

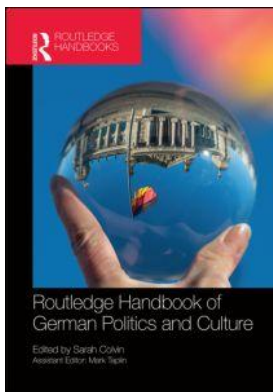
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Sarah Colvin, Mark Taplin

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Patricia Hogwood

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9

Social wellbeing and democracy

Patricia Hogwood

This chapter investigates the economic and cultural foundations of wellbeing in the Berlin Republic and assesses the role of objective and subjective wellbeing in social and political life. It finds that although Germany enjoys the economic prerequisites for generally high levels of individual and social wellbeing, certain individuals and groups of Germans struggle to realise their life potential, either because of material constraints or because of subjective constraints relating to social tensions and cultural perceptions.¹ These constraints include a deep-seated ‘materialist-pessimist’ cultural outlook; ongoing tensions relating to the unification of the Federal Republic of Germany (FRG) with the German Democratic Republic (GDR) in 1990; and a new public discourse of austerity arising out of government responses to an overloaded welfare system and the European financial crisis.

It has long been recognised that individual and societal wellbeing is significant for the health of a democracy (Veenhoven 1991; Tov and Diener 2009). Nations that enjoy high levels of citizen wellbeing also tend to demonstrate high levels of citizen trust in the system and positive attitudes towards democratic values. The greater the levels of citizens’ ‘affect’ (positive emotional orientation) towards the regime and the higher their confidence in governments’ responsiveness, the more stable the system is expected to be. This stabilising potential has even greater salience for transition democracies, where citizens are likely to experience financial hardships and social dislocation while the new regime is consolidated (Berg and Veenhoven 2010: 187). Itself a transition democracy after World War II, the FRG has always been keenly aware of the potential fragility of democratic governance. In 1990 it faced the unique challenge of cementing social cohesion in a united Germany that now incorporated citizens of the former GDR. In the early 1990s German unification represented a unique path to post-socialist transition for these east German citizens. Their values had been framed within a socialist state system that stood in direct ideological opposition to their new home state. Socialised over the previous 40 years in a system founded on egalitarian principles, they now had to learn life satisfaction in one predicated on libertarian principles, and characterised by late-capitalist structures and modes of social participation.

In the academic arena, wellbeing research has emerged as an interdisciplinary field, elaborated largely within the fields of behavioural psychology and behavioural economics. Wellbeing is an intangible and complex human phenomenon that cannot readily be quantified. In psychology,

interest in wellbeing has focused on its subjective components. Leading authors in the field have included Diener (1984; Diener *et al.* 1999) and Kahneman (Kahneman, Diener and Schwarz 1999). For economists, the challenge has been to capture the bounded rationality of the pursuit of wellbeing, to assess its social, cognitive and emotional factors, and to evaluate its implications for economic development and economic policy. Key economists in the development of wellbeing research have included Easterlin (2002), Frey and Stutzer (2002), Bruni and Porta (2005), and Helliwell (2002). Within the discipline of politics, starting with Bentham (1789), interest in wellbeing has traditionally been the concern of normative theory, concerned with ways in which governments can provide a good life for their citizens. Since the 1960s, behaviouralists have viewed wellbeing as the inevitable outcome of good governance, and have been more interested in the processes by which a healthy relationship might be achieved between citizens and their regime than in the nature and extent of wellbeing in itself. It is only recently that interdisciplinary research has attempted to apply lessons on wellbeing from psychology and economics more explicitly to problems of globalisation, political authority, political legitimisation, and public policy (see e.g. Helliwell 2002; Diener *et al.* 2009; Xefteris 2012).

Governments and academics alike are interested in the interplay between different dimensions of wellbeing and their implications for democratic society. Governments try to ensure that citizens enjoy a satisfactory level of material security. A range of objective conditions helps to shape an individual's life chances and satisfaction, including family, living conditions, employment, health, and income. Beyond objective wellbeing, citizens should also have the opportunity for self-fulfilment and the chance to participate fully in social life (Göbel *et al.* 2011: 377). Subjective wellbeing concerns the way in which individuals perceive and evaluate their place in life: whether they are happy or unhappy with the conditions that frame their life and with the opportunities open to them. Satisfactory objective living conditions help to promote, but are not in themselves a sufficient condition of, subjective wellbeing. Experts are also interested in the way in which individuals perceive and evaluate their common society and their place in it. Such evaluations of individual and collective wellbeing are now commonly used as barometers of government and regime performance.

