

**Philipp Fink, Martin Hennicke,
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Unequal Germany

Socioeconomic Disparities
Report 2019

FOR A BETTER TOMORROW

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A Friedrich-Ebert-Stiftung project 2018–2020

Growing social inequality, societal polarisation, migration and integration, the climate crisis, digitalisation and globalisation, the uncertain future of the European Union – Germany faces profound challenges. Social Democracy must provide convincing, progressive and forward-looking answers to these questions. With the project “For a Better Tomorrow”, the Friedrich-Ebert-Stiftung is working on recommendations and positions in six central policy areas:

- Democracy
- Europe
- Digitalisation
- Sustainability
- Gender Equality
- Integration

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	Foreword	3
1.	INTRODUCTION: INEQUALITY OF LIVING STANDARDS IN GERMANY	4
1.1	Regional disparities – all too evident	4
1.2	Financial relations between central government and the Länder: a missed opportunity	5
1.3	Unequal Germany: fertile ground for right-wing populism	5
2.	GERMANY TODAY	7
2.1	Cluster analysis	7
2.2	Five Germanies – five different countries	8
2.3	Prosperity and poverty	12
3.	NEW POLICIES FOR EQUALITY OF LIVING CONDITIONS AND SOCIAL COHESION	14
3.1	Fostering social cohesion	14
3.2	Reducing inequality – strengthening democracy	16
	Annex A: Indicator documentation	18
	Annex B: Indicator value ranges	19
	Annex C: Methodological notes	20
	Cartographical implementation and interpretation	22
	Literature	23

Further information and interactive graphics and maps
related to the study can also be found at:
www.fes.de/ungleiches-deutschland/

Foreword

‘Germany is doing well – very well, even.’¹ That, or something like it, has long been the almost unanimous view of politicians, commentators and economists. And indeed, at first glance, the Federal Republic is doing well: falling unemployment, innovative industries and growth rates that most of its European neighbours can only dream of. Except that not everyone is benefiting from the economic upswing. Rather, the present study shows that socio-economic inequality in Germany has become further entrenched in recent years. What is more, while some cities are booming, whole regions are at risk of being left behind for the foreseeable future.

Neither the strong economic growth nor the fact that more people in Germany are finding work these days have done anything to reduce the gulf that divides the country’s rich and poorer regions. Indeed, the gap between the dynamic and the disadvantaged regions has only increased. The federal state’s levelling of inequalities between the Länder no longer works.

With its study »Unequal Germany: Socioeconomic Disparities Report 2019« the Friedrich-Ebert-Stiftung takes stock of regional inequality in Germany. The study builds on and goes beyond the Disparities Report of 2015.

In contrast to other recent studies, which merely deal with one of the relevant problem areas, such as poverty or demographic change, the team from ILS Research in Dortmund, led by Prof. Dr. Stefan Fina and Prof. Dr. Stefan Siedentop, carried out a cluster analysis, based on several indicators.

This shows that in Germany people’s social and economic circumstances vary substantially. More than 13.5 million German citizens live in regions with serious structural problems. In the dynamic boom regions, however, rising living costs and overburdened infrastructure are bearing down even on middle-income earners. Social cohesion is crumbling, and in the regions hardest hit by structural crisis, right-wing populism is on the rise. Urgent political action is required if the deteriorating legitimization crisis afflicting the federal system and democratic institutions is to be halted.

The FES’s project »For a Better Tomorrow« is a contribution to the debate on democracy and social cohesion in Germany. This study is intended to get the ball rolling. Besides analysis, it also contains concrete policy recommendations. The authors call on the government commission »Equal Living Conditions«, which was set to present its report in June 2019, to formulate a policy to promote social cohesion. What is unequal must be treated unequally, so that funding gets to where it is needed. For this purpose, new policy instruments are also needed. Finally, strengthening the municipalities is absolutely crucial. They must be provided with optimal technical infrastructure, adequate financial resources and sufficient personnel. For only when the state is in a position to offer all its citizens high quality public services can it regain their trust.

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¹ Dieter Kempf, President of the Federation of German Industries (Bundesverbandes der Deutschen Industrie, BDI), in *Capital.de*, (12.1.2018), <https://www.capital.de/wirtschaftspolitik/deutschland-gehtesgutsehrgutsogar> (17.4.2019).

1

INTRODUCTION: INEQUALITY OF LIVING STANDARDS IN GERMANY

Economically, Germany is doing well. Or, more accurately, Germany is doing well on average. Unfortunately, inequality is on the rise. The effects of globalisation, digitalisation and demographic change are becoming increasingly evident in the form of societal and economic structural transformation. In many regions of Germany, both west and east, economic, social and demographic imbalances are aggregating to form a veritable cluster of problems. This situation can be improved only by a comprehensive approach aimed at equalising living standards. There is a broad political, economic, academic and societal consensus on this. Last year, the federal government set up a commission on 'Equality of Living Standards', whose task was to come up with a policy approach to combating disparities by June 2019.

Government commission on 'Equality of Living Standards'

On 18 July 2018 the federal government of Germany launched the 'Equality of Living Standards' commission. Based on a shared understanding of equality of living standards, the commission is supposed to develop recommendations in relation to various regional developments and demographic change in Germany as a whole. Proposals are expected on how the financial situation of municipalities (debt burden, municipal loans) can be improved, as well as on a nationwide support system, encompassing research and innovation, training and qualifications. The commission is also tasked with submitting proposals on how to make housing, working and living spaces more attractive, as well as on how to improve the national infrastructure. Finally, the commission is supposed to develop ideas on reconciling the interests and aspirations of young and old and the promotion of volunteer activities. The aim is that by the end of the current parliament (scheduled for 2021), effective and tangible steps will have been taken towards equality of living standards.

The commission is chaired by the Federal Ministry of the Interior, Building and Community. The Federal Ministry of Food and Agriculture and the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth are co-chairs. Other federal government departments are also represented, including the federal government commissioners for culture and media, for migration, refugees and integration, and for the new Länder. All the Länder are also members of the commission, together with the three municipal associations (Deutscher Landkreistag, Deutscher Städtetag and Deutscher Städte- und Gemeindebund [Rural District Association, Association of Cities and Towns and Association of Towns and Municipalities]).

1.1 REGIONAL DISPARITIES – ALL TOO EVIDENT

Economic and societal structures are changing rapidly. The federal government's 2011 Spatial Development Report (based on data extending up to 2009) showed substantial socio-geographical differences between south and north Germany, but even sharper ones between east and west (BBSR 2012). The conclusion was that Germany was becoming increasingly unequal in terms of the spatial distribution of economic power, employment and social circumstances. Today, a region's economic power determines its overall development even more decisively than at the turn of the millennium. The economically successful regions are leaving the others behind. Structurally weak districts and regions are often caught up in a vicious cycle of indebtedness, weak growth, unemployment and migration (Fink/Tiemann 2017). The FES study 'Unequal Germany: Socioeconomic Disparities Report 2015' confirmed, in no uncertain terms, that in terms of regional incomes Germany is a very unequal country (Albrecht et al. 2016).

Key findings of the study 'Unequal Germany: Socioeconomic Disparities Report 2015'

Based on the available data, up until 2015 German economic and employment development has been increasingly concentrated in a few regions. In terms of economic geography, the focal points of activity formed a 'C' with a full stop. Starting with the metropolitan regions of Hamburg, Bremen, Hannover and Wolfsburg, the areas in which growth and employment are primarily concentrated range through Rhine-Ruhr, Rhine-Main and Rhine-Neckar to the central Neckar region in Baden-Württemberg, and from there to Munich. Berlin represents the full stop.

The south of Germany continued to increase its lead over the north and the west. The east, on the other hand, stayed put. Regions in western and northern Germany had to cope with high unemployment, high child poverty and increasing municipal debt, which restricted their options and hampered investment.

