

SATISFACTION IN WEST GERMANY 1978-1988

No general dip but more inequality

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Summary

The economic recession hit West Germany in the years 1980 and 1981: Real income and private consumption decreased by some 2% in these years, while unemployment rose from 4% to 6%. In 1982 a recovery set in: Incomes and consumption have grown about 3% annually since this time, but unemployment has risen to 9% and has remained at that level.

Satisfaction was measured before (1978) during (1980) and after (1984, 1988) the recession. Life satisfaction appears to have remained at the same level throughout the recession; income satisfaction declined slightly in 1980 and 1984; but job satisfaction seems rather to have increased somewhat. Though average satisfaction remained fairly stable throughout the recession, inequality in satisfaction has augmented. This is most clear in the case of income satisfaction: in the lowest income quintile the dip in income satisfaction is most pronounced. Welfare development since 1978 shows a polarization between secure, established majorities and endangered minorities.

1. INTRODUCTION

The question addressed in this chapter is whether the economic recession has affected subjective well-being in the Federal Republic of Germany. To answer this question we will first consider the recession itself. To what extent did it hit West Germany and did it afflict all Germans equally severely? (section 2). Next we will focus on satisfaction as measured in periodic surveys. Did satisfaction decline during or shortly after the recession? (section 3). It will appear that average satisfaction remained fairly stable through the recession and that job satisfaction increased rather than decreased. This leads us to two further questions. First whether the stable averages veil a growing inequality in satisfaction and second how the recession could boost job satisfaction (section 4).

2. THE RECESSION IN WEST GERMANY

The world wide recession did not halt at the borders of West Germany. Though the country was not as badly afflicted as most first world countries, it did witness two years of income decline and a lasting rise in unemployment. This development is documented in the [figures 1, 2 and 3](#), based on data from Zapf (1986) and Wiegand (1988).

All these figures show that West Germany has gone through an earlier recession in the years 1973-75 (the 'oil-crisis'). Income growth has restored after that first crisis, but unemployment remained at a level of about 4%. In 1979 another recession set in, which involved slight income decreases in the years 1980 and 1981 and a further rise of unemployment. Since 1982 income growth restored by some 3% yearly but the rise of unemployment continued until 1986 and has stayed at a level of 9% since then.

The recession did not afflict all German citizens equally severely. Financially it hit the lower income categories in the first place. As can be seen in [figure 4](#) only the lowest income quintile made a step back in 1980. This category also profited less from the economic recovery in 1984. [Figure 5](#) shows the same development in another way: the net income development of employed and retired persons decreased since the end of the 1970s and has had no improvements through 1985. Welfare expenditures declined relatively in the years 1982 and 1983 in spite of a growing number of welfare dependants.

The pains of unemployment are not equally distributed either. The recession brought a concentration of unemployment among the lower educated and created a growing number of long-term unemployed persons. The percentage of persons who have been unemployed for longer than one year grew from 18% at the beginning of the recession to 33% in 1987.

3. AVERAGE WELL-BEING THROUGH THE RECESSION

Data on satisfaction are available from the German Welfare Surveys¹ held in 1978, 1980, 1984 and 1988. These surveys combine the American tradition of research on happiness with the Scandinavian tradition of research into level-of-living, life chances and participation. The focus is on the relationship between objective living conditions in various domains of life and their subjective perception and evaluation.

The four surveys involve items on the overall assessment of life (life satisfaction, happiness, anxiety, loneliness, anomie), satisfaction with various domains of life (i.e. income, housing, health, household and family, social relations and private networks, education, labor market and employment, political participation and public affairs, environmental protection), attitudes and orientations toward the welfare state, and individual value orientation. All satisfactions were measured by single direct questions rated on an 11 point scale (0 = completely dissatisfied, 10 = completely satisfied).

The general picture that emerges from those four surveys in West Germany is that of an affluent society with high objective and subjective levels of welfare, considerable inequalities, but only low cumulations of negative living conditions and dissatisfaction.

How did subjective well being develop between 1978 and 1984? **Figure 6** shows that we are dealing with a high and stable level of general well-being.

1. Satisfaction with life as a whole hardly varies between 1978, 1980, 1984, and 1988.
2. Satisfaction with household income declines only slightly between 1978 and 1984, climbing somewhat again in 1988.
3. Satisfaction with the living standard remains almost constant.
4. Job satisfaction increases somewhat.

