

# URBAN DEMOGRAPHIC PROBLEMS

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*Yuri Kosov*

*Natalia Mikheeva*

## THE DEMOGRAPHIC PROBLEMS OF THE BALTIC CITIES: GENERAL TRENDS



*This article discusses the trends of demographic development of the Baltic Sea region's cities. It analyses the factors affecting the urban population dynamics in the second half of the 20<sup>th</sup> — the beginning of the 21<sup>st</sup> centuries. The authors emphasise the dependence of the Baltic cities on the socioeconomic development level throughout the region as well as intraregional disparities. The article analyses the conclusions drawn in the "Urban audit. 2007" report.*

**Key words:** demographic problem, population decline, aging nation, migration level, urban areas, urban growth, Nordic countries, Baltic Sea states, Poland.

As is known, over the last two decades, the Baltic Sea region has witnessed considerable changes. The end of the cold war facilitated an increase in the political homogeneity of the region. The region brings together democratic states with the same-type economic systems resting on the principles of market economy. It is worth stressing that the North West of Russia is a part of the said region. In this connection, the problems of development of the Russian North West should be considered in the context of studying and finding solutions to important issues that the Baltic Sea region is on the whole faced with.

At the beginning of the 21<sup>st</sup> century, the Baltic Sea region is oriented to the European Union. The majority of regional states are members of this integrating alliance; Russia also aspires to contribute to the development of the common European spaces, which would limitedly include the Baltic Sea zone. One of the main aspects of this process is the formation of a principally new all-embracing regional security space. Russia plays an important role in this process. The regional security space should cover not only the sphere of "hard" security (prevention of military threats, counterterrorism efforts), but also that of "soft" security (ensuring sustainable development of energy and demographic processes, etc).

At the moment, the demographic problem is one of the most topical for the European countries in general and the states of the Baltic Sea region in particular. Despite regional differences, its essence can be reduced to several interconnected problems the governments of the European countries are confronted by. The first, most serious and acute problem is the constantly in-

creasing percentage of the population of retirement age (over 65 years old). At the beginning of 2010, the highest values were recorded in Germany — 20.3%, Sweden — 18.8%, Estonia — 17.3%, Latvia — 17.0%, Finland — 16.8%, Lithuania — 16.2%, Russia — 13.7%; and Poland — 13.4% [5]. As a matter of fact, in all the Baltic Sea states, the share of the population of retirement age approaches the 20% limit and even exceeds that in Germany. It indicates an evident tendency of the population aging<sup>1</sup> and, as a result, a natural population decline. More and more funds are required for pensions, medical care, and social programmes.

Thus, the problems of aging population and the decline in working age population attract the attention of researchers and politicians. When will the decline in the population of Europe begin? Will Europeans be able to support their pensioners? Will Europe, whose share in the world population has been steadily declining, maintain its considerable influence on the world politics? All these questions are regularly posed in the speeches of politicians of different levels as well as in the media.

The demographic situation, which established in Europe by the beginning of the 21<sup>st</sup> century, is connected to a whole complex of factors, which relate to both the features of historical development of the region and the peculiarities of the demographic process development. The countries of the European region were among the first to experience the demographic transition from the traditional forms of reproduction to the contemporary one characterised by a drastic increase in population, which is regularly called "demographic revolution" or "population explosion". However, despite massive migration streams from Europe to North and South America, the population of Europe grew from 150 mln people in 1800 to 206 mln in 1850. It also increased by 2000 (to 728 mln), nevertheless, no expert forecasts further rapid growth. On the contrary, experts predict gradual decline in population. For instance, according to the forecast of the UN population division entitled "World Population Prospects, the 2000 Revision", the population of Europe will drop to 600 mln people.