The study also showed that old industrial regions in the west and peripheral rural areas tend to be hit harder by disparities. Their infrastructure was much poorer, a disproportionate number of people moved away and they enjoyed a much smaller share of Germany's prosperity than municipalities in the vicinity of Hamburg, Berlin, Frankfurt, Stuttgart and Munich. Metropolitan areas grew as a result of the influx of highly qualified and young people.

Regional competitiveness also varies widely. This is largely indicated by the quality of future- and innovation-oriented services and/or internationally competitive export industries.

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Recent growth has not resulted in an evening-out of imbalances. Existing disparities increased, while contrasts intensified.

The gap between poor and rich municipalities widened. Regional differences were also reflected in varying public investment expenditure. Municipalities in Baden-Württemberg and Bavaria benefitting from high investment stood in stark contrast to municipalities in large parts of western Germany with low investment. In particular, economically weak regions were afflicted by a negative cycle: while revenues fell, spending increased. The increase in municipal loans and their accumulation in western German municipalities meant that cities and rural districts were no longer able to ensure proper provision of public services. Their lower population density and poorer financial situation led to poorer provision of health and nursing care, among other things. It became clear that there were considerable disparities across Germany with regard to public services. As regards wealth and poverty, Germany has become a deeply divided country.

Source: Albrecht et al. 2016.

The federal government's 'Spatial Development Report 2017: Public Services in Focus' (BBSR 2017) declared that, as a consequence of demographic trends, such as population decline, internal migration and ageing, the challenges facing public service provision are mounting. Regional differences in this respect also continue to grow. Adverse demographic trends in eastern Germany mean that the problems afflicting public services are particularly acute there.

1.2 FINANCIAL RELATIONS BETWEEN CENTRAL GOVERNMENT AND THE LÄNDER: A MISSED OPPORTUNITY

The reorganisation of financial relations between the federal government and the Länder, scheduled to take effect from 2020 onwards, was an opportunity to tackle disparities. As early as 2013 the Friedrich-Ebert-Stiftung developed a proposal aimed at putting municipalities in left-behind districts back on their feet and enabling them to break out of the vicious circle they now found themselves in (Eichel et al. 2013). The point of departure for this approach was the reorganisation of the system of financial equalisation between the Länder and the federal government into a needs-based system. The goal was an appropriate distribution of burdens and obligations, including a reorganisation of revenues and the reallocation of tasks and expenditure. The aim in this system was to reinforce vertical equalisation based on reorganising financial equalisation for the Länder – in other words, between the federal government, the Länder and the municipalities. The approach comprises three measures:

– Improved municipal funding

The idea was to put municipalities into a position to satisfy the needs of the local community, largely on a self-funding basis. The federal government should contribute a much larger share of tax-funded social spending (instigated at the federal level itself) than previously, in accordance with the Social Insurance Code (Sozialgesetzbuch – SGB). The basic principle that the entity imposing a mandate should pay should be reinstated.

– Safeguarding public services

To that end, a new 'joint scheme for regional public service provision' was proposed to engage in targeted action against regional disparities.

– Strengthening territorial cohesion

By letting regions compete with each other in terms of best practices, it was hoped that local cooperation and development potential could be mobilised.

As it turned out, however, the federal government and the Länder squandered the chance to improve public finances fundamentally in favour of the economically and financially weaker Länder and regions. The de facto abolition of horizontal financial equalisation between the Länder has resulted in the elimination of solidarity from financial relations. As a result, the federal system becomes more monolithic. The reorganisation of financial relations between the federal government and the Länder will impose a substantial burden on the federal budget from 2020 onwards. The federal government will have to provide additional services for the Länder alongside tax cuts of around 10 billion euros. This reform is better for the Länder taken together, but does nothing to address the gaps between them. The rich remain rich and the poor remain poor. In the future, the same Länder as today will continue to receive insufficient funding (Bauer et al. 2017; Südekum et al. 2017).

The buoyant economy and various recent federal and Land programmes – such as the law on promoting municipal investment (Kommunalinvestitionsförderungsgesetz), which includes a 3.5 billion euro infrastructure programme and a 3.5 billion euro school renovation programme – have done little to change things. Although each of these are worthy policy measures, they are temporary and somewhat inadequate. At best, these programmes may ameliorate the widening disparities, without tackling their structural causes.

1.3 UNEQUAL GERMANY: FERTILE GROUND FOR RIGHT-WING POPULISM

Globalisation, digitalisation, demographic change and cultural transformation are fostering uncertainty. Large parts of the population are not benefitting from growing prosperity and the positive aspects of change. There are both winners and losers from structural transformation. In districts and regions whose economies are in danger of falling behind, people are losing trust in politics and democratic institutions. Fear of downward social mobility and social exclusion is on the rise. Frustration and insecurity are spreading. People are starting to turn away from the established political parties and increasingly doubt the ability of democratic processes to deliver. One, albeit by no means the only, cause of the upsurge in right-wing populism is blatant inequality in terms of both working and living standards (Giebler/Regel 2017; Manow 2018).

Political controversy concerning the winners and losers of structural change has ignited a national debate on lopsided life circumstances. The options available to regional and Land policymakers are being rediscovered. There are renewed

calls to develop new approaches to regional, structural and education and training policies.

In response to the increasing economic, social and political upheavals, the FES carried out the study 'Unequal Germany: Socioeconomic Disparities Report 2019'. Based on calculations by the Research Institute for Urban and Regional Development (Institut für Landes- und Stadtentwicklungsforschung – ILS) in Dortmund, the study, like its predecessor, reports on current trends in the development of working and living conditions. A new feature of this report is that it shows how individual indicators interact. The 2019 Disparities Report makes clear the extent to which people's life circumstances diverge from one another, depending on where they live. Again, the report goes beyond a mere inventory. The FES also highlights prospects and ways of achieving more equal living standards and more social cohesion. It gives new impetus to a long overdue debate. In that context, the study 'Unequal Germany: Socioeconomic Disparities Report 2019' is also a contribution to the work of the government commission on 'Equality of Living Conditions'.

2

GERMANY TODAY

Export growth, record employment and rising incomes: for years, Germany's economic and social situation has been described positively in public debate, especially in comparison with other EU member states. It has to be understood, however, that Germany is doing well only on average. Looking more closely, beyond the aggregated data, a different picture of growth and prosperity emerges. Indeed, it is not really justified to talk of a single country, when there are a number of 'Germanies' that diverge sharply from one another in terms of their economic and social circumstances.

Germany's strengths and weaknesses are manifold, as a range of indicators reveal. The figures are representative of a number of areas. This renders unequal developments in the country tangible and areas of investigation comparable. But what do the individual findings mean taken together? Where do a number of unfavourable social and economic developments become concentrated to form problem clusters? How do successful and less successful regions differ?