It is widely accepted that perceptions of subjective wellbeing are relative rather than absolute. Nobody can deny that in comparison with other parts of the world, the population in Germany is very well off in terms of economic and physical security. However, individuals tend to compare their lot with others in their own community, rather than elsewhere. Physical proximity allows comparisons to be drawn with family, friends, neighbours, and colleagues. Intercultural collective references and access to news media allow people to reflect on their circumstances in a wider, national context. The less immediate the context in which an individual judges his or her own situation, the less likely it is to have a definitive impact on that judgment. For that reason, this chapter focuses on how Germans compare themselves with other Germans. European data are used solely to provide an analytical context for the evaluation of Germans' wellbeing.

Wellbeing research in Germany

The FRG has conducted its own surveys on citizen wellbeing since 1978 (Glatzer and Bös 1998: 172; Noll and Weick 2010a: 87, note 1), primarily to determine levels of citizen affect towards the regime and its institutions. German unification added a new dimension to these surveys as experts tried to ascertain how east Germans were adjusting to liberal democracy and also the extent of social conflict between east and west Germans. Comparisons of east and west German responses to opinion research have offered observers a window on the ongoing process

of social integration of the two German communities. Comprehensive survey research is now conducted at national and international level to determine how citizens' lives are changing and how they feel about this change. The development of more sophisticated measures and the pooling of data through organisations such as the Organisation for Economic Cooperation and Development (OECD) and the European Union (EU) mean that researchers have numerous resources at their disposal in developing a multifaceted understanding of wellbeing in Germany. Over the last two decades, German governments have faced unprecedented resource constraints arising from both external and internal pressures. These include the costs following from German unification; the impact of globalisation on Germany's economic model; an ageing population; and the crisis in the eurozone. Policy options for dealing with these developments may challenge some of the fundamental assumptions German citizens have held about the role of their government as a service provider. In particular, experts are keen to assess Germans' adjustment to new modes of employment, service, and welfare provision. By the end of the 20th century, the postwar 'classic' pattern of full-time, permanent employment was giving way to more flexible employment patterns that better serve the globalised economy. While employees may themselves derive some benefit from the restructuring, it harbours potential disadvantages, such as short hours, short-term contracts, lack of a clear career structure and employment insecurity.

In common with other major European countries, there has recently been a shift in emphasis in the way in which German governments are using survey research on wellbeing to inform their relationship with their citizens. As before, wellbeing data is used to inform electoral campaigns and policy development. However, there is a new emphasis on managing citizens' expectations. Germany is faced with a need to scale down its welfare spending. In the longer term, the country must reduce citizens' dependency on government as a source of wellbeing while maintaining individuals' contribution to democratic, economic, and social life. One initiative has been an attempt by government to manipulate the political discourse on wellbeing. Inspired by the report of the Stiglitz–Sen–Fitoussi Commission (2009), the German Federal parliament appointed a Commission of Inquiry on Growth, Wellbeing and the Quality of Life,² which reported in May 2013. Amongst other things, it investigated alternatives to objective explanators of wellbeing, including claims that there may not be a straightforward correlation between increases in objective living standards and levels of subjective wellbeing (the Easterlin paradox³). A more diffuse approach to managing expectations can be seen in the promotion of a general discourse of austerity that has come to characterise political debate in Germany.

Profiling German wellbeing: the Germans as 'materialist pessimists'

Recent OECD figures (in 2010) suggest that, at around 6.7 overall,⁴ Germans' life satisfaction is close to the OECD average. However, they confirmed the Easterlin paradox in that, generally, life satisfaction demonstrates a weak correlation to *per capita* income (OECD 2011: 270–1). EU statistics confirm that, in terms of their objective living standards, Germans perhaps ought to be happier. The German standard of living corresponds quite closely to the average for the EU15. However, in a comparison of subjective evaluations across all EU member states, Germans tend to see themselves as worse off than the average European. Germans are relatively happy with their lives in the private sphere. It is the public sphere that triggers pessimism, particularly where respondents are asked to evaluate their current personal situation in relation to a past point in time, or expectations for a future point in time (Habich and Noll 2009: 44–5). Not only do the Germans have a gloomy perspective on life, they also emerge as a nation driven by material satisfaction. A European comparison reveals that household income exerts an unusually

strong influence not only on east Germans' but also on west Germans' subjective well-being. Whereas this finding is quite typical for citizens of transition economies such as eastern Germany, in the west German context it confounds expectations that once a satisfactory level of material security has been attained, people tend to look to other, 'post-materialist' values in achieving a fulfilled and happy life. In both west and east Germany, household income has an impact on subjective wellbeing more typical of a central or eastern European (CEE) country than an EU15 country (Noll and Weick 2010b: 8). From a rationalist perspective, Habich and Noll have characterised the Germans as 'realistic pessimists'. They and others suggest that German pessimism is based on recent experience of stagnating real income levels, high unemployment, and rational comparisons with rising standards of living in other European countries (Habich and Noll 2009: 45; Noll and Weick 2010a: 77, 2010b: 6, 8–9).

