

Quality of life

What makes capital cities the best places to live?



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Introduction

Capital cities, no matter the size, are centres of economic and institutional resources, and the quality of life they offer contributes to their competitive advantage, especially in attracting investment and highly qualified labour forces.

Over 48 million people, or 9% of the EU population, live in the capital cities of the 28 Member States – and that percentage is growing in all. Recent trends show that capital cities continue to gain prominence in all Member States and account for an increasing share of national populations. In most cases, the capital city also has an increasingly higher gross domestic product (GDP) per capita compared to the rest of the country.

The very success of capital cities has stoked concerns both in the EU and globally that the quality of life of urban and rural populations is diverging. At an individual level, people who live in EU capital cities score higher on many quality of life indicators than the rest of their country's population.

Given the continued growth of capital city populations and the concentration of resources within them, this policy brief

explores how the advantages of capital cities are manifested in quality of life. Are these advantages mostly related to specific demographics that the cities continue to nurture and to attract? Or do these advantages stem from opportunities that major cities provide due to their scale and economic growth? Having more evidence on these issues would help in understanding whether policy should focus more on the economy or on the society when it comes to advancing economic, social and territorial cohesion.

The findings are drawn from the European Quality of Life Survey 2016, which monitors different dimensions of quality of life examined here: individual quality of life and well-being, quality of society, and quality of public services.

This analysis complements Eurofound's efforts to extend its research at the regional level and on geographical comparisons in relation to the employment structure, quality of life in rural Europe and measuring overall convergence in the EU.



Policy context

Continuous urbanisation and the rise of large cities worldwide have stimulated research and directed policy focus towards urban populations and the role of cities in driving economic growth. The World Bank's *World Development Report 2009*, for instance, argues that the concentration of economic development in cities is a necessity for prosperity and that policymakers, rather than attempting geographical rebalancing, need to apply themselves to making growth inclusive.

The European Union is committed to implementing the United Nations 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) it sets out, which seek to achieve an inclusive, safe, resilient and sustainable living environment. The reflection paper *Towards a sustainable Europe by 2030* lays the groundwork for EU policy in this area and considers how to realise the SDGs. SDG 11 singles out sustainable cities and communities, but many SDGs are of relevance to the unique set of challenges facing cities and metropolitan areas – from environmental and health challenges,

to achieving a sustainable financial system, to ensuring quality of governance. The EU commitment to the SDGs is reflected in its Urban Agenda as well as specific initiatives, such as the D4 Action Group on Innovation in age-friendly buildings, cities and environments, and platforms that aim to reduce health inequalities.

Other EU-level legislative and regulatory measures pertinent to quality of life in cities include directives setting limits on air pollution and noise. They also target the needs of specific groups, such as the European Accessibility Act, which aims to make services such as banking and transport more accessible to people with disabilities through rules governing public procurement.

The aspects of quality of life discussed in this policy brief also relate to a broader set of emerging policy concerns about inequalities, the importance of place for social and economic advancement, and areas that have been left behind. The 2019 country-specific recommendations (CSRs) highlight regional

disparities related to public investment for 22 Member States. In its communication on the CSRs, the European Commission noted that

national socio-economic trends hide regional differences that are significant in some countries. Looking backward, the benefits of economic growth have not spread equally across regions. Looking forward, the socio-economic challenges of the future do not affect all parts of society in the same way.

There is increasing emphasis on developing the social dimension of European policies for cohesion and convergence. For instance, the European Pillar of Social Rights underlines the importance of access to and quality of public services, including access to essential services, such as utilities, that are provided at local level.

A range of policies, therefore, express the long-term goal of building sustainable and resilient societies, able to promote the well-being of citizens.

Data on cities are critical to informing and shaping the EU's cohesion policy, which aims to reduce disparities between Member States, funded through instruments such as the structural and rural development funds. Although this policy was initially shaped to assist underdeveloped regions, cities have become increasingly involved in the policy debate, seeking recognition of their problems and investment needs. The emphasis on funding for integrated sustainable urban development has become more prominent in recent years.

The strengthening voice of urban centres is reflected in the emergence of many city networks at European and global levels in the last decade or so. To mention but a few, they include the Council of European Municipalities and Regions, Eurocities, the Capital Cities and Regions Network, the European Sustainable Cities Platform, the European Green Capital Network, WHO European Healthy Cities Network, and 100 Resilient Cities. These platforms both lobby for and implement European and international policy initiatives.

Key findings

- In Europe, people living in the capital city generally have a better quality of life than people living in other parts of a country. On this basis, it seems that capital cities are indeed the best places to live.
- For most countries, residents of the capital city score higher on life satisfaction on average than people living outside the capital.
- Life satisfaction in a capital city for the most part is closer to the national average than to the averages of other capital cities. This finding suggests that, despite concerns that capitals increasingly operate independently of their nations, national-level factors are still important in shaping differences in well-being both between countries and between capital cities.
- Capital cities have, by and large, larger proportions of people who report feeling resilient – able to cope during times of hardship – compared to other urban centres and rural regions in the same country. Some characteristics of city populations – such as a younger age profile and higher educational attainment – contribute to resilience, while others, such as housing insecurity, erode it. The findings suggest that some other latent factor, possibly related to opportunities for economic advancement and improving one's living standards, could underlie the extra resilience that capital cities provide.
- Capital city residents tend to be more satisfied with how democracy works in their country compared to the population outside the capital. This difference is largely associated with socioeconomic background, which on average is more advantageous in capital cities. Capital city residents also tend to have greater trust in national institutions and be more critical of local or municipal authorities than people in the rest of the country.
- Despite the greater availability of public services in capital cities, residents do not always rate the quality of these services higher than people outside the capital. For instance, they give lower ratings for the education system. Quality of public transport, on the other hand, is rated higher by people in capital cities, even though they commute for longer than people in other parts of their country.
- Housing insecurity is a problem in many capital cities – of all the indicators examined, more capital cities fall behind the rest of the country on this indicator by a significantly larger gap.
- The differences between the north, south, east and west of Europe are as apparent in the case of capital cities as they are for countries in general. This reinforces the earlier point that national-level factors and policies significantly shape the well-being outcomes of cities in different countries.



Exploring the evidence

This policy brief examines the quality of life of people living in European capital cities compared to the populations outside the capitals. It looks at three key aspects of quality of life that underpin the European social model: individual quality of life and well-being, quality of society, and quality of public services.

The analysis addresses the following questions:

- What are the main quality of life advantages that capital cities have over the rest of the country?
- Are capital city residents more resilient and if so, why?
- Do capital cities have better quality public services?