This pattern of overriding stability is probably due to the high level of objective welfare in West Germany, which allows the 'absorption' of short term economic dips (see Berger and Mohr, 1986, and Diewald and Habich, 1988).²

Overall satisfaction

The development in welfare in the Federal Republic of Germany over the past ten years can be summarized by saying that the global indicators of well-being reflected a high and stable level of welfare in the population, despite the decline in real income in the early 1980s. This assertion is documented by the indicator of 'satisfaction with life as a whole'. The net results of the evaluation and review of all circumstances of life were positive, at last. Between 1978 and 1988, little, if any, significant change is detectable. Our interpretation of this trend is that minor losses of welfare, if they affected everyone, were not important.

Domain satisfaction

Is this result due to our selection of satisfaction items? To make sure we inspected all other items as well (see **figure 7**). Here we can see a comparable pattern of minor variation in different directions. On the whole, there were few apparent serious changes in satisfaction with individual domains of life.

1. Naturally, we find a greater range in the statements about satisfaction. The spread of the mean values in 1978 went from 9.0 to 5.0, for example. In 1984 the lowest mean value (satisfaction with the environmental protection) was 3.8. 'Private' areas of life were usually given a high positive rating, with 'public' areas tending to be rated less favorably.
2. The aggregate stability in many areas of life from 1978 to 1988 contrasts with clearly positive negative changes of subjective well-being. Satisfaction with marriage or partnership, family life, household income, and environmental protection declined significantly between 1978 and 1984, whereas satisfaction with education and job satisfaction increased.

Together one can speak of a rather stable development in the individual domains of life as well. Certain setbacks from 1980 through 1984 have been balanced out by 1988.

4. GROWING SPLIT IN SOCIETY?

Changes in satisfaction are greater if we look at specific social categories in West German society. **Table 1** (page 97) compares the satisfaction scores of an advantaged category (Dual Income No Kids) with six disadvantaged categories (low incomes, unemployed, disabled, large families, single elderly women, pensioner couples). It appears that the dip in subjective well-being is less deep than average among the privileged and deeper than average among the disadvantaged.

Polarization in income satisfaction

The case of income is the most illustrative. As we have seen in section 2 the recession was followed by a growing income inequality. This development has been observed in other welfare states as well and is currently referred to in terms of 'new poverty' and the 'polarization' of society. Our data show how objective developments of income have been subjectively 'dealt with' by the population from 1978 to 1988 (see [figure 8](#)). It is very clear that subjective indicators (in this case, satisfaction with household income) are sensitive to changing objective living conditions. Satisfaction with household income has increased in almost all groups again, surely a result of the increase in real income. However, the differences between the satisfaction rating given by the lowest group and that given by others persist, just as the objective disparity does. We interpret this development as an indication of a growing split in society.

The situation confronting certain disadvantaged groups (especially minorities) is getting worse while other groups are maintaining, indeed even improving, their subjective level of well-being.

Polarization of perceived employment chances

Since the end of the 1970s, the unemployment rate in West Germany has risen steadily, remaining about constant at a 9% since 1983-1984, although the number of gainfully employed persons in the same period has increased by more than half a million. The changes since that time have primarily concerned the structure of unemployment. A growing share of unemployed persons is 'problematic' in some way.

We now ask whether and how the majority - those persons who have a job - has reacted to this development on the labor market. Has the crisis of the labor market also had an impact on how employed persons perceive and assess their own situations, their own jobs, their own positions on the labor market? Do the assessments that employed persons make of their personal work situation reveal that they, too, feel affected, if only potentially?

The development of various subjective indicators confirm that this was indeed the case from 1980 through 1984. Job satisfaction increased during the first half of the 1980s. A significant part of this increase seems to have been due to the changes on the labor market. Between 1980 and 1983, the unemployment rate increased sharply. Not only that, the chances of finding an equally good job when one's current job was lost - the indicator we are calling 'Job Opportunities' (see [figure 10](#)) - were considered by gainfully employed persons to be much less favorable in 1984 than the years before. Moreover, the worse the chances were rated, the greater job satisfaction was reported to be (see [figure 9](#)). The increase in job satisfaction is thus attributable to an increase in the relative value of a job. The mere fact that one has a job seems to enhance job satisfaction.