As we will see, for certain sectors of society there is evidence to support the claim that perceptions of wellbeing incorporate a rational response to constraints on standards of living. However, given that individuals tend to frame their social expectations within a proximate and tangible frame of reference, it is unlikely that rational comparisons with other Europeans play a key role in Germans' subjective wellbeing (Schöneck *et al.* 2011: 2). Moreover, whereas both cognitive and affective processes are involved in determining individuals' subjective wellbeing (Glatzer and Zapf 1984; Diener *et al.* 1999), it is the affective component that tends to dominate in overall evaluations of subjective wellbeing (Veenhoven 2010). This suggests that cultural explanations for German pessimism and materialism are at least as important as rational explanations. By a cultural logic, Germans might be characterised as 'materialist-pessimists' (Hogwood 2011). Germans have a deep-rooted cultural relationship with pessimism. Historically, pessimism and sadness have not always been perceived as pathological states. An evolving cultural discourse of melancholy has at times elevated the experience of sadness to an enviable and valued condition, particularly during the Renaissance, when it was associated with creative genius. Since World War II, in common with other western postindustrial societies, Germany has increasingly subscribed to a norm of happiness and has correspondingly pathologised sadness (Cosgrove 2012: 2–6). Nevertheless, in its cultural resonance, pessimism still enjoys a measure of dignity in Germany. Materialism has been prominent in the FRG's normative values since World War II. In the context of the physical devastation and moral bankruptcy experienced in Germany in the aftermath of the war, the 1950s 'economic miracle' effectively substituted for a debased national identity as a positive focus for collective pride. In the early 1950s Helmut Schelsky coined the phrase 'nivellierte Mittelstandsgesellschaft' (levelled middle-class society) to describe the way in which West German society was evolving (Schelsky 1953). The unprecedented social mobility of the early postwar period was producing a society in which a new, broad-based middle class was coming to dominate the values and attitudes of the new FRG, as well as its workforce. This broad middle class identified strongly with materialist values and rooted them in the postwar cultural landscape. Wealth was proudly displayed through the ostentatious consumption of luxury goods. For much of the postwar period, the successful German economic model continued to deliver high levels of economic security and prosperity. German society was associated with low levels of social inequality, security of employment and social status, comfortable living standards, and confidence in the potential for upward mobility. As discussed below, although this confidence began to crumble in the 1980s, the value of materialism was upheld and would be carried over and enhanced in the social discourse through the processes of German unification (Giesen 1993: 248–55). The prominence of the materialist discourse suggests that Germans' subjective linkage of household income with wellbeing may be more affective than cognitive.

Current indicators of wellbeing in Germany

Taken at face value, Germany appears to be a relatively cohesive and equal society. However, current indicators suggest that three cohorts are vulnerable to lower than average levels of wellbeing. These comprise a diverse group of the most vulnerable in society; east Germans; and the ‘middle’ middle class. Of these, the relative subjective illbeing of society’s most vulnerable is most readily linked to the material impacts of the current economic downturn and economic liberalisation. This group is distinguished by incomes so low as to threaten material deprivation and social marginalisation. The relative illbeing of east Germans is more complex because it also involves deep-rooted constructs of consumerism and east–west relations. Of all the vulnerable cohorts, it is the ‘middle’ middle classes that appear to have been most negatively affected by a new discourse of austerity in Germany.

The most vulnerable

There is a widely accepted assumption that, in a democratic society, individual and collective wellbeing is predicated on equality of access to social and economic goods. It follows that high levels of social cohesion are indicative of a happy, and therefore healthy, society. The EU’s statistical service Eurostat uses standard structural indicators to assess levels of social cohesion in participating member states. These include indicators of income, poverty, social inclusion, and living conditions.⁵ The S80/S20 ratio demonstrates the inequality of income distribution in its member states.⁶ In 2010 the EU member states were characterised by relatively wide and largely stable inequalities in income distribution: on average the income of the wealthiest 20 per cent of the population was five times that of the poorest 20 per cent (an S80/S20 ratio of 5.0 for the EU27). In these terms, German society does not differ radically from comparable European countries. In 2010 Germany’s S80/S20 ratio was 4.5, falling between that of the Netherlands (3.8), and France (4.6) and the UK (5.6) (DeStatis 2012a).

