

Tracewell Gordon

Term Paper – Political Thought in Modern Society

Rawls to the Rescue: Explaining Germany's Curious Lack of Subjective Well-Being

Setting the Stage

Despite being a developed and industrialized country with one of Europe's most booming economies, Germany ranks only 33rd in Gallup's World Poll on happiness, well below the United States, the United Kingdom, and many other first-world countries.¹ This is particularly perplexing when one considers Germany's highly progressive taxation system and its residents' extraordinary access to public goods. This defies what one would expect when examining Germany's institutional and economic structure from the viewpoint of the mainstream positive psychology movement. Indeed, to better understand Germany's relative unhappiness as a developed liberal democratic society, it proves beneficial to consider its infrastructure and institutions from a Rawlsian perspective.

According to Dr. Shige Oishi, Dr. Ulrich Schimmack, and Dr. Ed Diener, all prominent positive psychologists, progressive taxation systems in nations are associated with increased levels of subjective well-being, or happiness.² The aforementioned psychologists conducted studies that found that people living

¹ <http://www.forbes.com/2010/07/14/world-happiest-countries-lifestyle-realestate-gallup-table.html>

² <http://www.ncbi.nlm.nih.gov/pubmed/22157676>

in nations with more-progressive taxation systems evaluated their lives closer to the best possible life and reported having more positive and less negative daily experiences than people living in nations with less-progressive taxation.³ Furthermore, they found that the association between higher levels of tax progressivity and increased subjective well-being was mediated by people's access to public goods, such as education and healthcare.⁴ Their findings' predictions, based on the level of progressivity within a nation's tax system and residents' access to public goods, should mean that Germany, a country with a highly progressive tax system, universal healthcare, and virtually free education through college should rank among the happiest nations on Earth. Why, then, is Germany ranked 33rd, an outlier based on Oishi's, Schimmack's, and Diener's research on subjective well-being within nations?

Germany's residents' relatively low subjective well-being is easier to fathom when one applies John Rawls' principles of social justice to Germany's specific practices and institutions. Rawls holds that governmental institutions should be arranged to positively affect their citizens' and residents' well-being, with a particular focus on those who are least-advantaged. Rawls asserts that, "[a]ll social values – liberty and opportunity, income and wealth, and the bases of self-respect – are to be distributed equally unless an unequal distribution of any, or all, of these values is to everyone's advantage".⁵ Moreover, Rawls' difference principle contends that, for a society to be considered just, the

³ <http://www.ncbi.nlm.nih.gov/pubmed/22157676>

⁴ <http://www.ncbi.nlm.nih.gov/pubmed/22157676>

⁵ Rawls, pg. 62

prospects of the least-advantaged must be maximized.⁶ This means that, to Rawls, social and economic inequalities are justly acceptable if, and only if, they are realized through institutions that are organized to be beneficial to the least-advantaged members of a society. Consequently, Germany's relatively low overall subjective well-being can be understood and reconciled through the existence of its unjust governmental institutions and practices from a Rawlsian perspective.

Germany's Tax System and Quality of Public Goods

In order to affirm the progressivity of Germany's tax system and the quality of its public goods, it is beneficial to gain a brief understanding of how these institutions function. This will serve as a foundation on which to build the case of why there exists a disconnect in the relationship between Germany's tax system and public goods, and its low subjective well-being as a wealthy and seemingly egalitarian nation.

Germany has a progressive tax system, with federal taxes, or "Bundessteuer", ranging from 0% to 45%, based on income level. Bundessteuer rates for German individuals are as follows: those earning between EUR 0 and EUR 8,004 per year pay a tax rate of 0%; those earning between EUR 8,005 and EUR 52,881 per year pay 14%; those earning between EUR 52,882 and EUR 250,730 pay 42%; and those earning over EUR 250,731 pay 45%.⁷ One

⁶ Rawls, pg. 75-83

⁷ http://www.worldwide-tax.com/germany/germany_tax.asp

Euro is equivalent to approximately 1.3 US Dollars.⁸ In addition to Bundessteuer, Germans pay 5.5% of their income in solidarity tax, 8%-9% in church taxes (depending on church affiliation), and a further 14%-17% in municipal taxes; capital gains are also taxed progressively.⁹ Accordingly, it is possible for wealthy Germans to pay 75% of their income in taxes. This indicates a high level of progressivity within the German tax system (much higher than that of the United States for instance), and according to Oishi, Schimmack, and Diener, this should correlate with a high level of overall subjective well-being. In Germany's case, however, it does not.

