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Bundesregierung



**GUT LEBEN IN  
DEUTSCHLAND**  
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# Government Report on Wellbeing in Germany





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# From the National Dialogue to the Report

## ■ I. From the National Dialogue to the Report

### ■ 1. Introduction and background

In December 2013, the governing political parties CDU, CSU, and SPD stated the following in their **Coalition Agreement**: *“We wish to align our policies more closely with the values and hopes of German citizens and we will therefore conduct a dialogue with them in order to gain an understanding of their views on quality of life issues. [...] We will use this dialogue as a basis for developing a system of indicators for reporting on quality of life in Germany. This system will provide clear and understandable information at regular intervals on wellbeing in Germany and the progress made with efforts to improve it.”*<sup>1</sup>

#### The international discussion on wellbeing

With this clause in their agreement, the coalition partners took up an issue that had already become the subject of international and national discussions concerning the development of an all-encompassing understanding of wellbeing, prosperity and social progress. The idea here is that the **more effective collection and analysis of data** for measuring wellbeing will support the efforts of industrialised nations, emerging markets and developing countries to achieve a higher standard of living, and also make the results of such efforts transparent. Along with economic performance, additional aspects such as health indicators, education opportunities, access to art and culture, political freedom, social cohesion, political participation and environmental protection are to be evaluated and taken into consideration. International institutions in particular have played a major role in expanding the scope of discussion on this issue over the last few years, with the Organisation for Economic Co-operation and Development (OECD), the United Nations (UN), the World Bank and the European Commission making the biggest contributions in this regard.

Discussions concerning wellbeing<sup>2</sup> and a **comprehensive definition of prosperity also picked up in the aftermath of the global financial and economic crisis of 2008**. Many cited the pursuit of short-term profit maximisation as one of the causes of the crisis. In 2009, an expert commission led by Joseph Stiglitz and Amartya Sen (both Nobel Memorial Prize laureates in Economic Sciences), as well as

the economist Jean-Paul Fitoussi, published proposals for measuring prosperity in an all-encompassing manner as a basis for formulating political and economic policies.<sup>3</sup>

In the years that followed, the **ideas presented by the Stiglitz-Sen-Fitoussi Commission** were utilised in a series of new systems for indicators and reporting. These include the OECD Better Life Index, the Measuring National Well-being program conducted by the Office for National Statistics in the UK, the Report on Equitable and Sustainable Well-being in Italy, and the Eurostat Quality of Life Report.<sup>4</sup>

#### The German National Dialogue on wellbeing

Over the last few years, wellbeing has also become the subject of greater attention in the political and scholarly realm, and in civil society as a whole, in Germany. In 2010, the German Council of Economic Experts and the French Council of Economic Analysis (*Conseil d'Analyse Économique*) produced a joint report on **the monitoring of economic performance, wellbeing and sustainability**. The report had been commissioned by German Chancellor Angela Merkel and the former French President Nicolas Sarkozy.<sup>5</sup> In 2012, experts participating in the German Chancellor's Dialogue on Germany's Future developed a proposal to conduct a nationwide dialogue process on key issues related to future wellbeing, and to incorporate the results into a “Reporting System for a liveable Germany.”<sup>6</sup>

Between 2011 and 2013, the German Parliament (Bundestag) conducted extensive discussions with the **Enquete Commission on “Growth, Prosperity and Quality of Life: Paths to Sustainable Economic Activity and Societal Advancement in the Social Market Economy”**. The commission's final report demonstrated just how important German policymakers believe these issues are for society at large. Besides addressing many fundamental and functional considerations, the commission also proposed the implementation of a system for measuring and monitoring social wealth and wellbeing – a system which they called the **“W3 Indicators”**. The Bundestag then called upon the Federal Government to determine the extent to which the results of the commission's work might be incorporated into the government's own reporting systems.<sup>7</sup>

With its **Strategy for Sustainable Development** from 2002 and its continuous refinement, and within the framework of the UN's 2030 Agenda for Sustainable Development from September 2015, the German Federal Government has committed itself to improving wellbeing, assuming responsibility for the generations to come and promoting social cohesion not only in Germany, but also around the world. At the same time, both strategies clearly incorporate the notion that continued prosperity and greater wellbeing should not be obtained at the expense of inequality, or of future generations.

A wide range of reports and indicator systems have thus already been developed in Germany and in other countries, and it was possible to use the associated information while putting together this Government Report on Wellbeing in Germany. Nevertheless, the Federal Government adopted its **own approach** for this report. This decision was based in particular on the value the government places on its dialogue with citizens as a foundation for future policies and measures.

## ■ 2. The Federal Government's understanding of wellbeing

### Principles of the social market economy

Wellbeing is closely linked to the socioeconomic system in a given country. The social market economy combines the productivity of individual ambition and competition with social balance and participation in societal progress. The shortest and most succinct definition of such a system was provided by Ludwig Erhard, who stated that the social market economy seeks to achieve "prosperity for all". In the social market economy, the **freedom of the individual** is inextricably linked with **responsibility for society as a whole**. The personal development and participation of every individual is made possible by an economic system based on freely determined pricing and competition, societal cohesion, respect and mutual support within families, partnerships, social organisations, religious groups, local communities and neighbourhoods. The key principles here are the freedom to choose one's path in life, equal opportunity and social mobility, individual achievement and entrepreneurial spirit – but also social partnership and insurance against risks in a mutually supportive social and political system. Such **principles**

**and values** have guided the government policies of the Federal Republic of Germany for decades. The assumption of global responsibility is also becoming more and more important in an increasingly networked world. In general, these principles and values are designed to ensure not only economic and material growth, but also a high degree of wellbeing.

### Wellbeing as a guiding principle

The German Federal Government views wellbeing as a guiding principle for policymaking **that pursues economic, social and ecological objectives simultaneously**. It has been clear for some time now that it is no longer enough to simply work to ensure economic growth and greater prosperity. The point is not to manufacture *more* material goods, but to make the quality of their production and distribution *better* and also improve both the opportunities available to live a good life and the conditions in which it is to be lived. If government policy is to be effective, it is important to understand the various aspects of wellbeing and the interrelations between them that both reinforce, but also at times compete with one another.

### Shift in priorities

Wellbeing is a concept that continually changes. From a longer-term historical perspective, it has been generally understood to mean the achievement of sustained **social progress** for as many people as possible. However, there is no clear definition of the dimensions and aspects that constitute wellbeing. In other words, the definition of wellbeing depends on the historical context and the individual values at that time.<sup>8</sup> More specifically, objective **problems** and subjective **priorities are subject to change**: economic growth, the fight against poverty and the fair distribution of wealth were initially the main objectives of developing societies, but these goals were superseded as priorities in the last third of the 20th century by the objective of protecting and safeguarding the natural resources needed for our existence and survival. The original purpose of the welfare state was to combat absolute poverty. However, as time went on society began to view the top priority as insuring against certain life risks and maintaining the living standard. Also, the debate on gender equality has changed over time. In the past, discussions focused on husbands deciding on whether their wives

should work, or whether women should be allowed in professions traditionally dominated by men. In the recent past, however, the focus has shifted to equal pay and equal career opportunities for men and women, as well as the compatibility of family and career (or work-life balance) for both women and men. In other words, challenges and priorities change, and this fact is taken into account in this report.

The Federal Government, for its part, is interested in wellbeing as a social and political guiding principle – but one that is not synonymous with the individual pursuit of happiness.<sup>9</sup> Indeed, individual happiness cannot be attained through government policies. Instead, the government’s job is to shape economic and social conditions in a manner that allows citizens to pursue their individual goals. A framework that protects citizens against major risks in a mutually supportive society and under a political order that enables the achievement of overriding social objectives such as liberty, political participation, justice and equality before the law.

Wellbeing is a comprehensive concept and goal that equally incorporates economic, social and ecological aspects. Improving wellbeing is the responsibility of government – but also of business and industry, societal groups and, last but not least, every individual citizen.

### ■ 3. Objectives of the government strategy

With its government strategy “**Wellbeing in Germany – what matters to us**”, the Federal Government has put wellbeing at the centre of its policies. This also corresponds to requests made in this regard by both the Bundestag and the Enquete Commission on “Growth, Prosperity and Quality of Life”. In accordance with this strategy, the wellbeing of German citizens is the new **standard by which political success is to be measured**.

### Focus on the views of citizens

Those who pursue a political approach that addresses current challenges and focuses on the priorities of citizens need to develop a solid understanding of **how citizens define wellbeing**. The government’s Wellbeing in Germany strategy therefore began with a six-month consultation process with interested citizens. Citizens’ definitions of what constitutes a “good life” are as different as the conditions in which they live and the values they uphold. The citizens who participated in the **broad-based open-ended national dialogue** which served as the foundation for this report were able to describe and discuss how they define wellbeing – for themselves personally and for society as a whole.

