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Cross-national comparative analysis of household well-being

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### **Abstract**

This report examines individual and household level data with a view to tracing changes in household material and non-material well-being before and since the financial crisis of 2007-08. Based on the analysis of various selected indicators, some tentative conclusions are drawn on: 1) The overall impact of the process of financialisation and of the financial crisis on well-being across countries; 2) The impact of financialisation and of the financial crisis on different socioeconomic groups; 3) The extent to which the integration of individuals and households into financial markets has influenced household material and non-material well-being.

Key words: EU, financialisation, financial crisis, households, well-being

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## Abbreviations

EC	European Commission
ECB	European Central Bank
ECRI	European Credit Research Institute
EQLS	European Quality of Life Survey
ESS	European Social Survey
EU-SILC	EU-Statistics on Income and Living Conditions
GDP	Gross Domestic Product
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development
PPS	Purchasing Power Standard
UN	United Nations

## Country codes

BE	Belgium	ES	Spain	PT	Portugal
CZ	Czech Republic	FI	Finland	SI	Slovenia
DE	Germany	FR	France	SK	Slovakia
DK	Denmark	HU	Hungary	SE	Sweden



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IE Ireland

NL Netherlands

UK United Kingdom

EL Greece

PL Poland

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## 1 Introduction

This report examines individual and household level data with a view to tracing changes in household material and non-material well-being before and since the financial crisis of 2007-08. Based on the analysis of various selected indicators, some tentative conclusions are drawn on: 1) The overall impact of the process of financialisation and of the financial crisis on well-being across countries; 2) The impact of financialisation and of the financial crisis on different socioeconomic groups; 3) The extent to which the integration of individuals and households into financial markets has influenced household material and non-material well-being.

The analysis of the evolution of household material and non-material well-being for the EU countries is limited by data availability, both in terms of the number of countries and the period covered. This is the case because the building of consistent systems of measurement of various dimensions of individual and household life is a relatively recent endeavour. Individual or household level databases for the EU countries covering a wide range of issues did not exist before 2000. For example, the European Social Survey (ESS), on which this report primarily relies on, has been conducted across Europe since 2001, measuring the attitudes, beliefs and behaviour patterns of diverse populations in Europe. The European Quality of Life Survey (EQLS), which complements the data selected from the ESS, was first carried out in 2003, exploring issues such as work-life balance, life satisfaction and perceived quality of society. Finally, the EU-Statistics on Income and Living Conditions (EU-SILC), the third main source of data of this report, provides comparative statistics on income, poverty, social exclusion and other living conditions for the EU since 2004.

For this reason, the present report focuses mainly on the impact of the 2007-08 financial crisis on the financial situation and broader lives of individuals and households, using a

wealth of cross-sectional data, including specific questions from the ESS aiming to address the impact of the crisis on European households. This analysis complements the *Empirical Report on Cross-national Comparative Analysis of Household Financial Behaviour – Recent Trends* (D5.03), allowing us to assess the differentiated impact of the financial and economic crises on EU countries at different stages of financialisation. It also draws on the theoretical tasks of Work Package 5, namely on the *Report on financialisation and well-being* (D5.01) in which it is argued that individual and household well-being cannot be adequately understood without bringing into the analysis the current state of finance-dominated capitalism.

### ***The European Social Survey***

There are many individual level datasets suitable to the research objectives (e.g. European Social Survey; European Quality of Life Survey; EU-Statistics on Income and Living Conditions; Eurobarometer), which collect comparable cross-sectional multidimensional microdata on various dimensions of well-being, including subjective well-being, living standards and deprivation, employment and work-life balance, housing, public services, and quality of society.

In order to avoid problems stemming from different measurement systems, the present report mainly relies on the results of the European Social Survey (ESS), which is one of the most reliable sources of data at the EU level, being also freely and easily accessible. It analyses the results of Round 5 (2010), the last round available at the time of the elaboration of this report, and compares them with the results of Round 2 (2004), which are more directly comparable on the issues which are the focus of this report. The report thereby assesses the evolution of individual and household well-being between the period prior to the crisis and a period in which most countries were still suffering its impact.

Nonetheless, it also uses some data from Round 6 (2012) that has just become available in November 2013.

With the purposes of the present report in mind, a set of indicators were selected from the following modules of ESS: core module B - Politics (e.g. satisfaction with the state of the country's economy and society), core module C – Subjective well-being (e.g. happiness); rotating module G – Work, family and well-being (e.g. impact of the recession on working time, wage income, job security, work-life balance), and core module F – Socio-demographic profile (e.g. household composition, sex, age, education, profession, and income). The compilation of these indicators provides us with a comprehensive picture of individual and household material and subjective well-being, and of its evolution between 2004 and 2010, both for individual countries and by the socio-demographic and economic characteristics of individuals and households.

The report covers the 18 countries for which there are comparable data available for the years 2004 and 2010: Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. More detailed information about data gathering and analysis is provided in the Annexes. The results of the ESS are nonetheless complemented by aggregate and micro-data from other sources, mainly from the EU-SILC and EQLS, thus allowing us to have a more complete depiction of the impact of the financial crisis on both household material and non-material well-being.

While these databases offer a rich set of measures of individual and household well-being, and of the impact of the financial crisis on household financial situation, they do not directly address the impact of the increasing integration of households in financial markets; for example, they do not tell us how households experience and evaluate their growing dependence on finance to access a wide range of goods and protect against social risks.

Thus, the conclusions drawn about the impact of financialisation on household well-being are at best tentative.

### *Outline of the report*

Chapter 2 compares the evolution of various aspects of household material well-being for the 18 selected European countries. It examines the evolution of household disposable income, household financial situation, and poverty, as well as the trajectory of unemployment and the impact of the recession on more qualitative aspects of the labour market. It shows that the impact of the crisis has been felt unequally among the 18 European countries, having a more detrimental impact in Southern and Eastern European countries, namely in Greece, Ireland, Portugal, Spain, and Hungary. It concludes that the steady integration of the economies of the Southern and Eastern Europe into the international financial markets through increased access to external funding has rendered these economies more vulnerable to external shocks.

Chapter 3 compares the evolution of subjective well-being and societal satisfaction for the 18 selected European countries. It reproduces the patterns observed in chapter 2, in terms of the relative positions of countries and most vulnerable groups in each country. In all countries, the unemployed and households belonging to the bottom income quintile have the lowest levels of subjective well-being and societal satisfaction. This reinforces the importance of the situation of the economy and of more material dimensions to individual and household well-being. As the countries worst affected by the financial crisis have not only the lowest levels of material and subjective well-being but also the biggest gaps in their social protection systems, the differentiated impact of the crisis within and across countries has been magnified by differences in those systems.



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Chapter 4 concludes by suggesting that financialisation is a systemic mechanism creating and reproducing inequality within and across countries, and that the impact of financialisation on well-being goes beyond the specific relations of households with the financial sector. It also requires the examination of transformations in the labour markets and welfare systems. The varied impacts of the crisis thus point to the importance of the institutional framework of each country, in particular the extent to which the welfare states effectively protect citizens against social risks.

## 2 Household financial situation in the aftermath of the global financial crisis

This chapter compares the evolution of various aspects of household material well-being for the 18 selected European countries between 2004/5 and 2010/11. It examines the evolution of household disposable income, household financial situation, and poverty, as well as the trajectory of unemployment and the impact of the recession on various dimensions of the quality of work life. It shows that the impact of the crisis has been felt unequally among the 18 European countries, having a more detrimental impact in Southern and Eastern European countries, especially in Greece, Hungary, Ireland, Portugal and Spain. In order to have a more complete depiction of the impact of the crisis across countries and upon the various groups of the population, this chapter has recourse to aggregate data from the EUROSTAT and micro-data from the ESS for the same period.<sup>1</sup>

### 2.1 Financialisation and the financial crisis

The exercise of assessing the impact of financialisation on household well-being, both at the material and subjective level, is not an easy task to undertake. Even though the integration of households within the financial sector has been rising in most European countries, this engagement varies widely in scale, content and time (Churchil, 2013; Karacimen, 2013; Santos and Teles, 2013). The variegated engagements of households with finance make it difficult to capture the effects of these long and multidimensional processes through the use of available comparable data. Nonetheless, the international financial crisis provides a privileged standpoint for an exploratory analysis of these effects. This is so because the financial and international nature of the 2007-08 crisis is in itself a

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<sup>1</sup> In what regards data from the ESS, explicit reference will be made to differences between countries and segments of the population that are significant at the 0.05 level. See Annexes 1 and 3.



manifestation of financialisation, and it has exerted devastating effects on many European households. Starting in the US, its impact rapidly spread through financial markets and international trade producing, at first, rising unemployment and a deterioration of household disposable income and, at a later stage, a degradation of public services as a result of fiscal austerity used as the main remedy to tackle it.

Financialisation is a process of deep economic transformations that has very different configurations in each country, with implications on the financialised profile of households (Churchil, 2013, Karacimen, 2013; Santos and Teles, 2013). The assessment of the impacts of financialisation and of financial crisis on household well-being thus requires that the differentiated circumstances of households be taken into account.

Becker et al. (2010) distinguish two types of financialisation: one based on the expansion of fictitious capital (e.g. financial securities), prevalent in core developed countries; and the other based on the expansion of interest bearing capital (e.g. bank financial flows), more prevalent in peripheral countries. In the latter case, where financial secondary securities markets would not be as developed, financialisation would be associated with a high degree of dependence on international capital inflows. Peripheral countries would then be forced to hold overvalued exchange rates and high interest rates in order to attract external funding essential to its participation in the world economy. However, this growth model would confront its own contradictions with constrained productive capacities, deteriorated external accounts and unsustainable external debt. This would, in turn, entail a high degree of vulnerability to external shocks.

'Peripheral financialisation', as described by Becker et al., applies more straightforwardly to Eastern European countries that are not members of the Eurozone.<sup>2</sup> The situation of

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<sup>2</sup> Becker et al. (2010) apply their framework to Chile, China, Serbia and Slovakia.



Southern European countries (Portugal, Greece and Spain) is somewhat distinct, being better depicted as a case of semi-peripheral financialisation (Reis et al., 2013). These countries did not have to hold high interest rates to attract foreign financial flows, nor did they have to hold a high amount of reserves as a condition to participate in the international financial markets. Their participation in the Economic and Monetary Union, whose currency, the euro, became a new form of reserve, allowed them to benefit from an almost unlimited access to capital markets and at a very low price. This meant, however, an overvalued currency detrimental to their weak economies, resulting in the erosion of external competitiveness and the accumulation of external deficits and debt. Economic growth was since driven by public spending (Greece), real estate bubble (Spain) or was simply non-existent (Portugal) (Lapavitsas et al., 2012).

Despite their apparent privileged position, when compared to Eastern European countries, Southern Europe suffered from the same problems producing growing and high external debts. The eased access to capital markets fuelled the biggest net external debts at the world level, culminating in the sovereign debt crises of 2010-11, forcing these countries to request financial bail-outs to official lenders. This was the case in Greece, Portugal and Spain, and also in Ireland, that had to request financial assistance to the troika made up of the European Central Bank, the International Monetary Fund and the European Commission, when borrowing on the markets to refinance public debt became prohibitively expensive. As it is always the case, these loan arrangements implied the implementation of restrictive austerity measures, which have aggravated the situation of these countries. What was not as common was the fact that the imposed structural adjustments were carried out without the traditional policy instruments, namely exchange rate policy, that would have normally been used to alleviate the adjustment process. There is at the moment a growing consensus that austerity measures are not working; they are instead deepening and prolonging recession, through their effects on income, as a result





of the cuts on salaries, increasing unemployment and underemployment, as well as through their effects on indirect income via the contraction of public services, leaving increasing segments of the population at greater risk of vulnerability (Leahy et al., 2013). The circumstance that the Southern and Eastern European countries have been most affected by the financial crisis, as we shall see below, provides support for the conjecture that financialisation has been a mechanism of accentuating inequality within and across countries.

## 2.2 Income, unemployment and financial strain

The crisis has accentuated divergence among EU countries. As we shall be below, the analysis of various economic indicators, such as household disposable income, unemployment and poverty rates, shows that besides the four countries dependent upon loan arrangements (Greece, Portugal and Spain, and also Ireland), some Eastern European countries were also severely affected by the crisis, namely Estonia, Hungary, and Slovenia. Relative to these countries, Belgium, the UK, Sweden and Denmark were less severely affected. Germany, on the other hand, stands out as the only country that has observed some improvement in some of these indicators, being, for example, the only country to register declining levels of unemployment in the period.

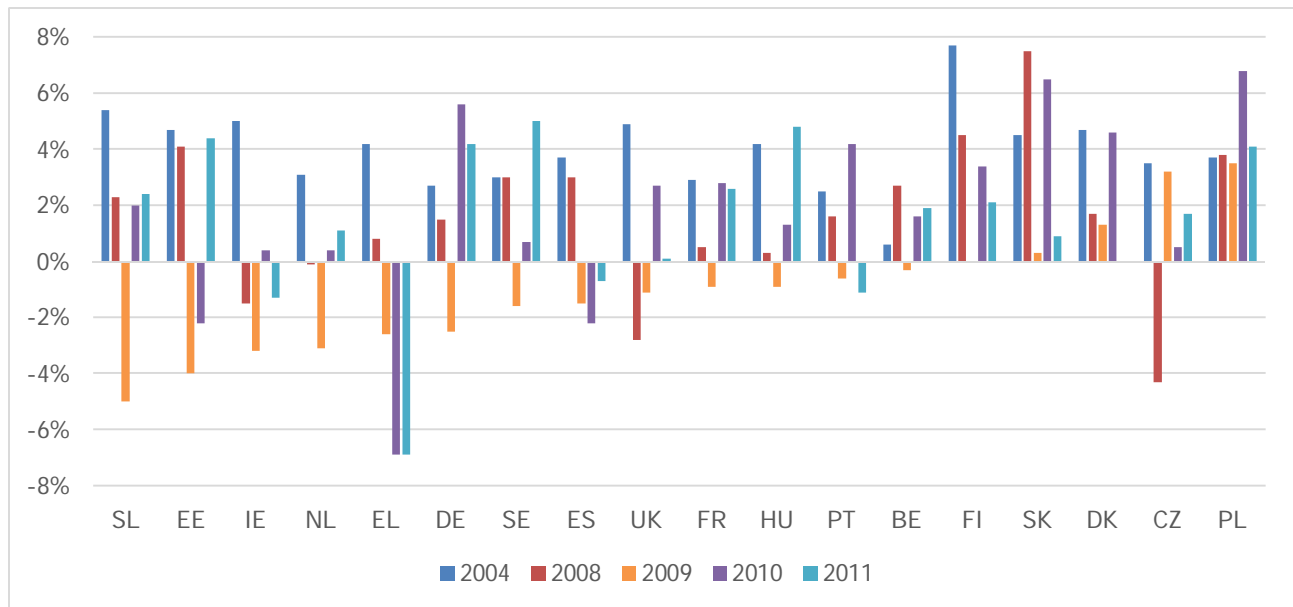
### *Household disposable income*

The differentiated impact of the crisis in Europe is clearly reflected in the evolution of household disposable income in the period from 2004 to 2011. While until 2008, household disposable income grew considerably and rather uniformly in many European countries, greater disparities started to emerge after 2008.



It is hard to discern a clear pattern in the evolution of disposable income immediately after 2008. This may be explained by both the susceptibility to the contagion of what was happening in the US and the short-lived Keynesian moment right after the crisis in many countries. Hence, the first countries to be hit, in 2008, were those at the centre of the financial turmoil (the UK and Ireland), to be followed, in 2009, by countries with economies highly dependent on export performance (Germany, Netherlands) or high levels of trade integration due to their small size (Estonia, Slovenia). Nonetheless, two common trends are clear: 1) the generalised fall in the rates of growth of household disposable income, with most countries experiencing negative rates, thus showing the high integration of European countries with the US economy, both in terms of the financial and trade markets; 2) the negative effects of the international crisis lasted longer for a small number of countries, all the Southern countries, plus Ireland, that are members of the Eurozone that had to request external financial assistance. In contrast, in Germany, Sweden, Poland and Hungary the rates of growth of household disposable income surpassed the pre-crisis values already in 2010-11 (Figure 1).

**Figure 1 Annual growth rate of household disposable income per capita (PPS) 2004-2011 (Source: EUROSTAT, percentage)**



### *Unemployment*

A clear effect of the crisis, and a critical factor contributing to household well-being, is the situation of the labour market. In the years preceding the crisis, unemployment figures evolved quite differently across Europe. There was a downward trend accompanying the favourable economic cycle, with remarkable decreases in unemployment rates in a number of Eastern European countries (Poland, Slovakia, Estonia and Czech Republic). The international crisis interrupted this trend, and unemployment grew across the continent. The countries most afflicted by rising unemployment were the countries under bail-out programmes in Southern Europe, Ireland and Eastern Europe. The Eurozone core countries and countries in Scandinavia, on the contrary, stabilized their levels of unemployment soon after the crisis. Two exceptions can be noted. The UK continued to register a consistent growth of unemployment, although not on the same scale as

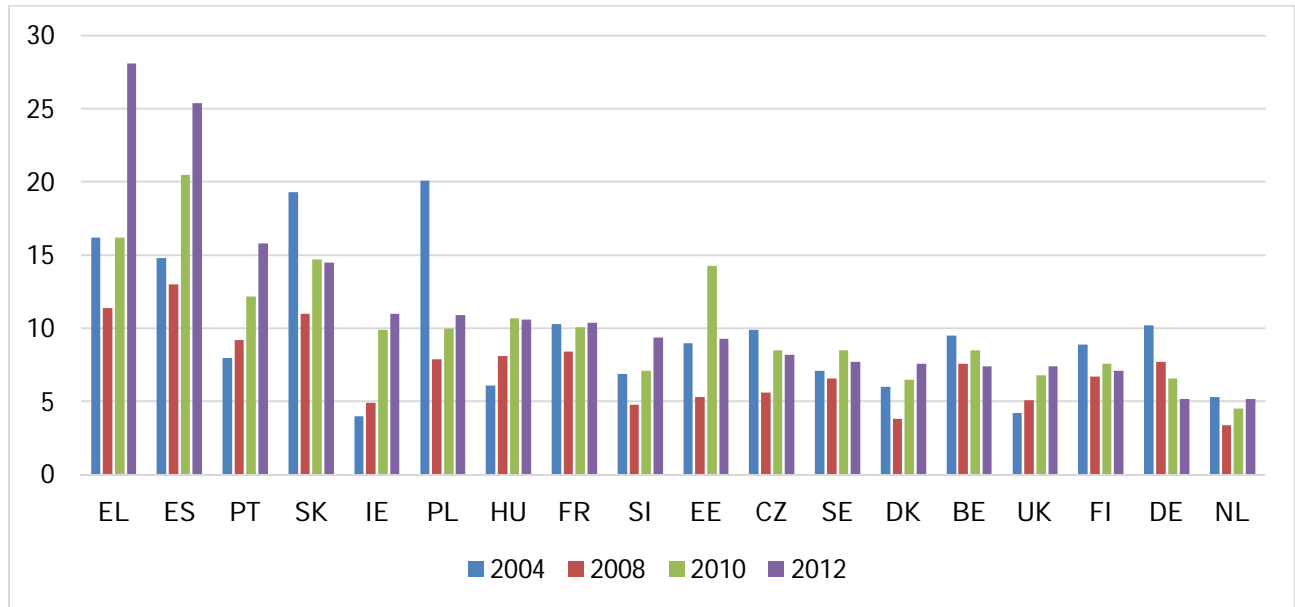


peripheral countries, due to the continued economic strain imposed by its “voluntary” austerity programme of 2010-11. Germany stands out as the only country to have had a steady fall of unemployment during the period.

Three distinctive situations are clearly identified. First, Southern European countries plus Ireland, members of the Eurozone and under institutional loan arrangements, have experienced the fastest rises in unemployment. While the rate of unemployment in the EU rose 3 per cent points, unemployment rates grew 17, 14, 9 and 8 per cent points in Greece, Spain, Ireland and Portugal, respectively (Figure 2). Eastern European countries were the second group most affected by the crisis, with Estonia, Slovakia and Slovenia registering rises in their unemployment rates of 9, 4 and 4 per cent points, respectively. Finally, the financialised core countries were the least affected, rapidly recovering in the subsequent years. The asymmetric effects of the crisis on unemployment thus reflect the differentiated economic and financial circumstances of the three groups of countries, as described in the previous section, which signal a growing divergence among them after 2008.



**Figure 2 Unemployment rates 2004-2012 (Source: EUROSTAT, percentage)**



***Financial Difficulty***

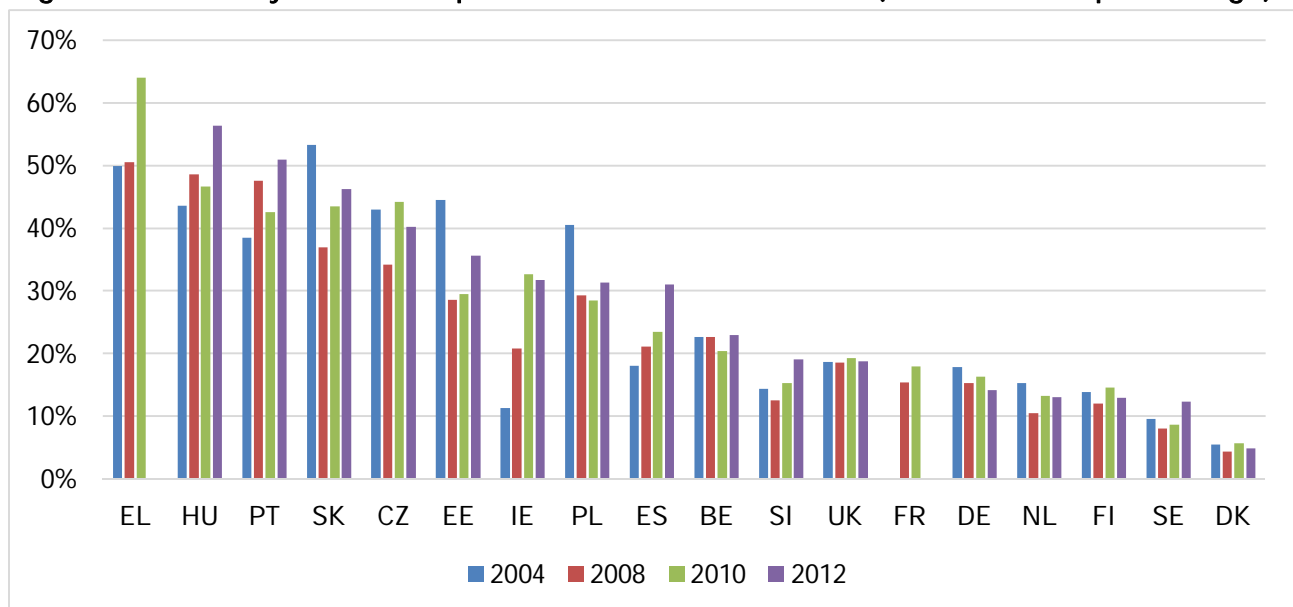
The generalised loss of income and rising unemployment has translated into financial difficulty to live on present income in most countries. In 2012, around 30 per cent of the Europeans declared that they found it difficult or very difficult to live on present income, which represented a 5 per cent point increase relative to 2008.<sup>3</sup> Similar to the evolution of income and unemployment, Figure 3 shows that financial strain increased in the majority of countries, though there is also evidence that financial hardship is rather unevenly experienced within the EU.

Reported financial difficulty reflects the intensity of the crisis, affecting most the countries located in Southern and Eastern Europe. In Greece, Hungary, Portugal, and Slovakia more

<sup>3</sup> This is the simple mean obtained from the values of the 18 selected countries (depicted in Figure 3). Because the values of Greece and France were not available, the average of 2012 used the values of 2010 for these two countries.

than 40 per cent of those surveyed said they found it difficult or very difficult to live on present income. This contrasts with the UK, France, Germany, the Netherlands, Finland, Sweden and Denmark where less than 20 per cent of the respondents reported struggling with their current income. Germany again stands out as the only country that improved its situation in 2012.

**Figure 3 Difficulty to live on present income 2004-2012 (Source: ESS, percentage)**



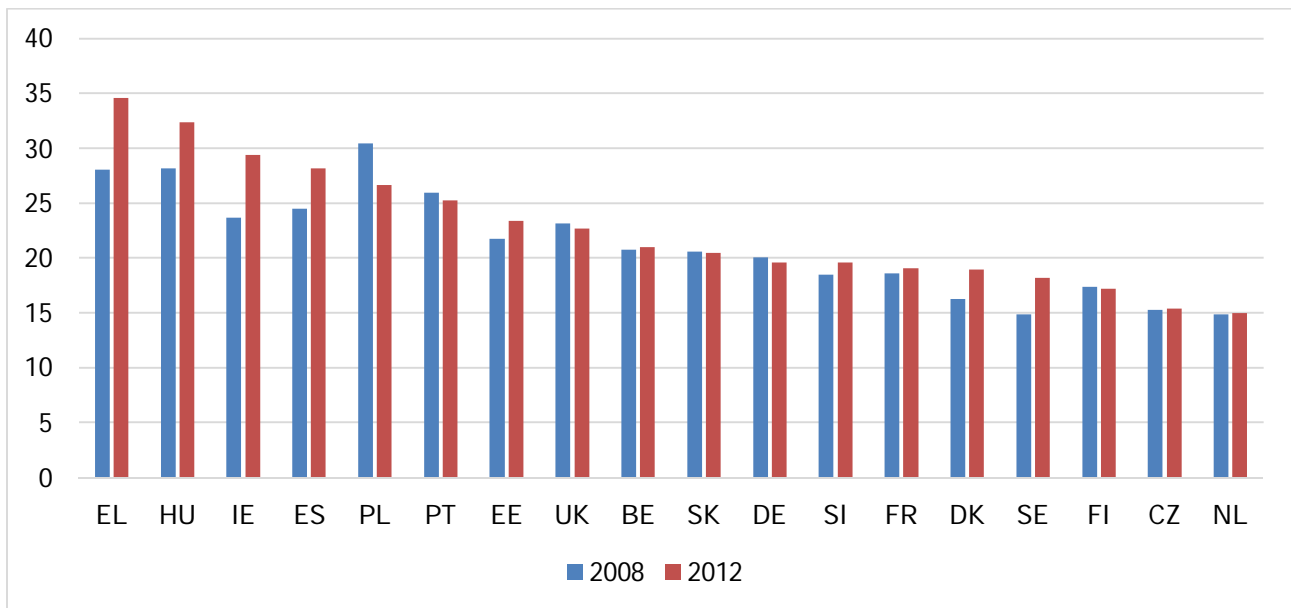
F42. "Which of the descriptions on this card comes closest to how you feel about your household's income nowadays? 1) Living comfortably on present income, 2) Coping on present income, 3) Finding it difficult on present income, 4) Finding it very difficult on present income." (Sum of difficult and very difficult)

While there is a clear relation between experiences of financial difficulty and the evolution of income and unemployment, there are some exceptions. For example, Spain and Ireland stand in a relatively better position and Czech Republic and Estonia stand in relatively worse position than could be expected from the observation of the recent evolution of income and unemployment in these countries. These differences in the relative positions of the countries may signal differences of welfare regimes among these countries and their (in)ability to protect their citizens.

### Poverty

The deterioration of household financial situation across countries is also reflected in the risk of poverty or social exclusion. Greece, Ireland, Hungary, and Spain registered the most significant increases, followed somewhat by Sweden, Denmark and Estonia. The other countries roughly kept their situation. Poland is the only exception in that the population at risk of poverty and social exclusion substantially decreased in the period, though it still has a very high percentage of population at risk (Figure 4).

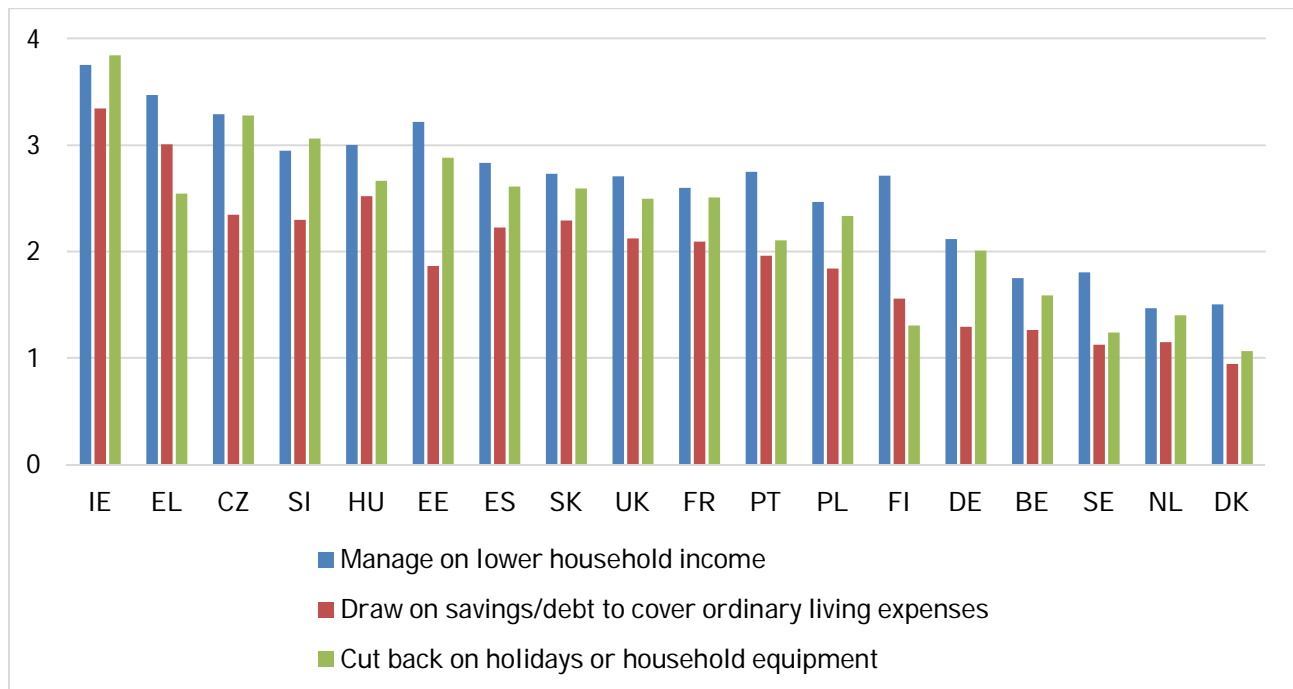
**Figure 4 People at risk of poverty or social exclusion 2008-12 (Source: EU-SILC, percentage)**



The ESS provides an additional measure of financial strain inquiring about the evolution of household income in the three years prior to 2010, as well as whether respondents had recourse to alternative sources of income, such as their savings or debt, and whether they had to reduce some expenses (Figure 5). Notwithstanding the differentiated impact of the financial crisis on household financial situation, this measure reveals a more uniform

pattern among EU countries, suggesting that many European households had to manage on a lower household income and that they changed their financial habits, having to seek recourse in alternative sources of income and to cut back on some expenses.

**Figure 5 Financial strain in the three years prior to 2010 (Source: ESS, scale 0-6)**



“Please tell me to what extent each of the following has applied to you in the last years? G8. I have to manage on lower household income, G9. I have had to draw on my savings or get into debt to cover ordinary living expenses, G10. I have had to cut back on holidays or new household equipment.”

Even though many households declare a lower household income, the way they deal with it is varied. While in some countries households seem to cut back more on expenses than rely on alternative sources of income (e.g. Eastern European countries), in most countries they seem to have a more balanced mix of these two strategies. Greece stands out in that



it is the only country where finding alternative sources of income seems to be more prominent. Finland also contrasts with the other countries in that there is a less direct relation between a lower income and changed financial habits and expenditures. Again, households in countries less hit by the crisis and endowed with more robust welfare states have lower levels of financial strain, such as Sweden, Belgium, Denmark and Netherlands. In common with households in the two countries most hit by the crisis in 2010, Greece and Ireland, households in the Czech Republic, Estonia, Hungary and Slovenia also declared high levels of financial strain.

Other indicators of material deprivation reproduce very unequal situations. As expected, in 2011, material deprivation is higher in countries where households said they faced the most difficulties making ends meet: the majority of respondents in Hungary, Greece, Portugal and Ireland declared that they could not afford certain essential items (Table 1). Thus, it is not necessarily among the countries with the lower levels of GDP per capita that we find more households facing more financial hardship. It is instead within the most crisis-hit countries that the inability to make ends meet is higher. Scandinavian countries (Denmark, Sweden, and Finland) stand out in comparison with the rest of EU with the lowest levels of material deprivation. What is also striking is the remarkable high levels of material deprivation in some countries where a large proportion of the population say they cannot afford basic items such as a meal with meat, chicken, fish (or vegetarian equivalent) every second day (around 30% in Hungary and 23% in Slovakia), or keep their homes adequately warm (around 27% in Portugal).