Other indicators, too, support the supposition that many gainfully employed persons in 1984 felt affected in their own work situation by the steep increase in unemployment up to that time. In an assessment of various job characteristics, the importance of 'job security' ranked even higher in 1984 than in 1980 - 55% in 1980, 64% in 1984 and then 56% again in 1988 for men and respectively 45%, 59% and 53% for women. Furthermore, when gainfully employed persons and persons not gainfully employed are compared for their assessment of their chances on the labor market - the indicator 'job opportunities' - we find a much smaller gap between the two groups in 1984 than in 1980.

To what degree do gainfully employed persons feel affected in 1988, after four or five years of persistent, high unemployment? All indicators - whose development from 1980 through 1984 suggests that employed persons, too - were affected by that period's ever clearer social problem of unemployment were reversed from 1984 to 1988.

1. Subjective appraisals of one's opportunities on the labor market were again considerably more favorable.
2. The gap between persons who are gainfully employed and persons who are not has widened again.
3. Job satisfaction has remained constant.
4. Subjective appraisals of chances on the labor market and job satisfaction no longer have a discernible relation.
5. Job security is no longer valued as highly as it was in 1984.

These results certainly cannot be interpreted to mean that the subject of unemployment has become passé for most people. We know that the creation and protection of jobs is still considered the most important political task. What we would conclude, however, is that the divergence in personal grievances between persons who have jobs and those who do not has widened. Unemployment functions as a crisis in selection. Not only by excluding the minority called the 'unemployed' from the normal social process, but also by excluding the problem of 'unemployment' from the personal situation of people who have jobs. The fact of being unemployed remains for the unemployed; the potential of becoming unemployed is shrinking for the others.

This development in the life domain 'labor market' can also be described as a growing split between the secure majority from minorities who have fallen by the wayside in the competition for ever scarcer paid work. The danger is great that these minorities will be neglected. For one thing, they are made up of small, very different categories whose interests are not represented in the way that those of employed persons are. For another, the well-situated majority cannot be expected to speak up for the concerns of these categories. Indeed, our results show that the 'job-holders' feel themselves less and less affected by the problem and that they are thereby becoming subjectively estranged from the unemployed.

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NOTES

- ¹ The surveys were developed under the direction of Wolfgang Zapf in the Special Research Group 3 'Microanalytic Foundations of Social Policy' (Sonderforschungsbereich 3) of the University of Frankfurt and the University of Mannheim, a research unit funded by the German Science Foundation from 1979 to 1990. For more information see Siara, Ch. (1980), *Komponenten der Wohlfahrt Campus: Frankfurt*; Glatzer, W. and W. Zapf (eds.) (1984), *Lebensqualität in der Bundesrepublik: Objektive Lebensbedingungen und subjektives Wohlbefinden Campus: Frankfurt*; Zapf, W. et al. (1987), 'German Social Report' in: *Social Indicators Research* 19 (1987), pp. 5-171.
- ² See Berger, R. and Mohr, H.-M. (1986), 'Lebensqualität in der Bundesrepublik 1978 und 1984', *Soziale Welt* 37, number 4, pp. 25-47; and Diewald, M. and Habich, R. (1988), 'Gesellschaftliche Entwicklung, Wandel der Sozialpolitik und Konsequenzen für die Verbraucherpolitik', *Verbraucherpolitische Hefte* Nr. 7, Dezember 1987, pp. 11-28.