### Heterogeneous, not representative

The report on wellbeing in Germany, which the Federal Government is presenting for the first time, is based on the views of the people who participated in the national dialogue. The report supplements this information with knowledge gained through research on wellbeing. The national dialogue was not representative in a scientific sense. However, the great variety of the groups that participated led to a **broad depiction of the social priorities of citizens in Germany, and thus of the associated political challenges as well**.

### The Federal Government’s report and the indicators used

The objective of the Federal Government is to **improve the wellbeing of all German citizens**. The government’s report is meant to serve as a basis for a common understanding of what is required to lead a good life in Germany. The report reveals numerous thematic interfaces. It also reflects the growing complexity of the challenges associated with wellbeing in the political realm, in business and industry and in society as a whole. This complexity makes it clear that addressing the issue of wellbeing will require close cooperation between various government authorities, as well as between government, business and industry, and institutions in society. The **indicators** used in this report make it easier to monitor the success of political measures. Finally, this report is also meant to stimulate and perpetuate a **public discourse** on wellbeing in Germany.

■ 4. Concept and format of the national dialogue

In order to get as many people as possible to participate in the dialogue on wellbeing, the Federal Government asked for support from a **large number of different societal groups**. Diversity was an important goal here. In the end, many different groups accepted the Federal Government’s invitation to serve as organisers of events in the national dialogue on Wellbeing in Germany. Such organisations included the *Bundeswehrsozialwerk* charitable organisation for members of the German army, the Workers’ Welfare Association (*Arbeiterwohlfahrt*), various unions, the Association of German Chambers of

Commerce and Industry, and the rural women’s association (*Deutscher LandFrauenverband*). Various churches and religious groups also organised dialogue events, as did adult education centres throughout Germany.

“We would like to see a consistent and ongoing citizens’ dialogue.”

from the national dialogue event of the Karl-Theodor-Molinari Foundation in Hamburg on 4 June 2015

Figure 1: National dialogue kick-off event on 13 April 2015



“Have the courage to accept diversity” were the words of encouragement Chancellor Angela Merkel had for the organisers of dialogue events during the first event in Berlin. “We depend on public debate” added Federal Minister for Economic Affairs and Energy, Sigmar Gabriel.



### Dialogue events throughout the country

Thanks to the extensive commitment of all these societal groups, it was possible to organise **203 national dialogue events** between April and October 2015 in all federal states – in both large cities and small rural communities. The organisers were solely responsible for issuing the invitations and selecting dialogue participants. The German Chancellor and Federal Ministers hosted **50 dialogue events** organised by the Federal Government.

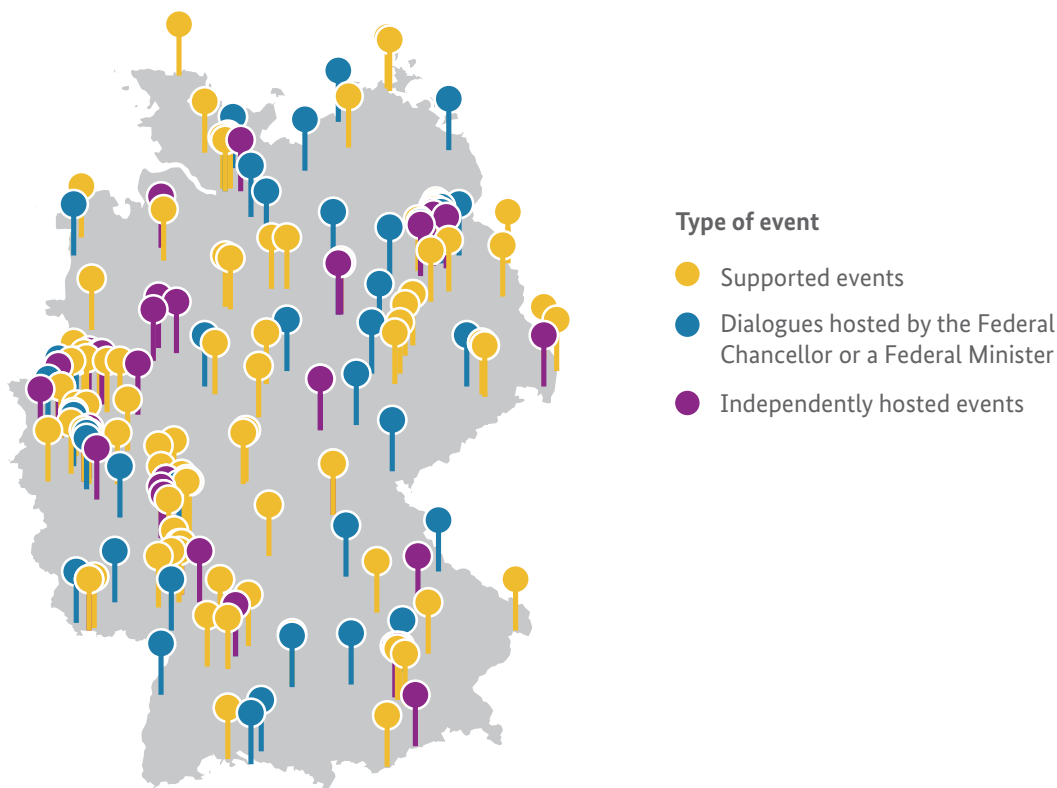
### Online dialogue and postcard campaign

Those who were unable to attend a dialogue event in person had the opportunity to participate online. Visitors to the website at [www.gut-leben-in-deutschland.de/en/](http://www.gut-leben-in-deutschland.de/en/) were able to answer the following two questions:

“What is important to you personally in life?”, and “What constitutes wellbeing in Germany for you?” Participation in the dialogue was also made possible by **postcards and coupons** that were handed out at large events hosted by the German government or enclosed as inserts in major newspapers. All in all, some **15,750 people** participated in the national dialogue on Wellbeing in Germany.

Some 15,750 people participated in the national dialogue on Wellbeing in Germany at 203 dialogue events, via an online dialogue or by filling out postcards and coupons. This led to a varied representation of the social priorities of citizens. Although these priorities are not representative in a scientific sense, they are nevertheless diverse, specific and informative.

Figure 2: Dialogue venues



## ■ 5. From the national dialogue to an indicator and reporting system

The national dialogue yielded many different citizen opinions on a variety of topics. These opinions were systematically analysed. Every voice had to be heard here, and every opinion documented.

### Independent scientific analysis

An **independent academic team** analysed the opinions on wellbeing expressed by citizens at dialogue events, online or in writing in the course of the national dialogue. A combination of established scientific methods for qualitative and quantitative content analysis using innovative and learning-enabled text mining software ensured that all issues and aspects of wellbeing discussed during the dialogue process were documented in full detail. In a second step, these issues and aspects were classified and described in a **system of categories** on the basis of transparent, understandable and, to the greatest extent possible, value-neutral criteria.<sup>10</sup>

### Consolidation of results

The system of categories developed by the independent analysis team was then used by the Federal Government to define **12 dimensions of wellbeing**. Here, closely related issues and aspects were pooled, and overlaps were eliminated. The Federal Government also took into consideration the latest research on wellbeing,<sup>11</sup> as well as existing national and international reference projects.<sup>12</sup> Nevertheless, the results obtained from the consultative national dialogue with citizens remained the focal point.

### Selection of indicators

The Federal Government then selected **indicators** that could be used to present the state and development of wellbeing in the 12 dimensions. These indicators are statistical measures that provide information on the current state of wellbeing as defined by the results of the national dialogue. When observed over time, they show how relevant economic, social, ecological and political goals, conditions and structures have developed, thereby

making it possible to determine whether specific aspects of wellbeing in Germany have improved, remained the same or worsened. Such indicators draw attention to critical changes in the early stages of their development and in this manner can be used to identify areas for policy interventions. Even if these developments are subject to political interpretations, indicators are an objective basis for discussions on progress or aggravation of societal conditions.

The Federal Government took **statistical quality criteria** into account when selecting the indicators. The objective here was to choose indicators that would be sound and informative (validity), reliable in their measurement of the dimensions of wellbeing (reliability) and ideally available as a time series. **Objective indicators** were used in the majority of cases. **Subjective indicators** that reflect individual perceptions of citizens were the exception. The same applies to the so-called **input indicators**, i.e. variables that illustrate public spending for specific objectives rather than the associated outcomes,<sup>13</sup> and to **structural indicators**, which can or should not be influenced by the government.