**Table 1 Inability to afford certain items 2011 (Source: EU-SILC, percentage)**

	Inability to make ends meet	Inability to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day	Inability to keep home adequately warm	Inability to face unexpected financial expenses	Inability to afford paying for one week annual holiday away from home
HU	26,1	29,0	11,7	74,0	66,1
EL	25,6	9,2	18,6	34,4	51,2
PT	19,2	3,1	26,8	29,1	57,2
IE	14,7	2,8	6,8	54,4	48,5
PL	12,4	14,1	13,6	51,2	60,5
ES	11,1	3,2	6,5	37,6	40,9
SK	10,7	23,2	4,3	35,8	49,7
SI	9,3	10,4	5,4	46,7	31,7
BE	8,8	4,8	7,1	26,1	27,8
CZ	8,7	10,7	6,4	40,4	41,8
EE	8,5	10,4	3,0	44,7	48,3
UK	7,3	4,9	6,5	36,7	29,8
FR	4,5	6,8	6,0	33,0	27,7
DK	4,2	2,4	2,6	24,9	11,5
NL	3,3	2,8	1,6	21,7	17,3
SE	3,3	2,1	1,6	16,6	10,2
DE	3,1	8,8	5,2	34,5	22,8
FI	2,6	3,2	1,8	27,4	14,8

While having financial difficulties seems to have a close relationship with actually failing to make ends meet, facing financial difficulties does not necessarily mean that households default on their outstanding payments. It is in Hungary, Greece and Ireland that we find a higher percentage of households with arrears. Greece has by far the highest percentage of arrears in that around 32 per cent of households declare some sort of default payment. Countries with lower incomes but less affected by the crisis, such as Poland or the Czech Republic, have high levels of material deprivation but a low proportion of households in arrears. Although arrears on utility bills are most common, there is no clear pattern among the various items on which people default across different countries (Table 2).

**Table 2 Arrears in certain items 2011 (Source: EU-SILC, percentage)**

	Mortgage or rent, utility bills or hire purchase from 2003 onwards	Mortgage or rent payments	Utility bills	Hire purchase instalments or other loan payments
EL	31,9	11,0	23,3	13,5
HU	24,7	6,4	23,0	6,6
IE	19,9	11,6	14,8	7,0
SI	19,0	3,4	17,3	4,1
PL	14,2	1,5	12,9	3,3
EE	13,8	2,3	11,8	4,3
FI	11,0	4,8	7,8	3,9
PT	10,2	5,7	6,7	3,6
FR	9,9	5,6	7,1	2,9
UK	8,9	4,9	5,0	2,0
SK	8,5	4,6	6,4	2,8
BE	7,8	3,9	6,0	1,8
ES	7,7	3,9	5,0	2,6
DK	6,7	2,5	3,9	3,6
CZ	6,1	3,8	4,3	1,7
SE	5,9	2,2	4,1	2,2
DE	5,2	2,4	3,9	1,2
NL	4,9	3,0	2,4	1,2

### *Summary*

The financial crisis has had a negative impact on household material well-being in every country through its effects on household disposable income and unemployment rates. However, this impact varied across the EU. Table 3 below lists the countries at the bottom and top of the ranking for the various indicators reviewed above. It shows that Greece, Hungary, Ireland, Spain and Portugal rank in the bottom 5, and that Denmark, the Netherlands, Sweden, Finland and Germany rank at the top 5 of most indicators.

**Table 3 Ranking of countries according to various measures of material well-being**

	Variation HDI 2008-2012 (Fig. 1)	Unemployment rate 2012 (Fig. 3)	Financial Difficulty 2012 (Fig. 4)	At risk of poverty 2012 (Fig. 5)	Inability to make ends meet 2011 (Table 1)	Arrears 2011 (Table 2)	Final Ranking	Count Bottom/Top 5
Bottom 5	EL	ES	EL	EL	HU	EL	EL	6
	EE	EL	HU	HU	EL	HU	HU	5
	HU	PT	PT	IE	PT	IE	IE	5
	IE	IE	SK	ES	IE	SI	ES	3
	ES	SK	CZ	PL	PL	PL	PT	3
Top 5	PL	NL	DK	NL	FI	NL	DK	6
	DK	DE	SE	CZ	DE	DE	NL	5
	SE	CZ	FI	FI	SE	SE	SE	5
	SK	BE	NL	SE	NL	CZ	FI	4
	FI	DK	DE	DK	DK	DK	DE	4

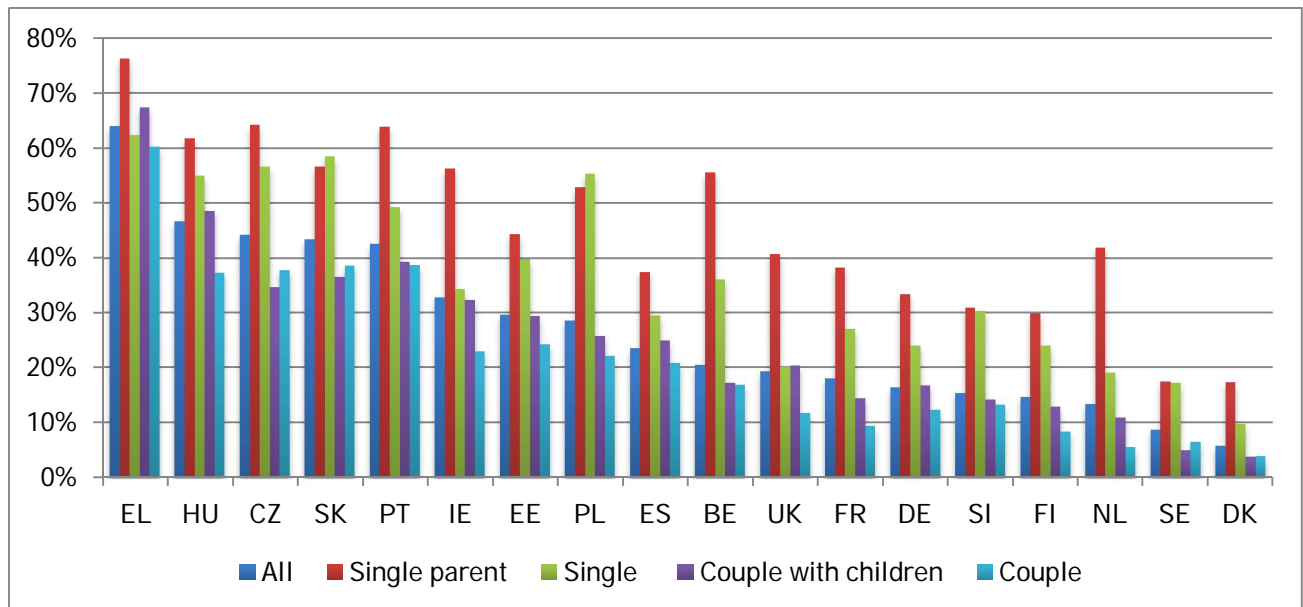
The various indicators of material well-being thus reflect the differentiated situation of the three groups of countries distinguished above. The crisis has had a more severe impact on the semi-periphery – Greece, Ireland, Spain and Portugal – where the financial crisis degenerated into an “Euro crisis” subjecting these countries to structural adjustment programmes as a condition for financial bail-outs, which further deteriorated the living conditions of households. Although Hungary is not a member of the Eurozone, it was severely affected by the crisis, having to request financial assistance from the IMF and the European institutions already in 2008. Countries from the periphery were the second most affected, namely Slovakia and Czech Republic. Countries from the core – the Central and North Europe - were the least affected, namely Denmark, the Netherlands, Sweden and Finland.

### 2.3 Household financial situation by household socio-economic group and type

We have seen that the impact of the financial crisis on households varied among the 18 European countries considered in this report. However, cross-country comparisons disguise inequality in the distribution of the effects of the crisis in each country. ESS data allow us to assess the financial situation of various segments of the population in each country.

Figure 6 shows that single parent households are facing more difficulties to live on present income than any other type of household and that this is a fairly generalised trend across countries. While more than 60 per cent of single parents face financial difficulties in the countries hardest hit by the crisis (Greece, Hungary, Portugal and Czech Republic), it is remarkable that more than 30 per cent of single parents across Europe say they face difficulties living on present income. It reaches incredibly high values in Belgium (56%), the Netherlands (42%) and the UK (41%), more than doubling the values obtained for the total population of each country (20%, 13% and 19%, respectively). Single person households follow somewhat behind, with the exception of Slovakia, Poland and Slovenia. The situation of couples, with and without children, is far more favourable, though couples without children tend to have less financial strain. This suggests that living alone and having children have a significant impact on household financial strain. It should however be noted that the number of single parent households declaring having financial difficulty is rather low (less than 5% of total respondents in each country) in many countries (Poland, Spain, Belgium, France, Germany, Slovenia, Finland, the Netherlands, Sweden and Denmark). Inequality among household types is lower in Greece, Sweden and Denmark, and it is higher in Ireland, Poland and Belgium.

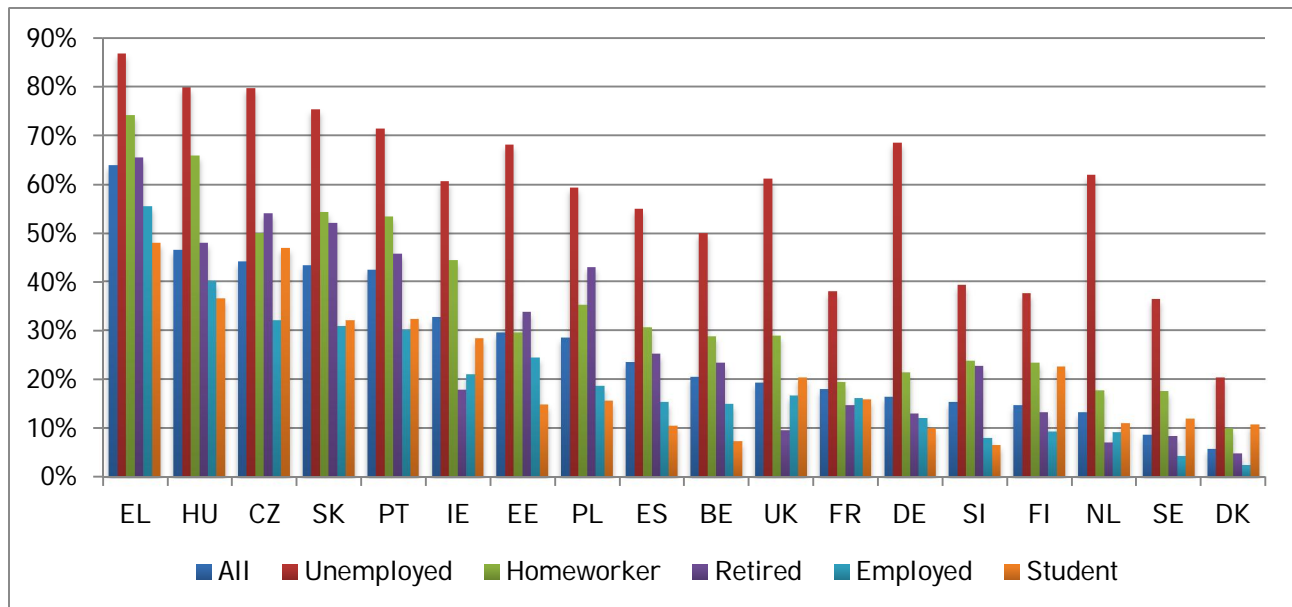
**Figure 6 Difficulty to live on present income by household type 2010 (Source: ESS, percentage)**



F42. "Which of the descriptions on this card comes closest to how you feel about your household's income nowadays? 1) Living comfortably on present income, 2) Coping on present income, 3) Finding it difficult on present income, 4) Finding it very difficult on present income." (Sum of difficult and very difficult)

Disparities are even more marked for the different socio-economic groups, underlining the central role of employment and professional category in mediating the impact of the financial crisis. Financial difficulties are most felt by respondents that are unemployed, followed somewhat by those who work at home, and by the retired. In most countries more than 50 per cent of the unemployed say they have financial difficulties, reaching particularly high levels (more than 70%) in the countries hardest hit by the crisis: Greece, Hungary, Czech Republic, Slovakia and Portugal (Figure 7). Denmark standouts in that the majority of the Danish respondents in the various categories say they do not face financial difficulties.

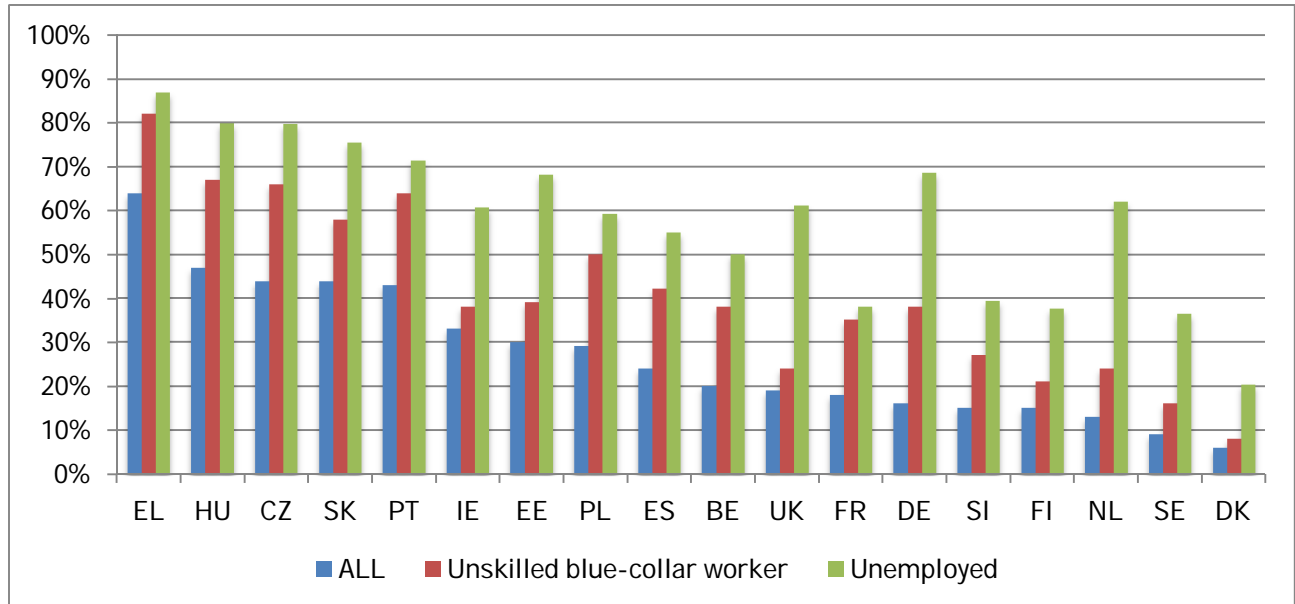
**Figure 7 Difficulty to live on present income by employment status 2010 (Source: ESS, percentage)**



F42. "Which of the descriptions on this card comes closest to how you feel about your household's income nowadays? 1) Living comfortably on present income, 2) Coping on present income, 3) Finding it difficult on present income, 4) Finding it very difficult on present income." (Sum of difficult and very difficult)

Unskilled blue-collar workers also face difficulty in living on present income (Figure 8). This difficulty approaches that faced by the unemployed in countries most severely hit by the crisis. In contrast to countries from Central and North Europe, where financial strain is more directly related to unemployment, in Southern and Eastern Europe financial strain is also a reflection of the structural debility of these economies. However, in Central and Northern European countries, the percentage of unemployed saying they face financial difficulty more than doubles that of other categories, particularly in the UK and the Netherlands (though the number of respondents who are unemployed is low in the latter case). This result is replicated by non-material measures of well-being, as we shall see in the next chapter. This then demonstrates the need for a more disaggregated analysis of the effects of the crisis in each country, including those that have apparently withstood the impact of the crisis.

**Figure 8 Difficulty to live on present income by employment and professional category 2010 (Source: ESS, percentage)**



F42. “Which of the descriptions on this card comes closest to how you felt about your household’s income nowadays? 1) Living comfortably on present income, 2) Coping on present income, 3) Finding it difficult on present income, 4) Finding it very difficult on present income.” (Sum of difficult and very difficult)

## 2.4 Financial crisis and the quality of work

In the previous section, we have seen that the labour market is a decisive mechanism through which the financial crisis turned into an economic crisis impacted on household well-being. The financial crisis has not only led growing numbers of workers to unemployment, but it has also contributed to the deterioration of working conditions through, more or less imposed, austerity measures and “structural” reforms limiting employment in the public sector and freezing or even reducing salaries. This degradation of working conditions spilled over into the private sector with corporations’ restructuring leading to reduced working hours, lay-offs and reduced pay. Reductions in the funding of public services and harsher eligibility conditions to access social benefits, in turn, reduced the indirect wage component. Even though these measures have been more prevalent in





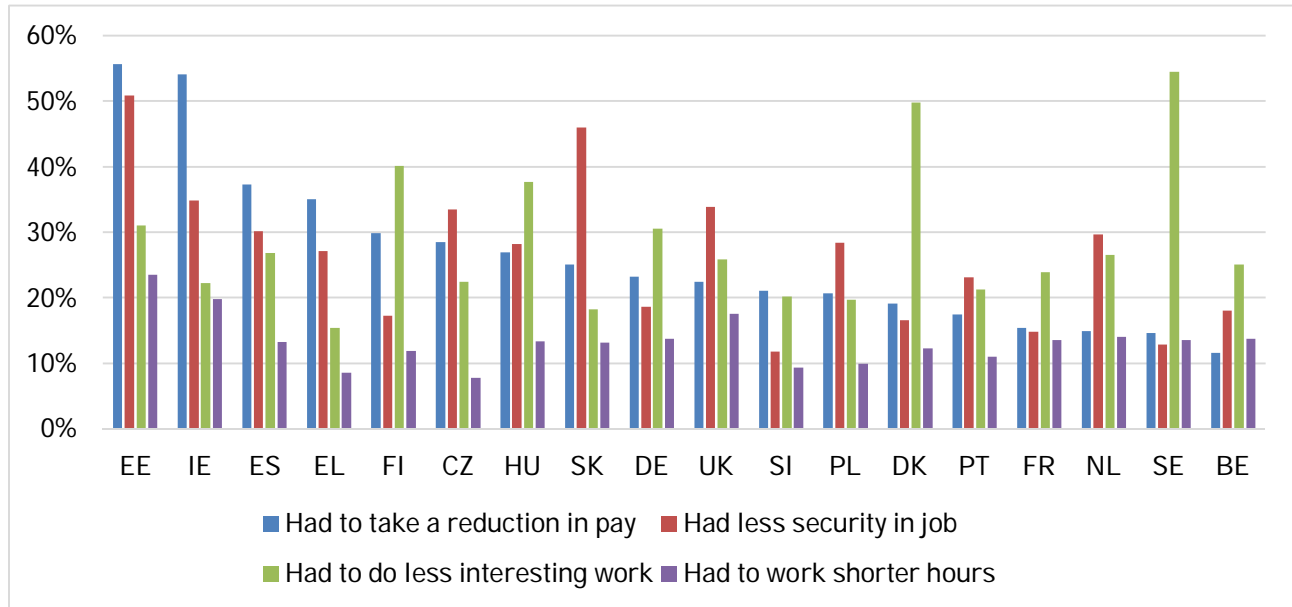
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countries facing sovereign debt crises, they have become quite widespread resulting in a deterioration of living standards in important segments of the European population.

In the 2010 round, the ESS inquired about four main changes in the quality of work in the three previous years: change to less interesting work, reduction in pay, work shorter hours and less security in job. Figure 9 below shows that the impacts have been variegated across European countries. While in Southern and Eastern European countries workers have suffered more salary cuts, in line with the previous indicators, in Central and Northern Europe (Finland, Germany, Denmark, France, Sweden and Belgium), workers have had to endure less interesting work. Sweden and Denmark stand out as countries where 50 per cent or more of respondents have suffered less interesting work; suggesting that in these two countries employees have responded to the crisis by cutting back on the quality of work instead of pay. Job insecurity is instead a far more widespread phenomenon while reduction in working hours is not as significant an indicator of work strain in any of the countries.

**Figure 9 Work strain in the three years prior to 2010 (Source: ESS, percentage)**

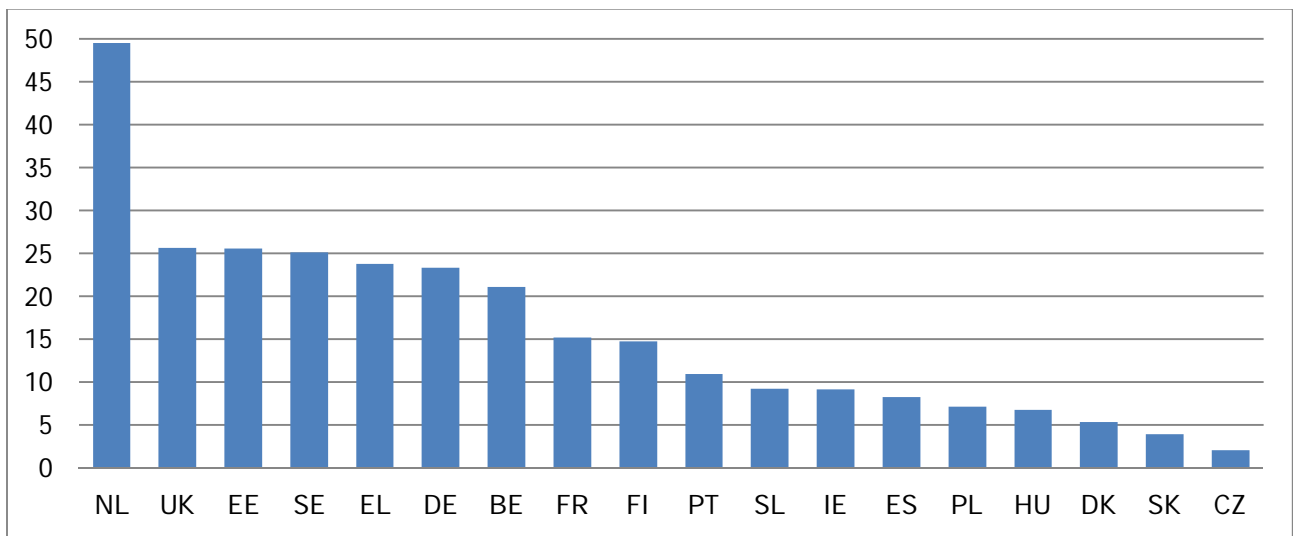


“Please tell me whether or not each of the following has happened to you in the last three years? G58. ...had to do less interesting work?, G59. ...had to take a reduction in pay, G60. ...had to work shorter hours?, G61. ...had less security in your job?”

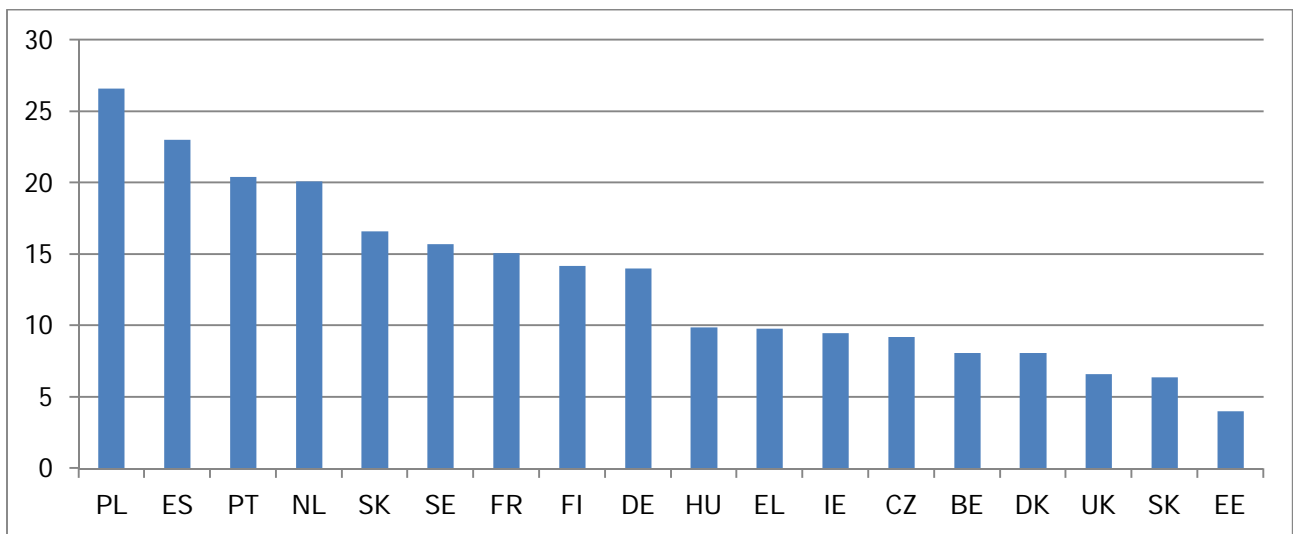
The more mixed ranking of the countries may reflect institutional differences in the labour markets, as for example, labour legislation, trade union power as well as the relative importance of part-time and temporary employment in each country. This might be the case in the Netherlands, the UK, and also Germany, which have a higher percentage of either part-time (Figure 10) and/or temporary jobs (Figure 11). This conjecture is supported by the ESS. Based on these data, Gallie (2013) argues that non-standard contracts bore disproportionately the costs of the economic crisis by being those who have experienced pay cuts more than those in standard-contract jobs. Job insecurity was experienced more transversally by temporary and part-time workers and those in regular jobs. Still, it is among peripheral and semi-peripheral EU countries that we find the higher percentages of workers affected by either job insecurity or wage cuts. This reflects the effects of the crisis in these countries, with higher unemployment weakening the

bargaining power of workers, leading to lower wages and higher job insecurity. Portugal is the exception, which may be explained by the fact that the impact of the crisis has been felt mostly acutely since 2011.

**Figure 10 Part-time employment in total employment in 2011 (Source: EUROSTAT, percentage)**



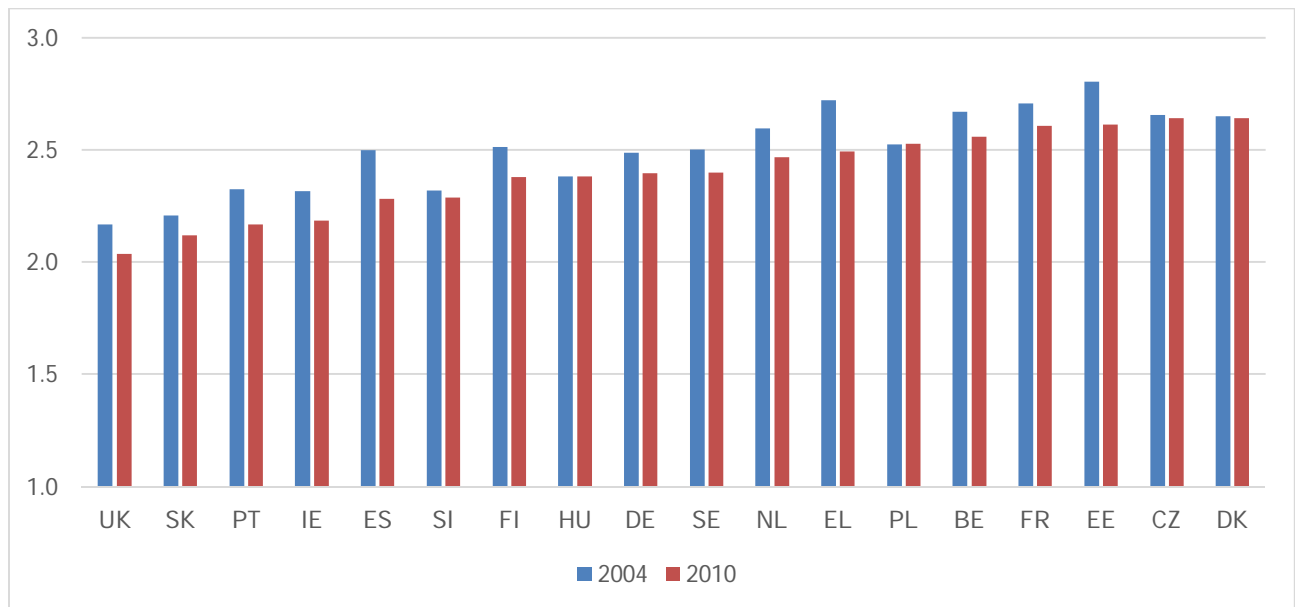
**Figure 11 Temporary employment in total employment in 2011 (Source: EUROSTAT, percentage)**





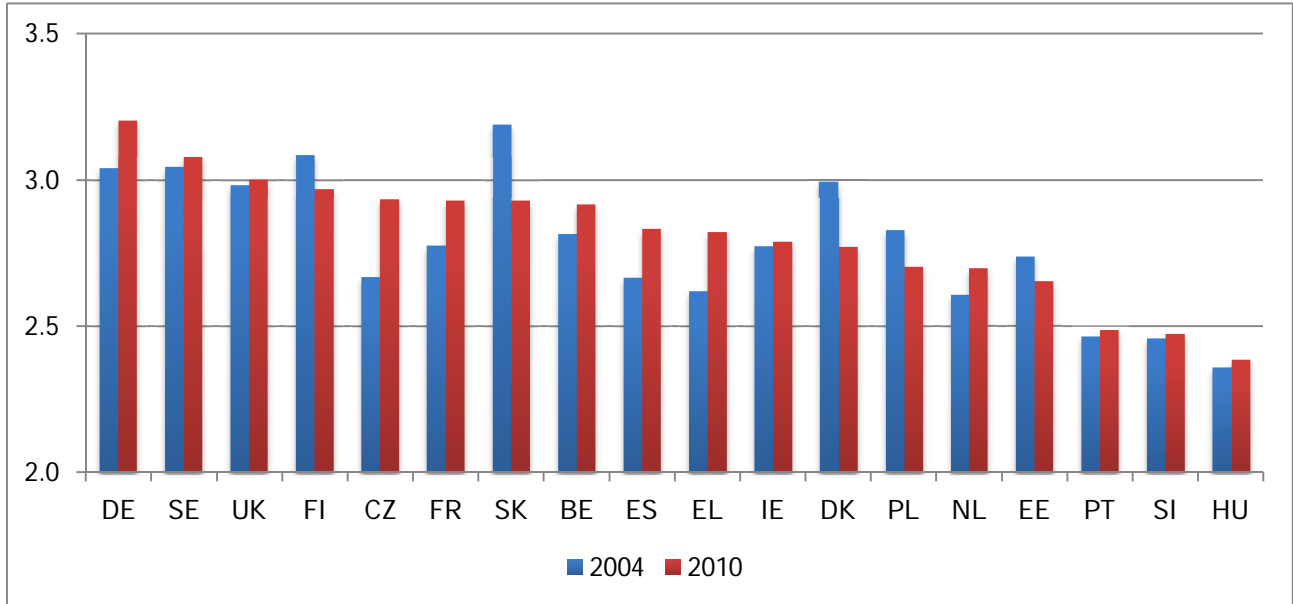
On the other hand, work intensity, in terms of both the effort required and the time pressures in the job, has increased in many countries suggesting that the crisis created a further pressure on the employed. Work effort has increased in countries most hit by the crisis (Greece, Spain, Portugal and Ireland) and also in countries with a high percentage of part-time jobs, such as the Netherlands, the UK and Estonia. It remained virtually unchanged in Slovenia, Hungary, Poland, Czech Republic and Denmark (Figures 12). The number of extra hours worked has also risen in many countries, especially in Czech Republic, Greece, Spain, Germany and France (Figure 13). Based on these results, Gallie (2013) argues that the rise in work intensity is linked to the experience of the economic crisis, affecting more workers who declared to work in firms that have experienced financial difficulties.

