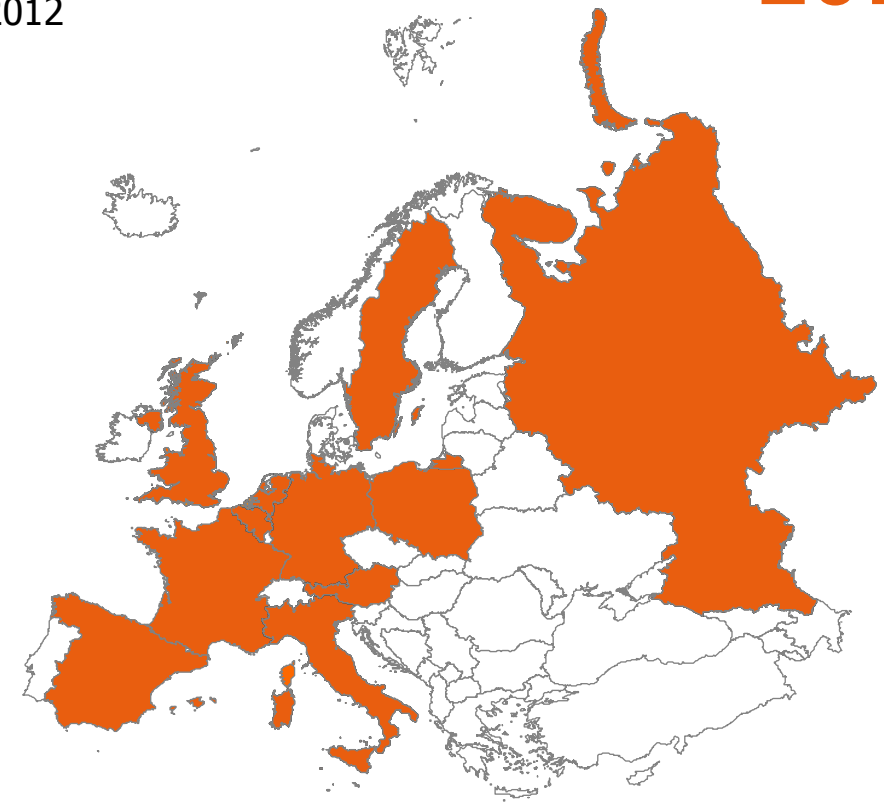
Challenges of Europe

2012

Special Focus 2012
Greece



Economic stability / recovery :: Crime rate :: Family policy :: Environmental protection :: Health care :: Youth unemployment :: Education :: Politics :: Taxes

Copyright GfK Verein

All rights reserved. No part of this publication may be reproduced, or transmitted in any form without the prior (written) permission of the copyright holders.

Responsible: Prof. Dr. Raimund Wildner

GfK Verein
Gesellschaft für Konsum-, Markt- und Absatzforschung e.V.

Tel.: (0911) 395-2231 und 2368 – Fax: (0911) 395-2715

E-mail: info@gfk-verein.org
Internet: http://www.gfk-verein.org

Challenges of Europe 2012

GfK Consumer Experiences:
Birgit Müller
Bettina Arneth

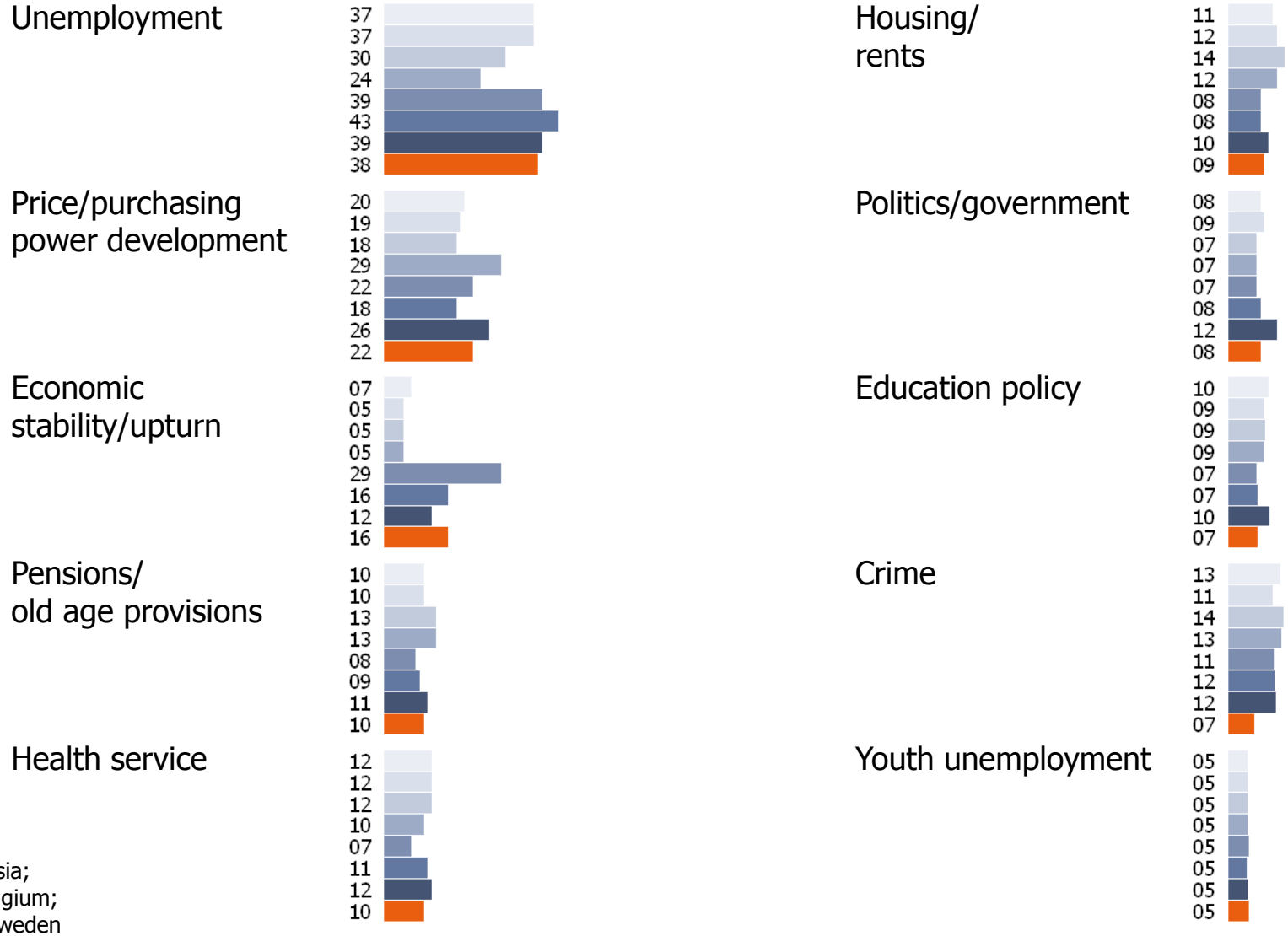
GfK Verein:
Ronald Frank

Table of contents

	Page
Challenges of Europe	4
Special Focus 2012: Greece	16
Special features of individual countries	
Germany	19
France	30
Poland	33
Italy	36
Austria	39
UK	42
Belgium	45
Russia	48
Netherlands	51
Spain	54
Sweden	57
Economic indicators at a glance	60

Challenges of Europe - Top 10

Summary of all countries; weighted by population; (unaided replies; in %; rounded; multiple responses possible)



*since 2005 incl. Russia;
**since 2006 incl. Belgium;
***since 2010 incl. Sweden

2005* 2006** 2007 2008 2009 2010*** 2011 2012

For information only:

Poverty: 5% (2011: 3%)

Social Security: 5% (2011: 7%)

Immigration/ integration: 5% (2011: 9%)

Tax policy: 5% (2011: 5%)

© 2012 GfK Verein :: Challenges of Europe 2012

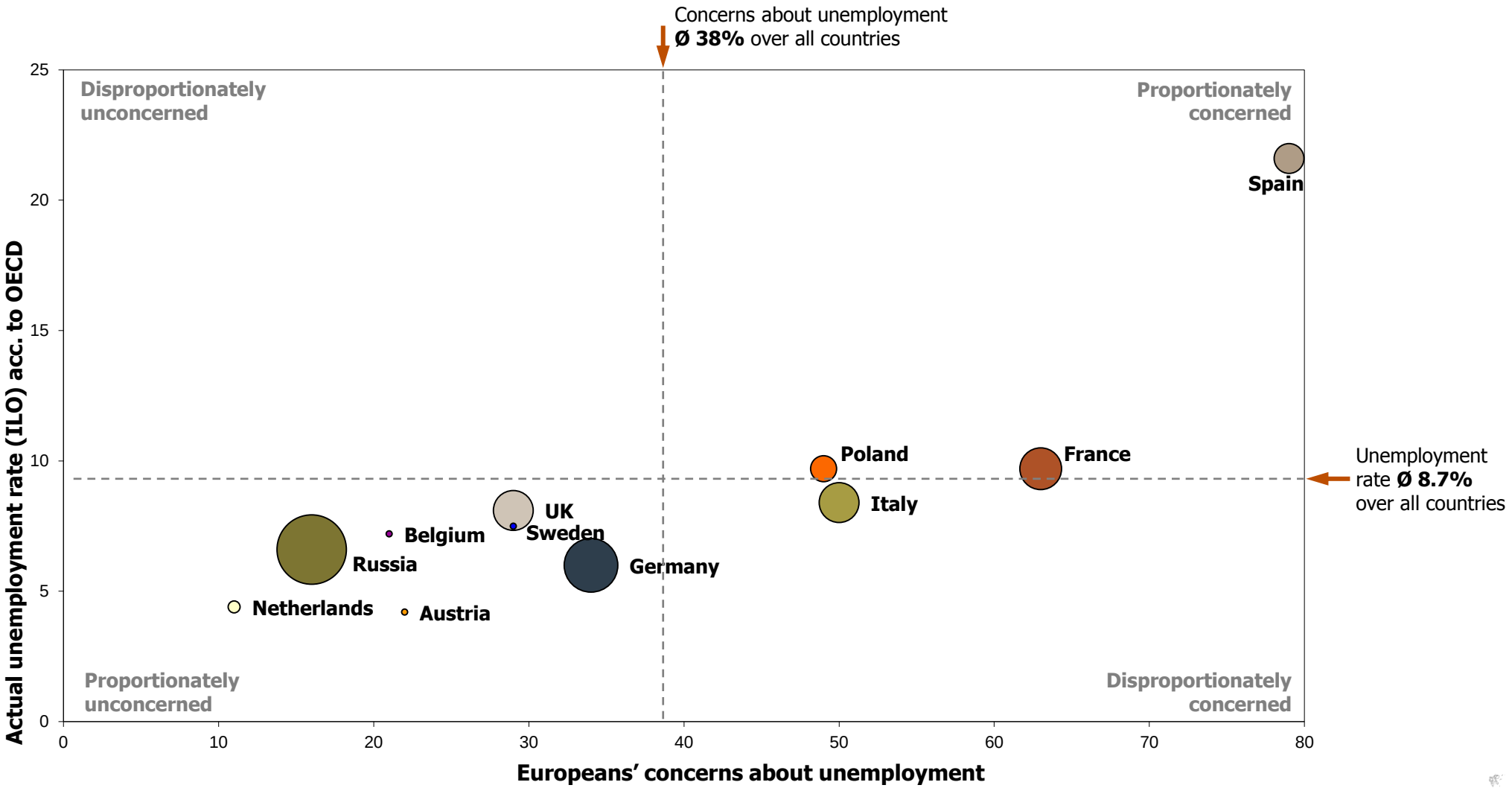
Top 10 Challenges - a European comparison

(unaided answers; in %; rounded; multiple responses possible)

	Total											
Unemployment	38	34	63	49	50	22	29	21	16	11	79	29
Price/purchasing power development	22	26	34	26	18	14	7	22	30	7	2	1
Economic stability/upturn	16	24	12	5	30	15	22	17	4	17	29	8
Pensions/old age provision	10	13	8	19	7	17	3	13	14	3	2	4
Health service	10	11	5	24	7	5	13	4	10	14	4	5
Housing/rents	9	1	19	2	0	2	7	4	19	3	2	2
Politics/government	8	13	7	13	10	16	9	18	4	9	5	1
Education policy	7	12	9	4	3	10	7	3	9	7	3	5
Crime	7	7	10	1	12	5	12	6	3	12	2	1
Youth unemployment	5	4	6	9	11	6	5	1	4	0	2	14
	Total	Germany	France	Poland	Italy	Austria	UK	Belgium	Russia	Netherlands	Spain	Sweden

Comparison of Europeans' concern about unemployment with the actual unemployment rate (ILO) in %

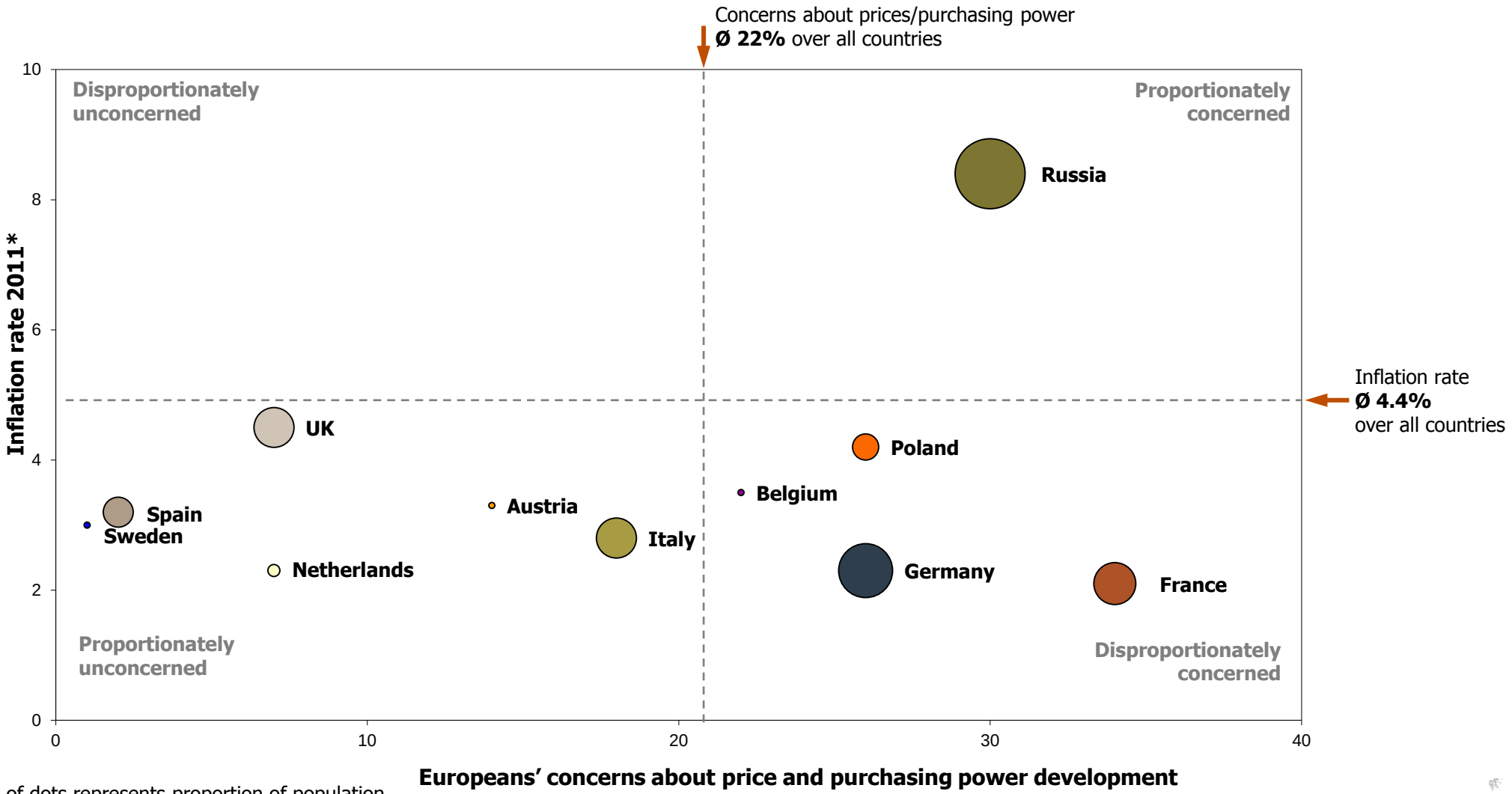
(Concerns about unemployment: unaided answers; in %; rounded; multiple responses possible)



Size of dots represents proportion of population

Comparison of Europeans' concern about price and purchasing power development with the actual inflation rate in %

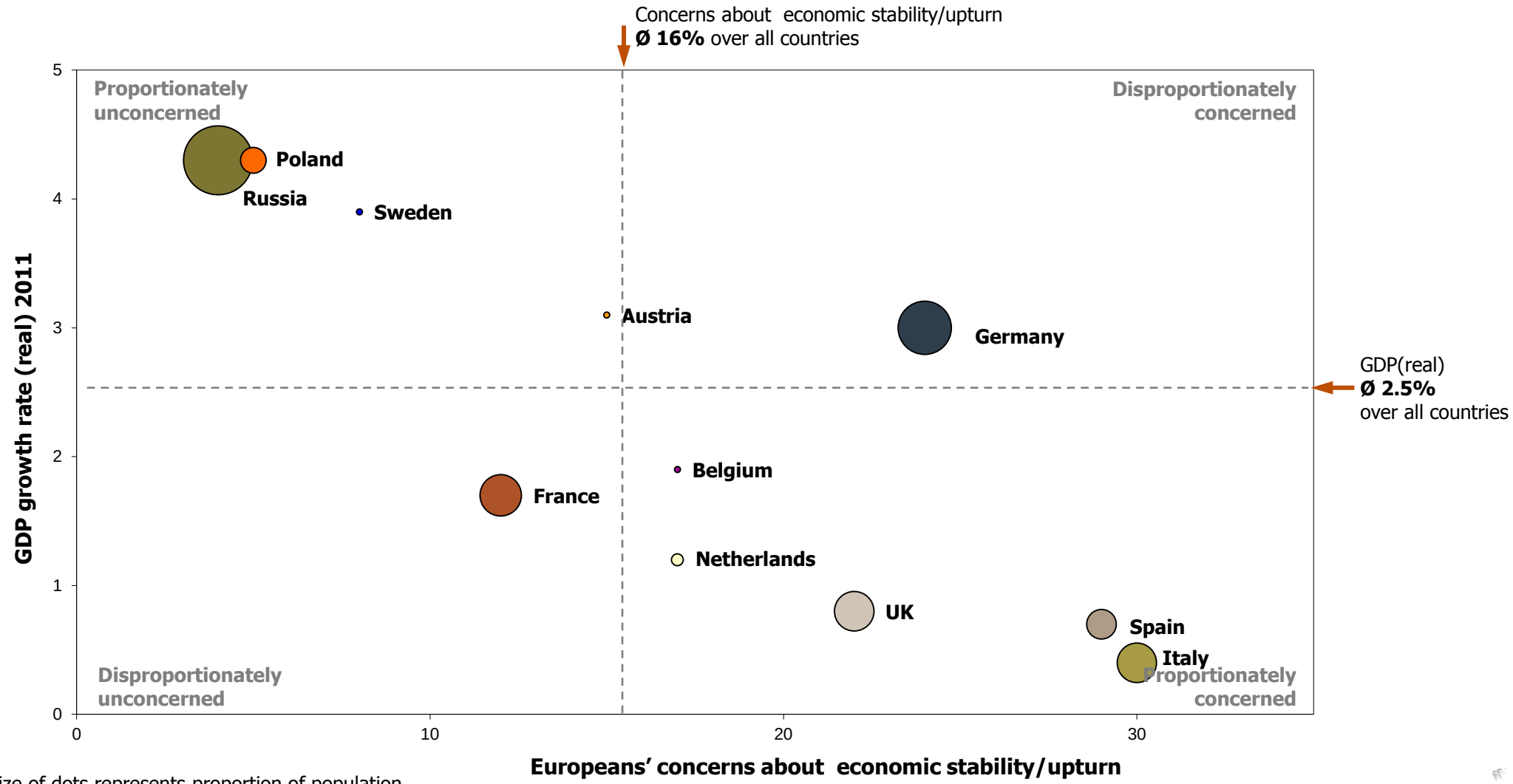
(Concern about price/purchasing power development: unaided answers; in %; rounded; multiple responses possible)



