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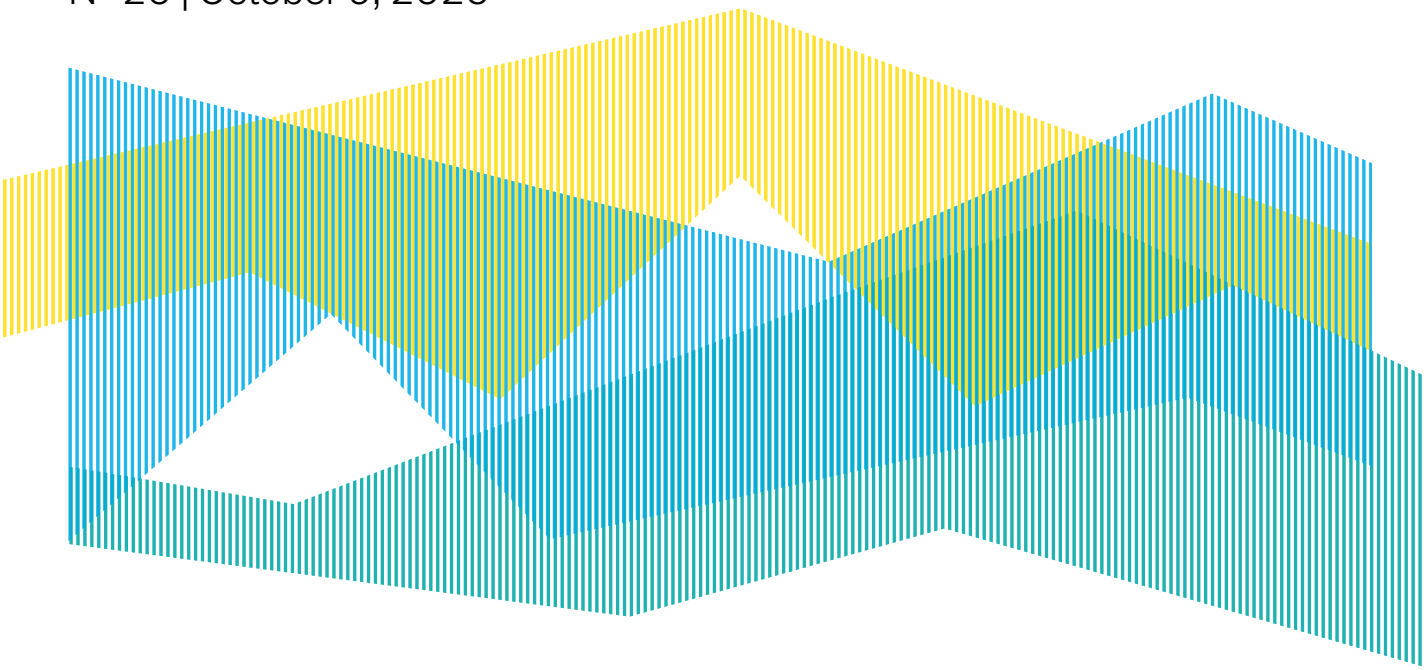

Inequality Barometer – Inequality and Social Mobility

Authors

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Declining Trust, Rising Inequality? The Performance of the German Welfare State as Reflected in Public Opinion

Abstract

The welfare state continues to enjoy strong public support in Germany, as it cushions social risks and thereby reinforces the legitimacy of democracy. Yet, as recent survey data from the Konstanz Inequality Barometer reveal, public trust in the welfare state has been deeply shaken. Respondents express particularly low confidence in the long-term financial sustainability of pensions and healthcare, and they also perceive major shortcomings in distributive justice within and through the welfare system. A crisis of trust in the welfare state may, over time, erode confidence in democracy itself. The findings therefore highlight the urgent need for policy action aimed at strengthening trust in public institutions and democratic processes.

Policy Papers of the Cluster
"The Politics of Inequality"
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DAS PROGRESSIVE ZENTRUM

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The Politics of Inequality

The survey

The data presented here were collected through an online survey of the German adult resident population implemented by opinion pollster Verian (formerly Kantar). The survey was conducted between November 11 and December 5, 2024, with a total of 6,152 respondents. The data are quasi-representative; any remaining deviations are corrected through weighting. Whenever the survey refers to income, this concerns the household net income in Germany, including wages, salaries, pensions, child benefits, and other sources of income, after taxes and social security contributions. Respondents were informed of these definitions during the survey.