**Figure 12 Work effort 2004-2010 (Source: ESS, scale 1-5)**



Simple mean of G34-G35. "Thinking about your current job, how much do you agree or disagree with each of the following statements? G34. My job requires that I work very hard; G35. I never seem to have enough time to get everything done in my job" (1. Agree strongly, 2. Agree, 3. Neither agree nor disagree, 4. Disagree, 5. Disagree strongly)

**Figure 13 Time pressure 2004-2010 (Source: ESS, scale 1-7)**

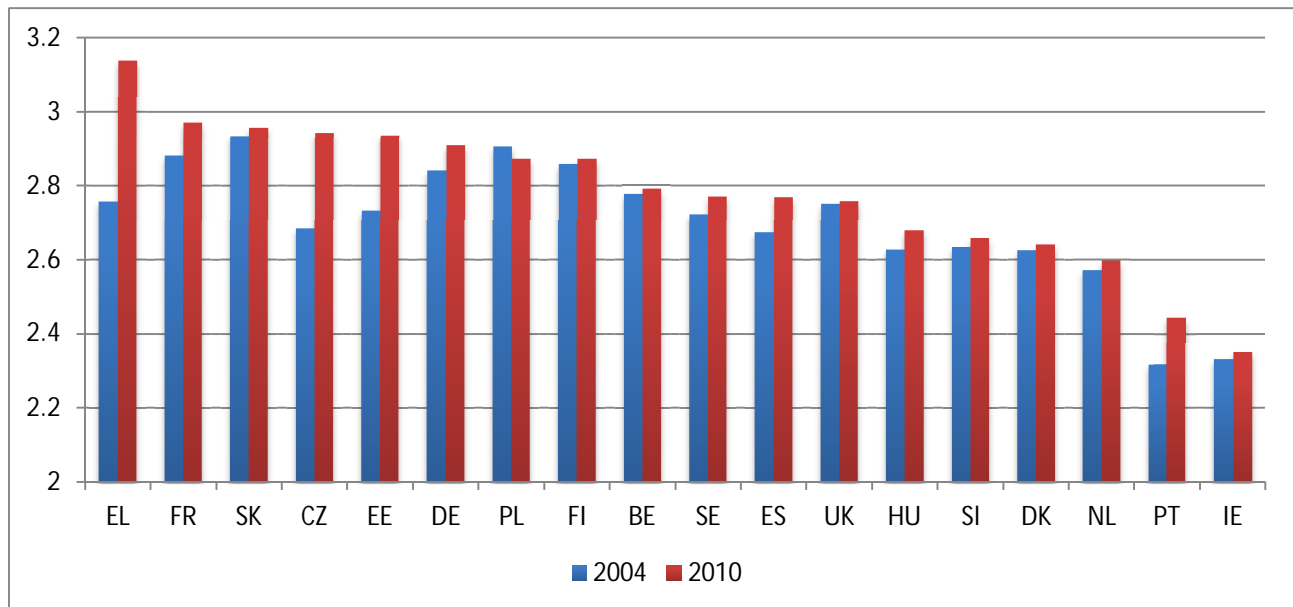


Simple mean of G15-G16. "How often does your work involve ... G15. ...working evenings or nights?, G16. ...having to work overtime at short notice? (1. Never, 2. Less than a month, 3. Once a month [...] 7. Everyday)

The rise of work intensity has resulted in greater work-family life conflict between 2004 and 2010 (Figure 14). The balance between work and family life deteriorated in countries where work intensity increased the most. This is the case of Greece, Czech Republic, Portugal, Spain, France and Germany. This means that the crisis has not only had quantitative and qualitative implications on their jobs, but also on workers' family lives. The ESS data shows that work-family conflict tends to be higher among: couples, the greater the increase in the unemployment rate; households that experienced a deterioration in family budgets; workers that experienced negative changes at work, such as increased job insecurity; and those who work in firms that experienced greater financial difficulty (Gallie, 2013). The increase in work-family life conflict in countries more resilient to the economic crisis, such as France and Germany, suggest that the crisis in the core economies may have manifested itself in the worsening of the working conditions of the employed.

Data from the EQLS, in turn, indicate that difficulty reconciling work with other commitments is most severely felt by women, at the same level of working time as men, reflecting their greater engagement in unpaid work; and by workers with less income, having less options available, such as the purchase of services or support that can help balancing work and family life (Eurofound, 2012).

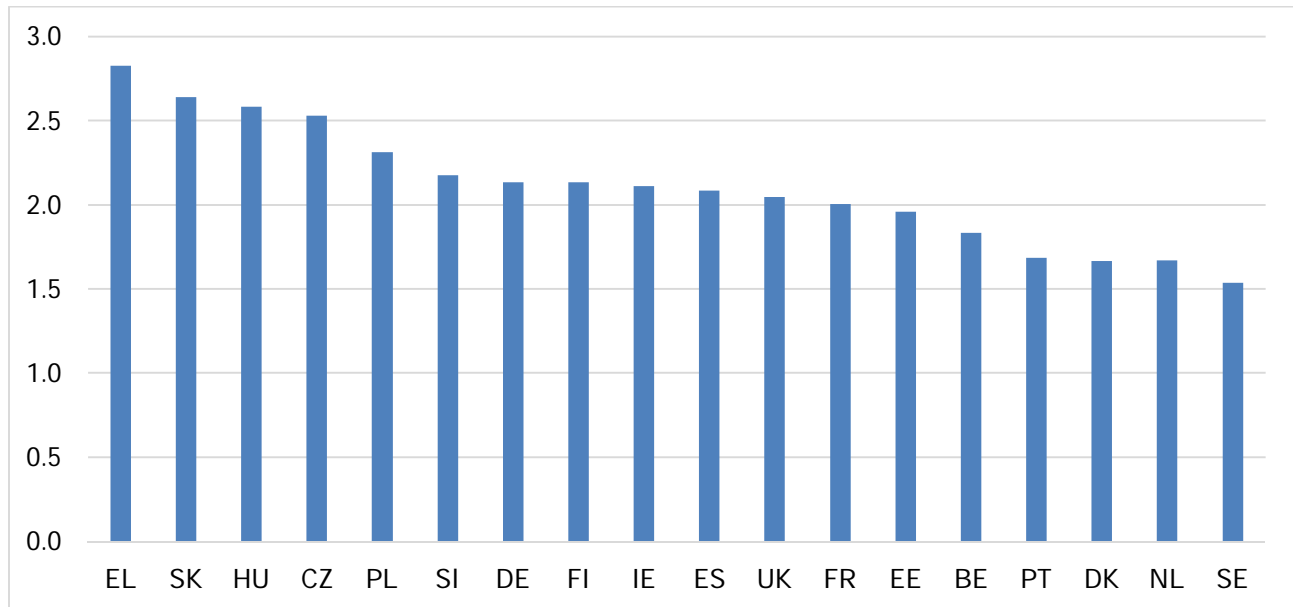
**Figure 14 Work-family life conflict 2004-2010 (Source: ESS, scale 1-5)**



Simple mean of the scores of the following questions: “How often do you ... G46. ...keep worrying about work problems when you are not working? G47. ... feel too tired after work to enjoy the things you would like to do at home?, G48. ... find that your job prevents you from giving the time you want to your partner or family?” (1. Never, 2. Hardly ever, 3. Sometimes, 4. Often, 5. Always).

Not only has the crisis made it more difficult to achieve a better balance between work and family life, but it may also have created more conflict between couples. Figure 15 shows that the countries hardest hit by the crisis (Greece, Slovakia, Hungary and Czech Republic) are the countries where respondents tend to say they disagree about money issues. Conflict between couples over money thus provides another mechanism through which the economic crisis may have affected individual and household well-being.

Figure 15 Couple's conflict about money 2010 (Source: ESS, scale 1-7)



G78. "Couples sometimes disagree about household and family issues. How often do you and your husband/wife/partner disagree about money?" (1. Never, 2. Less than once a month, 3. Once a month, [...] 7. Every day)

### Conclusion

The foregoing analysis suggests that the effects of financialisation go beyond the examination of household financial dealings. The countries most affected by the financial crisis were not the most financialised countries of Central and Northern Europe, as measured by household holdings of financial assets and liabilities (Santos and Teles, 2013). The steady integration of the economies of the Southern and Eastern Europe into the international financial markets through increased access to external funding has rendered these economies more vulnerable to external shocks. Peripheral financialised countries outside the Eurozone, mainly located in Eastern Europe, and the semi-peripheral financialised countries in the Eurozone, located in Southern Europe, were the most affected. Though, it is in the latter that the effects of the crisis are more devastating and persistent as a result of the severity of austerity measures implemented therein.



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The crisis has thus accentuated divergence among EU countries. The analysis of various economic indicators, such as household disposable income, unemployment and poverty rates shows that besides the four countries dependent upon loan arrangements (Greece, Portugal and Spain, and also of Ireland), some Eastern European countries were also severely affected by the crisis, namely Estonia, Hungary, and Slovenia. Germany, on the other hand, stands out as the only country that has registered some improvement in various indicators of material well-being. As the countries worst affected are amongst those with the biggest gaps in their social protection systems, the differentiated impact of the crisis is magnified by differences in those systems. Thus, not only has the crisis had a varied impact across countries, the austerity measures adopted to address it in the weakest economies produced growing levels of inequality within these countries. This is not to say that Central and Northern European countries have not been affected. They have too been hit by declining income and rising unemployment, though not to the same extent as in Southern and Eastern Europe. These countries may have been more affected by changes in the quality of work and working conditions. The varied impacts of the crisis in turn point to the importance of the institutional framework of each country, in particular the extent to which employment regulations and the welfare states can effectively attenuate the impact of the crisis. The foregoing analysis suggests that the Northern countries were the most able to provide such support to their citizens.



## 3 Subjective well-being and societal satisfaction in the EU

### 3.1 Subjective well-being, concepts and measurement

In recent years, many international organizations, such as the United Nations (UN), the Organisation for Economic Co-operation and Development (OECD), and the European Union (EU), have devoted a considerable effort to the development of systems of measurement of subjective well-being and started gathering a large set of comparable well-being indicators for a wide range of countries.

A key defining moment of the political relevance of this academic and political agenda was the establishment, in 2008, of the Commission on the Measurement of Economic Performance and Social Progress, by the then French President Nicolas Sarkozy, chaired and coordinated by Joseph Stiglitz, Amartya Sen and Jean-Paul Fitoussi. In 2009, the Commission published recommendations on how to improve measures of well-being and progress (Stiglitz et al., 2010). The point of departure was a general dissatisfaction with the use of GDP as an indicator of economic performance and social progress, setting the goal of achieving a better alignment of metrics of well-being with what actually contributes to well-being. Since then various institutions have renewed their efforts, with the same goal in mind. For example, in 2009, the European Commission issued a communication on "GDP and beyond" identifying key actions to improve current metrics of progress (EC, 2009). In 2011, the OECD launched the "Better Life Initiative", aiming at developing "the best set of comparable and comprehensive well-being indicators for advanced and emerging economies" (OECD, 2011: 3). And in 2012 the UN launched its first *World Happiness Report* providing data for around 140 developed and developing countries. A common denominator of these initiatives is the proposal for national statistical agencies to collect and publish comparable measures of subjective well-being. With this goal in mind, in 2013, the OECD (2013a) launched the *OECD Guidelines on Measuring Subjective*



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*Well-being*, representing an important step forward in moving the measurement of subjective well-being from a primarily academic activity to the sphere of official statistics.

According to the OECD (2013a: 10), subjective well-being is taken to be “good mental states, including all of the various evaluations, positive and negative, that people make of their lives and the affective reactions of people to their experiences”. Two main dimensions are considered in this inclusive and all-encompassing definition: people’s actual experiences and their evaluation of their own lives. Systems of measurement should thus attempt to measure ‘affect’, defined as a person’s feeling or emotional states, with reference to a particular point in time, and a person’s life evaluation, taken as a reflective assessment on a person’s life or some specific aspect of it. Two underlying principles of subjective measures of well-being are thus the belief that how people experience a set of circumstances is as important as the circumstances themselves, and that people are the best judges of how their lives are going (OECD, 2013a).

This chapter aims at examining the evolution of reported levels of subjective well-being and societal satisfaction across the EU, and how these are distributed within each country, with a view to identify the countries and the groups most affected by the financial crisis.

For the purpose of the present report, we will have recourse to three measures of affect from the European Social Survey that attempt to account for the person’s feelings or emotional states (feeling cheerful and in good spirits, feeling calm and relaxed, feeling



active and vigorous)<sup>4</sup>, with reference to the two weeks prior to the survey, and to two evaluative measures of subjective well-being: happiness and life satisfaction.<sup>5</sup>

Happiness and Life satisfaction are the most established measures and are deemed to evaluate different aspects of individual well-being. Happiness is taken as a reflective assessment of a person's emotional state and is considered to be more affected by personal predispositions; Life satisfaction is instead taken as a reflective assessment of how things are going in one's own life, and it is believed to be more affected by life experiences and objective circumstances. Thus, in principle, someone can be happy without evaluating their life as good, and conversely, a person attributing a high level of satisfaction to their life can feel unhappy at the same time (Diener and Lucas, 1999).

Besides these measures of overall subjective well-being, the report will also use measures of satisfaction with various aspects of collective life, which will allow us to have a more in-depth understanding about the contribution of the various components to well-being. To this end, we will have recourse to ESS questions about individual satisfaction with five aspects pertaining one's country: the state of the economy, the way government

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<sup>4</sup> The questions From the ESS are: "I would like you to say how often you have felt like this over the last two weeks. G1. I have felt cheerful and in good spirits, G2. I have felt calm and relaxed, G3. I have felt active and vigorous". These questions are answered from a scale from 1 to 6 (1. All of the time, 2. Most of the time, 3. More than half of the time, 4. Less than half of the time, 5. Some of the time, 6. At no time).

<sup>5</sup> The questions from the ESS are: "C1. Taking all things together, how happy would you say you are?", where respondents answer using a scale from 0 to 10, where 0 means extremely unhappy and 10 means extremely happy; and "B24. All things considered, how satisfied are you with your life as a whole nowadays?", where respondents use the same scale from 0 to 10, where 0 means extremely dissatisfied and 10 means extremely satisfied.

does its jobs, the way democracy works, the state of education, and the state of health services.<sup>6</sup>

Based on these selected variables of the ESS of rounds 2 (2004) and 5 (2010), two indexes were created to account for these two dimensions of well-being and their evolution before and since the financial crisis of 2007-08. The subjective well-being index (SWI) attempts to capture both the person's emotional state and reflective assessment about one's life, and it is made up of the three measures of affect mentioned above and the indicators Happiness and Life satisfaction. The societal satisfaction index (SSI) attempts to capture aspects of collective life, specifically the evaluation the individual makes of the situation of his/her country, including the economy, the government, democracy, education, and health. These indexes will thus allow comparisons of subjective well-being and societal satisfaction within and across countries and for different socio-demographical groups, including gender, age, education, employment status, household type, professional occupation, and income level.<sup>7</sup>

But before moving to the analysis of the selected indicators and indexes, a word of caution is in order. Measures of subjective well-being, as well as of appraisals of the state of the country, pose a non-negligible interpretative challenge, especially when making comparisons over time, and across different countries. A critical aspect that cannot be overlooked is that reports of happiness and life satisfaction, as well as assessments of the

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<sup>6</sup> The five ESS questions are: "B25. On the whole how satisfied are you with the present state of the economy in [country]? B26. Now thinking about the [country] government, how satisfied are you with the way it is doing its job? B27. And on the whole, how satisfied are you with the way democracy works in [country]? B28. Now please say what you think overall about the state of education in [country] nowadays? B29. Please say what you think overall about the state of health services in [country] nowadays?" These questions are answered from a scale from 0 to 10, where 0 means extremely dissatisfied, and 10 means extremely satisfied.

<sup>7</sup> See Annex 2 for more detailed information about the construction of the indexes.

economy and society, are necessarily affected by different norms and expectations, and also by differences in the ability to adapt to given circumstances, which make it particularly difficult to establish whether a move in a given indicator reflects changed circumstances or changed norms and expectations. Hence, we cannot suppose that measures of subjective well-being and societal satisfaction provide unbiased indicators of the underlying well-being of individuals and society as a whole (Brown et al. 2013). Rather, we must treat such measures with extreme caution and where possible supplement them with other data to form a more rounded picture of the observed changes in well-being.

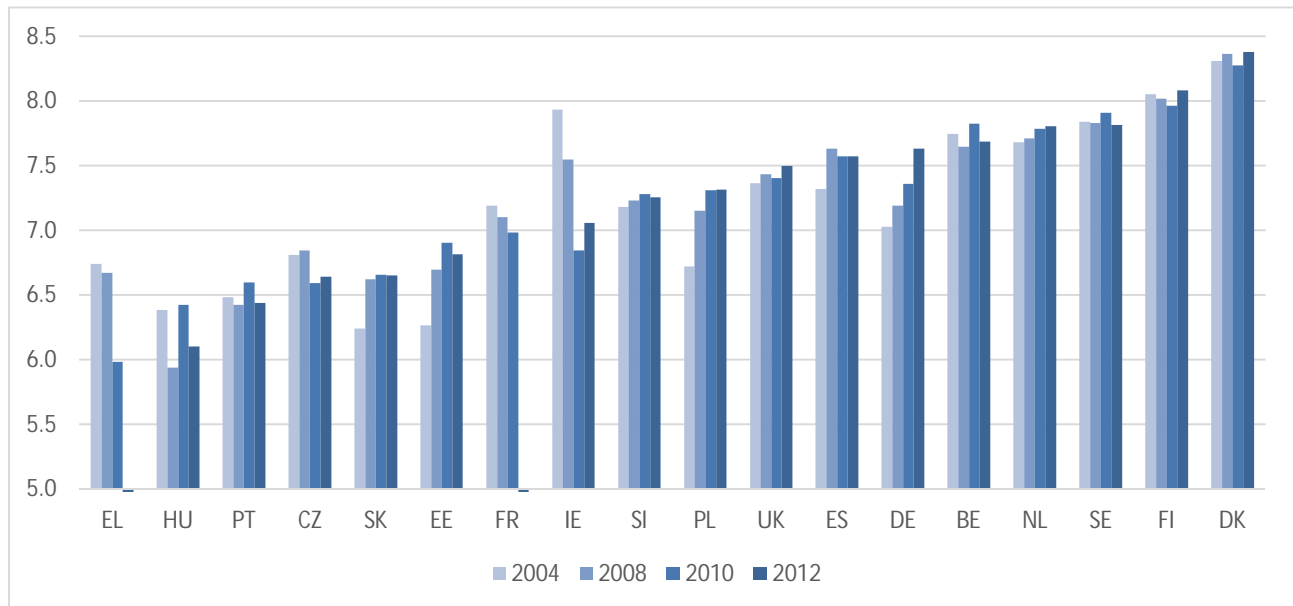
### 3.2 Subjective well-being, country differences

One of the most established facts of happiness research is the weak correlation, at the country level, between subjective measures of well-being and economic indicators, such as GDP per capita. This is known in the literature as the Easterlin paradox, which states that while the rich tend to be happier than the poor, higher average income for a country does not give rise to a corresponding increase in the country's average subjective well-being. As we shall see below, the weak relation between the evolution of subjective well-being and economic conditions is confirmed at the country level. However, in some countries the severity of the current crisis is evident in various measures of subjective well-being, following closely the evolution of material measures of well-being.

Even though there is no discernable common trend in the evolution of reported accounts of happiness in the post-crisis years for the EU countries, reported happiness has deteriorated significantly in some countries. Figure 16 shows that the most severe decline in reported levels of happiness occurred in Greece and Ireland, while it improved most consistently in Germany and in Poland. The other countries registered mild variations with no discernable trend. It also shows that Greece, Hungary, Portugal, Czech Republic and

Slovakia are at the bottom of the ranking, while Belgium, the Netherlands, Sweden and Denmark are at the top.

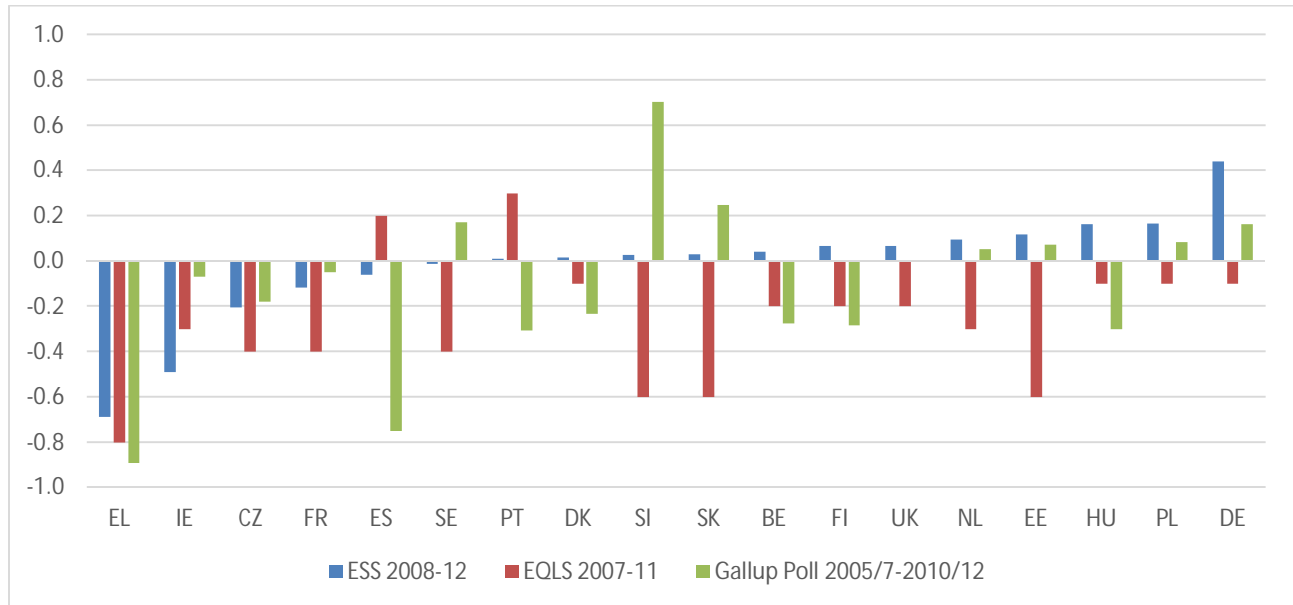
**Figure 16 Happiness 2004-2012 (Source: ESS, scale 0-10)**



C1. Taking all things together, how happy would you say you are? (0 – extremely unhappy, 10 – extremely happy)

However, when looking at different measures of subjective well-being for the crisis years the results are not consistent. Figure 17 shows that measures of well-being from three different sources depict quite contradictory trajectories, revealing that there is only coherent support for the deterioration of subjective well-being in Greece, Ireland, Czech Republic and France. For the remaining 13 countries the evolution of measures of subjective well-being point in different directions. Most striking discrepancies are observed in Spain, Sweden, Portugal, Slovenia, Slovakia and Estonia where at least one measure shows a significant variation in the opposite direction to the other two.

Figure 17 Recent evolution of Happiness (Source: ESS, EQLS, Gallup World Poll)<sup>8</sup>

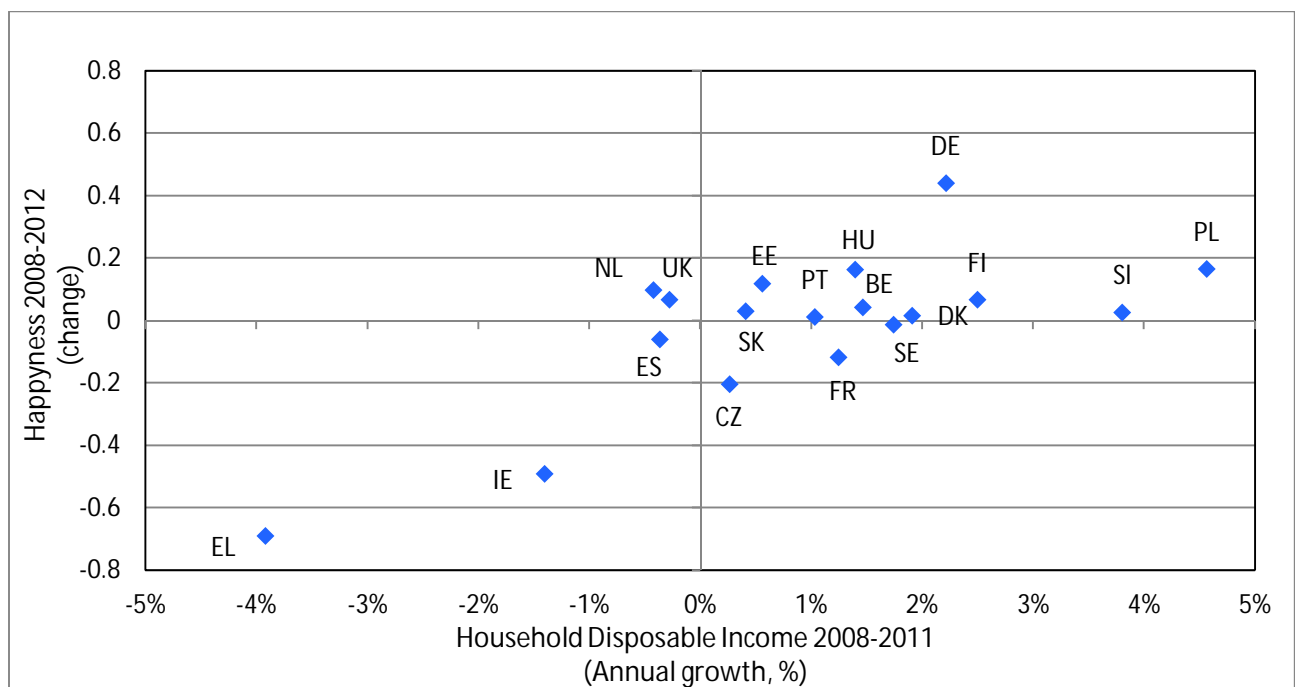


The sharp deterioration of subjective reports of happiness in Greece and Ireland suggests that there has to be a significant drop in material well-being for it to be manifest in measures of subjective well-being. This conjecture finds support in the relation between the evolution of household disposable income and happiness reports in these two

<sup>8</sup> The ESS asks “C1. Taking all things together, how happy would you say you are? (0 – extremely unhappy, 10 – extremely happy)”. The EQLS asks “Q41. Taking all things together on a scale of 1 to 10, how happy would you say you are? Here 1 means you are unhappy and 10 means you are very happy” (Eurofound, 2012). The Gallup World Poll uses the Cantril ladder of life which is designed to be self-anchoring, meaning that the scale is explicitly framed relative to the respondents’ aspirations. Respondents are then asked “Please imagine a ladder with steps numbered from 0 at the bottom to 10 at the top. Suppose we say that the top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time, assuming that the higher the step the better you feel about your life, and the lower the step the worse you feel about it? Which step comes closest to the way you feel?” (Gallup World Poll, 2006).

countries. As Figure 18 shows, the sharpest and most persistent deterioration of household disposable income and happiness reports occurred in Greece and Ireland.

**Figure 18 Recent evolution of Happiness and Household Disposable Income (Source: ESS, EUROSTAT)**



Consistent with existing literature, Figure 18 also shows that a symmetric favourable evolution of household disposable income does not translate into an equivalent improvement in subjective well-being, as exemplified by the cases of Slovenia and Poland. The most clear exception is Germany, which was least affected by the crisis (cf. Chapter 2). The ambiguous evolution of the subjective well-being of the Portuguese and the Spaniards (cf. Figure 17) is somewhat surprising given the deterioration of various indicators of household material well-being in these countries, e.g. unemployment rates and financial difficulty (cf. Chapter 2). This underlines the need to treat the subjective





measures of well-being with care and to avoid extrapolating from them the evolution of well-being in a given country. In the case of Portugal and Spain, the lack of any significant fall in the scores of Happiness is likely to reflect a lowering in the norms and expectations of the surveyed. The fact that subjective measures of well-being fell in Greece and Ireland, on the other hand, reinforces the view that the crisis has been felt severely in these countries.

Various reports have given attention to the situation of the Southern European countries hardest hit by the Eurozone financial crisis (Eurofound, 2012; Helliwell et al., 2013; Leahy et al., 2013). According to the ranking of the *World Happiness Report 2013*, which uses the Cantril Ladder from the Gallup Poll, Greece, Spain and Portugal are among the countries where subjective well-being has fallen the most, in the context of the EU and at the world level. Among the 130 countries surveyed that have suffered the greatest well-being losses from 2005/7 to 2010/12, Greece ranks second, Spain sixth, and Portugal twentieth.<sup>9</sup>

The situation of the Southern European countries is attributed, in this report, to rising unemployment levels. It is also linked to an overall reduction in key life choices in that “the crisis tended to limit opportunities for individuals, both through cutbacks in available services and loss of expected opportunities” (Helliwell et al., 2013: 18). Thus, “the crisis has been severe enough in those four countries to damage not just employment prospects, but to limit the capacities of individuals, communities and especially cash-strapped governments to perform at the levels expected of them in times of crisis.” And the impact of these effects on subjective well-being are deemed to “be even larger than would be expected from their income losses and large increases in unemployment” (Helliwell et al.,

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<sup>9</sup> According to this ranking, Italy has also registered a significant deterioration of subjective well-being, being positioned in the eighth position among a total of 130 countries. However, Italy is not part of our selected countries due to lack of comparative data as explained in Chapter 1.



This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no 266800



2013: 18), reinforcing the view expressed above that the impact of the crisis in some countries has been so severe that it has fed through to falls in measures of subjective well-being.

The inconsistencies among the various measures of subjective well-being are less prevalent in the scores and relative positions of the various countries. Hungary, Greece, Portugal, Estonia, Slovakia and Czech Republic are found at the bottom 5 of at least two of the three rankings mentioned above (ESS, EQLS and Gallup Poll), and Denmark, the Netherlands, Sweden and Finland are in the top 5 in all three. Taking the various sources into account, it is clear that Hungary, Greece, Portugal, Estonia, Slovakia and Czech Republic have not only the lowest levels of subjective well-being at the EU level, but their levels of subjective well-being are remarkably low in absolute terms. By the same token, Denmark, the Netherlands, Sweden and Finland are not only at the top of these rankings within the EU, they have also substantially high levels of subjective well-being. In 2010-12, Denmark, the Netherlands, Sweden and Finland rank in the top 8 countries with the highest levels of subjective well-being, whereas Hungary, Portugal and Estonia occupied the 110th, the 85th and the 72th positions, in a ranking made of 156 developed and developing countries (Table 4).

**Table 4 Ranking of Subjective Well-being (ESS, EQLS, Gallup Pool)**

	ESS 2012 EU18	EQLS 2011 EU18	Gallup Poll 2010/12 EU18	Count bottom 5	Count top 5	Gallup Poll 2010/12 156 countries
HU	17	16	18	3	0	110
PT	16	12	17	2	0	85
EE	13	17	16	2	0	72
EL	18	18	15	3	0	70
PL	9	11	14	1	0	51
SK	14	15	12	2	0	46
SI	10	13	13	0	0	44
CZ	15	14	11	2	0	39
ES	7	4	10	0	1	38
DE	6	9	9	0	0	26
FR	12	10	8	0	0	25
UK	8	8	7	0	0	22
BE	5	7	6	0	1	21
IE	11	6	5	0	1	18
FI	2	2	4	0	3	7
SE	3	3	3	0	3	5
NL	4	5	2	0	3	4
DK	1	1	1	0	3	1

To summarize, and notwithstanding their relative ambiguity, various measures of subjective well-being support the main conclusion of the previous chapter that the financial crisis has had a differentiated impact on European countries. Considering that the evolution of measures of subjective well-being is somewhat insensitive to the

economic cycle, the astonishing decline of these measures in Greece and Ireland suggest that the deterioration of economic conditions is having a rather profound qualitative impact on various dimensions of personal and family lives, and this is being captured by measures of subjective well-being in these countries at least. And while there is no strong correlation between the evolution of subjective and material measures of well-being, there is a robust relationship between levels of material and subjective well-being. Indeed, there is a close match between the countries that are systematically at the top and at the bottom of rankings of material and subjective well-being in that Greece, Hungary and Portugal tend to figure predominantly at the bottom, and Denmark, the Netherlands, Sweden and Finland stand at the top of these rankings. On the other hand, the extremely low levels of material and subjective well-being in some Eastern European countries (e.g. Poland, Slovakia and Czech Republic) serves as a reminder that the milder impact of the crisis on these measures of well-being is likely to conceal real hardship in some countries (Tables 3 and 4).

To conclude, subjective measures of well-being can hardly be used to extrapolate the evolution of well-being in a given country. This is so not only because they are affected by changes in norms and expectations, which make it difficult to establish whether a move in a given indicator reflects changed circumstances or changed norms and expectations, but also because they are not consistent and diverge with measures of material well-being. In the next section we shall see that they also disguise very unequal situations across different segments of the population within each country.

