia’s leading investment location.

Until not long ago, however, the Southern Federal District was known not for sport but for food production. In 2009 almost one sixth of Russia’s total agricultural produce came from Krasnodar Krai and Rostov and Volgograd oblasts. The rural population made up more than a third of the district’s 13.9 million inhabitants and was hence ten percentage points higher than the national average. Large companies specialising in grain or sunflower oil production have established themselves in the region. While these are lucrative industries, they do not bring many jobs, so that the people in southern Russia draw little benefit from the yield of their fertile black soil region.

Two of southern Russia’s cities – Volgograd and Rostov – have populations of more than a million. Volgograd is currently trying to shake off its image as a purely industrial city by building modern offices, as well as hotels to accommodate ecotourists and in 2018 several thousand football fans. The district capital, Rostov, by contrast, shifted its focus much earlier from industrial production to other economic sectors. Rostov and the surrounding oblast generate more than a fifth of the district’s GDP through wholesale and retail trade – one of the highest figures in Russia.

The poorhouses of the Southern Federal District are the Republics of Adygea and Kalmykia. The latter is struggling with an unemployment rate of 15 percent. In the Human Development Index (HDI), the United Nations’ development indicator, this small republic north of the Caspian Sea is ranked very near the bottom. Living conditions in Kalmykia are as bad as those in the crisis areas of Chechnya and Ingushetia in the North Caucasus – Russia’s most explosive region.

The 9.5 million North Caucasians are composed of fifty ethnic groups. This ethnic mix, in conjunction with the poor economic and social situation, constitutes a breeding ground for unrest. Of the eight internal conflicts that took place in Russia in 2011, seven occurred in the North Caucasus – all involving the use of arms. The average monthly income in the region in 2010 was just 60 percent of the national average, and the unemployment rate in the North Caucasus is, at 17 percent, almost ten percentage points higher than the national average. The Islamic fundamentalism that is already prevalent in the region has thus been able to expand its influence, exploiting the susceptibility of the many young people and those lacking opportunities who are particularly receptive to extreme ideas. Although many people have left the region in search of better living conditions, the above average fertility rate has meant that the population has nonetheless grown.

Around half of the population over the age of 14 in southern Russia belongs to the lifeworlds of low-income women and men or working-class elderly women and men and hence has weak purchasing power. Low-income men make up 20 percent of the population in the region and are hence by far the largest single consumer group. Across all life phases fewer than one person in four is classified as middle-class – the lowest value of all the Russian regions. The share of top-ranking lifeworlds corresponds roughly with the Russian national average. This is an indication that wealth is very unequally distributed and that broad swathes of the population in the Southern Federal District will not constitute a strong group of consumers in the long term. Because, contrary to the general Russian trend, the population in the North Caucasus is growing, the number of people of working age will decline only slightly in the future.
The Volga

On 17 April 2012 a 30-year legend came to an end in Izhevsk, a city in the middle of the Volga Federal District with a population of 630,000, when the last Lada Nova rolled off the production line. The small, angular four-seater was the Russian equivalent of the East German Trabant (affectionately known as the Trabi) and had served as a means of transport for countless families. Yet this relic of the Soviet era would be rather out of place in the heady, forward-looking atmosphere of the post-Soviet Volga Federal District with its 30 million inhabitants – more than one fifth of the Russian population. Many of the 14 administrative divisions of this district are rather successful by Russian standards: the Republic of Tatarstan, in the geographical heartland of the district, for instance, is exceeded in economic performance only by Moscow and by Tyumen, Sakhalin, and Chukotka in the Urals and Far East Federal Districts, all of which are rich in raw materials. The Republic of Bashkortostan in the southeastern part of the district counts among Russia’s ten most economically developed territories. The republic derives its wealth mainly from oil extraction and refining. Other thriving economic centres in the district include Orenburg, Samara, Perm, and Nizhni Novgorod.

The Volga Federal District thus offers investors good opportunities for doing business. Of the ten Russian cities scoring highest in the World Bank’s Ease of Doing Business Index in 2012, three were in the Volga Federal District. They are thus among the best places to invest in the whole country. Yet while some areas of the district are making major leaps forward, in others the picture is far more gloomy. In Saratov and Ulyanovsk Oblast as well as in the Republics of Mordvinia and Chuvashia, with a combined population of 3.4 million, one in five people was living below the statutory subsistence level in 2010. In the Republic of Mari El, with 700,000 inhabitants, the figure was as high as one in four.