2.1 CLUSTER ANALYSIS²

In order to answer these questions a cluster analysis was carried out, using selected indicators. Before turning to this analysis, let us first take a look at the individual categories based on which chartered towns and rural districts were categorised in terms of five spatial types with similar indicator values:³

1. **Proportion of highly qualified workers** (*economy, employment and labour market*): Education and qualifications are key requirements for labour market access, especially for well-paying employment with good prospects. The share of workers with higher education in jobs subject to social insurance contributions gives an indication of the extent to which the demand for knowledge-intensive labour can be satisfied by appropriately trained workers. The higher the proportion, the better the current labour market structure and the better the future prospects of qualified workers and companies.
2. **Old-age and child poverty** (*educational and life opportunities*): Poverty is a burden. For children, it also hampers their education and prospects of a successful career. The proportions of benefit recipients among children and the elderly are included in the disparities map. They indicate the current degree of poverty in the region under study and dependence on basic state social insurance benefits.
3. **Life expectancy, accessibility of GPs, gross pay** (*well-being and health*): Life expectancy is generally the result of leading a healthy life, which depends strongly on level of education, income and social circumstances. The accessibility of GPs gives an indication of basic medical provision. This indicator represents a region's amenities, which develop in accordance with demand. The level of provision starts to become a problem when such amenities begin to be withdrawn. Median wages show the earning opportunities for paid employment. The specification of place of residence gives a more realistic picture of the incomes of commuters.
4. **Municipal debts, election turnout, broadband access** (*government action and participation*): High debt levels prevent municipalities from maintaining and expanding technical and social infrastructure. The people affected are short-changed as a result, administrative action is hampered and there is less scope for improving location factors. Low election turnout may be a response to this and, among other things, indicate a crisis of trust in state action. One example of the relations between state action, the quality of infrastructure and the population's opportunities for participation is broadband rollout. The promise to make internet access available for all represents an opportunity to reduce disparities (for example, opportunities for earning a living not restricted by geography).
5. **Overall migration balance** (*internal migration*): The population's migration patterns are expressed by the difference between the number entering a territory and those leaving it. This can be taken to express preferences concerning place of residence. From this it can be ascertained what kind of living conditions people are seeking. These figures are distorted by the number of refugees immigrating during the period of observation. When evaluating migration data for this study, nationalities with

² This section is based on the calculations made by the ILS Dortmund team (Stefan Fina, Frank Osterhage, Jutta Rönsch, Karsten Rusche, Stefan Siedentop, Ralf Zimmer-Hegmann, Rainer Danielzyk). For more background on the individual indicators and categories, as well as methodological notes, see Annexes A, B and C and the website www.fes.de/ungleiches-deutschland, as well as the academic summary of the study 'Ungleiches Deutschland: Sozioökonomischer Disparitätenbericht 2019' [website].

³ The indicators are in bold and categories are in italics.

a high proportion of people seeking asylum were not taken into account.

Figure 1 shows the results of this evaluation in map form. For the sake of interpretation the individual spatial clusters have been given 'meaningful' names. Table 1 provides a summary of the indicators. The symbols used evaluate the status of the indicators as advantages (strong advantage: ↑; advantage: ↗) or disadvantages (disadvantage: ↘; strong disadvantage: ↓) by comparison across Germany. The symbol 0 stands for the average. For example, a low value for child poverty indicates a low value for children at risk of poverty. That is an advantage and the arrow points upwards. In the case of municipal debts a high value is a disadvantage and so the arrow points downwards. The mean indicator value for each spatial type is in grey and in parentheses. This enables the classification of the cluster findings in accordance with the respective indicator. The text takes up this classification and adds other characteristic features.

2.2 FIVE GERMANIES – FIVE DIFFERENT COUNTRIES

The disparities map (Figure 1) shows that Germany, broadly speaking, can be divided into five spatial types.

Germany's solid middle (ochre), with 32.8 million inhabitants (39.6 per cent of the German population of 82.8 million) and 187 districts (46.5 per cent of the total of 402 chartered towns/cities and rural districts), makes up by far the largest spatial type, with average values for most indicators (see Table 1).

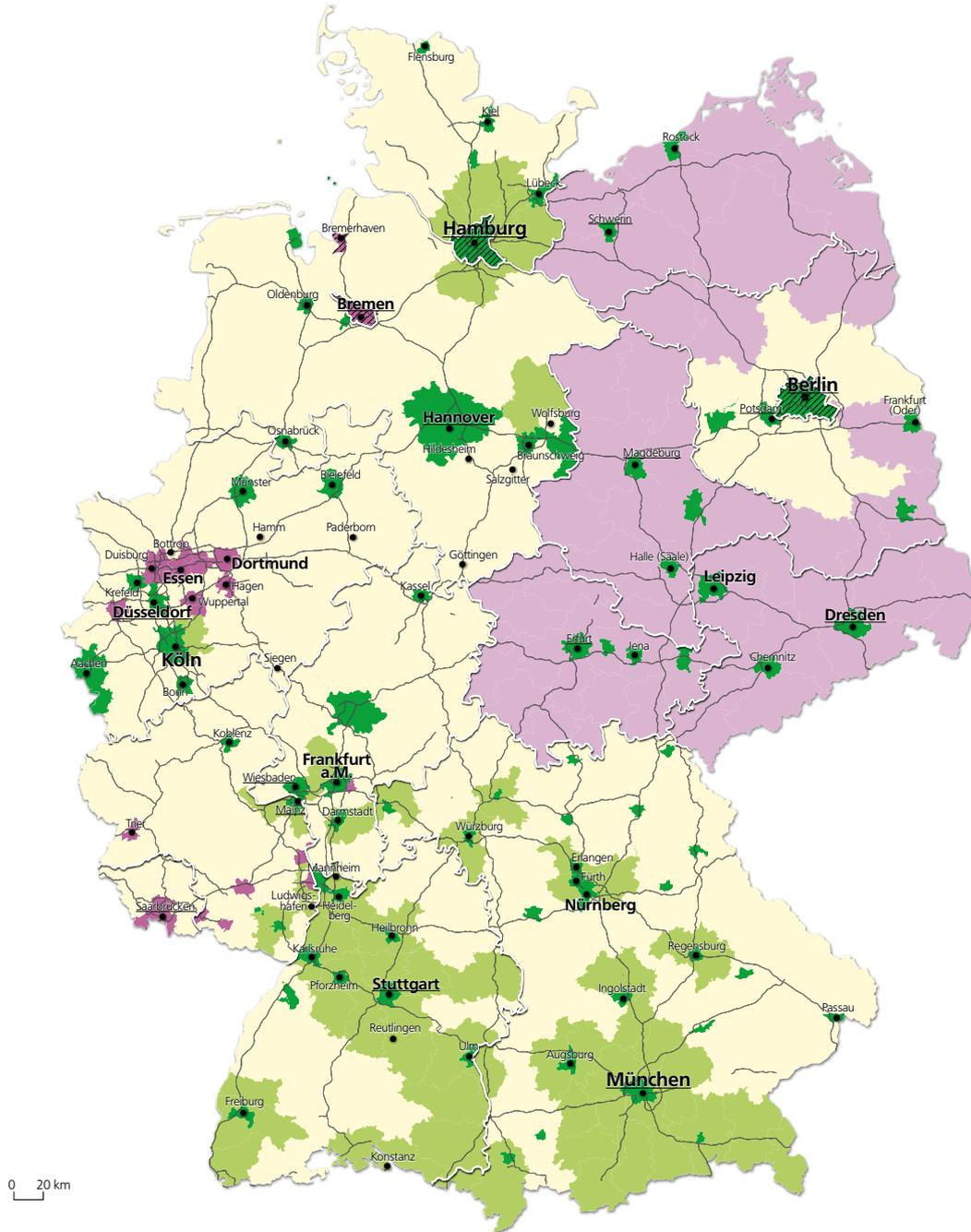
The dynamic large and medium-sized towns/cities with risk of exclusion (green) and **strong hinterland** (light green) together make up Germany's most prosperous regions, especially in the south, although there are also a number of successful towns/cities and urban regions in the west and north of the country. In recent years this area's competitive edge has been further enhanced by investments in the future, although there are substantial signs of increasing social disadvantage among low-income households in larger cities. This trend, labelled 'risk of exclusion', has been caused mainly by the rising cost of living. It is leading to a higher risk of poverty and has even started to impinge on middle-income households. At the same time, there are clear indications that many Germans are moving out of the large cities into the surrounding areas, where the risk of poverty is much less pronounced. One consequence of this, however, is that living costs have now started to rise in the surrounding areas. Mobility between the urban core and its environs is driving this trend and putting pressure on infrastructure. A total of 36.4 million inhabitants (44 per cent of the German population) live in these two spatial types, in 140 independent towns/cities and districts (34.8 per cent of districts).