The analysis is based on the European Quality of Life Survey (EQLS) 2016, which gathered data from across the 28 EU Member States and five candidate countries (Albania, Montenegro, North Macedonia, Serbia and Turkey). The 2016 edition of the EQLS made it possible to generate estimates for the largest cities – which in all countries surveyed, apart from Istanbul in Turkey, are capital cities – and then compare the capital city of each country with the rest of

its urban and rural population, based on a single, harmonised dataset. While the text refers to capital cities throughout, Istanbul was selected for the analysis of Turkey, and for Poland, a sample was pooled from the country's seven largest cities, since the sample achieved in Warsaw alone was too small.

Capital city versus the rest?

Recent evidence on cities and analysis of differences between regions by degree of urbanisation points to what Eurostat describes as 'the dominance of capital cities'. Capital cities tend to generate considerably higher GDP per capita compared to national averages, with Berlin the only exception among those studied here. Eurofound's 2019 European Jobs Monitor report shows that metropolitan regions had the fastest employment growth over the last decade, and much of that growth occurred in high-skilled, well-paid jobs. Major cities on average have populations with higher educational attainment and tend to have higher employment rates. They attract people of working age, which helps to retain these advantages. But the scale of the capital's advantage means that a considerable part of the population benefits from it.

The concentration of resources in the capital is a prevailing pattern across all Member States, but it is not uniform: other prosperous urban centres with high quality of life are sometimes on a par with or outperform the biggest, capital city – in Germany and Italy, for instance. That said, recent trends suggest that capital cities are becoming more dominant in all Member States. The most rapid urban population growth over the last decade has often occurred in capital cities and their surrounding commuter belts. Eurostat data indicate that the proportion of the national population in the capital city metropolitan region increased during 2004–2014 in all Member States but Greece. The GDP of the capital city metropolitan region in relation to national GDP also grew in 2003–2013 in nearly all.

Quality of life in the capital: An overview

Table 1 summarises selected indicators from the EQLS comparing the quality of life of capital city residents and the rest of the country for the 33 countries included.

When compared to the rest of the country, capital city residents score higher on several measures of quality of life. Their individual quality of life is better on measures such as life satisfaction, self-reported health, regularity of physical exercise and ability to make ends meet. They also perceive the quality of society more positively, demonstrated through their degree of satisfaction with democracy in their country and with the economy. They come closer to fellow citizens outside the capitals on the issue of public services, although they differ in their assessments of different services: capital city residents rate some services, such

Table 1: Selected indicators of quality of life – Capital cities and rest of country compared, 2016

	Average score of capitals	Average score of rest of country	Difference between capital and rest of country	Gaps between capitals and rest of country	
				Capitals better (no.)	Capitals worse (no.)
Quality of life					
Life satisfaction (scale 1–10)	6.9	6.8	0.16	8	2
Difficulty making ends meet (%)	41%	46%	-5 pp	13	6
Housing insecurity (%)	28%	23%	5 pp	4	14
Low resilience (%)	14%	17%	-4 pp	11	2
Optimism about one’s future (%)	64%	67%	-3 pp	7	0
Quality of society					
Satisfaction with democracy (scale 1–10)	5.4	5.1	0.28	15	3
Satisfaction with the economy (scale 1–10)	5.0	4.7	0.27	12	2
Trust in national institutions (scale 1–10)	5.1	5.0	0.10	10	3
Trust in local authorities (scale 1–10)	5.4	5.5	-0.09	7	8
Quality of public services					
Satisfaction with public services (scale 1–10)	6.0	6.1	-0.07	6	10

Notes: Due to rounding, numbers in the 'Difference between capital and rest of country' column are not precise. The gap count between capitals and rest of country indicates statistically significant differences only. pp = percentage points.

as public transport and healthcare, higher than the rest of the population, while they tend to be more critical of others such as education.

Not surprisingly, the residents of capital cities more often report the typical downsides of urban life such as poor air quality, noise, traffic congestion, litter on the streets, and insecurity after dark. But there is no consistent pattern within indicators such as perceived social exclusion or the rate of volunteering, which are known to differ depending on people's socioeconomic background.

Individual quality of life: Where the capital comes out on top

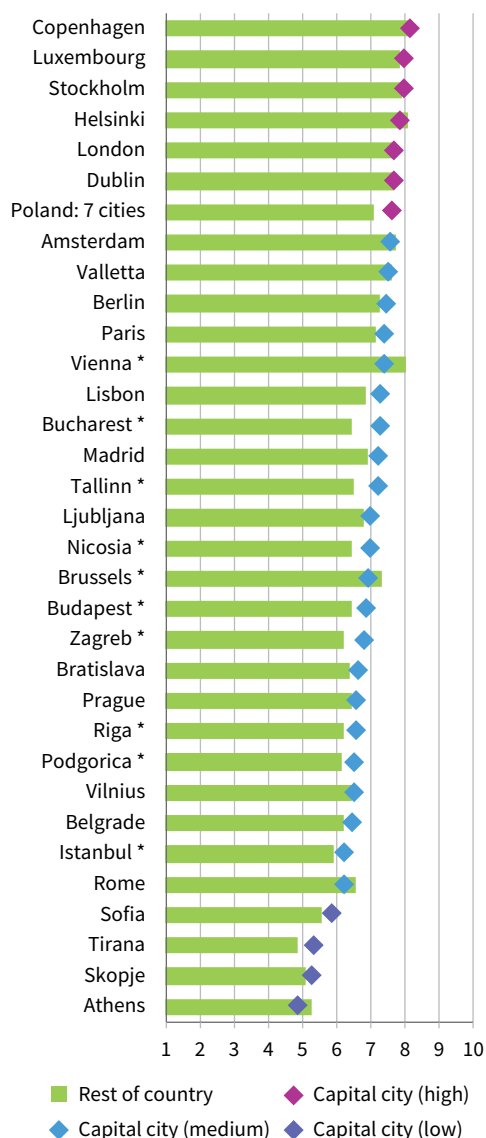
Life satisfaction and national context

By and large, the life satisfaction of capital city residents is close to or exceeds that of the residents outside the capital (Figure 1). Brussels and Vienna stand out as capitals that are underperforming compared to the rest of the country (although the reasons behind this could differ). But rather than emphasising their underperformance, it is worth noting the high performance of the rest of the country, with life satisfaction in the rest of Austria (8.1) and the rest of Belgium (7.4) above the EU average (7.1).

The data also show up differences between cities in the same country, with some notable cases of capital cities having lower life satisfaction than the second-largest cities, such as Rome underperforming compared to Milan, and Berlin underperforming compared to other German urban areas.

There are increasing concerns about regional inequalities in the EU and disparities between regions within Member States that apparently exceed the cross-national differences between Member States. It is suggested that the major cities have become independent actors in determining the living conditions of their residents and that cities are international actors operating beyond their nation states.

Figure 1: Life satisfaction scores: Capital cities compared to the rest of the country, 2016



Notes: Life satisfaction is measured on a scale of 1–10, where 1 means very dissatisfied and 10 means very satisfied. In this and subsequent figures, * indicates that the difference between the capital city and the rest of the country is statistically significant at $p < 0.05$. The medium level is a range within the average distance of the mean (± 1 standard deviation); the other levels are higher or lower than that.