Size of dots represents proportion of population
*As in March 2012

Comparison of Europeans' concern about economic stability/upturn with the actual GDP growth rate (real) in %

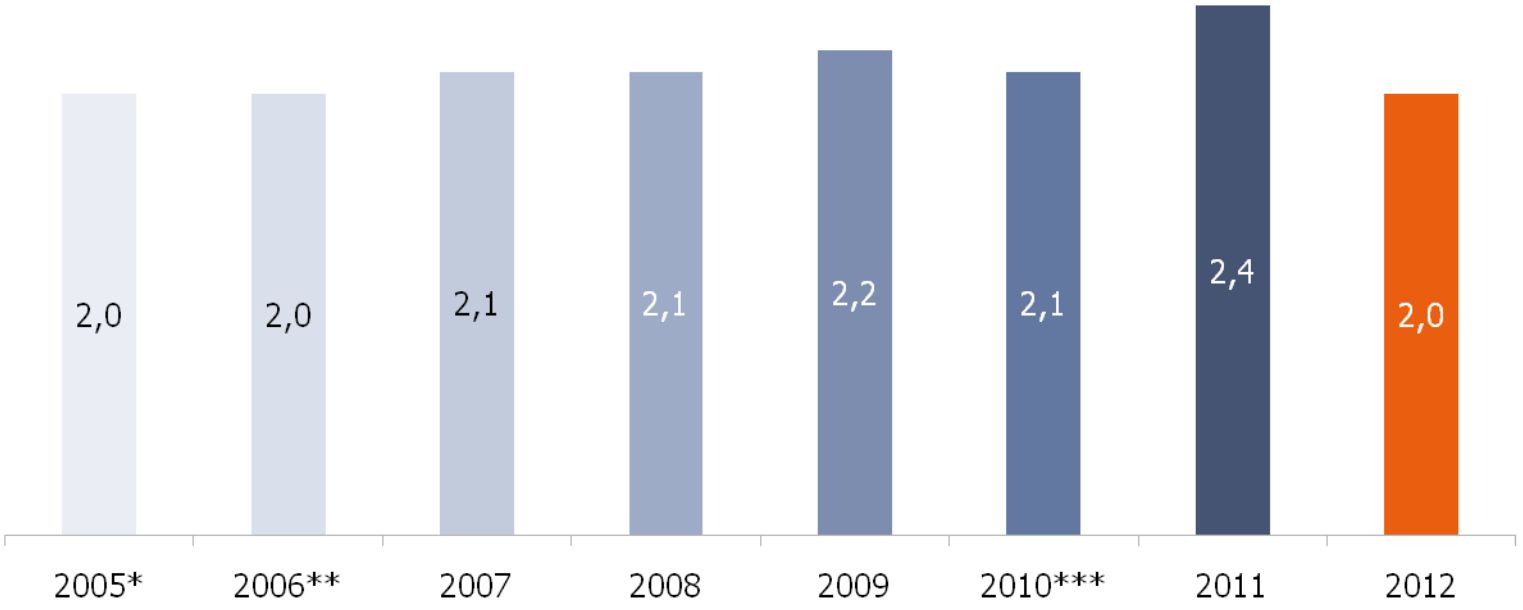
(Concern about economic stability/upturn: unaided answers; in %; rounded; multiple responses possible)



Size of dots represents proportion of population
*As in March 2012

Variety of problems

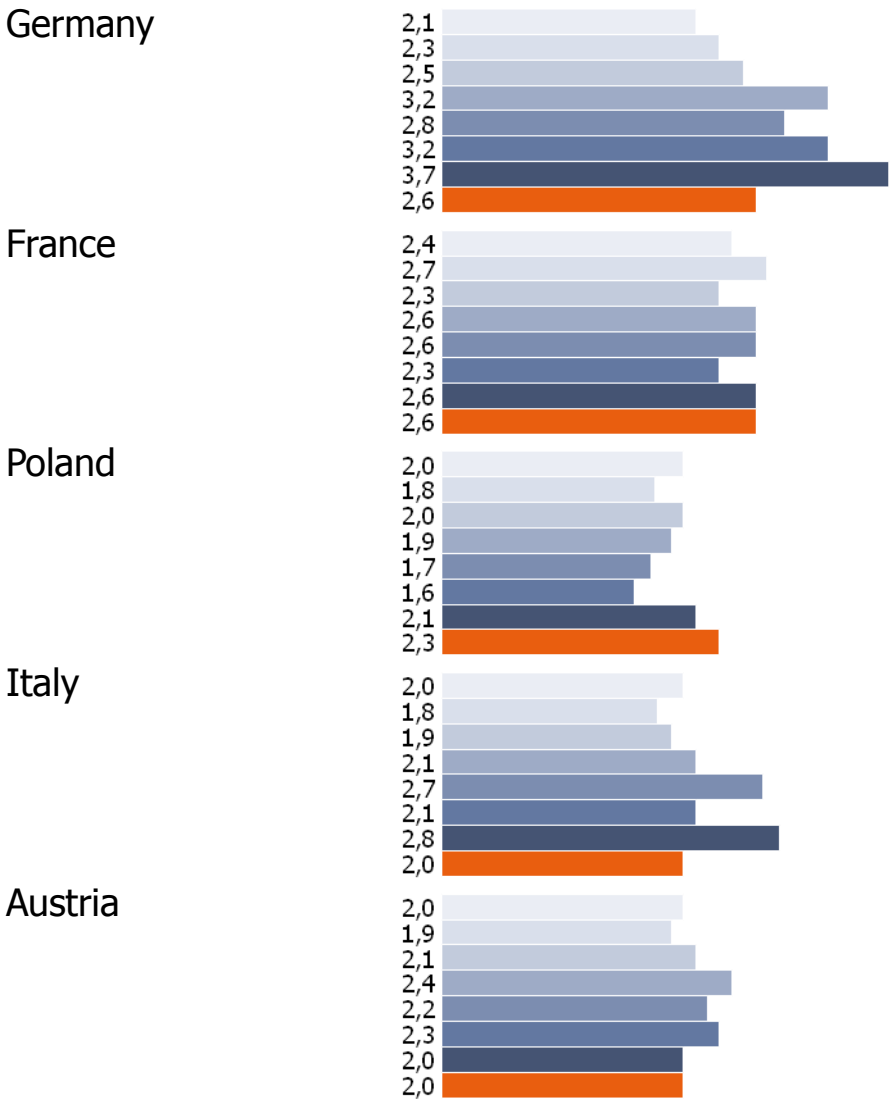
Number of problems mentioned per person; summary of all countries; weighted by population of the countries



*since 2005 incl. Russia; **since 2006 incl. Belgium; ***since 2010 incl. Sweden

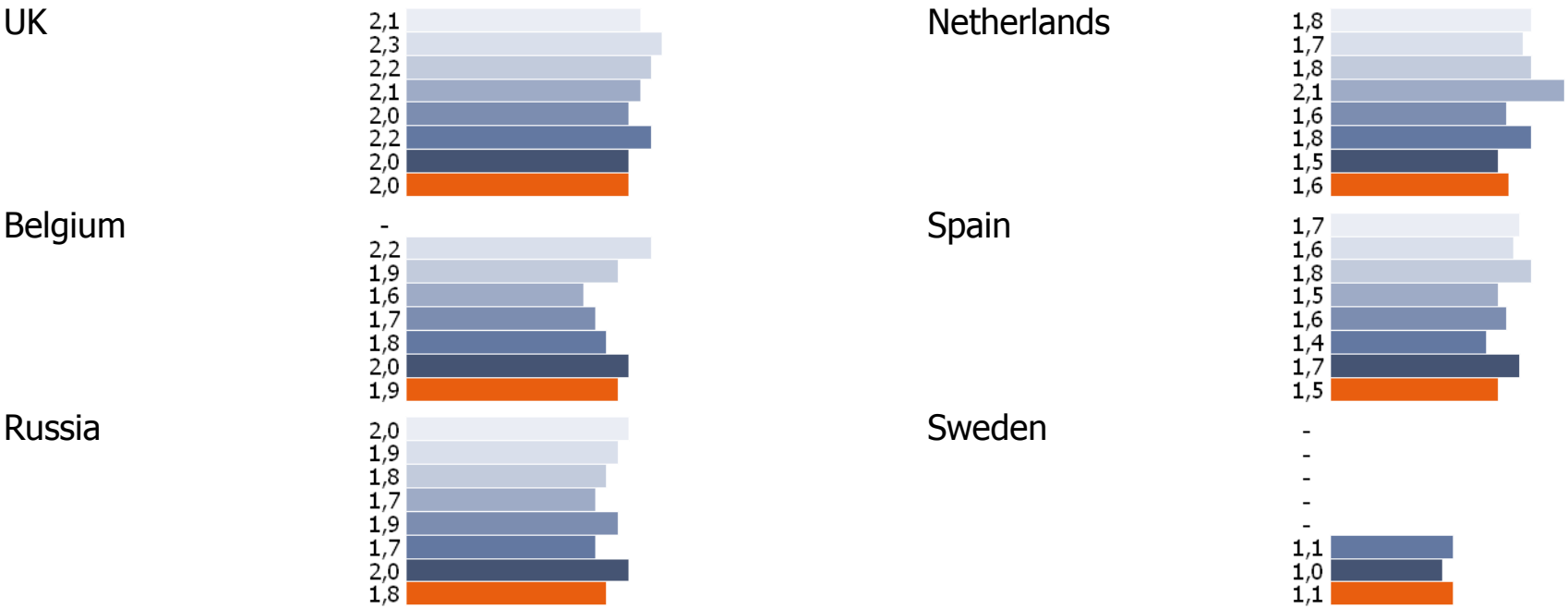
Variety of problems – a European comparison (1)

Number of problems mentioned per person and country



Variety of problems – a European comparison (2)

Number of problems mentioned per person and country

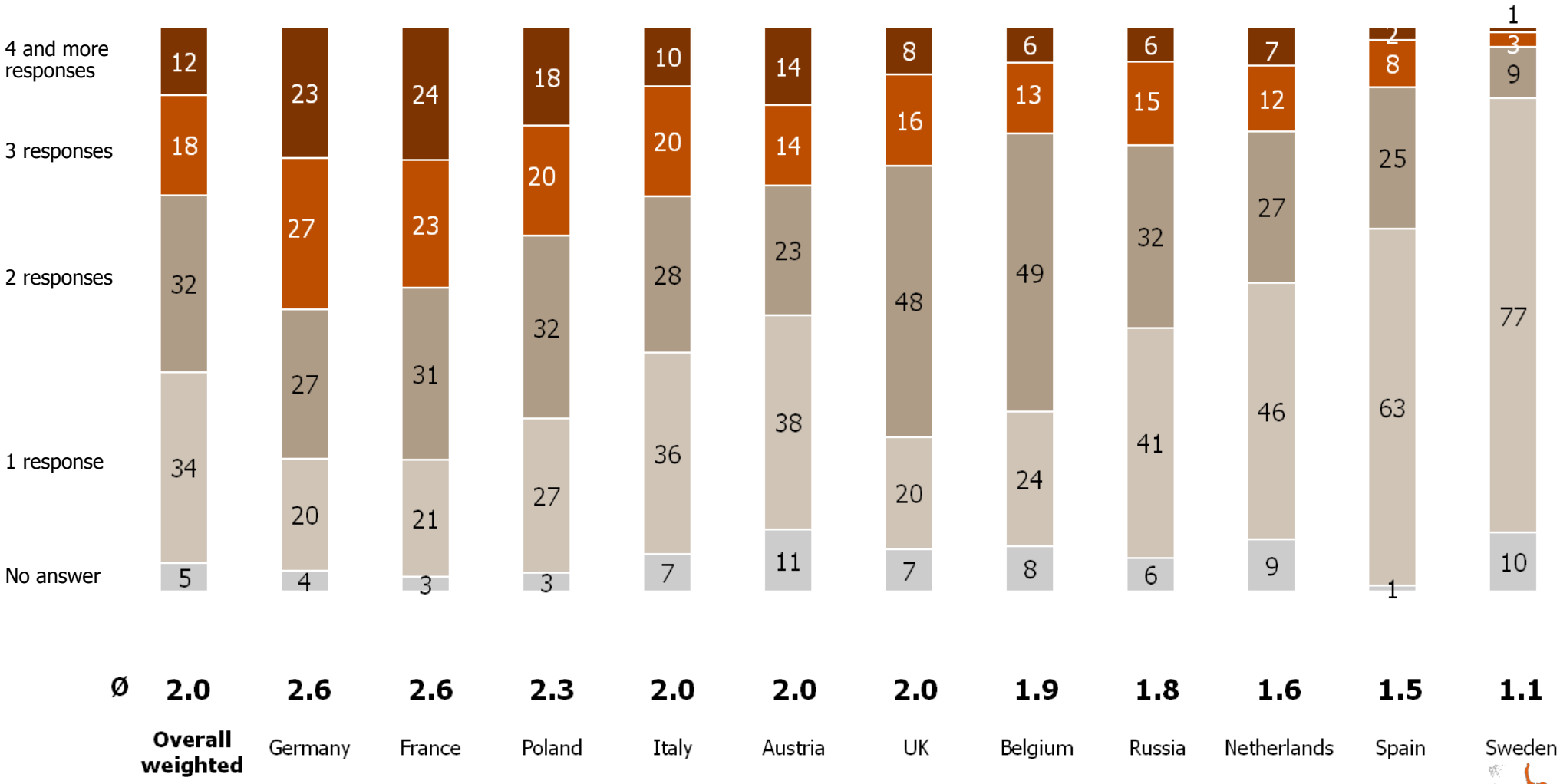


2005 2006 2007 2008 2009 2010 2011 2012

© 2012 GfK Verein :: Challenges of Europe 2012

Variety of problems – a European comparison (3)

Number of problems mentioned per person and country in %



© 2012 GfK Verein :: Challenges of Europe 2012

Europe – main results (1)

Since 2010, the **scope** of the "Challenges of Europe" survey comprises 11 European countries: Germany, Italy, France, Poland, Austria, Great Britain, Belgium, Russia, Spain, the Netherlands and Sweden. 13,355 citizens in these countries were surveyed as representatives of Europe. Their answers represent the social, economic and political concerns of some 460 million people. In order to obtain a **pan-European viewpoint**, the results of the individual countries have been compiled according to the respective proportion of their population.

This year, **Greece** has also been included in the survey as a **country focus**. However, the results for Greece have not been integrated into the pan-European overview, as Greece is only to be included this year, 2012.

Once again, **unemployment** tops the list of worries in Europe – as it has since the economic crisis in 2009. 38% of respondents considered the labour market situation as the biggest challenge facing their country (-1 percentage point). The greatest level of concern is in Spain, where 79%, or four in five Spaniards, believe that the labour market situation is in need of improvement. They are closely followed by France, where almost two in three people are worried about this issue (63%). Half of respondents in Italy and Poland (50% and 49% respectively) would like to see the labour market situation change for the better and a third of Germans said that they were concerned about domestic unemployment. Meanwhile, concern is still over the 20% mark in Great Britain and Sweden, both at 29%; Austria at 22% and Belgium at 21%. Comparatively low values have been recorded in Russia, and especially in the Netherlands, where 16% and 11% respectively are worried about unemployment.

As was the case last year, **price and purchasing power development** ranks as the second major European concern. However, it is slightly less of a burning issue this year with 22%, as opposed to 26% in 2011. The topic is given the greatest priority in France, where at least one in three people (34%) see price/purchasing power development as a problem. Russia is hot on their heels with 30%. A quarter of Germans and Poles also express their concern about this issue. In Belgium, the matter actually hits number one in the list of country-specific concerns with 22%. In Italy (18%) and Austria (14%), worries about price and purchasing power development are also apparent. The issue is accorded less importance in Great Britain and the Netherlands, which both have a value of 7%, and it is given almost no consideration in Spain and Sweden with 2% and 1% respectively.

Europe – main results (2)

Economic stability has climbed from fifth place last year to third on the current list and has gained more weight for people given the current financial crisis. 16% of Europeans (+4 percentage points) are worried about economic development. Since the crisis year of 2009, the level of concern has thus remained at a significantly higher level than in the preceding years. Italians and Spaniards are most worried about this issue, with 30% and 29% respectively. An above average number of citizens in Germany and Great Britain are also concerned about the topic, with 24% and 22% respectively.

Pensions and **old-age provision,** and **health care** are ranked in fourth and fifth places on the agenda, with both mentioned by 10% of respondents. Both areas remain largely stable. Concerns are highest in Poland. Here, 24% of citizens believe that change is needed in health care and 19% think that old age provisions require revision. Old age provision is also a major worry for Austrians (17%). The topic is also highly pertinent in Russia with 14%, and in Germany and Belgium with 13% each. As in Poland, improvements in the health care system are seen as urgent in the Netherlands (14%), Great Britain (13%) and Germany (11%).

The **housing** and **rents problem** remains a constant challenge in Europe at 9% (-1 percentage point). The situation is viewed particularly critically in Russia and France, where almost one in five respondents (19% in each country) considered an improvement in the housing and real estate situation desirable. In Great Britain, the number of people concerned is at 7%, but in the other countries the figure is well below 5%.

Politics/Government is seen as less important and its ranking in the list of concerns has dropped. Whilst the issue was still in third place with 12% last year, it has now fallen back to seventh place with just 8%. Belgian citizens continue to pay great heed to this topic, at 18%, although the word is that the level of concern has decreased significantly since the formation of a new government. 16% of Austrians also criticise their political leaders. In Poland and Germany, meanwhile, 13% have voiced their discontent in this regard.

Europe – main results (3)

Education policy and **crime** are placed 8th and 9th in the European list of concerns. 7% of Europeans think that there is a need for action in both of these areas. In comparison with last year, education policy (-3 percentage points) and crime (-5 percentage points) are slightly less important in the eyes of Europeans. Germans have the most misgivings with regard to education policy at 12%, followed by Austria at 10% and France and Russia at 9%. Crime is seen as an equally serious problem by Brits, Italians and the Dutch. It scores 12% in each country. In France, 10% of citizens would like to see more done to combat crime.

5% of Europeans are worried about **youth unemployment**. Although this value has remained constant for years, the issue has made it into the top 10 European problems for the first time this year. Concern is the most pronounced in Sweden at 14%; but 11% of Italians and 9% of Poles are also calling for measures to be taken to combat domestic youth unemployment.