FIGURE 1
Unemployment rate 1950-1986

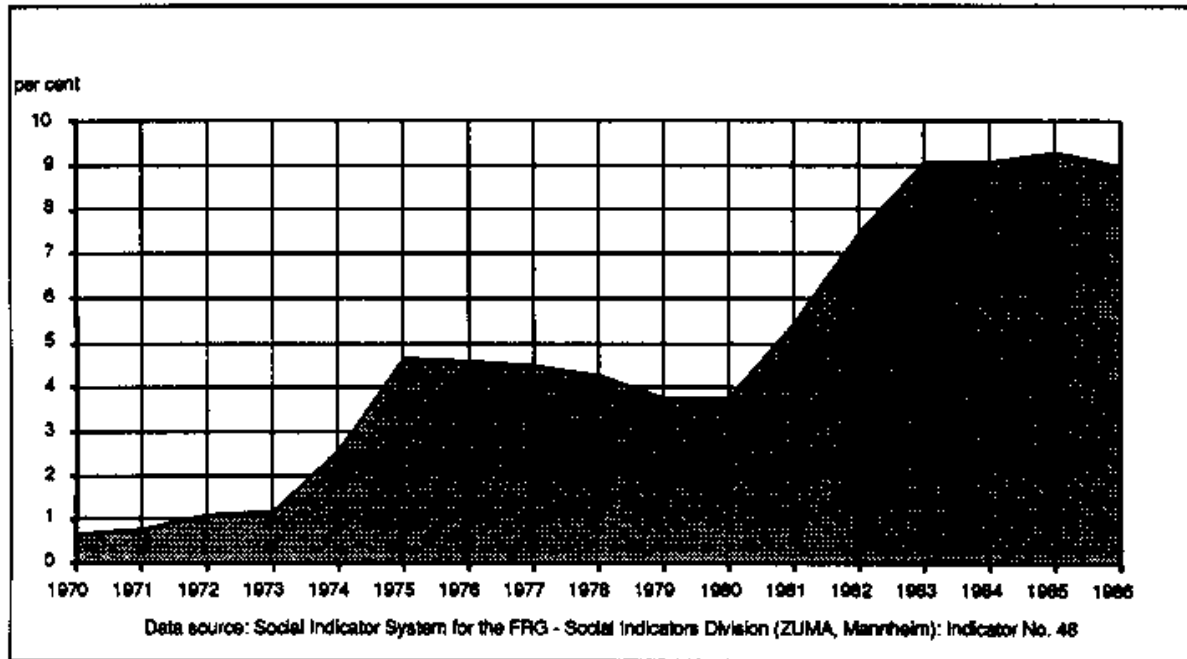


FIGURE 2
Growth rate of real net income per capita

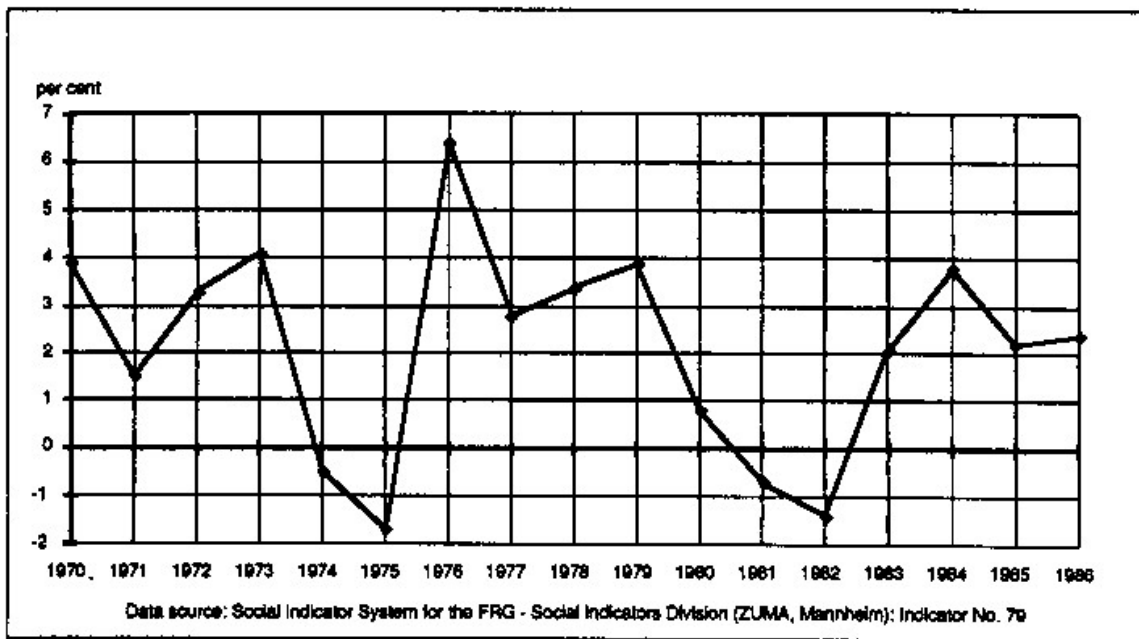