However, the results from across the entire range of EU and candidate countries presented in Figure 1 indicate that well-being in most capital cities is closer to the national level than to the level of capital cities of other countries – and this pattern will be seen in other indicators too. Conversely, there are large differences in life satisfaction across countries and capital cities. The findings here imply that a lot of regional variability is related to national context.

Are capital city residents more resilient?

In the aftermath of the Great Recession that engulfed many Member States over 2008–2013, there is growing interest in strengthening the resilience – the ability to cope during times of hardship – of individual citizens and societies.

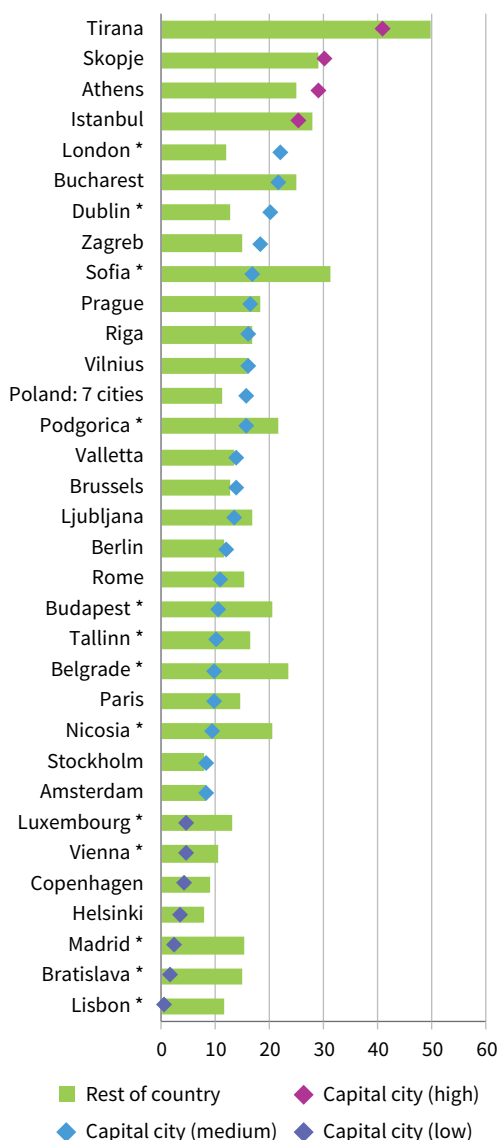
The EQLS 2016 included two items to capture the resilience of individuals, asking:

- if they find it difficult to cope with important problems that emerge in their lives
- if it takes a long time for them to get back to normal when things go wrong

Those who agree with both these questions are considered to have low resilience.

Generally, capital cities have lower proportions of people who report low resilience compared to the rest of the country (Figure 2). There are two notable exceptions – Dublin and London – that exceed both the EU average of 14% and the figure for the rest of the country by a large margin. Both these cities have high living costs and a shortage of affordable accommodation. Both have relatively big foreign-born populations, though these populations fare differently and do not necessarily explain the challenges for resilience in these cities. For example, in London, people with foreign backgrounds (both EU and non-EU) tend to have difficulty making ends meet and report low resilience more so than UK-born Londoners.

Figure 2: Low resilience (%): Capital cities compared to the rest of the country, 2016



Notes: Low resilience is measured as the percentage who agree or strongly agree that they find it difficult to cope with important problems and that it takes a long time for them to get back to normal when things go wrong. For guidance on interpreting the chart, see Notes for Figure 1.

Dublin's foreign-born population has a high proportion of EU mobile citizens, among whom fewer report low resilience and difficulty making ends meet than native-born residents of the city.¹

What makes people resilient?

Resilience is related to the level of hardship a person is experiencing, either in terms of low income, unemployment, poor health or lack of someone to turn to for help. The extent of some of these hardships varies considerably between countries and so do the levels of reported individual resilience. For instance, according to a European Commission study (2019a), 6% of the EU population say they do not have a particular resource or strategy to rely on in case of a substantial fall in income, but there are geographical differences in this statistic: the likelihood of having no coping strategy is twice as high in southern and eastern Europe as in northern and western Europe.

Regardless of large country differences and socioeconomic disparities between groups in society (including higher average income in capital cities), capital cities seem to offer something to their residents that boosts their belief in their ability to cope. This is especially true regarding the ability to deal with important problems, where city residents are less likely to find this difficult.

Figure 3 shows the influence of different factors on low resilience. The figure indicates that being in an age group older than 18–24 increases one's odds of reporting low resilience, while having tertiary education is one of the factors that has the strongest positive impact on resilience. These two results are to the advantage of capital cities, as their

demographic composition includes more young people and people with higher educational attainment. Housing insecurity, however, compromises people's ability to cope with problems and is associated with low resilience. This is to the disadvantage of capital cities as they have a higher proportion of residents who experience housing insecurity.

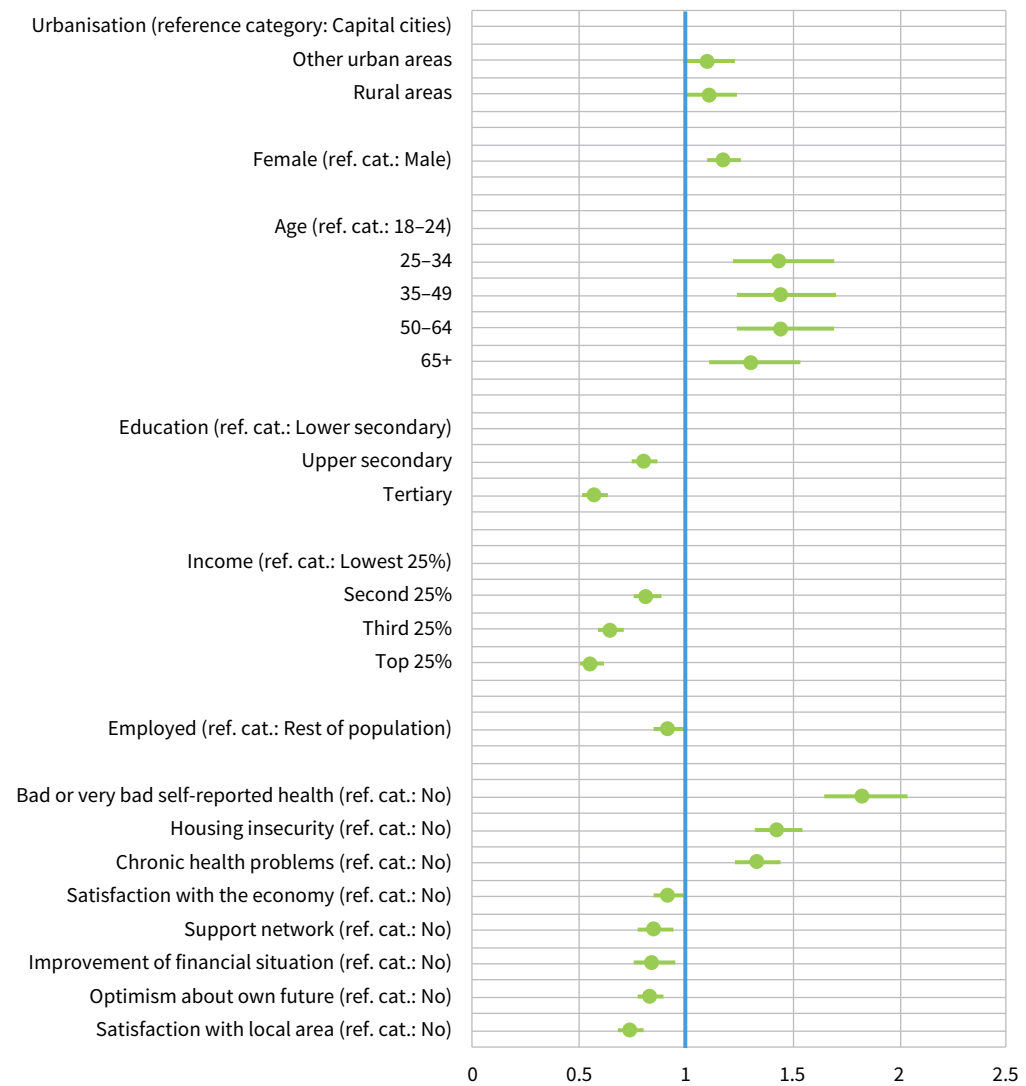
Intuitively, it would seem that optimism about one's future should be an expression of a resilient attitude, but Figure 3 suggests that individual human and economic resources (higher educational attainment, higher income and being in good health) have a stronger effect.