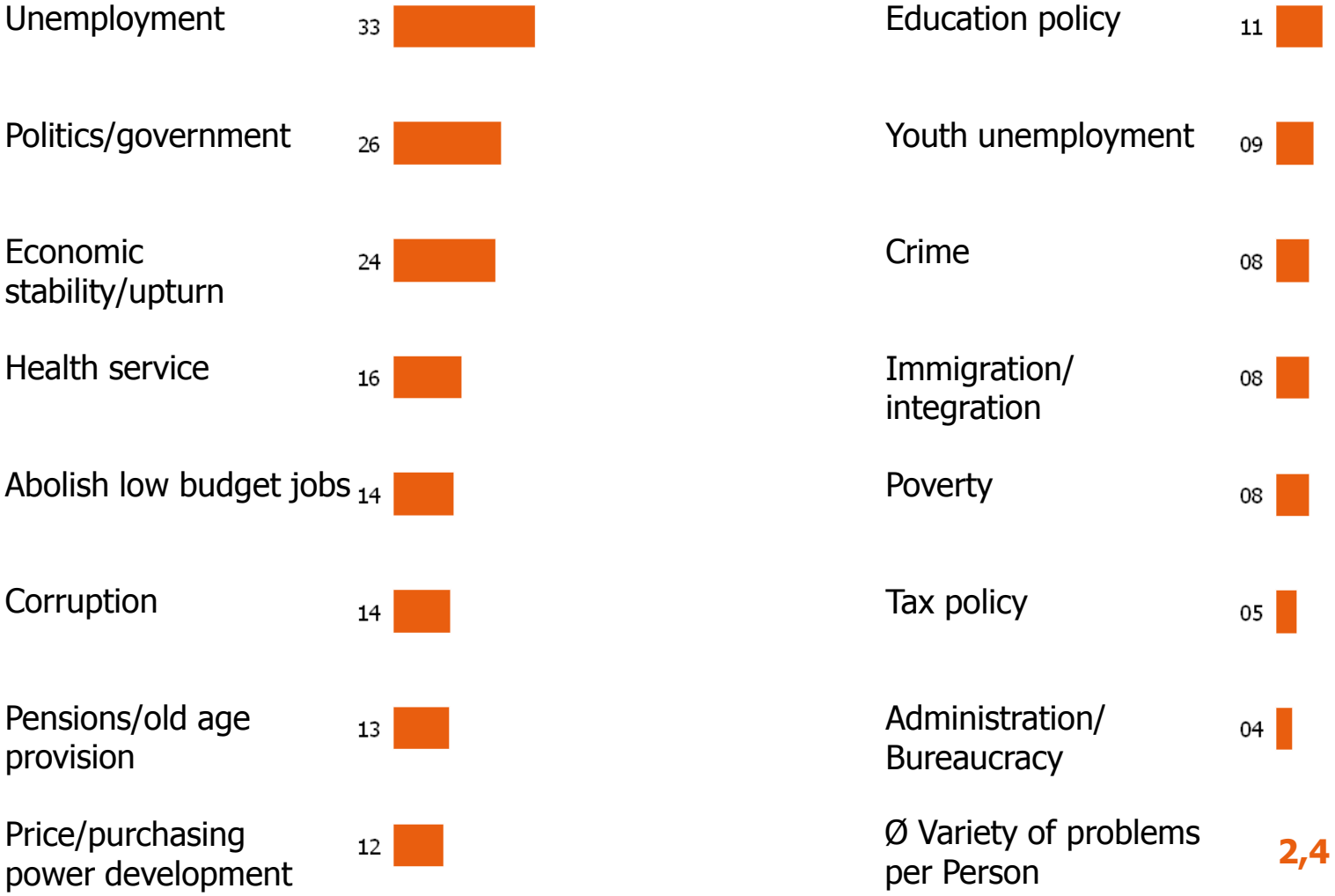
Differences between European countries can be seen not only in terms of the priority accorded to the various issues, but also in the **variety of problems**: the average number of problems that citizens identify in their respective country varies from 1.1 to 2.6. Respondents across Europe identified two problems on average, which is a significant reduction on the 2011 figure, when citizens reported an average of 2.4 challenges.

The Germans and the French are the most critical. In these countries, respondents cited an average of 2.6 issues. Whilst in France worries have remained at a constant level, concerns have markedly decreased in Germany in comparison to last year, when an average of 3.7 problems were identified. These countries are followed by Poland, where an average of 2.3 problems are mentioned per person. This is a relatively high rate for Poland, and the second increase in a row. Apart from Poland, the average number of problems mentioned has only increased in the Netherlands and Sweden, but it remains at a generally very low level with 1.5 and 1.1 challenges mentioned respectively. Swedes are once again, as in the past two years, the most carefree European nation.

© 2012 GfK Verein :: Challenges of Europe 2012

Challenges in Greece 2012 – Top 15

... % of respondents mentioned as the most urgent problem to be solved in Greece: (unaided replies; in %; rounded; multiple responses possible)



Base: 1,201 resp.

Greece – main results (1)

With an average of 2.4 **problems per person**, Greece comes right behind Germany and France as one of the most worried nations in Europe. Given the current budget and national debt crisis in the country, which has affected all economic, political and social spheres, this result is not surprising and entirely understandable.

The survey has revealed that the Greeks' main concern is **unemployment**, with 33% worried. The figures speak for themselves. According to the OECD, the unemployment rate has almost doubled, increasing from 9.5% in 2009 to 17.7% in 2011, and in December 2011 it even reached 21%. And the situation is even more dramatic if you take a look at the under-25s. With a youth unemployment rate of 44.4% in 2011, almost half of young people are jobless – an increase of more than 10 percentage points in just one year. Consequently, the challenge of **youth unemployment** is now on the radar for a further 9% of Greeks – that's almost double the European average of 5%.

The bleak conditions on the labour market are a result of **economic development**. According to Eurostat, the country has reported negative economic growth every year since 2008. Within this period, the Greek economy has slumped by one fifth, and around 600,000 jobs have been lost. In 2011, whilst the rest of Europe had already begun to experience an upturn, GDP decreased once again by 6.9% and for 2012, a further economic downturn has been forecast. It is therefore not surprising that almost one in four Greeks worries about economic development (24%). This puts their level of concern significantly above the European average of 16%, but under the level reported in eurozone countries Spain and Italy.

In fifth place on the Greek list of concerns, with 14%, is the demand for **low-wage jobs to be abolished**. That's because another problem on the labour market is the reduction in pay associated with tax increases; this is making it increasingly difficult for many in employment to challenge their pay and has led some sections of the press to even speak of "impoverishment of the middle classes". Therefore it is hardly surprising that 8% of people report being concerned about **poverty**, putting this worry in 13th place. Disquiet about **price and purchasing power** is also linked to this. 12% of respondents mention this issue, putting it in 8th place. This value shows that Greeks want to see a general reduction in prices along with an increase in their purchasing power.

Greece – main results (2)

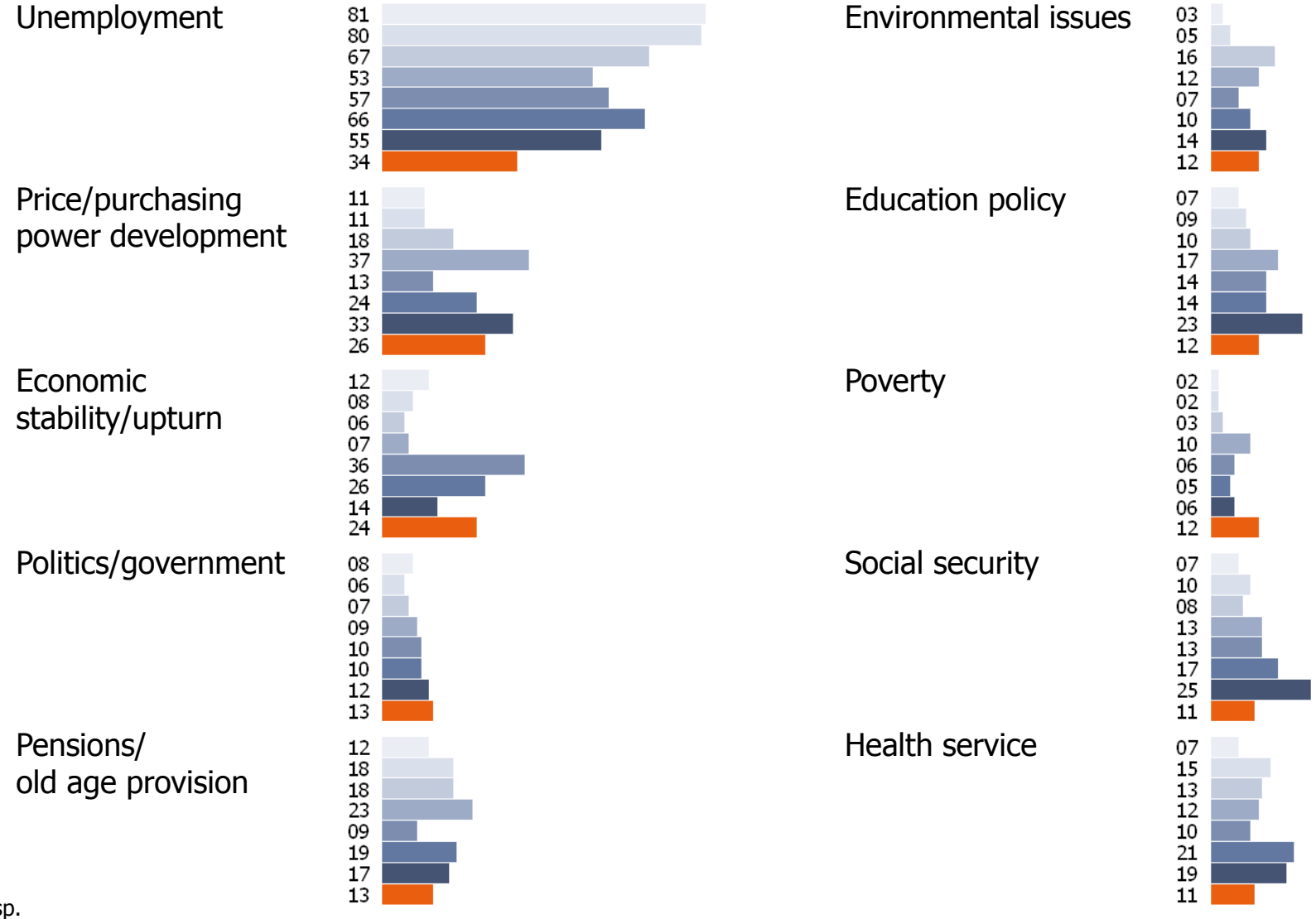
The Greeks seem to predominantly lay the blame for the poor shape that the country is in with the politicians. 26% criticise **politics** and the **government**, which is by far the highest level of concern in this area cited among all countries in this survey. The legislative elections in May 2012 only took place after survey data was collected, otherwise the level of discontent would probably be even greater. This is because both major populist 'catch-all parties', Nea Dimokratia (ND) and the Panellinio Sosialistiko Kinima (PASOK) saw their voting shares decrease sharply and did not achieve a governing majority together. The coalition talks which followed were unsuccessful, meaning that it will be necessary to have another election in June. Furthermore, the high level of state debt has pushed Greece to the limit of its ability to take action politically and economically. The country currently relies on the support of the EU, the ECB and the IMF. It is true that in March Greece was granted a debt cut, to which a further bailout sum of €130 billion was attached, but in return it was expected to introduce massive spending cuts. In the new election in June 2012, Greek citizens will probably be voting on whether the austerity drive should continue, allowing the country to remain in the eurozone, or not. This is because some parties, for example SYRIZA, the left-wing party grouping, have categorically ruled out continuing with the strict austerity measures – as has part of the population, which continues to express this view in fierce protests.

The spending cuts are spread over Greek society as a whole, but **health care** and **old age provision** are particularly affected. 16% of Greeks are worried about health care, putting this issue in fourth place on the agenda. Furthermore safeguarding pensions is seen as a pressing task by 13% of Greeks. In order to reduce state expenditure and consolidate the budget, pension cuts have been agreed upon (-4% in 2010). In 2010, a pension reform was also adopted which, as well as introducing changes to the way in which pensions are calculated, also increased the retirement age for women to 65. This is to be implemented by 2013.

Citizens also feel that there is a need for action to be taken to fight **corruption**. This issue is cited by 14% of respondents, meaning that it ranks sixth in the list. With a Corruption Perception Index of 3.4 – which means that corruption is perceived to be relatively high – Greece has one of the poorest rankings in Europe. Reasons for this could include the fact that since the 1980s, positions in the public service have been accorded in return for votes. This is perhaps also why 4% of Greeks decry inefficient **administration** and **bureaucracy**.

Challenges in Germany 2005-2012, Top 10

... % of respondents mentioned as the most urgent problem to be solved in Germany: (unaided replies; in %; rounded; multiple responses possible)



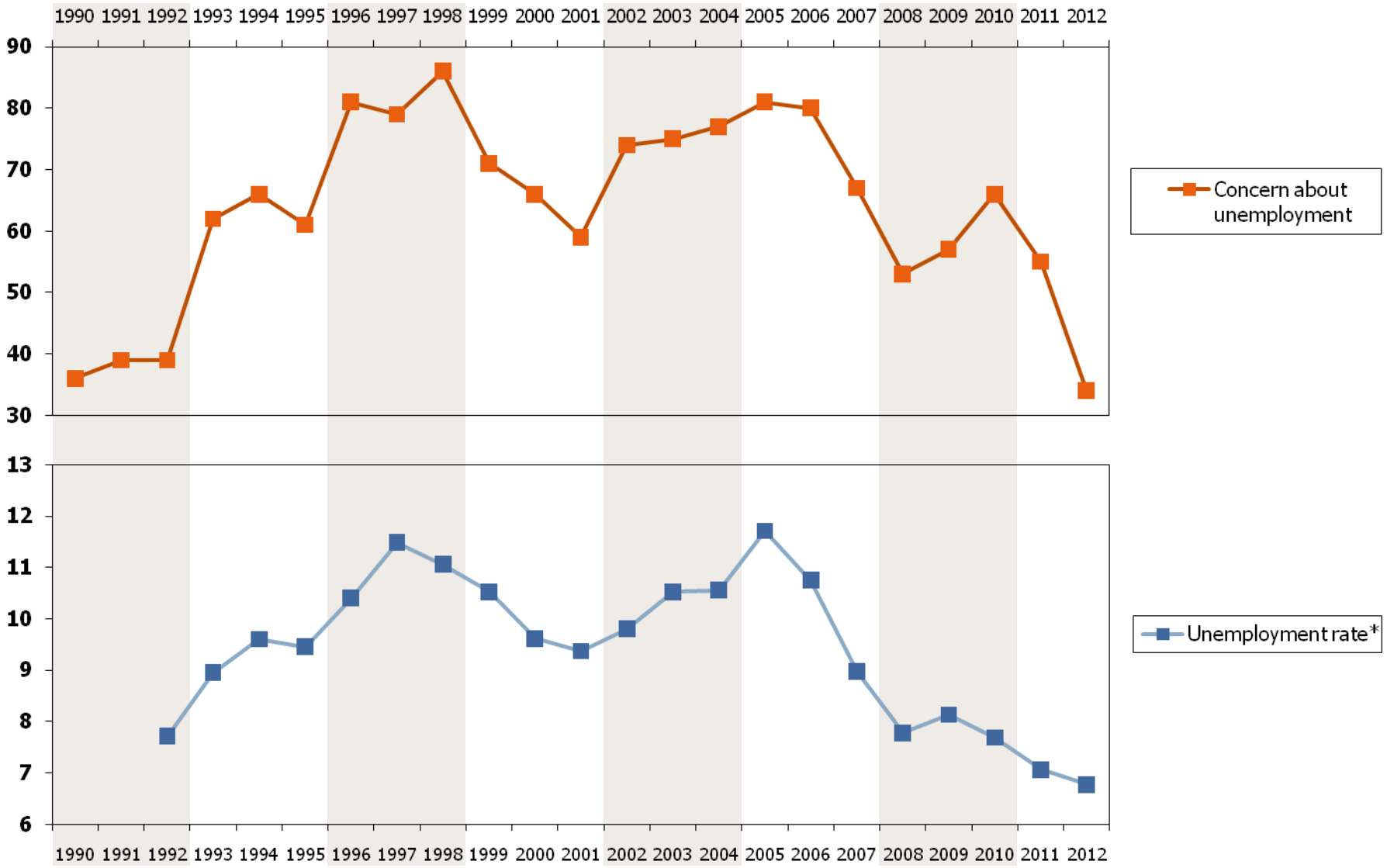
Base 2012: 2,087 resp.

2005 2006 2007 2008 2009 2010 2011 2012

© 2012 GfK Verein :: Challenges of Europe 2012

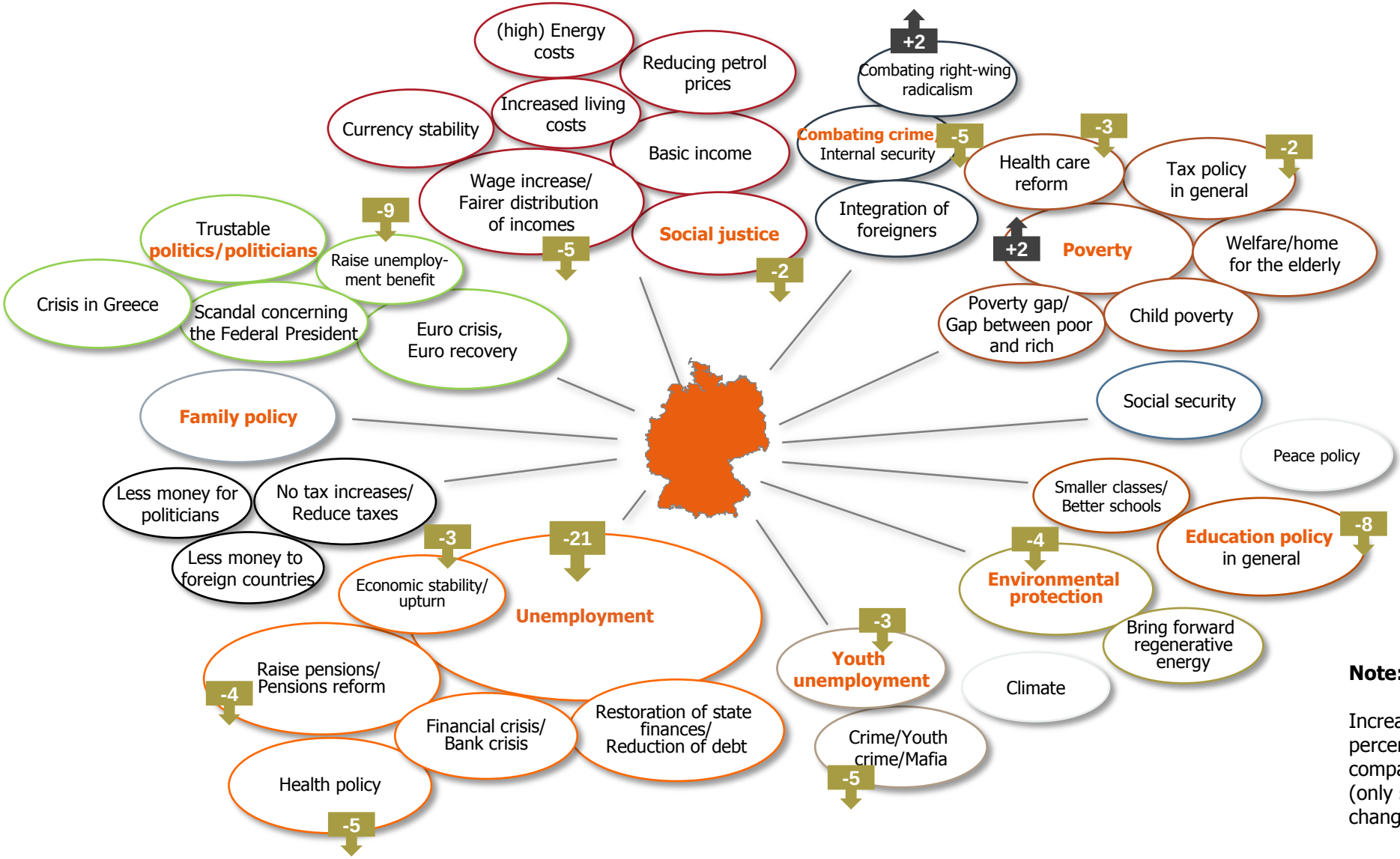
Unemployment in Germany 1990-2012, 1st place: Comparison between concern and unemployment rate

... % of respondents mentioned unemployment as the most urgent problem to be solved (unaided replies; in %; rounded; multiple responses possible)



*Unemployed population in % of the civilian labour force; seasonally adjusted; source: German Central Bank (Deutsche Bundesbank)

Challenges in Germany 2012
"Semantic Network"