A large number of indicators were available for selection for most of the dimensions – for example, for “Preserving nature, protecting the environment”. However, the availability and/or measurability of data for other dimensions is unsatisfactory (see Section III).

### The views of citizens

The views expressed by citizens who participated in the national dialogue on wellbeing served as the primary basis for the selection of indicators. This approach ensures that the **indicators are closely linked to citizens’ opinions and everyday lives**. For example, public spending on transport infrastructure is commonly used as an indicator for the development of mobility. However, citizens are more interested in how quickly and easily they can get to schools, hospitals, government agencies, museums etc. using public transport or their own vehicles – or how much time they need for their commute to work every day. Data was not always available that would meet the requirement of most closely reflecting citizens’ needs and everyday lives, and in some cases the use of this criterion

did not produce the most informative results for a specific issue. Nevertheless, a fundamental **shift** towards the point of view of the citizens is clearly discernible here as compared to previous reporting and indicator systems.

The fact that wellbeing varies greatly among young and old, men and women, and urban and rural regions also needs to be taken into consideration. Whenever possible, the indicators were stratified by **gender, age, region and migration background**. This allows for due consideration of different situations, needs and problems. Certain indicators, such as the distribution of income and wealth, point out **variations in standards of living** that impact the wellbeing of the respective groups.

### The indicator system

The Federal Government describes 12 dimensions of wellbeing with a total of 46 indicators. It also defined **two “placeholders”** that relate to important aspects of wellbeing for which no suitable data are currently available. With its selection of 46 indicators, the Federal Government has taken a middle course between the most clear and understandable indicator system possible and a system that most accurately reflects everyday reality in all of its many facets.

There are also cross-sectional topics that relate to more than one of the 12 dimensions of wellbeing. These include freedom, justice, gender equality, the integration of migrants, urban-rural differences in wellbeing, and sustainability.<sup>14</sup> These cross-sectional issues are presented in this report on the one hand by means of a sociodemographic stratification for numerous indicators. For example, a distinction was made between people with or without a migration background for several employment and education-related indicators. On the other hand, there are indicators that reflect the cross-sectional topics – for example inter-generational education mobility.

In principle, **all of the dimensions and indicators are viewed as equally important** – i.e., the Federal Government intentionally avoided **weighting them or organising them in a hierarchy**. In other words, all dimensions of wellbeing and all issues and points of view are important in the view of the government.

The **indicator system** clearly shows the thematic overlaps and relationships between the dimensions of wellbeing. It allows for an accurate description of the present and identifies points for (policy) intervention. This is especially important in view of potential conflicts between indicators – i.e., measures that positively impact one indicator can have a negative effect on another indicator. In this sense, it should also be noted that the trade-off of needs in a society is part of the democratic process.

The report identifies the need for action on the part of the Federal Government, the federal states, municipalities, businesses and industry, unions, social initiatives and organisations and, not least, citizens themselves. In other words, improving **wellbeing is an objective that can only be achieved jointly** by government, the economy and society as a whole.

The indicator system for wellbeing in Germany uses 12 dimensions and 46 indicators to evaluate the key aspects of wellbeing in the country. The results obtained from the consultative national dialogue served as the main criteria for the selection of the indicators.

## ■ 6. Scientific Advisory Board

A six-member Scientific Advisory Board provided valuable support for the government strategy “Wellbeing in Germany – what matters to us”. These experts contributed their knowledge and experience to the entire process.

The Scientific Advisory Board was set up in February 2015 and consisted of the following members: Stefan Bergheim from the Centre for Societal Progress in Frankfurt am Main, Heinz-Herbert Noll, formerly of the Social Indicators Research Centre at GESIS – Leibniz-Institute for the Social Sciences in Mannheim, Susanne Schnorr-Bäcker of the German Federal Statistical Office in Wiesbaden, Sabine Walper of the German Youth Institute in Munich, Christoph M. Schmidt of the RWI – Leibniz Institute for Economic Research in Essen, and Gert G. Wagner of the German Institute for Economic Research in Berlin. The latter two members were also part of the to the Bundestag’s Enquete Commission on “Growth, Prosperity and Quality of Life: Paths to Sustainable Economic Activity and Societal Advancement in the Social Market Economy”.

For a more in-depth discussion of the issues related to wellbeing, the members of the Scientific Advisory Board contributed essays for a reader on wellbeing that addressed various research questions. These essays are now available as individual publications.<sup>15</sup>

The Federal Government is solely responsible for this report and for the selection of the indicators.

The **Documentation: Government Strategy on Wellbeing** gives background information on the strategy. More specifically, on the national dialogue process, the results of the scientific analysis of the dialogue. It describes how the results of the national dialogue informed the report on wellbeing and the selection of indicators.<sup>16</sup>

The **Essays on Wellbeing by the Members of the Scientific Advisory Board** provides expert views on issues of wellbeing, the engagement of citizens in dialogue processes and social indicator research. The contributions highlight the long tradition of the empirical monitoring of wellbeing in Germany and the complexities involved in understanding and measuring wellbeing.<sup>17</sup>

The **Digital Report on Wellbeing in Germany and the indicator system** can be found at the following website: <https://www.gut-leben-in-deutschland.de/en/>. Both can be used actively – on mobile devices as well – and the indicators and charts present an overview of all facets of wellbeing in an open data and open source format that also allows them to be shared and further developed.



# Twelve Dimensions of Wellbeing in Germany

■ II. Twelve Dimensions of Wellbeing in Germany

■ Wellbeing: What matters to citizens

Some 15,750 people participated in the national dialogue. These individuals discussed a broad range of aspects related to wellbeing. They talked about the things that were most important to them, and the German Federal Government was able to use this information to identify the most frequently mentioned aspects. Nearly 400 different issues and facets were addressed in the course of the national dialogue. The following aspects of wellbeing were mentioned most frequently:

**Peace** was the most important issue overall for the citizens who participated in the national dialogue; it was viewed as a key requirement for wellbeing in Germany. The

preservation of peace in Germany, as well as promotion of peace around the world, were mentioned most frequently in the dialogue.

However, wellbeing is also determined by the **level of payment** for work. People want to be able to live off their income and enjoy a feeling of financial security. Suitable pay for work and the fair distribution of income in Germany were therefore also important to the citizens who participated in the dialogue.

For many people, wellbeing also means personal freedom and the freedom to develop their potential: **Personal freedom and freedom to develop** are viewed by people as meaning the freedom to make decisions and take action for themselves.

Figure 3: Aspects mentioned most frequently in the national dialogue



Housing is a basic human need and therefore a key determinant of wellbeing. Participants in the dialogue were mainly interested in ensuring a greater amount of **living space** at affordable prices – e.g., for families and young people. They believe that action particularly needs to be taken here in large cities such as Munich and Frankfurt am Main.

**Solidarity and helpfulness** are the foundation for social cohesion and wellbeing in Germany, according to many of the participants in the national dialogue. They believe that thinking of others besides oneself, and helping other individuals, promotes a sense of community and thus wellbeing.

Most citizens find wellbeing difficult to imagine without a **sense of security**. Participants spoke less about actual crimes they had experienced and more about the fact that people wish to feel safe in their homes and in public transport systems, both during the day and at night. The global political situation also influences citizens' sense of security. Germany's international responsibility in this regard was therefore also discussed in the national dialogue.

People also believe that neither a young person's background nor their parent's income should be allowed to influence their ability to obtain an education. **Equal educational opportunities** open to all children was therefore a key issue in the dialogue. The traditional educational transitions – i.e. from primary school to various types of secondary schools and from the academic secondary school (*Gymnasium*) to universities – were also discussed. In this regard, citizens reported that they would like to see a more permeable educational system.

The issue of the **welcoming culture and integration** was discussed extensively with respect to the current situation with refugees and immigrants in Germany. Opinions varied here, ranging from a desire to extend hospitality and integrate new arrivals to scepticism regarding the extent to which integration processes can be fostered and concerns about the willingness of society to accept new immigrants.

Anyone might one day face a situation in which they can no longer support themselves on their own, in which case they will require assistance from the government.

The citizens who participated in the dialogue therefore also discussed the importance of being able to rely upon **welfare state provisions** in an emergency.

**Unspoilt nature** is also considered a wellbeing issue in Germany. The country's natural surroundings in all of their diversity (e.g. forests, lakes, oceans – but also city parks and national parks) provide important spaces for retreat, relaxation and recreation. Citizens from rural regions in particular explicitly cited nature, calm and quiet as key factors that determine wellbeing. They and many others believe that these natural spaces need to be preserved, and also remain accessible to everyone.