Overall, however, the Volga region offers its population acceptable living conditions, as shown by the Human Development Index, which takes account of per capita GDP and income as well as life expectancy and educational indicators and thus derives a comprehensive evaluation of the level of development. In 2009, four of the 14 territories in the Volga district ranked among Russia’s top twenty. Tatarstan achieves top values and comes fourth in the national league table. The majority of the territories were positioned around the middle, with the exception of Kirov Oblast with 1.3 million inhabitants, which only made it to place 64 and is thus one of the worst-developed areas of Russia.

Owing to the recession in the crisis year 2009, the second largest territory, Samara Oblast, located in the north of the Volga Federal District, was one of six Russian regions in which, according to the HDI, living conditions have deteriorated. One reason for this is that the economy there is not very diversified and is dominated by the largest Russian car manufacturer AvtoVAS, which produces under the name of Lada and is located in the city of Tol’yatti with its 720,000 inhabitants. Before the crisis the company provided 130,000 jobs for the region, but one year later this had dropped to 100,000. Only with state assistance was it possible to rescue the company; three years after the slump the Russian car industry is booming again, and Russia is on the way to becoming Europe’s largest car market. Renault-Nissan wants to take over AvtoVAS with the aim of supplying the Russian car market with models for the masses. Yet the economy of the Volga district continues to rest on a rather shaky basis with the one-factory city of Tol’yatti.

Were there to be another crisis, the region would run the risk of increasing the share of the population with low income (or among retired people, working-class elderly women and men) and weak purchasing power. Today almost half the population over the age of 14 – and hence more than the national average – belongs to these lifeworlds. The top-ranking lifeworlds, by contrast, make up a very small proportion of the population, at just 10 percent, below the national average. As in all Russian regions, it is primarily the younger cohorts of working age that are likely to shrink by 2025 and with them the younger lifeworlds. Only if the economic situation stabilises will the lifeworlds of mid-lifers with greater purchasing power remain at anything like their current level.
Russia

The Urals

At 1,895 metres the Narodnaya is the highest peak in the Ural mountains, which run from north to south dividing the Eurasian landmass into two halves. From the top of the snow-covered peaks of this mountain range there is nothing to suggest that the surrounding Urals Federal District, located at the boundary with Asia, is where Russia’s most contaminated areas lie. The economy is based on the metallurgy industry and on oil and gas extraction, and thus nowhere else in Russia are so many tonnes per capita of harmful substances released into the environment as here.

Yet what is a curse for nature is a blessing for the economy of the Urals region and for Russia as a whole. It means that the 12 million inhabitants of the federal district produce around 14 percent of Russian GDP, even though they make up only 8 percent of the Russian population. In Tyumen Oblast, one of the four large administrative units of the district, per capita GDP in 2009 was almost three times the national average. In Kurgan Oblast, where around 12 percent of people capable of gainful employment are unemployed. Unlike the rest of the Urals region it has no natural resources, and only the pipelines and the Transiberian railway in the border zone with Kazakhstan serve as a reminder of Russia’s rich natural resources. The average monthly income is well below the national average as well as below that of the neighbouring regions. The Human Development Index also shows how large the discrepancies are within the federal district: three of the four administrative units of the Urals region rank among the national top twenty. But Kurgan doesn’t even make it half way up the table and comes in at place 60 of a total of 80. For that reason many people want to leave. In 2010, 192,000 fewer people lived in Kurgan than in 1989 – a loss of more than 17 percent.

Yet the focus on oil and gas also makes the region vulnerable to economic fluctuations. Nowhere in Russia was the impact of the 2009 economic crisis stronger than in the Urals and in the similarly structured neighbouring Volga region. Industrial production plummeted and it is estimated that the unemployment rate shot up to the level of 2008, the rouble crisis year. Official figures put the unemployment rate in 2009 at 8 percent, a big increase from the 5 percent the previous year.* By 2010 there had been little recovery and still stood at 8 percent, half of a percent above the national average.

