

# Findings relating to Germany of the GfK "Challenges of Europe" survey for 2008

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Nuremberg, July 9, 2008 – The improvement in the job market is having an effect and for the second time in a row, German concern about unemployment has markedly declined. Responding to the question of what the major challenges confronting Germany were in April 2008, a total of 53% of respondents named unemployment, whereas just two years ago, at 80%, the proportion was still much higher. On the other hand, concerns about price and purchasing power have increased, and this applies also to pensions and education policy.

Although Germans are worrying less about unemployment, it remains a matter for concern. For the second time in a row, unemployment worries were markedly down by 14 percentage points to stand at 53% in 2008 (2006: 80%). In fact, last year, the rate of unemployment fell to 8.4%, even dropping to 7.4% in the first quarter of 2008 to run at the low levels of 2000 and 2001. Along with the positive economic climate, the reason for this pleasing development was the mild winter and the "demographic factor". An increasingly geriatric society means that the available labor force is continuing to decline, while at the same time, there are more training places on offer, so that youth unemployment has also dropped down slightly from 11% (2007) to the current level of 9%.

### Increasing fears regarding price development and purchasing power

Concerns relating to the trend price and purchasing power development have absolutely rocketed. Last year, at 18%, the issue was already ranked second in the list of the most important challenges and with concern now virtually doubling to 37%, this has now become immensely important. At the heart of the issue are the high energy and petrol prices, price development in general and the demand for a more equitable distribution of incomes.

The general subject of pensions, traditionally an important issue for Germans, has also gained in significance. At 23%, this is currently the No.3 of the major concerns and worries about education policy have also leapt up to 17% to make a first appearance at the top end of the list of concerns.

### Environmental issues continue to be a major concern

Environmental issues are becoming increasingly important to the population. Although the percentage has dropped from last year's level of 16% to the current 12% for green issues, the level of concern remains very high. Last year, the world climate report and the corresponding public debate caused a trebling of the level of concern. Even one year later, climate change, its consequences and the potential measures which might be taken to combat it remain high on the agenda of public interest. As a result, at the end of 2007, the German government passed a "climate protection package", with a second raft of measures likely to follow shortly. However, reducing CO2 levels can only be accomplished with international cooperation and the Bali summit achieved no binding agreement and met with public criticism. This may well be the reason why 3% of German explicitly mention "climate" as a pressing issue.

### Social security and poverty move into the spotlight

This year, 13% of Germans said they were worried that the social security blanket had become that much more threadbare. With growth of 5 percentage points, this issue now ranks No.5 on the list and the fast growth of concern about poverty should also be interpreted in the context of concerns about social security. Not on the list at all prior to 2005 in Germany and now standing at No.10 on the list, with the number of worried Germans trebling since last year, poverty has become a growing concern.

### More fears concerning unemployment in the East

The importance of unemployment as a major concern is in decline in both East and West Germany, although at 63%, respondents living in Eastern Germany are rather more anxious than their counterparts in the Western part, 51% of whom put unemployment at the top of their list of concerns. This can be explained by the fact that unemployment has been running at a consistently high level in what was formerly East Germany. However, the relaxation of concern about unemployment is equally evident in both regions.

As far as fears relating to prices and purchasing power are concerned, attitudes in the East and the West of Germany are roughly the same. Both are negative and in the two regions, concern has grown strongly to its current level of 39% in the East and 37% in the West.

### Prices, purchasing power and the job market affect everyone

In a breakdown of social worlds, although there are naturally some major disparities in different perceptions of the issues, in some areas, Germans are unanimous, irrespective of social world.

For example, the job market situation is a matter for concern of all the survey subjects, regardless of social world. Working class people with simpler lifestyles were most worried, while those not as directly affected or no longer affected by the difficult situation on the job market, such as pensioners or trainees, had fewer fears. On the other hand, trainees regarded youth unemployment in a much more critical light.

There was also broad agreement on price and purchasing power trends, which concerned people in all social world categories equally. Only trainees and students were less worried.

However, the subject of education position was markedly more relevant to the younger age groups, with members of the upper classes of society also showing slightly a level of concern which is above average concern.Â

Although not personally affected, issues like social security and poverty were a matter of disproportionately high concern to the more affluent Germans, although lower and middle income groups and pensioners also voiced increasing anxiety. Pensioners, in particular, were much more highly critical of how secure pensions and old age pensions were than other groups. Conversely, working class Germans with simpler lifestyles and trainees were somewhat more relaxed on the subject.

#### The survey

The findings for Germany indicated have been extracted from the "Challenges of Europe" survey conducted in April by GfK Marktforschung for GfK-Nürnberg e.V. and are based on interviews with 2,000 subjects. Details on the findings for Europe will be published end of July in the form of a GfK Press Release.

The survey is based on an open-ended question asked in the same form every year: "In your opinion, what are the most urgent issues to be resolved currently inâ€¦(the country concerned)?" The survey subjects are not limited in any way as to their responses and multiple answers are possible.

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