**Respect and consideration** was another important issue. Many national dialogue participants spoke about their views on norms and values for living together peacefully in society. It is clear that most agree that everyday life is made more pleasant and worth living when people treat each other with respect and consideration.

German citizens also value their ability to live in freedom. It is very important to them that they should be able to express their opinions freely. People view **freedom of expression and information** as a particularly important aspect of general wellbeing.

Citizens also greatly value pluralism and diversity. Allowing divergent and dissenting opinions, adopting an open attitude towards different ways of living, accepting different ways of looking at the world and different religions – these were the main aspects addressed in the frequent discussions on **tolerance between societal groups**.

Combining family and work is a challenge many people face in Germany today, and this was confirmed by the national dialogue. People in Germany believe that the **work-life balance** in the country can be improved by creating more flexible childcare and working-time models. Children should not be an obstacle to pursuing a career.

The **civic engagement** of many people in Germany was viewed by dialogue participants as a reflection of the strong social cohesion in the country. People believe that volunteering to help others is important for achieving satisfaction with one's own life. However, they would also like to see more recognition and appreciation for this on the part of the government and society as a whole.



German citizens view a **functioning state governed by the rule of law** as being of paramount importance. A state governed by the rule of law must ensure the security of its citizens and consistently enforce existing laws and regulations.

**Job security** is also an essential aspect of wellbeing, and many people feel that fixed-term employment contracts put an emotional burden on employees. A large number of participants also cited equality of opportunity on the labour market as an important aspect of wellbeing. In addition, many expressed the view that satisfaction with one's job is closely linked to individual wellbeing.

Dialogue participants frequently brought up the issue of **equity**, especially in terms of the gap between rich and poor. They would like to see a more equitable distribution of opportunities and resources in Germany in general.

**Political participation** was very important to dialogue participants. Many citizens expressed their desire to get involved in the political process and participate more extensively in politics in general. A number of people demanded greater citizen participation in the form of referendums or plebiscites. Others said they would like to see the political system become more transparent, and policies more understandable.

**Individual prosperity** was also discussed. Many citizens talked about the importance of increasing their own wealth and they frequently expressed the wish to own property or their own home as a means of accumulating wealth.

Everyone should have **access to health care**, regardless of their age, income, gender or where they live. Dialogue participants praised the current health care system in Germany. A high level of quality physician coverage was important to citizens from all over – i.e. from rural regions, towns and major cities alike.

#### Further information

This summary of particularly important and frequently mentioned **aspects** of wellbeing can only provide an initial impression of the diverse opinions expressed in the national dialogue. It can make no claim to being complete, or to indicating the order of importance of such aspects.

Details on the **results of the national dialogue**, as well as background information, are contained in the **documentation** for the Federal Government's strategy.<sup>18</sup> More in-depth information is also provided **in the Scientific Report of the National Citizens' Dialogue**.<sup>19</sup>

### Wellbeing: 12 dimensions and 46 indicators

The Federal Government used the results of the national dialogue to select 12 dimensions of wellbeing in Germany, as well 46 indicators and two "placeholders". They are utilized to describe and quantify the dimensions. The selection was supplemented by relevant research results, and existing reporting and indicator systems were taken into account as well.

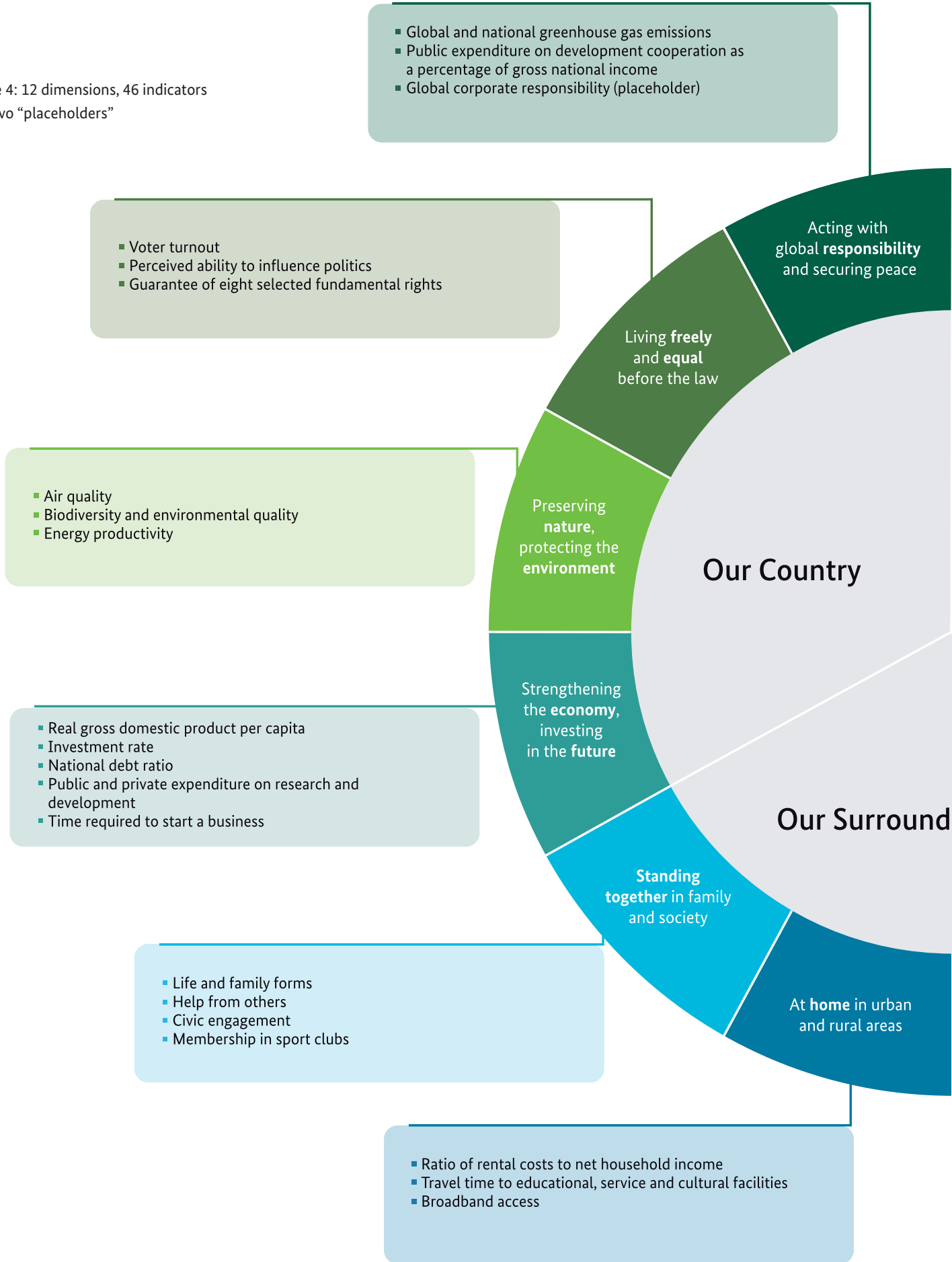
These 12 dimensions will now be arranged according to aspects that either directly affect people's lives, describe the surroundings in which they live or else form a national or global framework: "**Our Lives, Our Surroundings, Our Country**". This approach makes it possible to describe wellbeing as a comprehensive and multifaceted concept that covers everything from individual experiences to the global setting.