The **predominantly urban regions experiencing ongoing structural change** (red) and the **predominantly rural regions experiencing permanent structural crisis** (pink) together form the districts of Germany most fraught with

problems. The causes of the structural problems vary. While the predominantly urban regions in the west of the country have to cope with the decline of old industrial economic sectors (such as mining and heavy industry), the predominantly rural regions of eastern Germany (the only western German municipality of this spatial type is Emden in East Friesland) are feeling the effects of German reunification and the subsequent collapse of whole economic sectors and labour markets in the former GDR. Despite a number of promising strategies in these two spatial types it has so far not been possible to cultivate new prospects for the broader population, especially on the labour market. A total of 13.6 million people (16.4 per cent of the German population) live in these areas in 75 districts (18.7 per cent of independent towns/cities and districts). Demographic development in these spatial types indicates that their population will continue to decline overall. In addition to international migration, the population of these areas is moving mainly into the dynamic large and medium-sized towns/cities with risk of exclusion and the strong hinterland.

The combination of these spatial types is useful in explaining and evaluating the overall spatial impact of socioeconomic disparities. Furthermore, on this basis we can trace how policy measures affect spatial types and individual districts. In connection with this, Table 2 shows the current ranges of indicators. For each spatial type, it shows the names of the independent towns/cities and districts with the minimum and maximum values for a given indicator. This makes it clear which districts are situated on the margins of spatial types. For example, the threat of child and old-age poverty is a problem facing large cities; the extreme values between dynamic large and medium-sized towns/cities with risk of exclusion and the predominantly urban regions experiencing ongoing structural change are not far apart (child poverty: Halle an der Saale with 31.9 per cent and Gelsenkirchen with 39.5 per cent; old-age poverty: Frankfurt am Main with 8.8 per cent and Offenbach am Main with 8.9 per cent).

Figure 1
Disparities map



- Dynamic large and medium-sized towns/cities with risk of exclusion
- Strong hinterland
- Germany's solid middle
- Predominantly rural areas in permanent structural crisis
- Predominantly urban areas with ongoing structural change
- City states Berlin, Hamburg, Bremen (without data on municipal finances)

Source: Authors' presentation; Data: Federal Employment Agency, Federal Statistical Office, Federal Institute for Research on Building, Urban Affairs and Spatial Development, Federal Ministry of Transport and Digital Infrastructure, Thünen Institute, the Bertelsmann Foundation's Community Guide, research data centres of the federal and Land statistical offices, Federal Agency for Cartography and Geodesy.

Table 1
Spatial types of socioeconomic disparities in Germany

Characterisation	Advantage or disadvantage	Spatial distribution
<p>Dynamic large and medium-sized towns/cities with risk of exclusion (78 districts; 22.7 million inhabitants)</p> <p>Exceptional income opportunities on labour market with real prospects for the future, excellent provision of amenities and infrastructure and high average participation of citizens in elections characterise Germany's economic powerhouses. The average inhabitant is better provided for than in most other regions of Germany, although they also increasingly face competition from the many other people who also appreciate these benefits and are flocking to the major cities. Resource-poor households with comparatively many children are increasingly at risk of exclusion and displacement. More older people live in poverty than in other spatial types. Life expectancy certainly varies among the various social groups in the city, although it is above-average by national comparison with other spatial types.</p>	<p>HQ employees: ↑ (21.4 %) Old-age poverty: ↓ (4.3 %) Child poverty: ↓ (18.0 %) Life expectancy: ↑ (80.6 J.) Accessibility of GPs by car: ↑ (3.5 Min.) Pay: ↑ (3,213 EUR) Mun. debt: 0 (1,585 EUR) Election turnout: 0 (74.4 %) Broadband: ↑ (93.4 %) Migration: ↑ (97.6 people/100,000 inhabitants)</p>	
<p>Strong hinterland (62 districts; 13.7 million inhabitants)</p> <p>Historically evolved locational advantages and proximity to Germany's most attractive labour markets make these areas in southern Germany, but also in the environs of prosperous major cities in western Germany, strong. Risk of poverty and debt burden are exceptionally low; gross pay, life expectancy and voter turnout are the highest in Germany. It is therefore no wonder that these areas are attracting the highest number of people to move there, even though there is still room for improvement in terms of infrastructure (broadband access, GPs). The proximity to big-city labour markets and high quality of infrastructure go along with a high quality of life, although in German commuter land a high level of mobility is required.</p>	<p>HQ employees: 0 (15.8 %) Old-age poverty: ↑ (1.9 %) Child poverty: ↑ (6.2 %) Life expectancy: ↑ (82.0 J.) Accessibility of GPs by car: 0 (4.8 Min.) Pay: ↑ (3,534 EUR) Mun. debt: ↑ (931 EUR) Voter turnout: ↑ (80.2 %) Broadband: 0 (82.3 %) Migration: ↑ (197.7 Personen je 100 Tsd. Einw.)</p>	
<p>Germany's solid middle (187 districts; 32.8 million inhabitants)</p> <p>Germany's average cluster hardly deviates from the national mean, with one exception: here, the proportion of highly qualified workers is the lowest in Germany. The prospects for future employment are worrying, with a considerable gap opening up with big-city labour markets, for example in southern Germany, where this spatial type is to be found in peripheral areas near to the borders with the Czech Republic and Upper Austria. In western Germany it extends over a considerable area, encompassing rural and urban areas, sometimes with a high debt burden. In eastern Germany the solid middle is confined to Berlin's commuter belt, whose future prospects are likely to improve due to the strong attraction of the capital city.</p>	<p>HQ employees: ↓ (10.2 %) Old-age poverty: 0 (2.3 %) Child poverty: ↑ (10.4 %) Life expectancy: 0 (80.6 J.) Accessibility of GPs by car: ↓ (5.7 Min.) Pay: 0 (3,183 EUR) Mun. debt: ↓ (1,734 EUR) Voter turnout: ↑ (76.6 %) Broadband: ↓ (77.1 %) Migration: 0 (-17.4 people/100,000 inhabitants)</p>	
<p>Predominantly rural areas in permanent structural crisis (53 districts; 8.1 million inhabitants)</p> <p>The rural areas of eastern German districts are experiencing long-term demographic change: the population is shrinking, likely due to the comparatively poor employment prospects. Low incomes and a low proportion of highly qualified workers are the result. Furthermore, infrastructural measures are not developing to the required extent. The far below-average access to GPs is emblematic of this. But there is little progress even on the urgent task of expanding broadband access (> 50 Mbit) for private households and companies. Positives include the low debt burdens of the municipalities and the (as yet) still low level of old-age poverty because of the high proportion of women who acquired pension entitlements through their employment in the former GDR.</p>	<p>HQ employees: ↓ (10.5 %) Old-age poverty: ↑ (0.9 %) Child poverty: 0 (15.5 %) Life expectancy: ↓ (79.8 J.) Accessibility of GPs by car: ↓ (6.8 Min.) Pay: ↓ (2,464 EUR) Mun. debt: ↑ (1,053 EUR) Voter turnout: ↓ (72.0 %) Broadband: ↓ (59.0 %) Migration: ↓ (-213.4 people/100,000 inhabitants)</p>	
<p>Predominantly urban regions with ongoing structural change (22 districts; 5.4 million inhabitants)</p> <p>In this type of area there are a few old industrial municipalities in the Ruhr Valley, Saarland and Rhineland-Palatinate, as well as Bremen and Bremerhaven. Child and old-age poverty are particularly high, although provision of healthcare amenities is also particularly high. Generally speaking, more people are leaving the region than being drawn to it. Pay is average. The low life expectancy and voter turnout point to persistent problems that municipal budgets, with their high debt burden, can cope with to only a limited extent. Positive impetus for coping with structural change can be expected in the cities when financial viability is established, in which case the poverty situation can be brought under control and the exodus stemmed.</p>	<p>HQ employees: ↑ (13.4 %) Old-age poverty: ↓ (5.1 %) Child poverty: ↓ (27.2 %) Life expectancy: ↓ (79.5 J.) Accessibility of GPs by car: ↑ (3.0 Min.) Pay: 0 (3,190 EUR) Mun. debt: ↓ (6,373 EUR) Voter turnout: ↓ (71.8 %) Broadband: ↑ (93.1 %) Migration: ↓ (-249.5 people/100,000 inhabitants)</p>	