The poorhouse of the Urals Federal District, however, is Kurgan Oblast, where around 12 percent of people capable of gainful employment are unemployed. Unlike the rest of the Urals region it has no natural resources, and only the pipelines and the Transiberian railway in the border zone with Kazakhstan serve as a reminder of Russia’s rich natural resources. The average monthly income is well below the national average as well as below that of the neighbouring regions. The Human Development Index also shows how large the discrepancies are within the federal district: three of the four administrative units of the Urals region rank among the national top twenty. But Kurgan doesn’t even make it half way up the table and comes in at place 60 of a total of 80. For that reason many people want to leave. In 2010, 192,000 fewer people lived in Kurgan than in 1989 – a loss of more than 17 percent.

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The populations of the other southern oblasts, Chelyabinsk and Sverdlovsk, both industrial centres, are also declining, albeit at a much slower rate than in Kurgan. The picture in the north, where well-paid jobs in the oil and gas industry attract many young workers, is completely different. This has given Tyumen Oblast an above average young population. Roughly half of the inhabitants are younger than 40, and around a quarter are between the ages of 20 and 29. The number of births and deaths more or less balance each other out, and thanks to continuous in-migration the population is growing.

Demographic prognoses for the period up to 2025 predict a decline only among young people of working age – a consequence of the low number of births in the 1990s. In line with this, even if economic developments are positive, the proportion of mid- and top-ranking young lifeworlds with stronger purchasing power is likely to shrink. The number of school pupils, elderly women and men of retirement age, and people of middle and advanced working age, by contrast, is likely to increase. So far the economic successes of some areas have impacted on only a small proportion of the population. Almost 40 percent, an unusually high proportion (in national terms), have low income, while the top-ranking lifeworlds are thinly populated in all age groups.

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* The official unemployment statistics have been made to look better by employing people part-time or in the public sector. See National Human Development Report for the Russian Federation 2011: Modernization and Human Development, p. 129.
Russia

Siberia

Not long ago Yemelyanovo airport near Krasnoyarsk won first prize in the “dynamic development” category of a competition for the best post-Soviet airport. With more than 1.6 million passengers in 2011, the airport was well used, particularly as a hub for travelling to other parts of Russia or to Europe or South-East Asia. For Siberia the airport is symbolic, given that since the 1990s the federal district has become a transit region for migrants. Siberia is roughly 14 times the size of Germany but has only 19 million inhabitants. Between 1993 and 2009, around 430,000 people moved from Siberia to other districts of Russia, but the exodus was largely counterbalanced by in-migration from Asia. Nevertheless, the population is shrinking. This is explained by natural demographic developments – because the low birth rate around 1.8 million fewer people live in the region than they did in 1989.

While this change has meant that some areas of Siberia have become strongly depopulated, others are growing. Novosibirsk, the third largest city in Russia after Moscow and St Petersburg, has increased its population by 130,000 to a current size of 1.5 million. This is partly due to the fact that the level of development in Novosibirsk Oblast is rather high. Together with Krasnoyarsk, Omsk, and Tomsk Oblasts, Novosibirsk comes near the top of the Human Development Index for Russia and thus has a level of development almost on a par with Moscow and St Petersburg.

Taken as a whole, however, Siberia has been unable to keep up with Russian development. The average monthly income in 2009 was not above the national average in any of the Siberian regions. In that crisis year more than one person in ten in Siberia was unemployed, and in 2010 the unemployment rate was still 8.7 percent – more than one percentage point above the national average. No area of Russia offers such a low standard of living as the Siberian Republic of Tuva, which comes right at the bottom of the Human Development Index for Russia; in 2010 more than one person in five in Tuva was unemployed.

One of the reasons why the situation is so bad is that Siberia does not properly exploit its potential. A good example is timber – one of Russia’s most important natural resources alongside oil and gas. Although Siberia is home to Russia’s largest forests, the Siberians only use the forests half as efficiently as would be technically possible – the processing technology is obsolete, the infrastructure is poor, and production is inefficient. Many of Siberia’s one-industry cities, where almost the entire workforce is employed by a single company, suffer from similar problems.