Germany also provides its residents with a myriad of public goods, including universal healthcare, extensive public transportation, and nearly free education through the college level. This, according to Oishi, Schimmack, and Diener, should also be indicative of high levels of subjective well-being.

One of the most important, if not the most important, public goods for a nation's inhabitants is healthcare. Germany's healthcare system is efficient and universal. According to Dr. Uwe E. Reinhardt, a professor of health economics at Princeton University, Germany's healthcare model is among the best.¹⁰ It blends private healthcare with universal coverage. Moreover, it is inexpensive and equitable.¹¹

⁸ <http://www.bloomberg.com/quote/EURUSD:CUR>

⁹ http://www.worldwide-tax.com/germany/germany_tax.asp

¹⁰ <http://prescriptions.blogs.nytimes.com/2009/09/29/health-care-abroad-germany/>

¹¹ <http://prescriptions.blogs.nytimes.com/2009/09/29/health-care-abroad-germany/>

Under Germany's healthcare model, employers pay half of the premiums and workers pay the other half, and each worker chooses his or her own plan. If one is poor, the state provides healthcare at no charge, and the German government pays healthcare premiums in full for all children. All German residents have access to all of Germany's social services, including healthcare - even illegal immigrants.¹²

Although private health insurance plans are available in Germany, 90% of German residents choose public plans instead, and there is basically no waiting period to receive health treatment for all issues.¹³ The German healthcare model functions effectively and efficiently, and Germans are overall very pleased with its performance. What factors, then, contribute to Germany's relative unhappiness among other developed modern democracies?

Although Germany has a high level of progressivity in their tax system and very good access to public goods such as healthcare, they continue to have a relatively low overall subjective well-being because they do not redistribute wealth effectively in a Rawlsian sense to benefit the least-advantaged in their society. Their educational system (although extremely inexpensive), their attitude and policy toward immigrants and minorities, the German sense of nationalism, and the reunification of East and West Germany all contribute to Germany's relative unhappiness as a developed and industrialized property-owning liberal democracy.

¹² <http://prescriptions.blogs.nytimes.com/2009/09/29/health-care-abroad-germany/>

¹³ <http://prescriptions.blogs.nytimes.com/2009/09/29/health-care-abroad-germany/>

It is intuitive that the wealthiest residents of most countries are relatively happy.¹⁴ A very important factor, therefore, when ranking countries on the basis of happiness, is the happiness of the least-advantaged, or poorer, members of that country. Indeed, in Germany, less than 20% of residents in the lowest income level rate their lives as “thriving”; this compared to 69.5% of those in the highest income category.¹⁵ Thus, the poorer residents of Germany are playing a large role in Germany’s relatively low subjective well-being as a country.

The German Educational System

Although Germany’s education system is nearly free of charge through college, it seems to possess some inherent flaws that perpetuate unhappiness and low-income levels among its least-advantaged residents, in the Rawlsian sense. Based on academic performance, the German system segregates students at approximately nine years of age into three different tiers of schools. In many cases, this dictates whether students will be eligible to attend universities in the future, and it is conceivable that such segregation at such a young age could be a contributing factor to unhappiness for many low-income Germans.

Germany’s education system is different from other European countries. From age three to six, German children may attend Kindergarten, but it is not mandatory. School becomes compulsory in Germany after Kindergarten.

