Over the next few years, one focus of Europe 2020, with the associated Employment Package and the Social Investment Package, will be on finding solutions to problems caused by the economic downturn and its social impact. It is important to know what effects the crisis and the resulting cutbacks in national budgets have had on subjective quality of life and the quality of society. Another important issue is convergence – the narrowing of differences between EU countries and their regions and reducing inequalities between advantaged and disadvantaged groups in society.

**Key findings**

Subjective well-being has been stable over the last decade in the EU as a whole. In the Member States with the lowest scores in 2003, well-being increased, and most of the other Member States show more or less stable scores. The main exception is Greece, where the economic crisis is linked to sharp falls in both life satisfaction and happiness between 2007 and 2011.

For the most part, countries with higher levels of life satisfaction in 2007 reported decreased satisfaction in 2011, while those with lower levels in 2007 tended to report increases in 2011. Happiness declined in most countries between 2007 and 2011. In these times of recession, the lowest levels of subjective well-being are reported by the unemployed, particularly the long-term unemployed and people unable to work.

The proportion of households in Europe facing financial strain is growing, and there has been an increase in the proportion having difficulty making ends meet, especially among people in the lowest income quartile. Differences in subjective well-being between income quartiles are growing.
People aged 50–64 years have a relatively low level of life satisfaction and happiness, and the gap between this group and other age groups is growing.

Satisfaction with family and satisfaction with social life remained high and fairly stable between 2003 and 2011. In terms of work–life balance, the extent to which employees reported being too tired after work to do household tasks returned in 2011 to 2003 levels after a fall in 2007, while the proportion reporting having difficulty fulfilling family responsibilities was stable. The proportion reporting difficulty concentrating at work because of their domestic demands has increased somewhat.

The long-standing trend of increasing home ownership has stalled. However, greater policy attention to living conditions since 2007 may have contributed to improvement or at least maintenance of living conditions (in terms of housing and environment) for the most disadvantaged groups, despite the economic downturn.

Satisfaction with health decreased between 2003 and 2011, particularly for people in the lowest income quartile. Satisfaction with health in the central and eastern European Member States has increased but is still far below the level of the rest of the EU.

Satisfaction with education remained stable. Perceived quality of healthcare, quality of education and quality of childcare were relatively unchanged. Perceived quality of public transport increased, but perceived quality of state pension systems fell.

Average levels of trust in other people declined between 2003 and 2011, and there was an even sharper fall in trust in institutions. However, reported tension between social groups in the EU (measured multidimensionally) seems to be decreasing, with the exception of the EU12, where tensions between racial and ethnic groups are perceived as having increased between 2007 and 2011, having fallen between 2003 and 2007. The perception of tension between rich and poor rose between 2007 and 2011. Change in quality of life is associated with trust in people and perceived social tension: greater trust in other people corresponds with better quality of life, while an increase in perceived social tension correlates with reduced quality of life.

Policy pointers

- While life satisfaction and happiness is increasing in those countries that scored lowest in 2003, these levels still lag behind the rest of the EU. Cohesion policies and investment in social policies are needed to address this.

- Small declines in happiness and life satisfaction in the EU15 are influenced by the economic downturn. Where governments have limited financial resources, they must find other ways to support people in difficult situations, such as developing support structures and help with debt management.

- Workers are also under pressure as a result of the economic crisis. Its persistence may lead to increased burnout; hence, employers should pay more attention to work–life balance.

- Older workers who lose their jobs face a high risk of becoming long-term unemployed; in addition, for an older worker, the loss of employment might be accompanied by growing health problems. To keep workers economically active for longer, national governments and social partners need to formulate age-management measures, with a whole of working life perspective.

- Declining trust in public institutions is a concern, particularly in the EU15, and trust in such institutions is still low in the EU12. It is important, therefore, to keep investing in institutional capacity at both national and EU level. At the same time, governments need to manage expectations about what public institutions can and cannot deliver.

- Particularly in some EU12 Member States, reported tension between racial and ethnic groups has increased, but in general, the level of reported tension is lower than in the EU15. Differences in patterns of immigration and internal ethnic diversity must be taken into account when developing and implementing social cohesion policies.

- The analysis shows there is a case for a more active approach to social protection. In times of recession, lower household income has an even stronger negative influence on quality of life. National and EU policies should focus on preventive measures that help citizens prepare for periods of unemployment, such as encouraging saving, promoting participation in lifelong learning to increase employability, and supporting job-seeking.

Further information

For more information, contact Robert Anderson, head of unit, at rma@eurofound.europa.eu