Since many of these Siberian companies cannot compete on the world market, they are doomed in the long run, and will lead to whole cities going bankrupt. To make itself internationally competitive, the federal district must bring about a technological revolution and establish a knowledge-based economy. Yet with an aging workforce and too few young specialists who might drive innovation forward, this seems unlikely. One exception is Tomsk, a university city with around half a million inhabitants. Every fifth person here is a student, and the environment is creative and forward-looking. Tomsk registers more patents per capita than any other region apart from St Petersburg and Moscow.

Despite the rather mediocre level of development the top-ranking lifeworlds are well represented in Siberia, making up roughly 15 percent of all consumers. People in the working and family phases of life with weak purchasing power in conjunction with working-class elderly persons account for about 40 percent of the population and are hence a smaller group than in most other Russian regions. Because the number of people of working age is likely to decline further by 2025, the lifeworlds of people in the working and family phases of life are shrinking – with the exception of those of mid-lifers, since the population decline affects only younger cohorts. The number of those younger than 20, by contrast, is predicted to increase over today’s low level.
People have been moving away from the Far East ever since the heavily subsidised arms and consumer goods industries went bankrupt following the demise of the Soviet Union. Together with the freezing cold winters, the poor infrastructure, and high living costs, this has made the Far East an unattractive place to live. The social atmosphere is gloomy as well: Siberia and the Far East have the highest murder rate in the entire country.

At 8.7 percent the unemployment rate is above the Russian average. With few exceptions, wages and salaries in the Far East are below the norm for the country. There are only a few gleams of hope, in places where people have managed to make a profit out of existing resources like gold, diamonds, oil, and gas – for instance in Chukhotka in the extreme north-east, where the former governor Roman Abramovich, famous in Europe for buying the English football club Chelsea, managed to attract foreign investors and to get gold production going. Here the average monthly income is even slightly above the national average and the unemployment rate is only 4 percent – in both cases the best figures in the entire Far Eastern Federal District. Nevertheless, here, too, the population is shrinking rapidly, having declined by 6 percent between 2002 and 2010. In Sakhalin, according to the Human Development Index the most developed area in the federal district, the decline was even greater – 9 percent – and this despite the fact that the region has major oil and gas reserves and in 2010 almost 10 percent of all direct foreign investment in Russia went to Sakhalin.

The reason why this region and the district as a whole are losing inhabitants, despite the abundance of raw materials, is that the extraction of raw materials brings only a few jobs, and those mainly for men, of whom there are an above average number in the Far East. In addition, education and research are underdeveloped; the government is therefore also investing in education in the hope of attracting a young, educated population.

Despite the generally depressing picture, there are some individuals who have managed to achieve a high standard of living: the percentage of top-ranking lifeworlds is comparatively high – an indication, however, that wealth is particularly unequally distributed, for the middle class is even smaller here than the Russian average. Whereas by 2025 the share of school pupils is likely to have stabilised at a low level, the group of young people capable of gainful employment is shrinking considerably. The lifeworlds of middle-aged and older people of working age will probably remain roughly the same. The majority of tomorrow’s pensioners are likely to have only a meagre income, although all lifeworlds in the retirement phase of life will grow.
Nevertheless, Germany is going in the right direction in terms of making ever better use of its workforce’s potential. The employment rate for older people of working age is rising, as is that of women: around 70 percent of women between the ages of 20 and 64 go out to work and they are closing the gap with the employment rate of men. However, around 45 percent of women only work part-time, not always voluntarily and not only if they have small children. Of the 55- to 64-year-olds, not even half were economically active in 2005. The current figure is around 60 percent, and the trend is increasing.

After a phase of high unemployment in the 1990s and 2000s, both the economy and the labour market have developed favourably more recently. Between 2005 and 2008 new jobs were created in almost all regions of Germany – above all in the major cities of Berlin, Hamburg, Munich, and Stuttgart, but also in some rural regions, such as western Lower Saxony. The unemployment rate has almost halved and has fallen from one of the highest in the EU – more than 11 percent – to just under 6 percent. Even in the economic and financial crisis the labour market has proved to be robust. Thus in economic terms Germany has reason to be optimistic about the future, even if the current weakness of important trading partners such as Spain, Italy, and Great Britain is likely to have an impact on the export-oriented German economy.