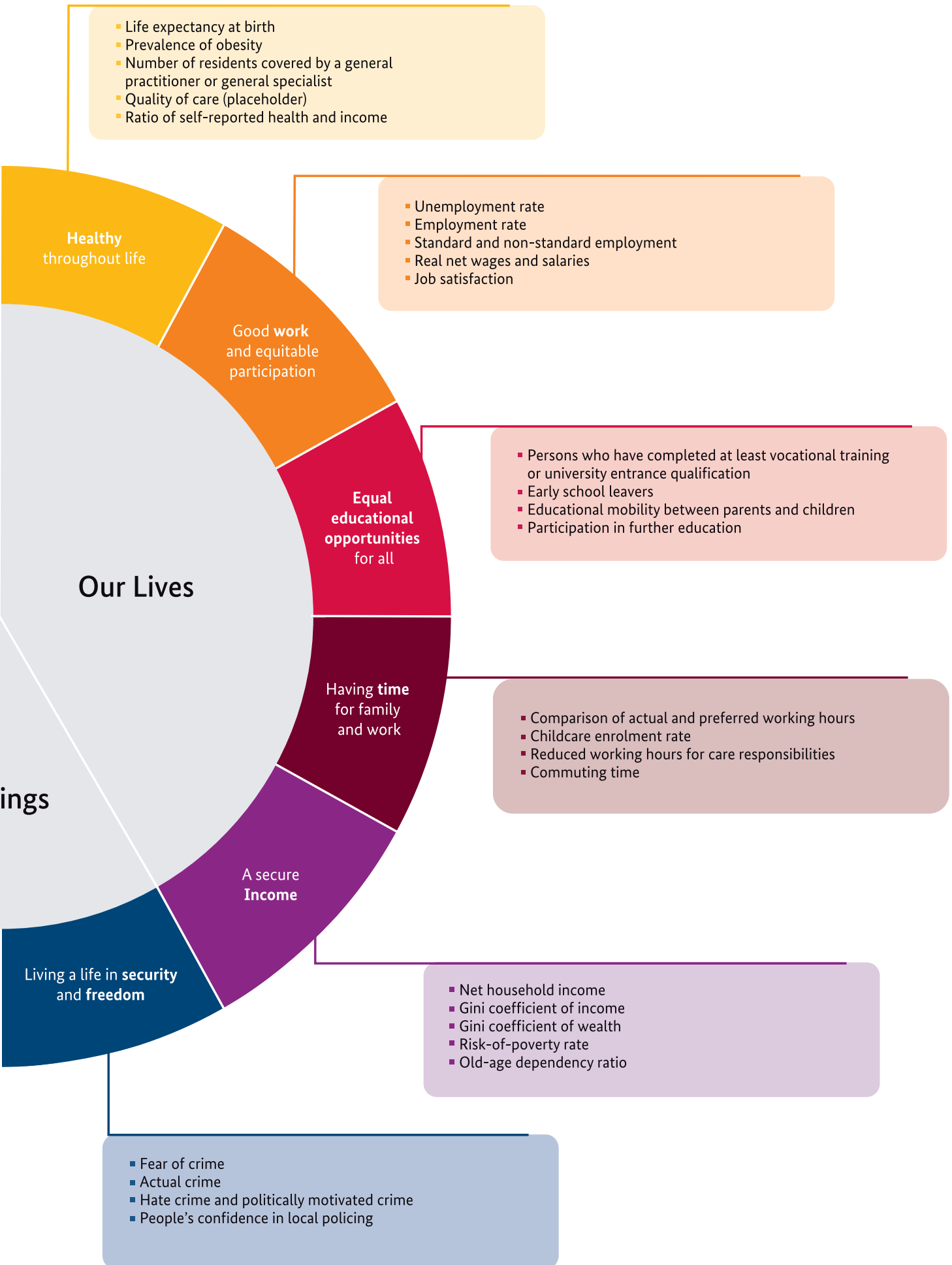
"**Our Lives**" – these five dimensions relate to **people's direct living conditions**: their health, work, education, income and the time available for their jobs, families and recreational activities.

"**Our Surroundings**" describes in three dimensions the **actual world** people live in – from their homes and infrastructure and their mobility in cities and rural areas to their safety in their immediate environment and their interaction with one another in society.

The four dimensions of "**Our Country**" take into account both the **national and global setting**. More specifically, this involves the foundations for social coexistence and the achievement of progress in Germany, as well as the country's role in the world: a strong economy, a sound environment, a free and democratic political system and Germany's responsibility in the global context.

Figure 4: 12 dimensions, 46 indicators and two “placeholders”





# Healthy Throughout Life

## ■ 1. Healthy Throughout Life

Health is a valuable asset for citizens. This was confirmed in the national dialogue. They believe themselves to be responsible for their health, but they also believe this responsibility should be shared by a well organised, high-quality health care system. The broad range of medical care available, the freedom to choose physicians and the quality of health care services were mentioned frequently in the national dialogue. The majority of dialogue participants expressed their satisfaction with the German health care system, as well as their appreciation of the fact that basically all citizens have access to health insurance. However, many also criticised the separation between private and public health insurance as being unfair, and it is clear that they believe this leads to a difference in the quality of care and waiting times for appointments with specialists. In this regard, the expectation was expressed that all citizens should receive good medical treatment and be able to reach a physician or hospital quickly in the event of illness, regardless of how old they are, how much money they have, how they are insured or where they live.

*“Health is the most important thing, of course – as well as sufficient possibilities for maintaining one’s health by means of an effective health care system that offers either affordable or free health care for everyone.”*

from an online response submitted on 23 June 2015

### ■ A long and healthy life:

Indicator Life expectancy at birth

Medical advances have made it possible to continually improve the treatment of age-related physical impairments. Many dialogue participants said it was important to them to stay as healthy as possible – even in old age.

Scientific studies have shown that the ongoing increase in life expectancy is in part the result of medical advances. Indeed, people have been living longer for decades now, and the trend continues.<sup>20</sup> High-quality and easily accessible medical care with innovative pharmaceuticals, effective treatments and state-of-the-art examination and diagnostic methods, as well as important advances in epidemiological research, are essential here.<sup>21</sup>

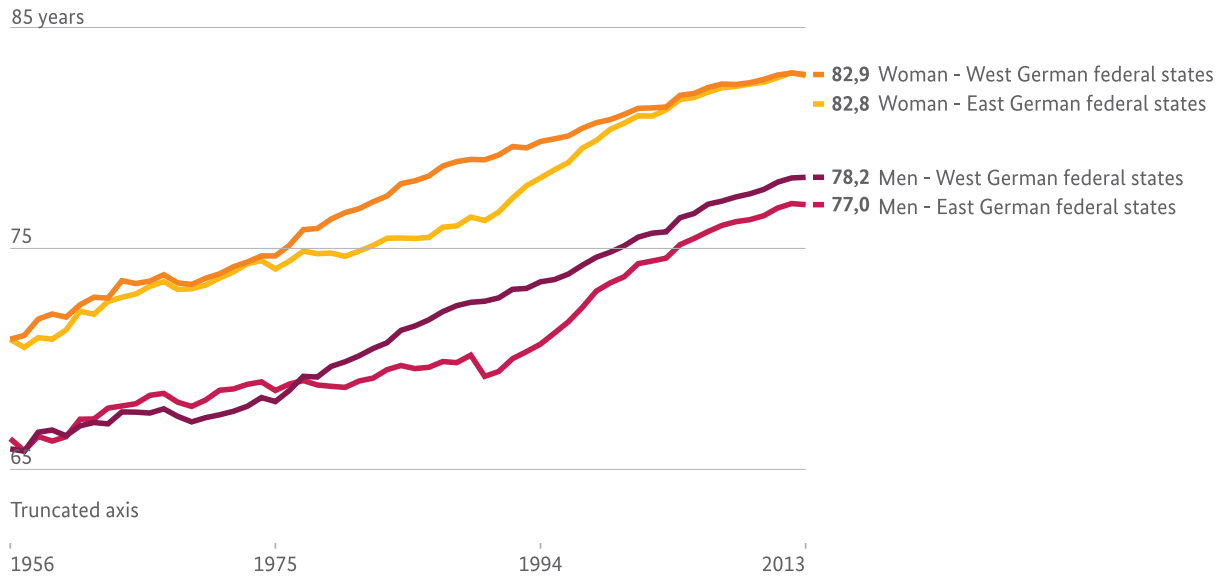
It is very difficult to directly measure the general state of health of the population, and the advances made in medicine and medical research, on the basis of a single indicator. Nevertheless, **life expectancy at birth** is a good proxy for the general state of health in a society.<sup>22</sup> Life expectancy at birth indicates how long a newborn can be expected to live on average. It is an expression of material prosperity, general living conditions, personal lifestyles and the health care system in a given society. In other words, it is a key indicator of wellbeing.

Life expectancy calculations are derived from current life tables that juxtapose registered deaths with current population figures. In 2015, 82.2 million people lived in Germany. Life expectancy is a key demographic indicator along with the fertility rate as well as in- and out-migration.

Life expectancy at birth has risen continually in Germany since the late 1950s – by a little less than three months year after year.<sup>23</sup> A baby boy born today can expect to live to be over 78, while a girl born today has an average life expectancy of more than 83 years (see Fig. 5).<sup>24</sup>

When compared to other OECD countries, Germany’s average life expectancy of 80.9 years puts it in the middle of the field and thus a little above the OECD average, just behind the UK, Finland and Ireland.<sup>25</sup> Japan has led the OECD rankings for decades and currently has an average life expectancy of 83.4 years.