In addition, linking resilience to forms of social capital is not straightforward. Levels of volunteering in capital cities compared to other urban or to rural locations, for instance, do not seem to have a pattern across countries. And while feeling close to people living in one's area is weaker among urban populations, this feeling is less important for a sense of social inclusion for city residents compared to the rural population.

These findings suggest that some other latent factor, possibly related to opportunities for economic advancement and improving one's standard of living, could underlie the boost to resilience that capital cities provide. Capital cities and their metropolitan regions did experience higher employment growth and greater creation of high-paid jobs post-crisis, as described by the European Jobs Monitor 2019, yet it remains for future research to establish whether it is only economic opportunities that generate resilience and if this 'opportunity effect' extends beyond people in employment. Other influential factors may include the density of organisations that can support people in need.

¹ Samples for most cities in the EQLS 2016 were too low for reliable breakdowns, but Dublin and London had a workable number of respondents.

Figure 3: Factors behind likelihood of low resilience



Notes: Results of logistic regression analysis. See Notes for Figure 2 for a definition of low resilience; see Box 1 for guidance on interpreting the chart.

Box 1: Interpreting Figures 3, 6 and 7

Figures 3, 6 and 7 show the results of analyses to assess how low resilience, satisfaction with democracy and perceived quality of public services, respectively, are affected by different variables. For each variable, the analysis selects one category of responses, known as the reference category, and calculates how other response categories compare to the reference category. Note that for the last eight variables in each chart, the reference category is respondents who do not report the characteristic in question. The results take account of differences between countries.

In Figure 3, the results are expressed as odds ratios. For instance, for Education, the reference category is lower secondary, and respondents with tertiary education are half as likely (odds ratio

of 0.57) as respondents with lower secondary education to report low resilience. In Figures 6 and 7, the results show the impact of each response category, compared to the reference category. For example, Figure 6 shows that satisfaction with democracy is 2.4 points higher among respondents who are satisfied with the economy compared to those who are not.

A value to the right of the blue line indicates that the variable has a positive impact, while a value to the left indicates a negative impact. The green bars extending from each dot indicate the 95% confidence intervals.

Quality of society: Who has most confidence in democracy and institutions?

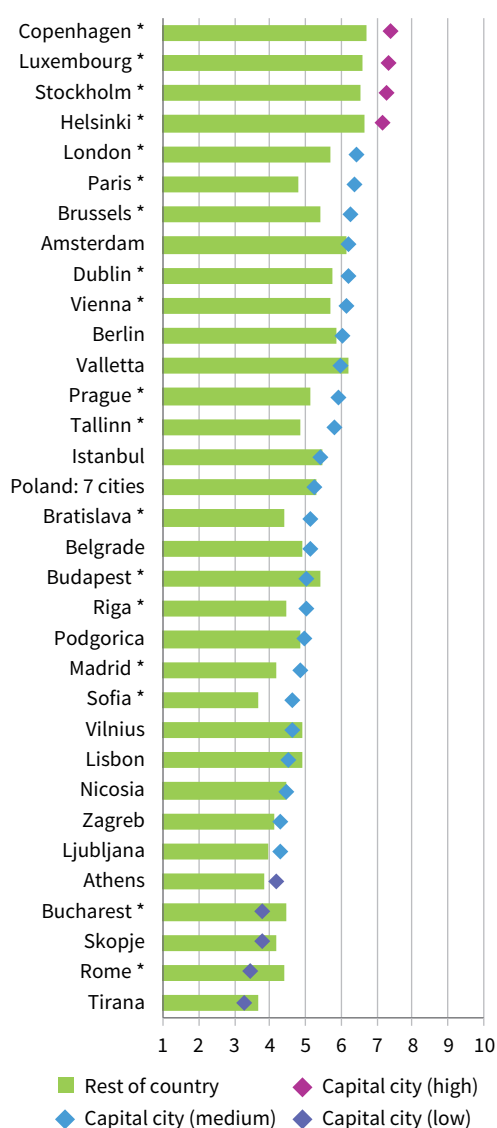
To assess how people perceive the quality of their society, this section looks at two markers:

- how satisfied people are with the way democracy works in their country
- the degree of trust they have in institutions, both local and national

Satisfaction with how democracy works in one's country is much higher in most capital cities compared with the rest of country, as indicated by the number of statistically significant gaps in Figure 4 (see also Table 1). The difference in satisfaction with democracy is particularly large for Paris, Sofia, Brussels, Prague and London.

There are exceptions to this pattern, and these reflect national splits in political allegiances between capital cities and other parts of the country. Hence satisfaction with democracy is significantly lower in capitals such as Bucharest, Budapest and Rome. When the second measure, trust in institutions, is analysed, this gap is apparent for Istanbul, Podgorica and Valetta in relation to average trust in national institutions.