Geographically speaking Germany is at the centre of the EU27 and with around 82 million inhabitants is the EU’s most populous and – in GDP terms – economically most powerful country. At the same time, it leads the EU in demographic trends, for in the country known for its “economic miracle” in the 1950s the number of children born per woman had already fallen to around 1.5 in the early 1970s, diminishing further in the 1980s to 1.4, which is still the norm today. Since then, each new generation has been a third smaller than their parents’ generation numerically. Moreover, since 1972 the country has also recorded more deaths than births each year.

For a long time it was possible to compensate for this natural demographic decline through immigration, but by 2002 the population of Germany had peaked, and since that point it has been falling. The only exception was 2011 when it grew slightly as a result of increased immigration. While there will still be almost 80 million people living in Germany in 2025, after that the decline will accelerate, so that by 2060 the population is expected to have shrunk to between 65 and 70 million. From around the mid-2040s, according to prognoses, Germany will only be the third largest of today’s EU27 states after France and Great Britain.

Thus when it comes to the problem of an aging population, Germany is the EU’s biggest worry. Germany’s economy, social security systems, and labour market will already start to feel the effects of this trend from 2015. In the subsequent decade the numerically large baby-boom generation born in the 1960s will start to reach pension age. By 2025 the number of people capable of gainful employment between the ages of 20 and 64 is expected to be more than 3.5 million below the figure for 2010, and by 2030 between six and almost eight million below that level. This will pose major challenges for social security systems and pension funds.
The gloomy demographic prospects do not affect all parts of Germany equally. Some regions in southern Germany lead the EU in terms of economic power, prosperity, and innovation. They are growing demographically and are likely to attract migrants both from abroad and from other regions of Germany. In view of the fact that the population is shrinking, competition between the regions is growing. Only those areas that succeed in attracting young people will be able to grow or remain stable in demographic terms – and this happens mainly at the expense of rural regions whose populations in some places have already fallen considerably and which are likely to continue to lose people in the future.

Many regions of eastern Germany are still suffering the demographic consequences of the fall of communism. The number of children born per woman plummeted to under one for a time so that currently the “halved post-communist generation” are reaching the age when they might start a family. The number of potential parents had already dropped in the 1990s and 2000s because young people in particular – and more women than men – migrated westwards. Other areas also currently battling population decline are the rural regions in western Germany along the former inner German border as well as the conurbations of the Ruhr and Saarland which have yet to overcome both old industries becoming obsolete and the economic restructuring required to compensate for this.

Because mainly young and qualified people leave these areas, they lose not only their potential parents but also the talent which would be especially crucial for the German economy in these regions in the future. To at least maintain the current level of prosperity and preserve the innovative capability of the economy despite a falling number of economically active people, the productivity of those in employment must rise. Yet this will only be possible if the educational level of the population rises. Lifelong learning is a prerequisite for a higher retirement age.

Germany’s population is already one of the oldest in Europe today. By 2025 the total number of people under 20 and those between 20 and 59 is expected to fall by another 10 percent. Given this trend, none of the lifeworlds in the education and the work and family phases is likely to remain numerically stable, even if the economy and the labour market continue to develop favourably. All lifeworlds of the retirement phase, on the other hand, are expected to grow considerably. Given the periods of high unemployment in the 1990s and the 2000s together with the demographic trend, pension funds will be additionally burdened; particularly in the eastern German regions the share of pensioners with a modest income is likely to grow. In other parts of Germany, particularly around the economically successful conurbations in Baden-Württemberg, Bavaria, Hesse, Lower Saxony, Hamburg, and Greater Düsseldorf-Cologne, many future pensioners can expect to maintain their high standard of living when they retire.

The regional distribution of the lifeworlds, the economic and demographic situation in the German regions, and the predicted future trends formed the subject of a study entitled *Lifeworlds 2025: How Consumer Structure in the Regions Is Changing* published by the GfK Verein in 2011.