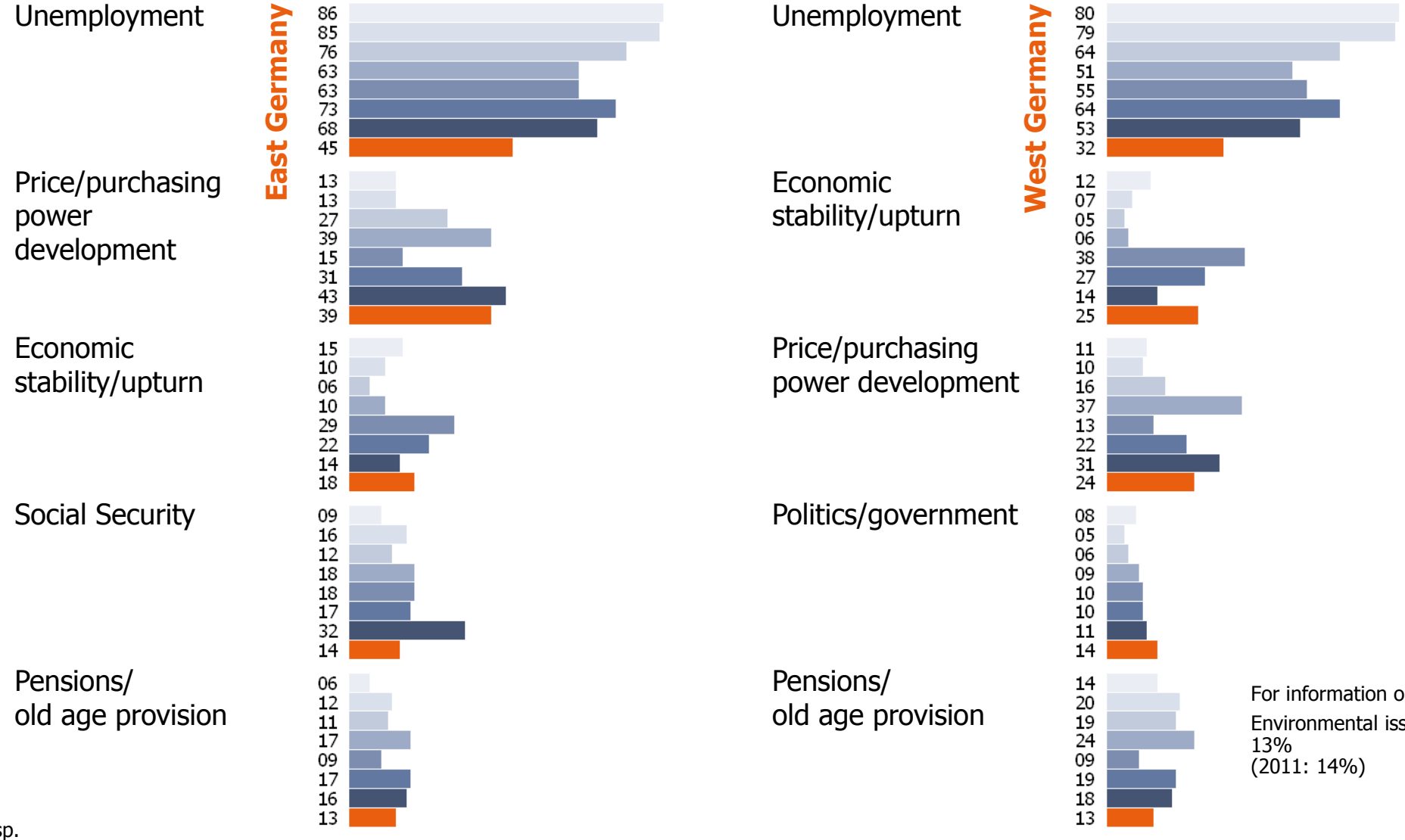


Note:

Increase by x percentage points in comparison to 2010 (only significant changes >1)

Challenges in Germany
East and West Germany 2005-2012 Top 5

... % of respondents mentioned as the most urgent problem to be solved in Germany: (unaided replies; in %; rounded; multiple responses possible)



For information only:
Environmental issues: 13%
(2011: 14%)

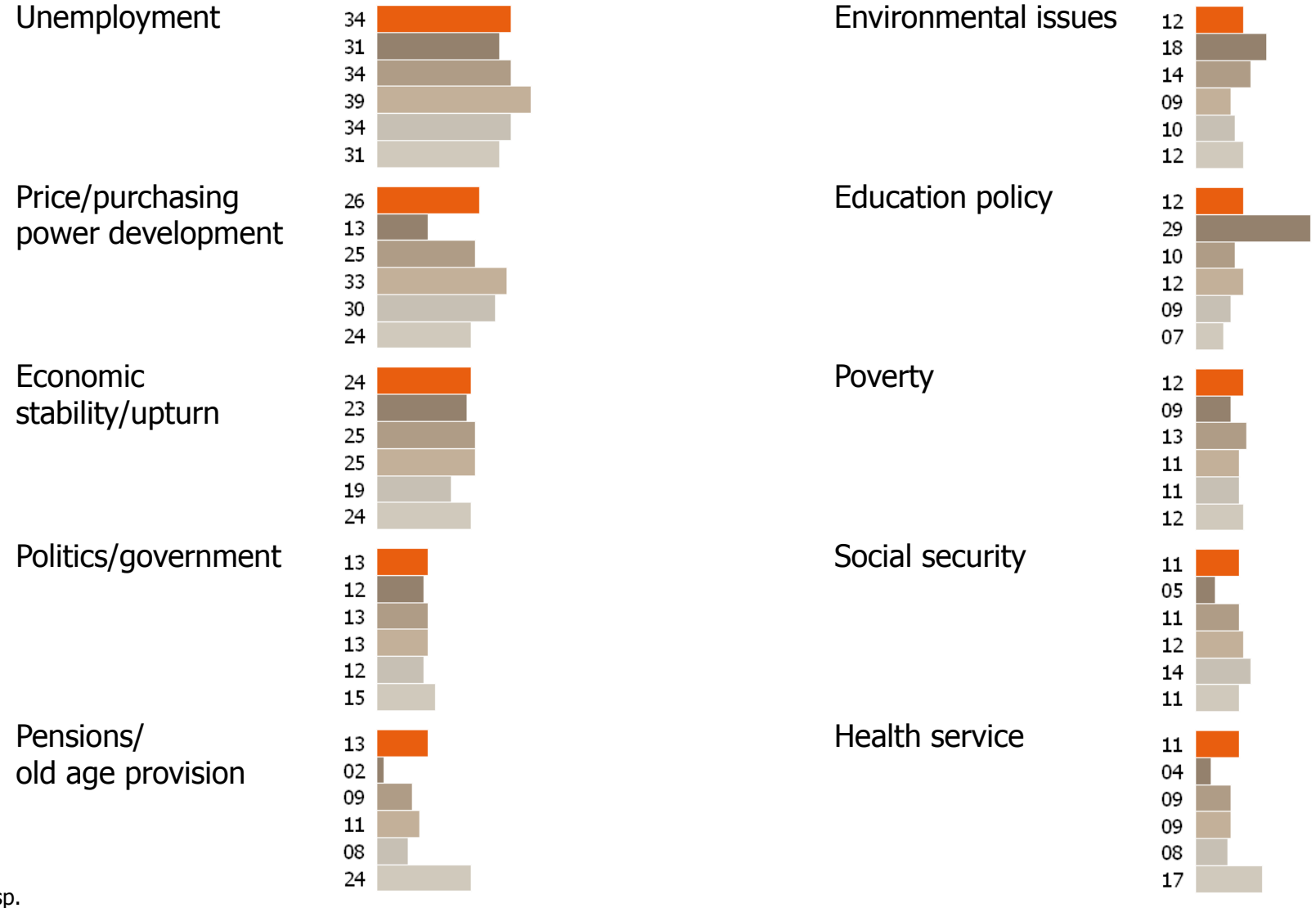
Base 2012: 2,087 resp.

2005 2006 2007 2008 2009 2010 2011 2012

© 2012 GfK Verein :: Challenges of Europe 2012

Challenges in Germany
Lifeworlds 2012

... % of respondents mentioned as the most urgent problem to be solved in Germany: (unaided replies; in %; rounded; multiple responses possible)



Base 2012: 2,087 resp.

Total | Young people in training/students | Higher social classes | Middle social classes | Lower social classes | Pensioners

Germany – main results (1)

The issue of **unemployment** once again tops the list of German worries this year, but the level of concern has fallen dramatically. With a current value of 34%, concern has dropped by 21 percentage points within just one year. Following the record highs of over 80% in the middle of the last decade, levels of concern in Germany are now as low as they were at the beginning of the 1990s for the last time. The reason for this development is doubtless the positive labour market situation. According to the OECD, the unemployment rate decreased from 7.1% in 2010 to 6% in 2011, almost lowering it to the same level as 1991 when Eurostat recorded 5.5% unemployment. In line with this, the employment rate hit its highest value in 20 years in 2011, and for 2012, a further, if somewhat less drastic, increase in the employment rate is expected.

The unpredictability of the labour market can be seen if we consider **economic development** in connection with the current economic and debt crisis in Europe. Although GDP growth in Germany was comparatively high in 2011 according to Eurostat, with a plus of 3%, a downturn could already be seen around the end of the year. This is because growth rates for German exports to the EU, which account for around 60% of all German exports, have weakened, in particular due to low demand in the partially crisis-struck eurozone. Economic development was supported by private consumption, which increased by 1.5% in 2011 due to positive labour market conditions. For 2012 however, the economy is only expected to grow by a further 1% approximately. Accordingly, German concerns about economic development have increased by 10 percentage points and with 24%, the issue is now ranked third on the agenda. Viewed in the medium term, this is a comparatively high level of worry.

Price and purchasing power development ranks as the second major concern. Following a year-on-year increase in misgivings since 2009, 26% of Germans are still worried about price increases this year. Of course, this represents a decrease of 7 percentage points on last year, but it cannot yet be seen as a complete alleviation of concern. This drop is probably related to improved income prospects due the the high wages agreed through collective bargaining and good job security. High energy prices, however, according to the OECD, caused the inflation rate to increase from 1.1% in 2010 to 2.3% in 2011, and a further increase in prices of 2% or just under is expected for 2012. This does however assume that there are no further drastic increases in oil prices. In addition, the discussion about the ramifications of the economic situation in some European countries has contributed to growing insecurity about the stability of the euro and thus of purchasing power development.

Germany – main results (2)

The topic of **politics** and **government** takes fourth place in the list of German worries. With a current total of 13%, there has not been a huge increase in criticism of the political leadership within Germany compared to last year. However, the topic has been pushed into the spotlight. Overall, since 2006, there has been a slightly increasing trend which has certainly been exacerbated in recent years by unpopular decisions taken by politicians and the government to douse the flames of the economic crisis and the euro debt crisis. Of particular note at the beginning of the year were the discussions surrounding Federal President Wulff who stepped down from office following allegations regarding the acceptance of benefits in his previous capacity as minister-president. 4% of Germans explicitly called for a resolution to the affair at the point the survey was carried out.

Worry has ebbed with regard to the subject of **pensions** and **old age provision**. With a current value of 13%, down from 17% in 2011, concern about old age provision takes fifth place this year. The pensions increase of around 2% from July 2012 on could have contributed to the current easing of tension. At the time the survey was carried out, this had not yet been confirmed, but it was already foreseeable due to positive wage developments to which a pensions increase is linked. Furthermore, good labour market conditions have also been beneficial for pension fund coffers. However, old age provision is a recurring political and social theme, due to perennial debates on demographic development and further increases to the pensionable age.

In 2012, **environmental protection** has moved up the German list of worries – from ninth place last year to its current sixth place. This establishes this issue's position in the top ten, although the extent of concern has actually slightly decreased by two percentage points to 12%. Last year, the survey was carried out before the Fukushima disaster, otherwise the level of concern would no doubt have been greater. Now, the political measures taken could actually lead to a significant drop in levels of concern. On 6 June 2011, a legislative package for a nuclear phase-out and an energy transition was adopted. It stipulated that by 2022, all nuclear power plants currently in operation would be shut down. However, it is possible that the successive cuts to solar energy funding have maintained the debate about the progress of the "energy transition" – thus maintaining Germans' concerns at a relatively high level.

Germany – main results (3)

Tension has significantly eased in terms of **education policy**, with a reduction of 11 percentage points. Only 12% of Germans still say they are concerned. That means that there has even been another slight decrease on the number of people concerned in 2010 and 2009. Last year, worries skyrocketed because of the expected scramble for places at universities, due to the fact that twice the number of students completed their leaving certificate in some federal states and that military service was abolished. But the preparations set in place by the ministries and universities have clearly worked. These include staggered leaving examinations for pupils finishing after 8 or 9 years in secondary education, and various possibilities to bridge over the time before starting tertiary education. This meant that the limit of 0.5 million freshers was exceeded nationally for the first time in the winter semester 2011/2012. That is an increase of 16%, although in some technical subjects, even greater hikes were seen.

The next two issues on the list of concerns in Germany are both linked, but their development is reversed. Concern about **social security** has more than halved since its record high of 25% last year, and now lies at 11%. In spring 2011, the debate about the calculation of Hartz IV unemployment benefits sparked by the German Constitutional Court was in full swing. There was quite a stir about the increase of standard rates by a total of €8, as well as the education package for children. Both points have now been adopted and debate on these issues has waned. What remains is the belief that fighting **poverty** is an increasingly important task for politics and society. At 12%, the proportion of concerned persons has doubled in just one year, and this is also the highest recorded level of worry for this subject.

Taking last place in the top ten challenges in Germany is **health care**, with 11%. That means that concern on this issue has dropped by eight percentage points in comparison to last year. It is possible that this is due to the significant surpluses reported by German health insurance companies which became public knowledge at the beginning of 2012. Demographic development, further additional contributions due to increasing expenditure and an increasingly conspicuous shortage of doctors, particularly in rural areas, are, however, likely to keep the health care system in the public spotlight.

Germany – main results, a comparison of East and West Germany

If we compare the five biggest challenges in former West and East Germany, a similar picture emerges in terms of the relevance of the issues that concern people. However, the sequence and the extent of worry about the different points vary.

As was the case last year, **unemployment** tops the list of concerns in both the former East and West Germany. In both regions, the number of those who see the labour market as an issue that urgently needs to be resolved has decreased. However, the level of concern is still higher in the former East (45%) than in the former West (32%).

Worries about **price** and **purchasing power development** are ranked second in former East Germany at 39%, whilst in the former West, these worries take third place with a value of 24%. The trend is a downward one in both parts of the country, but the abatement of concern is much more significant in the former West than the East.

At 18%, the level of anxiety about **economic stability** takes third place in the former East, whilst in the West it is ranked second with 25% – and it has also seen a more marked increase there.

The major differences can be seen with the fourth concern. In the former East Germany, **social security** takes fourth place with 14%, whilst in the former West this worry is ranked just ninth, with 10%. In the former West Germany, fourth place is taken by issues related to **politics** and **government**, also at 14%. This topic scores 12% in the former East, putting it in sixth place.

Fifth place "unifies" the two parts of the country, and not just on a thematic level. In both the former East and West, concern about **pensions** and **old age provision** hits 13%.

Germany – main results, by social grouping

Considering the results in terms of social groupings highlights different perceptions of the issues. This can be explained by varying socio-economic backgrounds – and thus different priorities – in the different social groupings. But there are also similarities.

All social groupings are unanimous in viewing **unemployment** as the greatest challenge facing Germany, although the middle classes appear most worried.

Students and those currently in training are the least worried about **price** and **purchasing power** development, whilst the lower and middle classes are most concerned about increasing prices.

Anxiety about **economic stability,** and **politics** and **government** is relatively equally spread across the different social groupings, although the perception of these issues overall in Germany is very different, with a gap of nine percentage points.

Pensions and **old age provision**, along with the **health care system**, worry older retired men and women the most, while students and those in training are (as yet) hardly worried about this issue at all. The issue seems too far removed in temporal terms to be of concern.

Instead, students and those in training believe that the immediate issue of **education policy** is in need of improvement. **Environmental protection** is also looked upon with a comparatively more critical eye by young people.

The issue of **poverty** is considered in a similar way by all social groupings, although, perhaps surprisingly, the upper social classes cite greater concern.

In general, the upper social classes prove to have a higher awareness of economic, social and political issues. On average, they cite more **problems per person** than the other social groupings.

Germany – main results, semantic network

Once again this year a semantic network was created for the German results using cluster analysis. Four types of information can be taken from the chart:

- The size of the ellipses indicates how often a problem was mentioned.
- The distance from the centre shows when a topic was mentioned. If an "ellipse" is close to the centre it means this topic was often the first to be mentioned.
- Topics which extend in a straight line from the centre and either overlap or are grouped closely together were frequently mentioned together – they are part of an "associative grouping".
- An arrow pointing either up or down for a topic shows whether that topic has increased or decreased significantly compared to 2010.

Once again, in 2012 there is an associative grouping which comes under the heading of **unemployment** and can be seen in the bottom left of the chart. In comparison to last year, the level of concern about this grouping has decreased significantly. This is linked to the declining worries about the situation on the labour market.

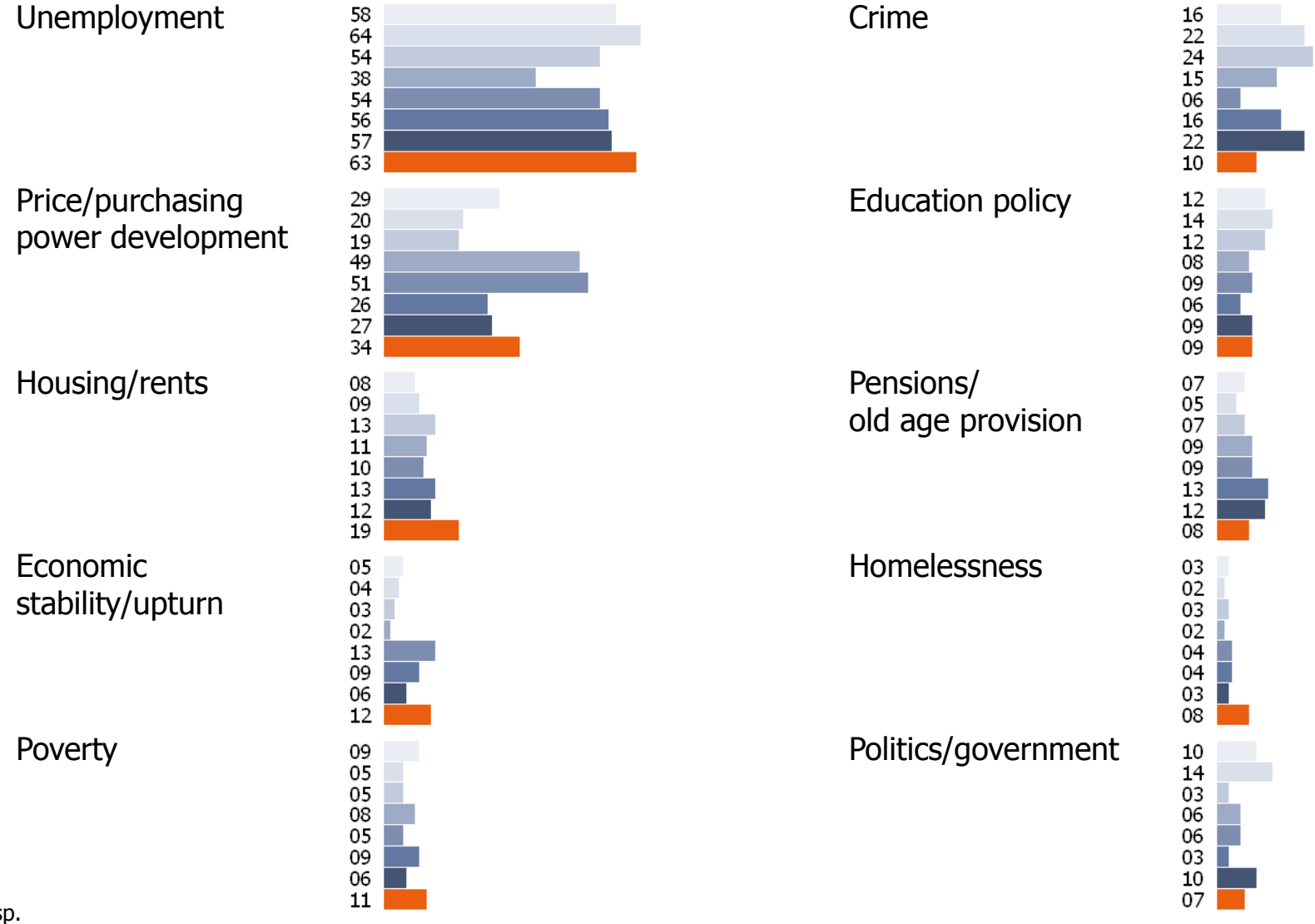
In the top left, there is another relatively large associative grouping, which brings together the issues of **politics** and the **euro crisis**.