¹⁴ <http://www.gallup.com/poll/149588/Germans-Rate-Lives-Worse-Americans-Britons.aspx>

¹⁵ <http://www.gallup.com/poll/149588/Germans-Rate-Lives-Worse-Americans-Britons.aspx>

Grades one through four make up German elementary schools, or Grundschule, and all German children attend together, regardless of academic performance. After grade four, German students are divided into three tiers of schools on the basis of academic performance, teacher recommendation, self-confidence, ability to work independently, and parental wishes. The three tiers of schools are Hauptschule (grades five through nine), Realschule (grades five through ten), and Gymnasium (grades five through twelve or thirteen).¹⁶

Hauptschule, the lowest tier, teaches at a slow pace with some vocational-oriented courses. Students graduate after ninth grade with no option of attending universities. Hauptschule leads to part-time enrollment in a vocational schools combined with apprenticeship training until age eighteen.¹⁷

In Realschule, the middle tier, students graduate after tenth grade. Realschule leads to part-time vocational schools and higher vocational schools. Furthermore, it is now possible for students with very high academic achievement at Realschule to switch to Gymnasium (the highest tier) upon graduation from Realschule.¹⁸

Gymnasium is designed to prepare students for university study or for dual academic and vocational credit. Gymnasium leads to a diploma called an

¹⁶ <http://www.howtogermany.com/pages/germanschools.html>

¹⁷ <http://www.howtogermany.com/pages/germanschools.html>

¹⁸ <http://www.howtogermany.com/pages/germanschools.html>

Abitur, and is the only path that leads directly to university studies and, by extension, professional and graduate schools, and professional careers.¹⁹

As a result of the German education system, many children are never given the opportunity to obtain college-level educations, and, consequently, have no option to advance beyond vocational-level careers. This contributes to the perpetuation of low-income German families and their offspring. In the Rawlsian sense, the German education system is unjust in that German children from disadvantaged backgrounds will not see equality of opportunity with their wealthier counterparts. If a student is not well-educated from a very young age, his or her chances of being prepared for Gymnasium by the age of nine decrease dramatically. Furthermore, the education system also plays a role in Germany's relatively low overall subjective well-being by creating feelings of resentment among low-income Germans whose places in society were dictated to them at very young ages.

Minorities, Immigration, and German Nationalism

The Gallup World Poll, when calculating nations' subjective well-being, takes into account all residents of a given country. This includes immigrants, minorities, and low-income individuals and families.²⁰ This is significant when one considers German nationalism and the attitudes of the German citizens and state toward German minorities and immigrants. Indeed, many scholars

¹⁹ <http://www.howtogermany.com/pages/germanschools.html>

²⁰ <http://www.gallup.com/poll/155252/Suffering-Germany-Twice-High-East-West.aspx>

assert that Germany can still only conceive of itself as an ethnic nation.²¹ As a result, another factor that may contribute to Germany's apparent low level of subjective well-being is likely related to its mistreatment of its immigrants and minorities, Turkish residents in particular.

Germany has a small minority population, with well over 80% of the overall population considered to be ethnically German. Moreover, the unemployment rate of immigrants and minority groups in Germany is 21% - more than double Germany's national average for ethnic Germans.²² Of the minority groups residing in Germany, Turks make up the largest group, comprising approximately 4% of the German population.²³ While 4% is not a huge portion of the total population, Turks comprise 30% of all minorities in Germany of foreign descent.²⁴ Moreover, they are both legally and socially disadvantaged within German society, and other minority groups also feel this discrimination. Thus, minority and immigrant feelings of alienation are a significant contributing factor to Germany's low relative subjective well-being.