FIGURE 3
Growth rate of private consumption per capita

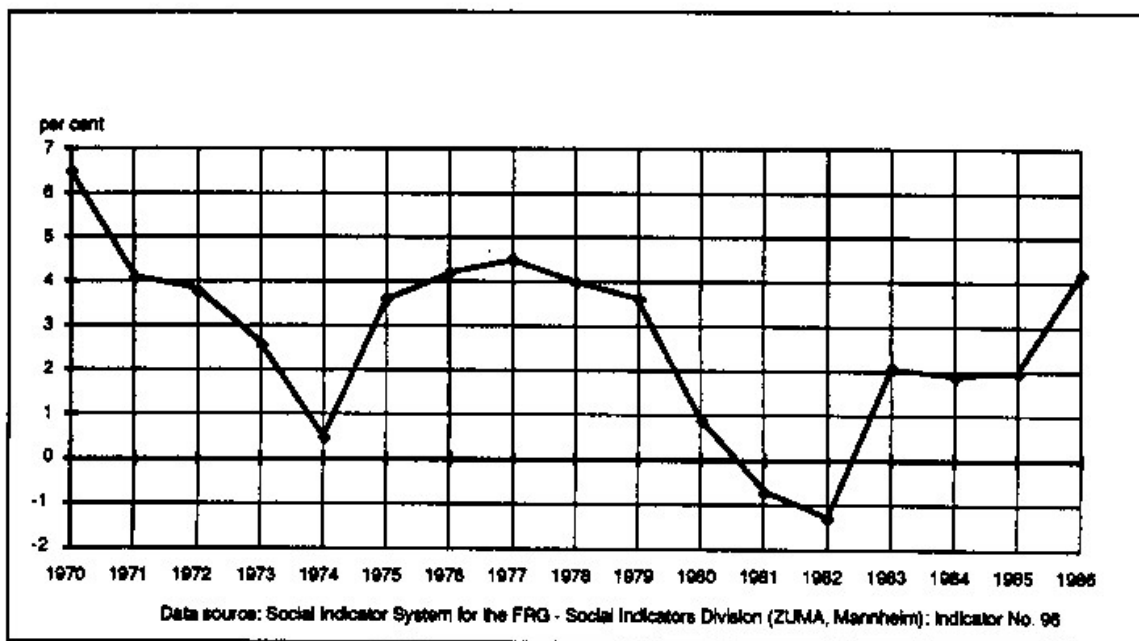


FIGURE 4
Household income 1978-1988: total in DM and %-changes (1978 = 100)