If we continue clockwise, we see an associative grouping under the keywords **social justice**, **income** and **prices**. Another associative grouping, which brings together aspects surrounding **poverty** can be seen on the top right.

Between these two major thematic groupings, there are several smaller associative groupings on the themes of environmental protection, education policy, youth unemployment, family policy and fighting crime.

Challenges in France 2012

... % of respondents mentioned as the most urgent problem to be solved in France: (unaided replies; in %; rounded; multiple responses possible)



Base 2012: 1,010 resp.

2005 2006 2007 2008 2009 2010 2011 2012

© 2012 GfK Verein :: Challenges of Europe 2012

France – main results (1)

Concerns about **unemployment** have once again risen in France in 2012. With a plus of six percentage points, it stands at 63%, making it by far the most important issue for the French. Developments in the labour market situation show that these concerns are not unfounded. The unemployment rate has grown continuously from 7.8% in 2008 to 9.7% in 2011, and according to Eurostat, it even exceeded the 10% mark in January 2012. In absolute terms, the serious nature of the situation is evident, as the number of jobless people increased by around 1 million between 2007 and 2011, to reach almost 3 million. In order to counter this trend, a crisis summit was held by the French government in mid-January during which a strategic package to fight unemployment worth €430 million was adopted. It includes a framework for job security focused on facilitation of government supported reduced working hours, employment of young people and the reintegration of the long-term unemployed in the regular labour market. Further reforms, aimed in particular at the improvement of training and employment for young people, are planned.

The second biggest problem in France this year is **price** and **purchasing power development**. Concern about price development has increased by seven percentage points in comparison with last year, reaching 34%. Although this value is not as high as during the financial crisis of 2008/2009, anxiety levels are on the up. This perception is not unfounded, as according to the OECD the inflation rate increased from 1.5% in 2010 to 2.1% in 2011. In January 2012, it reached 2.3%. This was primarily due to burgeoning energy prices, which have swollen by 8.1% compared to last year. Traditionally, purchasing power in France is a sensitive issue, and it is also currently explicitly cited by 12% of French people. The increase in VAT from 19.6% to 21.2%, which had been discussed since autumn 2011 and was adopted at the end of February 2012 has a direct impact on purchasing power. This tax hike should finance a reduction in non-wage labour costs, which should in turn build up the labour market. However, the increase in VAT is hard-hitting for people at the lower end of the wage scale, and those who are dependent on social benefits.

The coming increase in VAT certainly does not carry sole responsibility for the fact that French people increasingly live in fear of **poverty**. This is also due to the overall economic situation. 11% perceive poverty as a problem, almost twice as many as in 2011.

France – main results (2)

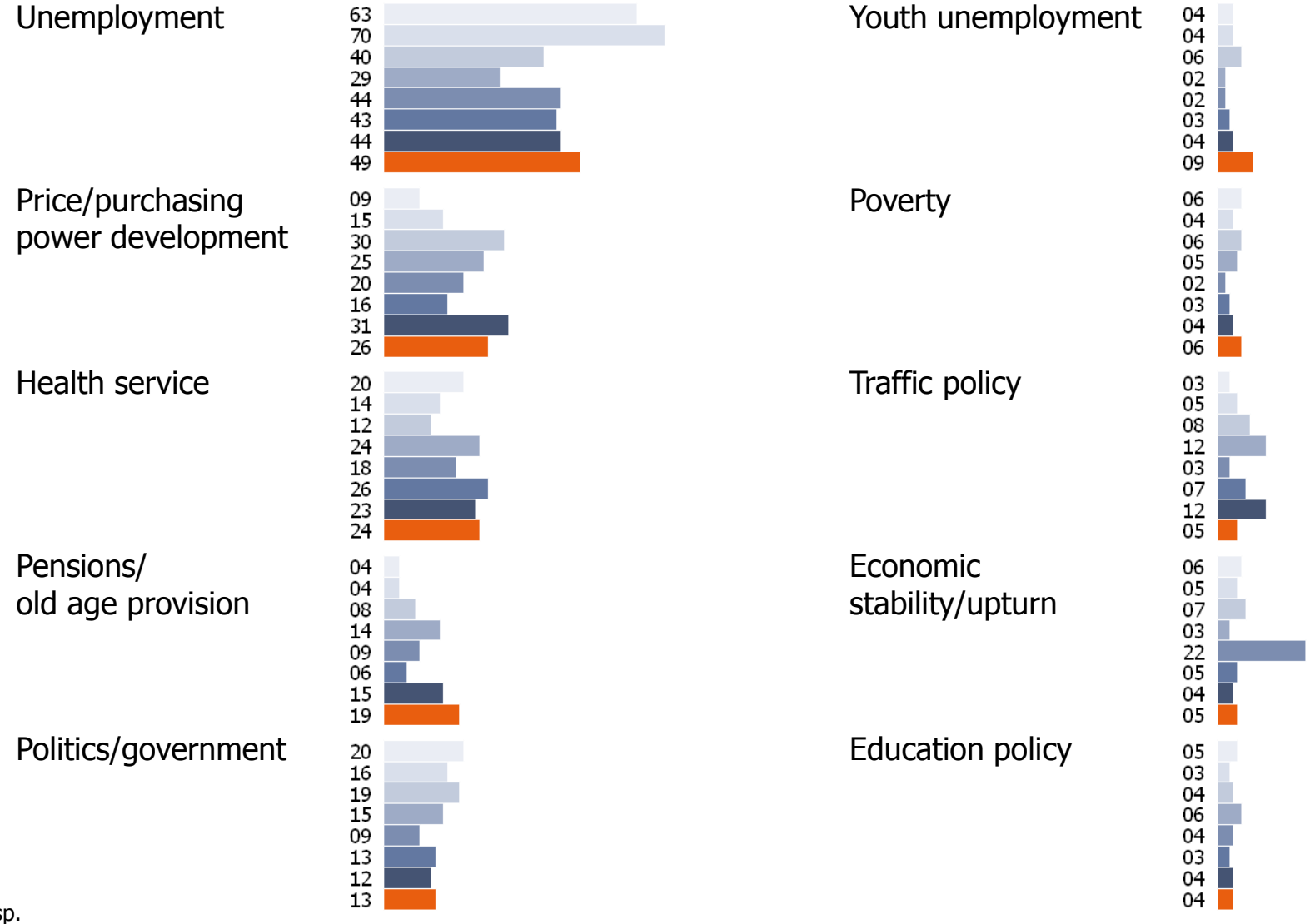
Increasing concern can also be noted surrounding the issues of **housing** and **rents**. This year, 19% saw this as relevant, representing an increase of seven percentage points compared to last year. Real estate prices have also risen hugely since 2009. In 2011, the increase was felt most acutely in Paris, at 12%, but significant price increases were recorded all over France. One reason for this was without doubt the burgeoning demand for real estate, caused by the government's decision to grant tax allowances for interest on mortgages in order to allow more French people to become home owners. This will however presumably be a victim of the austerity drive. The high demand for real estate has seen rental prices boom in recent years. This was especially clear in the city of Paris, where the media reported that the square metre price of small apartments could reach up to €80. Therefore, the government wants to fix a ceiling price of €40/m2 for apartments of up to 13 square metres and make landlords punishable by a fine if they exceed this amount. The housing problem is also being exacerbated by the decline in social housing being built. It is therefore little wonder that the problem of **homelessness** made it into the top ten French worries for the first time this year. 8% of French people are concerned about this issue.

Place four on the agenda is **economic stability**. Concern levels have reached 12%, double the figure for last year. According to Eurostat, economic growth in 2011 was at 1.7%, but growth of just 0.4% is currently forecast for 2012. Originally, economists still had an optimistic view of France's future, but over the course of last year, growth forecasts for 2012 had to be successively adjusted downwards. It remains to be seen how effective the measures already agreed upon to reduce debt and improve the labour market will be, and what political changes will be ushered in by the new socialist French president, Francois Hollande.

There has been a significant decline in the number of French people viewing **crime** as a priority issue. 10% see it as worrying, compared to 22% last year. The desire for a more aggressive stance on crime is often formed by particularly dramatic events. Last year this was probably caused by the demonstrations in Grenoble in 2010 and in deprived urban fringe areas at the turn of the year (2010/2011). Currently the attacks in Toulouse in March 2012, which took place after this survey was carried out, are generating a great deal of consternation. The attacks saw an Al Qaeda militant kill seven people.

Challenges in Poland 2012

... % of respondents mentioned as the most urgent problem to be solved in Poland: (unaided replies; in %; rounded; multiple responses possible)



Base 2012: 1,000 resp.

2005 2006 2007 2008 2009 2010 2011 2012

Poland – main results (1)

The front-runner in the Polish list of concerns in 2012 is once again **unemployment** with 49%. This puts concern about the labour market situation well under the levels of 2005 and 2006. However, since last year worries have increased again. According to the OECD, the unemployment rate in Poland has not seen any significant change, with 9.6% in 2011 compared to 9.7% in 2010. However, it is a good bit higher than the pre-crisis level of 7.2% in 2007. The development is more dramatic where young people are concerned. Whilst a figure of 17.3% was recorded by Eurostat in 2008 – a real success at the time in comparison to the figure of over 40% recorded in 2002 – the unemployment rate for under-25s increased again to 25.8% in 2011. It is therefore not surprising that worries about **youth unemployment** have also increased by five percentage points: 9% of Poles explicitly say that they are concerned about this issue. Even when young people do manage to find a job, it is often temporary, and frequently the job alone does not pay enough to support the cost of living.

Securing one's lifelihood clearly also plays an important role in concerns about **price** and **purchasing power** development. This is seen as the second major challenge by Poles. The level of concern skyrocketed to 31% last year, and although this year the situation has eased slightly, falling to 26%, there remains a great deal of worry. Citizens talk on the one hand of their desire for price stability, which is understandable given the inflation rate of 4.2% in 2011, and, on the other, they call for higher wages and a fair distribution of income. It is true that the European Commission reports that real incomes in Poland have seen stronger growth than their western neighbours in recent years, for example in 2010 there was an increase of 1.8%. However, in absolute terms, wages remain very much at the bottom end of the scale in the EU. This clearly generates deeper dissatisfaction, particularly against the backdrop of what is generally healthy economic development.

The Polish economy currently appears to be very robust. With a plus of 4.3% recorded in 2011, the economy had one of the highest growth rates in the EU and it is set to expand by a further 2.5% in the current year according to Eurostat. In line with this, Poles are not currently overly concerned with the **economic stability** of their country. This issue is ranked ninth with 5%.

Poland – main results (2)

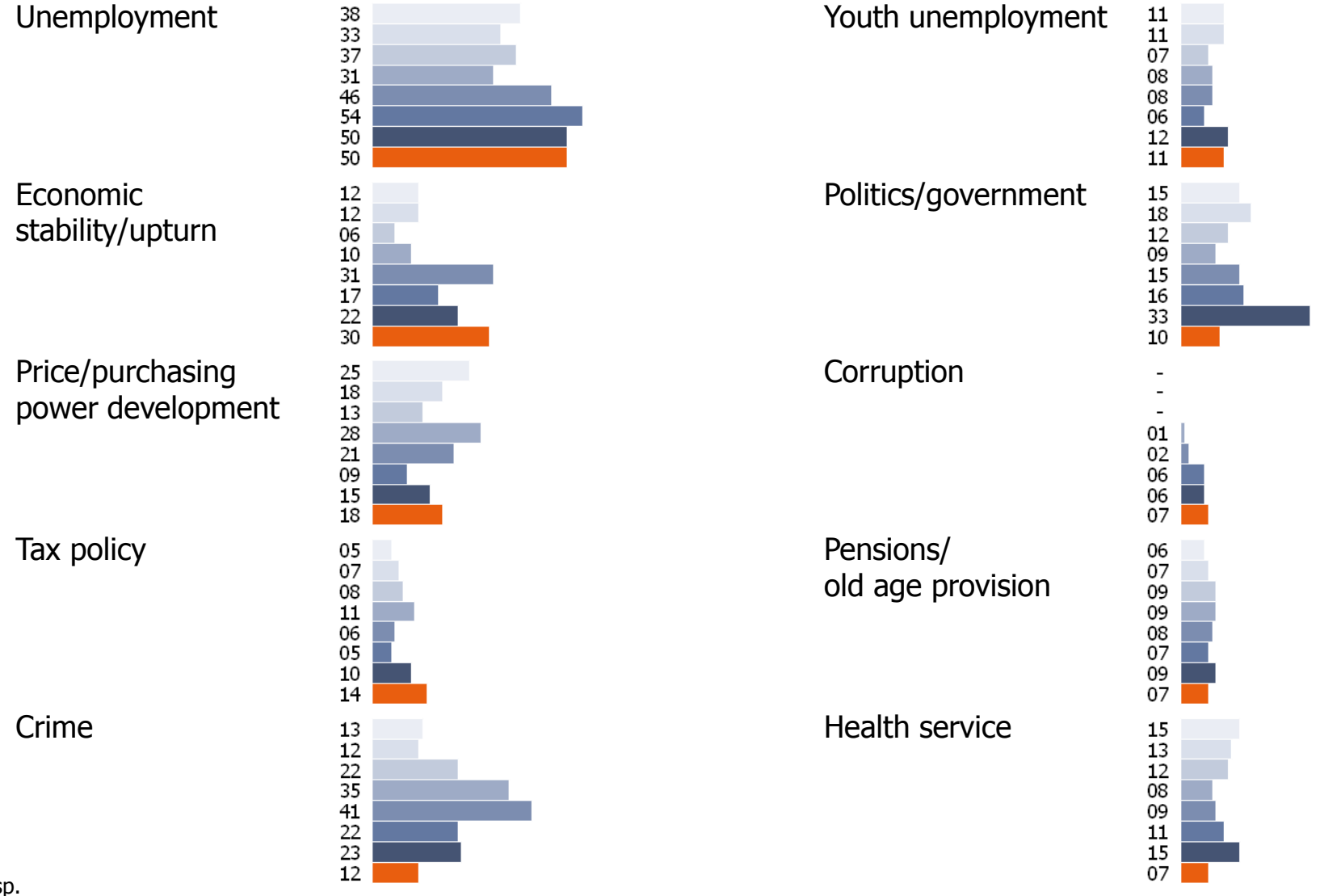
24% of Poles express their concern about **health care**, which means that as in 2011, this topic is in third place on the list of worries. It is probable that this is because the announced reforms, or improvements to the health care system, have clearly not been systematically implemented or have even been counterproductive. On 1 January 2012, a new pharmaceuticals law came into force in Poland. Its scope included significantly reducing the amount reimbursed by the national health fund for many medicines. In addition to higher costs for patients, the law also impacts negatively on doctors, pharmacists and pharmaceutical companies due to a changed fees system and a ban on advertisements and discounts. As a result of fierce protest, some provisions of the law have now been withdrawn.

Polish citizens are taking an increasingly critical view of **pensions** and **old age provision**. In comparison to last year, the level of concern has once again increased by four percentage points to reach 19%, putting it at its highest level since 2001. Given the low birth rate and the concurrent increase in life expectancy, the face of society is changing. For this reason the Polish pensions system is demonstrably in need of reform. Different measures have already been introduced, including an increase in the pensionable age. This increase was discussed for a lengthy period and it was decided upon definitively at the end of March. In future, Poles will only be able to retire at 67 and no longer at 60 for women and 65 for men as has been the case to date. This should allow public expenditure for pensions to be reduced. According to the OECD, pensions spending most recently accounted for 10.6% of GDP (OECD average: 7.0%).

Politics and **government** takes fifth place on the list of concerns – this issue has been rated critically by an almost constant 13% of Poles since 2010. In the Polish legislative elections in autumn 2011, the liberal-conservative civic platform (PO), headed by Prime Minister Donald Tusk, was returned to office. Clearly the Poles would like to see the continuation of the policy for greater integration within the EU led by former and current Prime Minister Tusk. But even in a year unmarked by an election campaign, power struggles are obviously still influencing the atmosphere on the political scene. At the beginning of the year, for example, calls were made for the health minister to resign over the controversial pharmaceuticals act and the minister for the economy also faced criticism because of doubt expressed regarding the pension payments guarantee.

Challenges in Italy 2012

... % of respondents mentioned as the most urgent problem to be solved in Italy: (unaided replies; in %; rounded; multiple responses possible)



Base 2012: 1,002 resp.

2005 2006 2007 2008 2009 2010 2011 2012

Italy – main results (1)

The problem of **unemployment** remains on exactly the same level in Italy as last year. Half of Italians believe that action is needed to improve the situation on the labour market. Concern about **youth unemployment** is also high, and remains almost unchanged at 11%. This issue has however been pushed up into sixth place in this years list, from eighth place last year. The unemployment rate in Italy rose continually in 2011 to reach 8.4%. This represents a dramatic increase, because before the global economic crisis it had dropped to 6.1% in 2007. In January 2012, it reached a new high of 9.2%. The situation for 15 to 24 year old Italians is even more drastic. The unemployment rate for this group was still only 20.3% in 2007, but then grew further to reach 29.1% in 2011.

The situation on the labour market is very dependent on **economic stability** and this is currently not at its best in Italy. According to Eurostat, GDP dropped for the second time in a row for the last quarter of 2011, which means that Italy is by definition experiencing a recession. In contrast to other European countries, Italy cannot expect any help from the EFSF, because the European bailout fund does not command sufficient funds for a national economy the size of Italy's. Due to bleak labour market conditions, private consumption cannot support the economy and will perhaps experience a further slump in 2012. Following weak GDP growth of 0.4% in 2011, Eurostat is even predicting negative growth of 1.3% for 2012. Due to the high level of state debt amounting to almost 120% of GDP, there is hardly any room for manoeuvre in terms of state policies to boost the economy. So it's no wonder that anxiety about economic stability has risen by eight percentage points to 30% – the same level as the crisis year of 2009. However, the Italian government headed by Prime Minister Mario Monti is attempting to consolidate the budget and accelerate economic growth within the framework of the available possibilities.

There has also been an increase in concern about **price** and **purchasing power development**, and a marked one at that, from 15% to 18%. From a long-term perspective, that is a high level of anxiety. In point of fact, prices in Italy, as in all countries, have shot up recently due to higher energy prices. Whilst the inflation rate in 2010 was still at 1.5% according to the OECD, it rose to 2.8% in 2011 and in February 2012 went up again to 3.3%.