Children keep you young – but all countries are growing older

In no other European country did the fertility rate decline so early and so drastically as in Germany. Those born after the dip in birth rates caused by the advent of the contraceptive pill are now a smaller cohort of parents and have themselves had few children. For that reason the proportion of older people in the population as a whole is particularly high in Germany. It will rise again steeply from 2020 onwards when the baby-boom generation starts to reach retirement age. Countries like Great Britain or France, where more children are born, are also aging, but not as much as Germany or Italy, where the birth rate is at a similarly low level. Poland today still has a young population but will in the future have to face a particularly sharp rise in the population of over-64-year-olds.
The figures used to evaluate whole countries and individual regions in Chapter 1 of this study were calculated for countries which were members of the European Union in 2012 as well as for the non-EU countries Iceland, Norway, and Switzerland. For eight countries (Germany, France, Great Britain, Italy, the Netherlands, Austria, Poland, and Spain) the maps show the values for the NUTS-2 regions, whereas the respective national average was applied for the remaining countries. The evaluation does not include the French overseas territories, the two Spanish exclaves in Morocco, or Liechtenstein because too much data was missing.

In order to obtain evaluations, both for each category (population, economy, health etc.) and overall, from the 24 indicators comprising the index, the data were coded on a scale of 1 to 6. The individual indicators were combined to first provide intermediate scores and then an overall evaluation. Our aim was to assess how fit each region is for the future and to provide an overall evaluation. Our aim was to assess how fit each region is for the future and to provide an overall evaluation.

As well as the overall evaluation for each country/region and the evaluations for the fields of employment and economy, ten further indicators for the above-mentioned regions and countries and for Russia’s federal subjects are presented. The source and definition of these indicators is set out on the respective map. In the following we define each of the 24 indicators, specifying the year to which they apply and the data source.

### Number of children

If life expectancy remains constant and there is no in- or out-migration, the size of a population will remain stable if every woman has 2.1 children in the course of her lifetime. If fewer children than this are born, a population will begin to shrink unless there is in-migration.

**Coding key**

- 2.11 and more: 1
- 1.95 to 2.10: 2
- 1.59 to 1.84: 3
- 1.33 to 1.58: 4
- 1.07 to 1.32: 5
- 1.06 and fewer: 6

**Unit of measurement:** The average number of children born to a woman in the course of her lifetime if the birth rates for all age groups between 15 and 49 would remain at the level they were when the calculation was made in 2009. This total fertility rate (TFR) is often expressed in simplified terms as the average number of children per woman.

**Source:** Eurostat online data bank (2009).

### Under 35-year-olds

A high proportion of under 35-year-olds in a population is a sign of a region that will continue to have a sufficient number of people of working age and a sufficient number of potential parents.

**Coding key**

- 3.01 and more: 1
- 2.51 to 3.00: 2
- 2.01 to 2.50: 3
- 1.50 to 2.00: 4
- 1.01 to 1.50: 5
- 0.51 and less: 6

**Unit of measurement:** percentage of under 35-year-olds in the total population in the year 2010.

**Source:** Eurostat online data bank (2010; 2009 for Cyprus, Estonia, Greece, Iceland, Lithuania, Luxembourg, Latvia, and Malta).

### Migration

The number of people migrating in or out of a region is a sign of how attractive it is. The more positive the migration balance, the more popular the region is.

Since it is mainly people between the ages of 20 and 40 who migrate, positive migration balances tend to make populations younger, especially if the in-migrants have children. In areas with negative migration balances it is mainly older people who stay behind. In addition, highly qualified people are generally more mobile, which is why migration movements also have an impact on economic development.

**Coding key**

- 0.01 to 3.50: 1
- 3.51 to 7: 2
- 7.01 and more: 3

**Unit of measurement:** balance of in- and out-migration (in-migration minus out-migration) per 1,000 inhabitants; mean value for the years 2009 and 2010. All values below zero indicate a negative migration balance.

**Source:** Eurostat online data bank (2009 and 2010; 2009 for Great Britain).
Over 75-year-olds

After people reach the age of 75 the costs of providing them with healthcare rise and the probability that they will need nursing care increases. This puts a strain on state budgets and welfare funds.

| Coding key | 5 and less | 1 |
| 5.01 to 6.50 | 2 |
| 6.51 to 8.00 | 3 |
| 8.01 to 9.50 | 4 |
| 9.51 to 11.00 | 5 |
| 11.01 and more | 6 |

Unit of measurement: percentage of over-75-year-olds in the population as a whole in 2010.


Prognosis for 2030

Population prognoses are based on projections of fertility, life expectancy, and in- and out-migration both within countries and from outside. The source used is the most recent regional population projection Europop2008 published by Eurostat; for Iceland the projection was produced by Statistics Iceland (middle scenario).