### 3.3 Subjective well-being by demographic and economic status<sup>10</sup>

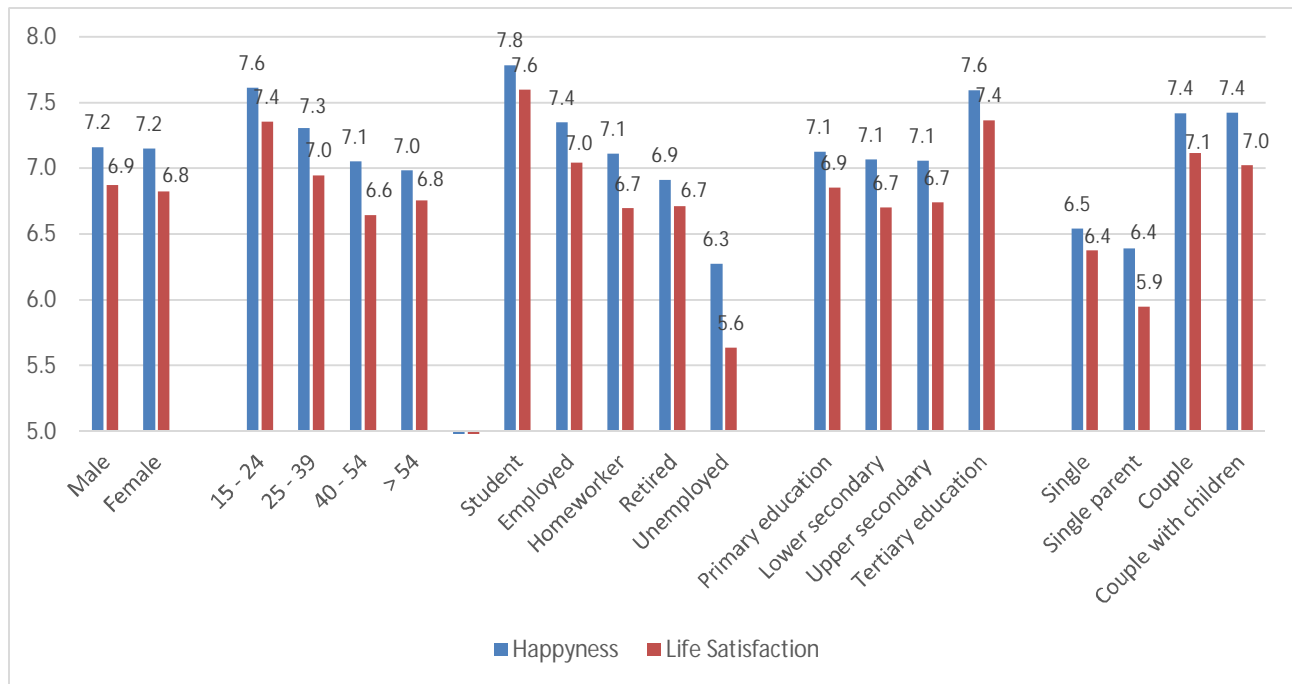
Appraisals of Happiness and Life Satisfaction vary according to respondents' socio-demographic characteristics and employment status. The aggregate data for the 18 European countries show that the unemployed, single parents and people living alone report the lowest levels of happiness and life satisfaction. The highest levels of subjective well-being are instead reported by students, the youngest cohort of the inquired, respondents with higher educational attainment, couples with and without children, and the employed. However, there is no discernable difference between genders (Figure 19). It is also clear that scores of Happiness are higher than the scores of Life satisfaction, which might be explained by the fact that the former more directly pertains to personal circumstances while the latter is more influenced by more objective circumstances (cf. Section 3.1 above).<sup>11</sup>

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<sup>10</sup> In this section we will only make explicit reference to differences between countries and segments of the population that are significant at the 0.05 level. See Annexes 1 and 2 for more information.

<sup>11</sup> The results of the ESS replicate the results of the EQLS at this level of aggregation (Eurofound, 2012).

**Figure 19 Life Satisfaction and Happiness by socio-demographic and employment status 2010, EU18 (Source: ESS, scale 0-10)**



B24. "All things considered, how satisfied are you with your life as a whole nowadays?" (0. Extremely dissatisfied, 10. Extremely satisfied) C1. "Taking all things together, how happy would you say you are?" (0. Extremely unhappy, 10. Extremely happy)

### ***Subjective well-being index***

The index of subjective well-being (SWI), made up of five indicators (life satisfaction, happiness, feeling cheerful and in good spirits, feeling calm and relaxed, feeling active and vigorous), brings into sharper relief the differentiated situation of the various segments of the population, within and across countries.<sup>12</sup> That is, while the differences between countries are relatively mild for the general population, the differences between different groups within and between countries are much sharper. This means that measures of subjective well-being at the country level hide very unequal distributions of subjective

<sup>12</sup> See Annex 2 for information about the construction of the index.

well-being in some countries, and thus the differentiated impact of the crisis on different groups of the population. Below we will look at the level and evolution of subjective well-being by gender, age, education, household composition, employment status, professional occupation and income level.

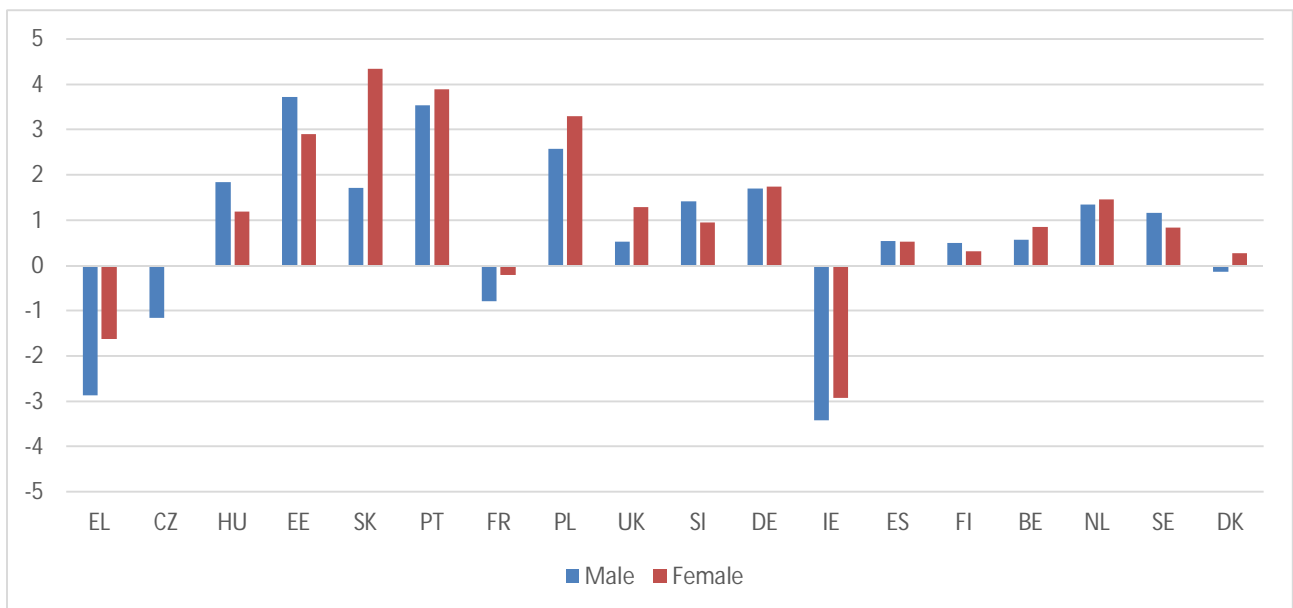
### *Gender*

In Czech Republic, Slovakia, Poland, Germany, Ireland and Finland the differences between the scores of men and women are not statistically relevant in 2010. In the remaining 12 countries the differences are relevant and men tend to have slightly higher levels of subjective well-being than women (Figure 20). However, during the period of the crisis SWI declined more for men than for women, especially in Greece, Czech Republic and Ireland. By the same token, improvement in reports of SWI have been more favourable to women, most clearly in Slovakia, Portugal, Poland and the Netherlands (Figure 21). This suggests that the crisis might have been more severely experienced by men than women, through its effects on rising levels of unemployment and deteriorating working conditions.

Figure 20 Subjective well-being index by gender 2010 (Source: ESS, EU18 mean = 50)



Figure 21 Subjective well-being index by gender, change 2004-2010 (Source: ESS, EU18 mean = 50)





## Age

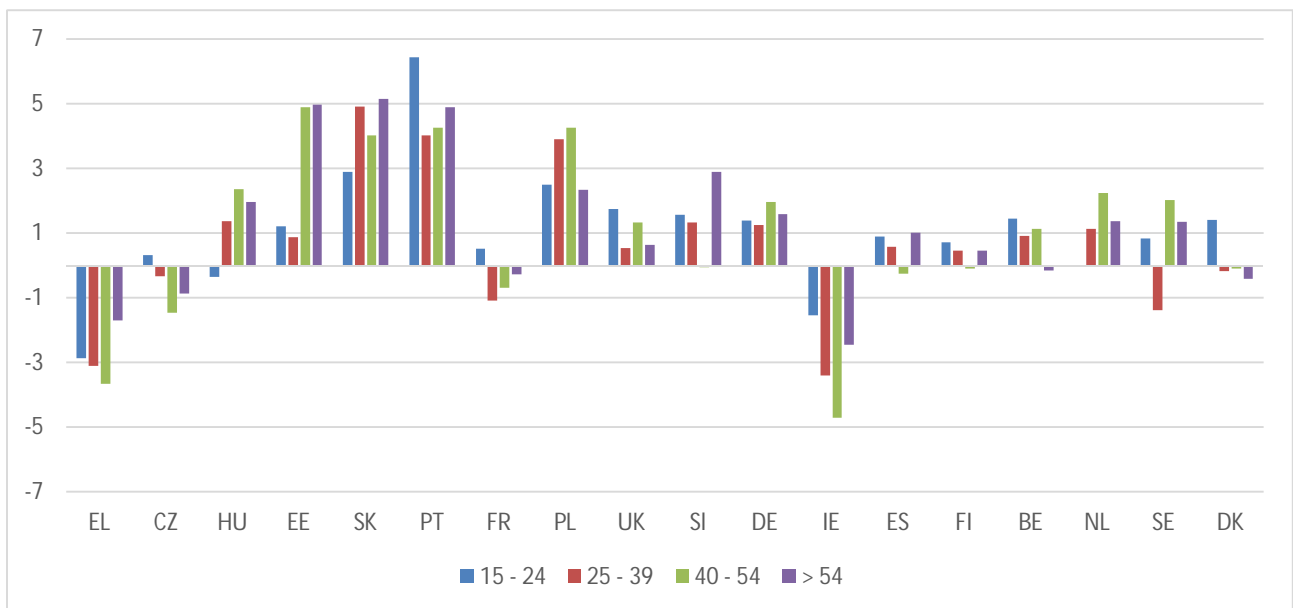
With the exception of the Netherlands, subjective well-being varies with the age of the respondent. The youngest cohort (15-24 years old) has the highest value of SWI in almost every country, which tends to decline with age. However, in some countries, the oldest cohort (more than 54 years old) has higher SWI than the immediately younger group (40-54 years old). This is the case in France, the UK, Germany, Ireland, Finland, Belgium, Sweden and Denmark. Disaggregation by country also reveals greater inequality in the distribution of subjective well-being among different age groups in Portugal, Greece and Czech Republic (Figure 22). This provides a first indication that inequality in the distribution of subjective well-being is more prevalent in countries with low levels of SWI, and this is a pattern that is replicated for other socio-demographic groups as we shall see below. However, there is no discernable trend in the evolution of SWI across different age groups over the period (Figure 23). The age cohort that seems to have suffered a more significant deterioration in reported accounts of subjective well-being is the middle age group between 40-54 years old, especially in Greece and Ireland.



**Figure 22 Subjective well-being index by age 2010 (Source: ESS, EU18 mean = 50)**



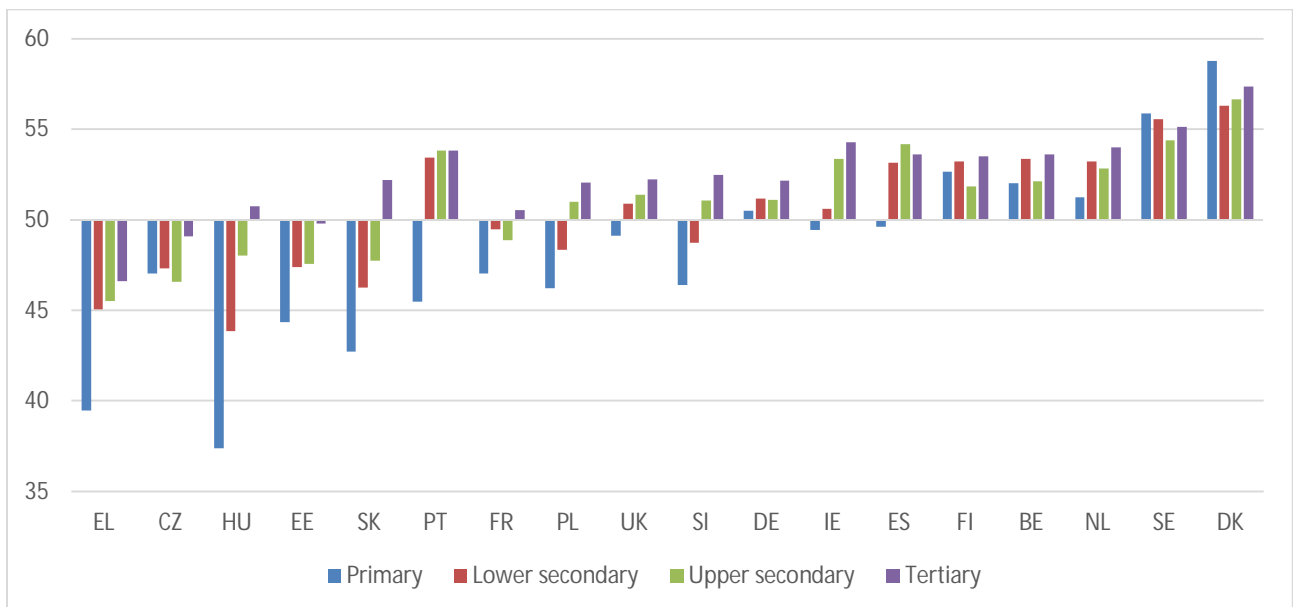
**Figure 23 Subjective well-being index by age, change 2004-10 (Source: ESS, EU18 mean = 50)**



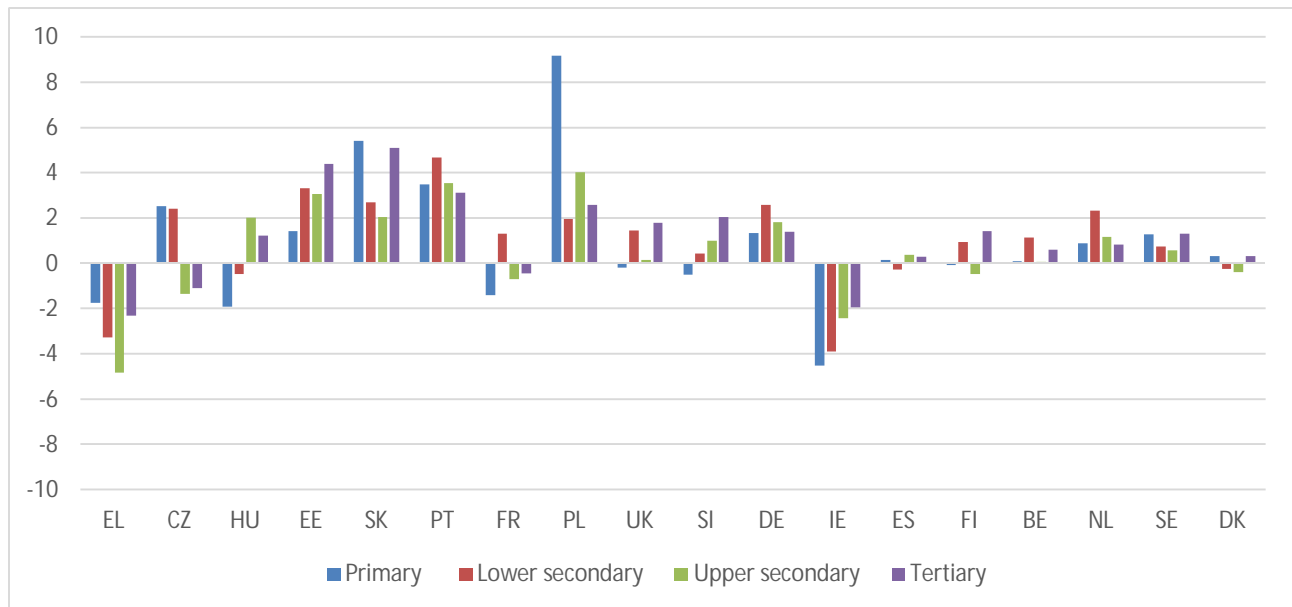
## Education

Inequality in the distribution of SWI is reproduced for different levels of educational attainment, with sharp differences between individuals with primary education and those with other qualifications. Hungary, Slovakia and Portugal are more unequal countries with greater differences between the group with primary education and the group with tertiary education. In Belgium, the Netherlands, Denmark and Sweden the differences among the different levels of education are not statistically significant (Figure 24). Again, there is no common pattern in the relative evolution of SWI over the period. In Greece, respondents with lower and upper secondary education registered most significant drops in their levels of subjective well-being. In Ireland, the evolution of subjective well-being varied inversely with the level of education, affecting more the less educated (Figure 25).

Figure 24 Subjective well-being index by education 2010 (ESS, EU18 mean = 50)



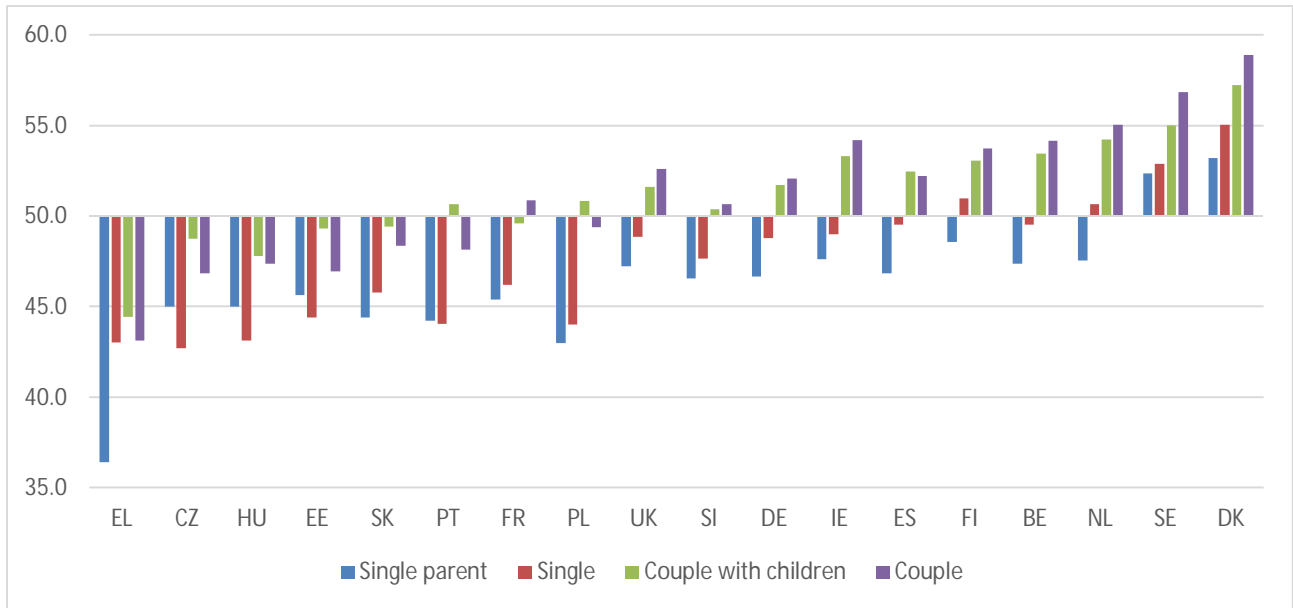
**Figure 25 Subjective well-being index by educational attainment, change 2004-2010 (ESS, EU18 mean = 50)**



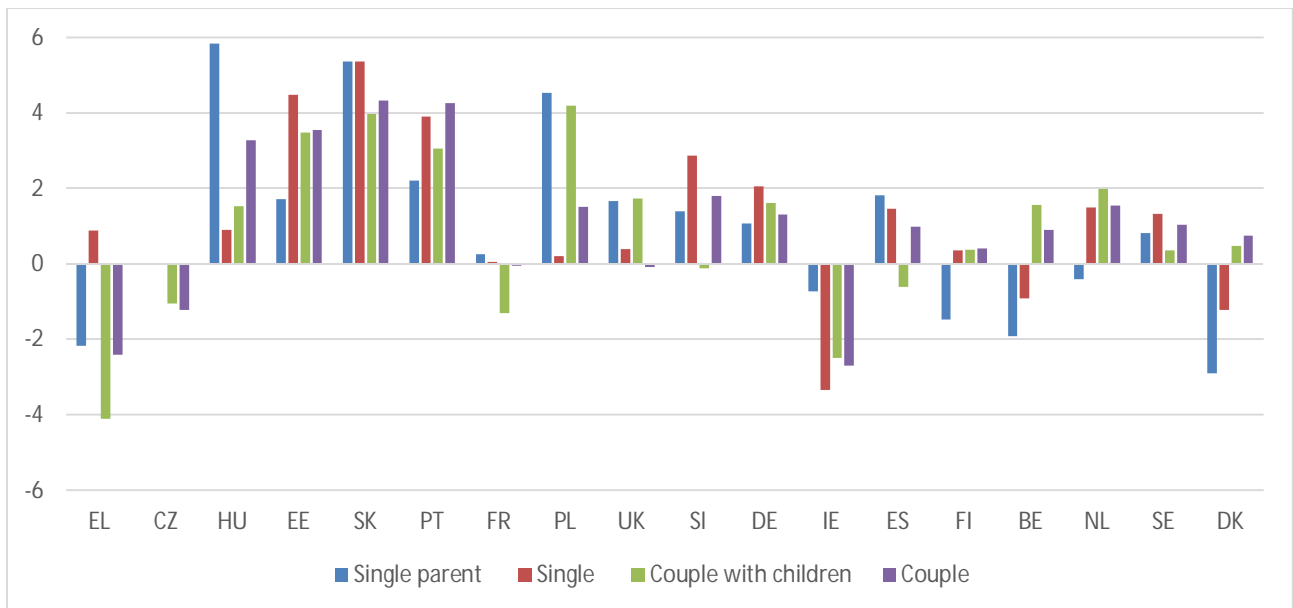
### *Household type*

The distribution of subjective well-being by household type reveals a rather uneven pattern in every country. With the exception of Sweden and Denmark, single parents have a SWI below 50. Their situation is particularly acute in Greece, reaching the lowest level (of 36) for this index of all subgroups under investigation. In Czech Republic, Hungary and Estonia single households have the lowest levels of well-being. Couples, with or without children, have significantly higher levels of SWI than single parents and single persons in every country. Inequality among household types is sharpest in Greece, Poland, Ireland, Belgium, and the Netherlands, and milder in Sweden and Denmark (Figure 26). Once again, there is no clear pattern in the evolution of SWI (Figure 27).

**Figure 26 Subjective well-being index by household type 2010 (Source: ESS, EU18 mean = 50)**



**Figure 27 Subjective well-being index by household type, change 2004-2010 (ESS, EU18 mean = 50)**

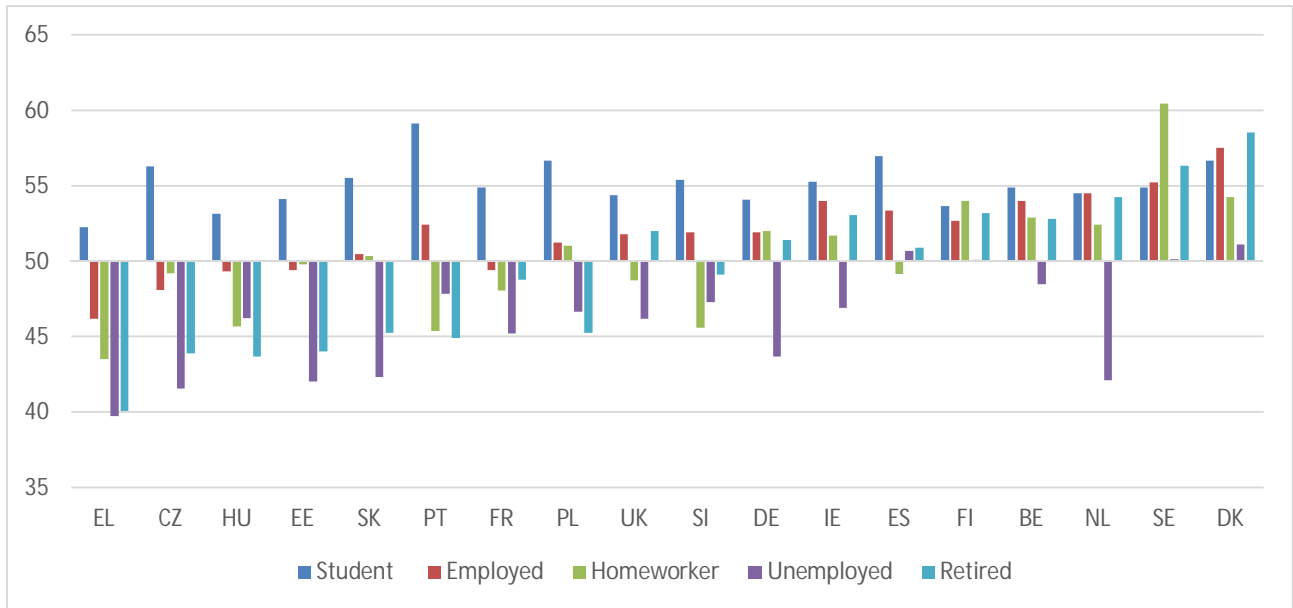


## *Employment status*

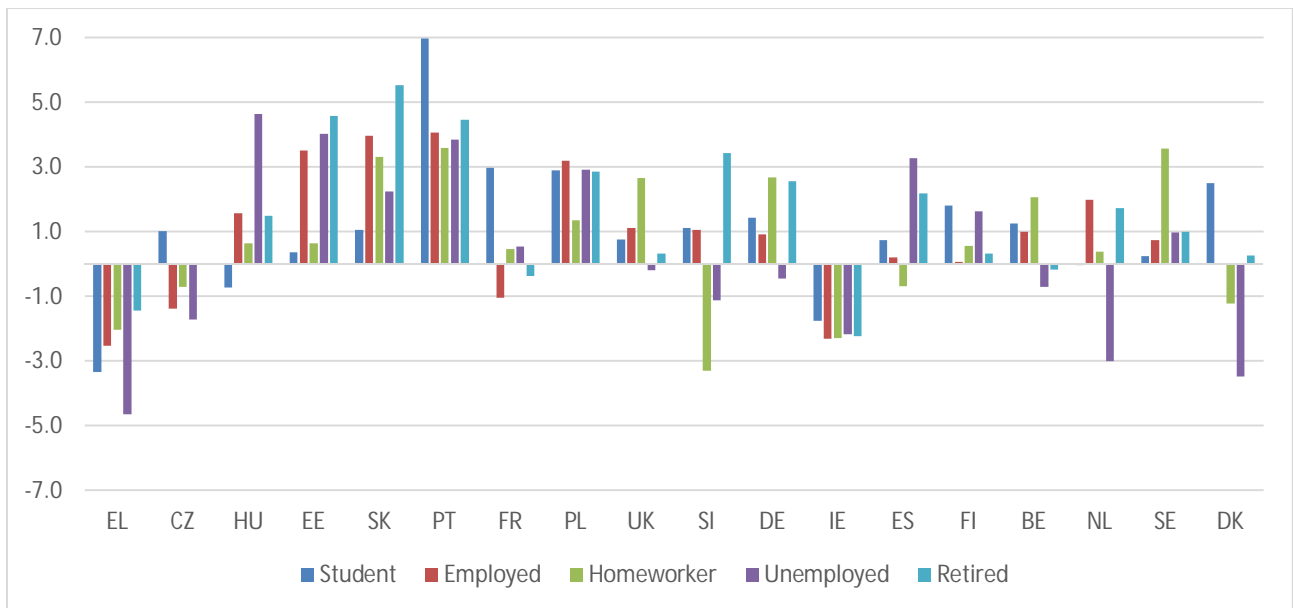
The distribution of SWI by the employment status of the respondent also reveals high levels of inequality, where students tend to report the highest levels of subjective well-being and the unemployed the lowest. The only exception is Finland, where the employment status of the respondent has no (statistically significant) impact on reported subjective well-being. In countries with low levels of SWI the retired have similar or even worse levels of SWI than the unemployed (Greece, Czech Republic, Estonia, Slovakia, Portugal and Poland). In contrast to the general tendency, homeworkers in Sweden and the retired in Denmark have the highest levels of SWI in their countries (Figure 28). Once more, there are no clear patterns in the evolution of the relative position of the various groups. The deterioration of the SWI of the unemployed between 2004 and 2010 revealed to be statistically significant only in Greece and Denmark (Figure 29).

The fact that the unemployed is the group with the lowest level of subjective well-being in every country is in line with research that highlights the impact of unemployment in reducing life satisfaction (Eurofound, 2012; Helliwell et al., 2013). Based on the ESS data, Gillie (2013) found evidence that financial deprivation is the main factor contributing to the reduction of satisfaction with life of the unemployed. Gillie then argues that this might help explaining the relatively reduced impact of unemployment in Nordic countries since the welfare systems in these countries provide more generous financial support to the unemployed thereby reducing material deprivation brought by unemployment.

**Figure 28 Subjective well-being index by employment status 2010 (Source: ESS, EU18 mean = 50)**



**Figure 29 Subjective well-being index by employment status, change 2004-2010 (ESS, EU18 mean = 50)**



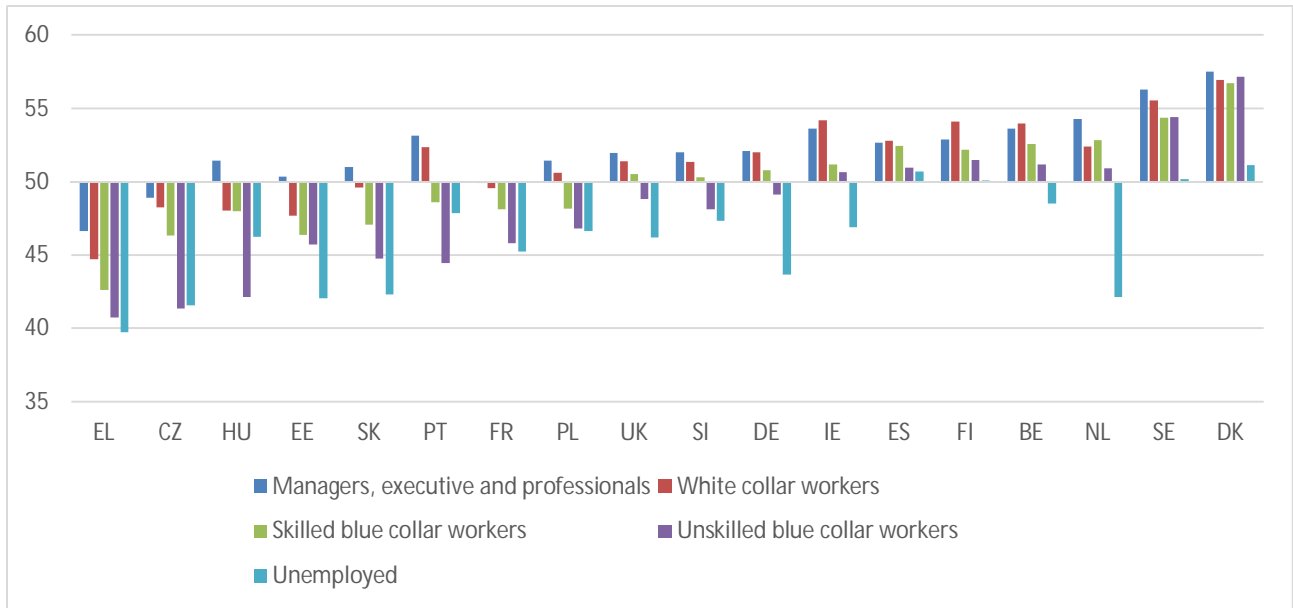
### *Socio-professional group*

While the employed have higher levels of subjective well-being, their situation varies widely across different socio-professional groups, which again points to the importance of using disaggregated data. Subjective well-being declines with the professional category of the worker in that unskilled blue collar workers have substantially lower levels of subjective well-being than managers, executives and other professionals. This is especially the case in countries with low levels of subjective well-being, namely Greece, Hungary, Slovakia and Portugal. In many countries the levels of subjective well-being of unskilled blue collar workers is very close to that of the unemployed (Greece, France, Poland, Slovenia), which reinforce the view that is not the stigma associated to being unemployed but one's financial situation and perhaps high levels of job insecurity that is more critical to well-being. In Spain, Belgium and Denmark the differences among the various professional groups were not statistically significant (Figure 30). Again, for the period under analysis there are no discernable differences in the evolution of subjective well-being among the various professional categories. It is worth noting, however, that in Greece and Ireland the various categories exhibit declining levels subjective-well-being, including managers, executives and professionals (Figure 31), which indicate that the effects of the crisis were more widespread in these countries.