Nevertheless, this still points to relatively high levels of income inequality in Germany and suggests that certain individuals and groups may be at risk of social exclusion. Within the EU, risk of social exclusion is attributed to individuals experiencing at least one of three key conditions: risk of poverty; severe material deprivation; or belonging to a household characterised by ‘very low work intensity’. The ‘risk-of-poverty’ indicator and the ‘very-low-work-intensity’ indicator are material and relative. Individuals are considered to be at risk of poverty if their net income falls below 60 per cent of the median of the member state in question.⁷ In Germany, this applied to those with a monthly income of less than €952 in 2010. The designation ‘very low work intensity’ is applied to households whose adult members work less than 20 per cent of their joint capacity.⁸ The indicator ‘severe material deprivation’ is a subjective measure derived from respondents’ self-assessment on the basis of nine measures of deprivation.⁹

Between 2005 and 2009, Germany experienced a sharp rise in the percentage of its population at risk of poverty and social exclusion, from 18.4 per cent to 20 per cent. One factor accounting for this was the relatively high proportion of very low work intensity households in Germany. Since 2009 this cohort has remained stable. In 2011, 19.9 per cent (some 16 million people) in Germany were facing poverty or social exclusion. These findings rank Germany’s risk rating slightly higher than those of the neighbouring Netherlands (15.7 per cent) and France (19.3 per cent), but lower than that of the UK (22.7 per cent) (DeStatis 2012a). Of this cohort, 15.8 per cent were at risk of poverty; 5.3 per cent, by their own reckoning, were experiencing severe material deprivation; and 11.1 per cent were living in a household whose members’ work intensity was very low in relation to their potential. Overall then, one in five in Germany find

themselves constrained by their material circumstances in engaging with normal patterns of social engagement. Within this group of the socially marginalised, there was relatively little differentiation by gender and age. However, women were slightly more at risk than men (21.3 per cent compared with 18.5 per cent). In age terms, the over-65s (15.3 per cent) were the least likely to fall into this cohort and those aged between 18 and 64 (21.3 per cent) faced the highest risk. Women between the ages of 18 and 64 scored the highest levels across the board (22.4 per cent) on poverty and social exclusion indicators (DeStatis 2012b).

However, this overview masks a degree of social polarisation that becomes evident once differences in household are factored in for those at risk of poverty. For example, pensioners (the over-65s) living alone are at a substantially higher risk of poverty than the general population in Germany (24.1 per cent compared with 15.8 per cent). Two highly vulnerable groups stand out, though: the under-65s living alone (36.1 per cent) and single parents and their dependent children (37.1 per cent) (DeStatis 2012c; see also Grabka *et al.* 2012). Well over a third of individuals in these categories face material hardship, financial insecurity, and social marginalisation. Even those in employment may face difficulties in meeting household expenses from the often low-paid or casual labour opportunities open to them. The situation of these groups emerges as even more precarious when other information is taken into consideration. For example, in 2010 a high proportion (63.3 per cent) of single parents felt that their accommodation was substandard, reporting problems of damp, of restricted daylight, or of noise disturbance. Further, 26.8 per cent of the group of single parents at risk of poverty revealed that they were falling behind with essential payments on items such as rent, utility bills, and credit cards (DeStatis 2012a).

Perceptions of imminent social risk – that is, the fear of slipping into poverty and deprivation – seem to be limited to lower income and status groups in German society. Indeed, objective indicators suggest that this is an entirely rational fear, grounded in situations of material insecurity for those concerned. The higher up the social and income ladder Germans are placed, the less likely they are to be troubled by fears of a short-term change for the worse in their fortunes. Irrespective of how one evaluates one's own financial and social security, though, the issue of social polarisation has recently risen to the top of the agenda of public concern in Germany. In 2010, when asked to rate their concerns about a range of social tensions, respondents identified the gap between rich and poor as by far the most significant. East Germans, with their socialist, egalitarian heritage, had already been attuned to social injustice in the FRG, and their perceptions of this problem rose only marginally between 1998 and 2010, from 73 per cent to 76 per cent. However, awareness amongst west Germans of a rich–poor divide has soared over the same time period, from 54 per cent in 1998 to 76 per cent in 2010 (Göbel *et al.* 2011: 383).

