

# Unemployment worries Europeans most

Nuremberg, Germany: According to a survey *Challenges of Europe 2010* carried out by the GfK Association\*, apparently, many things, but of all Europeans, the Germans worry the most, and unemployment is Europe's greatest challenge.



The situation on the job market remains of the greatest concern, not only to Germans, but also to Europeans in general. Compared with the previous year, the degree of concern has even risen slightly. In 8 out of the 11 countries surveyed, unemployment was the most frequently mentioned issue.

Next, some way behind, come price and purchasing power development, and worries about economic stability. Although concerns about the economic climate have dropped back, nevertheless, this is still an issue that comes third on the list of European anxieties. Out of all the Europeans, Germans worry the most and although Germans are currently a little less anxious about the economic situation, the subject still comes in at No.2 on the list of major concerns.

With a rise of 9 percentage points, two thirds of Germans expressed concern about the situation on the job market in 2010. During the course of the recession, unemployment has in fact risen, although the increase is markedly lower than previously anticipated (up from 7.3% in 2008 to 7.5% in January 2010 according to the OECD). The underlying reason for the growing concern may be the result of uncertainty about future prospects, which are hard to predict. In their spring 2009 reports, the leading economic research institutes were still expecting unemployment to rise to 5 million by the end of 2010, however, in early summer 2010, only around 3.6 million had actually registered as unemployed and in their current reports, the institutes are even reckoning on a fall in the number of unemployed.

"In 2010, unemployment is and remains the major concern of Germans. The same has been true of the past 20 years or so, with the sole exception of one year, which was 1992, when the issue of immigration and integration was preoccupying us Germans", says Dr. Wildner, MD and vice chairman of the GfK Association, of the findings.

After an explosive rise last year, concern about economic development dropped back again by 10 percentage points, although at 26%, it still occupies second place on the league table of German concerns.

With a fall of 5% in GDP, the German economy suffered the greatest blow of its entire existence in 2009. For 2010, the first slight signs of recovery and a rise in productivity amounting to around 1.4% are forecast.

## **Germans are worried about price and purchasing power development**

After concerns about price and purchasing power development dropped back last year to 13% from 37% the year before, 24% of Germans once again believe there is a need to take action. While the rate of inflation averaged just 0.4% in 2009 (OECD data), a slightly rising tendency can again be observed.

## **Healthcare and pensions: an increasingly explosive subject**

Worries about healthcare have more than doubled and at 21%, more Germans expressed concerns over healthcare in the event of illness than at any other time than since 1990. With this, the issue now stands at No.4 on the list of concerns. The need to reform the German healthcare system, the billion-euro deficits of the statutory health insurances, the first rise in contributions and the discussion of per capita flat rates have again moved centre stage in the debate.

With a rise from 9% to 19%, the issue of pensions and old age provisions has become an increasingly contentious subject that now ranks fifth in the list of concerns. While in the prior year, old age pension payments still rose by almost 2.5%, this year, pensioners have had to come to terms with a zero increase.

## **Social security: moving into the spotlight**

The raft of issues relating to social security is now ranked No.6 on the list of concerns. Compared with the previous year, the current demand for a fairer society has risen by 4 percentage points to a record 17%, with more equitable distribution of earnings a particularly frequent comment.

The subject of criminality is also once again preoccupying Germans. After a decline last year, the desire to step up crime fighting has risen by 7 percentage points to 15% to occupy 7th place on the league table of concerns. Certainly, concern is strongly contingent on the way in which crime is reported in the media, which this year focused on crimes associated with young people, both as victims and perpetrators.

## **Unemployment is a major issue both East and West**

In both parts of Germany, joblessness is assuming a central role as the major issue. However, at 73%, concern is higher in the new Federal states than in the former West Germany, where it is 64%. Since German reunification, those living in the East have continually expressed greater concern about the job market situation than their West German counterparts. However, the increase in concern is running at virtually the same level in both parts of Germany, with just 2nd and 3rd place reversed in East and West: in the East, concerns relating to prices and purchasing power come in at 31% or second place in the rankings, whereas in the West, these concerns are only ranked third at 22%. In the former West Germany, anxiety about economic development is ranked second at 27%, while in the new states, at 22%, it is only in 3rd place.

"Overall, people - and Germans in particular - are more worried than ever. What is remarkable this year is that the number of concerns expressed has rocketed. In fact, I can hardly recall such a quantum leap before, at least not in the past 20 years. Last year, Germans worried about an average of 2.8 concerns and now, the figure is 3.2. This represents a giant leap", explains Raimund Wildner.