Italy – main results (2)

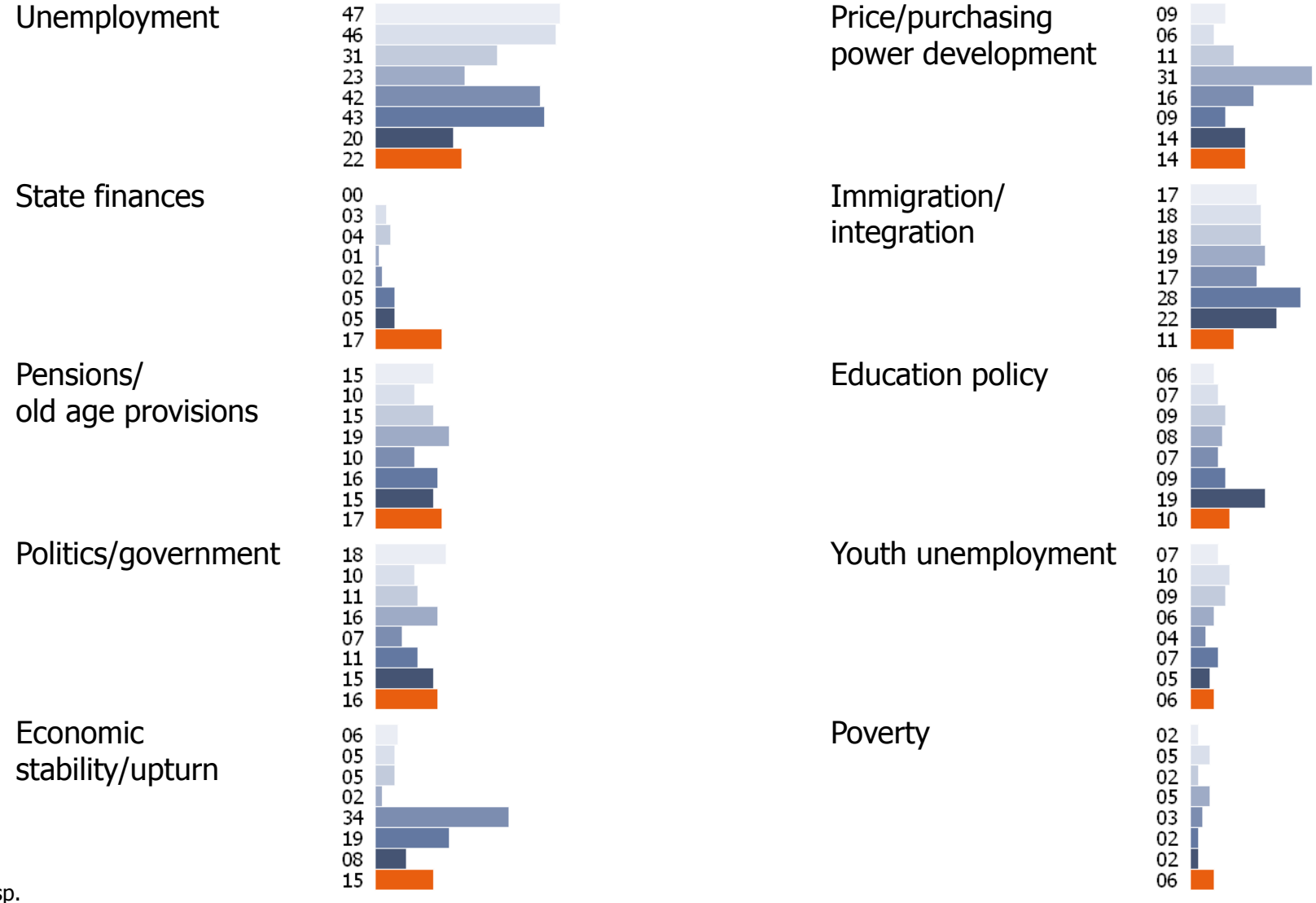
The issue of **politics** and **government** has lost an enormous amount of its potency: it has dropped 23 percentage points to 10%. Last year it was still ranked second in the list, while this year it finds itself in seventh place. The reason for this is no doubt the change in government in Italy. Since November 2011, Mario Monti has been at the helm as prime minister of the country, following Berlusconi's resignation. Along with Berlusconi himself, other politicians were also facing criticism due to bribery and tax evasion. Mario Monti, Berlusconi's successor in office who is to lead Italy out of the crisis, backed by a cabinet of experts from economy, academia and administration, has clearly already proven his worth after just a few months in office. There seems to be a positive reaction to the measures introduced to date. The first package, called "Salva Italia" introduced changes including a pensions reform with an increase in the pensionable age. The second package, named a growth package (Cresci Italia) aims to reduce time, effort and administrative costs in the private sector. Other planned reforms to liberalise the labour market did spur protests, but trade unions generally seem open to negotiations.

Concerns about **fiscal policy** are in fourth place on the agenda this year. With a 14% share, following a value of 10% in 2011, worries are becoming more pronounced. The government has already recognised that there is a need for action here. The most recently adopted reform packages also affect fiscal policy. Some taxes are to be reintroduced, including the real estate tax abolished by Berlusconi's government. The introduction of a luxury tax is also planned for large cars and yachts. In addition, a VAT hike from the current 21% to 23% over the course of 2011 has been discussed, should this be necessary to consolidate the budget. Measures targeting tax evasion have also been adopted.

In addition to successful measures taken against the leaders of organised crime, more severe punishments for those guilty of tax evasion probably also contribute to the decreasing level of concern about **crime** in general, which currently stands at 12% (-11 percentage points). With the help of the Guardia di Finanza, or Financial Guard, Monti has already set in motion numerous spectacular operations in order to chase up the €120 to €150 billion which is lost from the budget annually as a result of tax evasion. Furthermore, the integrity won back by the Italian government following the handover of power has pushed the issue of crime lower down the list of people's preoccupations.

Challenges in Austria 2012

... % of respondents mentioned as the most urgent problem to be solved in Austria: (unaided replies; in %; rounded; multiple responses possible)



Base 2012: 1,000 resp.

2005 2006 2007 2008 2009 2010 2011 2012

Austria – main results (1)

Unemployment once again tops the list of challenges in Austria in 2012 with 22%. This represents a slight increase in concern of two percentage points since last year. This is probably linked to the unstable economic situation that Europe in general is experiencing, coupled with the forecast worsening of the labour market situation in Austria for 2012. According to the Austrian central bank, the unemployment rate will rise slightly to reach 4.5% in 2012 due to the weak economy. This would mean a break in the upward trend in employment, which has continued since 2009 when the unemployment rate decreased from 4.8% (2009) to 4.4% (2010) and then again to 4.2% in 2011.

Concern about **public finances** has risen very steeply. In the previous year, this issue scored 5% and didn't even make it into the top ten urgent problems to be addressed in the country. This year, meanwhile, it has seen a dramatic increase in importance from 12% to 17%, propelling it into second place in the list of key challenges for 2012. Public perception of this issue was probably influenced by the downgrading of Austria's credit rating. Rating agency Standard & Poor's downgraded Austria's triple A rating in mid-January – an event not unexpected by experts. As a consequence of this development, the grand coalition of SPÖ and ÖVP was pushed into rapid action following discussions about a necessary austerity drive lasting several weeks. They reached agreement at the beginning of February on a comprehensive consolidation package – at exactly the time that this survey began collecting results. With these measures, which include tax increases and the introduction of new taxes (e.g. a financial transaction tax), wage freezes in the public service and solidarity payments for top earners, the aim is to bring down the state deficit to zero by 2016.

Concerns about **economic stability** are closely linked to the issue of public finances. It is likely that citizens see the economic situation as being affected by the downgrading of the country's credit rating, as concern has shot up seven percentage points to reach 15%, pushing it into the top five challenges. Another reason for this increase of importance is probably the current state of the economy. In comparison to last year, when Austria's economy was, thanks to a solid upward trend in the first two quarters, with a plus of 3.1% experiencing very strong growth when compared against the rest of Europe. The forecast growth rate of 0.7% of GDP for 2012 is significantly poorer.

Austria – main results (2)

The issue of **pensions** and **old age provision** has jumped to second place on the list of Austrian worries. 17% of Austrians, somewhat more than last year, believe that change is needed here. The pensions system in Austria is the subject of continual debate and reforms are being adopted. The new consolidation package, which was in the offing at the beginning of this year, foresees significant cuts to pension benefits. It should, for example, become more difficult to take early retirement, and pension rates are to increase more slowly. It remains to be seen whether the implementation of these measures will once again be met with more protest.

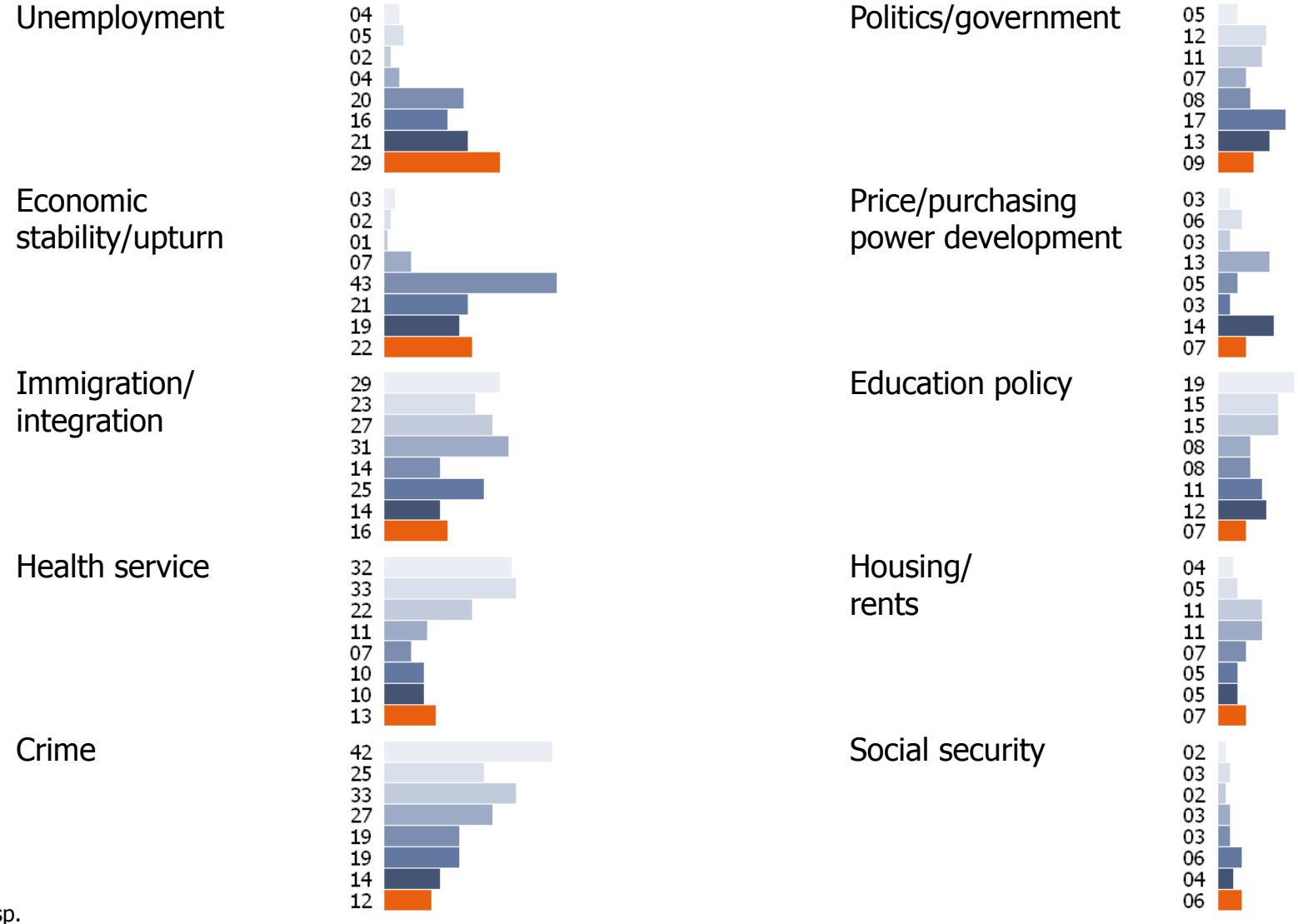
An almost constant 16% (+1 percentage point) of people are concerned about Austrian **politics** and **government**. This issue is once again in fourth place. Since the national legislative elections in 2008, criticism of politics and government has risen continually. However, this upward trend has now tailed off. One reason for this could be that no important elections are to be held in 2012, meaning that party conflicts about the consolidation package and the suspicion that many Austrian politicians are involved in corruption are no longer taking centre-stage in the same way.

Price and **purchasing power development** takes sixth place: 14% of Austrians are displeased. This puts the extent of concern about this issue at the same level as last year. Apparently neither the inflation rate, which has been decreasing since 2011, nor the positive forecast of the Austrian central bank for up to 2013 are calming consumers' fears. As for many other European countries, 2011 was a year with a relatively high inflation rate for Austria (3.3%). In 2010, this rate was still 1.8%. Citizens clearly have the impression that these prices will continue to be driven up by burgeoning energy prices.

It is interesting to note the development of the top issue in both 2010 and 2011 – concern about **immigration** and **integration**. It halved from 22% in 2011 to a current level of 11%, meaning that it slides from first to seventh place in the Austrian list of concerns, despite the fact that according to current statistics, immigration is once again on the up. It remains to be seen whether this decrease in concern is linked to the fact that no major elections took place in 2011 or are due in 2012, meaning that this much loved election campaign issue hasn't had a public platform. It is possible that the re-establishment of the State Secretariat for Integration has taken the heat out of this issue.

Challenges in UK 2012

... % of respondents mentioned as the most urgent problem to be solved in UK: (unaided replies; in %; rounded; multiple responses possible)



Base 2012: 1,048 resp.

2005 2006 2007 2008 2009 2010 2011 2012

UK – main results (1)

As was the case last year, concern about **unemployment** beats all other economic and sociopolitical issues to the top spot in Great Britain with 29%. This represents an increase of eight percentage points in comparison with 2011. Given the fact unemployment was hardly an issue until 2009, this is a huge increase. People's perceptions here correspond to actual trends. According to the OECD, the unemployment rate increased from 7.8% in 2010 to an average of 8.1% for the whole of 2011, with a peak of 8.3% in the last quarter of 2011 – its highest level since 1995. Job cuts in the public service are primarily responsible for this increase in the unemployment rate. Clearly the spending cuts in the public sector set in motion by Chancellor of the Exchequer George Osborne have already taken effect. Although additional jobs have been created in the private sector, these are mainly part-time.

Due to poor labour market development, it is not surprising that **economic stability** is the second biggest concern in the United Kingdom, with 22%. That means that worries about the economic situation in the country have once again increased by three percentage points, although the level of concern is still well under the record high of 43% recorded in the crisis year of 2009. This result can be explained by taking a look at economic development. After 2009, the British economy recovered slowly, but in 2011 economic growth of just 0.8% was achieved and in the last quarter, GDP sank by 0.2% compared to the previous period. Due to its heavy dependence on the financial sector, Great Britain continues to lag behind in Europe in terms of its economic recovery, as the EU reported an overall increase in GDP of 1.5% in 2011.

Running counter to the development of the assessment of unemployment and economic stability in Great Britain, **price** and **purchasing power** is seen much less critically than just last year. Only 7% of Brits still believe that there is an urgent need for action in this area, while a year ago the figure was still 14%. This can be explained by factors including the continually declining inflation rate, which was reported at just 3.4% in February 2012. Furthermore, the British government has reacted to the ever more sluggish economy and high energy prices by means of tax policies since spring 2011. It has ruled out the announced increase of tax on heating oil and gas for the duration of the current legislative period.

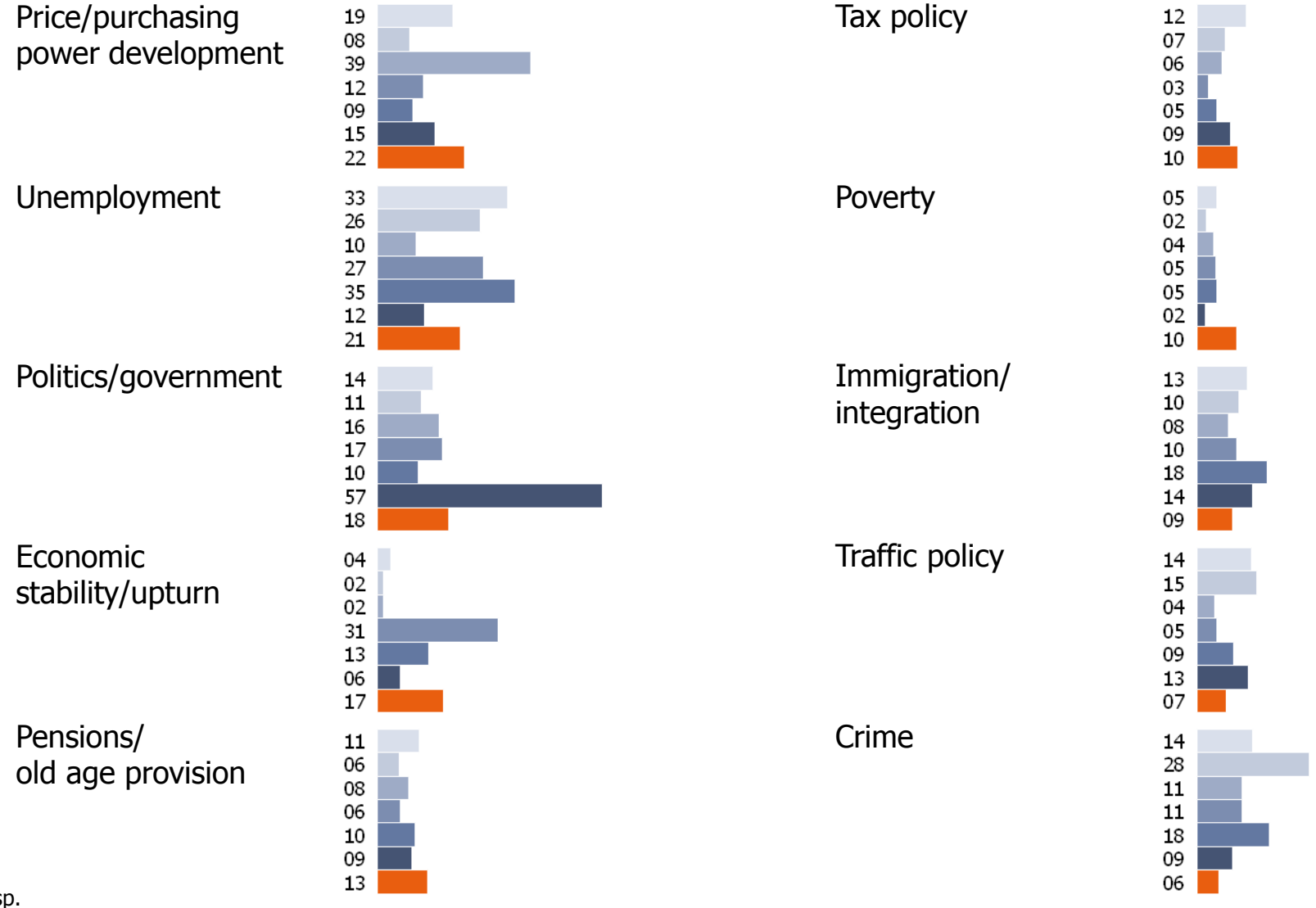
UK – main results (2)

As was the case last year, this year citizens still see citizens see **immigration** and **integration** as the third key task to be tackled in Great Britain. Following a fall in the perceived importance of this issue last year, from 25% to 14%, it now remains at a fairly stable level with a slight increase of two percentage points. It is apparent that the restrictive immigration policy propounded by Cameron's government has left British citizens with the impression that this issue is being tackled head on and therefore any major worry is unnecessary. The immigration of qualified skilled labour from non-EU countries, immigrants bringing over family members and the granting of student visas are now subject to strict regulations and restrictions. These numerous political measures could also explain why, despite an immigration net record high of around 250,000 people last year reported by the Office for National Statistics (ONS), people seem only moderately concerned about immigration.

As a result of the health reform set forth by Cameron's government in January 2011, **health care** is once again an issue taking centre-stage for the British population. 13% of Brits believe that there is an urgent need for action in this area, compared to 10% in 2011, and 7% explicitly mentioned the NHS as an issue. This is not surprising as the reform conceived by Cameron's government represents the biggest restructuring in this history of the NHS, which was established in 1948. Local and regional health authorities are to be disbanded, and their work is to be taken over by consortia of general practitioners. The Brits fear that this privatisation could set monetary objectives above the well-being of patients and endanger the system of health care which is free at the point of use. Despite this comprehensive restructuring effort and the heated public debate accompanying it, if we look at the long-term picture, the health care system is seen as far less important than it was in the middle of the last decade. Currently, its importance is surpassed by issues surrounding unemployment and economic stability. Since public debate on the restructuring of the health system currently continues, and further legislation is expected, future development remains to be seen.

