

## Press Release

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Sandra Lades  
GfK Association  
Press Officer  
Tel. +49 911 395 3606  
sandra.lades@gfk-  
association.org

Ronald Frank  
GfK Association  
Studies  
Tel. +49 911 395 3004  
ronald.frank@gfk-  
association.org

GfK-Nürnberg e.V.  
Nordwestring 101  
D-90419 Nuremberg

Tel +49 (0)911/395-2368  
Fax +49 (0)911/395-2715  
www.gfk-association.org  
info@gfk-verein.org

Managing Director:  
Dr. Raimund Wildner

Presidium:  
Peter Zühlsdorff (Chairman)  
Ralf Klein-Bölting  
Prof. Dr. Nicole Koschate  
Prof. Hubert Weiler  
Dr. Raimund Wildner  
(Vice Chairman)

Association register: VR200665  
Nuremberg Court

### **Germans worry the most - Unemployment is Europe's greatest challenge**

**The findings of the "Challenges of Europe 2010"  
survey carried out by the GfK Association**

**Nuremberg, June 7, 2010 – The situation on the job market remains of the greatest concern, not only to Germans, but 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 which 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, Managing Director 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 center 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 which 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 7<sup>th</sup> 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 2<sup>nd</sup> and 3<sup>rd</sup> 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 2<sup>nd</sup> at 27%, while in the new states, at 22%, it is only in 3<sup>rd</sup> place.

<b>Challenges of Germany 1990 – 2010</b>							
Percentage of correspondents naming the most urgent issues to be resolved in Germany: (open-ended responses; rounded up in %; multiple mentions possible)							
	1990	1994	1998	2002	2006	2009	2010
<b>Unemployment</b>	36	66	86	74	80	57	66
<b>Economic stability</b>	7	13	5	11	8	36	26
<b>Price/purchasing power development</b>	7	7	4	14	11	13	24
<b>Healthcare</b>	-	4	6	5	15	10	21
<b>Pensions/old age provisions</b>	6	9	14	12	18	9	19
<b>Social security</b>	5	6	9	8	10	13	17
<b>Criminality</b>	1	18	19	17	6	8	15
<b>Education policy</b>	1	1	3	5	9	14	14
<b>Public finances</b>	3	5	10	3	6	9	12
<b>Politics/Government</b>	2	4	3	6	6	10	10

Source: Challenges of Europe 2010, GfK Association

“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.

<b>Challenges of Europe 2010</b>												
<b>(open-ended responses; rounded up in %; multiple mentions possible)</b>												
	Total	D	F	A	GB	I	B	NL	RUS	PL	E	SE
<b>Unemployment</b>	43	66	56	43	16	54	35	8	27	43	74	36
<b>Price/purchasing power development</b>	18	24	26	9	3	9	9	3	33	16	2	2
<b>Economic stability</b>	16	26	9	19	21	17	13	12	11	5	31	12
<b>Criminality</b>	12	15	16	12	19	22	18	24	4	4	3	2
<b>Healthcare</b>	11	21	5	9	10	11	3	12	7	26	1	6
<b>Pensions/old age provisions</b>	9	19	13	16	2	7	10	2	9	6	3	3
<b>Politics/Government</b>	8	10	3	11	17	16	10	8	1	13	8	2
<b>Housing issues/rents</b>	8	1	13	2	5	2	2	2	19	2	3	0
<b>Immigration/integration</b>	8	8	4	28	25	13	18	9	1	-	3	7
<b>Education policy</b>	7	14	6	9	11	4	2	8	7	3	2	6

Sources: Challenges of Europe 2010, GfK Association

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

The issue of criminality remains in 4<sup>th</sup> 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 5<sup>th</sup> 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 6<sup>th</sup> 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 8<sup>th</sup> after coming 6<sup>th</sup> 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 9<sup>th</sup> 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.

### **The GfK Association**

The GfK Association was established in 1934 as a non-profit organization for the promotion of market research. Its membership consists of approximately 600 companies and individuals. The purpose of the Association is to develop innovative research methods in close cooperation with academic institutions, to promote the training and further education of market researchers, to observe the structures and developments in society, the economy and politics that play a key role in private consumption, and to research their effects on consumers.

Survey results are made available to the membership. The GfK Association is a shareholder in GfK SE.

Further information: [www.gfk-association.com](http://www.gfk-association.com).

Responsible under press legislation:

GfK Association, Press Office

Sandra Lades

Nordwestring 101

90419 Nuremberg

Tel. +49 911 395-3606

[sandra.lades@gfk-association.org](mailto:sandra.lades@gfk-association.org)