East Germans

East Germans' perceptions of illbeing also appear to be grounded partly in objective reality, but in this cohort they are shaped by political and cultural discourses that go beyond current material indicators. Experiences of postwar state rivalry and the construction of the unification project in material terms have had a lasting impact on how east Germans understand and evaluate happiness (Hogwood 2011: 150). During the Cold War years, the rival East and West German states engaged in overt competition as providers of social security for their citizens. The FRG rapidly established itself as a benchmark for East Germans' troubled relationship with consumerism, in which a disapproval of Western capitalist decadence was mixed with a desire

for a share of the luxury consumer goods enjoyed by their West German neighbours (Hogwood 2002: 55, 2012: 4). This politicisation of consumerism was compounded by the way in which German unification (1989–90) was legitimised and pursued by West German government elites (Hogwood 2011: 149–50). FRG Chancellor Helmut Kohl used the theme of material progress overtly and instrumentally to win over popular opinion for unification in East Germany. The unification project was constructed in material terms, under which economic success was portrayed as the key means of future social integration of east and west Germans (Offe 1996: 139, table 7.1). Until the recent interest in new conceptualisations of wellbeing, successive governments have interpreted the ongoing inner unity project largely as one of a convergence of living standards, measurable by economic indicators.

These developments have influenced wellbeing in east Germany in a number of ways. Even within the German ‘materialist-pessimist’ cultural outlook, objective economic indicators have proved an unusually strong determinant of subjective wellbeing for east Germans. Significantly, it is not their material standards of living per se that make east Germans unhappy, but rather comparisons of objective economic wellbeing with a west German benchmark. As the Easterlin paradox suggests, it is relative, rather than absolute income that matters most for an individual’s life evaluations. People are generally happier if they feel at least as well off as those in their reference group. Since the postwar economic boom of the 1950s, east Germans have compared their lot with west Germans rather than with the objectively more readily comparable lives of citizens in CEE states. In east Germany, the unification process promoted unrealistically high expectations of a rapid improvement in individual prosperity and lifestyle to match the west German standard. These factors have combined to depress potential levels of wellbeing in east Germany.

Together with the restricted timeframe for the international diplomatic resolution of German unification, the prominence of material factors in the unification discourse stifled any meaningful debate at the time about the future of German democracy. This has had a fundamental impact on inner-German relations – and, by extension, on east German wellbeing – in united Germany. On German unification in 1990, the population of the former GDR was drawn into the pre-existing political, legal, and economic structures of a territorially expanded FRG. With this, the post-authoritarian democratisation of the former GDR was taken as formally accomplished. Only marginal elements of the socialist political heritage were recognised in the post-unification constitutional revision of the FRG’s Basic Law (Grundgesetz), which effectively served to uphold the constitutional status quo. At a material level, the FRG’s handling of east Germany’s post-socialist economic transition undoubtedly ensured a far more stable and comfortable transition experience than that endured by neighbouring CEE citizens. However, the sense of political disempowerment associated with the entrenchment of asymmetric east–west power relations left many east Germans with a sense of being second-class citizens.

In practice, the post-unification equalisation of living standards promised by successive German governments has proved difficult to realise. In objective terms, there is still a significant discrepancy between the living standards of east and west Germans. In 2009, the rate of unemployment in the western Federal states or *Länder* lay at 6.4 per cent compared with 12.6 per cent in the eastern *Länder*, while the average employment income in the east lay just short of 77 per cent of that in the west. Even factoring in tax breaks and supplementary benefits such as pensions and child benefit payments, east Germans’ disposable income amounted on average to just over 78 per cent of the west German level (Statistisches Bundesamt 2010). Since 2005, just short of 20 per cent of east Germans have been considered at risk of poverty, compared with around 14 per cent of west Germans. Moreover, although levels of income inequality in

Germany overall may have peaked, for east Germany there are still signs that the poor are getting poorer in terms of disposable income (Grabka *et al.* 2012). A higher risk of poverty for east Germans is unsurprising, given that east Germans are more likely than west Germans to be unemployed or to earn a lower wage. It is not yet known whether inclusion in this at-risk group is transitory or whether east German households in this category are effectively stuck in a poverty trap.

For east Germans, the first decade of unification was marred by a crisis of subjective illbeing. The dislocation of unification was initially expressed in feelings of helplessness and low levels of confidence and self-worth. Levels of satisfaction with material circumstances such as work, household income, and standard of living – and levels of wellbeing overall – gradually recovered. Since the mid to late 1990s, these measures of east German wellbeing have tracked the west German profile without quite attaining west German levels. Overall levels of wellbeing currently fall short of west German levels by around 0.4, at 6.5 to west Germans' 6.9 (Göbel *et al.* 2011: 377). The east German wellbeing profile can be characterised as one of 'stalled approximation' with west Germany (Hogwood 2011: 150–2).