The Economy

Economic data, such as the percentage of the population engaged in gainful employment, the unemployment rate, average household incomes, and gross domestic product also allow us a glimpse of the future. This is because people can only live long term in places where there are sufficient jobs available today and where enough money is earned. Generally people move to places where they can obtain work and education. Structurally weak regions and regions with dying industries fall a long way behind regions with innovative industries.

Disposable Income

Disposable income is the sum of money available per capita to spend on consumption, to invest, and to save each year. A region’s prosperity is reflected in the level of disposable household incomes.

| Coding key | 17,501 and more | 1 |
| 14,501 to 17,500 | 2 |
| 11,501 to 14,500 | 3 |
| 8,501 to 11,500 | 4 |
| 5,501 to 8,500 | 5 |
| 5,500 and less | 6 |

Unit of measurement: disposable per capita income after paying tax and social insurance and after receiving monetary social benefits (such as pensions, child benefit, or unemployment benefit) expressed in purchasing power consumption standards (PPCS) in 2009. Purchasing power consumption standards are a notional currency unit that enables comparisons to be drawn between regions with different price levels. The PPCS defines how much a household can afford to buy with its disposable income.

1,000 purchasing power consumption standards are equivalent to the average purchasing power of 1,000 euros for all European countries for precisely defined products such as food, clothing, transport, or health services. In countries with a high price level citizens have to spend more to purchase the same volume of products. An income of 3,000 euros is thus worth less than the European average and is hence below 1,000 when expressed in PPCS. In countries with a low price level the opposite applies.

Source: Eurostat online data bank (2009); Federal Statistics Office Switzerland (2008); Statistics Iceland (2008). There were no comparable data available for Norway or Malta.

Redistribution

By redistributing resources the state tries to even out social differences between regions and to reduce the divide between poor and rich. The relationship between disposable household income and primary income (the sum total of all income earned from work and capital before tax and social insurance payments) serves to elucidate the redistribution mechanism. Prosperous regions have a high primary income, which, after taxes and social insurance have been deducted, produces a lower disposable household income. From a fiscal point of view it is desirable for the primary income to be clearly above the disposable household income. Economically weak regions with a low primary income have their disposable income boosted through monetary social benefits from the state. The difference between disposable income and primary income thus becomes smaller, and disposable income may even exceed primary income. However, it is not only state aid that influences household income but also transfer payments of other kinds (such as, for example, money sent home by people working in other regions or countries).

Unit of measurement: GDP in purchasing power standards per capita in 2009.

| Coding key | 31,001 and more | 1 |
| 25,001 to 31,000 | 2 |
| 20,001 to 25,500 | 3 |
| 14,501 to 20,000 | 4 |
| 9,001 to 14,500 | 5 |
| 9,000 and less | 6 |

Unit of measurement: GDP in purchasing power standards per capita. GDP is calculated in purchasing power standards (PPS), a notional currency unit that allows comparisons to be drawn between regions with different price levels. Unlike the PPCS, which measures the purchasing power of households, the PPS also takes account of the price level of capital investment (e.g. machines and construction). The reference point for the PPS is the euro.

Source: Eurostat online data bank (2009).

Tourism

Even in some places where there is no industry or agriculture, it is possible to make a living as long as the area is of interest to tourists. Tourism is an important source of income in some European regions, and because the number of overnight stays is measured in per capita terms, thinly populated areas score high in the statistics whereas cities visited by tourists such as Berlin, Lisbon, or London do rather badly. In the context of this study the grading makes sense because in cities the income from tourism is of course distributed among a larger population.

GDP

Gross domestic product (GDP) denotes the total value of all economic activity in a region that results from production in that region. By dividing GDP by the number of inhabitants it is possible to compare the economic performance of different regions. We should be aware, however, that in certain regions, like capital cities, GDP can be influenced by people commuting from elsewhere. These commuters contribute to higher value added at their place of work that would not have been achieved solely by the people who both work and live there. This produces very high per capita GDP in places like inner London.
The Labour Market

The number of people who look for and indeed find work is an important factor that determines the prosperity and future prospects of a region. This is because only regions where there are sufficient jobs for women and men today will be viable places to live in the future. Long-term unemployment in particular is a revealing indicator of the structural weakness of particular regions or of the lack of qualifications of those looking for work. The aging of society also makes it necessary to go on training people over 50 and to try to retain them as productive members of the workforce.