## **Europe's concerns: unemployment remains the major issue**

Highest on the European agenda of worries both again and in the past is the concern surrounding joblessness. This year, 43% of Europeans expressed concern, which is another 4 percentage points up on the figure for 2009. At that time, concern had risen by 15 percentage points from its all-time low of 2008. The issue is regarded as particularly serious in Spain, where three quarters of the population are worried about the situation on the job market and where the level of

concern is 7 percentage points up on 2009. The global economic crisis has hit Spain particularly badly and its effects are especially noticeable on the job market. In Germany, two thirds are concerned about the lack of jobs and in France, the figure is half. In Austria and Poland, 43% - the European average - regard the job market as in need of improvement, while in Sweden and Belgium this view is expressed by a good third of the population. The UK and the Netherlands bring up the rear with 16% and 8% respectively.

## **The Russians in particular are worried about inflation**

In spite of the slight drop from 22% to 18%, concern about the development of prices and purchasing power has moved up from third place in the prior year to second place this year on the list of worries. Assessment of the whole issue surrounding inflation was particularly dramatic in Russia. In a European comparison, inflation is very high here, although the rate has dropped back to 11.7% in 2009 from 14.1% in 2008. In France and Germany, around one quarter were anxious about their dwindling purchasing power and in Poland, 16% of the population believe that action must be taken. Conversely, at 2% expressing anxiety in Spain and Sweden, and 3% in the UK and the Netherlands, this subject appears to concern citizens in these countries rather less.

## **The Spanish are worried about economic development**

Concern about economic development reflected the rather more relaxed situation, and this issue is now down from second place in the previous year to third place this year. After concern rocketed from 5% to 29% last year, only 16% of Europeans are currently still worrying about the economic situation. However, at 31% and 26% respectively, the populations of Spain and Germany expressed a comparatively above-average level of worry about the future of the economy.

## **The Dutch and the Italians are most concerned about criminality**

The issue of criminality remains in 4th place. The percentage of concerned individuals, which at 12% is just 1 percentage point up, has also remained stable. The Dutch and the Italians, in particular, with 24% and 22% respectively, are demanding stronger action against criminality. In the UK (19%), Belgium (18%), France (16%) and Germany (15%), this is also among the major issues.

Concerns about healthcare remain in the spotlight. With an increase of 4 percentage points, this issue has moved up two places in the ranking and currently occupies 5th place with 11%. The Poles are particularly dissatisfied with the healthcare they can obtain when they are ill (26%), but at 21%, Germans also feel that there is a need for improvement. However, the Belgians and the Spanish (3% respectively 1%) have virtually no worries in this direction.

Concerns about pensions and old age provisions have risen by one place and at 9%, this issue is now in 6th place (+ 1 percentage point). The populations of Germany and Austria in particular, among whom concern is running at 19% and 16% respectively, would like to see an improvement in the pension position. However, at 13%, old age pensions are also a major concern for the French.

## **Housing issues preoccupy the Russians and the French**

At 8%, the level of concern associated with housing and rents, is unchanged, although this year, it is ranked eighth after coming 6th in 2009. One in five Russians and at least one in ten French are concerned about the lack of adequate housing. However, this does not currently seem to be a problem in Sweden.

## **Austrians and Britons are concerned about immigration and integration issues**

At 8%, the issues relating to immigration and integration remain in 9th place (+ 1 percentage point). At 28%, Austria is at the top of the league table, closely followed by the UK with 25%, with Belgians (18%) and Italians (13%) also believing the current situation needs improvement.

As in the previous year, last on the list of top ten challenges is the rating for education policy, which has stagnated at 7%. Germans (14%) and Britons (11%) are most anxious for improvements in the education system.

## **The survey**

These findings have been extracted from the *Challenges of Europe 2010* survey carried out by GfK. The study is based on around 13 200 interviews with consumers carried out on behalf of the GfK Association during February and March 2010 in Germany, France, Austria, the UK, Italy, Belgium, the Netherlands, Russia, Poland, Spain and for the first time, Sweden. The survey was based on the open-ended question: "In your opinion, which are the most urgent issues to be resolved in [country] today?" Correspondents were not restricted in their responses in any way, and multiple mentions were possible. The *Challenges of Europe 2011*, survey will be published in June 2011.

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