Another factor to affect the number of population was migration processes. We should not forget that the 19<sup>th</sup> — the beginning of the 20<sup>th</sup> century witnessed a massive flow of European immigrants to North and South Americas. Among the states of the Baltic Sea region, the leaders in the number of migrants were Germany and Sweden. There was another migration direction — from poorer, predominantly agricultural countries (Poland, Baltic territories), people moved to more industrially developed countries such as Germany and Sweden. Industrial centres — Kiel, Göteborg, Malmö, Brandenburg, and Hannover — were rapidly developing. It is these cities that welcomed a considerable population inflow from the Baltic States as well as from Finland.

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<sup>1</sup> The population of a certain region or territory is a system with peculiar interconnections and tendencies, which functions according to the laws of a closed system development. There are critical figures (limits) in demography. For example, it is believed that, when the share of the population of retirement age amounts to 20% and more (1/5<sup>th</sup> of the population), only the processes of population decline can take place, i.e. each new generation will be less in number than the previous one.

The two world wars considerably changed the demographic situation in Europe. The countries of the Baltic Sea region — the USSR, Germany, and Poland — experienced the greatest population loss. Even today, the demographic history of Russia, Poland and Germany bear the trace of the so called demographically traumatic "war years". In the post-war time, the population of the Baltic Sea region grew, to a great degree, due to migration inflow. This period also witnessed a rapid urban development and an increasing influence of cities in all aspects of life. Despite the fact that the urbanisation process commenced in Europe as early as in the 18<sup>th</sup> century and is closely linked to the industrial revolution, it achieved its peak after World War II. It was a period of intensive industrial development in Finland, the Baltics, the USSR, and Poland. The coastal territories started to develop and large port complexes were built in Germany, Sweden and the USSR, which became home to long-standing industrial centres. Hamburg, Bremerhaven, Wilhelmshaven, Lübeck, Rostock, Riga, Ventspils, Tallinn, and Leningrad received a new impetus for development. Intensive development of manufacturing industries and ports created a significant number of jobs in cities, which attracted migrants from other regions of the country and other states. From the 1950s onwards, industrialisation and, as a result, an increase in the urbanisation rate became a major factor of the population growth in the regions situated on the coast of the Baltic Sea. It is the cities that became the main centres of demographic increase.

Certain historical conditions, namely, the division of Europe according to the ideological principle into Western and Eastern parts affected the development of the region. A new trend towards an increase in population inflow from other regions of Europe and the world became evident in western countries — the FRG, Sweden, and Finland — starting from the 1960s. At the governmental level, this trend was generally encouraged. First of all, it affected the structure of migrants, which, especially in cities, led to the development of ethnic communities. One of the prime motives was the economic factor — higher standards of living. The development of services in cities — tourism, banking, finances — raised the prestige of the new place of residence.

In the eastern part of the region, such state of affairs was impossible at the time. In Poland and the GDR, rapidly developing cities attracted predominantly rural population. The USSR carried out a more diversified policy of attracting operatives to industrial centres. Despite certain differences, the trend of an increase in the number of cities was characteristic of both eastern and western parts of the Baltic Sea region.

Approximately from the mid-1950s until the 1970s, the rapid growth of cities both in terms of the population and territory was taking place in the northern part of Western Europe. At the end of this period, the signs of decentralisation, suburbanisation, and partial deurbanisation of city agglomerations became evident. The reduction of urban cores of metropolitan areas started in the UK as early as the 1970s; at the end of the decade such trends became quite pronounced in Germany, Italy, and France. The same process was characteristic of most large cities of North Europe — Stockholm, Hel-

sinki, Espoo, Tampere, Göthenborg, and Malmö. First of all, it was linked to the factors of economic and social development. As the environmental situation in the central districts of cities worsened owing to industrial production and transport development, many Europeans preferred to move closer to suburban areas, where the air was cleaner and housing prices were much lower than in the centre. The restructuring of European economies also affected the development of business activity in cities. It is then when many Scandinavian and German companies were moving the so called "dirty" production facilities from the country. Such companies as SAAB, Volvo, Scania, ABB, and Polar Electronics started to open their overseas branches. It immediately affected the structure of urban employment.