The welfare state in Germany—as in many other countries—remains both popular and widely supported by policymakers and the public. Social policy programs such as pensions, healthcare, and labor market policy, as well as education and family benefits help buffer the effects of economic crises and social risks at both the individual and the collective level. Through this more or less comprehensive safety net, the welfare state sustains the political legitimacy of the democratic market economy and generates long-term trust in the political system.[1]

Conversely, declining confidence in the fairness and effectiveness of the welfare state may have repercussions for citizens' trust in government and democracy.[2] While the welfare state plays a key role in reducing social and economic inequality through transfers and public services,[3] it can also generate new distributive conflicts—especially when public budgets are tight. When the (re-)distribution of resources through the welfare state is perceived as unfair, inefficient, or unsustainable in the long run, public faith in the state's capacity to act—and in politics more broadly—begins to erode.

This policy paper draws on data from the most recent survey wave of the Konstanz Inequality Barometer (see information box for details) to explore how people in Germany perceive the fairness and performance of the welfare state. Overall, the findings reveal widespread skepticism about its long-term sustainability, particularly in the areas of pensions and healthcare. Respondents also identify significant shortcomings in distributive justice within the welfare state. The concluding section discusses the broader political implications of these results.

Perceived unfair treatment in politics, the economy, and the welfare state

As a first step, we approach the topic from a relatively broad perspective: Where and in which contexts do respondents see unequal treatment that they also consider unfair? Respondents were able to choose from a range of domains that include, in addition to the welfare state (pensions, healthcare, education, social benefits), the economy (wages and the labor market) and politics (representation). This broad perspective makes it possible to assess the extent to which citizens see the welfare state not as a corrective mechanism for market-generated inequality, but rather as a source of unfair treatment itself.

The specific survey item gave respondents the opportunity to name up to three areas "in which [they] believe particularly unfair treatment exists in Germany." Figure 1 shows the share of respondents who named each domain among the up to three they were allowed to select. Ranking first—unsurprisingly—is the domain of wages, since the labor market generates a high degree of economic inequality that is evidently also perceived as unfair to some extent. In second and third place, however, are two pillars of social policy: pensions and healthcare. This finding is striking, as other parts of the welfare state—such as social benefits—could just as plausibly be viewed as examples of unfair treatment. Moreover, in the pension system, the principle of equivalence applies: benefits are tied to contributions, which implies, at least objectively, a comparatively high level of performance-based fairness. In the healthcare system, by contrast, the principle of need-based fairness predominates—benefits are standardized, while the absolute level of contributions varies. However, this applies only to

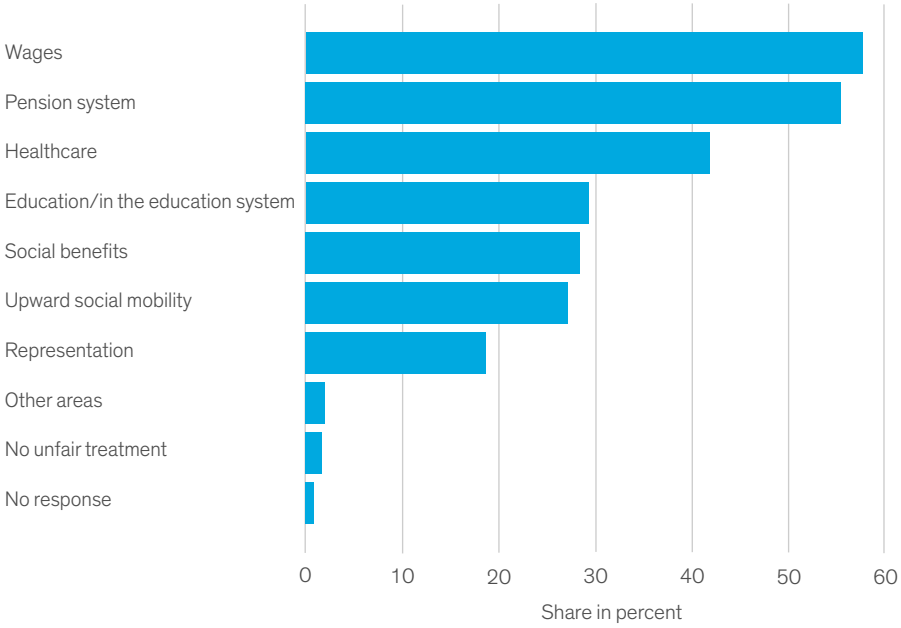
1 Kumlin, Staffan, Isabelle Stadelmann-Steffen and Atle Haugsgjerd. 2017. "Trust and the Welfare State." pp. 385–408 in: The Oxford Handbook of Social and Political Trust, ed. E. M. Uslaner. Oxford: Oxford University Press.