The twin characteristics of materialism and pessimism feature particularly strongly in east Germans' subjective wellbeing. The persistence of the west German reference culture in framing east Germans' expectations suggests that their relative dissatisfaction is linked primarily to conflictual collective identities. Opinion research shows that, 20 years after unification, there is still an entrenched public perception of separate and competing 'eastern' and 'western' interests in Germany,¹⁰ but the tension is much more keenly felt by east Germans than by west Germans. In 2011 a group of Germans were asked to compare their own material standard of living with that of the average German. Of the group who had been living in the GDR in 1990 (designated for the purposes of the study as 'east Germans'), 42 per cent judged that their standard of living was either 'worse' or 'much worse' than that of the average German. In comparison, only 10.7 per cent of the west Germans opted for these two categories. East Germans' pessimistic outlook on their own wellbeing extended to evaluations of change in their individual standard of living compared with their situation 10 years previously (here and following, see Schöneck *et al.* 2011: 4–7). Almost twice as many of the east German respondents (41.5 per cent compared with 24.4 per cent of the west Germans) judged that their current standard of living was 'worse' or 'much worse' than 10 years before. Further, a quarter of the east Germans reported that they had not attained the standard of living they had previously hoped for, compared with only 12.7 per cent of the west Germans. Again, twice as many east as west Germans (20.4 per cent compared with 11.1 per cent) feared that they might face financial hardship over the coming year. East Germans' evaluation of their position in society (and, by extension, of social justice) also tended to a more pessimistic view than that of west Germans. Since unification, east and west Germans have been polled on a regular basis on whether they believe they are getting their fair share of the country's prosperity in relation to others. Since 1992, west German responses have remained stable, with around 65 per cent believing that they were enjoying their fair share or more of the country's prosperity. Over the same period, only 29 per cent of east Germans responded positively. The most recent figures show that 60 per cent of west Germans compared with 32 per cent of east Germans believe that they are getting their fair share or more (Scheuer 2011: 388–9).

These findings might in part be explained by the persistence in objective differences in the material standards of living enjoyed by east and west Germans respectively. However, research has confirmed that, also for east Germans, it is relative rather than absolute income that is significant for life happiness (Easterlin and Plagnol 2008). With this insight, the findings take

on a cultural relevance. They illustrate the way in which expectations framed under circumstances many years in the past may continue to exert a powerful impact on perceptions of wellbeing in the present. In this case, east Germans' expectations, cemented through a western reference culture that originated during the Cold War years of German division, have incorporated understandings of a structural superiority of western living standards over those in the east. In consequence, there is a lasting perception that west German standards of living are inherently unreachable (Hogwood 2011: 156). This suggests that differences in subjective wellbeing between east and west Germans persist not primarily because of slow progress on the convergence of objective living standards but because of a failure to address the sense of material inferiority vis-à-vis West Germans instilled in East Germans during the Cold War years. By extension, in the context of the materially determined cultural outlook and consumer society in the FRG, a sense of material inferiority equates with a sense of social inferiority. In expressing dissatisfaction, east Germans are articulating an affective as well as a rational response to material indicators of status and inclusion in their social environment.

In spite of their more acute awareness of east–west difference, east Germans are just as likely as west Germans to feel a bond with the ‘other’ Germans. When asked to take a stance on the statement: ‘The citizens of the other part of Germany are in many ways more foreign to me than those in other countries’, east–west responses virtually mirrored each other. Only around a fifth of respondents tended to agree or agreed fully with the idea that the ‘other’ Germans were ‘more foreign’. The other four fifths tended to disagree or disagreed fully (Terwey *et al.* 2009: 335). This suggests that the tensions that persist in inner-German relations can be described as ‘sibling rivalries’ rather than as a more fundamental conflict (Hogwood 2011: 153).

The ‘middle’ middle class

As we have seen in the context of east–west subjective wellbeing, individual evaluations of past circumstances in relation to the present can reveal a great deal about underlying collective perspectives on society. In a similar way, subjective evaluations of an individual’s future prospects in life can give an insight both into cultural predispositions and into the overall levels of collective confidence in current and future government performance. Opinion research into individual levels of optimism or pessimism demonstrates how members of the public perceive the resilience and dynamism of their society. At an individual level, lack of confidence in the future may sap social dynamism. For example, in an uncertain labour market, individuals might choose to avoid the financial risk of further education or vocational training, thereby restricting their own future social mobility and potential individual contribution to social and economic life. For policymakers, negative evaluations of future prospects might indicate growing voter frustration with the government in office that might influence the next election; or a falling consumer confidence that might have a negative impact on the economy.