(strong advantage: ↑; advantage: ↑; average: 0; disadvantage: ↓; strong disadvantage: ↓; abbreviations: inh. = inhabitant, mun. = municipal, HQ = highly qualified)

Table 2
Range of indicator values in the individual spatial types

Indicator	Value	Dynamic large and medium-sized towns/cities with risk of exclusion	Strong hinterland	Germany's solid middle	Predominantly rural areas in permanent structural crisis	Predominantly urban areas with ongoing structural change
Proportion of highly qualified workers (%)	min.	6.9 (Delmenhorst)	9.4 (Berchtesgadener Land)	6.0 (Wittmund)	7.3 (Prignitz)	7.3 (Pirmasens)
	max.	44.1 (Heidelberg)	29.0 (Munich, rural district)	19.3 (Göttingen)	14.7 (Meißen)	20.1 (Bochum)
Old-age poverty as a percentage of elderly inhabitants	min.	1.1 (Gera)	0.9 (Eichstätt)	0.7 (Märkisch-Oderland)	0.5 (Greiz)	3.2 (Remscheid)
	max.	8.8 (Frankfurt am Main)	2.8 (Lindau/Bodensee)	3.9 (Emden)	1.8 (Nordwestmecklenburg)	8.9 (Offenbach am Main)
Child poverty as a percentage of all children	min.	8.1 (Ingolstadt)	2.0 (Pfaffenhofen an der Ilm)	2.5 (Unterallgäu)	7.5 (Eichsfeld)	13.5 (Trier, urban district)
	max.	31.9 (Halle/Saale)	13.0 (Pinneberg)	24.7 (Salzgitter)	24.9 (Uckermark)	39.5 (Gelsenkirchen)
Life expectancy in years	min.	78.0 (Flensburg)	80.9 (Nürnberger Land)	78.1 (Emden)	78.2 (Kyffhäuserkreis)	77.3 (Pirmasens)
	max.	83.0 (Munich, rural district)	83.4 (Starnberg)	82.2 (Offenbach)	81.4 (Saale-Holzland-Kreis)	80.8 (Offenbach am Main)
Accessibility of GPs by car in minutes	min.	1.8 (Munich, state capital)	2.5 (Main-Taunus-Kreis)	2.8 (Solingen)	4.2 (Zwickau)	2.0 (Gelsenkirchen)
	max.	7.0 (Frankfurt/Oder)	7.7 (Oberallgäu)	10.5 (Emden)	11.2 (Ostprignitz-Ruppin)	4.6 (Pirmasens)
Gross pay at place of residence (EUR)	min.	2,423 (Gera)	2,942 (Berchtesgadener Land)	2,641 (Teltow-Fläming)	2,271 (Vorpommern-Rügen)	2,755 (Pirmasens)
	max.	4,169 (Erlangen)	4,126 (Main-Taunus-Kreis)	4,310 (Wolfsburg)	2,751 (Oder-Spree)	3,525 (Mülheim an der Ruhr)
Municipal debts per inhabitant in EUR	min.	0 (Dresden)	227 (Biberach)	21 (Wolfsburg)	382 (Hildburghausen)	4,190 (Dortmund)
	max.	5,755 (Mainz)	4,594 (Hochtaunus-Kreis)	7,206 (Kusel)	2,367 (Mansfeld-Südharz)	9,998 (Pirmasens)
Voter turnout (%)	min.	65.7 (Brandenburg/Havel)	75.3 (Lörrach)	71.3 (Deggendorf, rural district)	64.4 (Salzlandkreis)	67.6 (Offenbach)
	max.	82.3 (Münster)	84.4 (Starnberg)	81.7 (Forchheim)	77.2 (Sächs. Schweiz-Osterz.)	77.5 (Mülheim an der Ruhr)
Household broadband access (%)	min.	74.0 (Brandenburg/Havel)	58 (Breisgau-Hochschwarzwald)	36 (Eifelkreis Bitburg-Prüm)	31 (Jerichower Land)	80 (Saarbrücken, regional association)
	max.	100 (Regensburg, Rosenheim)	96 (Hochtaunuskreis)	98 (Speyer, Frankenthal/Platz)	87 (Suhl)	97 (Herne, Pirmasens, Gelsenkirchen)
Net migration per 100,000 inhabitants	min.	-593 (Frankfurt/Oder)	-147.3 (Aschaffenburg, rural district)	-937 (Göttingen, rural district)*	-638 (Suhl)	-864 (Offenbach am Main)
	max.	1,433 (Leipzig)	569 (Herzogtum Lauenburg)	959 (Havelland)	320 (Rostock, rural district)	85 (Mülheim an der Ruhr)

* As a migrant reception center, Friedland may have had a special effect on the rural district of Göttingen. Furthermore, the reorganization of the district of Osterode and the district of Göttingen into one district in 2016 might have had a special effect, too.

2.3 PROSPERITY AND POVERTY

Social polarisation is also increasing in the cities. Higher earners are increasingly becoming concentrated in the more up-scale residential districts because only they can afford the high rents (for now). In parallel with this, poorer people are congregating in the disadvantaged neighbourhoods. Those primarily affected are older people and children in low-income households, which have been hit particularly hard by the rising cost of living. Poverty and its consequences are becoming major problems for the future. Rising rents are at the centre of the current debate: the higher they rise in a particular area, the higher the risk of exclusion for low-income households.

In this context an analysis was conducted focusing on the unequal distribution of prosperity and poverty. The factors taken into consideration were poverty rates among older people and children, gross wages at the place of work, disposable household income (in other words, all household income including transfers and deductions) and rents as an indicator of the development of the cost of living.

Figure 2 shows the spatial types that result from this analysis:

- The regions presented in violet-blue are the problem regions by national comparison. The areas depicted in a lighter shade are old industrial regions undergoing structural change (Ruhr Valley, Saarland, port locations) and numerous large cities in eastern Germany. Despite comparatively low living cost increases, child poverty is a widespread problem here because incomes are particularly low.
- The exceptionally low incidence of old-age poverty in rural areas of eastern Germany (darker shade of violet) can be explained by pension entitlements, especially of

women, who were more likely to have been in employment than their counterparts in western Germany.⁴

- The areas in darker ochre are the extensive prosperous areas in southern Germany, together with individual districts in western and northern Germany in the hinterland of successful labour markets and in the vicinity of production sites of competitive industries. Average incomes in these regions are high or very high, old-age and child poverty are relatively low, but the cost of living is rising sharply (see Table 2).
- In lighter ochre are a few districts in southern, western and northern Germany with higher poverty rates for children and older people. Incomes and living costs here are somewhat lower than the districts coloured a darker shade. Somewhere in the middle are the districts and chartered towns (kreisfreie Städte) marked in yellowy beige. Here most indicators are average, with the exception of a few with lower child poverty and a less pronounced rise in living costs.

The analysis illustrates basic trends in Germany's prosperity gap. The widespread prosperity in southern Germany stands in contrast with deprived districts in the east, with a stable rural middle in western German regions and around Berlin. This pattern is interrupted by the situation in metropolitan regions in the western German Länder, which face entrenched problems with poverty as a result of industrial structural change. Rising costs of living, here represented by rent rises, are generating an increasing risk of poverty, even in economically successful regions, which may lead to exclusion and displacement.