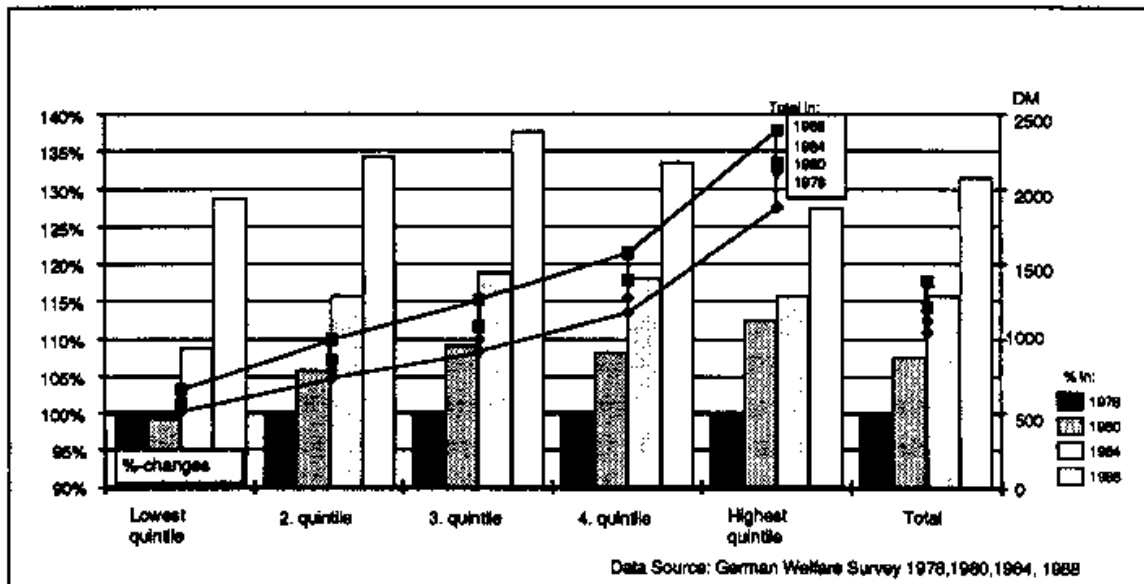


FIGURE 5
Net earnings and net retirement pensions: annual changes 1975-1985

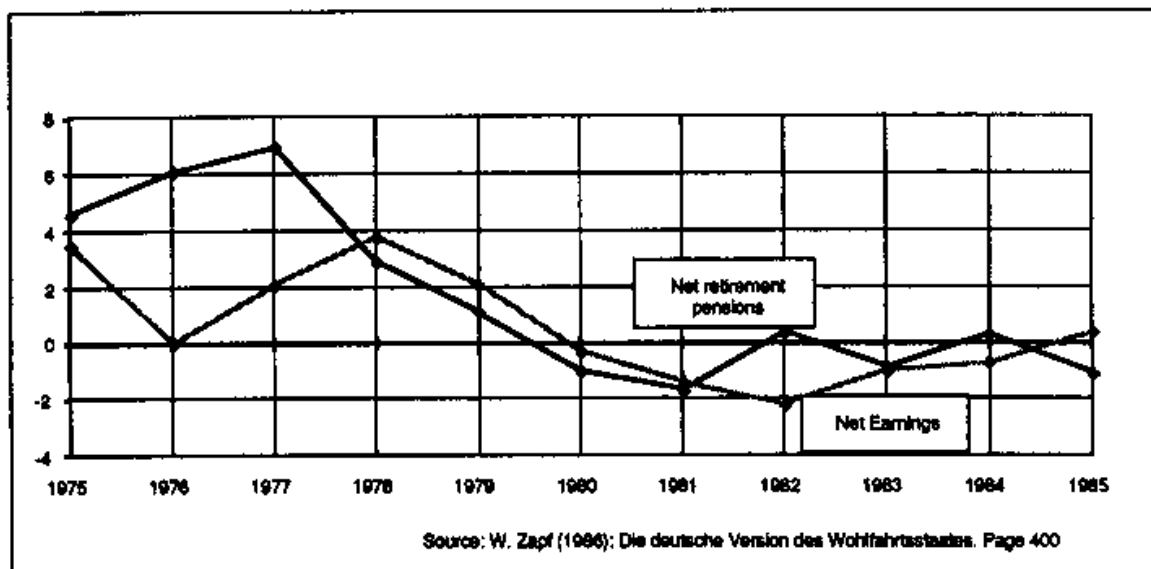


FIGURE 6
Life satisfaction; Satisfaction with income, living standard, and job 1978-1986