Gainful employment

This indicator shows how many people of working age are engaged in gainful employment for at least one hour a week. The employment rate denotes the actual use made of the workforce as a resource (excluding the shadow economy). Lower employment rates lead to a loss of economic potential and tax revenues.

Unemployment

In places where many of those in search of work fail to find it, tax revenues and social insurance payments will be low and there will be more of a drain on the public purse. Unemployment is also a problem, however, in places where young people do not have sufficient qualifications. These regions lose their competitive edge and are threatened by out-migration.

Long-term unemployment

A high proportion of long-term unemployment is a sign that those in search of work are finding it very difficult to re-enter the job market and testifies both to the structural weakness of a region and to the insufficient qualifications of many of those seeking work.

Female employment

Alongside the political goal of creating gender equality on the labour market, demographic change and the decline in the percentage of people of working age mean that it is important to make optimal use of available labour resources. A high level of female employment may help to cushion the negative effects of a decline in the number of people of working age.

Education, Science, and Technology

The most important capital of European nations is the intellectual power of their citizens and the availability of highly skilled people. Without an adequate level of education no country can withstand international competition. Only where there is sufficient and targeted investment in research and development can attractive jobs be retained in the long term.

Youth unemployment

Regions in which youth and young adults have only slim chances of getting a job are wasting the potential offered by young, motivated, newly qualified people. Youth unemployment is also a problem, however, in places where young people do not have sufficient qualifications. These regions lose their competitive edge and are threatened by out-migration.

Highly qualified people

A highly qualified workforce is a measure of jobs in future-oriented economic sectors.
Research and development

Modern knowledge societies can use research and development to generate future growth and employment, provided both the state and private companies invest in knowledge and innovation.

Patent registrations

The development of new, patentable inventions is an expression of the innovative power of a region and hence its competitiveness.

The Environment

In the era of climate change environmental protection is assuming an increasingly important role. Two of the main tasks are to reduce greenhouse gases (especially carbon dioxide emissions) and to generate energy in an environmentally friendly way. Since in many cases there are no up-to-date data available for the regions in the category of environmental protection, each region was awarded the indicator of the respective country.

Carbon dioxide emissions

Carbon dioxide (CO₂) is by far the most important human-generated greenhouse gas, because it contributes most strongly to the greenhouse effect. International agreements require CO₂ emissions to be reduced in the long term.

Environmentally-aware countries have responded positively to climate change by aiming to reduce their CO₂ emissions. Countries like Luxembourg, where vehicle fuel is particularly cheap, score top values for this indicator, for the CO₂ emissions figure is recorded in terms of fuel sales, and these are particularly high in Luxembourg because drivers from other countries come to buy their fuel there.

The carbon dioxide trend

Reducing CO₂ emissions is a precondition for slowing the rise of the global concentration of greenhouse gases in the atmosphere and is hence a decisive factor in sustainable development. Particularly industrialised countries undergoing rapid structural change and experiencing the decline of industries harmful to the climate – as in Eastern Europe, for example – have been able to bring about marked improvements within a short period of time. In countries which have been late in industrialising, on the other hand, CO₂ emissions are still increasing.

Renewable energy

Using renewable sources of energy such as water, wind, sun, or biomass not only has less impact on the environment but also has economic advantages. Renewables are essentially free of charge and permanently available; only their use and the necessary infrastructure (such as the construction of solar plants) incurs costs.

Life Expectancy

Health

A healthy population results from a high standard of living and a good healthcare system and is an indicator of a population’s ability to perform. Since for many countries there are no up-to-date regional data available on health, each region was awarded the overall indicator value for the respective country.

Life Expectancy

The life expectancy of a population is closely linked to good healthcare and a healthy lifestyle as well as its level of education and prosperity.

Infant Mortality

Inadequate healthcare and poor hygiene are the main reasons why some children die before their first birthday. Hence a rising standard of living is often accompanied by a fall in infant mortality.

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Poland: GUS Central Statistical Office of Poland

Russia: Federal State Statistics Service

Spain: INE (Instituto Nacional de Estadistica)
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