⁴ See also the explanatory notes in the (German) academic summary (<https://www.fes.de/ungleiches-deutschland>).

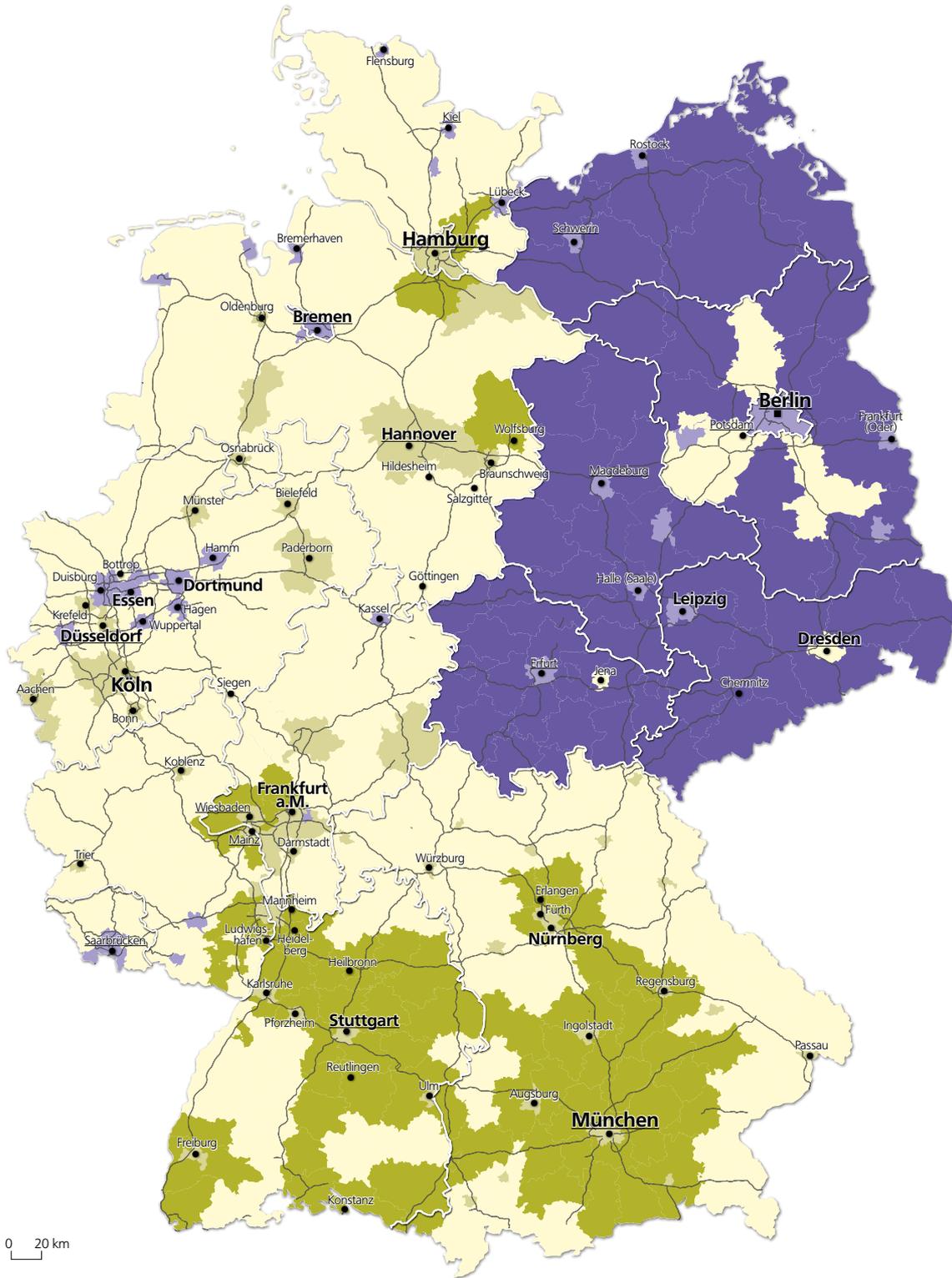
Table 3
Prosperity in Germany

	Old-age poverty	Child poverty	Gross wage at place of work	Household income	Rising cost of living
Cluster 1	↗	↑	↑	↑	↓
Cluster 2	↓	↘	↗	↗	↘
Cluster 3	0	↗	0	0	0
Cluster 4	↘	↓	↘	↘	↗
Cluster 5	↑	0	↓	↓	↑

symbols: strong advantage: ↑; advantage: ↗; average: 0; disadvantage: ↘; strong disadvantage: ↓

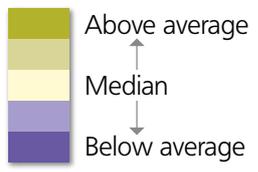
Source: Authors' presentation;
Data: Federal Employment Agency, Federal Statistical Office, Federal Institute for Building, Urban Affairs and Spatial Development.

Figure 2
Prosperity and poverty in Germany



0 20 km

Prosperity in Germany



Source: Authors' presentation;
Data: Federal Employment Agency, Federal Statistical Office, Federal Institute for Building, Urban Affairs and Spatial Development, Empirica, GeoBasis-DE/BKG 2018.

3

NEW POLICIES FOR EQUALITY OF LIVING CONDITIONS AND SOCIAL COHESION

The analysis shows that Germany continues to be affected by economic, spatial and thus social and political polarisation:

- Equality of living conditions clearly cannot be achieved through economic growth and the existing policy of regional equalisation. The study shows serious spatial differences with regard to employment, wealth and income, risk of poverty, life expectancy and capacity for remedial measures. The upshot is a substantial wealth gap in Germany.
- More than 69 million Germans, or more than 83 per cent of the population, live in dynamic large and medium-sized towns/cities with an economically strong hinterland, or in municipalities that do not deviate significantly from the national average ('Germany's solid middle'). Rising costs of living and overburdened infrastructure, however, increasingly threaten these successful regions with exclusion and displacement. More than 14 million, or just under 17 per cent, of Germans live in regions with serious structural problems. These include high municipal debt, serious deficiencies in local infrastructure, lower employment and income prospects and a high risk of poverty for children and older people.
- In many structurally weak municipalities in old industrial regions and peripheral rural areas, state remedial action is constricted by the local budget debt burden, as a result of which investments have had to be scaled back for quite some time. The disparities have been exacerbated by internal migration. Migration from peripheral areas only makes things worse because it mainly involves well-educated young people and young families moving to growth regions and their attractive labour markets. Another lesson from many of these regions is that powerlessness on the part of the state undermines trust in politics and democracy.

For a long time, policymakers have more or less ignored the connection between regional economic differences and their far-reaching consequences for social cohesion. The policy response has fallen short (Fink/Tiemann 2016, 2017). The CDU/CSU and SPD coalition is now suffering the consequences of this neglect, and has set up a government commission on 'Equality of Living Conditions' tasked with developing a comprehensive approach to combating disparities.

3.1 FOSTERING SOCIAL COHESION

The idea behind the 'Equality of Living Conditions' commission is to seize this opportunity and adopt a new approach that links equality of living conditions with a policy of strengthening social cohesion. This twofold task – in other words, combating economic and social disparities and boosting social cohesion by means of public services – has to be approached with an eye to the public good.

Principles of a social cohesion policy

The Basic Law is the normative framework of cohesion policy

The Basic Law provides orientation on how the promise of equality of living conditions for all citizens can be kept. Citizens' fundamental rights are the promise of social integration, building on freedom, equality and solidarity. The goal is to ensure social participation, integration and security for all in every region.