Figure 5: Life expectancy at birth



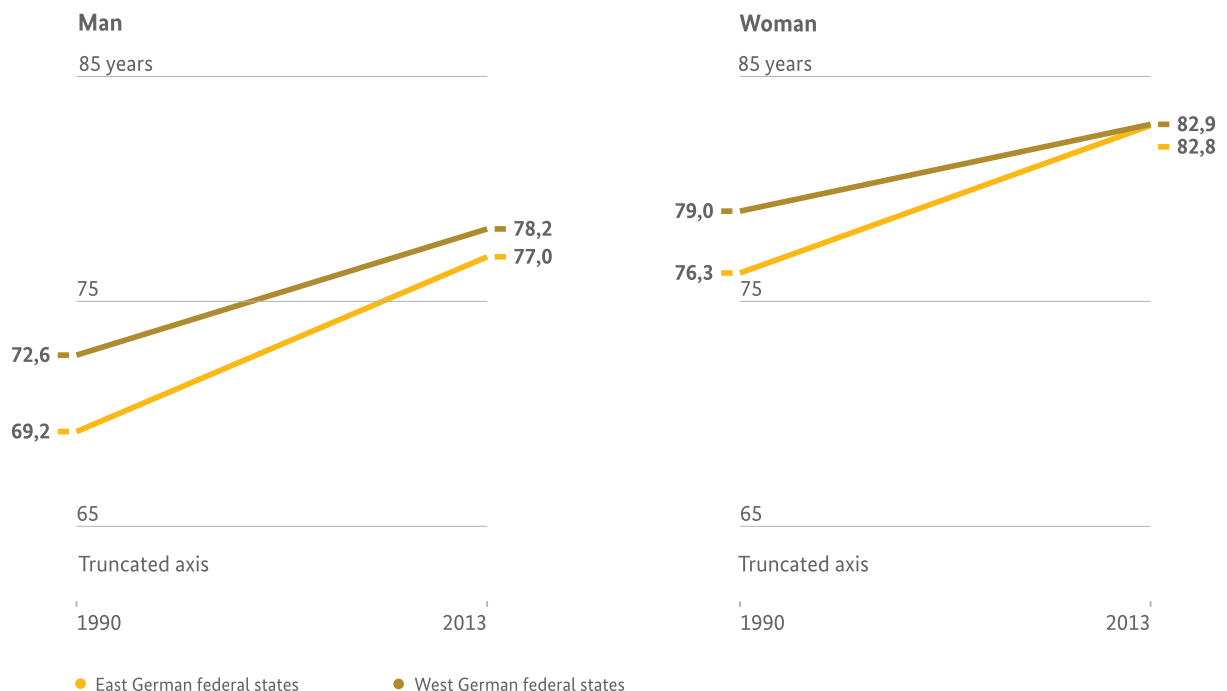
Source: Human Mortality Database. University of California, Berkeley (US) and the Max Planck Institute for Demographic Research (Germany). Available at: [www.mortality.org](http://www.mortality.org), last accessed on 9 May 2016.

Comparing historical trends in life expectancy in the former East Germany and former West Germany is very revealing. Life expectancy in both countries increased at nearly the same rate during the first 10-15 years after the Berlin Wall was built in 1961. The incidence of contagious diseases declined, whereby this was particularly due to vaccinations and the use of antibiotics. Infant mortality rates also fell in both countries. Then, in the period between the second half of the 1970s and German reunification in 1990, life expectancy at birth in East and West began to diverge, rising continually in the West and stagnating in the East. The positive trend in West Germany was largely due to a decrease in deaths due to cardiovascular diseases among the elderly between the 1970s and the beginning of the 1990s. In East Germany, low public pensions and a less advanced health care system played a major role in the stagnation.<sup>26</sup> The difference between life expectancy at birth in the East and West reached its highest level at the time of German reunification in 1990, when men in West Germany lived nearly three-and-a-half years longer on average than East German men, while the difference among women was just under three years.<sup>27</sup>

The differences have since been greatly reduced: Today, a quarter of a century after reunification, women in Eastern Germany have caught up completely with their Western counterparts. The life expectancy of men in the East German federal states has risen by around eight years since 1990 but is still 1.2 years lower than the figure for Western Germany (see Fig. 6). The catching-up process that has occurred in the period since reunification is due to numerous factors such as improved environmental conditions, changed dietary habits, a better standard of living in old age and the modernisation of the health care system in Eastern Germany.<sup>28</sup>

Regional differences persist that cannot be explained by the former division of Germany. For example, the average life expectancy at birth of men is 79.2 years in the federal state of Baden-Württemberg, 77.7 years in Saxony and 76.7 years in Saarland.

Figure 6: Increases in life expectancy at birth since German reunification by gender



Source: Human Mortality Database. University of California, Berkeley (US) and the Max Planck Institute for Demographic Research (Germany). Available at: [www.mortality.org](http://www.mortality.org), last accessed on 9 May 2016.

The overall increase in life expectancy in Germany is presenting new challenges for health care policy, as chronic diseases are on the rise, especially among the elderly. This particularly applies to various forms of dementia. The Federal Government is aware of its responsibility here and is therefore working to improve and further develop the health care and long-term care system in order to ensure it remains effective (for a description of specific measures, see the other indicators for this dimension).

At the same time, rising life expectancy also means that more and more people now have the chance to live longer and remain productive at a more advanced age. The Federal Government is strengthening health promotion and prevention with its **Preventive Health Care Act** (*Gesetz zur Stärkung der Gesundheitsförderung und Prävention*), which went into effect in 2015. The act strengthens measures for the early detection of diseases and health risks and also improves vaccination programmes. The associated **national preventive strategy** (*Nationale Präventionsstrategie*) is also improving the coordination of measures for maintaining health.

Healthcare and long-term care insurance providers in Germany currently spend more than €500 million per year on preventive health measures.

**Life expectancy at birth** indicates how long a newborn can be expected to live on average. Life expectancy is an established indicator for the state of health of a given population and is comparable across countries. The data on life expectancy was published by the Max Planck Institute for Demographic Research and the University of California, Berkeley, in the Human Mortality Database (HMD). The time-series comparison used HMD data because data on mortality rates and life expectancy was collected and analysed consistently over time in the HMD in accordance with internationally comparable methods. The calculations are based on German Federal Statistical Office data, which meets all statistical quality criteria.

## ■ Staying fit, making the right choices: Indicator Prevalence of obesity

*“[...] Right from the start, it is important to have access to good nutrition and enjoy exercising.”*

from the national dialogue event of the Federal Ministry of Health in Berlin on 28 July 2015

Many participants in the national dialogue talked about the responsibility everyone has for their own life and health. The issues touched upon here ranged from regular exercise and movement to the significance of a healthy diet, responsible consumption of alcohol and the importance of keeping away from nicotine. The labelling of food ingredients was also discussed.

Research has shown<sup>29</sup> that regular physical activity and a healthy diet make for a longer and healthier life, as these aspects help prevent chronic illnesses, or at least postpone their prevalence until later in life.<sup>30</sup>

A sufficient amount of movement and exercise, as well as a healthy diet, are important for staying healthy – and for avoiding excessive weight. The **body mass index (BMI)** relates a person’s weight to their height (kg/m<sup>2</sup>). According to the World Health Organisation (WHO), an adult with a BMI between 25 and 30 is considered overweight. Anyone with a **BMI of 30 or above** is considered obese.

Obesity increases the risk of health problems that include type 2 diabetes and cardiovascular diseases<sup>31</sup>, as well as psychological disorders or even depression.<sup>32</sup> Obviously, this has a negative effect on wellbeing for most people.

Given these implications, BMI is used as an indicator of **individual health care** in this report. The focus here is on the development of the **share of people with a body mass index of 30 or above**, as one can assume that such individuals will display a noticeable deterioration in wellbeing.

Over a period of 15 years (1999–2013), the proportion of obese individuals in Germany increased by 36 per cent. In 1999, slightly less than 12 out of 100 people in Germany were obese; by 2013 that figure had risen to 16. Compared to other OECD countries, Germany is in the middle of

the field, but also significantly behind countries such as Switzerland, Norway and Italy (roughly 11 obese individuals per 100 people). However, Germany fares much better than the United States, Mexico or New Zealand, where one-third of all adults are obese.<sup>33</sup>

Men are more affected by obesity than women. For example, at 17 per cent, the proportion of obese men was three percentage points higher than that of women (approx. 14 per cent) in 2013.

The obesity risk increases with age (see Fig. 7). Among all age groups, the risk of obesity rose continually between 1999 and 2013. The proportion of men and women with a BMI of 30 or above is largest among those aged 55 to 64. One out of every four men and one out of every five women in this age group was obese in 2013.