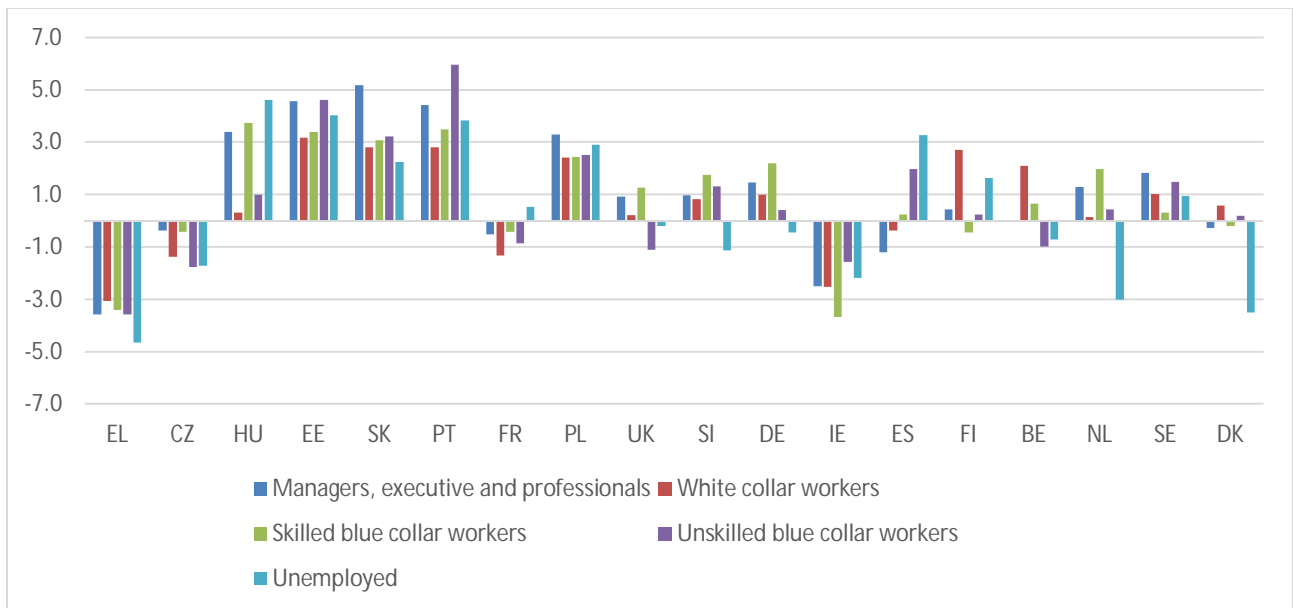




**Figure 30 Subjective well-being index by socio-professional group 2010 (Source: ESS, EU18 mean = 50)**



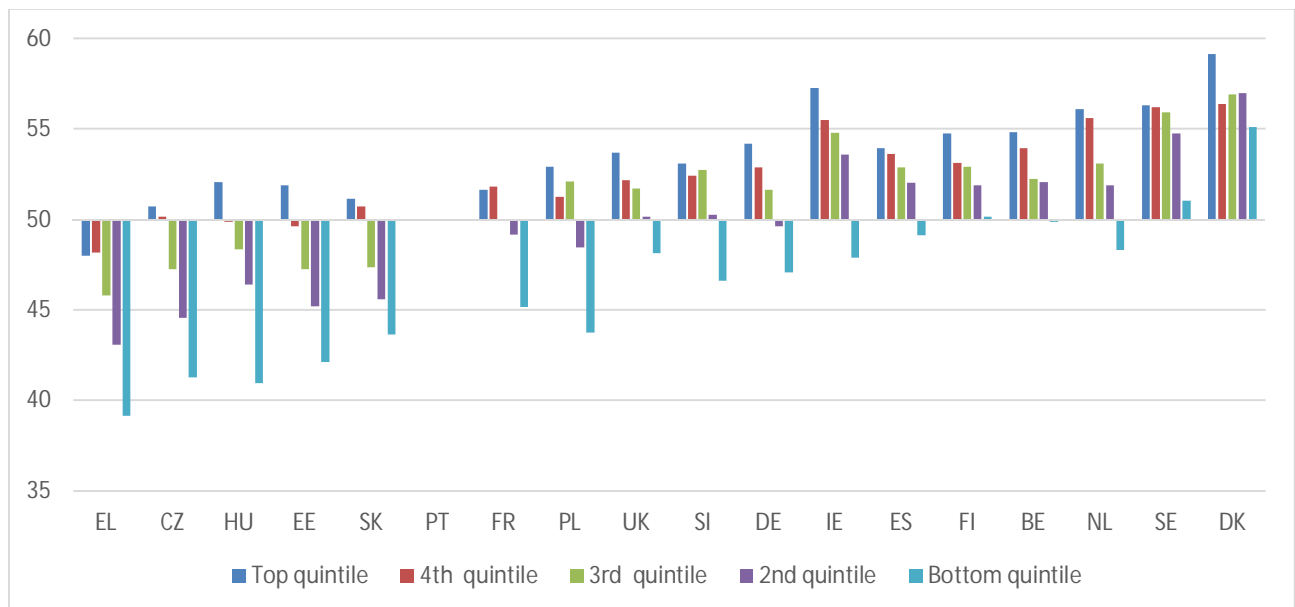
**Figure 31 Subjective well-being index by socio-professional group, change 2004-2010 (Source: ESS, EU18 mean = 50)**



### Income group

There is a clear linear relation between subjective well-being and household income and this difference is quite marked in every country, being more sharply defined in Greece, Czech Republic, Hungary, Estonia, Poland and Ireland, and smoother in Spain, Finland, Belgium, Sweden and Denmark. With the single exception of Denmark, the index of subjective well-being of the respondents in the bottom income quintile is lower than that of the respondents belonging to other income quintiles, and in many countries below the 18EU average (Figure 32). This further underlines the view that household financial situation has a significant relationship with subjective well-being, more than one's standing relative to other groups of society.

**Figure 32 Subjective well-being index by income group 2010 (ESS, EU18 mean = 50)**





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## *Summary*

The analysis of subjective well-being for the various socioeconomic groups revealed very unequal distributions in many countries, including the better off countries of Central and Northern Europe. We have seen that single parents, the unemployed and respondents belonging to households in the bottom quintile have substantially lower levels of subjective well-being than other socioeconomic groups. We have also seen that inequality is higher in countries with low levels of subjective well-being, such as in Greece, Czech Republic, Hungary, Estonia, Slovakia and Portugal, providing further evidence for the very vulnerable position of particular segments of the population in these countries. The unequal distributions of subjective well-being across the various socioeconomic categories in the various countries create further difficulties regarding the use of subjective measures of well-being to make cross-country comparisons, and especially to assess the relative impact of the crisis, for subjective well-being measures are not immune to the problems of other aggregate measures, such as the GDP, by hiding unequal distributions of what is being measured.

Similarly to what was observed at the country level, the evolution of the SWI for the various socio-economic groups was rather inconclusive. This is not surprising considering that subjective well-being is a multidimensional phenomenon for which many factors contribute undermining the use of measures of subjective well-being as proxies for the evolution of the quality of life in general. It should also be borne in mind here that measures of subjective well-being are likely to have been biased by declining norms and expectations, especially in the aftermath of the 2007-08 crisis, making reports of subjective well-being unreliable guides to underlying well-being. In crisis-hit countries, declines in well-being may be greater than the recorded falls in subjective well-being. In some other



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countries, real declines in well-being may be concealed by rises or stasis in subjective well-being.

Not only is subjective well-being a multidimensional phenomenon, but the various factors that may contribute to it may have different weights and may evolve in different directions, which create additional difficulties to the interpretation of the evolution of such broad and all-encompassing measure. Table 5 below shows that the evaluation people make of various aspects of their lives varies widely within and across countries. It also shows that satisfaction with standard of living gathers the lowest scores and that the dimension that achieves the highest scores in most countries is family life, which may partly explain the resilience of subjective measures of well-being overtime.

**Table 5 Satisfaction with different aspects of one's life, 2011 (Source: EQLS, scale 1-10)**

	Life Satisfaction	Education	Present Job	Present Standard of Living	Accommodation	Family Life	Health	Social Life
HU	5,8	7	7,1	5,8	7	7,5	6,7	6,8
EL	6,2	6,4	6,6	5,9	7,1	7,7	7,8	7,1
EE	6,3	7	7,3	6,2	7,2	7,3	6,6	6,9
CZ	6,4	7,3	7,5	6,3	7,5	7,2	7,1	6,8
SL	6,4	7	7,3	6,3	7,7	7,6	7,3	6,8
PT	6,8	7,6	7,3	6,5	7,4	7,9	7,1	7,2
SK	7	6,8	7,3	6,3	7,7	7,8	7,3	7,2
PL	7,1	6,4	7	6,2	6,9	7,5	6,8	6,6
DE	7,2	7,5	7,6	7,2	7,7	7,7	7,2	7,5
FR	7,2	7	7,3	6,9	7,6	7,8	7,4	7,4
UK	7,3	7,2	7,5	7,3	7,9	8,2	7,3	7
BE	7,4	7,5	7,7	7,4	7,6	7,8	7,4	7,5
IE	7,4	7,1	7,6	7,3	8,2	8,4	8	7,1
ES	7,5	7,5	7,3	6,9	7,9	8,2	7,5	7,6
NL	7,7	7	7,9	7,7	7,9	7,8	7,4	7,5
SE	8	7,4	7,7	7,9	8,2	8,1	7,7	7,7
FI	8,1	7,6	8,1	7,6	8,3	8,4	7,7	7,8
DK	8,4	8,1	8,4	8,3	8,4	8,4	8	8,3
EU18	7,1	7,2	7,5	6,9	7,7	7,9	7,4	7,3

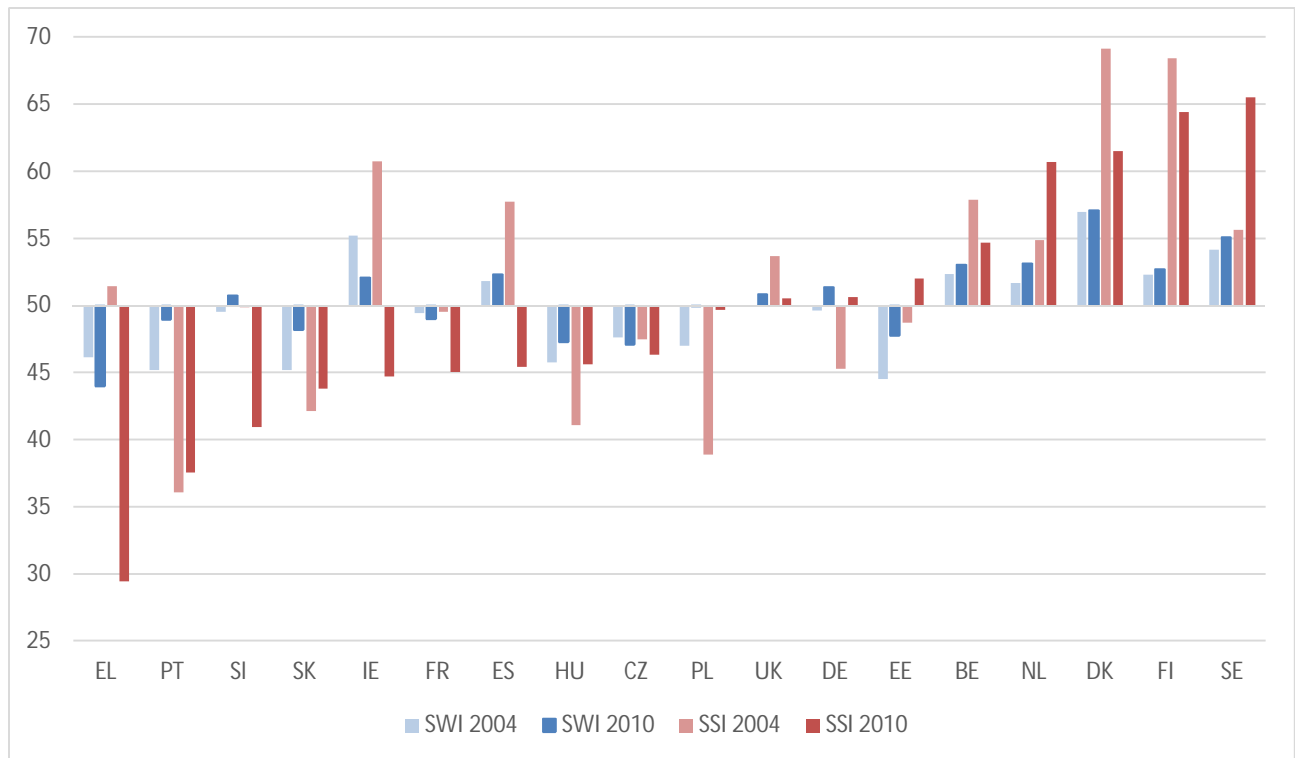
### 3.3 Societal satisfaction in the EU<sup>13</sup>

The period of 2004-10 signals important transformations in terms of societal satisfaction, with citizens in some countries reporting growing levels of dissatisfaction while in others there are signs of some improvement (Figure 33). Most significant drops occurred in Greece, Ireland and Spain (by 22, 16 and 9 points, respectively), in line with the evolution of the economic situation of these countries. Poland, Sweden and Netherlands registered the opposite trend (11, 10, and 6 points, respectively). This shows that the evolution of appraisals of the state of the country's economy and society are sharper and more varied across countries than appraisals of subjective well-being, which are more stable over time and do not exhibit country differences in the same order of magnitude. This is clearly evident in the evolution and values of the subjective well-being index (SWI) and of the societal satisfaction index (SSI). Indeed, in 2010, the difference between the highest and lowest values of SWI is 13 points (belonging to Denmark and Greece, respectively), this difference is 37 points for SSI (belonging to Sweden and Greece). This is not that surprising since SSI more directly pertains to the situation of the country, and the period under analysis has been marked by the most severe economic crisis since the Great Depression, with differentiated impact on the various countries, as seen above.

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<sup>13</sup> In this section explicit mention to country and group differences are only made for statistically significant cases.

**Figure 33 Subjective Well-Being and Societal Satisfaction Indexes 2004-2010 (Source: ESS, EU18 = 50)**



The disparity in the levels of SSI across countries allows us to mark an important distinction between the countries where the levels of subjective well-being are higher than the levels of societal satisfaction (Greece, Portugal, Slovenia, Ireland and Spain) and the countries where the opposite relation is observed (Finland, Sweden and the Netherlands). This is yet another indication of the relative resilience of subjective measures of well-being to the economic and social situation of the country. However, there is a moderate statistical relationship between the two indexes in that countries with higher values of SWI have also

higher values of SSI (Sweden, Denmark, Finland and the Netherlands), and vice versa (Greece, Portugal and Slovakia) are at the bottom third in both SWI and SSI).<sup>14</sup>

The patterns of the two indexes by demographic and socioeconomic group also display substantial differences. The analysis of SWI revealed that relatively similar levels of subjective well-being at the country-level disguise very unequal distributions within each country. In contrast, as we shall see below, very unequal distributions of societal satisfaction among the selected group of countries correspond to more evenly distributed levels of societal satisfaction in each country. That is, appraisals of societal satisfaction, whether positive or negative, are relatively consensual across the various segments of the population in each country. Different genders, age groups, respondents with different levels of education and belonging to different household types tend to have similar perceptions about the state of their country. However, societal satisfaction does tend to vary with the employment status of the respondent and household income in that the unemployed and respondents belonging to the bottom income quintile tend to be the most dissatisfied in every country. This suggests that financial deprivation not only contributes to the dissatisfaction of the most vulnerable with their own lives but also with the state of the economy and society.

### *Gender*

Difference between the appraisals of men and women is statistically significant in only eight of the countries under analysis – Slovenia, Ireland, the UK, Germany, Belgium, the Netherlands, Denmark and Sweden – where women tend to have lower levels of societal satisfaction than men (Figure 34). However, and in line with the evolution of the subjective

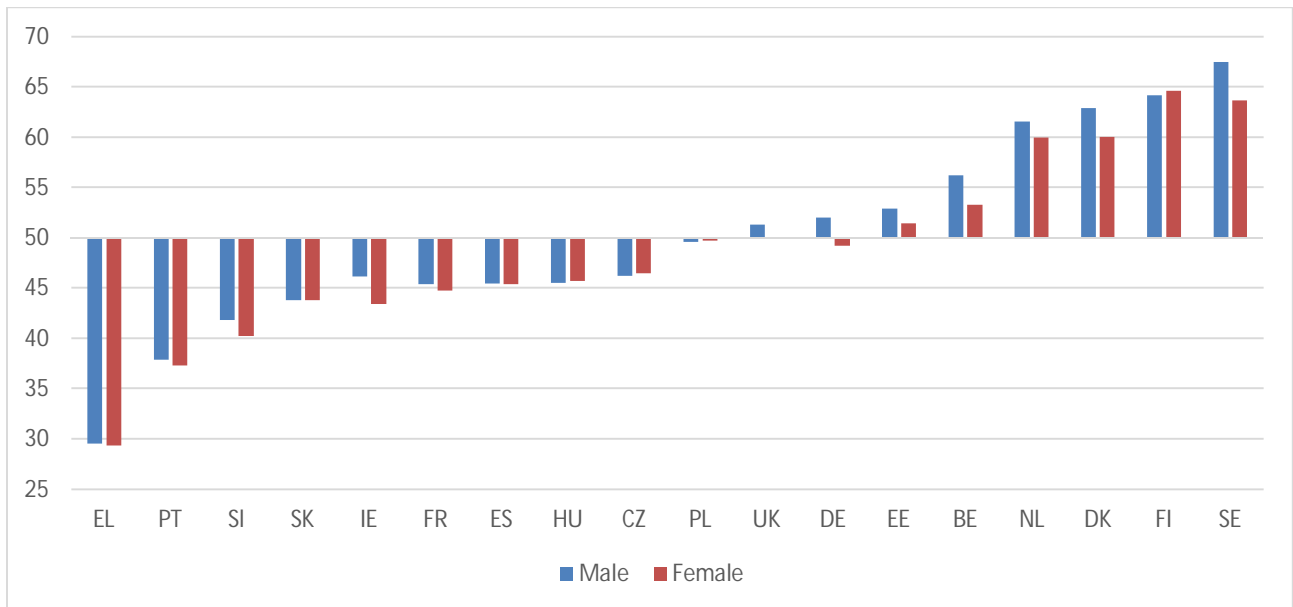
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<sup>14</sup> In 2010, the Pearson correlation coefficient is  $R^2=0,397$ , indicating a moderate positive relationship between SWI and SSI.



well-being index, in most countries men reported a more significant deterioration of their levels of societal satisfaction than women (e.g. in Ireland, Spain, the UK, Denmark and Finland). In countries where societal satisfaction improved (Germany, Estonia and Sweden), men tended to become relatively more satisfied than women (Figure 35).

**Figure 34 Societal Satisfaction Index by gender 2010 (Source: ESS, EU18 = 50)**





**Figure 35 Societal Satisfaction Index by gender, change 2004-2010 (ESS, EU18 = 50)**



**Age**

Societal satisfaction varies with age in most countries, except in Greece, Ireland, Hungary, the Netherlands and Denmark. The responds between 15-24 years old tend to have substantial higher levels of SSI than the other ages groups. However, there is no clear trend regarding the age group with the lowest values of SSI. In Portugal, France, Poland and Germany the respondents around 40-54 years old report the lowest levels of societal satisfaction, in Spain, Belgium and Sweden it is the group between 25-39 years old that report the lowest values of SSI (Figure 36). There is also no discernible trend in terms of the evolution of societal satisfaction among the age groups. In Greece the group with less than 25 years old shows a more marked dissatisfaction with society, in Spain and Belgium



it is the group between 25-39 years old, and in Slovenia, Ireland and Denmark it is the oldest group that became relatively more dissatisfied with society (Figure 37).

**Figure 36 Societal Satisfaction index by age 2010 (Source: ESS, EU18 = 50)**

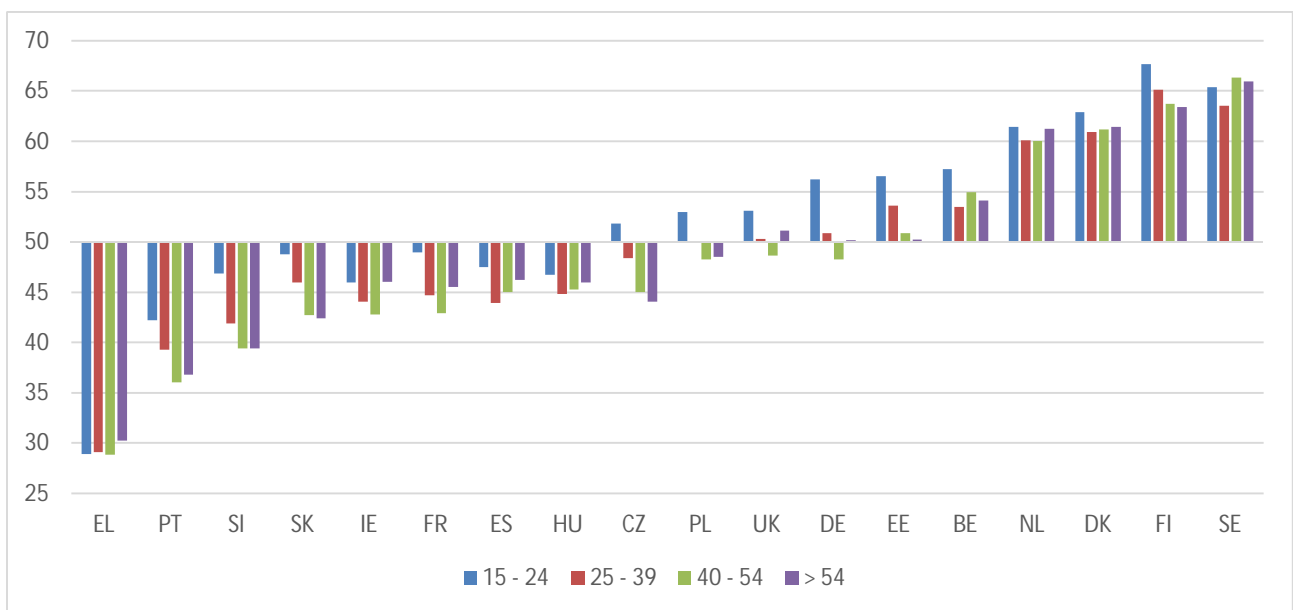
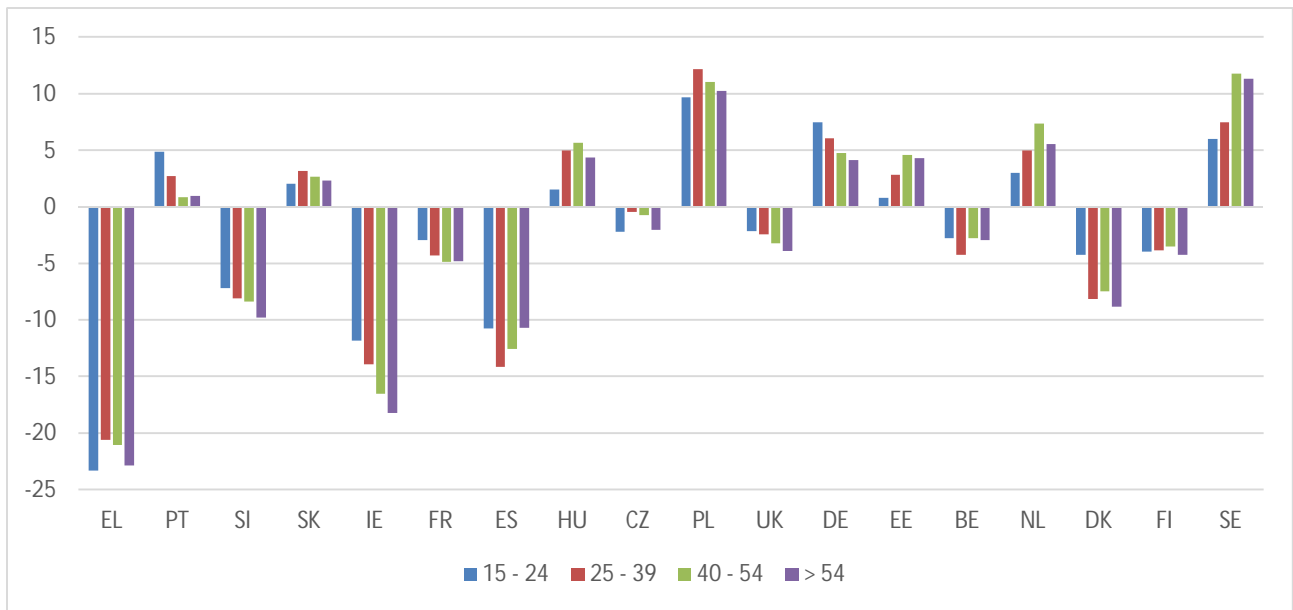


Figure 37 Societal Satisfaction index by age, change 2004-2010 (Source: ESS, EU18 = 50)



### Education

Societal satisfaction varies with education in most countries (except in France, Hungary and Denmark). While societal satisfaction tends to increase with educational level, in that respondents with tertiary education have the highest levels of SSI, the relation is not linear (Figure 38). The evolution of societal satisfaction is also fairly evenly distributed among the various groups. Interestingly, and in contrast to the evolution of subjective well-being, in some countries (in Belgium, Denmark and Finland), the group of respondents with tertiary education reported an important deterioration of their levels of societal satisfaction. This might be an indication that the current crisis has also affected groups that are often less vulnerable to the economic cycle (Figure 39).

Figure 38 Societal Satisfaction index by education 2010 (Source: ESS, EU18 = 50)

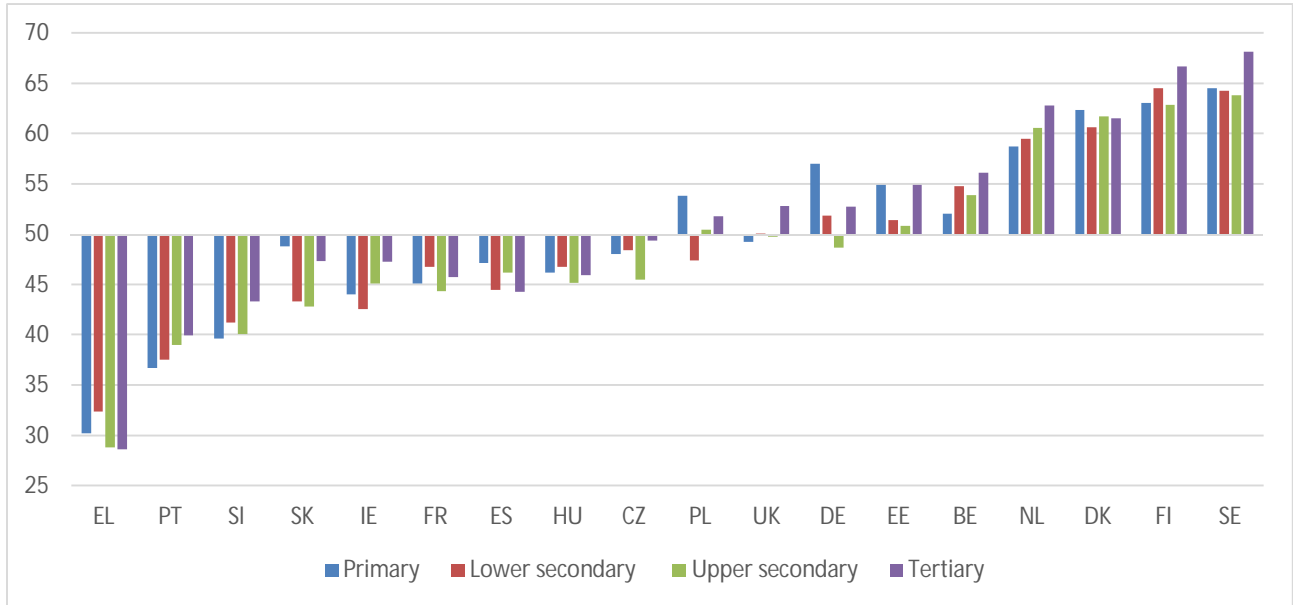
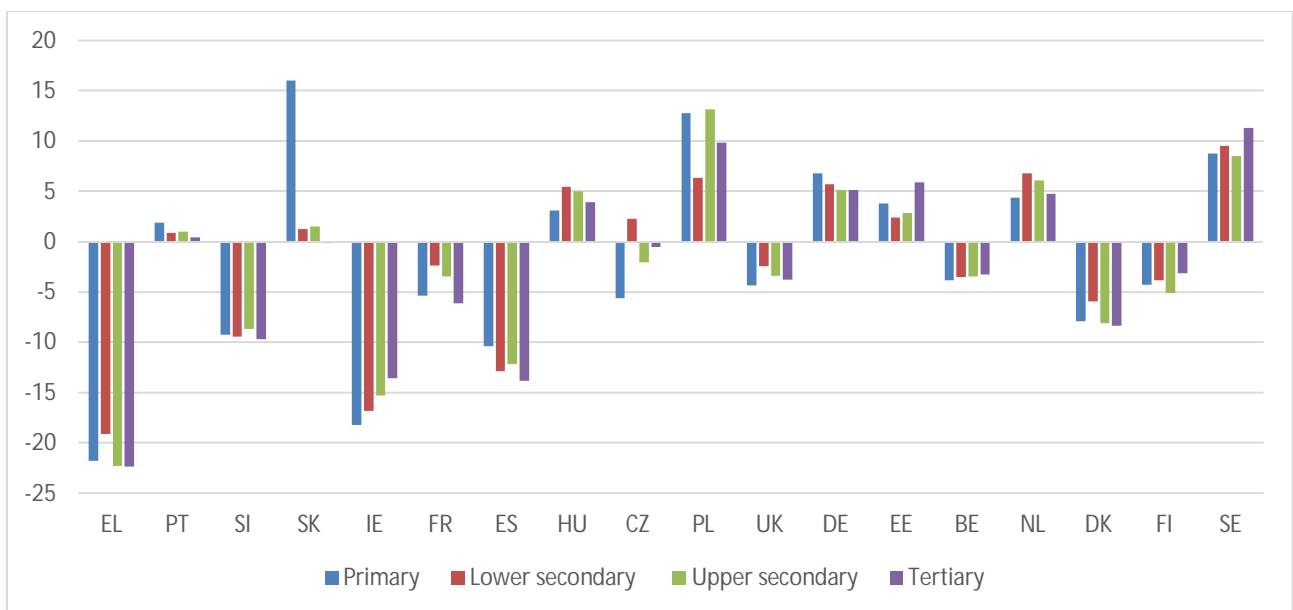


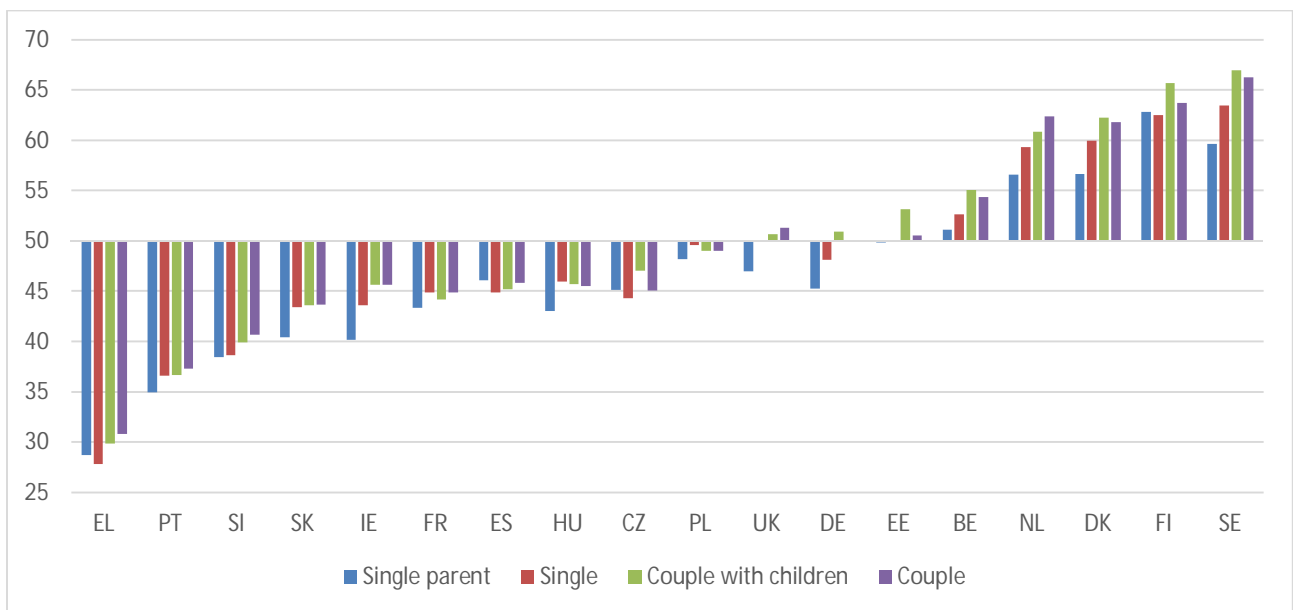
Figure 39 Societal Satisfaction index by education, change 2004-2010 (Source: ESS, EU18 = 50)



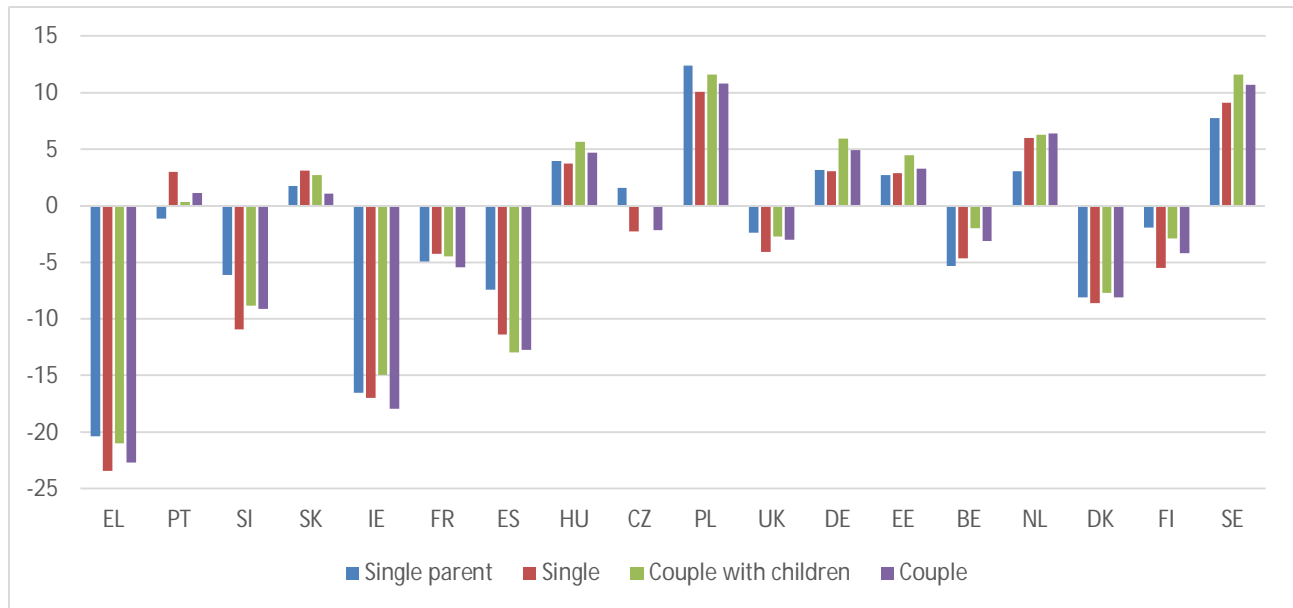
### Household type

Societal satisfaction varies with household type in nine of the selected countries: Greece, Ireland, Czech Republic, the UK, Germany, Estonia, the Netherlands, Finland and Sweden. Figure 40 shows that single parents and single person households have generally lower levels of societal satisfaction than other household types in these countries, in line with their relative appraisals of subjective well-being. However, there is no discernible pattern in the evolution of societal satisfaction among the various households. Though, societal appraisals of single households declined more and in more countries than those of other household types, e.g. in Greece, Slovenia, the UK and Finland (Figure 41).