2 Haugsgjerd, Atle and Staffan Kumlin. 2020. "Downbound Spiral? Economic Grievances, Perceived Social Protection and Political Distrust." West European Politics 43(4): 969–90.

3 Huber, Evelyne and John D. Stephens. 2024. Challenging Inequality: Variation across Postindustrial Societies. Chicago: University of Chicago Press.

statutory health insurance. It may well be the difference between the statutory and the private insurance systems—in terms of access to care, waiting times, and treatment options—that is perceived as unfair.

Figure 1: Perceived unfair treatment in different domains:



The available data do not allow for direct conclusions as to which specific aspects of each domain respondents view as unfair. Nonetheless, a descriptive analysis of the links between respondents' answers and their individual characteristics provides some clues (see Figure 2). For example, respondents with low incomes are particularly likely to perceive unfair treatment in the domain of pensions—possibly due to concerns that their limited earnings will not suffice to secure an adequate standard of living in retirement. People with low incomes also tend to perceive greater unfairness in the domain of social benefits—potentially because they feel insufficiently supported by the welfare state. By contrast, respondents with higher incomes most frequently report unfair treatment in the domains of education and social mobility. This may be because individuals with higher levels of education (and income) are more attuned to educational inequalities. Another possible explanation is that educational climbers are disappointed by the limited opportunities for further upward mobility. Figure 2 also reveals differences between respondents in eastern and western Germany, though these differences are relatively small overall. Respondents in eastern Germany are somewhat more likely than those in the west to perceive unfair treatment in the domains of wages, pensions, and political representation.

Figure 2: Relationship between perceived unfair treatment, income, and place of residence (eastern vs. western Germany)

By income
- high
- low

By region of origin
- East
- West

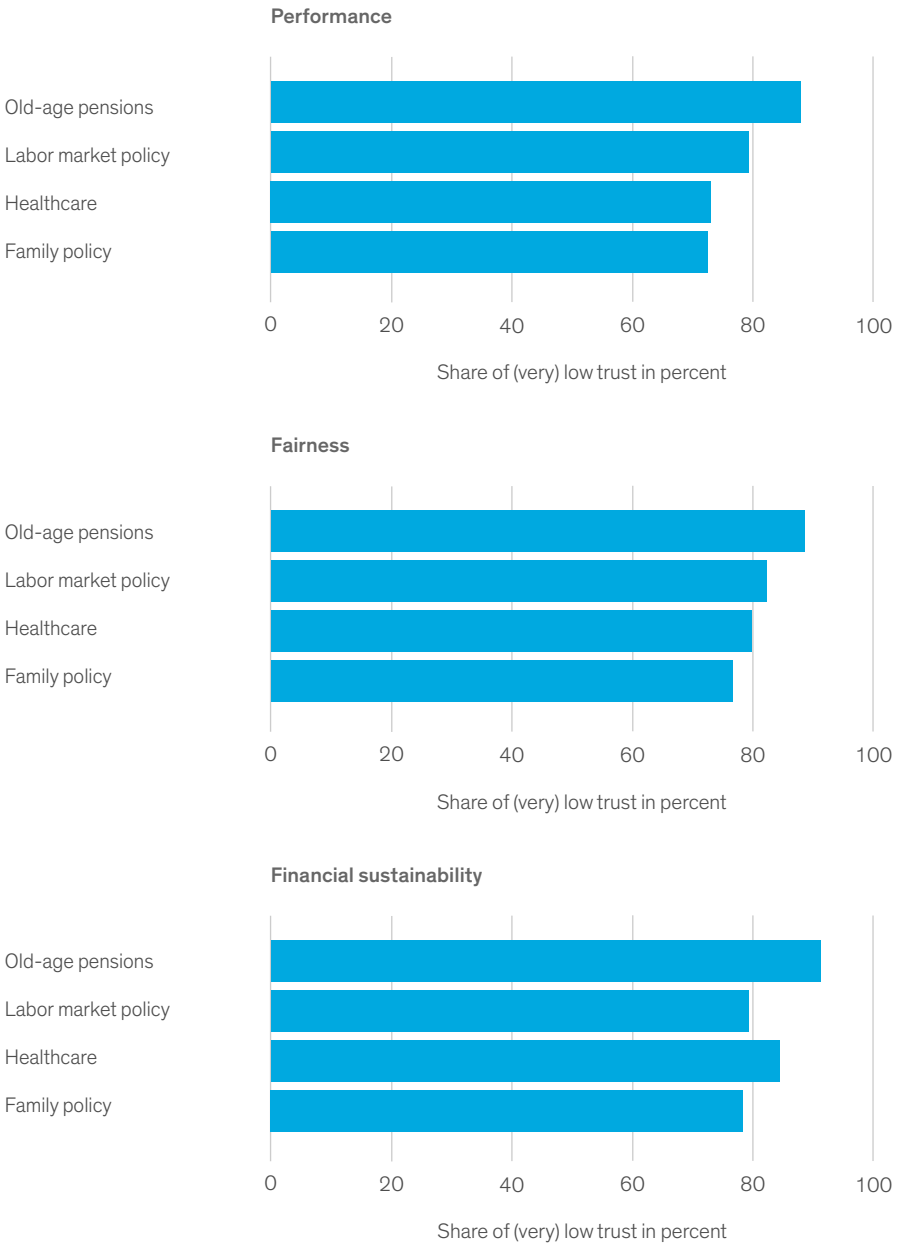
Long-term trust in the functioning of the German welfare state