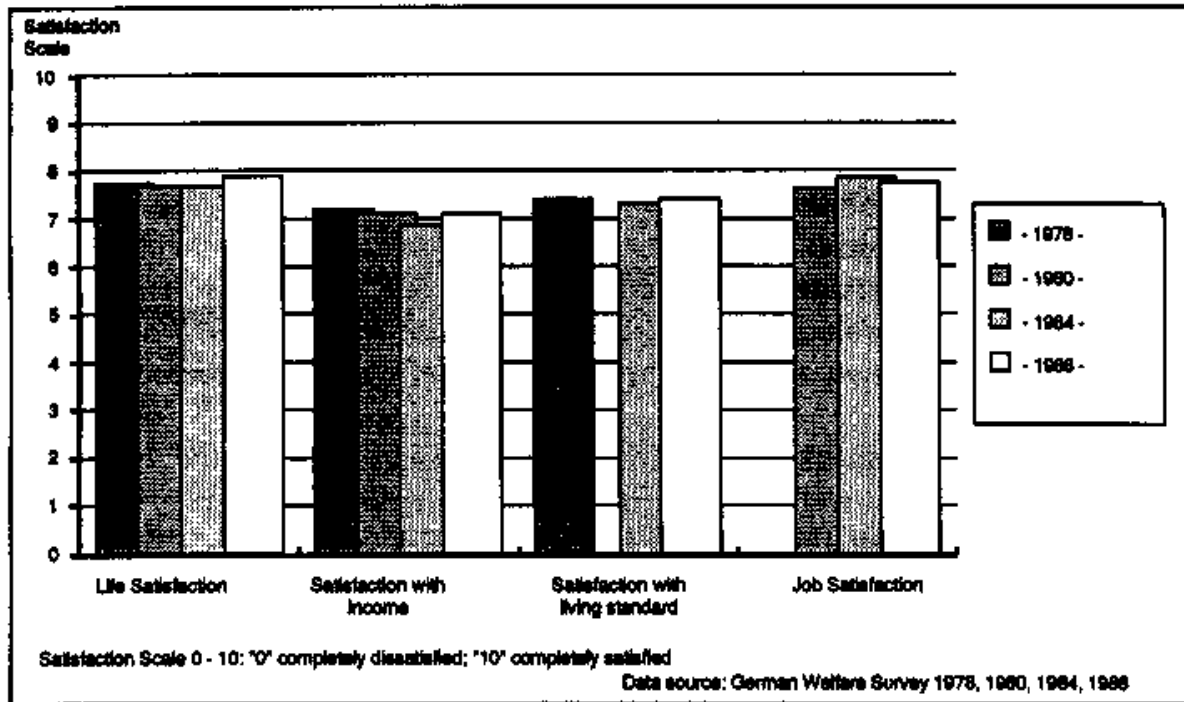


Table 1.

Average satisfaction with income, living standard and life as a whole, 1978 to 1988 among privileged and disadvantaged social categories

	Matters of money								Life as a whole							
	Satisfaction with Income				Satisfaction with Living Standard				Life satisfaction				Expected Life satisfaction (5 years ahead)			
	'78	'80	'84	'88	'78	'84	'88		'78	'80	'84	'88	'78	'80	'84	'88
Total	7,2	7,1	6,9	7,1	7,4	7,3	7,4		7,8	7,7	7,7	7,9	8,0	7,5	7,7	7,9
<u>Privileged</u>																
Couples without children, both employed	7,5	7,7	7,4	7,7	7,6	7,9	8,0		8,0	8,0	8,2	8,3	8,2	7,8	8,0	8,5
<u>Disadvantaged</u>																
- Income, lowest quintil	6,0	5,8	5,2	5,6	6,5	6,0	6,1		7,3	7,3	7,2	7,5	7,4	7,1	7,1	7,4
- Unemployed persons	5,4	5,2	3,5	5,2	6,3	3,9	5,4		6,9	6,9	5,4	6,3	7,6	7,1	6,2	7,0
- Handicapped persons	6,8	*	6,5	6,5	7,0	6,9	7,0		7,1	*	6,9	7,2	7,1	*	6,4	7,0
- Families with 3 and more children	7,1	6,8	6,9	7,3	7,3	7,4	7,6		8,1	7,6	7,9	7,9	8,2	7,6	7,6	8,2
- Women living alone, 65+ years of age	6,8	6,9	7,1	6,6	7,2	7,5	7,2		7,6	7,3	7,3	7,5	7,3	6,5	6,7	7,3
- Pensioners-couples, 65+ years of age	7,7	7,7	7,8	7,7	8,0	8,0	7,8		8,2	7,8	7,8	8,1	7,8	7,2	7,1	7,3

Satisfaction scale from 0 (completely dissatisfied) to 10 (completely satisfied)