Figure 40 Societal Satisfaction index by household type 2010 (Source: ESS, EU18 = 50)



**Figure 41 Societal Satisfaction index by household type, 2004-10 (Source: ESS, EU18 = 50)**

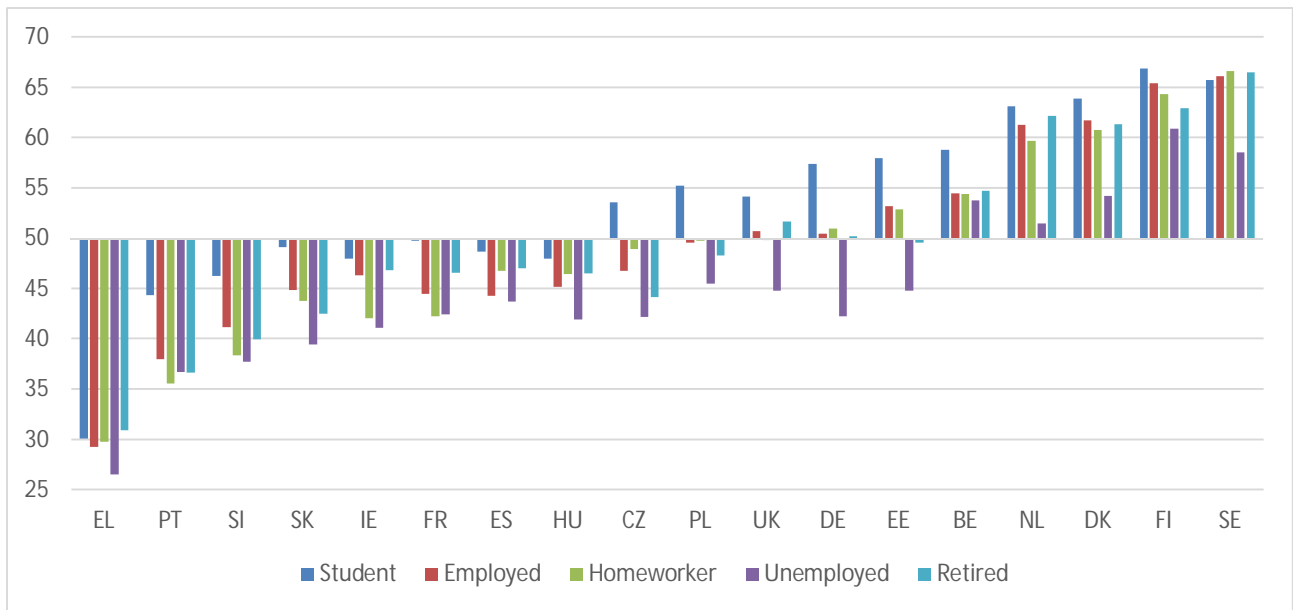


### ***Employment Status***

In contrast to the other socioeconomic categories, societal satisfaction varies with the employment status of the respondent in every country. In these countries the unemployed have considerable lower levels of societal satisfaction than the other groups. Sharper differences between the unemployed and the other socio-economic groups are found in Germany, Estonia, the Netherlands and Denmark (Figure 42). Again, there is no discernible pattern in the evolution of SSI among the different socioeconomic groups. While in Ireland the retired suffered the most severe decline in societal satisfaction, the homeworkers in France, the employed in Spain and the unemployed in Denmark reported growing levels of dissatisfaction (Figure 43).

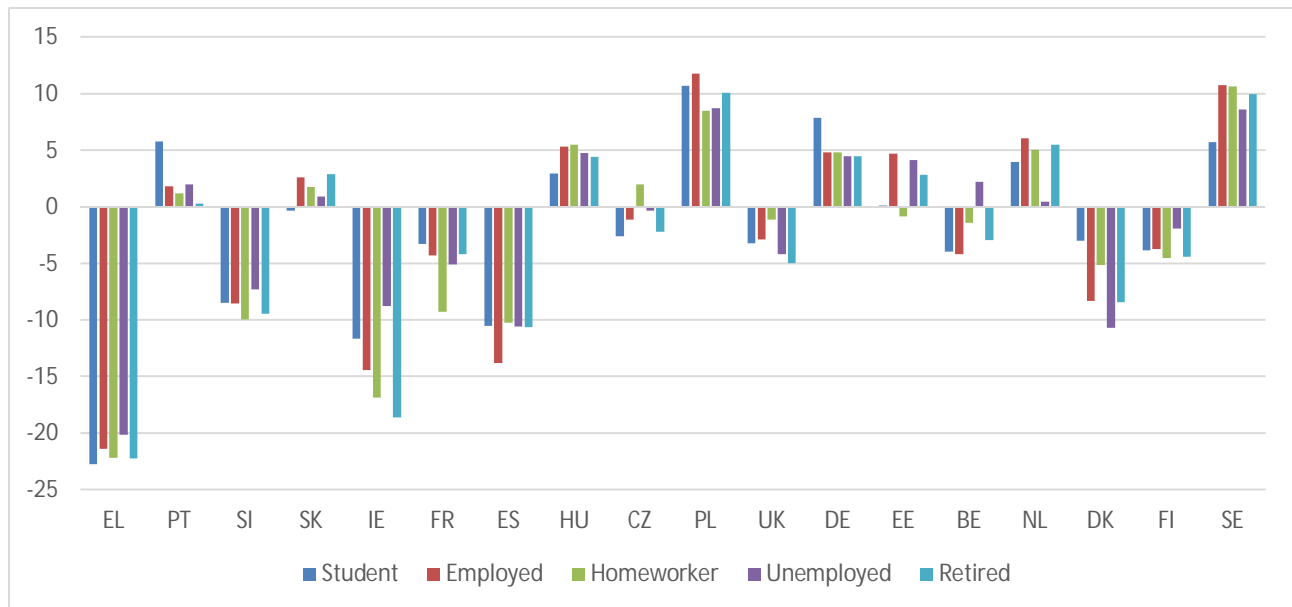


**Figure 42 Societal Satisfaction index by employment status 2010 (Source: ESS, EU18 = 50)**





**Figure 43 Societal Satisfaction index by employment status, change 2004-2010**  
(Source: ESS, EU18 = 50)

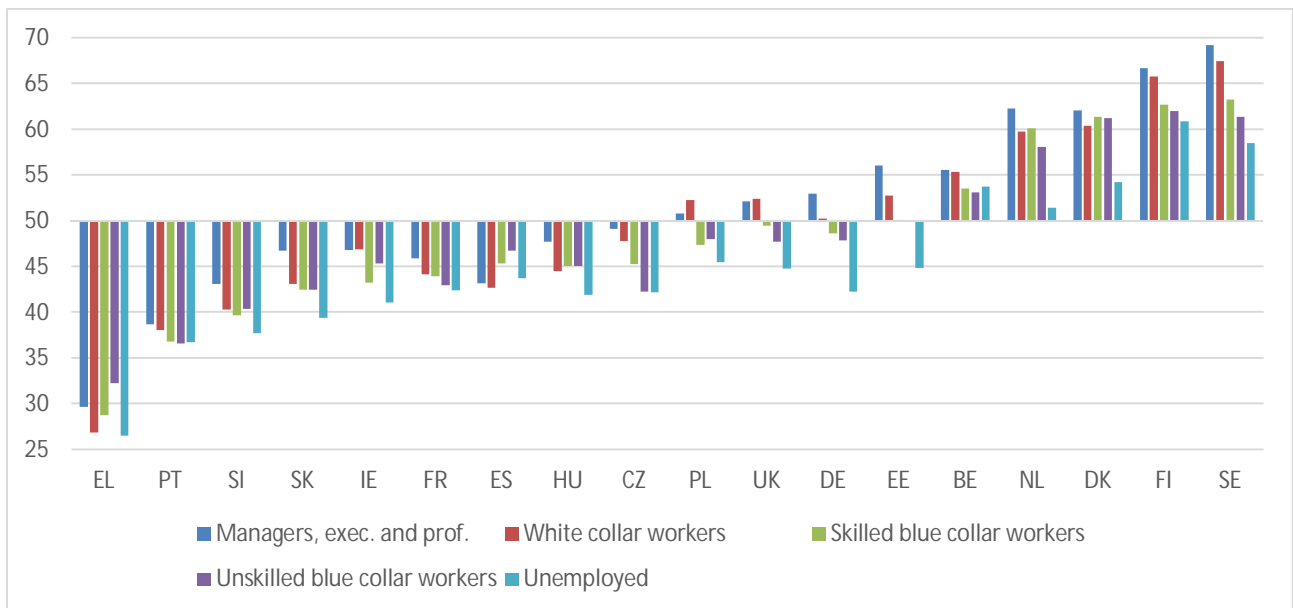


### *Professional category*

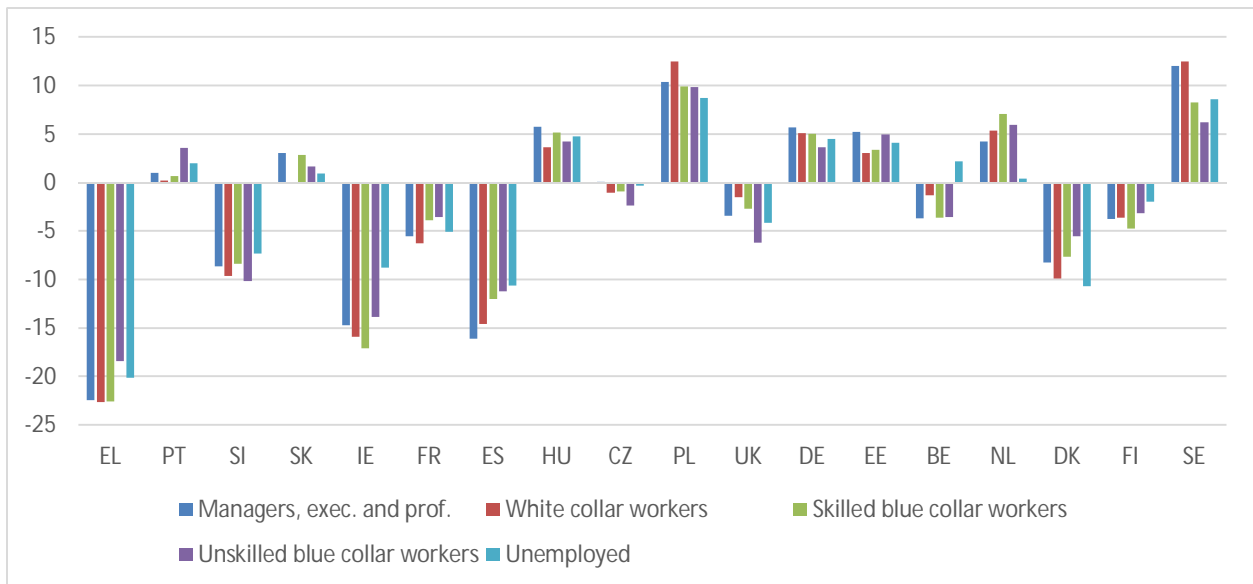
Differences in the societal satisfaction of the employed are statistically relevant in most countries, except in France, Hungary and Denmark. Unskilled blue collar workers tend to have substantially lower levels of SSI than the other professional categories. Greece is the exception in that unskilled blue-collar workers have higher levels of SSI than white collar workers and managers, executives and professionals. Higher levels of inequality among workers are to be found in Sweden, Czech Republic, Estonia, Germany and Finland. Again, in some countries societal (dis)satisfaction of the unemployed is close to that of the unskilled blue-collar workers (Figure 44). In what regards the evolution of societal satisfaction by professional group, it is interesting to notice the deterioration of the appraisals of managers, executives and professionals and of white collars in Greece, Ireland, Slovenia, France, Spain, the UK and Denmark (Figure 45). This may be another

indication of the severity of the recent societal transformations affecting more transversely the various socio-professional groups.

**Figure 44 Societal Satisfaction Index by professional category 2010 (Source: ESS, EU18 = 50)**



**Figure 45 Societal Satisfaction Index by professional category, 2004-2010 (Source: ESS, EU18 = 50)**



### *Income group*

Societal satisfaction varies with household income in most countries, except in Greece, Spain, Hungary and Belgium. A linear relation emerges in the distribution of SSI, where the top income quintile has significantly higher levels of SSI than the bottom income quintile and this is a generalised trend across countries, including the Northern European countries. Most unequal distributions are to be found in Estonia, Germany, Sweden and the Netherlands (Figure 46).

**Figure 46 Societal Satisfaction index by income group 2010 (ESS, EU18 = 50)**



### Summary

The analysis of societal satisfaction by socio-demographic and economic status revealed that appraisals of the state of the country are more evenly distributed than reports of subjective well-being, indicating that there is some consensus in citizens' views of their own country. This consensus in turn suggests that the current crisis may be undermining citizens' norms and expectations regarding various dimensions of collective life, even among those who have not been as directly impacted by the crisis. However, the unemployed and respondents belonging to the bottom income quintile have substantially lower levels of societal satisfaction than other socioeconomic groups, providing additional evidence that financial deprivation is a key factor contributing not only to low levels of satisfaction with one's own life and but also to low levels of satisfaction with the state of the country more generally.



This observation is supported by the disaggregation of the various components of the societal satisfaction index by country that shows extremely negative evaluations of the state of the economy, national governments and democracy, especially in Greece, Portugal, Slovakia and Hungary (Table 6)<sup>15</sup>. The detrimental impact of economic contraction on satisfaction with democracy has been highlighted in various studies and found to be stronger in the Eurozone countries, reflecting perhaps the fact that governments in these countries are in a weaker position to find policy solutions to the crisis at national level (Gillie, 2013; Eurofound, 2012; Helliwell et al., 2013; OECD, 2013b). Public education and health services gather most positive evaluations, though there is wide disparity across countries, reflecting the extent and quality of the national welfare states. This, again, underlines the observation made above that the differentiated impact of the crisis, both on material and subjective dimensions of well-being, is magnified by differences in social protection systems across Europe.

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<sup>15</sup> Pearson correlation coefficient between life satisfaction and the other components of societal satisfaction is: 0,42 for the economy, 0,33 for government, 0,36 for democracy, 0,27 for education and 0,28 for health.

**Table 6 Satisfaction with different aspects of society 2010 (Source: ESS, scale 0-10)**

	Life Satisfaction (1)	Economy (2)	Government (3)	Democracy (4)	Education (5)	Health (6)	Average (2-6)
EL	5,7	1,3	1,8	3	3,1	3	2,4
PT	5,9	2,4	2,4	3,6	4,5	4,5	3,5
SK	6,4	3,5	3,6	4,1	5,1	3,8	4
SI	7	2,9	2,6	3,2	5,7	5,7	4
HU	5,8	3,2	4,4	4,4	5	3,8	4,1
IE	6,5	2,5	3,5	4,9	6	4,1	4,2
FR	6,2	3,3	3,5	4,2	4,7	6	4,3
CZ	6,3	3,5	3,4	4,8	6	4,6	4,4
ES	7,3	2,7	3	5,1	5,2	6,4	4,5
PL	7	4,4	3,9	5	5,9	3,8	4,6
DE	7,1	5,2	3,7	5,1	4,6	4,8	4,7
UK	7,1	3,5	4,3	4,9	5,7	6,3	4,9
EE	6,5	4,2	4,3	5,1	6	6	5,1
BE	7,5	5	3,7	5,2	6,7	7,4	5,6
NL	7,7	5,7	5,3	6,2	6	6,4	5,9
DK	8,3	5,4	4,6	6,9	7,2	6,4	6,1
SE	7,9	6,5	6,1	6,8	5,8	6,3	6,3
FI	7,9	6	5,4	6,3	7,9	6,9	6,5
EU18 AVG	6,9	4,0	3,9	4,9	5,6	5,3	4,7
Max-Min	2,6	5,2	4,3	3,9	4,8	4,4	4,1

### 3.4 Housing and pensions

The EQLS inquires about the quality of various public services, giving a clear indication that among the various public services, national state pension systems and social housing services gather the lowest scores in most countries, and that this evaluation is particularly

negative in Greece, Poland, Hungary and Slovakia (Table 7). This means that the two areas of social provision that have lead households to increasingly engage with the financial sector, through their borrowing and investment decisions (cf. Churchill, 2013; Santos and Teles, 2013; Serap, 2013), are the areas in which households feel most dissatisfied with public provision, possibly reflecting the effect of on-going reforms in these sectors.

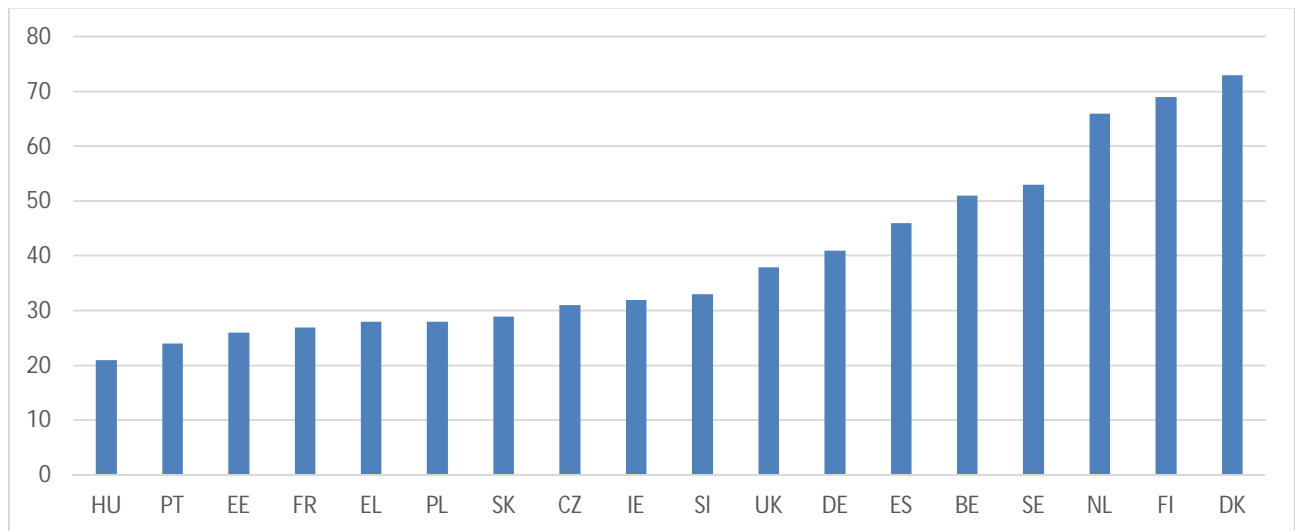
**Table 7 Perceived quality of public services, 2011 (EQLS, scale 1-10)**

	Health Services	Education System	Public Transport	Child Care Services	Long-term Care Services	Social Housing Services	State Pension System	Average
EL	4,8	4,6	5,6	4,9	4,4	3,9	3,3	4,5
PL	4,7	5,9	5,6	5,5	4,8	4	3,4	4,8
HU	5,1	5,7	5,5	5,7	5,2	4,4	3,8	5,1
SK	4,8	5,7	5,7	5,9	5,1	4,7	3,6	5,1
PT	5,5	5,8	5,8	6	5,4	5,4	3,9	5,4
EE	5,7	6,2	6,4	6,2	5,3	5,2	3,9	5,6
IE	4,9	6,8	5,7	6	5,3	5,6	5,7	5,7
CZ	6,5	6,6	6,1	6,6	5,9	5	4,1	5,8
SI	6,4	6,8	6,2	6,6	6,1	5,1	4	5,9
FR	6,9	6,1	6,5	6,3	6,5	5,6	4,9	6,1
UK	6,9	6,8	6,6	6,3	5,8	5,5	5,1	6,1
ES	7	6,6	6,9	6,5	6,1	5,5	5,3	6,3
DE	6,6	6,5	6,9	6,6	6,4	6,2	5,2	6,3
SE	7,3	7	6,8	7,3	5,7	6,4	5,3	6,5
NL	7,2	6,9	6,6	6,9	6,6	6,5	6,6	6,8
BE	7,7	7,4	6,6	6,8	7,1	6,3	5,8	6,8
DK	7,4	7,5	6,5	7,2	6,7	6,7	6,3	6,9
FI	7,1	8,2	6,8	7,7	6,3	6,6	6,7	7,1
EU18	6,3	6,5	6,3	6,4	5,8	5,5	4,8	5,9

Because it refers to a benefit rather than a service, the ratings of state pension systems may refer to the amount of pensions received, or expected to be received, rather than any other quality aspect. This is consistent with the fact that the Europeans that are least satisfied with state pensions are also the least confident about their future pensions,

namely in Hungary, Portugal, Estonia, Greece and Poland (Figure 47). The dissatisfaction with state pensions might then help explain the growth of private schemes of pensions in some of these countries (Santos and Teles, 2013; Churchill, 2013; Serap, 2013). However, countries that have most advanced private arrangements express higher confidence in future pensions (e.g. the Netherlands and Denmark), which again underlines the importance of taking into account the specificity of systems of provision in each country.

**Figure 47 Confidence in future pension 2009 (Source: Eurobarometer, percentage)**



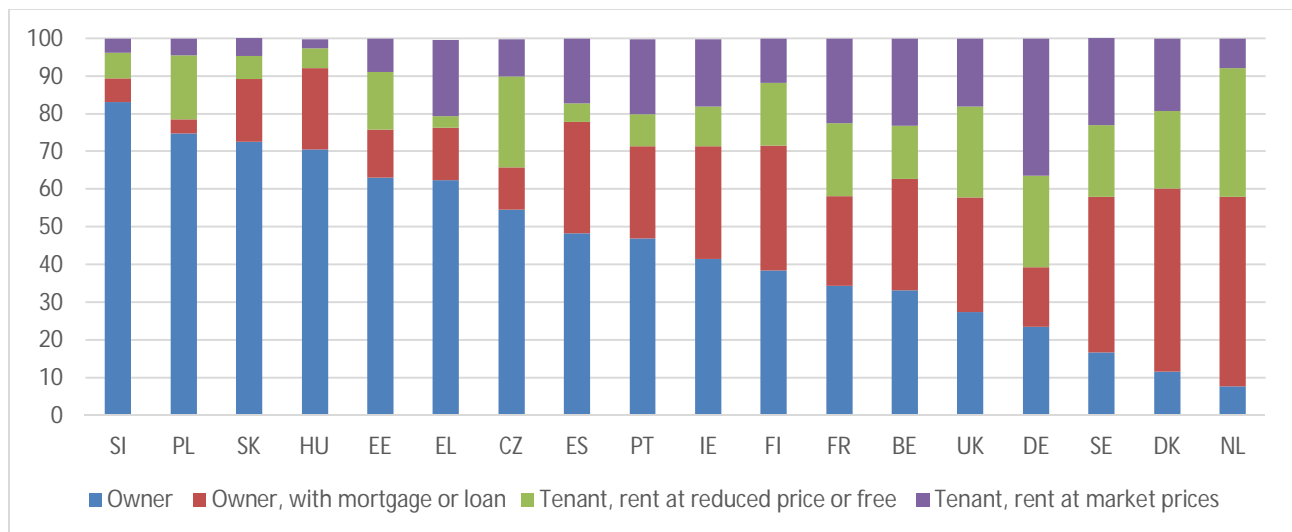
Although social housing services receive low scores, housing is one aspect of people's lives about which Europeans state they are most satisfied, right after family life (see Table 5 above). This suggests that households have increasingly relied on the private market, either through private market renting or through the purchase of new homes with eased access to credit (Santos and Teles, 2013).

Home ownership is high in most European countries (Figure 48). In many Eastern European countries more than 50 per cent of households own their homes, being also relatively uncommon for households to have a mortgage (namely in Slovenia, Poland,



Estonia and Czech Republic). The high share of ownership without mortgage in these countries may be attributed to the rapid privatisation of social housing stocks, which began in the early 1990s, giving households the possibility to become owners of their homes at a relatively low cost. This contrasts with Central and Northern European countries, especially Sweden, Denmark and the Netherlands, where more than 40 per cent of households have a mortgage. Rented accommodation is more common in Germany (covering more than 60% of households) and France (around 40%). Renting on the private market is prevalent in most countries, being especially significant in Germany (36%). In the Netherlands and Finland, social and municipal housing is more relevant than private market renting (Figure 48).

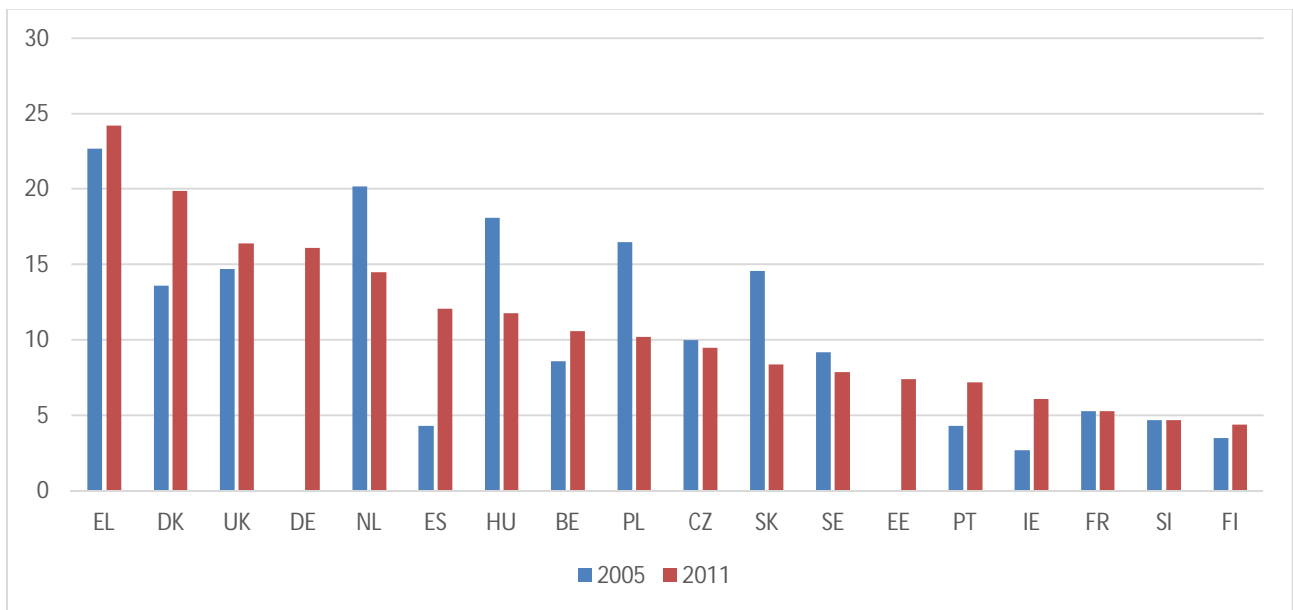
**Figure 48 Housing tenure 2011 (Source: EUROSTAT, percentage)**



If, on the one hand, household well-being may have improved with the purchase of new and better housing, the financial burden put on households may have had the opposite effect. Indeed, the rise of mortgage debt has been followed by the rise of housing cost overburden, i.e. the growth of households with housing costs superior to 40 per cent of their disposable income. This was most notably the case of Denmark, Spain and Portugal

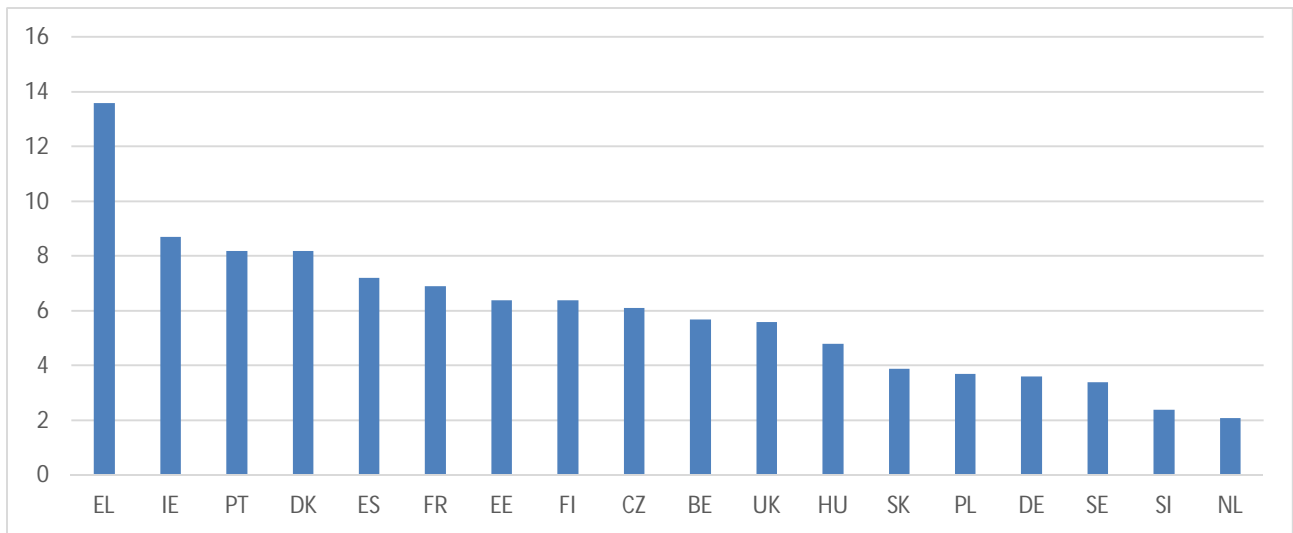
that have registered the highest increases of housing overburden between 2005 and 2011, which might also be due to a fall in disposable income, inflating relative housing costs. However, the other highly indebted country, the Netherlands, does not show the same pattern (Figure 49).