Challenges in Belgium 2012

... % of respondents mentioned as the most urgent problem to be solved in Belgium: (unaided replies; in %; rounded; multiple responses possible)



Base 2012: 1,000 resp.

2006 2007 2008 2009 2010 2011 2012

Belgium – main results (1)

This year's study results for Belgium have to be viewed against the backdrop of the extraordinary political situation experienced there over the past two years. Because of the continuing language dispute between the Flemish and the French-speaking Walloons, the country had no government for a year and a half. This political insecurity had a massive effect on the survey's results last year. An extremely high percentage of respondents, 57%, expressed their discontent about politics, and the majority explicitly called for a government capable of functioning. This escalated concern about the issue of **politics** and **government** in the country, giving it the rating of Belgium's most pressing problem. Last year, this resulted in all other issues being pushed into the background by this extraordinary result. A government was finally formed again in December 2011, and now just 18% of Belgians still see the political situation as worrying. Despite this fall, concern about politics and government in Belgium still lies above the European average. Following the turbulence of recent years when governments were established and then dissolved again in quick succession, Belgians seem to view the current six-party coalition with scepticism.

Due to the lower visibility of the issue of politics and government this year, it is not surprising that the importance of other issues has increased again. One of these issues is **price** and **purchasing power development**, which is viewed as problematic by 22% of Belgians. This propels the issue into first place in the list for the first time since 2008, with an increase of seven percentage points compared to last year. The build-up in anxiety is in line with last year's inflation rate of 3.5%. Most recently, in February 2012, the inflation rate climbed as high as 3.7%. The austerity measures adopted recently by the government could be one factor fuelling these increased fears about purchasing power. These included additional taxes on higher incomes, reductions in unemployment benefit, the introduction of a road toll and the increase of taxes on tobacco, pay television and several services. Furthermore, the EU Commission estimates that increased tariffs for telecommunication services and the consistently high level of energy prices will have a negative effect on the inflation rate.

Belgium – main results (2)

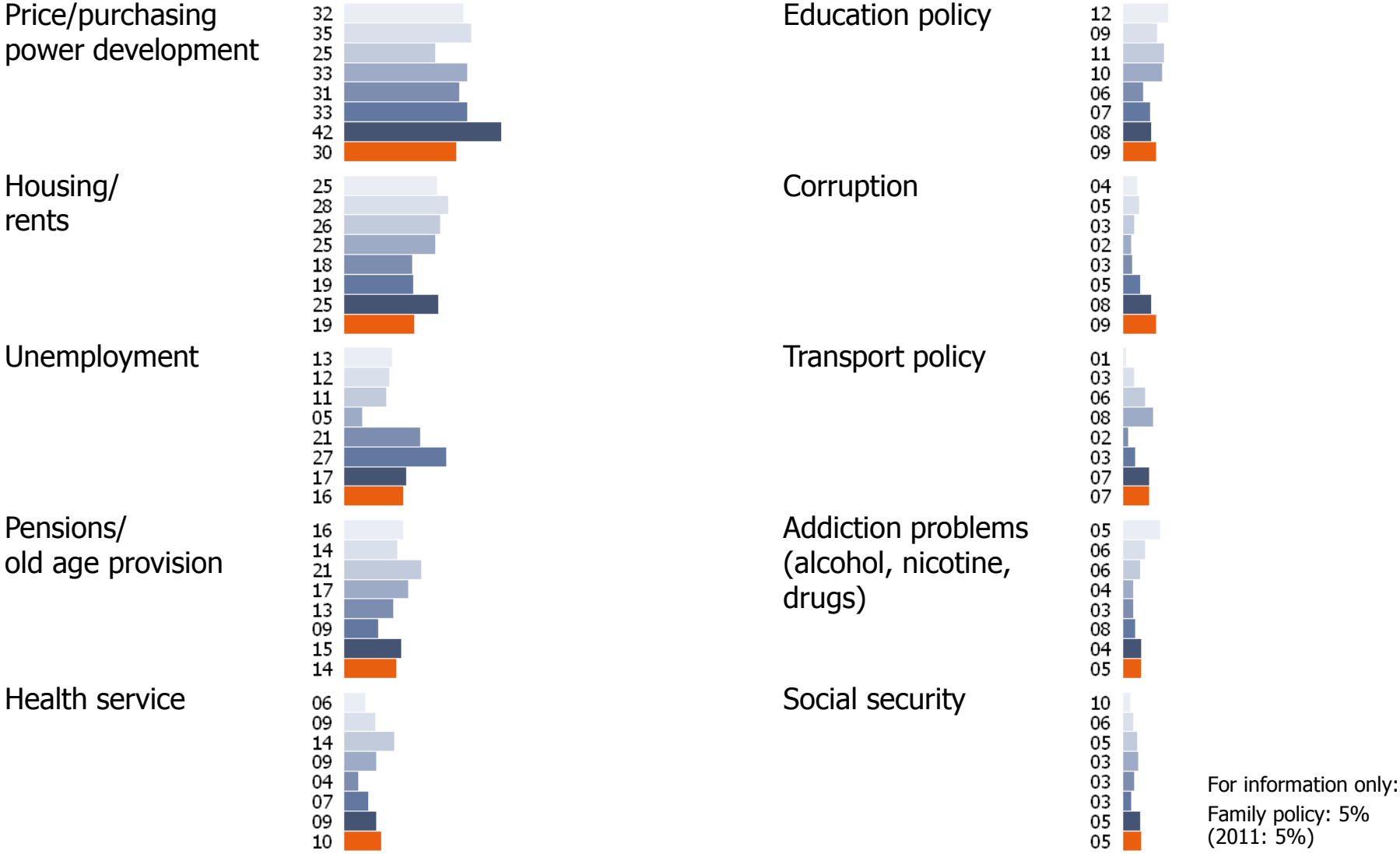
Now that the government crisis has been resolved, the issue of **unemployment** has been pushed back into the spotlight in Belgium. Following a massive slump from a former high of 35% in 2010 to just 12% last year, concern about unemployment has risen back up to 21%. Although the unemployment rate ebbed slightly, going from 8.3% in 2010 to 7.2% in 2011, the economic forecast for 2012 is rather gloomy. Belgians clearly fear that the massive cuts in public spending – which include a reduction in unemployment benefit – will stop economic growth in its tracks and thus lead to a worsening of the situation on the labour market. The increasing level of concern about **poverty** should also be viewed in this context. With a value of 10%, it is higher than it has been for the past seven years.

Concern about **economic stability** this year has also palpably increased by 11 percentage points to reach 17%, following a year-on-year decrease from 31% to 6% in the past three years. Correspondingly, according to Eurostat, economic growth slumped in comparison to the previous year, from 2.9% in the first quarter to just 0.9% in the last quarter of 2011. According to EU Commission estimates, the Belgian economy could actually shrink by 0.1% in 2012. This gloomy forecast is based on the fact that the cuts introduced by the austerity drive could act as a further deterrent to what is already low economic growth. Pessimism could also have been fostered by the downgrading of Belgium's credit rating by Standard and Poor's. It went from AA+ to AA. A further cause for the poor evaluation of economic stability could be due to the nationalisation of major bank Dexia in October 2011. The stricken bank was taken over by the Belgian state.

Belgians see the area of **pensions** and **old age provision** as a further problem. Following a minimal decrease last year to 9%, concern in this area has risen again to 13% in 2012. This puts worry about old age provision at its highest level since data was first collected from Belgium in 2006. It could be that the comparatively sharp increase is due to the discussion generated for the first time in autumn, during the austerity drive, about an increase in the pensionable age. This was then decided upon in December 2011. The new government has increased the early retirement age from 60 to 62, and it will now only be possible to draw a full pension after 40 years of work, rather than the 35 years at present. Discontent in Belgium about this issue was manifest in protests at the end of January.

Challenges in Russia 2012

... % of respondents mentioned as the most urgent problem to be solved in Russia: (unaided replies; in %; rounded; multiple responses possible)



For information only:
Family policy: 5%
(2011: 5%)

Base 2012: 2,201 resp.

Russia – main results (1)

As in previous years, the issue of **price** and **purchasing power development** tops the list of worries in Russia. 30% of Russians see this as the biggest challenge However, the level of concern has significantly eased in comparison to last year: indeed it is down 12 percentage points. This could be linked to the significant decrease in the inflation rate over the course of last year, from 9.5% in the first quarter to 6.7% in the last. In January 2012, the inflation rate sank even further to reach 4.1%. However, experts believe that this positive development is partly due to a base effect: A drought in the the second half of 2010 caused foodstuff prices to skyrocket, thus providing a very high base for the reference figure for the rate of inflation. Estimates therefore assume that the price increases will remain at a relatively low level until the middle of 2012, but will then pick up again.

Another major concern in Russia is the **housing** and **rent situation**. 19% of the population are worried, compared to one in four respondents (25%) last year. The high importance accorded to this issue in comparison to other countries could be due to two particular circumstances. One the one hand, there is a general housing shortage in Russia, particularly in the Greater Moscow area; and on the other hand, mortgages were prohibitive for many citizens for a long time, and real estate was overpriced. Over the course of last year, the situation did improve to the extent that conditions were better than ever before, with an average interest rate of 12% for rouble mortgage loans. The government is striving to continue reducing interest rates. The aim is to allow one in two Russian families to afford a mortgage loan to finance property by 2020. It is possible that this is why Russians are less concerned about the housing problem in comparison with just last year.

16% of respondents feel that **unemployment** is a problem which needs to be solved urgently. That means that the topic, with minus one percentage point, remains almost unchanged in third place in the list of concerns. In actual fact, the unemployment rate is decreasing and fell from 7.5% in 2010 to 6.6% in 2011. The downward trend in the unemployment rate is probably primarily due to the fact that in the current unfavourable economic climate, companies are opting to take measures such as wage cuts and reduced working hours rather than redundancies. It is likely that in this way, a further increase in the unemployment rate can be prevented in 2012 as well.

Russia – main results (2)

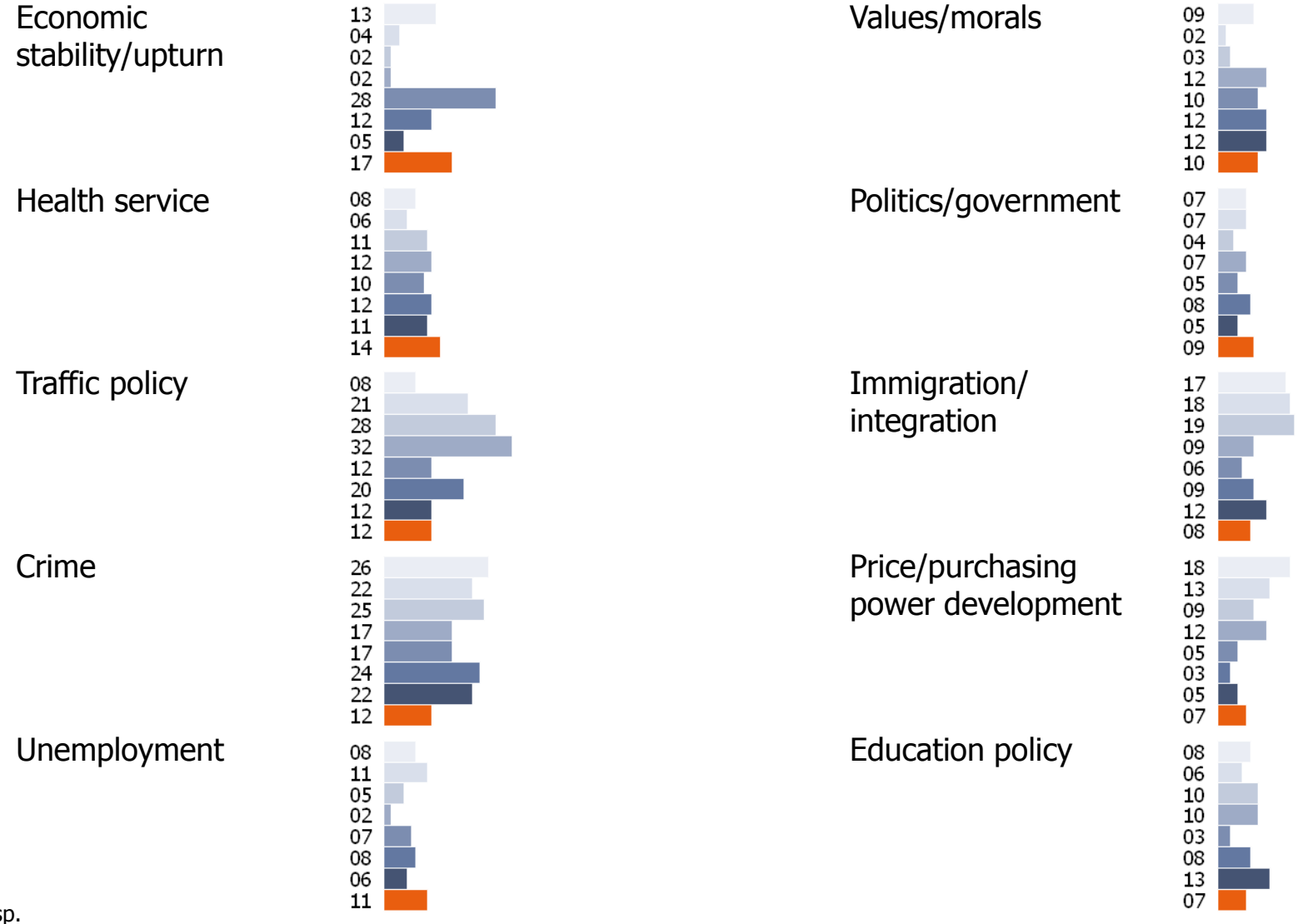
Concern about **pensions** and **old age provision** remains at a similarly high level to last year, at 14% (-1 percentage point). Since data was first collected in Russia in 2005, this topic has consolidated its position in the top five. Although the average pension in 2011 increased by 1.0% in real terms compared to the previous year, this has clearly not been able to completely satisfy citizens. One possible cause of this could be the oft pronounced and discussed OECD recommendation to increase the pensionable age. This has generated discontent in the population. Despite the fact that Putin rejected such an increase in the run-up to the presidential elections in March 2012, this is a problem that will be unavoidable in the coming years due to increasing life expectancy and the need to be able to guarantee a pension that ensures basic living costs are met.

Health care has come under growing criticism in recent years. Whilst only 4% of respondents mentioned this issue in 2009, 10% now see a need for action in the health system. The system of "gratuities" in particular could have caused this stir. Because the income of doctors and care staff is still relatively low, patients have to make informal payments, even although medical treatment is, in theory, free of charge. Furthermore, health care shortfalls are repeatedly reported. As a result of these grievances, the "Health Protection Act Russia" was adopted at the end of 2011. This guarantees citizens free medical aid and establishes national standards for medical care. It remains to be seen if and how this far-reaching reform will impact on future survey results.

Perception of **corruption** as a problem has grown constantly since 2008 and with 9% is now at its highest level since 2005. Although the situation in Russia has slightly improved according to Transparency International's Corruption Perception Index (CPI), the country was still ranked 143rd in 2011. That puts Russia well below the level of industrialised western nations, leaving it more in the company of countries such as Uganda and Nigeria. The "National Plan to Fight Corruption", which was revised in a draft bill at the beginning of the year, also shows that corruption is a key issue in Russia. However, experts lament the fact that the new version does not go far enough, as it excludes Article 20 of the UN Convention against Corruption. This means that "illicit enrichment" is not criminalised in Russia.

Challenges in the Netherlands 2012

... % of respondents mentioned as the most urgent problem to be solved in the Netherlands: (unaided replies; in %; rounded; multiple responses possible)



Base 2012: 1,000 resp.

2005 2006 2007 2008 2009 2010 2011 2012

Netherlands – main results (1)

Although concern about **economic stability** in the Netherlands had massively decreased since the year of the crisis in 2009, since last year it has once again more than tripled. 17% of respondents are currently concerned about the economy, putting the issue in first place on the agenda. It is a fact that economic growth in the Netherlands is currently sluggish at best, negative at worst. According to Eurostat, GDP fell in the two last quarters of 2011, which is a sign of recession. For 2011 as a whole, there was growth of 1.2%. The reasons for this poor economic development lie both in weakened exports and ebbing domestic demand. According to the EU Commission, consumer confidence has therefore also hugely deteriorated, reaching its lowest point since 2003 in January 2012. Overall, the Dutch, who are influenced by Protestant values, currently seem to be living according to the maxim that you should "save money for a rainy day", and are prudently putting money aside. That is because private households are particularly affected by the government's consolidating policies, including the pension cuts announced for 2013.

Currently, new public debt is at 4.5% of GDP, thus exceeding the 3% stipulated in the Maastricht criteria. In order to achieve this again, spending cuts of €18 billion have recently been introduced. This is another point of friction. According to media reports, the majority of Dutch people disapprove of granting further loans to other members of the eurozone given the problems in their own country. The outlook for the current year is just as bleak, with Eurostat predicting a drop in GDP of 0.9%. This rather gloomy mood is also reflected in the GfK Euro Climate where the Dutch are by far the most pessimistic in northern Europe in their views on business cycle expectation and income expectation.

With the economy forecast to shrink, there is an accompanying increase in concern about **unemployment**. Whilst last year only 6% of the Dutch called for the creation of new jobs, the figure has risen to 11% this year. Compared to the last few years this is a very high level. According to the OECD, the unemployment rate in 2011 remained at almost exactly the same level as the previous year at 4.4%. However, it began to increase from the middle of the year and reached 4.9% in February 2012. That still leaves the Netherlands with the lowest unemployment rate in Europe, but because of the trend towards recession, citizens seem to fear a further degradation of the situation on the labour market.

Netherlands – main results (2)

Health care is in second place in the list of worries, at 14% up from 11% last year. Since the health reform in 2006, concern about this issue has been in double-digits. This could be because the deductible amounts that those insured are liable for have been significantly increased as part of the austerity drive. Considering the economic situation and the higher unemployment rate, it can be supposed that it could become increasingly difficult for certain groups of people to cope with this additional financial burden.