It is the perceptions of the ‘middle’ middle class that give the clearest indication of the tensions arising out of economic uncertainties and new social challenges in German society. For the greater part of the postwar period, the German middle class held little interest for academics. They were considered unproblematic: the epitome of stability, the bulwark of the democratic system, and the main driver of upward social mobility. With the economic upturn in (West) Germany in the 1950s, confidence in increasing prosperity and collective upward mobility became fundamental tenets of the middle class. However, since the new millennium, fuelled by the financial and economic crisis of 2008–09 and the ongoing eurozone crisis, concerns about employment insecurity and social marginalisation have become increasingly common. Particularly

vulnerable to these developments, the middle class in Germany has been dubbed a new 'zone of status anxiety' (Schöneck *et al.* 2011: 1, 4; also Lengfeld and Hirschle 2009; Mau 2012). This represents a seismic shift in the subjective outlook of the social mainstream and poses a fundamental challenge to the postwar model of German society. Unsurprisingly, there has been a prominent focus on middle-class status anxiety and downward social mobility in recent national debate on precarious employment and marginalisation (see e.g. Burzan 2008).

Defined in terms of income distribution, the middle class in Germany is by far the most significant group, comprising around 62 per cent of the population at the time of unification. The new millennium brought a period of economic stagnation and the middle income group underwent a rapid contraction, from 62 per cent in 2000 to 54 per cent in 2006. The shrinking of the middle class was accompanied by internal polarisation marked by simultaneous upward and downward mobility. However, the most noticeable trend within the middle class was a downward drift to the lower-income margins. In real terms, middle-class individuals at the lower-income margins now faced slipping into the group in German society at risk of poverty. This trend might in part be attributable to the relatively high rate of unemployment of the early 2000s. However, it was underpinned by more fundamental structural changes in employment patterns, particularly the reduction of full-time employment in favour of lower-work-intensity employment; and social change, such as the breakdown of the nuclear family and the rise in single-parent households (Grabka and Frick 2008: 103–05).

These changes appear to have launched a lasting crisis of confidence within the middle class. Of this group, the lower-income band of the middle class is most likely to suffer anxiety over imminent risk of falling into financial difficulties. Objective indicators show that these fears are not unwarranted. However, concerns about longer-term prosperity are expressed not only by the lower-income groups but by middle-class respondents across the board, particularly those in the middle income band (the 'middle' middle class) (Schöneck *et al.* 2011). Evidence appears to suggest that members of the 'middle' middle class do not fear restrictions in income *per se* – which in many cases would not threaten poverty – but an accompanying threat to their social position. In 2005 a record 26 per cent of the middle class claimed that they were 'very worried' about their financial situation. Even with the beginnings of an economic recovery, there was little sign of a return in confidence (Grabka and Frick 2008: 106–07). Subjective indicators of wellbeing reveal a complex interdependency between material security and social status amongst the middle classes in Germany. When respondents were asked to compare their material standard of living with that of the average German citizen, 58.4 per cent – a group approximating to the size of Germany's middle class – responded that they were roughly as well off as the average. However, long-term expectations of downward social mobility have become increasingly prominent. A third of middle-class respondents (33.5 per cent) now anticipate that they will not be able to maintain their current standard of living in old age. Almost as many (over 30 per cent) believe that their children's generation is likely to experience downward social mobility (Schöneck *et al.* 2011: 4–6). Particularly respondents from the 'middle' middle class express an exaggerated fear of downward social mobility in relation to their objective standard of living and objective indicators of social mobility. The twin traits of materialism and pessimism are evident in these findings. The assertion of being as good as others in material terms combined with heightened risk perceptions of future prosperity suggest that the middle class is a group for whom social status and social engagement are very strongly associated with material factors. It has been argued that the 'respectable employees' of the middle class are particularly hard hit in conditions of social uncertainty because their heightened sense of social responsibility and pronounced work ethic may restrict their potential for flexibility (Vester 2006: 273, cited in Burzan 2008: 11).