In the next step, we examine respondents' trust in the long-term functioning, financial sustainability, and fairness of the German welfare state. The focus here is therefore less on how effectively the welfare state responds to short-term economic crises or shocks—though this is undoubtedly an important question as well—and more on how citizens evaluate its overall performance and fairness from a long-term perspective. Another key issue is whether respondents distinguish between different areas of the welfare state or whether they tend to form a more general judgment that applies across the various areas.

The Konstanz Inequality Barometer measures the degree of long-term trust along three distinct but related dimensions: (1) general assessments of whether "the welfare state is capable of fulfilling its tasks well" (general performance perceptions); (2)

trust in the fair distribution of social policy benefits across different areas of the welfare state (fairness perceptions); and (3) trust in the long-term financial sustainability of these areas. Figure 3 shows the proportion of respondents who express low or very low levels of trust in each of these dimensions—performance, fairness, and financial sustainability.

Figure 3: Trust in the performance, fairness, and financial sustainability of different welfare state areas



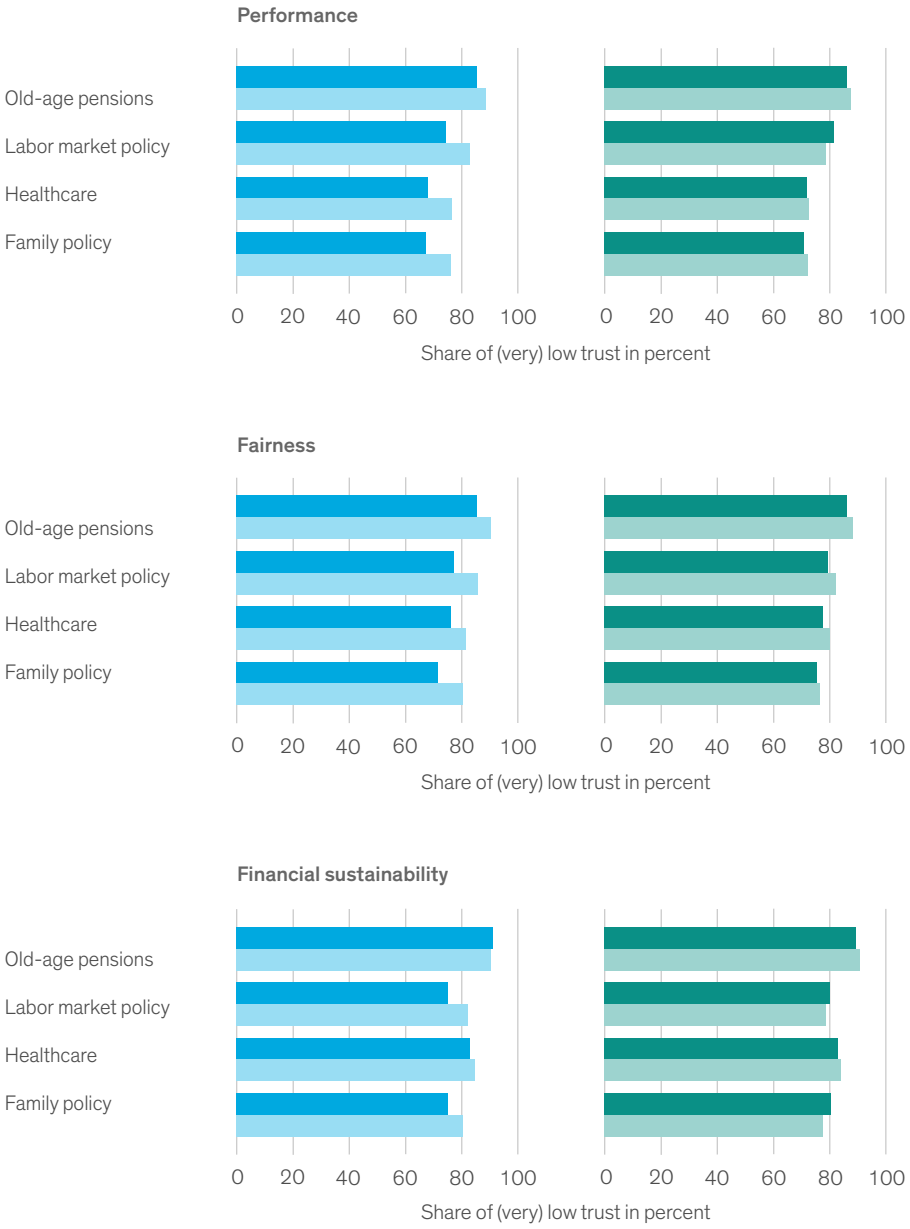
The results reveal a clear pattern: overall, respondents express low to very low trust in the effectiveness, fairness, and long-term financial viability of the German welfare state. More than 70 percent of those surveyed report (very) low trust across these three dimensions. The relative ranking of policy areas is also remarkably consistent: skepticism is greatest with regard to old-age pensions, whereas family policy receives the most positive evaluations, in relative terms. Healthcare and labor market policy fall between these two extremes. Even so, trust remains low even in the best-rated area—family policy. Notably, pensions again stand out as the area viewed most critically, both in terms of overall performance and perceived fairness, echoing the findings from the earlier analysis.

Figure 4 breaks down levels of trust in the welfare state's performance, fairness, and financial sustainability by respondents' income and region of origin. On the left-hand side, the figure shows a clear pattern across all social policy domains: respondents with below-average incomes display significantly lower trust in nearly all cases. On the right-hand side, the distinction between East and West German respondents reveals only minor differences, although distrust in the welfare state tends to be slightly higher in eastern Germany.

Figure 4: Trust in the performance, fairness, and financial sustainability of welfare-state areas by education and region of origin