In the 1950s—1970s, the population of urban agglomeration was increasing at a high rate in the countries of Central and Eastern Europe. In these regions, priority was given to the development of industrial production and enlargement of industrial complexes, which led to the inflow of population from smaller towns and rural areas. The problems related to the environmental situation in cities were not taken into account. It is then when Riga, Vilnius, Warsaw, Gdansk, Kaunas, Klaipeda, and Leningrad started to develop intensively as industrial centres. For example, the population of Riga increased over that period almost 2.7 times. A similar trend prevailed until the mid-1980s.

Over the last decades, the situation has reversed. The collapse of the bipolar system of relations in the world in general and the region in particular entailed disruption of the established economic ties in the east of Europe, the political reorientation of Poland and newly emerged Baltic States towards the USA and the Western European countries. Having announced their aspiration to integrate into Western European structures in the late 1980s, the countries of Eastern Europe still keep to that course.

The economic reform led to the disruption of the established economic ties in the framework of the Comecon, which entailed a number of negative consequences: drastic falling off in production, structural unemployment, stable inflation, banking crisis, defeated expectations for a considerable foreign investment inflow, etc. The most negative consequence of socio-economic transformations was defeated public expectations. Having politically and ideologically integrated into Western Europe, Eastern European population, at first, did not feel actual improvement in the standards of living; on the contrary, they even decreased in the 1990s. Such state of affairs, naturally, affected urban development. It is the second half of the 1990s when the decline in urban population took place, predominantly, due to two factors: emigration of a part of the population to the countries of classical Western Europe and the lack of population inflow from the other territories of the country.

Such a trend was peculiar to the Russian cities of the Baltic Sea region as well. First of all, it affected Leningrad/Saint Petersburg. The destabilisation of the economic situation in Russia resulted in the decline of a great number of industrial production facilities, discontinuation of the population inflow from other regions, and a rising unemployment rate. For example, the popu-

lation of Leningrad/Saint Petersburg reached its maximum in 1988 (5.2 mln people) and, after that, started to decrease.

Today, demographers stress that these trends are still present. Over the last two decades, the countries of classical Europe (frequently called EU-15) have witnessed an increase in population, while, in the countries of Eastern and Central Europe, which recently acceded to the EU, it has declined. For example in Latvia, the population dropped from the maximum of 2 668 140 people in 1989 to 2 236 300 in August 2010 (by 16%!) [2]. It also affected the urban population dynamics. At the same time, almost in all urban areas, the suburban population was increasing more rapidly (or decreasing more slowly) than urban population within the administrative city limits.

In 2004—2007, a research project entitled "Urban audit" was implemented in European countries. The project embraced 537 cities (26 of them with the population of more than 1 mln people). Alongside the cities of the European Union, Turkey, Norway, and Switzerland also took part in the project. The project was concluded with a report entitled *State of European cities. 2007*, which reflected the major trends of urbanisation processes in Europe.

According to the "Urban audit", the urban population of Europe, in general, grew faster than rural population: from 1996 to 2001, the total number of urban population was, on average, increasing by 0.35% per year, which is almost twice as much as the average annual rate of the total population growth for the same period (0.2%).

However, there are considerable differences in the urban population dynamics in different European regions. While the population of approximately a third of the cities was, on average, increasing more than by 0.2% per year, the population of another third was relatively stable (the average annual increase rate ranged from -0.2 to 0.2%), and the other cities faced a drastic decrease in population.

On the general European scale, the population was increasing most rapidly in some urban zones of Spain (3% and more on average annually), in Ireland, Finland, Greece and Cyprus. The cities of Romania and Italy, on the contrary, faced a general decline in population. An increase in the urban population was not registered in the Baltics either against the background of reduction in the population increase.