Future wellbeing in Germany

In terms of wellbeing at least, Germany demonstrates the hallmarks of a ‘normal’ European polity. Overall, Germans’ life satisfaction comes close to the European average, and the country’s level of social cohesion does not stand out in any way. However, these general indicators fail to convey the complex processes and relationships involved in the construction of individual and collective wellbeing in Germany. Since World War II, European governments have relied on increasing economic growth and prosperity to promote a vital, socially mobile society and to provide welfare support for those in need. In the face of long-term resource constraints, they are now exploring new ways of promoting citizen wellbeing. German governments have traditionally viewed the equalisation of living standards across the FRG as the route to social cohesion. Now, in addition to ‘buying’ citizen wellbeing, they are looking at the potential for alternative subjective constructions of wellbeing in society.

The findings of this chapter highlight some of the difficulties they may face in decoupling subjective perceptions of wellbeing from material prosperity. Overall, the Germans emerge as a nation of ‘materialist-pessimists’. Germans’ understanding of wellbeing is heavily dependent on their material standard of living. The most vulnerable and the lower-income groups within the middle class associate their worsening economic prospects with marginalisation in a society that once prided itself on its openness and equality. This group’s subjective perceptions of illbeing are tied to actual experiences of material hardship. In order to secure higher levels of wellbeing for the most vulnerable and the low earners, there is no alternative for German governments but to address the objective causes and consequences of poverty and deprivation. For east Germans, attachment to objective standards of living is coloured by cultural understandings that go back to the Cold War division. Deep-rooted perceptions of inequality with west Germans continue to fuel a pessimistic outlook and heightened perceptions of cultural and social conflict along an east–west divide. Continued government efforts to secure equal standards of living for west and east Germans alike may help to mollify east Germans; but the root of the illbeing experienced by east Germans is one of perceived political inequality. For the core middle class, the association of material prosperity with wellbeing is elemental in that it validates their individual and collective identity. The discourse of austerity accompanying the European financial crises of the 21st century has served only to heighten middle-class anxieties, even in cases where a reduction in living standards would not carry with it any real threat of poverty. Governments’ challenge here is to develop a new social model that supports this core middle class, with its fixed ideas and aspirations of career path and material rewards, in what may prove to be a difficult adjustment to new economic realities.

Notes

- 1 It is widely recognised that an individual’s personality or emotional predisposition also exerts a strong influence on his or her subjective wellbeing. However, in this chapter attention is restricted to structural and cultural influences on German wellbeing.
- 2 For an English-language summary of the findings of the Commission on ‘Wachstum, Wohlstand, Lebensqualität – Wege zu nachhaltigem Wirtschaften und gesellschaftlichem Fortschritt in der sozialen Marktwirtschaft’, see www.bpb.de/shop/buecher/schriftenreihe/175745/schlussbericht-der-enquete-43kommission (accessed 9 September 2014).
- 3 The Easterlin paradox argues that an increase in personal income leads to an increase in an individual’s subjective wellbeing, but that a rise in a country’s average income does not produce a correspondingly higher average subjective wellbeing for that country.
- 4 The indicator is based on the ‘Cantril ladder’, which asks respondents to rate their choices from the worst (0) to the best (10) possible.

- 5 Germany has contributed since 2005 to the European Union's dataset EU-SILC (European Union Statistics on Income and Living Conditions) on income, poverty, social exclusion, and living conditions. For full details of the current findings see http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/main_tables (accessed 14 April 2013). The most recent results for Germany can be found in DeStatis 2012a.
- 6 The income quintile share ratio or S80/S20 ratio is a measure of the inequality of income distribution. On the basis of equivalised disposable incomes, it is calculated as the ratio of total income received by the 20 per cent of the population with the highest income (the top quintile) to that received by the 20 per cent of the population with the lowest income (the bottom quintile). For further information, see http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Income_quintile_share_ratio (accessed 9 September 2014).
- 7 The at-risk-of-poverty threshold is set at 60 per cent of the national median equivalised disposable income. For further information, see http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:At-risk-of-poverty_rate (accessed 9 September 2014).
- 8 In EU statistics the term 'work intensity' refers to the ratio between the number of months that household members of working age (aged 18–59, excluding students aged 18–24) worked during the income reference year, and the total number of months that could theoretically have been worked by the same household members. For further information, see http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Persons_living_in_households_with_low_work_intensity (accessed 9 September 2014).
- 9 These comprise difficulties in paying rent or utility bills on time; affording adequate heating in the home; paying unanticipated expenses; affording a nutritious meal (with meat, fish, or vegetarian protein) every other day; and affording an annual week's holiday away from home; and inability to afford a household car, washing machine, colour television, or telephone.
- 10 This holds whether survey questions are designed so as to pit western and eastern interests against one another or whether they are framed solely in terms of either western or eastern interests.

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