By income
- high
- low

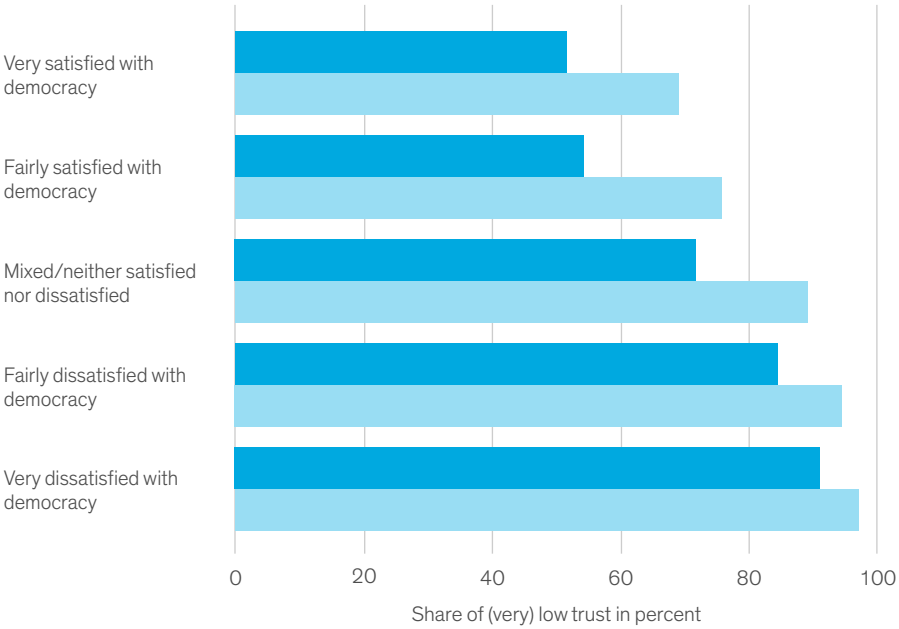
By region of origin
- East
- West



The erosion of trust in the welfare state's performance, fairness, and long-term financial sustainability carries far-reaching implications. If, from citizens' perspective, the welfare state is not effective (anymore) and instead deepens inequality rather than reducing it, this could coincide with a broader decline in political trust. Figure 5 powerfully illustrates this presumed relationship. It shows the link between general performance perceptions in two areas—old-age pensions (the "worst case" in Figure 3) and family policy (the "best case" in Figure 3)—and respondents' satisfaction with

"the state of democracy in Germany." A negative relationship emerges clearly and consistently across both policy areas: lower trust in the welfare state's performance is associated with lower satisfaction with democracy overall. This finding underscores the legitimating role of social policy. A well-functioning welfare state fosters trust in democratic governance, while perceived deficiencies in social policy can undermine citizens' fundamental confidence in democracy itself.

Figure 5: Relationship between perceived welfare state performance and satisfaction with democracy



Perceived relative favoritism and disadvantage of social groups

In a final step, we turn to perceptions of distributive fairness within the welfare state, focusing on how citizens evaluate the relative treatment of different groups of beneficiaries and recipients of social benefits. Research in social policy has provided compelling evidence that perceptions of deservingness play a major role in determining whether welfare programs enjoy public support. Social programs and services aimed at groups perceived as "deserving" tend to receive broader approval than those directed at groups viewed as "ungrateful."