As to the cities of Northern Europe participating in the Urban Audit system, the population was increasing significantly more rapidly than the population of the corresponding countries in general. The rapid development of economy (predominantly, the services sector) starting from the second half of the 1990s led to a significant increase in urban population in Finland in comparison to the general population growth rate. An increase in Helsinki's population in 1991—2004 amounted for 0.7% (almost half as much as the national rate), in the next period (2004—2007) it was fluctuating around the zero mark. A drastic increase in population took place in Oulu — in the first period, the increase rate amounted to 1.6% — almost four times as much as the national rate. In the second period, the values were more modest. A similar trend, though less evident today, was also observed in



Denmark and Sweden (fig. 1). Today, these trends still take place. The average annual population increase in Finland, at the beginning of 2010, amounted to 0.098%, the increase in urban population in 2005—2010 was 0.8%, in Sweden the general population increase equalled 0.158%, the urban population increase amounted to 0.5%, and in Denmark these figures reached 0.28 and 0.5% respectively [5].

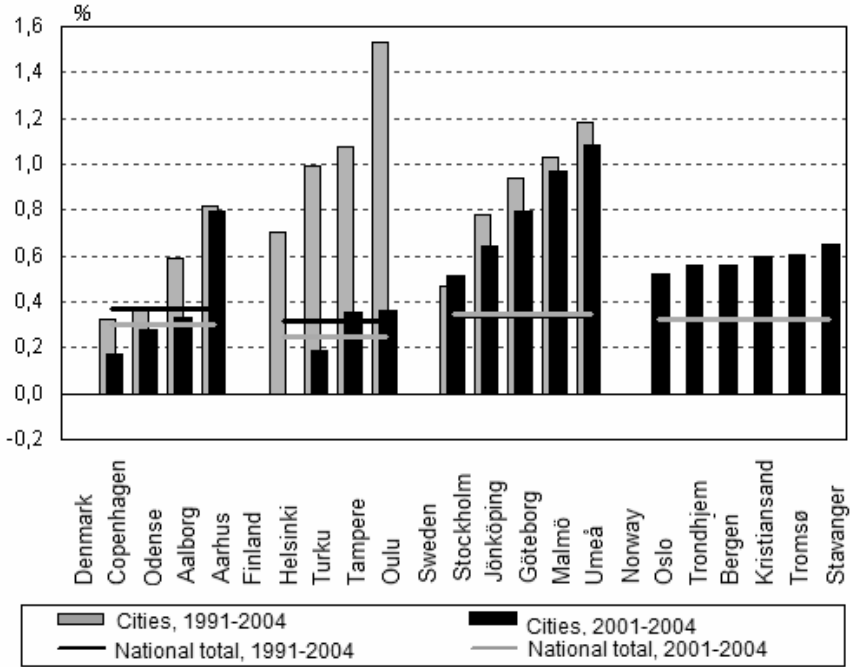


Fig. 1. Average annual population increase rate in the cities of Northern Europe participating in the Urban Audit project, 1991—2004

Source: [7].

Among the problems faced by cities of Northern Europe, the most acute one is a significant increase in the share of international migrants. Over the last 15—20 years, their number has increased in such cities of Sweden as Stockholm, Göthenborg, Malmö, and Uppsala. In some urban agglomerations (Stockholm, Göthenborg), in the conditions of economic restructuring within certain labour market segments, it led to an increase in social segregation. A similar situation developed in Danish cities, thus the immigration issue is discussed at both national and European levels.

In Germany, over the last decades, the population growth has decelerated due to a number of above-mentioned reasons. First of all, it is connected to a lower natural increase, which approached the zero mark and even crossed it in the last two years. In 2010, the natural increase rate amounted to  $-0.053\%$ . It could not but affect the urban population dynamics. However, the urban areas in the West and South of the country (the so called "old states") are

actively developing, while, in the east ("new states"), the number of urban population is decreasing. Many cities of the former GDR are losing population, which is more and more eagerly moving to western regions of the country. In such conditions, it is becoming more difficult for the local administration to carry out a policy of attracting new residents. At the beginning of the 21<sup>st</sup> century, the cities in the east of Germany, "rather survive than live".

In contrast to the negative eastern tendencies, the cities in the north of Germany — Bremen, Hamburg, Hannover — manage to maintain a stable population size and even increase it (fig. 2) [5].