Until the year 2000, non-ethnic Germans were not permitted to obtain German citizenship at all.²⁵ This kept all Turks and many other foreign immigrants from becoming German citizens, even those who were born in Germany. The 2000 law, although righting one wrong, created another by

²¹ <http://hnn.us/articles/12640.html>

²² <http://www.economist.com/node/10958534>; <http://hnn.us/articles/12640.html>

²³ <http://hnn.us/articles/12640.html>

²⁴ <http://hnn.us/articles/12640.html>

²⁵ <http://www.economist.com/node/10958534>

discriminating against Turks specifically. Since the law's passage, Turks have been allowed to obtain German citizenship, but in order to do so, they must renounce their Turkish citizenship.²⁶ Indeed, while Turks are not permitted to hold dual-citizenship, nearly all other immigrant and minority groups are.²⁷

Many German-born Turks, not wishing to forsake their Turkish citizenship and recognizing Germany's clear discrimination against them, choose to forgo German citizenship as a matter of protest. In fact, 67% of Turks living in Germany, many of them German-born, do not possess German citizenship.²⁸ Furthermore, non-citizens living in Germany cannot hold a variety of jobs (primarily professional jobs). These include pharmacists, doctors, and lawyers, even if they were trained in Germany. Moreover, most Turks in Germany are not eligible to vote and their possibilities for political involvement are extremely limited.²⁹ The mistreatment of Turks and other foreigners has created a great deal of animosity toward Germans from many ethnic minority groups which have mobilized to protest the intolerance.³⁰

An equally troubling example of Turkish legal discrimination in Germany lies in the Immigration Act passed in 2007, which makes it very difficult for Turks who already reside in Germany to bring their families to Germany to join them. The act is clearly aimed specifically at Turks, as it does not apply to immigrants from other countries, including: the United States, Israel, Korea,

²⁶ <http://hnn.us/articles/12640.html>

²⁷ <http://www.thelocal.de/society/20090411-18583.html>; <http://www.economist.com/node/10958534>

²⁸ <http://www.economist.com/node/10958534>

²⁹ <http://hnn.us/articles/12640.html>

³⁰ <http://www.thelocal.de/society/20090411-18583.html>

Australia, Japan, or any European countries.³¹ These legal discriminations serve to perpetuate Turks' and minorities' statuses in Germany as some of the least-advantaged groups, from the Rawlsian perspective.

In order to gain a more complete understanding of where these attitudes of German nationalism and discrimination evolved, it is beneficial to look into immigration patterns to Germany since World War II. Beginning in the 1950s to feed the post World War II economy, Germany allowed poorer Mediterranean countries to import guest workers to fill vacant positions in Germany's then-booming industrial economy. These immigrants included primarily Croats, Serbs, Bosnians, and Italians.³²

These guest workers proved to be insufficient to satisfy Germany's needs, and, in the 1960s and 1970s, several million Turks joined their Mediterranean counterparts in the German workforce. They were expected to leave Germany after a period of time, but most did not. The German economy underwent a recession in the 1980s. Turks and other foreign minorities, who generally did not possess the educational or linguistic skills to compete in Germany's modern economy, suffered high unemployment rates and, although not German citizens, drew heavily on the German welfare state, creating further animosity toward them from ethnic Germans.³³

³¹ <http://www.thelocal.de/society/20090411-18583.html>

³² <http://hnn.us/articles/12640.html>

³³ <http://hnn.us/articles/12640.html>

The outcome of Germany's legal and social discrimination of Turkish immigrants is staggering and sustains their position as one of Germany's least-advantaged groups. Turks in Germany are generally poorer and less educated, which results in 45.4% of German Turks ending up in Hauptschule (the lowest Tier in the German educational system). This prolongs their situation in German society by not allowing them to study in German universities.³⁴ Additionally, although Turks make up only a small percentage of Germany's total population, 29% of unemployed Germans are Turkish, and 36% of Germans below the poverty line are Turkish.³⁵

In the Rawlsian sense of social justice, Germany is far from actualizing the difference principle of maximizing the prospects of the least-advantaged. Moreover, Rawls' priority of individual liberty is not realized in Germany, and minorities in particular are deprived of that right. Subsequently, minority groups in Germany are not given equality of opportunity, which maintains Germany's status as an unjust society in the Rawlsian sense.