Figure 4: Satisfaction with democracy: Capital cities compared to the rest of the country, 2016



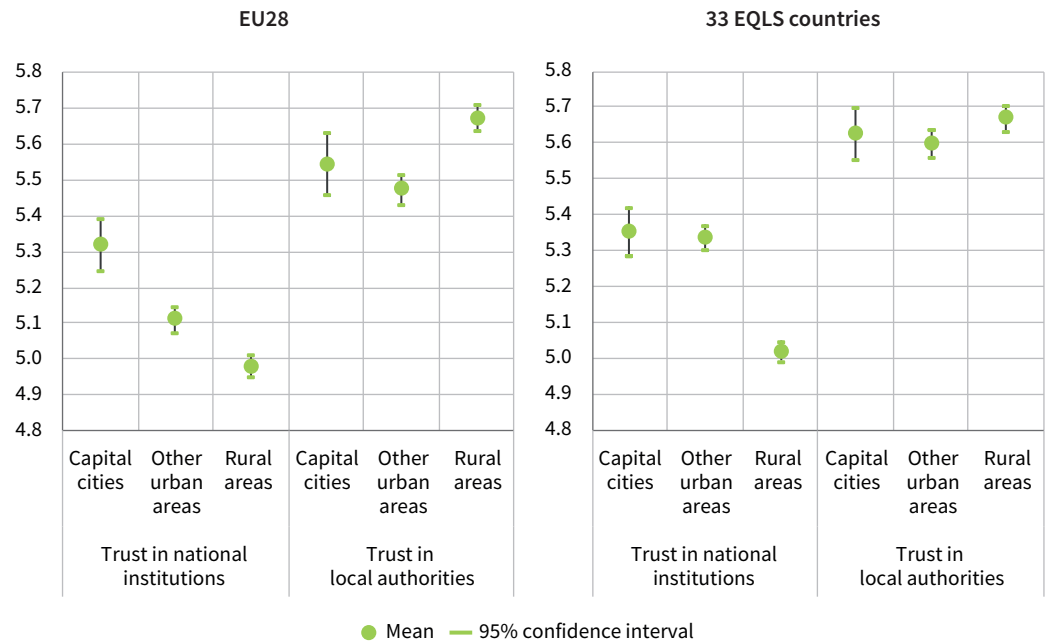
Notes: Satisfaction with democracy is measured on a scale of 1–10, where 1 means very dissatisfied and 10 means very satisfied. For guidance on interpreting the chart, see Notes for Figure 1.

Though a prevailing pattern in all EU countries is that trust in local authorities is higher than trust in national institutions, there are differences between capital city residents and the rest of the population. Both in the EU and in all 33 EQLS countries, urban populations (of capital cities and other urban centres) tend to have greater trust in national institutions compared to rural residents (Figure 5). In just the EU, however, residents of capital cities have more trust in national institutions compared to both other urban populations and rural populations. Looking at the gaps between trust in local authorities and trust in national institutions, the largest is found in rural populations, who have the most trust in the former and least trust in the latter.

These results raise questions about disparities between major urban centres and potentially struggling provinces, and whether policy should go beyond addressing just economic resources and include matters of democratic and institutional representation.

It is known that trust in institutions is related to an individual’s resources such as higher education and better income (as explored in the Eurofound report *Societal change and trust in institutions*). What is not known is whether these individual characteristics are the decisive factors that give capital cities an advantage over the rest of the country in terms of perceived quality of society or whether other advantages of capital cities account for this.

Figure 5: Trust in national institutions and local authorities: Capital cities, other urban areas and rural areas compared, 2016



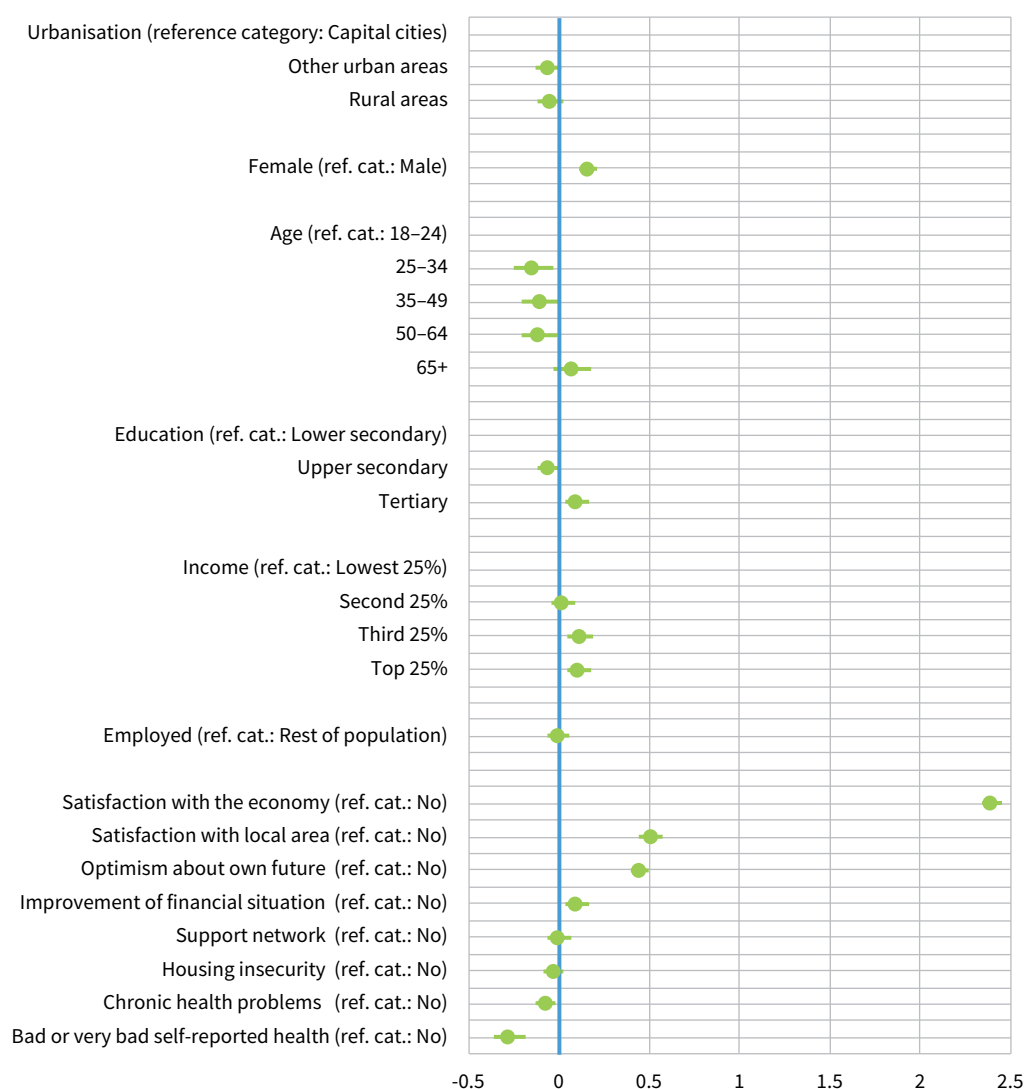
Notes: Trust measured on a scale of 1–10, where 1 indicates no trust at all and 10 indicates complete trust. National institutions comprise parliament, government, the police, the legal system and the news media.