*: 1980 not available

Data source: German Welfare Surveys 1978, 1980, 1984, 1988

FIGURE 8
Satisfaction with household income by income quintiles 1978-1988

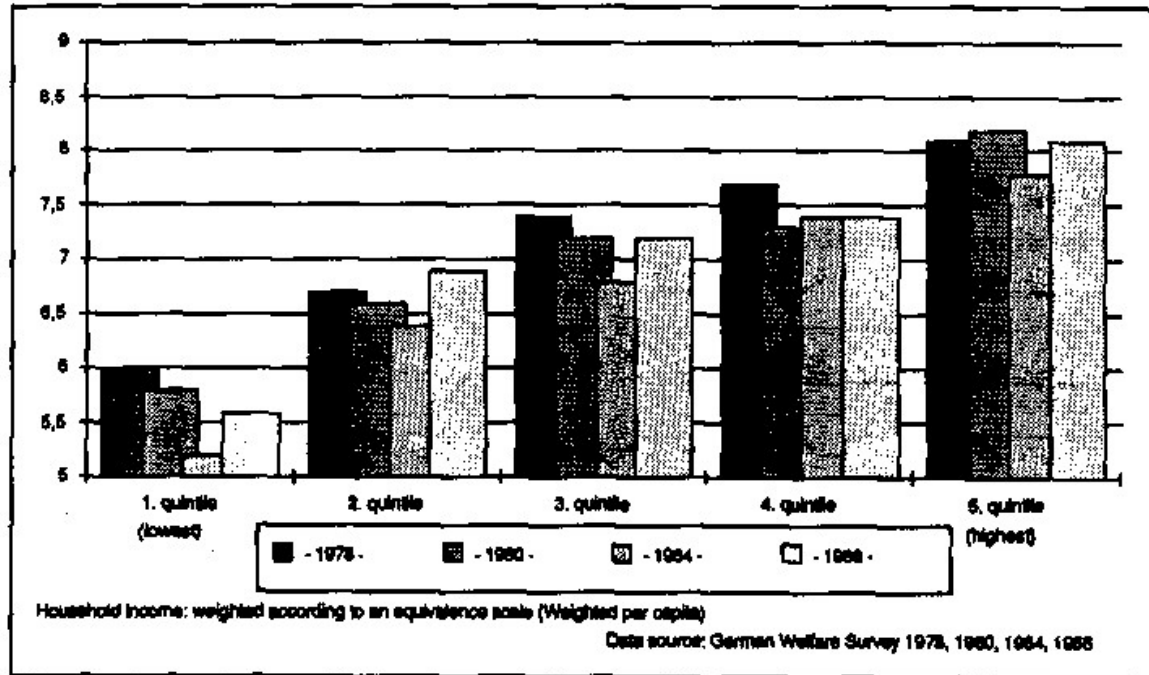


FIGURE 9
Job satisfaction by job opportunities 1980-1988

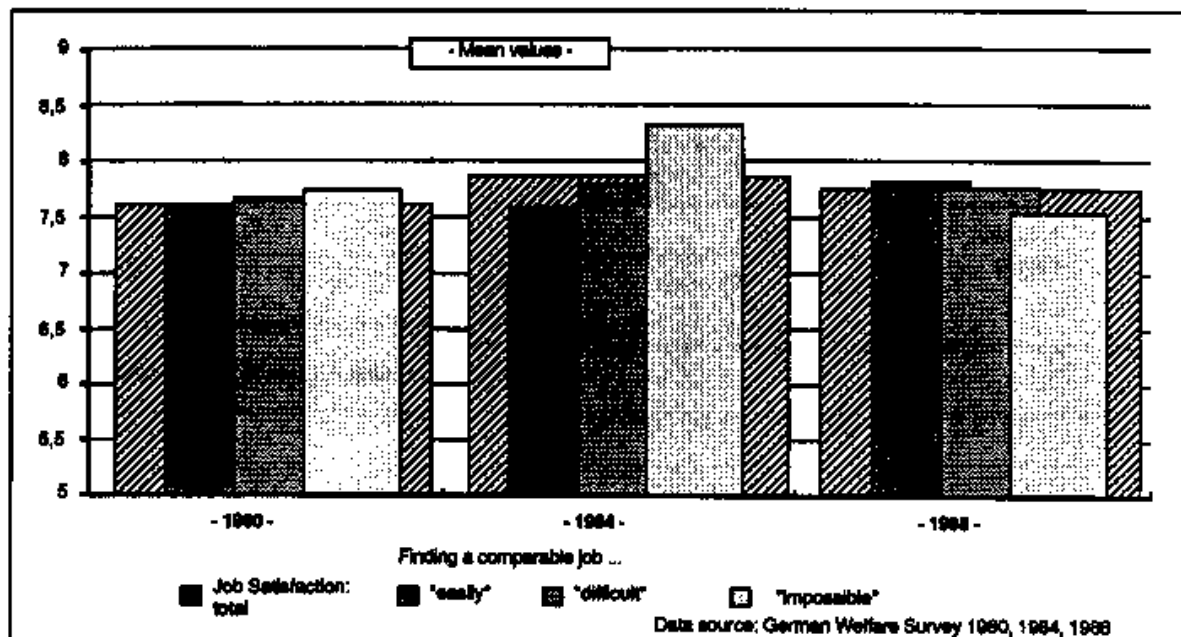


FIGURE 10
Job opportunities by sex 1977 - 1988