[4] Whether a group is regarded as deserving depends partly on objective criteria—such as need, recipients' efforts to improve their situation, their social identity, and other factors—but also on how political actors frame the need and entitlement of different groups in political discourse.[5]

In the Konstanz Inequality Barometer, citizens were presented with a list of groups and asked to what extent members of these groups receive "what they are entitled to" from the welfare state. The question intentionally left open which specific benefits or services the welfare state provides, as the focus was on general perceptions of fairness rather than concrete policy knowledge. Accordingly, these subjective assessments need not reflect objective conditions, yet they are crucial for understanding political preferences and voting behavior. Respondents rated their answers on a five-point scale ranging from "receive much less than they are entitled to" to "receive much more than they are entitled to."

4 Van Oorschot, Wim. 2006. "Making the Difference in Europe: Deservingness Perceptions among Citizens of European Welfare States." Journal of European Social Policy 16(1): 23–42.

5 Schneider, Anne Larason and Helen Ingram. 1997. Policy Design for Democracy. Lawrence: University of Kansas Press.

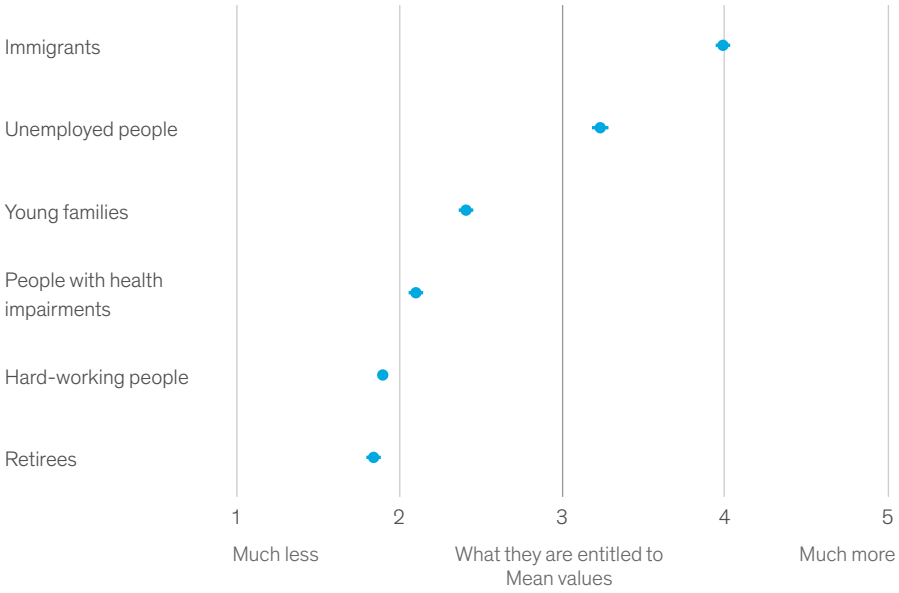


Figure 6: Subjective perceptions of the welfare state's relative favoritism and disadvantage toward different groups