With regard to satisfaction with how democracy works in one's country, recent research has highlighted the importance of satisfaction with the economy (Quaranta and Martini, 2016). In addition, expectations regarding future improvement in one's economic well-being, and not only current or retrospective assessments, matter (Loveless and Binelli, 2018).

Analysis of the EQLS data confirms a strong correlation between satisfaction with the economy and satisfaction with democracy; it also reveals a relationship between optimism about one's future and satisfaction with democracy (Figure 6).

Further analysis indicates that satisfaction with the economy, optimism about one's future and sociodemographic background are the underlying reasons why respondents from

Figure 6: Factors affecting satisfaction with democracy



Note: Results of linear regression analysis. See Box 1 for guidance on interpreting the chart.

capital cities have higher levels of satisfaction with democracy than people living in other urban and rural areas of a country. In addition, average trust in institutions is strongly related to perceived quality of public services as well as optimism about one's future for all populations – capital city, other urban areas and rural. These results suggest that to develop the quality of society, a degree of economic and social security is necessary.

The disparities in perceived quality of society found between capital cities and the rest of a country are large compared to the other indicators reviewed in this brief. The findings suggest that such disparities could be addressed by tackling how the economy serves particular groups in society – including on the basis of geography – and by shaping the prospects for people's futures, to provide a basis for optimism among these groups.

Quality of public services: Another urban paradox?

The discrepancy between certain advantages that major cities have and the disadvantages that they entail for residents has been referred to as the 'urban paradox'. For instance, cities have highly educated populations and provide better employment opportunities but at the same time can have highly impoverished populations and higher levels of crime or violence.

Another instance of the urban paradox is the perceived poorer quality of public services in capital cities. Once a thorough analysis at individual level is applied, residing in a major city appears to be related to less satisfaction with public services (Figure 7). This is a rather surprising finding, given that capital cities tend to concentrate economic and institutional resources as well as competences and innovation, so one would expect a better supply of quality services. Additional research is required to determine whether the average

rating masks other factors such as inequalities within the three urbanisation categories discussed here or the quality of specific services.

Health services

A previous investigation by Eurofound uncovered urban–rural differences in the perception of the quality of health and care services (see the report *Quality of health and care services*). Urban populations, on average, are less likely to have problems affording these services. In addition, perception of overall quality of health and care services is less differentiated by income in urban populations than is the case among rural populations, where the gap in perceived quality between poor and rich is larger.

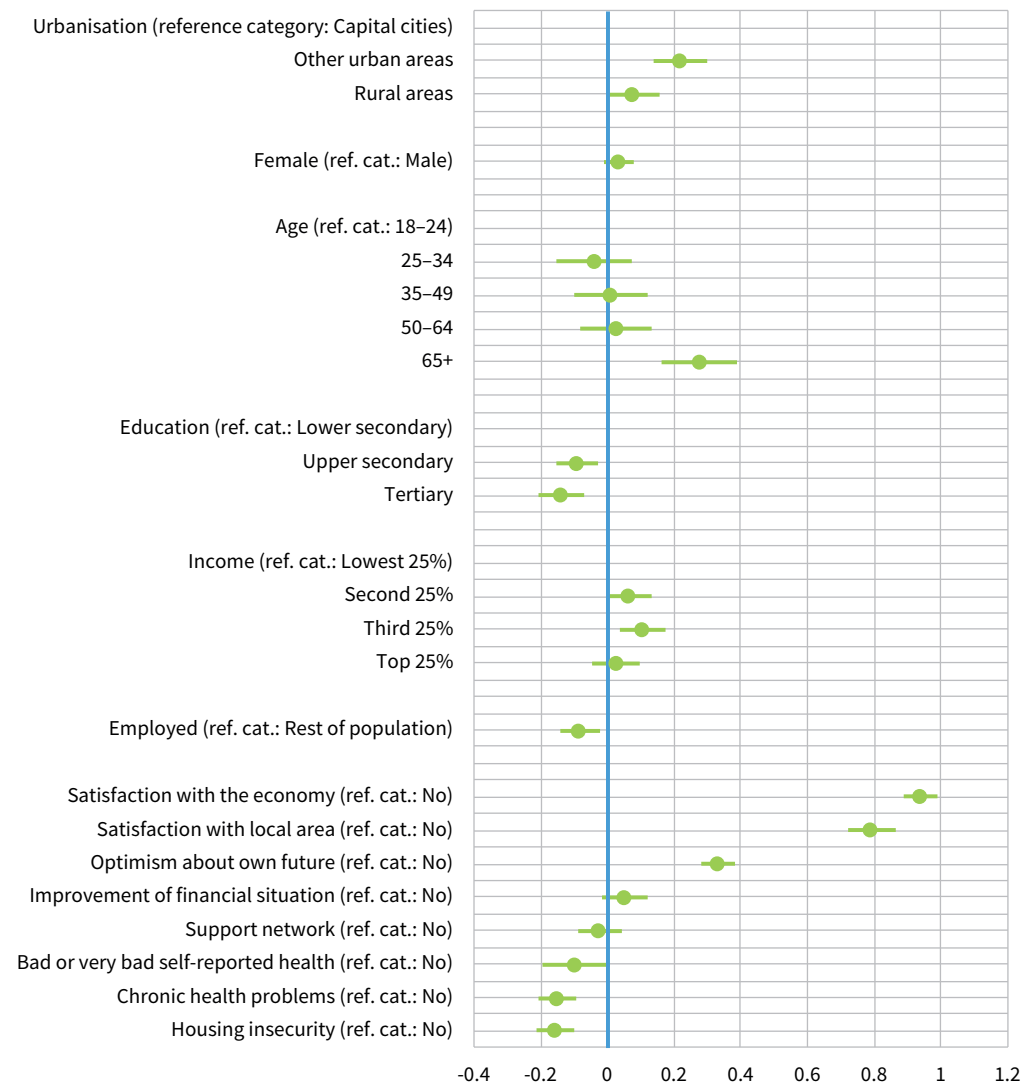
National situations vary in the case of perceived quality of health services, with capital cities outperforming in some countries and lagging behind in others. However, perceived lack of fairness (perception of corruption and unequal treatment), which has been shown to reduce overall quality ratings, tends to be higher in urban settings.

Education

In the case of the education system, the average quality rating given by the residents of the 33 capital cities (6.5) is below that given by residents outside the capitals (6.7). In addition, there are more cities that rank the quality of education lower than those that rank it higher (10 versus 4 cities, respectively) compared to the rest of the country.