Maintenance and expansion of public infrastructure reinforces cohesion

Infrastructure and public services provide the conditions in which all citizens can freely develop. Only universal and free access to good public infrastructure makes social participation possible for all and strengthens social cohesion. It is therefore essential to ensure the comprehensive expansion of public infrastructure.

Strengthen public administration in order to ensure access to public services

A society's quality of life depends on the quality of provision of public goods. For that purpose, good administration requires the necessary technical and financial resources and the right personnel. Administration needs to be reinforced in order to ensure access to public services for all.

Community cohesion

So-called services of general interest, technical infrastructure and public goods are essential if citizens' participation is to be safeguarded. No man is an island. The linking of administration, the economy and civil society creates social focal points. These focal points foster cohesion and strengthen (local) democracy. Social cohesion is not valuable in and of itself, but rather a condition of an open society that must be perpetually renewed.

Source: Kersten et al. 2019.

Woolly debates about patriotism or national identity tend to confuse people. They deflect people's attention in the wrong directions and run the risk of neglecting people's vital material interests in cities and regions. By contrast, a new policy has to pursue the following four goals.

Treat different things differently

The provision of social and physical infrastructure is distributed very unevenly across Germany's municipalities. That is not merely because of the historically very different financial

strengths of municipalities and Länder in Germany. Variation in opportunities for participating in state investment programmes is also a factor. Economically and administratively strong municipalities in (predominantly) southern Germany are often at an advantage when it comes to competition for both federal and Land investment programmes because they have the basic wherewithal and the planning and approval capacities to deploy available investment resources very quickly.

- In future, public expenditure has to be distributed more fairly across the regions. The policy guideline ‘treat different things differently’ needs to be made a standing maxim of public spending policy. An indicator-based regionalisation of many investment grants is required, which, along with technical aspects, need to be oriented much more strongly than previously around spatial imbalances. This applies in particular to technical programmes to promote infrastructure development, such as urban development programmes, initiatives to improve transport infrastructure (such as the federal transport infrastructure plan regionalisation resources for regional rail transport) and research infrastructure (Higher Education Pact) and federal and Länderinvestment aid for day care and schools. Inequality and poverty become entrenched in particular as a result of unequal educational opportunities between prosperous and structurally weak areas. Therefore, educational investment in particular has to adhere closely to the principle ‘treat different things differently’ and needs to be deployed in accordance with standardised social indices.
- It is essential that the government commission on ‘Equality of Living Conditions’ comes up with a list of appropriate, needs-oriented indicators. For this purpose, continuous monitoring of spatial development is needed within the most local frame of reference possible.
- It is also essential that the federal government and the Länder agree, on this basis, on a regionalisation of resources with regard to individual programmes. The relevant spatial reference unit is oriented in accordance with technical aspects and the goal of reducing regional inequalities. The advantage of a needs-oriented regionalisation is that allocation of resources is transparent and comprehensible. Different problem situations are taken into consideration: both the needs of structurally and financially weak municipalities and the problems of regional authorities overburdened by an influx of people.

Strengthening municipalities

Equality of living conditions cannot be achieved without viable municipalities in all regions of Germany. The capacities to tackle many of the problems mentioned in the report lie, first and foremost, with municipal actors. Indeed, local government ensures access to public services for all. Municipalities thus need sufficient staff and financial resources. Support programmes can supplement this basic provision, but they cannot substitute for it. In recent years, however, the opposite has been happening. Structurally weak municipalities in particular have been subjected to extreme austerity measures: staff have been cut, funding slashed and viable municipal institutions undermined.

- An initiative to strengthen municipal administration is therefore needed. The rehabilitation of municipal problem-solving capacities, for example by means of new and better-qualified staff and new forms of cooperation, especially in rural and poorly performing municipalities, is an urgent task at all levels of the state.
- It is also essential to adapt Länder-municipal financial equalisation systems. In this way it can be ensured that the municipalities that need it receive the funding made available by the federal government.

Relieve the burden of structurally weak municipalities

The study shows that many structurally weak municipalities are in dire straits. A combination of weak economies, high unemployment, the burden of social transfers, high debt, low investment capacity and migration constitute a vicious circle from which these municipalities will not be able to escape under their own steam. In particular, all the equalisation and aid mechanisms in the multilevel federal system have not done much to improve matters.

- A common bailout fund for the federal government and the Länder is therefore needed, in which the existing debts of the hardest-hit municipalities should be consolidated. This debt relief should be linked to conditionalities to improve their revenue situation and avoid the incurring of new debts. The government commission must present a concrete model for a common bailout fund.
- The federal government must also take on a greater share of social spending. Examples might include the housing costs of the long-term unemployed, which in crisis-hit municipalities weigh particularly heavily. The weakest municipalities today bear the main burden in terms of social transfers. In future, by contrast, the so-called ‘connexity’ principle must apply: ‘the one who mandates something has to pay’.

New joint task: ‘Regional public services’

Unrestricted personal development in every region is conditional on enjoying access to comprehensive and efficient infrastructure. This also requires effective administration to deliver public services. If people can participate in local development and have a real voice they will become actively involved. Participation and joint decision-making reinforce social cohesion, and involvement and cohesion, in turn, are important features of economically successful regions.

A policy of cohesion thus has to foster the development of ‘social locations’, in the sense of places and spaces in which autonomous regional development is possible, characterised by solidarity and also civic involvement, community service, intermunicipal cooperation and regional networks, regional and local development approaches and many other forms of participation. Such informal processes must be promoted in the regions to ensure public services, activation options, participation, codetermination and self-organisation (empowerment)

- Rather than having many smaller, merely short-term and thus unsustainable programmes whose function is often

merely symbolic, this policy approach needs to be systematised. Many of the innovative approaches from model projects supported by both the federal government and the Länder should be evaluated, placed on a permanent footing and put into daily use (for example, pilot regional planning projects, experimental housing and urban development, funding for rural development and support from the Federal Ministry for Education and Research). Many of these innovations petered out when programmes came to an end.

- More stabilisation and reliability are therefore needed: for that purpose, the federal government and the Länder should agree on a new joint task addressing regional public services. This would supplement the existing joint tasks 'Improving agricultural structure and coastal protection' and 'Improving regional economic structure'. It would fund both adequate public services in the regions and systematic support for processes of activation, co-determination and self-organisation. Participation creates cohesion if people realize that they have future prospects.

Art. 91a Basic Law provides for the possibility of federal government participation in joint tasks. The federal government should provide at least half of the resources needed to ensure spatial and social cohesion in Germany, which is the most important task facing us today.

3.2 REDUCING INEQUALITY – STRENGTHENING DEMOCRACY

The political controversy concerning growing inequality of living conditions, together with the winners and losers from structural change, has reinvigorated the national debate. Equality of living conditions is on the political agenda.

Now a new policy needs to be formulated that finally tackles inequalities. Differences between areas of the country should not lead to such marked inequalities in living conditions. Germany needs new regional, structural, education and finance policies.

New economic and social prospects are needed to head off the appeal of right-wing populist movements. Any long-term boost to regions' attractiveness fosters democratic forces there, especially in urban areas, and helps to restore lost faith in the viability of democratic institutions.

Germany stands in need of decisive action. Public opinion now awaits the recommendations of the government commission on 'Equality of Living Conditions' in the hope that they will point the way forward.

Annex A

Indicator documentation

The table provides an overview of the indicators used in this study. For entries with a green background, time series of four or more years prior to the given year are available for the data, which was evaluated in the main body of the text. Mul-

iple variants were evaluated for indicators labelled 1, 2 or 3. Findings for variants that are not presented are sometimes mentioned in the textual interpretations.