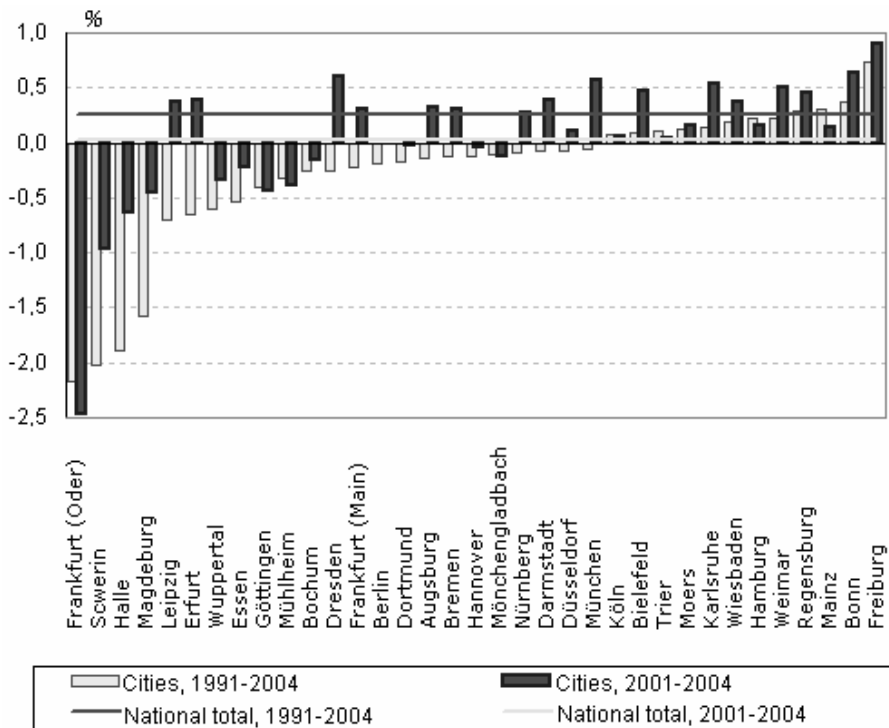


Fig. 2. Average annual population increase rate in the German cities participating in the Urban Audit project, 1991—2004

Source: [7].

In the countries of the eastern part of the Baltic Sea region, an alteration in the socioeconomic development priorities significantly and, predominantly, negatively affected the urban development. One of the major problems of not only towns but also capital cities was the population loss, which took place despite rather high, in certain cases, economic growth rates. Mainly, it pertained to a tendency of natural increase stagnation and a considerable migration outflow against the background of zero immigration. Figure 3 shows that, in the Baltics, the situation regarding the urban popula-

tion size was opposite to that in the cities of Northern Europe. The urban population in Lithuania, Latvia, and Estonia was declining more rapidly than the general population. The same situation is still characteristic of Lithuania, where the general population decrease amounts to 0.279%, and the urban population decrease is 0.4%. In Estonia and Latvia, this trend changed. The rates of urban population decline became lower than the general rates. In Estonia, the total population decreases by 0.632%, while the urban population drops by 0.5% [8].

Certain negative consequences for the population of eastern cities followed from the development of integration processes in Europe, after the countries of Eastern Europe had acceded to the EU, an available opportunity arose to find a job in the countries with a higher level of socioeconomic development and, hence, higher salary level. At the moment, only three states of the EU-15 (Sweden, Denmark and the United Kingdom) completely opened their labour markets for the countries of the latest enlargement waves. It already caused an increase in migration streams to these countries (the leaders among the Baltics are Estonia and Lithuania). A number of countries, such as France, are planning to do it in 2011—2014. Naturally, it will affect the situation regarding urban population.