**Figure 49 Housing cost overburden 2005-2011 (Source: EUROSTAT, %)**



The crisis may have also increased the fear of the loss of one's home due to unaffordability, where this risk is higher in the countries hardest hit by the crisis (Greece, Ireland, Portugal and Spain), and in countries with high levels of mortgage debt, such as Denmark (Figure 50).

**Figure 50 Likelihood of need to leave accommodation due to unaffordability 2011**  
(Source: EQLS, percentage)



This brief incursion into housing and pensions, two areas where households have intensified their relationships with the financial sector, and at the expense of public provision, suggests that financialisation and the financial crisis have created greater uncertainty on people's lives. Most vulnerable segments of the population in countries hardest hit by the crisis have not only lost their jobs and financial security and become increasingly dissatisfied about their own lives and the state of their country, they may also fear losing their homes due to unaffordability and feel increasingly uncertain about their financial security in retirement. But it also shows that these relations are not straightforward, as the most financialised countries are also the countries with more robust and effective social protection systems.

## 4 Conclusion: Financial crisis, financialisation and well-being

This report examined individual and household level data with a view to tracing changes in household material and non-material well-being before and since the financial crisis of 2007-08 for 18 EU countries.

The analysis of various selected indicators for these countries revealed that the financial crisis has had a differentiated impact across Europe, having a devastating effect in Southern and some Eastern European countries. The deterioration of living conditions in the weaker European economies is by and large the result of austerity measures adopted to tackle the crisis that have deepened and prolonged recession, through their effects on income, as a result of the cuts on salaries, increasing unemployment and underemployment, as well as through their effects on indirect income via the contraction of public services.

Even though cross-country comparisons with aggregate data do not allow us to draw a firm conclusion about the impact of financialisation on household well-being, the growing divergence between Southern and Eastern European countries, on the one hand, and Central and Nordic Countries, on the other hand, supports the interpretation that financialisation has been a mechanism of accentuating inequality within and across countries.

### *Growing divergence in Europe*

In light of findings from work under Work Package 5 and emerging contributions (Becker et al., 2010; Lapavitsas et al., 2012, Santos and Teles, 2013; Reis et al., 2013), a typology of financialisation processes was put forward to situate the impacts of the financial crisis on the variegated nature of financialisation. Three types of financialisation were presented:



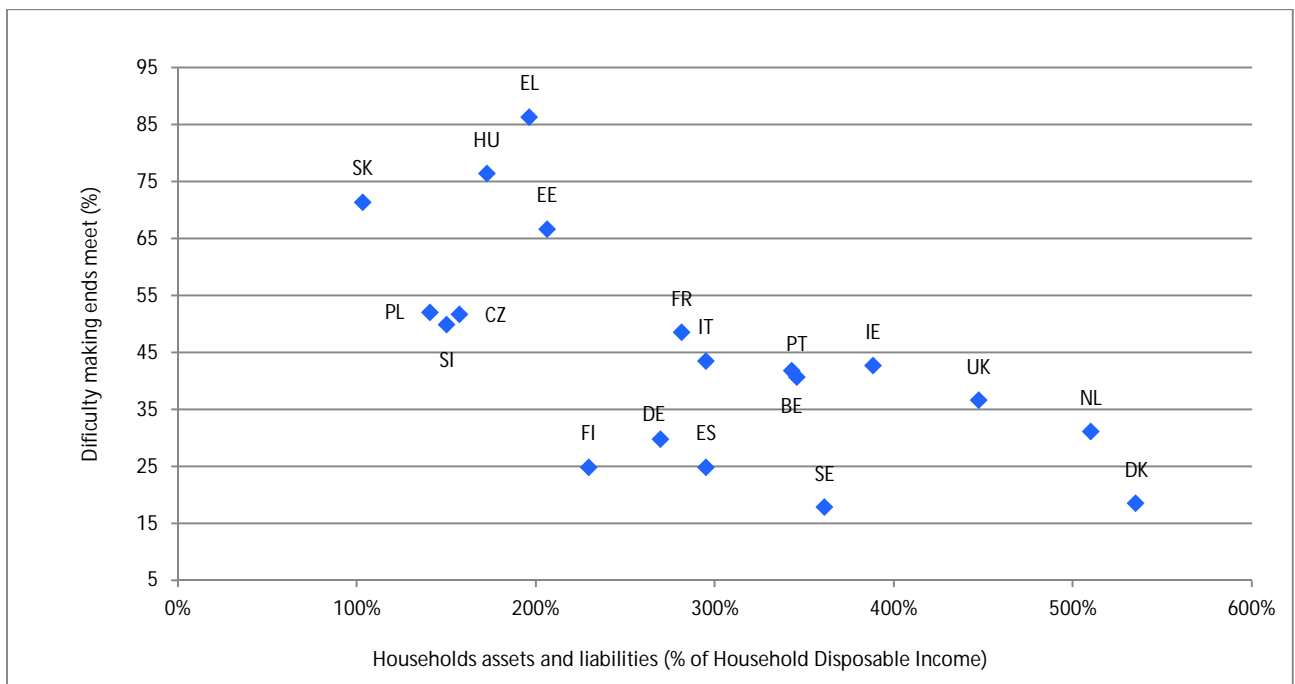
peripheral financialisation (more prevalent in Eastern European countries), semi-peripheral financialisation (present in the Eurozone countries under financial assistance, the Southern European countries plus Ireland) and, finally, the core financialised countries made up of the Central and Northern European countries.

Notwithstanding differences in national trajectories, including in the most advanced “core” (Powell and Lapavitsas, 2013), the typology takes as its point of departure the different paths through which financialisation made its way in Eastern and Southern Europe via capital account liberalisation, foreign capital inflows, high interest and exchange rates. A distinction was then drawn between the two groups of countries. The integration of Southern European countries in the Eurozone since its inception allowed them to have an almost unlimited access to capital markets and at a very low price. Despite this apparent privileged position, when compared to Eastern European countries, Southern Europe suffered from the same problems resulting in growing and high external debts, culminating in the sovereign debt crises of 2010-11. Greece, Portugal, Spain and Ireland were then forced to request financial assistance to the troika made up of the European Central Bank, the International Monetary Fund and the European Commission. These loan arrangements implied the implementation of restrictive austerity measures, which helps explaining the fact that these countries were the hardest hit by the crisis, a finding supported by the various material and subjective measures of well-being reviewed in these report.

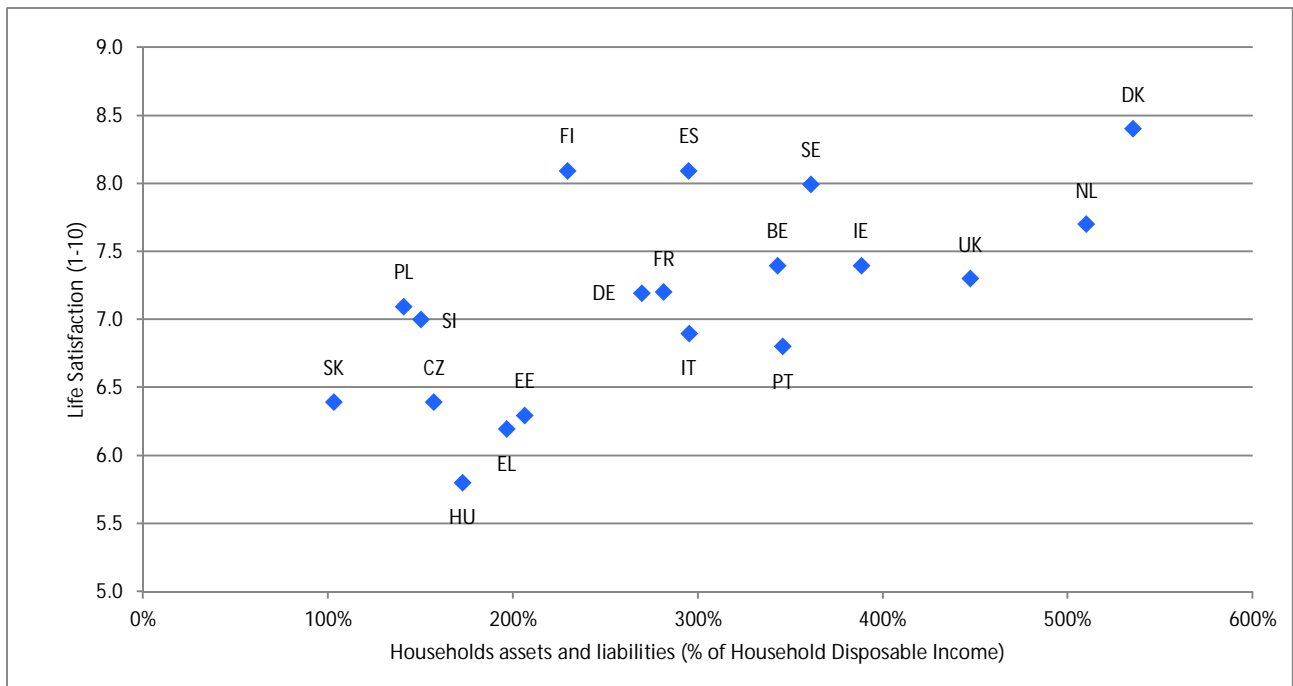
The semi-peripheral financialised countries also hold an intermediate position in what regards the scale and depth of household financialisation (Santos and Teles, 2013). This means that the role of household engagement with finance in mediating the impact of the crisis on household well-being is not straightforward. If, on the one hand, the core financialised countries, where household debt and financial wealth reach the highest

values, have fared better on both material and non-material well-being, on the one hand, the peripheral financialised countries exhibit the lowest levels of well-being in Europe (Figures 51 and 52).

**Figure 51 Household material well-being and financialisation (Source: EQLS 2011, Eurostat 2010)**



**Figure 52 Household subjective well-being and financialisation (Source: EQLS 2011, ECRI 2010)**



The assessment of the impact of financialisation and of the financial crisis on household well-being must also take into account the coverage and level of welfare provision. This helps explaining the relative position of the three groups of countries. The more robust and generous welfare systems of core financialised countries, particularly in North Europe, may have helped mitigating the impact of the crisis in these countries, as testified by the higher levels and reduced inequality in the distribution of both material and non-material well-being. In contrast, peripheral and semi-peripheral economies have more incipient systems of social protection that fail to adequately protect the most vulnerable.

### *Questioning subjective well-being*

The comparative exercise exposed the divergence among EU countries, both in terms of material and subjective well-being, and of their very extreme unequal distributions in Southern and some Eastern European countries. However, subjective measures of well-being revealed unsuitable for assessing the impact of the crisis.

Measures of subjective well-being are very resilient indicators to both economic and societal transformations. Among the 18 countries under analysis, a clear trend was only clearly identified for two countries, the hardest hit by the crisis, Greece and Ireland. The ambiguous evolution of the other two countries affected by the crisis, Portugal and Spain, raise serious doubts about the value of these indicators to assess the impact of the crisis. This paradoxical result may be attributed to changes in norms and expectations as the economic recession and the pressure on the welfare systems may be producing an overall deterioration of citizen's expectation. The relative homogeneity of societal appraisals across the various socioeconomic groups, especially so in countries with low and declining levels of societal satisfaction, supports this view. This means that the relative stability of subjective measures of well-being, such as Happiness and Life satisfaction, may be concealing an actual deterioration of living conditions (Boffo et al., 2013). The fact that norms and expectations may evolve at different paces in the various countries creates additional difficulties to cross-country comparisons. This exercise is further complicated by the very unequal distributions of subjective well-being (overlooked in most cross-country comparisons). In effect, this report has shown that household material and subjective well-being is unequally distributed across the various socio-demographic and economic groups, revealing that the unemployed in most European countries face severe financial difficulties and have incredibly low levels of subjective well-being and societal satisfaction. From this it does not follow that people's own assessment of their situation



and circumstances is not relevant. It only means that an approach to well-being must recognise the influence of norms and expectations and avoid the mistake of inferring rises in subjective well-being as an improvement when household material conditions are deteriorating (Boffo et al., 2013).

### ***Bringing labour market into the financialisation agenda***

This report brought to the fore the centrality of work to household well-being. This is so not only because unemployment has been the main vehicle of transmission of the impact of the financial crisis on household material and subjective well-being, but also because the crisis has had a detrimental impact on workers through growing job insecurity, increased work intensity and rising difficulties in balancing work-family life.

The labour market thus deserves more attention in financialisation research. It is clear that the role of financialisation as a mediating channel of social provision depends on the institutional configuration of the labour markets, which are intrinsically and increasingly articulated with the welfare systems (Churchill, 2013; Santos and Teles, 2013). This is so not only because the position occupied in the labour market is determinant to the material and subjective well-being of current workers, but it is also determinant to their future well-being were they to be hit by social risks, such as unemployment and sickness, and in old age. The labour market is thus an important pull factor in household engagements with the financial markets, as the segmentation of labour markets translates into inadequate public provision for growing segments of the population.

These processes also call for the analysis of the material culture of financialisation (Fine, 2013). The ongoing transformations in the labour markets and in systems of provision are likely to change people's perceptions of their circumstances as, for example, of what they can expect from collective forms of social provision and the role of finance to fill in the



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gaps, favouring the growing individualisation of European societies. The analysis of the impact of financialisation on well-being thus requires the examination of the evolution of norms and expectations as on-going transformation may be lowering citizens' aspirations, which may be a non-negligible impact of financialisation and of the current crisis that is not captured by neither material nor subjective measures of well-being.

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## ANNEX 1

### The European Social Survey – data collection and analysis

The present report relies mainly on the results of the European Social Survey (ESS), one of the most reliable sources of individual level data which is highly harmonized for cross-country comparison at the EU level. ESS collects cross-sectional multidimensional microdata on various dimensions of well-being, including subjective well-being, living standards and deprivation, employment and work-life balance, and quality of society.

The present report assesses the evolution of individual and household well-being between 2004 and 2010. It uses the results from the ESS Round 5 (2010), which was the last round available at the time of the elaboration of this report, and from the ESS Round 2 (2004), which is more directly comparable to Round 5. In addition, the ESS Round 6 (2012), which became available in November 2013, and the ESS Round 4 (2008) will also be used to add more recent data and an intermediary period in the analysis. The present analysis covers the 18 countries for which there are comparable data available for 2004 and 2010: Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

A set of indicators was selected from the following ESS modules: core module C - subjective well-being (e.g. happiness); rotating module G – Work, family and well-being (e.g. impact of the recession on working time, wage income, job security, work-life balance); and core module F - socio-demographic profile (e.g. household composition, sex, age, education, profession, and income). The compilation of these indicators provided a comprehensive picture of individual and household material and subjective well-being and

its evolution between 2004 and 2010, for the 18 countries and for the socio-demographic and economic groups within each country.

To facilitate cross-country comparisons information was aggregated to more general and comparable categories, and in some other cases it was discarded due to an insufficient size of the sample:

- a) Professional occupation: the composition of the various categories followed the International Standard, Classification of Occupations 2008 (ISCO – 08) from the International Labour Office;
- b) Educational attainment: it was defined as the highest level of education an individual has successfully completed, following the International Standard Classification of Education (ISCED 2011) from the United Nations Educational, Scientific and Cultural Organization (UNESCO). The category “primary education” included mainly individuals with this level education, though some additional few cases were included of individuals with a lower educational attainment.
- c) Employment status: due to the reduced number of cases in some countries, the category unemployed include those looking for work and not looking for work, and due to insufficient number of cases those sick or working for the community were excluded;
- d) Household composition: due to the reduced number of case the categories ‘living with parents’ and more complex household compositions were excluded from the analysis;
- f) Household income: There is no comparison with 2004 because in 2010 it was introduced another measurement tool (quintile, not quartile). It does not include respondents from Portugal, because this country used a non-comparable scale in relation to all the other countries under analysis (quartile).

e) Response categories such as 'don't know', 'no answer' or 'refusal' were excluded from the calculations of the percentages and the means, though they were included in the questionnaire.

Findings discussed in the report refer to differences that have been statistically tested to avoid the use of results that are attributed to sampling error and/or random causes. These test were applied to descriptive (bivariate percentages, weighted average, correlations), and exploratory analysis (principal component analysis – PCA and Reliability Analysis). For these, we hold at a maximum of 5 per cent of significance level interpreted for: Chi-squared tests, Pearson's and Spearman's correlations (when the coefficient differed significantly from zero), independent 2 samples t-test and One-Way Anova (when the variances of the two or more populations are assumed to be equal), and PCA analysis (when Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO MSA) and MSA applied to anti-image matrices were satisfactory, and Bartlett's Test significant), and Reliability Analysis (significance of Cronbach's Alpha).



## ANNEX 2

### Subjective well-being and societal satisfaction indexes

Based on selected variables from the European Social Survey of rounds 2 (2004) and 5 (2010), two indexes were created to account for two different dimensions of well-being, which were named subjective well-being index and societal satisfaction index.

These indexes were built in two stages. In the first stage, Pearson correlations were calculated to determine if there was a bivariate association between the variables intended to be included in each index. Three factors were then derived using a Principal Components Analysis (PCA), a reliability analysis was then carried out relying on the significance of Cronbach's alpha, confirming the robustness of these factors. The first factor aggregated variables related to subjective well-being, the second factor aggregated variables of societal satisfaction, and the third factor aggregated items of the financial situation of the household. In the second stage, using Mplus, a confirmatory factor analysis was performed to create factors free of measurement error. Only the first two factors were retained because the third factor was proven to have a very poor adjustment. The CFA model with two latent variables each one defined by 5 different items, revealed the fit indices: CFI=0.821, RMSEA=0.145. The correlation between the two latent variables was  $r=0.847$ . All the items present a  $r$  above 0.4 and significant with the latent variables.

These indexes were constructed jointly for the 18 countries for which there is data available for the two rounds: Belgium (BE), Czech Republic (CZ), Denmark (DK), Estonia (EE), Finland (FI), France (FR), Germany (DE), Greece (EL), Hungary (HU), Ireland (IE), Netherlands (NL), Poland (PL), Portugal (PT), United Kingdom (UK), Sweden (SE), Slovenia (SI), Slovakia (SK) and Spain (ES).

The two indexes were normalized and converted in a scale from 0 to 100 using the Min-Max normalization method which performs a linear transformation on the data whilst preserving the relationship among the original data values. The two indexes are normally distributed, with mean equal to 50 and standard deviation equal to 10 for the pooled sample of 18 countries, with indexes above 50 indicating levels of subjective well-being/societal satisfaction above average and vice versa.

The findings discussed by country, gender, age, education, economic status, household type, professional occupation, and income level – both between and within country - report to differences that have been statistically tested to assure that this is not resulting of sampling error and/or random causes. For these, we hold at a maximum of 5 per cent of significance level interpreted for Chi-squared tests, Spearman's correlations (when the coefficient differed significantly from zero), independent 2 samples t-test and One-Way Anova (when the variances of the two or more populations are assumed to be equal).

The subjective well-being index (SWI) is made up of the following ESS questions:

B24. "All things considered, how satisfied are you with your life as a whole nowadays? (0 – extremely dissatisfied, 10 – extremely satisfied)"

C1. "Taking all things together, how happy would you say you are? (0 – extremely unhappy, 10 – extremely happy)"

"Firstly, I am going to read out a list of statements about how you may have been feeling recently. For each statement I would like you to say how often you have felt like this over the last two weeks. G1. I have felt cheerful and in good spirits; G2. I have felt calm and relaxed; G3. I have felt active and vigorous" (1. All of the time, 2. Most of the time, 3. More than half of the time, 4. Less than half of the time, 5. Some of the time, 6. At no time).

The societal satisfaction index (SSI) is constructed upon the following survey questions:

B25. "On the whole how satisfied are you with the present state of the economy in [country]?" (Scale: 0 – extremely dissatisfied, 10 – extremely satisfied)

B26. "Now thinking about the [country] government, how satisfied are you with the way it is doing its job? (Scale: 0 – extremely dissatisfied, 10 – extremely satisfied)

B27. "And on the whole, how satisfied are you with the way democracy works in [country]?" (Scale: 0 – extremely dissatisfied, 10 – extremely satisfied)

B28. "Now please say what you think overall about the state of education in [country] nowadays?" (Scale: 0 – extremely dissatisfied, 10 – extremely satisfied)

B29. "Please say what you think overall about the state of health services in [country] nowadays?" (Scale: 0 – extremely dissatisfied, 10 – extremely satisfied)

## ANNEX 3

### The European Social Survey – Tables

Table 8 Difficulty to live on present income 2004-2012  
(% difficult + % very difficult)

	2004	2008	2010	2012
BE	23	23	20	23
CZ	43	34	44	40
DE	18	15	16	14
DK	6	4	6	5
EE	45	29	30	36
EL	50	51	64	n.a.
ES	18	21	23	31
FI	14	12	15	13
FR	n.a.	15	18	n.a.
HU	44	49	47	56
IE	11	21	33	32
NL	15	11	13	13
PL	41	29	28	31
PT	39	48	43	51
SE	10	8	9	12
SK	53	37	43	46
SI	14	13	15	19
UK	19	19	19	19

F42. "Which of the descriptions on this card comes closest to how you feel about your household's income nowadays? 1) Living comfortably on present income, 2) Coping on present income, 3) Finding it difficult on present income, 4) Finding it very difficult on present income".

Note: Country differences are statistically significant at the 0,05 level.

Table 9 Difficulty to live on present income by household type 2010  
(% difficult + % very difficult)

	Single parent	Single	Couple with children	Couple
BE	56	36	17	17
CZ	64	57	35	38
DE	33	24	17	12
DK	17	10	4	4
EE	44	40	29	24
EL	76	62	67	60
ES	38	29	25	21
FI	30	24	13	8
FR	38	27	14	9
HU	62	55	49	37
IE	56	34	32	23
NL	42	19	11	6
PL	53	55	26	22
PT	64	49	39	39
SE	17	17	5	6
SK	57	59	36	39
SL	31	30	14	13
UK	41	20	20	12

F42. "Which of the descriptions on this card comes closest to how you feel about your household's income nowadays? 1) Living comfortably on present income, 2) Coping on present income, 3) Finding it difficult on present income, 4) Finding it very difficult on present income".

Note: Differences within the category are statistically significant at the 0,05 level, except in DK.

Table 10 Difficulty to live on present income by employment status, 2010  
(% difficult + % very difficult)

	Student	Employed	Unemployed	Retired	Homeworker
BE	7	15	50	23	29
CZ	47	32	80	54	50
DE	10	12	69	13	21
DK	11	2	20	5	10
EE	15	24	68	34	30
EL	48	56	87	66	74
ES	11	15	55	25	31
FI	23	9	38	13	23
FR	16	16	38	15	19
HU	37	40	80	48	66
IE	28	21	61	18	45
NL	11	9	62	7	18
PL	16	19	59	43	35
PT	32	30	71	46	53
SE	12	4	36	8	18
SK	32	31	75	52	54
SI	7	8	39	23	24
UK	20	17	61	10	29

F42. "Which of the descriptions on this card comes closest to how you feel about your household's income nowadays? 1) Living comfortably on present income, 2) Coping on present income, 3) Finding it difficult on present income, 4) Finding it very difficult on present income".

Note:

Differences within the category are statistically significant at the 0,05 level, except in DK and SE.

Low number of respondents in the following cases: Students, in all countries; Unemployed, in BE, FI, FR, NL and SI; Homeworker, in BE, DK, EE, FR, NL, PL, SE, SI and UK.

Table 11 Difficulty to live on present income by professional category 2010  
(% difficult + very difficult)

	Managers, executives and professionals	White collar workers	Skilled blue collar workers	Unskilled blue collar workers
BE	15	12	23	38
CZ	26	29	46	66
DE	6	9	20	38
DK	2	5	7	8
EE	17	31	34	39
EL	42	48	69	82
ES	11	10	24	42
FI	9	8	19	21
FR	11	13	22	35
HU	18	32	47	67
IE	18	27	38	38
NL	8	11	16	24
PL	13	19	37	50
PT	8	19	44	64
SE	6	5	11	16
SK	27	28	48	58
SI	5	8	17	27
UK	10	18	22	24

F42. "Which of the descriptions on this card comes closest to how you feel about your household's income nowadays? 1) Living comfortably on present income, 2) Coping on present income, 3) Finding it difficult on present income, 4) Finding it very difficult on present income".

Note:

Country differences of unskilled blue collar workers are statistically significant at the 0,05 level in every country.

Other sub-categories have a low number of respondents in nearly every country.

Table 12 Financial strain in the three years prior to 2010  
(Scale 0-6)

	Had to manage on lower household income	Had to cut back on holidays or household equipment	Had to draw on savings/debt to cover ordinary living expenses
BE	1,75	1,59	1,27
CZ	3,29	3,28	2,35
DE	2,12	2,01	1,30
DK	1,51	1,07	0,95
EE	3,22	2,88	1,87
EL	3,47	2,54	3,01
ES	2,83	2,62	2,23
FI	2,71	1,31	1,56
FR	2,60	2,51	2,10
HU	3,00	2,67	2,52
IE	3,75	3,84	3,35
NL	1,47	1,41	1,15
PL	2,47	2,33	1,84
PT	2,75	2,11	1,96
SE	1,81	1,24	1,13
SK	2,74	2,59	2,30
SL	2,95	3,06	2,30
UK	2,71	2,50	2,12

Simple average of the scores of the following questions: "Please tell me to what extent each of the following has applied to you in the last years? G8. I have to manage on lower household income, G9. I have had to draw on my savings or get into debt to cover ordinary living expenses, G10. I have had to cut back on holidays or new household equipment" (0. Not at all, 6. A great deal).

Note: Country differences are statistically significant at the 0,05 level.



Table 13 Work strain in the three years prior to 2010  
(%)

	Had to do less interesting work	Had to take a reduction in pay	Had to work shorter hours	Had less security in job
BE	25	12	14	18
CZ	22	29	8	34
DE	31	23	14	19
DK	50	19	12	17
EE	31	56	24	51
EL	15	35	9	27
ES	27	37	13	30
FI	40	30	12	17
FR	24	15	14	15
HU	38	27	13	28
IE	22	54	20	35
NL	27	15	14	30
PL	20	21	10	28
PT	21	17	11	23
SE	54	15	14	13
SK	18	25	13	46
SI	20	21	9	12
UK	26	22	18	34

Simple average of the percentages of affirmative answers to the following questions: "Please tell me whether or not each of the following has happened to you in the last three years? G58. ...had to do less interesting work?, G59. ...had to take a reduction in pay?, G60....had to work shorter hours?, G61. ...had less security in your job?"

Note: Country differences are statistically significant at the 0,05 level.

Table 14 Work effort 2004-2010  
(Scale 1-5)

	2004	2010
BE	2,67	2,56
CZ	2,66	2,64
DE	2,49	2,40
DK	2,65	2,64
EE	2,81	2,61
EL	2,72	2,49
ES	2,50	2,28
FI	2,51	2,38
FR	2,71	2,61
HU	2,38	2,38
IE	2,32	2,19
NL	2,60	2,47
PL	2,53	2,53
PT	2,32	2,17
SE	2,50	2,40
SK	2,21	2,12
SI	2,32	2,29
UK	2,17	2,04

Simple average of the scores of the following questions: "Thinking about your current job, how much do you agree or disagree with each of the following statements? G34. My job requires that I work very hard, G35. I never seem to have enough time to get everything done in my job" (1. Agree strongly, 2. Agree, 3. Neither agree nor disagree, 4. Disagree, 5. Disagree strongly) .

Note: Country differences are statistically significant at the 0,05 level.

Table 15 Time Pressure 2004-2010  
(Scale 1-7)

	2004	2010
BE	2,81	2,91
CZ	2,67	2,93
DE	3,04	3,20
DK	2,99	2,77
EE	2,74	2,65
EL	2,62	2,82
ES	2,66	2,83
FI	3,08	2,97
FR	2,77	2,93
HU	2,36	2,38
IE	2,77	2,79
NL	2,61	2,70
PL	2,83	2,70
PT	2,46	2,49
SE	3,04	3,08
SK	3,19	2,93
SL	2,46	2,47
UK	2,98	3,00

Simple average of the scores of the following questions: "How often does your work involve ... G15. ...working evenings or nights?, G16. ...having to work overtime at short notice?" (1. Never, 2. Less than a month, 3. Once a month [...] 7. Everyday).

Note: Country differences are statistically significant at the 0,05 level.

Table 16 Work-Family Conflict 2004-2010  
(Scale 1-5)

	2004	2010
BE	2,78	2,79
CZ	2,68	2,94
DE	2,84	2,91
DK	2,63	2,64
EE	2,74	2,94
EL	2,76	3,14
ES	2,67	2,77
FI	2,86	2,87
FR	2,88	2,97
HU	2,63	2,68
IE	2,33	2,35
NL	2,57	2,60
PL	2,91	2,87
PT	2,32	2,44
SE	2,72	2,77
SK	2,94	2,96
SL	2,63	2,66
UK	2,75	2,76

Simple average of the scores of the following questions: "How often do you ... G46. ...keep worrying about work problems when you are not working? G47. ... feel too tired after work to enjoy the things you would like to do at home?, G48. ... find that your job prevents you from giving the time you want to your partner or family? (1. Never, 2. Hardly ever, 3. Sometimes, 4. Often, 5. Always).

Note: Country differences are statistically significant at the 0,05 level

Table 17 Couple's conflict about money 2010  
(Scale 1-7)

BE	1,84
CZ	2,53
DE	2,14
DK	1,67
EE	1,96
EL	2,83
ES	2,09
FI	2,14
FR	2,01
HU	2,58
IE	2,11
NL	1,67
PL	2,32
PT	1,69
SE	1,54
SK	2,64
SI	2,18
UK	2,05

G78. "Couples sometimes disagree about household and family issues. How often do you and your husband/wife/partner disagree about money?" (1. Never, 2. Less than once a month, 3. Once a month, [...] 7. Every day).

Note: Country differences are statistically significant at the 0,05 level

Table 18 Happiness 2004-2010  
(Scale 0-10)

	2004	2008	2010	2012
BE	7,75	7,65	7,83	7,69
CZ	6,81	6,85	6,59	6,64
DE	7,03	7,19	7,36	7,63
DK	8,31	8,37	8,27	8,38
EE	6,27	6,70	6,91	6,82
EL	6,74	6,67	5,99	n.a.
ES	7,32	7,63	7,58	7,57
FI	8,06	8,02	7,96	8,09
FR	7,19	7,10	6,98	n.a.
HU	6,39	5,94	6,43	6,10
IE	7,94	7,55	6,85	7,06
NL	7,68	7,71	7,79	7,81
PL	6,72	7,15	7,31	7,32
PT	6,48	6,43	6,60	6,44
SE	7,84	7,83	7,91	7,82
SK	6,24	6,62	6,66	6,65
SI	7,18	7,23	7,28	7,26
UK	7,37	7,44	7,41	7,50

C1. "Taking all things together, how happy would you say you are?" (0 – extremely unhappy, 10 – extremely happy).

Note: Country differences are statistically significant at the 0,05 level

Table 19 Life satisfaction and Happiness by socio-demographic group 2010  
(EU18, Scale 0-10)

	Life Satisfaction	Happiness
Male	6,9	7,2
Female	6,8	7,2
15 - 24	7,4	7,6
25 - 39	7,0	7,3
40 - 54	6,6	7,1
> 54 years old	6,8	7,0
Student	7,6	7,8
Employed	7,0	7,4
Unemployed	5,6	6,3
Retired	6,7	6,9
Homeworker	6,7	7,1
Primary education	6,9	7,1
Lower secondary	6,7	7,1
Upper secondary	6,7	7,1
Tertiary education	7,4	7,6
Single	6,4	6,5
Single parent	5,9	6,4
Couple	7,1	7,4
Couple with children	7,0	7,4

B24. "All things considered, how satisfied are you with your life as a whole nowadays?" (0. Extremely dissatisfied, 10. Extremely satisfied). C1: "Taking all things together, how happy would you say you are?" (0. Extremely unhappy, 10. Extremely happy). Note: Differences within each socio-demographic group are statistically significant except for gender.