Figure 6 shows the average scores across all respondents. Values above the midpoint of the scale (3) indicate that respondents perceive a group as (unfairly) favored by the welfare state, whereas values below the midpoint reflect a perceived disadvantage or unfair treatment. A first key observation is that, across all groups, respondents perceive a certain "welfare-state deficit": they believe the welfare state fails to ensure that people in Germany receive what they are rightfully entitled to (the overall average falls below the midpoint of the scale). Whether this points to a genuine lack of fairness or merely reflects a form of structural discontent within an affluent society cannot be said with certainty. Notably, however, the pattern closely echoes earlier findings of low trust in the welfare state's performance.

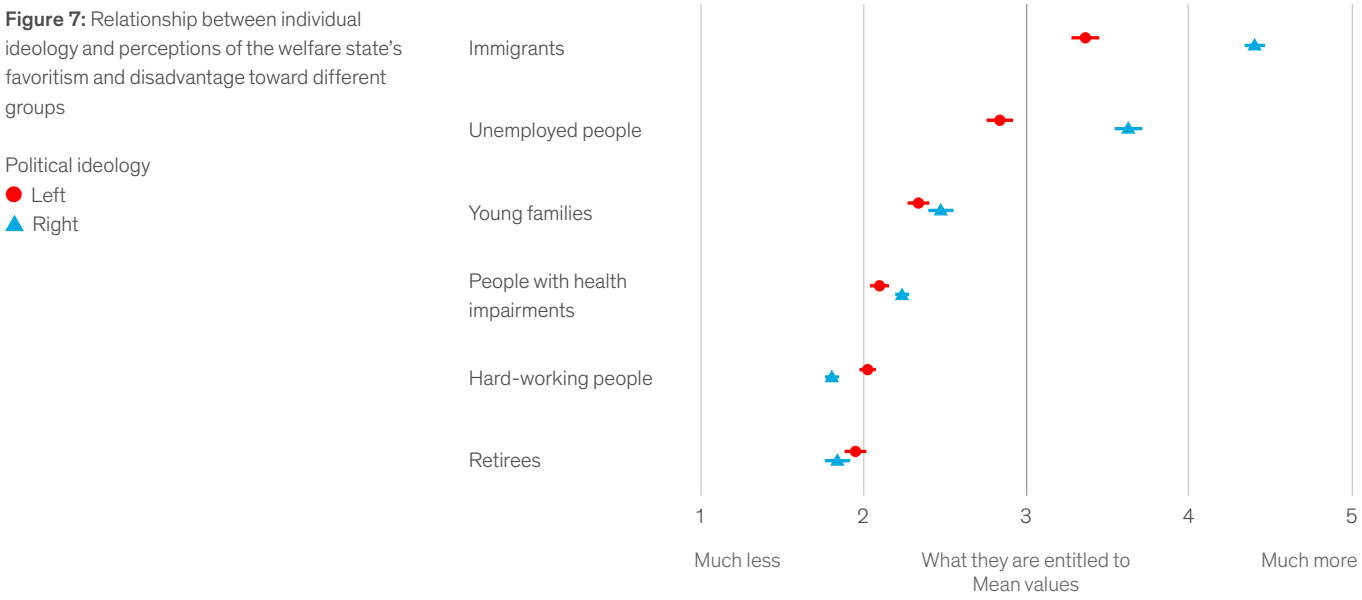
The results shown in Figure 6 also reveal substantial variation between the groups, consistent with well-known patterns in deservingness perceptions. Immigrants, refugees, and the unemployed are most frequently seen as receiving more welfare state benefits than they deserve (from the respondents' point of view). This likely reflects expectations that these groups should make greater efforts to overcome their social or economic difficulties. In the case of immigrants and refugees, perceptions may also be shaped by the fact that these groups have a different ethnic or national identity from the German majority population.