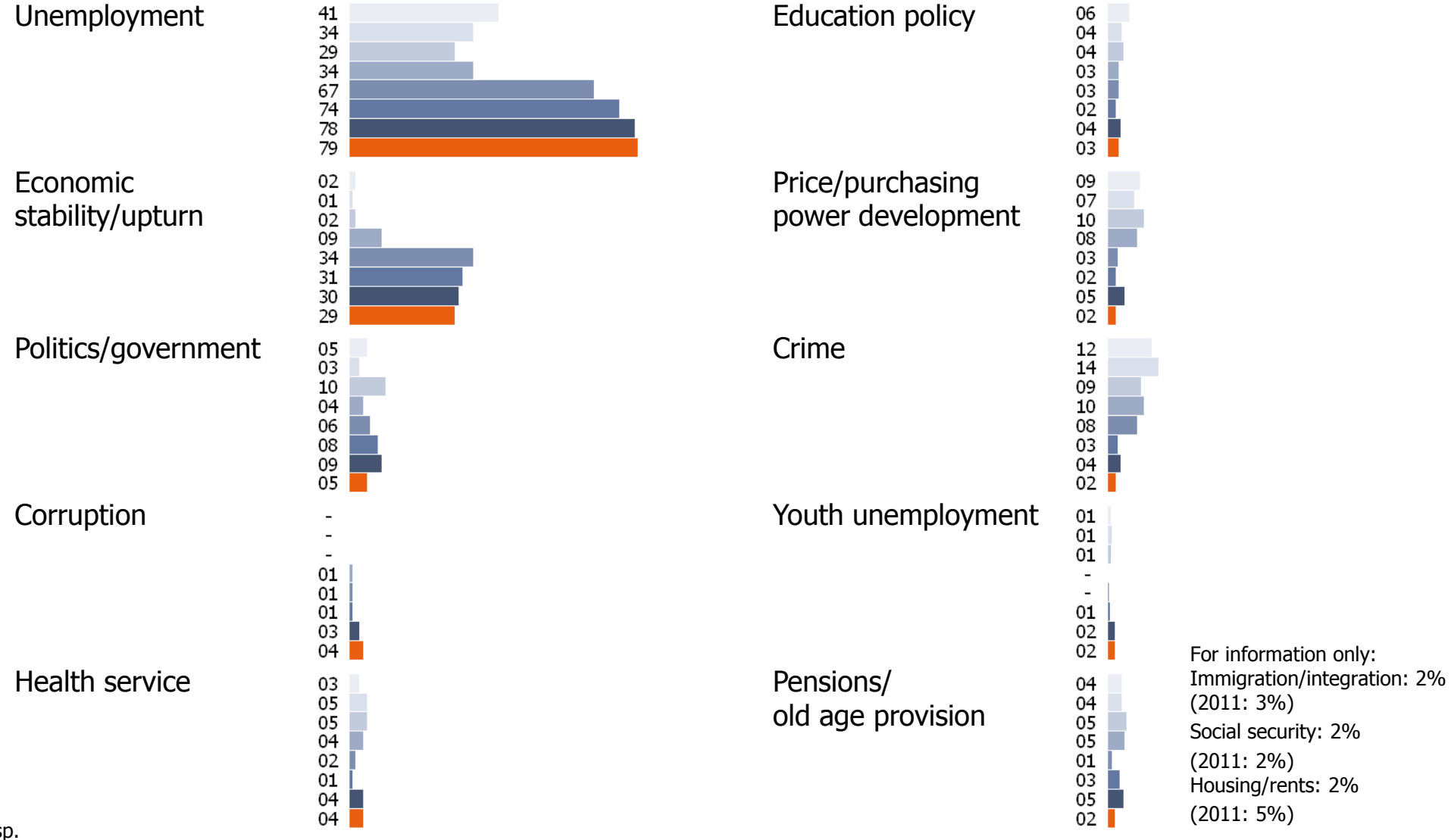
Although the issue of **transport policy** has moved up into third place on the list, the proportion of people concerned has remained constant at 12%. Discontent about the transport situation has been greater in the past, but the issue is a recurrent one in the highly populated Netherlands, which are plagued by traffic jams. The aim should therefore be to reduce traffic density. Whether or not the decision taken to increase the speed limit on the some 1,200 kilometres of motorway from 120 to 130km/h as of September 2012 will improve the situation, remains the subject of much debate.

The issue of **politics** and **government** was not in the Dutch top ten last year, but has moved up to seventh place this year. It is approaching the level of concern recorded in the election year of 2010 with 9%. Since then, a minority government composed of right-wing liberals, VVD, and the Christian democratic party, CDA, has been in power, tolerated by the populist right-wing PVV party. The draft bill for the long discussed burka ban should be viewed in this context – and was seen as a political success by the PVV. The bill forbids the wearing of any type of clothing which covers the face, and infringements are punishable with a fine of over €300. Critics, including the Dutch Council of State, view such a law as restricting religious freedom. At the end of April 2012, the PVV ultimately withdrew its support for the minority government headed by Prime Minister Rutte, because it didn't want to share the burden of billions of euros of cuts as part of the EU stability pact. Fresh elections are set to take place in September 2012.

There has been a tangible easing of concern about **crime** this year. Although this issue is still in fourth place on the list, anxiety levels have dropped considerably from over 20% in previous years to just 12% this year. It is possible that citizens were more sensitive to this issue due to the focus placed on it during the 2010 election campaign the previous year. It remains to be seen whether the planned creation of 3,000 more police jobs will lead to an increased feeling of security.

Challenges in Spain 2012

... % of respondents mentioned as the most urgent problem to be solved in Spain: (unaided replies; in %; rounded; multiple responses possible)



For information only:
Immigration/integration: 2% (2011: 3%)
Social security: 2% (2011: 2%)
Housing/rents: 2% (2011: 5%)

Base 2012: 1,007 resp.

2005 2006 2007 2008 2009 2010 2011 2012

Spain – main results (1)

Concern has been growing in Spain about **unemployment** since 2008, and the trend has continued this year, with 79% currently worried about the issue (+1 percentage point). This fear seems justified as this crisis-hit country has not managed to reduce its unemployment rate, which has been growing continuously since 2007. While in 2007, the unemployment rate was still under the 10% mark at 8.3%, it climbed to over 18% in 2009 and then again to 21.6% in 2011 due to the financial crisis. In January 2012, a high was reached with 23.3% of the active population out of work. This is currently the highest value within the European Union. Both the Spanish central bank and the International Monetary Fund estimate that the unemployment rate will grow again over the course of 2012. In order to achieve fundamental improvements in the situation on the Spanish labour market, the new conservative government headed by Prime Minister Mariano Rajoy (Partido Popular) adopted a fundamental labour market reform in February 2012. This reform programme contains provisions to reduce redundancy compensation packages, increase contractual flexibility and flexibility for companies, for example by means of government supported reduced working hours, and improve vocational training taking the the German dual vocational training system as an example.

Youth unemployment is only seen as problematic by 2% of respondents, but it is more than likely that many Spaniards saw this issue as a sub-category in the umbrella problem of unemployment. While in 2006, according to Eurostat, around 18% of under-25s were jobless, this rate rose sharply, reaching 46.4% in 2011. The principal target of the new reform programme is to create new jobs for young people. Young people who want to become self-employed will be financially supported and small businesses will receive a €3,000 premium for hiring someone aged under 30. The success of these measures remains to be seen.

Worries about **economic stability** have been ebbing slightly since 2009, but with a value of 29% (2011: 30%), this issue is still ranked second. It is true that the southern European country has just put a two-year recession behind it and that an increase in GDP of 0.7% was recorded in 2011. However, the forecast is once again for a downturn in 2012. According to Eurostat, the economy is set to shrink by 1%. This is also due to the current European debt crisis, which Prime Minister Rajoy wants to counter with radical austerity measures.

Spain – main results (2)

Politics and **government** are still in third place in the Spanish list of concerns with 5%, but this issue is seen as less important than in 2011 (2011: 9%). The Spanish government handover in November 2011 is most likely the primary cause for this trend towards a more positive rating of political affairs in the country. Following steadily falling credibility ratings for former Prime Minister Zapatero during his time in office, he announced in April 2011 that he would no longer run for a third term. In the legislative elections which were brought forward to 20 November last year, Spain expressed its dissatisfaction with Zapatero. The socialist party achieved its worst result since 1975 and the conservative Partido Popular scored a clear victory.

Corruption was mentioned by 4% of respondents, making it the fourth biggest perceived challenge facing the country. Last year the issue didn't make it into the top ten, although the problem received almost as many mentions with 3%. The increased importance of the topic this year corresponds with the findings of Transparency International's Corruption Perception Index, which indicates that Spain, along with Greece, Italy and Portugal, has one of the highest corruption perception levels in the European Union. In reality, prominent politicians of all political leanings are again and again being publically denounced for their involvement in bribery affairs. As recently as last autumn, the former head of government in the Spanish region of Valencia, Francisco Camps, was forced to step down following a corruption scandal. A further reason for the relatively high importance of the topic may well be due to the scandal surrounding Urdangarin, the son-in-law of King Juan Carlos. He has been accused of embezzling taxpayers money using a charitable foundation. Because of the ongoing trial, this issue is in the public spotlight.

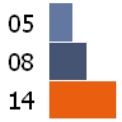
Once again, 4% of Spaniards have voiced their concern about **health care**. However, this issue has moved up the list from tenth to fifth place. Developments are set to be interesting next year, too, as the health system is not exempt from the economic crisis and many regions of Spain are taking cost-cutting measures. Doctors and care staff are being made redundant and contracts are not being renewed. In 2012, the additional payment patients make for medicines is to be significantly increased. However, these cuts are clearly not really being felt yet by citizens.

Challenges in Sweden 2012

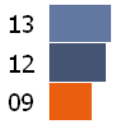
... % of respondents mentioned as the most urgent problem to be solved in Sweden: (unaided replies; in %; rounded; multiple responses possible)

Unemployment

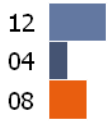
Youth unemployment



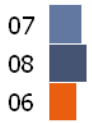
Environmental issues



Economic stability/upturn



Immigration/ integration



Education policy

Health service

Pensions/ old age provision

Care of aged

Social security

Base 2012: 1,000 resp.

2010 2011 2012

© 2012 GfK Verein :: Challenges of Europe 2012

Sweden – main results (1)

As in the past two years, **unemployment** tops the Swedish list of worries this year. However, the number of mentions it receives has dropped by a further 3 percentage points to 29%. This result corresponds with actual developments, as the unemployment rate has fallen by almost a whole percentage point, from 8.3% and 8.4% in 2009 and 2010 respectively to 7.5%. The reason that this sharp fall in unemployment has not led to an even more optimistic evaluation by the population may well be that forecasts for the coming two years are rather pessimistic. Although 90,000 new jobs were created in Sweden between 2010 and 2011, this number is expected to fall to 5,000 in 2012/2013. Furthermore, the positive growth of the active population (16-64 years old) has a negative effect on the employment rate. It is therefore estimated that the unemployment rate will rise to 7.9% in 2012.

The biggest increase of concern in Sweden is with regard to the issue of **youth unemployment**. 14% of Swedes – that's six percentage points more than just last year – believe that this topic is the one of most pressing in the country. Despite the slight decrease in unemployment in the under-25 age bracket, from a historical high of 25% in 2009 to 22.9% in 2011, the labour market situation for young people remains strained. This is also underpinned by the fact that 39% of the long-term unemployed in Sweden are young people. The high youth unemployment rate is also due to a particular facet of labour legislation, which stipulates that a "last in, first out" policy must be followed, independent of qualification for the job. Due to the difficult situation, discussions are ongoing in Sweden about relaxing labour protection laws and introducing a special entry wage for young people, set at 75% of the standard minimum wage.

The issue of **environmental protection** is identified by 9% of the population as a problem area, and has slid from second into third place this year (-3 percentage points). The Swedish government set an energy programme in motion in 2009 which includes provisions for reducing energy consumption and massively expanding the use of wind energy, but also for building new conventional reactors to replace decommissioned nuclear power stations. Following this programme's reconfirmation in mid-2010, the topic seems to be retreating somewhat into the background. Despite this, environmental protection in Sweden in comparison to other European countries is an issue with heavy political and social weight. Recently, Stefan Löfven, the new chairperson of the Social Democrats, who is a known supporter of nuclear energy, polarised political discussion on the future of energy supply.

Sweden – main results (2)

Concern about **economic stability** has doubled in Sweden in comparison to last year, going from 4% to 8%. The increasing level of concern could be due to the fact that GDP "only" grew by 3.9% in 2011, whilst the growth rate in 2010 was 6.1%. And economic growth is set to slow down further in 2012, with a forecast rate of 0.7%. An important reason for increasingly sluggish growth could be the euro crisis and the heavy dependence of the Swedish economy on exports to Europe: after all, this is where 70% of Swedish exports are headed. The figures speak strongly for themselves. Overall, exports grew by 6.8% in 2011, but only by 0.6% in the last quarter of the year. The euro crisis thus seems to be having a particularly negative effect on the country's economic stability. This context seems to have led to Sweden's economic strength being evaluated rather pessimistically by the population.

The linked topics of **pensions** and **old age provision**, and **care for the elderly**, have both recorded slightly higher levels of concern. The increase is of one percentage point in comparison to last year, meaning that the percentage of mentions reaches 4% for both. The reason for this could be the public debate, which was sparked almost at the same time as the survey started, regarding an increase in the pensionable age to 75, especially given that with an average retirement age of 64.3 years old, Swedes are already retiring very late by European standards. The suggestion to increase the pensionable age was made by Fredrik Reinfeldt, the prime minister of Sweden. He put forward the argument that it would be easier to integrate older employees back into the labour market if they were expected to work for longer. Furthermore, according to him, increasing life expectancy should be linked to an increase in the number of years worked. These remarks unleashed a wave of outrage in Sweden. Furthermore, the percentage of the very elderly, or the over-80s, is higher in Sweden than in other European countries and it is expected that this high proportion will continue to rise in the coming years. It is therefore hardly surprising that concern about the consequences of this for the pensions system and care for the elderly is reflected in the survey's results.

Overall, however, the **extent of worry** recorded in Sweden is still very low, especially when compared with France and Germany.

Economic indicators at a glance

Selected economic indicators of each country

Country	Growth rate GDP (real)in % (2011)	Unemployment rate ILO in % (2011)	Unemployment rate ILO in % (2010)	Inflation rate in % (2011)
Belgium	1,9	7,2	8,3	3,5
Germany	3,0	6,0	7,1	2,3
France	1,7	9,7	9,8	2,1
Italy	0,4	8,4	8,4	2,8
Netherlands	1,2	4,4	4,5	2,3
Austria	3,1	4,2	4,4	3,3
Poland	4,3	9,7	9,6	4,2
Russia	4,3*	6,6*	7,5*	8,4
Sweden	3,9	7,5	8,4	3,0
Spain	0,7	21,6	20,0	3,2
UK	0,8	8,1	7,8	4,5
Greece	-6,9	17,7	12,6	3,3
EU (27)	1,5	9,7**	9,7**	3,1**
	c.f. Eurostat (As in März 2012)	c.f. OECD (As in April 2012)	c.f. OECD (As in April 2012)	c.f. OECD (As in März 2012)

*c.f. http://russland.ahk.de

**c.f. Eurostat

Challenges in Germany 1990-2012

... % of respondents mentioned as the most urgent problem to be solved in Germany: (unaided replies; in %; rounded; multiple responses possible)

unaided replies	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Unemployment	36	39	39	62	66	61	81	79	86	71	66	59	74	75	77	81	80	67	53	57	66	55	34
Price/purchasing power development	7	13	8	9	7	7	4	5	4	2	5	15	14	10	9	11	11	18	37	13	24	33	26
Economic stability/upturn	7	10	9	14	13	7	7	7	5	4	4	4	11	16	16	12	8	6	7	36	26	14	24
Politics/government	2	1	3	3	4	1	2	3	3	2	4	3	6	7	8	8	6	7	9	10	10	12	13
Pensions/old age provision	6	4	3	10	9	10	17	15	14	10	17	15	12	18	20	12	18	18	23	9	19	17	13
Environmental issues	29	23	16	15	15	23	13	6	5	4	6	11	5	4	3	3	5	16	12	7	10	14	12
Education policy	1	1	1	1	1	1	1	1	3	3	3	4	5	4	6	7	9	10	17	14	14	23	12
Poverty*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2	3	10	6	5	6	12
Social security	5	4	4	11	6	8	9	8	9	7	7	7	8	12	13	7	10	8	13	13	17	25	11
Health service	-	2	4	10	4	2	3	4	6	2	6	5	5	15	14	7	15	13	12	10	21	19	11
Tax policy	2	4	3	3	3	4	5	7	4	4	7	5	7	6	5	5	6	9	11	7	10	12	9
State finances	3	7	7	8	5	6	7	9	10	8	3	5	3	8	5	3	6	7	2	9	12	8	9
Family policy*	-	-	-	-	-	-	-	-	-	-	-	4	4	2	2	4	7	9	8	9	7	13	9
Crime	1	2	7	9	18	19	13	9	19	9	10	10	17	10	7	6	6	10	13	8	15	17	7
Immigration/integration	6	38	68	31	24	20	18	15	12	11	11	13	13	7	6	7	13	7	9	7	8	16	7
Base:	3986	2898	3031	2992	2141	2455	2427	2521	2486	2492	2451	2452	2022	1959	1979	1955	1974	1971	2010	2072	2063	2076	2087

*Never among the most important challenges in previous years

Challenges in Germany
West Germany 1990-2012

... % of respondents mentioned as the most urgent problem to be solved in Germany: (unaided replies; in %; rounded; multiple responses possible)

unaided replies	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Unemployment	31	30	31	58	63	58	80	77	84	69	64	55	71	73	75	80	79	64	51	55	64	53	32
Economic stability/upturn	-	5	5	12	13	6	6	7	5	4	4	4	11	16	17	12	7	5	6	38	27	14	25
Price/purchasing power development	5	15	10	11	7	8	4	5	4	2	5	14	12	9	9	11	10	16	37	13	22	31	24
Politics/government	1	1	3	3	4	1	1	3	3	2	4	3	6	6	8	8	5	6	9	10	10	11	14
Pensions/old age provision	6	3	3	11	10	11	19	17	16	11	19	16	13	19	22	14	20	19	24	9	19	18	13
Environmental issues	32	26	18	17	17	26	15	7	5	5	7	13	6	5	3	3	5	16	14	8	11	14	13
Education policy	1	1	1	1	1	1	1	1	3	3	3	4	5	5	7	7	9	10	17	14	14	23	12
Poverty*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2	3	9	5	5	6	11
Social security	2	2	2	10	5	7	8	6	9	6	6	7	7	11	11	7	9	7	12	12	17	24	10
Health service	-	2	5	12	5	2	3	5	6	2	6	5	5	16	15	8	15	13	12	10	21	17	10
State finances	3	8	8	10	6	7	8	10	11	9	3	5	4	8	6	3	6	7	2	10	13	8	10
Tax policy	2	5	3	4	3	4	5	8	5	4	8	6	7	7	5	5	7	9	11	7	11	12	10
Family policy*	-	-	-	-	-	-	-	-	-	-	-	4	4	2	2	4	7	10	8	9	7	13	9
Immigration/integration	7	44	73	35	28	23	20	17	14	10	12	13	15	7	7	6	15	8	10	8	9	17	7
Crime	1	2	5	8	16	18	11	8	17	9	8	9	17	9	6	6	6	10	13	7	15	16	7
Base:	2037	1942	2028	1997	1708	1945	1932	2002	1975	1979	1946	1952	1607	1557	1575	1560	1575	1575	1614	1666	1669	1723	1732

*Never among the most important challenges in previous years

Challenges in Germany
East Germany 1990-2012

... % of respondents mentioned as the most urgent problem to be solved in Germany: (unaided replies; in %; rounded; multiple responses possible)

unaided replies	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Unemployment	55	75	73	80	78	74	86	85	92	78	76	79	87	82	84	86	85	76	63	63	73	68	45
Price/purchasing power development	17	6	2	2	6	2	4	4	6	3	5	20	14	14	10	13	13	27	39	15	31	43	39
Economic stability/upturn	33	29	27	21	11	12	10	8	7	4	3	4	12	14	14	15	10	6	10	29	22	14	18
Social security	15	12	11	16	12	13	15	14	11	9	8	9	13	16	20	9	16	12	18	18	17	32	14
Pensions/old age provision	6	6	3	4	5	6	8	7	7	7	8	11	6	13	12	6	12	11	17	9	17	16	13
Politics/government	6	3	4	5	2	0	2	3	4	1	4	2	7	11	6	8	9	10	12	12	12	17	12
Poverty*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	1	3	4	13	6	6	7	12
Health service	-	1	1	0	1	1	1	2	5	2	4	5	5	10	11	4	15	12	10	12	21	25	12
Education policy	3	2	1	1	1	1	0	0	2	3	2	3	4	3	6	5	9	8	16	13	13	22	9
Family policy*	-	-	-	-	-	-	-	-	-	-	-	3	3	1	3	4	7	9	6	9	8	12	9
Crime	2	3	16	13	24	25	19	13	26	9	16	13	16	11	8	8	7	10	13	13	15	21	8
Environmental issues	16	9	6	6	6	11	6	4	3	1	2	7	4	0	2	4	5	14	5	3	6	14	7
Tax policy	0	1	1	1	1	2	3	4	2	3	3	4	4	2	3	3	3	5	8	5	7	11	7
Care of aged	-	-	-	-	-	-	-	-	-	0	1	0	0	0	1	0	1	3	6	2	3	3	5
State finances	1	1	1	2	1	1	3	3	6	6	1	3	2	6	3	1	5	4	3	8	10	5	4
Base:	1949	956	1003	995	433	510	495	519	511	513	505	500	415	402	404	395	399	396	396	406	394	353	355

*Never among the most important challenges in previous years

© 2012 GfK Verein :: Challenges of Europe 2012