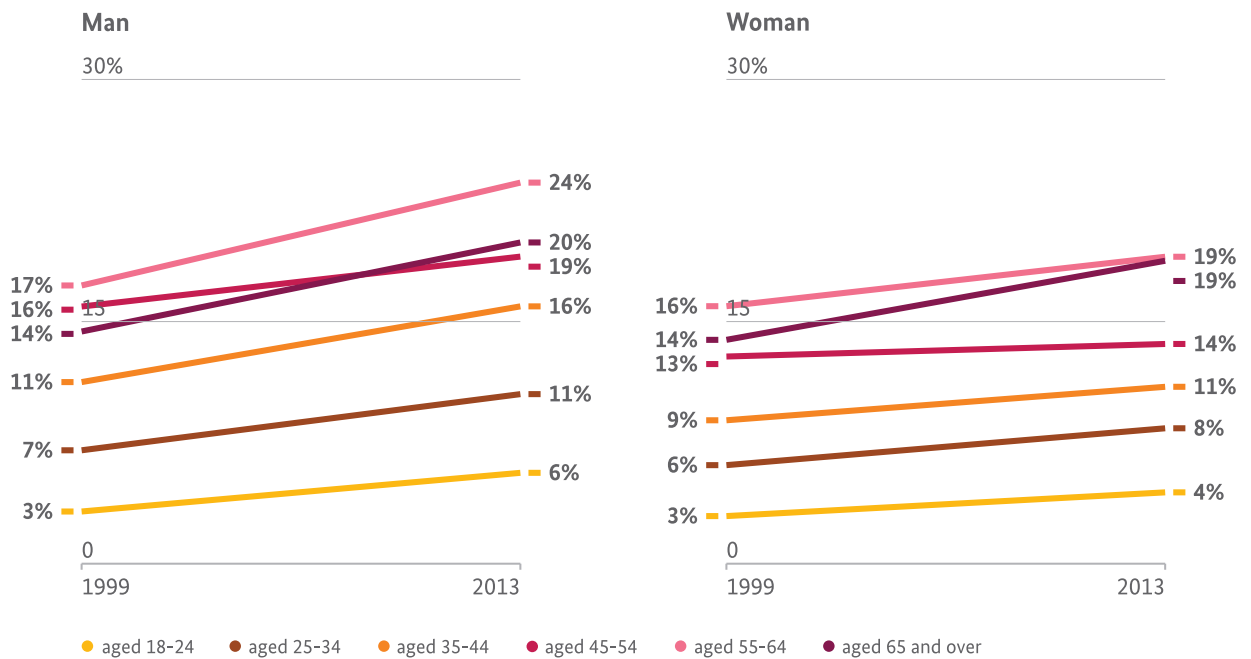
In the case of young adults (18 to 24), this only applied to around every 20th person – however, this group also shows the largest percentage increases at 65 per cent. This finding is also relevant in view of the increasing prevalence of obesity among children and adolescents. This is because scientific studies have shown that being overweight or obese in childhood or adolescence significantly increases the risk of remaining so as an adult.<sup>34</sup>

The proportion of people with a BMI of 30 or above increased in all federal states during the period from 1999 to 2013 – on average from 11.5 per cent to 15.7 per cent. However, the federal states display significant differences in terms of the level of obesity and the rate of increase. This is in part due to differing age structures. For example, older people are more susceptible to obesity on average than are younger people, and the population in states such as Mecklenburg-West Pomerania and Saxony-Anhalt is older on average than the population in the German city-states, for example.<sup>35</sup> Figure 8 shows the federal states with the lowest and highest proportion of obese individuals as compared to the national average for Germany.

BMI is an **indicator for health** that is closely linked to an individual’s personal life choices. A high level of consumption of meat, cold cuts etc., as well as foods high in fat and sugar, do not conform with the recommendations of the German Nutrition Society (*Deutsche Gesellschaft für Ernährung*) for a healthy and



Figure 7: Obesity prevalence among adults by age group



Source: German Federal Statistical Office, Microcensus, own calculations.

balanced diet. At the same time, eating habits represent personal choices that are both positively and negatively affected by the type of foods actually available, and by individual preferences. Such habits are formed in early childhood, which means nutrition education is very important.

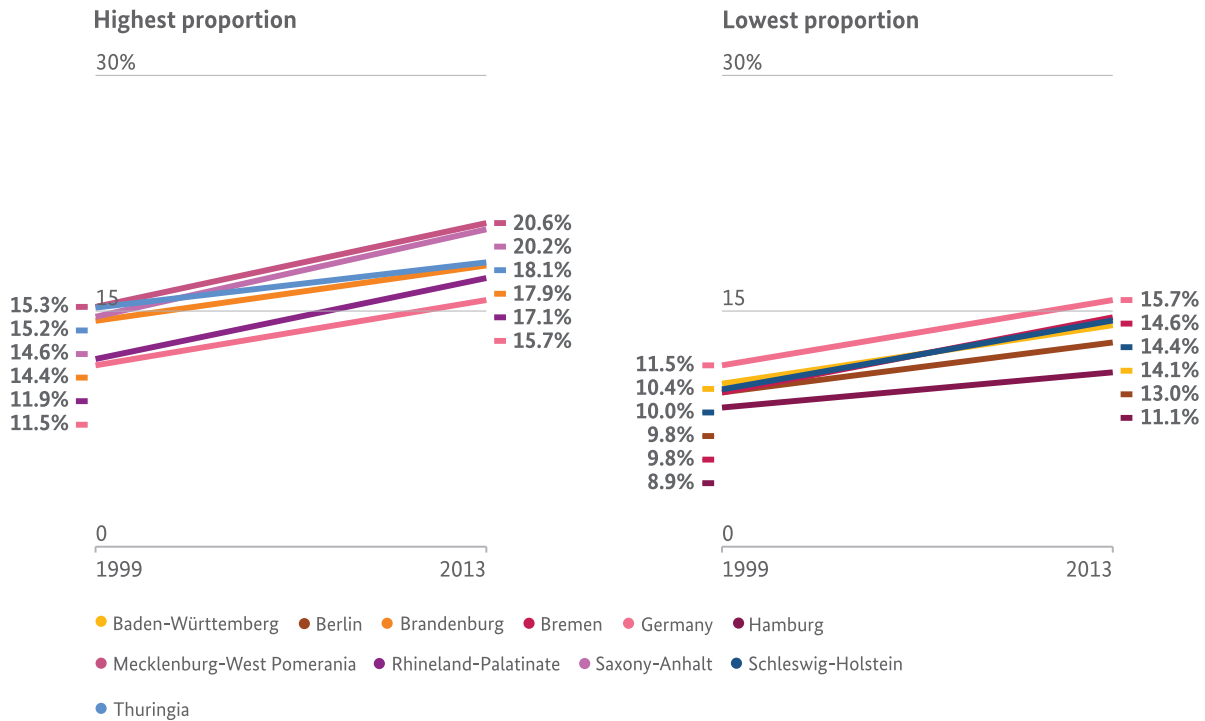
The rising levels of obesity illustrate the negative consequences of unhealthy eating habits for individuals and society as a whole. A lack of movement and physical activity influence body weight and individual wellbeing.

Preventing excessive weight and obesity among children and adolescents<sup>36</sup> has been a priority of the national nutrition and health policy for quite some time now. For example, the government promotes nutrition education and seeks to achieve improvements in the quality of food offered in schools and day-care centres. It also sets quality standards designed to prevent obesity among children. Paediatricians and midwives also bring up the topics of nutrition and exercise during examinations of pregnant women and young children.

Similar goals are being pursued in the numerous projects conducted as part of the National Action Plan "IN FORM – German national initiative to promote healthy diets and physical activity" (*IN FORM – Deutschlands Initiative für gesunde Ernährung und mehr Bewegung*) and its associated Citizen's Portal that offers tips on exercise, nutrition and fitness.<sup>37</sup> German citizens can also obtain information on a healthy lifestyle from the Federal Centre for Health Education (*Bundeszentrale für gesundheitliche Aufklärung*) and the German Nutrition Society, the information service for nutrition (*aid-infodienst*), and the Healthy Start (*Gesund ins Leben*) network.

In terms of consumer protection, the Federal Government sets the framework for the transparency of information – e.g. through the provision of proper labelling on food. The point here is to establish awareness at an early age of what it takes to live a healthy life – and to do so without dictating people's lifestyles.

Figure 8: Obesity prevalence among adults by federal states



Source: German Federal Statistical Office, Microcensus, own calculations.