This result is in contrast to a general tendency of students in urban settings to perform better than students in rural areas (OECD, 2012). It is in line, however, with a finding that people with higher educational attainment are more critical about the education system (as is also the case for the average rating of public services, illustrated in Figure 7). Capital cities also tend to have a higher proportion of people

Figure 7: Factors affecting average rating of quality of public services



Notes: Results of linear regression analysis. See Box 1 for guidance on interpreting the chart. Average quality rating is based on respondents' ratings on a scale of 1–10, where 1 is the lowest rating and 10 is the highest, of seven types of services: health services, education system, public transport, childcare services, long-term care services, social housing and the state pension system.

involved in lifelong learning (training for professional or non-professional purposes), which can be related both to a higher

proportion of younger people in cities and to the opportunities available there.

Public transport and other amenities

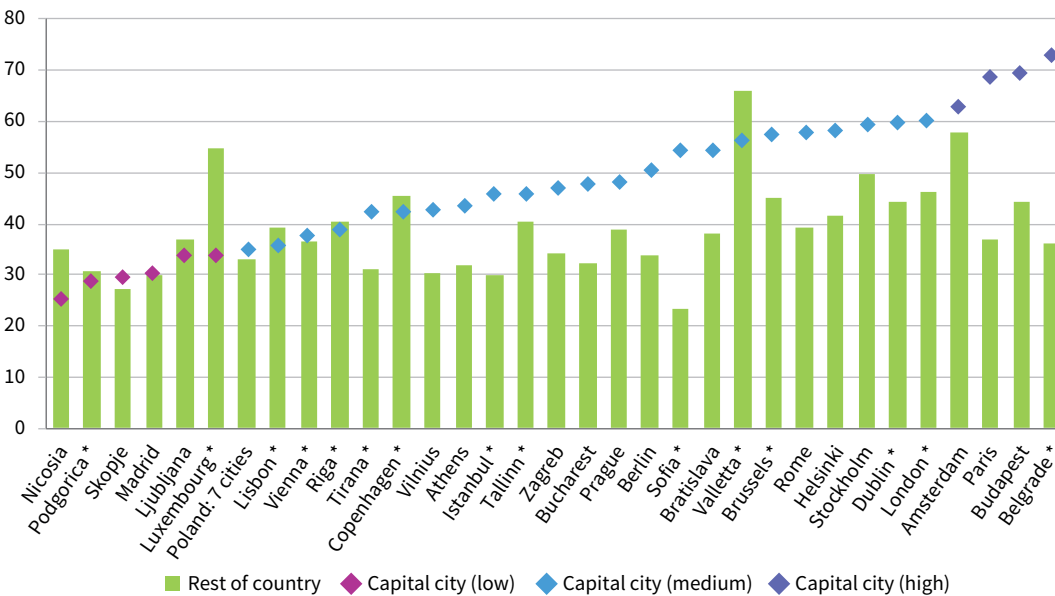
The service for which quality ratings of capital cities differ most from the rest of country is public transport. Capital cities tend to have the highest ratings for quality of public transport, with an average score of 6.8 for the 33 cities compared to 6.4 for the rest of the country.

Capital city residents also tend to report much better access to cultural facilities (such as cinema and theatre).

On the downside, urban residents are more likely to report problems with poor air quality.

In the overview report for the EQLS 2016, Eurofound noted a marked increase in perceptions of poor air quality among city residents in 2016 compared to 2011. This may signal increasing awareness and suggests that public interest in improving environmental quality in urban settings is rising. Urban residents are also more likely to report problems with lack of access to recreational or green areas, litter, noise, traffic congestion and time spent commuting (Figure 8). The largest cities tend to stand out in this respect even more compared to other urban areas and rural areas.

Figure 8: Average daily commuting time (minutes): Capital cities compared to the rest of the country, 2016



Notes: The medium level is a range within the average distance of the mean (+/- 1 standard deviation); the other levels are lower or higher than that.

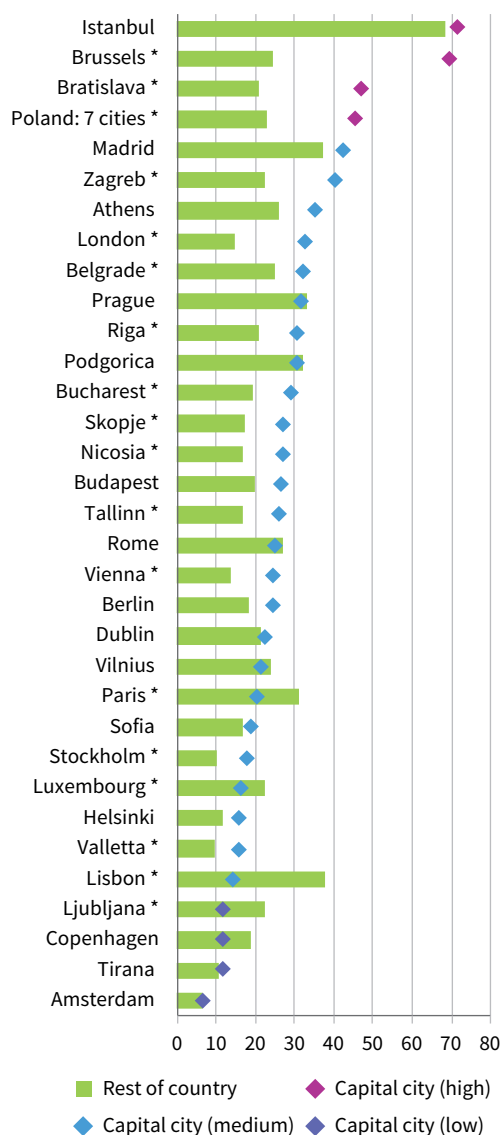
Housing

Housing insecurity is another indicator that reflects growing pressures on living in European countries. This concept captures the proportion of the population who think it possible that they may need to leave their accommodation because they cannot afford it. The proportion of the total population with a lack of absolute housing security increased in the EU28 from 18% in 2011 to 24% in 2016.

Housing insecurity appears to be a plague of most capital cities – more fall behind the rest of country by a significantly larger gap on this indicator than on any other indicator examined (Figure 9; Table 1). This holds true even though the survey does not cover homeless people, who are overrepresented in big cities. EQLS data on cities other than the capital are limited, but they suggest that housing insecurity tends to be a problem in any major city with a high GDP compared to the national average. This is evident, for example, in Milan, where 46% of residents experience housing insecurity compared to 25% in Rome; Milan would otherwise score higher on a number of quality of life indicators than Rome.

Lack of housing security is reported considerably more often by people in privately rented accommodation and by people living in poverty (see the policy brief *Social insecurities and resilience*). It is somewhat lower among people living in social or municipal housing and among people who own their homes without a mortgage. Though these latter types of tenure may not entirely prevent housing insecurity, they may explain some of the variation seen across countries and cities; tenant rights legislation and other policies can be relevant, too.

Figure 9: Housing insecurity (%): Capital cities compared to the rest of the country, 2016



Notes: Housing insecurity is the percentage of respondents who did not select 'very unlikely' when asked how likely it was that they would need to leave their accommodation within the next six months because they could no longer afford it. For guidance on interpreting the chart, see Notes for Figure 1.