Table 20 Subjective well-being index 2004-2010  
(EU18, Scale 0-100)

	2004	2010
BE	52,3	53,0
CZ	47,6	47,1
DE	49,6	51,4
DK	57,0	57,1
EE	44,5	47,8
EL	46,2	44,0
ES	51,8	52,3
FI	52,3	52,7
FR	49,5	49,0
HU	45,8	47,3
IE	55,2	52,1
NL	51,7	53,1
PL	47,0	50,0
PT	45,2	48,9
SE	54,1	55,1
SK	45,2	48,2
SI	49,5	50,7
UK	50,0	50,9

Note: Country differences are statistically significant at the 0,05 level.



Table 21 Subjective well-being index by gender 2004-2010  
(EU18, Scale 0-100)

	Male		Female	
	2004	2010	2004	2010
BE*	53,2	53,8	51,5	52,4
CZ	48,5	47,3	46,9	46,9
DE	50,0	51,7	49,3	51,0
DK*	57,9	57,7	56,1	56,4
EE*	44,7	48,5	44,4	47,3
EL*	47,5	44,7	45,1	43,5
ES*	52,8	53,4	50,8	51,3
FI	52,0	52,5	52,6	52,9
FR*	50,6	49,9	48,4	48,2
HU*	46,4	48,3	45,3	46,5
IE	55,9	52,5	54,7	51,8
NL*	52,7	54,0	51,0	52,4
PL	47,8	50,4	46,3	49,6
PT*	47,5	51,0	43,7	47,6
SE*	55,1	56,3	53,2	54,0
SK	46,3	48,0	43,9	48,3
SI*	50,2	51,6	49,0	50,0
UK*	51,1	51,6	49,0	50,3

\* In 2010, difference between males and females is statistically significant at the 0,05 level.

The change between 2004 and 2010 for Males is statistically significant at the 0,05 level in: CZ, DE, EE, EL, HU, IE, NL, PL, PT, SE, SI and SK.

The change between 2004 and 2010 for Females is statistically significant at the 0,05 level in: DE, EE, EL, IE, NL, PL, PT, SK and the UK.

Table 22 Subjective well-being index by age group 2004-2010  
(EU18, Scale 0-100)

	15 - 24		25 - 39		40 - 54		> 54	
	2004	2010	2004	2010	2004	2010	2004	2010
BE*	53,8	55,2	52,4	53,3	50,9	52,0	52,8	52,7
CZ*	54,0	54,3	50,2	49,9	47,2	45,7	44,7	43,9
DE*	52,3	53,7	50,1	51,3	48,6	50,6	49,6	51,2
DK*	54,8	56,2	55,7	55,6	56,6	56,5	58,9	58,5
EE*	52,3	53,5	48,5	49,4	42,7	47,6	40,1	45,1
EL*	54,0	51,2	49,7	46,6	46,9	43,2	41,9	40,3
ES*	55,8	56,7	53,0	53,6	51,8	51,6	49,0	50,0
FI*	52,8	53,6	52,0	52,5	51,6	51,5	52,8	53,2
FR*	52,1	52,6	50,9	49,8	48,4	47,7	48,6	48,4
HU*	53,0	52,6	48,3	49,7	44,3	46,6	42,3	44,3
IE*	56,3	54,8	55,4	52,0	54,5	49,7	55,3	52,9
NL	54,6	54,6	52,0	53,1	50,1	52,3	52,1	53,5
PL*	52,6	55,1	48,6	52,5	44,6	48,9	43,4	45,7
PT*	52,1	58,5	49,6	53,6	45,4	49,6	40,6	45,5
SE*	54,3	55,2	54,2	52,9	53,2	55,2	54,7	56,0
SK*	51,2	54,1	46,8	51,8	43,2	47,2	40,8	45,9
SI*	53,9	55,5	51,8	53,1	49,1	49,1	45,8	48,7
UK*	51,4	53,2	49,9	50,5	48,0	49,4	50,8	51,4

\* In 2010, difference within the category is statistically significant at the 0,05 level.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group 15-24 in: DE, EL, IE, PL, PT, and SK

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group 25-39 in: DE, EL, IE, PL, PT, and SK

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group 40-54 in: CZ, DE, EE, EL, HU, IE, NL, PL, PT, SE and SK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group >54 in: DE, EE, EL, HU, IE, NL, PL, PT, SE, SI, and SK.

Table 23 Subjective well-being index by education level 2004-2010  
(EU18, Scale 0-100)

	Primary		Lower secondary		Upper secondary		Tertiary	
	2004	2010	2004	2010	2004	2010	2004	2010
BE	52,0	52,0	52,2	53,4	52,1	52,1	53,0	53,6
CZ*	44,5	47,1	44,9	47,3	47,9	46,6	50,2	49,1
DE	49,1	50,5	48,6	51,2	49,3	51,1	50,8	52,2
DK*	58,4	58,8	56,5	56,3	57,0	56,7	57,0	57,4
EE*	42,9	44,3	44,1	47,4	44,5	47,6	45,4	49,8
EL*	41,2	39,5	48,3	45,1	50,3	45,5	48,9	46,6
ES*	49,5	49,6	53,4	53,2	53,8	54,2	53,3	53,6
FI*	52,7	52,7	52,3	53,2	52,3	51,8	52,1	53,5
FR*	48,5	47,1	48,1	49,5	49,6	48,9	51,0	50,5
HU*	39,3	37,4	44,4	43,9	46,0	48,0	49,5	50,7
IE*	54,0	49,5	54,5	50,6	55,8	53,4	56,2	54,3
NL	50,3	51,2	50,9	53,2	51,7	52,8	53,1	54,0
PL*	37,1	46,2	46,4	48,4	47,0	51,0	49,5	52,1
PT*	42,0	45,5	48,8	53,5	50,3	53,8	50,7	53,8
SE	54,6	55,9	54,8	55,6	53,8	54,4	53,8	55,1
SK*	37,3	42,7	43,6	46,3	45,7	47,8	47,1	52,2
SI*	46,9	46,4	48,3	48,7	50,1	51,1	50,5	52,5
UK*	49,3	49,1	49,4	50,9	51,2	51,4	50,4	52,2

\* In 2010, difference within the category is statistically significant at the 0,05 level.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group Primary education in: BE, CZ, DE, DK, EE, ES, FI, FR, HU, NL, SE, SK, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group Lower secondary education in: CZ, DE, EE, EL, IE, NL, PL, PT and SK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group Upper secondary education in: CZ, DE, EE, EL, HU, IE, PL, PT and SK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group Tertiary education in: DE, EE, EL, FI, IE, PL, PT, SE, SK, SI and UK.

Table 24 Subjective well-being index by household type 2004-2010  
(EU18, Scale 0-100)

	Single		Single parent		Couple		Couple with children	
	2004	2010	2004	2010	2004	2010	2004	2010
BE*	50,5	49,5	49,3	47,4	53,3	54,2	51,9	53,5
CZ*	42,7	42,7	45,0	45,0	48,1	46,9	49,8	48,8
DE*	46,7	48,8	45,6	46,7	50,8	52,1	50,1	51,7
DK*	56,3	55,0	56,1	53,2	58,1	58,9	56,8	57,3
EE*	39,9	44,4	43,9	45,7	43,4	47,0	45,9	49,3
EL*	42,2	43,0	38,6	36,4	45,6	43,2	48,5	44,4
ES*	48,1	49,6	45,1	46,9	51,2	52,2	53,1	52,5
FI*	50,6	51,0	50,0	48,6	53,3	53,7	52,7	53,1
FR*	46,2	46,2	45,1	45,4	50,9	50,9	50,9	49,6
HU*	42,2	43,1	39,2	45,0	44,1	47,4	46,3	47,8
IE*	52,4	49,0	48,4	47,6	56,9	54,2	55,8	53,3
NL*	49,2	50,7	48,0	47,6	53,5	55,0	52,2	54,2
PL*	43,8	44,0	38,5	43,0	47,9	49,4	46,7	50,8
PT*	40,2	44,1	42,0	44,2	43,9	48,2	47,6	50,7
SE*	51,6	52,9	51,5	52,4	55,8	56,8	54,6	55,0
SK*	40,4	45,8	39,0	44,4	44,0	48,4	45,5	49,4
SI*	44,8	47,7	45,2	46,6	48,9	50,7	50,5	50,4
UK*	48,5	48,9	45,5	47,2	52,7	52,6	49,9	51,6

\* In 2010, difference within the category is statistically significant at the 0,05 level.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Single households in: DE, EE, IE, PT and SK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Single parents in: EE, PL, PT and SK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Couples in: CZ, DE, EE, EL, HU, IE, NL, PL, PT, SK and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Couples with children in: BE, CZ, IE and SK.

Table 25 Subjective well-being index by employment status 2004-2010  
(EU18, Scale 0-100)

	Student		Employed		Unemployed		Retired		Homeworker	
	2004	2010	2004	2010	2004	2010	2004	2010	2004	2010
BE*	53,6	54,9	53,0	54,0	49,2	48,5	53,0	52,8	50,9	52,9
CZ*	55,3	56,3	49,5	48,1	43,3	41,6	43,9	43,9	49,9	49,2
DE*	52,7	54,1	51,0	51,9	44,1	43,7	48,9	51,4	49,3	52,0
DK*	54,2	56,7	57,5	57,5	54,6	51,1	58,3	58,5	55,5	54,3
EE*	53,8	54,1	45,9	49,4	38,0	42,0	39,5	44,0	49,2	49,8
EL*	55,6	52,3	48,7	46,2	44,4	39,8	41,5	40,1	45,6	43,5
ES*	56,3	57,0	53,2	53,4	47,4	50,7	48,7	50,9	49,9	49,2
FI	51,9	53,7	52,6	52,7	48,5	50,1	52,9	53,2	53,4	54,0
FR*	51,9	54,9	50,5	49,4	44,7	45,2	49,2	48,8	47,6	48,1
HU*	53,9	53,2	47,8	49,3	41,6	46,3	42,2	43,7	45,1	45,7
IE*	57,0	55,3	56,3	54,0	49,1	46,9	55,3	53,1	54,0	51,7
NL*	54,6	54,5	52,5	54,5	45,1	42,1	52,5	54,3	52,1	52,5
PL*	53,8	56,7	48,1	51,3	43,7	46,7	42,4	45,3	49,7	51,0
PT*	52,2	59,1	48,4	52,5	44,0	47,9	40,5	44,9	41,8	45,4
SE*	54,6	54,9	54,5	55,3	49,2	50,2	55,4	56,4	56,9	60,5
SK*	54,5	55,5	46,5	50,5	40,1	42,3	39,8	45,3	47,0	50,4
SI*	54,3	55,4	50,9	51,9	48,4	47,3	45,7	49,1	48,9	45,6
UK*	53,7	54,4	50,7	51,8	46,4	46,2	51,7	52,0	46,1	48,8

\* In 2010, difference within the category is statistically significant at the 0,05 level.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Students in: DK, EL, FI, FR, PL and PT.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the Employed in: BE, CZ, DE, EE, EL, HU, IE, NL, PL, PT, SK, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the Unemployed in: DK, EE, EL, ES, HU and PT.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the Retired in: DE, EE, EL, ES, IE, NL, PL, PT, SK and SI.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the Homeworkers in: DE, EL, IE and PT.

Table 26 Subjective well-being index by professional status 2004-2010  
(EU18, Scale 0-100)

	Managers, executive and professionals		White collar workers		Skilled blue collar workers		Unskilled blue collar workers	
	2004	2010	2004	2010	2004	2010	2004	2010
BE	53,6	53,6	51,9	54,0	51,9	52,6	52,2	51,2
CZ*	49,3	48,9	49,6	48,3	46,8	46,4	43,1	41,4
DE*	50,7	52,1	51,0	52,0	48,6	50,8	48,7	49,1
DK	57,8	57,5	56,4	57,0	56,9	56,7	56,9	57,2
EE*	45,8	50,4	44,5	47,7	43,0	46,4	41,1	45,7
EL*	50,2	46,6	47,8	44,7	46,0	42,6	44,3	40,7
ES	53,9	52,7	53,2	52,8	52,2	52,5	49,0	51,0
FI*	52,5	52,9	51,4	54,1	52,6	52,2	51,2	51,5
FR*	50,4	49,9	50,9	49,6	48,6	48,1	46,7	45,8
HU*	48,1	51,5	47,7	48,1	44,3	48,0	41,1	42,1
IE*	56,1	53,6	56,7	54,2	54,8	51,2	52,2	50,7
NL*	53,0	54,3	52,3	52,4	50,9	52,9	50,5	50,9
PL*	48,2	51,5	48,2	50,6	45,8	48,2	44,3	46,8
PT*	48,7	53,1	49,6	52,4	45,1	48,6	38,5	44,4
SE*	54,4	56,3	54,5	55,6	54,1	54,4	52,9	54,4
SK*	45,8	51,0	46,8	49,6	44,0	47,1	41,5	44,7
SI*	51,0	52,0	50,5	51,4	48,5	50,3	46,8	48,1
UK*	51,0	52,0	51,2	51,4	49,3	50,5	49,9	48,8

\* In 2010, difference within the category is statistically significant at the 0,05 level.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Managers, executive and professionals in: DE, EE, EL, HU, IE, NL, PL, PT, SE and SK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for White collar workers in: BE, EE, FI, IE, PT and SK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Skilled blue collar workers in: DE, EE, EL, HU, IE, NL, PL, PT, SK, SI and the UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Unskilled blue collar workers in: EE, EL, PT and SK.

Table 27 Subjective well-being index by income group 2004-2010  
(EU18, Scale 0-100)

	2004				2010				
	Top quartile	3rd quartile	2nd quartile	Bottom quartile	Top quintile	4th quintile	3rd quintile	2nd quintile	Bottom quintile
BE*	53,3	53,1	50,3	53,2	54,8	53,9	52,2	52,1	49,9
CZ*	50,5	50,2	49,3	43,6	50,7	50,2	47,3	44,6	41,3
DE*	52,0	51,5	47,7	48,0	54,2	52,9	51,7	49,6	47,1
DK*	71,0	69,9	67,3	64,5	59,2	56,4	56,9	57,0	55,1
EE*	n.a.	n.a.	n.a.	n.a.	51,9	49,6	47,3	45,2	42,1
EL*	46,9	49,5	46,3	41,7	48,0	48,2	45,8	43,1	39,2
ES*	52,8	52,9	51,5	44,0	54,0	53,6	52,9	52,0	49,1
FI*	53,4	53,1	51,6	50,0	54,8	53,1	52,9	51,9	50,2
FR*	50,7	51,8	47,9	45,5	51,6	51,8	50,0	49,2	45,2
HU*	54,9	57,3	47,2	41,5	52,1	49,9	48,4	46,4	41,0
IE*	57,2	56,4	53,4	52,1	57,3	55,5	54,8	53,6	47,9
NL*	53,4	53,1	49,3	51,3	56,1	55,6	53,1	51,9	48,3
PL*	49,6	49,7	48,4	45,3	52,9	51,3	52,1	48,5	43,8
PT*	44,8	53,2	46,3	40,1	n.a.	n.a.	n.a.	n.a.	n.a.
SE*	57,9	55,2	52,3	51,5	56,3	56,2	55,9	54,8	51,1
SK*	48,5	49,5	47,9	43,5	51,2	50,7	47,4	45,6	43,7
SI*	62,2	52,5	50,1	45,4	53,1	52,4	52,7	50,3	46,6
UK*	51,1	51,1	48,7	45,7	53,7	52,2	51,7	50,2	48,2

\* In 2010, difference within the category is statistically significant at the 0,05 level.

Table 28 Societal Satisfaction Index 2004-2010  
(EU18, Scale 0-100)

	2004	2010
BE	57,9	54,7
CZ	47,5	46,4
DE	45,3	50,6
DK	69,1	61,5
EE	48,7	52,0
EL	51,5	29,5
ES	57,7	45,4
FI	68,4	64,4
FR	49,5	45,1
HU	41,1	45,6
IE	60,7	44,7
NL	54,9	60,7
PL	38,9	49,7
PT	36,1	37,6
SE	55,7	65,5
SK	42,1	43,8
SI	49,9	41,0
UK	53,7	50,5

\* Country differences are statistically significant at the 0,05 level.



Table 29 Societal Satisfaction Index by gender 2004-2010  
(EU18, Scale 0-100)

	Male		Female	
	2004	2010	2004	2010
BE*	58,7	56,2	57,1	53,3
CZ	47,6	46,3	47,4	46,5
DE*	45,1	52,0	45,5	49,2
DK*	71,2	62,9	67,2	60,0
EE	48,3	52,9	49,0	51,4
EL	51,5	29,6	51,4	29,4
ES	58,4	45,5	57,1	45,4
FI	69,1	64,2	67,8	64,6
FR	50,1	45,4	49,0	44,8
HU	40,7	45,5	41,4	45,7
IE*	63,4	46,2	58,8	43,4
NL*	56,4	61,6	53,9	60,0
PL	38,6	49,6	39,2	49,7
PT	36,4	37,9	35,9	37,3
SE*	56,7	67,5	54,6	63,7
SK	42,9	43,8	41,3	43,8
SI*	50,2	41,8	49,5	40,3
UK*	55,8	51,3	51,9	49,9

\* In 2010, difference between males and females is statistically significant at the 0,05 level.

The change between 2004 and 2010 for Males is statistically significant at the 0,05 level in: BE, CZ, DE, DK, EE, EL, ES, FI, FR, IE, NL, PL, PT, SE, SI and UK.

The change between 2004 and 2010 for Females is statistically significant at the 0,05 level in: BE, DE, DK, EE, EL, ES, FI, HU, IE, NL, PL, PT, SE, SK, SI and UK.

Table 30 Societal Satisfaction Index by age group 2004-2010  
(EU18, Scale 0-100)

	15 - 24		25 - 39		40 - 54		> 54	
	2004	2010	2004	2010	2004	2010	2004	2010
BE*	60,0	57,2	57,7	53,5	57,7	55,0	57,1	54,2
CZ	54,0	51,8	48,8	48,4	45,8	45,1	46,1	44,1
DE*	48,8	56,3	44,8	50,9	43,5	48,3	46,1	50,2
DK	67,2	62,9	69,1	61,0	68,6	61,2	70,3	61,5
EE*	55,8	56,6	50,8	53,6	46,3	50,9	46,0	50,3
EL	52,3	29,0	49,7	29,1	49,9	28,9	53,2	30,3
ES*	58,2	47,5	58,1	44,0	57,6	45,0	57,0	46,3
FI	71,6	67,7	69,0	65,1	67,3	63,8	67,6	63,4
FR*	51,9	49,0	49,0	44,7	47,8	43,0	50,4	45,6
HU	45,2	46,8	39,9	44,9	39,6	45,3	41,6	46,0
IE	57,8	46,0	58,0	44,1	59,3	42,8	64,3	46,1
NL	58,4	61,5	55,1	60,1	52,7	60,1	55,7	61,3
PL*	43,3	53,0	37,8	49,9	37,2	48,3	38,3	48,6
PT	37,3	42,2	36,6	39,3	35,2	36,0	35,9	36,8
SE	59,4	65,4	56,1	63,6	54,6	66,4	54,6	66,0
SK	46,8	48,8	42,8	46,0	40,1	42,7	40,1	42,4
SI	54,1	46,9	49,9	41,9	47,8	39,4	49,2	39,4
UK	55,3	53,1	52,8	50,3	51,9	48,7	55,0	51,2

\* In 2010, difference within the category is statistically significant at the 0,05 level.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group 15-24 in: BE, DE, DK, EL, ES, FI, FR, IE, NL, PL, PT, SE and SI.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group 25-39 in: BE, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, PT, SE, SK, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group 40-54 in: BE, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, SE, SK, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group >54 in: BE, CZ, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, SE, SK, SI and UK.

Table 31 Societal Satisfaction Index by education 2004-2010  
(EU18, Scale 0-100)

	Primary		Lower secondary		Upper secondary		Tertiary	
	2004	2010	2004	2010	2004	2010	2004	2010
BE*	55,9	52,0	58,3	54,8	57,3	53,9	59,4	56,1
CZ*	53,6	48,0	46,1	48,4	47,5	45,5	49,9	49,4
DE*	50,2	57,0	46,2	51,9	43,5	48,7	47,6	52,7
DK	70,2	62,3	66,6	60,7	69,8	61,7	69,9	61,5
EE*	51,1	54,9	49,0	51,4	48,0	50,8	49,1	55,0
EL*	52,0	30,2	51,5	32,4	51,1	28,8	51,0	28,6
ES*	57,5	47,2	57,4	44,5	58,3	46,2	58,1	44,3
FI*	67,3	63,1	68,3	64,5	68,0	62,9	69,8	66,7
FR	50,5	45,1	49,1	46,8	47,8	44,4	51,9	45,8
HU	43,1	46,2	41,3	46,8	40,2	45,2	42,0	46,0
IE*	62,2	44,0	59,4	42,6	60,4	45,1	60,9	47,3
NL*	54,3	58,7	52,7	59,5	54,5	60,6	58,0	62,8
PL*	41,0	53,8	41,1	47,4	37,3	50,5	42,0	51,8
PT*	34,8	36,7	36,7	37,6	38,0	39,0	39,5	40,0
SE*	55,8	64,5	54,7	64,3	55,3	63,8	56,9	68,2
SK*	32,8	48,8	42,1	43,4	41,3	42,8	47,5	47,4
SI*	48,9	39,6	50,7	41,2	48,7	40,1	53,0	43,4
UK*	53,6	49,2	52,5	50,1	53,2	49,8	56,6	52,8

\* In 2010, difference within the category is statistically significant at the 0,05 level.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group Primary education in: BE, DE, DK, EL, ES, FI, FR, IE, NL, PL, PT, SE, SK, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group Lower secondary education in: BE, DE, DK, EE, EL, ES, FI, HU, IE, NL, PL, SE, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group Upper secondary education in: BE, CZ, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, SE, SK, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the group Tertiary education in: BE, DE, DK, EL, ES, FI, FR, HU, IE, NL, PL, SE, SI and UK.

Table 32 Societal Satisfaction Index by household type 2004-2010  
(EU18, Scale 0-100)

	Single		Single parent		Couple		Couple with children	
	2004	2010	2004	2010	2004	2010	2004	2010
BE	57,3	52,7	56,4	51,1	57,5	54,4	57,1	55,1
CZ*	46,5	44,3	43,6	45,2	47,2	45,1	47,1	47,0
DE*	45,1	48,1	42,1	45,3	45,1	50,1	45,0	51,0
DK	68,5	60,0	64,8	56,7	69,9	61,9	69,9	62,3
EE*	47,2	50,1	47,2	49,9	47,3	50,6	48,7	53,2
EL*	51,2	27,8	49,1	28,7	53,5	30,8	50,9	29,9
ES	56,3	44,9	53,5	46,1	58,6	45,9	58,2	45,2
FI*	68,0	62,5	64,7	62,8	67,9	63,7	68,6	65,7
FR	49,1	44,9	48,3	43,4	50,3	44,9	48,7	44,2
HU	42,3	46,0	39,1	43,1	40,8	45,5	40,1	45,7
IE*	60,6	43,6	56,7	40,2	63,6	45,7	60,5	45,6
NL*	53,3	59,3	53,6	56,6	56,0	62,4	54,6	60,9
PL	39,5	49,6	35,8	48,2	38,2	49,1	37,4	49,0
PT	33,6	36,6	36,1	35,0	36,2	37,3	36,3	36,7
SE*	54,3	63,5	51,9	59,7	55,6	66,3	55,4	67,0
SK	40,4	43,5	38,7	40,5	42,6	43,7	40,9	43,6
SI	49,5	38,6	44,6	38,5	49,7	40,7	48,8	39,9
UK*	54,0	50,0	49,4	47,0	54,3	51,3	53,4	50,7

\* In 2010, difference within the category is statistically significant at the 0,05 level.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Single households in: BE, CZ, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, SE, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Single parents in: BE, DK, EL, ES, FR, HU, IE, PL, SE, SK and SI.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Couples in: BE, CZ, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, SE, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Couples with children in: BE, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, SE, SK, SI and UK.

Table 33 Societal Satisfaction Index by employment status 2004-2010  
(EU18, Scale 0-100)

	Student		Employed		Unemployed		Retired		Homeworker	
	2004	2010	2004	2010	2004	2010	2004	2010	2004	2010
BE*	62,7	58,8	58,7	54,5	51,6	53,8	57,7	54,7	55,8	54,4
CZ*	56,2	53,6	47,9	46,8	42,5	42,2	46,3	44,2	46,9	48,9
DE*	49,6	57,4	45,7	50,5	37,8	42,3	45,7	50,2	46,1	50,9
DK*	66,9	63,9	70,0	61,8	64,9	54,2	69,7	61,3	65,9	60,8
EE*	57,8	58,0	48,5	53,2	40,7	44,8	46,7	49,6	53,7	52,9
EL*	52,8	30,1	50,6	29,3	46,7	26,6	53,1	30,9	52,0	29,8
ES*	59,2	48,7	58,0	44,3	54,3	43,7	57,7	47,1	57,0	46,8
FI*	70,7	66,9	69,2	65,4	62,8	60,9	67,3	62,9	68,9	64,3
FR*	53,0	49,8	48,7	44,5	47,5	42,4	50,8	46,6	51,5	42,2
HU*	45,0	48,0	39,9	45,2	37,1	41,9	42,1	46,5	41,0	46,5
IE*	59,6	48,0	60,7	46,3	49,9	41,1	65,4	46,8	58,9	42,1
NL*	59,2	63,2	55,2	61,3	51,0	51,5	56,7	62,2	54,7	59,7
PL*	44,5	55,2	37,7	49,6	36,8	45,5	38,2	48,3	41,3	49,8
PT*	38,6	44,4	36,2	38,0	34,7	36,7	36,3	36,6	34,3	35,5
SE*	60,0	65,7	55,4	66,1	49,9	58,5	56,6	66,5	56,0	66,7
SK*	49,5	49,2	42,2	44,9	38,5	39,4	39,6	42,5	42,0	43,8
SI*	54,7	46,2	49,7	41,2	45,0	37,8	49,4	40,0	48,3	38,4
UK*	57,4	54,2	53,6	50,7	49,0	44,8	56,6	51,7	50,9	49,8

\* In 2010, difference within the category is statistically significant at the 0,05 level.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Students in: BE, DE, DK, EL, ES, FI, IE, NL, PL, PT, SE and SI.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the Employed in: BE, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, PT, SE, SK, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the Unemployed in: DE, DK, EL, ES, FR, IE, PL, SE, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the Retired in: BE, CZ, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, SE, SK, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for the Homeworkers in: DE, EL, ES, FR, HU, IE, NL, PL, PT, SE and SI.

Table 34 Societal Satisfaction Index by professional group 2004-2010  
(EU18, Scale 0-100)

	Managers, exec. and prof.		White collar workers		Skilled blue collar workers		Unskilled blue collar workers	
	2004	2010	2004	2010	2004	2010	2004	2010
BE*	59,3	55,6	56,7	55,4	57,2	53,5	56,7	53,1
CZ*	49,1	49,1	48,8	47,8	46,2	45,3	44,6	42,3
DE*	47,3	53,0	45,2	50,3	43,6	48,7	44,2	47,9
DK	70,3	62,0	70,3	60,4	69,0	61,4	66,8	61,2
EE*	50,8	56,0	49,7	52,8	46,7	50,1	45,1	50,0
EL*	52,1	29,7	49,5	26,9	51,3	28,8	50,7	32,3
ES*	59,3	43,2	57,3	42,7	57,3	45,4	58,0	46,7
FI*	70,5	66,7	69,4	65,8	67,5	62,7	65,2	62,0
FR	51,5	45,9	50,4	44,2	47,8	43,9	46,5	43,0
HU	41,9	47,7	40,8	44,5	39,9	45,0	40,8	45,1
IE*	61,5	46,8	62,8	46,9	60,3	43,2	59,2	45,4
NL*	58,0	62,3	54,4	59,7	53,1	60,1	52,2	58,1
PL*	40,4	50,8	39,8	52,3	37,4	47,4	38,1	48,0
PT	37,7	38,7	37,9	38,1	36,1	36,8	33,0	36,6
SE*	57,1	69,2	55,0	67,5	55,0	63,3	55,2	61,4
SK*	43,7	46,8	43,2	43,1	39,6	42,5	40,8	42,5
SI*	51,7	43,1	49,9	40,3	48,1	39,7	50,6	40,4
UK*	55,5	52,1	53,9	52,4	52,1	49,5	53,9	47,7

\* In 2010, difference within the category is statistically significant at the 0,05 level.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Managers, executive and professionals in: BE, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, SE, SK, SL and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for White collar workers in: DE, DK, EL, ES, FI, FR, HU, IE, NL, PL, SE and SI.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Skilled blue collar workers in: BE, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, SE, SK, SI and UK.

The change between 2004 and 2010 is statistically significant at the 0,05 level for Unskilled blue collar workers in BE, DE, DK, EE, EL, ES, FI, FR, HU, IE, NL, PL, PT, SE, SI and UK.

Table 35 Societal Satisfaction Index by income group 2004-2010  
(EU18, Scale 0-100)

	2004				2010				
	Top quartile	3rd quartile	2nd quartile	Bottom quintile	Top quintile	4th quintile	3rd quintile	2nd quintile	Bottom quintile
BE	58,4	59,2	55,8	59,8	56,1	55,4	54,7	53,3	54,2
CZ*	51,8	50,0	49,1	45,8	50,4	47,6	46,2	44,1	43,7
DE*	47,5	46,8	43,4	45,8	56,0	51,2	50,8	47,9	45,2
DK*	58,5	56,9	56,8	52,8	63,5	62,3	60,3	60,2	59,2
EE*	n.a.	n.a.	n.a.	n.a.	59,2	52,7	51,7	50,2	47,1
EL	51,1	48,3	51,4	53,1	30,9	29,5	30,6	30,3	28,2
ES	58,0	58,6	58,5	54,3	44,1	44,6	45,2	46,6	45,7
FI*	71,5	69,4	66,6	67,1	67,6	65,9	63,3	62,8	61,6
FR*	50,7	51,1	47,6	47,5	48,5	46,7	45,7	44,6	42,8
HU	50,2	46,1	41,2	40,5	46,2	48,7	46,3	45,2	44,8
IE*	61,7	61,3	60,3	58,4	50,2	48,0	46,7	44,8	43,3
NL*	56,8	56,3	52,0	56,8	64,0	62,3	60,9	59,9	56,4
PL*	42,4	41,4	39,6	37,9	52,7	52,8	51,2	46,5	46,1
PT	41,2	41,2	37,0	36,1	n.a.	n.a.	n.a.	n.a.	n.a.
SE*	59,0	55,8	54,9	52,1	69,1	66,4	65,6	64,1	59,7
SK*	44,7	47,2	44,9	39,2	45,4	46,3	43,5	44,1	41,8
SI*	49,3	53,1	50,8	46,5	42,5	43,2	42,2	39,9	37,1
UK*	56,4	53,5	53,3	50,2	53,5	53,0	50,7	49,9	48,2

\* In 2010, difference within the category is statistically significant at the 0,05 level.

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## THE ABSTRACT OF THE PROJECT IS:

The research programme will integrate diverse levels, methods and disciplinary traditions with the aim of developing a comprehensive policy agenda for changing the role of the financial system to help achieve a future which is sustainable in environmental, social and economic terms. The programme involves an integrated and balanced consortium involving partners from 14 countries that has unsurpassed experience of deploying diverse perspectives both within economics and across disciplines inclusive of economics. The programme is distinctively pluralistic, and aims to forge alliances across the social sciences, so as to understand how finance can better serve economic, social and environmental needs. The central issues addressed are the ways in which the growth and performance of economies in the last 30 years have been dependent on the characteristics of the processes of financialisation; how has financialisation impacted on the achievement of specific economic, social, and environmental objectives?; the nature of the relationship between financialisation and the sustainability of the financial system, economic development and the environment?; the lessons to be drawn from the crisis about the nature and impacts of financialisation? ; what are the requisites of a financial system able to support a process of sustainable development, broadly conceived?'

## THE PARTNERS IN THE CONSORTIUM ARE:

Participant Number	Participant organisation name	Country
1 (Coordinator)	University of Leeds	UK
2	University of Siena	Italy





3	School of Oriental and African Studies	UK
4	Fondation Nationale des Sciences Politiques	France
5	Pour la Solidarite, Brussels	Belgium
6	Poznan University of Economics	Poland
7	Tallin University of Technology	Estonia
8	Berlin School of Economics and Law	Germany
9	Centre for Social Studies, University of Coimbra	Portugal
10	University of Pannonia, Veszprem	Hungary
11	National and Kapodistrian University of Athens	Greece
12	Middle East Technical University, Ankara	Turkey
13	Lund University	Sweden
14	University of Witwatersrand	South Africa
15	University of the Basque Country, Bilbao	Spain

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