By contrast, respondents perceive retirees and "hard-working middle-class people" as unfairly disadvantaged by the welfare state. This may stem from a perceived imbalance between these groups' contributions to society and the level of support they receive in return. Once again, pensions emerge as the area most strongly associated with perceptions of unequal treatment. In addition, respondents view people with health impairments and young families as receiving too little support. Interestingly, the perceived disadvantage of young families is less pronounced than that of retirees—a finding that points to a generational asymmetry: the population at large appears to express greater solidarity with the needs of the older generation than with those of younger ones.

As found earlier, respondents' individual characteristics significantly shape their subjective attitudes and perceptions. One particularly illustrative example concerns the role of individual ideology. Figure 7 shows that individual ideological orientation

strongly influences which groups they view as most favored or disadvantaged. Overall, respondents who place themselves on the right/conservative side of the political spectrum make sharper distinctions between the deservingness of different groups than those on the political left. This likely reflects the fact that left-leaning respondents generally hold more positive attitudes toward the welfare state and display greater solidarity with disadvantaged groups such as the unemployed or immigrants. Among right-leaning respondents, support for welfare provision is more conditional—dependent on whether specific groups are perceived as contributing sufficiently to society and the welfare state in return.

Figure 7: Relationship between individual ideology and perceptions of the welfare state's favoritism and disadvantage toward different groups



Conclusions and policy implications

The study presented in this policy paper identifies and examines several indicators of a deep-seated crisis of trust in the German welfare state among German citizens. This crisis spans multiple dimensions—from general perceptions of performance and fairness to concerns about the long-term financial sustainability of social benefits—and cuts across different areas of the welfare state. Despite this fact, pensions and healthcare appear to be particularly affected. Our data also show that people in Germany do not automatically and necessarily perceive the welfare state as an institution that reduces inequality. Rather, it can itself generate new distributive conflicts—especially when certain groups are perceived as selectively favored or disadvantaged. In the long term, a crisis of trust in the welfare state may evolve into a broader crisis of political trust. Previous research by the Cluster of Excellence The Politics of Inequality on the effects of the COVID-19 pandemic has shown that generalized political trust is relatively stable and can withstand crises such as the pandemic, even as criticism of short-term crisis management grows.[6] Over extended periods, however, an erosion of trust in the welfare state's effectiveness can spill over into a decline of trust in the effectiveness—and ultimately the legitimacy—of democratic politics itself.[7]

What policy recommendations can be derived from these findings?

First, rebuilding public trust in the welfare state's capacity to deliver must become a central political priority. The pension and healthcare systems are particularly critical in this regard and should therefore rank highest on the reform agenda. The combination of rising costs, declining benefit levels, and growing uncertainty about old-age security among younger generations—largely driven by demographic change—has undoubtedly contributed to the erosion of trust in the pension system. Reform strategies should thus aim not only to strike a fair balance between the legitimate interests of different generations, but also to rebuild trust through effective communication and positive narratives about the future of the pension system.

Second, the findings on perceived favoritism and disadvantage regarding specific groups suggest a marked gap between subjective perceptions and objective realities. To take one example: Although today's retirees enjoy a high degree of financial and symbolic support from the welfare state, they are nonetheless perceived as disadvantaged. By contrast, relatively small groups such as the unemployed and refugees are widely viewed as unfairly privileged—even though, in reality, they draw on far fewer welfare state resources, both in per-capita benefits and in total expenditure, than the pension or healthcare systems. Again, political communication should seek to challenge such potentially distorted subjective perceptions by systematically confronting them with objective facts. This is crucial because, ultimately, these subjective perceptions play a decisive role in shaping electoral behavior.

6 Busemeyer, Marius R. 2022. "The Welfare State in Really Hard Times: Political Trust and Satisfaction with the German Health Care System during the Corona Pandemic." Journal of European Social Policy 32(4): 393–406.

7 Haugsgjerd, Atle and Staffan Kumlin. 2020. "Downbound Spiral? Economic Grievances, Perceived Social Protection and Political Distrust." West European Politics 43(4): 969–90.

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The Politics of Inequality

Perceptions, Participation and Policies

is an interdisciplinary Cluster of Excellence at the University of Konstanz within the framework of the Excellence Strategy of the federal and state governments. The gap separating the poor from the rich, the worldwide rise of populism, the division of burdens in the fight against climate change, unfairly distributed access to education—many current debates are as much about inequality as they are about other issues. These topics pose highly complex questions, yet scientifically grounded answers are still few and far between. This is where we come in to investigate "The Politics of Inequality": the political causes and consequences of inequality.

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