#	Name	Source	Time period
Cluster analyses			
Figure 1	Disparities map	Federal Employment Agency, Federal Statistical Office, Federal Institute for Research on Building, Urban Affairs and Spatial Development, Federal Ministry of Transport and Digital Infrastructure, Thünen Institute, the Bertelsmann Foundation’s Community Guide and raw data compiled there	2013, 2014, 2015, 2016, 2017, 2018
Figure 2	Prosperity in Germany	Federal Labour Office, Federal Statistical Office, Federal Institute for Research on Building, Urban Affairs and Spatial Development, Empirica	2016, 2017, 2018
Economy, employment and labour market			
Figure 3	Gross domestic product per economically active person ¹	Federal Statistical Office	2016
Figure 4	Employment rate ²	Federal Employment Agency	2017
Figure 5	Proportion of highly qualified workers	Federal Employment Agency	2018
Educational opportunities and life chances			
Figure 6	Child poverty: children under 15 years of age in SGB-II (social welfare transfer) households	Federal Employment Agency	2016
Figure 7	Proportion of school leavers without school-leaving qualifications	Federal Statistical Office	2016
Figure 8	Old-age poverty	Federal Statistical Office and statistical offices of the Länder	2016
Prosperity and health			
Figure 9	Life expectancy	Federal Institute for Research on Building, Urban Affairs and Spatial Development	2013, 2014, 2015
Figure 10	Gross wages at place of residence	Federal Employment Agency	2017
Figure 11	Rents for existing properties	Empirica	2018
State action and participation			
Figure 12	Municipal debts	Bertelsmann Foundation’s Community Guide	2016
Figure 13	Capital investment	Bertelsmann Foundation’s Community Guide	2016
Figure 14	Broadband provision	Federal Ministry of Transport and Digital Infrastructure	2018
Migration			
Figure 15	Overall internal migration balance	Federal Statistical Office and statistical offices of the Länder; Research Data Centre, Düsseldorf	2013, 2014, 2015
Figure 16	Internal migration balance, families		2013, 2014, 2015

1 By economically active person, by inhabitants;
 2 Total, women, men;
 3 By place of residence, by place of work.

Annex B

Indicator value ranges

Indicator	Year	Value range from ... to
Overall employment rate	2017	44. 2% (Trier) to 69.2 % (Hildburghausen)
Employment rate, women	2017	43 % (Heidelberg, urban district) to 69.9 % (Hildburghausen)
Employment rate, men	2017	43.4 % (Trier) to 73. 2% (Ingolstadt)
Business services	2015	2.5 % (Hildburghausen) to 28.6 % (Frankfurt am Main)
Gross domestic product per economically active person	2016	50,309 EUR (Erzgebirgskreis) to 178,706 EUR (Wolfsburg)
Proportion of highly qualified workers	2018	6.0 % (Wittmund) to 44.1 % (Heidelberg)
Receipt of SGB-II benefits (social welfare transfer)	2017	1.5 % (Pfaffenhofen an der Ilm) to 25.0 % (Gelsenkirchen)
Old-age poverty	2016	0.5 % (Sonneberg) to 8.9 % (Offenbach am Main)
Child poverty	2016	2.0 % (Pfaffenhofen an der Ilm) to 39.5 % (Gelsenkirchen)
School leavers without school-leaving qualifications	2016	1.2 % (Mainz) to 14.2 % (Prignitz)
Life expectancy	2013/ 2015	77.3 (Pirmasens) to 83.3 (Starnberg)
Accessibility of GPs	2016	1.8 minutes (Munich, city) to 11.2 minutes (Ostprignitz-Ruppin)
Gross wages at place of residence	2017	2,271 EUR/month (Vorpommern-Rügen) to 4,310 EUR/month (Wolfsburg)
Disposable household income	2015	16,274 EUR/year (Gelsenkirchen) to 35,663 EUR/year (Heilbronn)
Rents for existing properties	2018	4.59 EUR/m ² (Vogtlandkreis) to 15.74 EUR/m (Munich, city)
Municipal debts	2016	0 EUR/inhabitant (Dresden) to 9,998 EUR/inhabitant (Pirmasens)
Municipal loans	2016	0 EUR/ inhabitant (Leipzig and elsewhere) to 8,439 EUR/ inhabitant (Pirmasens)
Capital investment	2016	42 EUR/inhabitant (Bielefeld) to 1,342 EUR/inhabitant (Dingolfing-Landau)
Voter turnout	2017	64.1 % (Bremerhaven) to 84.4 % (Starnberg)
Broadband access (> 50 Mbit)	2018	31 % (Jerichower Land) to 100 % (Regensburg, Rosenheim)
Overall internal migration balance	2013/ 2014/ 2015	-864/100,000 inhabitants (Offenbach am Main) to 1,433/100,000 inhabitants (Leipzig)
Internal migration balance	2013/ 2014/ 2015	-2,423/100,000 inhabitants (Würzburg) to 2,177 (PotsdamMittelmark, rural district)

Source: Authors' presentation.

Annex C

Methodological notes

The present study is based on an evaluation of representative indicators pertaining to various categories. In terms of the conventional approach to spatial observation, indicators are to be distinguished from regional statistical variables (for example, population figures or area of a municipality). They are indicative of certain states of affairs and provide meaningful evaluations of conditions and trends with regard to social and political objectives. One example is the political ambition of maximising broadband access in Germany. This objective is measured by an indicator that reflects the number of households in the study areas (here independent towns/cities and rural districts) with access to a high-speed network connection.

The trends and values presented are well suited to a comparison of mean values in the 401 independent towns/cities and rural districts in Germany and contribute to a better understanding of the geography of socioeconomic disparities. That is the topic of this report, and the maps are interpreted in that light. This often conceals increasing divergence within individual districts, however. This divergence is not directly evident in the mean values presented in the maps, although it is addressed in the text.

The indicators for the cluster analysis were selected with the aim of covering the various concerns of the report without further complicating the interpretation of the findings. Previous experiences with spatial analysis show that cluster analyses with too broad a set of indicators, which may refer to similar states of affairs, are difficult to evaluate.

The following **methodological notes** are to be taken into consideration in the interpretation:

- The indicators used are standardised to average values (arithmetical mean, median) or comparable reference values (for example, migration balance per 100,000 inhabitants, average accessibility in journey time). In other words, the findings do not depend on magnitude or population size. This procedure is necessary in order for indicators to be comparable across various rough and ready units of investigation with different population sizes.
- The interpretation of relations between independent towns/cities and their surrounding rural districts can be influenced by the respective sizes of territorial units. For example, because of territorial reform many districts surrounding large cities in eastern Germany extend far into the surrounding area, and the indicators then, on average, give values for spatial structural effects ranging from suburban to rural areas.
- Because it is illegitimate to compare municipal debts between the state budgets of the city states Berlin, Hamburg and Bremen and the municipal budgets of the independent cities/towns and rural districts, this indicator could not be taken into account for the cities mentioned. In the disparities map, the allocation of spatial types is indicated by the hatched areas.

List of figures and tables

- 9 Figure 1
Disparities map
- 13 Figure 2
Prosperity in Germany
- 10 Table 1
Spatial types of socioeconomic disparities in Germany
- 11 Table 2
Range of indicator values in individual spatial types
- 12 Table 3
Prosperity in Germany
- 18 Table Annex A
Indicator documentation
- 19 Table Annex B
Indicator value ranges

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FOR A BETTER TOMORROW

Unequal Germany

With falling unemployment, innovative industries and growth rates of which most of its European neighbours can only dream, Germany is, by international standards, doing well. But not everyone is benefitting from its economic growth.

The present study shows instead that in recent years socioeconomic inequality in Germany has become entrenched. Not only that, but while some cities are booming, whole regions are at risk of falling behind for the foreseeable future.

The report picks up where the 2015 Disparities Report left off and goes beyond it. It provides a comprehensive survey of socioeconomic inequality in Germany and makes clear policy demands.

The interactive disparities map and further information can be found here:

www.fes.de/ungleiches-deutschland/

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