The rise in housing prices and the diminishing affordability of accommodation, especially in the largest cities, has received increasing attention in recent years. Among the factors affecting the cost and availability is a growing volume of institutional capital, both domestic and international, moving into the residential sector. As van Doorn and colleagues of the Urban Land Institute note, this is different from the pre-crisis period when institutional investment prioritised commercial real estate.

These researchers go on to outline measures that have been suggested to improve housing affordability in cities, including boosting the supply, reviewing national legislation to improve planning, and embarking on new technologies to speed up construction. Promoting a diverse range of housing solutions could cater to various income and population groups and household types. Essential to this mix is the development of quality urban community housing that is mixed-use, well-connected and integrated into urban environments.



Policy pointers

In light of their rising share of national populations and GDP, as well as their faster recovery after the economic crisis, capital cities are gaining more prominence in political, economic and social debate. Quality of life data extend the evidence on capital cities, showing that they have advantages compared to the rest of a country in terms of individual well-being and quality of society. Hence capital cities are 'leading cities' not only for economic reasons, but also because they are hubs of societal networks and institutions. The policy challenge is to find ways of encouraging their advancement and innovation potential, while ensuring that the broader society benefits too.

Capital cities can provide the keys to boosting individual resilience.

The evidence from the analysis suggests that there is a 'capital city effect', whereby most capitals have a higher proportion of people who believe in their capacity to cope despite hardship. Identifying the sources of such resilience holds out the prospect of creating or replicating environments in which people feel resilient or have appropriate resources to be resilient in the face of social and economic shocks. It remains for future research to obtain

the necessary data and to examine the types of opportunities that are key to making people feel resilient in capital cities more so than elsewhere, and how far this 'opportunity effect' extends beyond employment and economic factors.

Tackling housing insecurity is a way to support individual resilience.

Tackling housing insecurity in major cities is important, and not only because it is more prevalent there than in other places. Housing insecurity erodes people's belief in their ability to cope with problems, and for that reason policymakers need to devote more attention to the issue. Increasing the housing security of individuals would strengthen their ability to recover from socioeconomic shocks and promote resilient cities. Expert recommendations for improving housing affordability (just one dimension of housing security) include stimulating housing supply, improving planning and legislation, and investing in technological advances in construction. City planners and decision-makers need to cater for the diverse populations of cities with their diverse needs to ensure well-integrated urban communities.

The geographical gap in confidence in democracy and institutions is widespread.

The data from most countries show large gaps between cities and rural areas in satisfaction with democracy and trust in national institutions, two markers of the quality of a society. While there are exceptions, capital cities have advantages in both these areas.

The disparities in the perceived quality of society between people living within and outside capital cities, large in some instances, are related to socioeconomic differences, including income. Therefore, addressing those disparities must deal with how the overall economy serves particular groups in society – including on the basis of geography – and focus on shaping positive prospects for individual futures, providing a basis for optimism among these groups. Improving understanding of why and how national institutions appear more trustworthy to certain groups of people (such as those living in capital cities) is critical for addressing the challenges of populist politics. It may well have relevance to the European project as well, given that, in many countries, levels of trust in the EU rise or fall in parallel with trust in national institutions.

The dominance of capital cities has implications for territorial cohesion.

The joint report of the European Commission and UN Habitat, *The State of European Cities 2016*, acknowledges that city life is a more energy efficient form of living at the level of inhabitants – homes, for instance, are smaller and distances to amenities are shorter. In addition, certain disadvantages do not necessarily damage how people regard certain services (long commuting times, for instance, do not undermine people's satisfaction with public transport). Cities may have an economy-of-scale advantage to generate and roll out attractive services and environmentally friendly technologies, for which there is strong momentum in both global and EU policy. However, this may entail the familiar challenge of uneven development and widening disparities, which means that a broader debate needs to continue on optimal forms of spatial organisation and types of urbanisation.

Given the social, demographic and economic resources of leading cities, as well as the greater resilience of their residents, it makes sense to consider how these cities could play a role in regional development. Several strategies have been identified for building broader national or regional cohesion, including:

- transferring resources by subsidising left-behind regions to increase their employment and economic output
- strengthening connections between leading cities and adjacent regions via infrastructure and economic ties to enlarge well-functioning clusters
- investing in high-value-added activities in places lacking development – effectively, investing in the success factors known to work in the leading cities

A considerable part of the EU Cohesion Fund helps to address specific issues in peripheral regions, with further structural funding available for regional development, including targeting urban pockets of poverty or decline. More attention could be given to reorganising or creating linkages between territorial units when supporting research and policy innovation. The transition to a more environmentally sustainable economy could well include measures that help to integrate populations who are currently outside the leading economic clusters.

Another point for reflection regards the optimal level that the policy measures should target. EU policy instruments and thinking often focus on regions, defined as units at a particular administrative level (NUTS 2 or NUTS 3). In the case of cities and urban agglomerations, there may be geographical as well as social disparities within them, for instance in respect of resilience and material hardship. Hence, the ongoing development of the urban dimension of cohesion policy post-2020, as well the proposed simplification of rules, are important in enabling flexible and effective policy action.

Behind every great city is a great country.

To fully understand the well-being outcomes from across European capital cities, it is important to take national policy frameworks into account: even though many capital cities have advantages compared to the rest of their country, their scores on several aspects of quality of life are closer to their national averages than to those of cities in other countries. This is seen in the case of life satisfaction and the average ratings of the quality of public services. It means there are limits to which cities can leap forward with city-level measures only; the broader national context matters in a range of areas that are essential to quality of life – from financial security to satisfaction with democracy. Even for issues experienced most acutely in major

cities, such as housing affordability and insecurity, expert recommendations allude to the importance of national regulatory policies.

To sum up, in a discourse where cities are seen as increasingly independent actors, it is important not to lose sight of the national contexts of the economy, democratic institutions and social policy. To advance policy thinking for improving well-being across Europe long-term, comparing and understanding the advantages of different policy models remains essential – and the EU is a superb forum for facilitating cross-learning. The inspiration for policy development could come from the experience of capital and other major cities based on the advantages they have, as well as on the pressing challenges they face.



Resources

All Eurofound publications are available at www.eurofound.europa.eu

EQLS results by country and the key breakdowns are available online at www.eurofound.link/eqlsdata

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Quality of life data show that in most countries, the capital city has advantages compared to the regions outside the capital. In light of the continued growth of capital city populations and the concentration of resources within them, this policy brief explores the source of the advantages of capital cities in quality of life. Are these advantages mostly related to specific demographics that these cities nurture and attract? Or do these advantages stem from opportunities that major cities provide due to their scale and economic growth?

The policy brief aims to clarify why policy should focus on both the economy and society when it comes to advancing economic, social and territorial cohesion.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