More than sixty years after the death of Adolf Hitler, Germans still consider "Germanness" to be a matter of blood rather than culture or allegiance,³⁶ undermining Germany's ability to govern for the good of its people, and those people include not only ethnic-Germans, but all immigrants and minorities who also reside there.

³⁴ <http://www.economist.com/node/10958534>

³⁵ <http://www.economist.com/node/10958534>

³⁶ <http://www.economist.com/node/10958534>

East and West German Reunification

Another factor that contributes to Germany's low relative subjective well-being stems from East and West German reunification in 1990 following the end of the Cold War. The German state is addressing this issue, but there is nonetheless a measured disparity in happiness levels between former East and West Germany.

This disparity is evident in the Gallup World Poll's results, which demonstrated that adults living in the former East Germany are twice as likely to rate their lives poorly, or "suffering", as those living in Western Germany. This disparity was represented in groups of all ages, income groups, and across both genders.³⁷ The differences are at least partially attributable to the long-term economic discrepancy between the two regions. Indeed, two decades after the fall of communism, Germany has not been able to close the gap in living standards and subjective well-being between the eastern and western halves of the nation.³⁸

Although the German state attempted to close the wealth gap with some success, the unemployment rate in former East Germany remains double the unemployment in the West.³⁹ Furthermore, German Gross Domestic Product per capita in the eastern half is 25% below that of the western half.⁴⁰ As mentioned previously, these numbers exist irrespective of age, gender, and to

³⁷ <http://www.gallup.com/poll/155252/Suffering-Germany-Twice-High-East-West.aspx>

³⁸ <http://www.gallup.com/poll/155252/Suffering-Germany-Twice-High-East-West.aspx>

³⁹ Bok, pg. 52-53; <http://www.gallup.com/poll/155252/Suffering-Germany-Twice-High-East-West.aspx>

⁴⁰ <http://www.gallup.com/poll/155252/Suffering-Germany-Twice-High-East-West.aspx>

some extent, income. The facts paint a picture of a divided Germany, creating a situation that could pose long-term issues for the economic and psychological health of the nation as a whole.⁴¹ This situation does not exist as a result of legal discrimination, as is the case with German minorities and immigrants, but it does indicate that inequality of opportunity between former East and West Germany is somewhat prevalent, illuminating a social injustice in the Rawlsian sense.

Conclusion

Despite being a modern industrialized European welfare state with a highly progressive tax system and extensive public goods, Germany's overall subjective well-being remains relatively low. This is counterintuitive to the predictions made by positive psychologists Oishi, Deiner, and Schimmack. Germany is ranked as the 33rd happiest country on earth, which on the surface does not appear terribly low, but in comparison with other European welfare democracies that have similar tax systems and access to public goods, it is a surprising outlier from predictions made on subjective well-being by mainstream positive psychologists.

The answers to why Germany is an outlier of the aforementioned predictions can be found in John Rawls' sense of social justice, and the institutions found within German government. Some of these institutions, rather than serving to increase inhabitants' well-being and equality of

⁴¹ <http://www.gallup.com/poll/155252/Suffering-Germany-Twice-High-East-West.aspx>

opportunity, perpetuate and further the societal positions of many of Germany's least-advantaged members of society. These German institutions conflict directly with Rawls' notion of a just society, and may be used to explain Germany's relatively low subjective well-being, particularly in comparison to other European social welfare democracies.

Germany's educational system, which segregates children at a young age into three different tiered schools based primarily on academic performance, makes it difficult for low-income German families to break the poverty cycle. This practice particularly affects German minority groups and immigrants and leaves them immobile, uneducated, and poor. Other legal and social discriminatory practices and institutions exacerbate this situation, particularly for Turkish residents. Finally, the reunification of former East and West Germany continues to divide the country into two distinct regions based on wealth and subjective well-being, decreasing the chances for the poor and suffering to escape their situations. In sum, the anomaly of Germany's relatively low overall subjective well-being reflects its institutional and cultural lack of Rawlsian justice in its governmental institutions and its nationalistic culture.

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