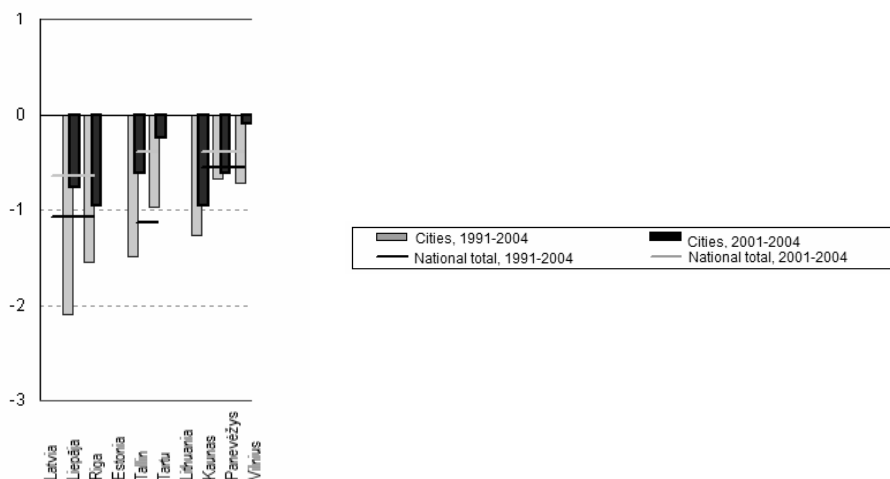


Fig. 3. The average population growth rates in the cities of the Baltics participating in the Urban Audit project, 1991—2004

Source: [7].

The Urban Audit shows a remarkably rapid decline in the urban population of the Baltics both in 1991—2001 and in 2001—2004. Experts link it to a drastic decline in the birth rate, increase in the mortality rate and the prevalence of migration inflow. Furthermore, demographers stress that suburbanisation as a process of extension of city territories and urban agglomerations became an important phenomenon in many countries that recently



acceded to the EU — from Budapest and Prague to Warsaw and Tallinn. Sometimes, it evolves into spontaneous and uncontrollable enlargement of cities and becomes a serious threat to the sustainable development of such urban areas.

In Poland, as well as in Germany, there are pronounced differences in the dynamics of urban population. While a significant number of cities, including Warsaw and Opole, continue to grow, many of those situated in the north and east of the country are rapidly losing their population.

In conclusion, one may say that we are witnessing a situation characterised by a classical positive feedback: aging of the population and resettlement of the most economically active part of residents lead to economic problems and increasing expenditure on pensions, benefits and other social payments. The economic problems result in lower standards of living and, thus, reduce incentives to live in these territories. A contribution is also made by the problems pertaining to globalisation and the relocation of production facilities to China and other developing countries (one may recall the stories of Grundig, Volvo, Saab, and many others). An attempt to solve these problems through engaging migrants from the third world countries results in additional problems related to cultural differences and increasing crime rate. If one takes into account that in the course of the world economic crisis, the most difficult stages of which, according to forecasts, are still to come, a significant part of savings will be lost (for example, in 2008 alone, the Norwegian Sovereign Fund lost 90 bln dollars (23 % of the total capital) [2]), the situation gives little hope for the cities of the Baltic. A development paradigm, which was functioning after World War II, has become out of date. We will have to find new principles or to face depopulation, a significant decrease in the living standards and a gradual loss of national identity.

To draw a conclusion, one can say that the North West of Russia is turning into a limited participant of regional development processes in the Baltic Sea area. The demographic problems of cities in this region of Russia are homogeneous and are related to similar factors as those of the Baltic Sea region on the whole. In these conditions, the Russian Federation has to deal with a serious problem of ensuring active and effective participation in the regional international cooperation in the field of demographic policy and demographic development. The solution to this problem requires new theoretical approaches and innovative initiatives.

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#### *About the authors*

*Prof. Yuri Kosov,* Dean of the Faculty of International Relations, North-West Academy of Public Administration.

E-mail: pokosov@peterlink.ru

*Dr Natalia Mikheeva,* Associate Professor, Department of International Relations, North-West Academy of Public Administration.

E-mail: nm@askit.ru