The indicator **prevalence of obesity** measures the share of the German population with a **body mass index of 30 or above**. It serves as an indicator for the individual's health provision. The BMI is a globally established indicator that can be used for comparisons. However, it is not perfect because it provides no information on the relation between body fat and muscle, or on the actual physical fitness.

The BMI calculations are based on data from the Microcensus conducted by the Federal Statistical Office. Every four years, the census module on health asks for information on respondents' weight and height. Experience has shown that people tend to overestimate their height and underestimate their weight, which means the extent of obesity in the country is often underestimated.<sup>38</sup> The availability of longitudinal and regional data make the Microcensus the most up-to-date and suitable source for monitoring long-term trends.

Data from the National Cohort study (*Nationale Kohorte, NAKO*) will be used in future. The study supervises the measurement of height and weight of survey participants, which means it provides more reliable data on the extent of obesity among the population. The National Cohort study – the biggest representative cohort study in Germany – will medically examine more than 200,000 people between the ages of 20 and 69 repeatedly over the next ten years, and will also query them on their life circumstances and lifestyles. Data availability needs to be improved for children and adolescents in order to address alarming trends in obesity at an early stage of their development.

### ■ Medical care in Germany:

Indicator Number of residents covered by a general practitioner or general specialist

*“I would like medical care to remain easy accessible in all parts of the country.”*

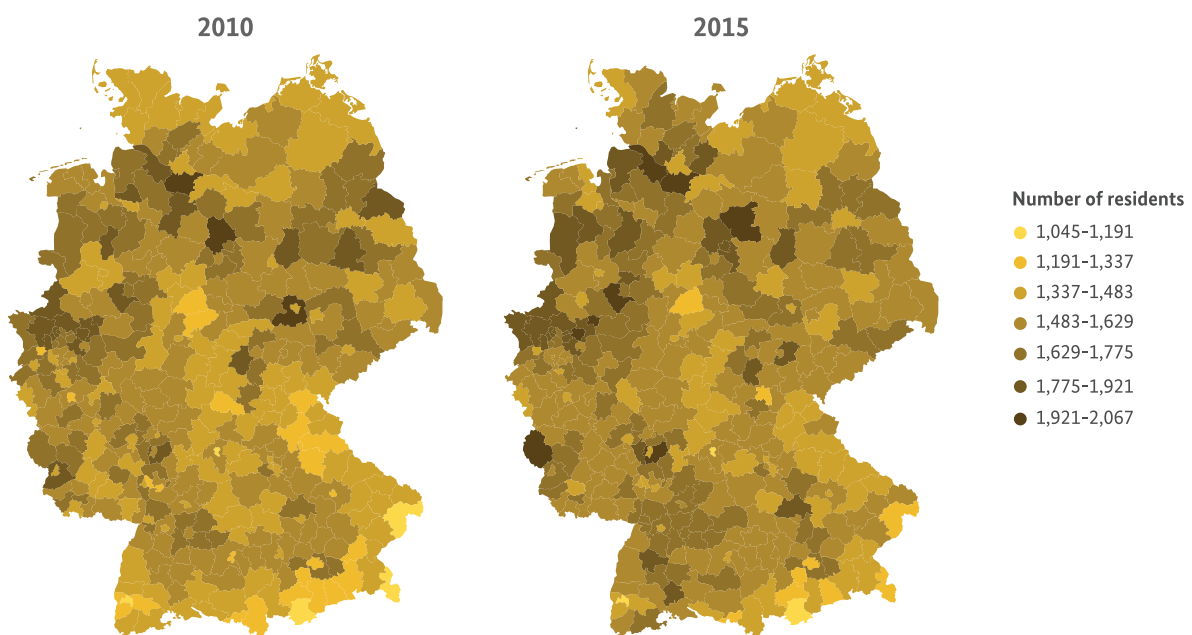
from the national dialogue event at Diakonissenanstalt Emmaus in Niesky on 20 October 2015

The national dialogue participants engaged in lively discussions about the German health insurance system. For many people, greater wellbeing also means having a doctor in their area or neighbourhood who takes the time to carefully examine and listen to patients. Dialogue participants from rural areas in particular frequently mentioned the need for medical care that is easily accessible and readily available.

The indicator **number of residents covered by a general practitioner** provides information on the number of persons per county looked after by one general practitioner (GP) on average.<sup>39</sup>

In 2015, each GP in Germany looked after around 1,580 people per county on average. The figure in 2010 was 1,539 people. In other words, a GP today looks after 41 more people on average than was the case five years ago. Needs planning for contracted practitioners in the health care system helps ensure nationwide GP and specialist availability throughout Germany. According to the needs planning guidelines the threshold is 1,671 people per GP.<sup>40</sup> Over the last few years, no additional GPs were able to settle in regions with a high density of physicians. At the same time, however, regional incentives were created in order to improve coverage in areas with lower physician densities.

Figure 9: Number of residents per county looked after by one GP

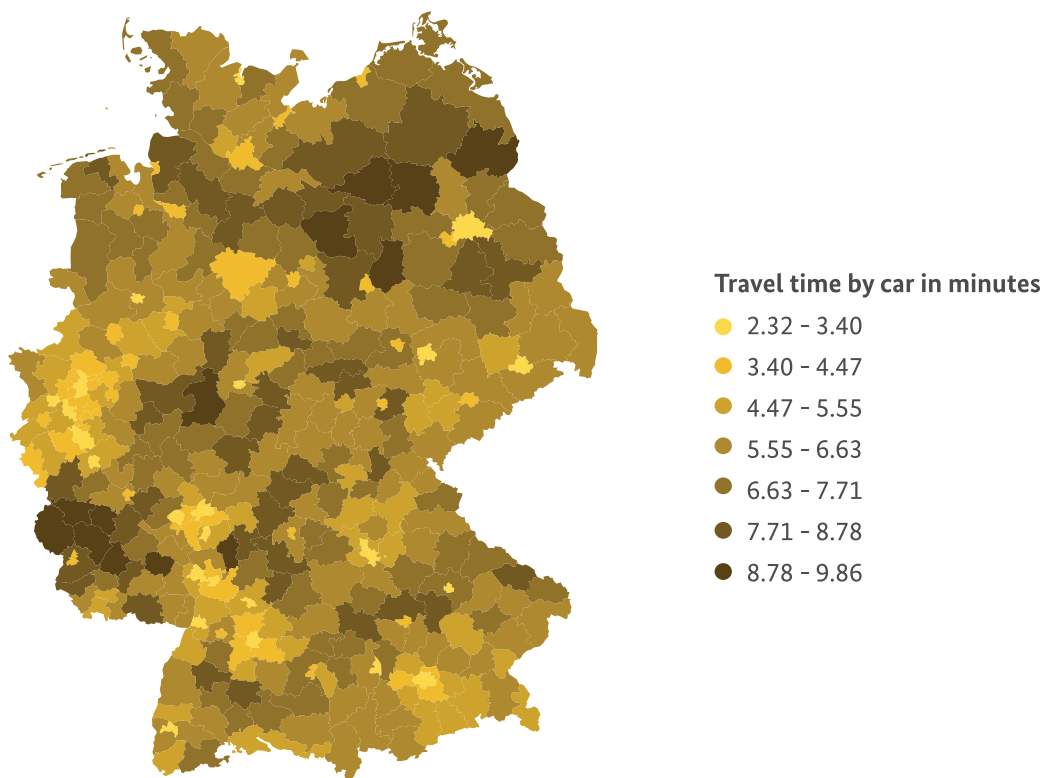


Source: National Association of Statutory Health Insurance Physicians, special analysis. Data for physicians 31 December 2015, data for population 31 December 2013.

The data reveals regional heterogeneity in GP coverage (see Fig. 9). The situation appears to be quite favourable in cities such as Freiburg, for example, where there is one GP for every 1,099 people. A physician in Gütersloh, on the other hand, has to look after 2,066 people on average, which is nearly twice as many people as is the case in Freiburg. At the same time, the apparently insufficient coverage in certain regions is compensated for by their vicinity to large cities, whose GPs also look after people in the surrounding area.

The nearest GP in all counties in Germany is no more than ten minutes away by car on average. Residents of Munich have to travel an average of only 2.3 minutes by car to get to the nearest GP, while it takes people in the Eifelkreis Bitburg-Prüm in Rhineland-Palatinate around four times as long to get to a doctor – just under ten minutes on average.<sup>41</sup> In other words, major regional differences are apparent here as well. Without exception, people who live in large cities have the shortest trips. Residents who have the longest trips to the nearest GP are generally located in sprawled-out rural districts (see Fig. 10).

Figure 10: Travel time by car to the nearest GP within a county 2015

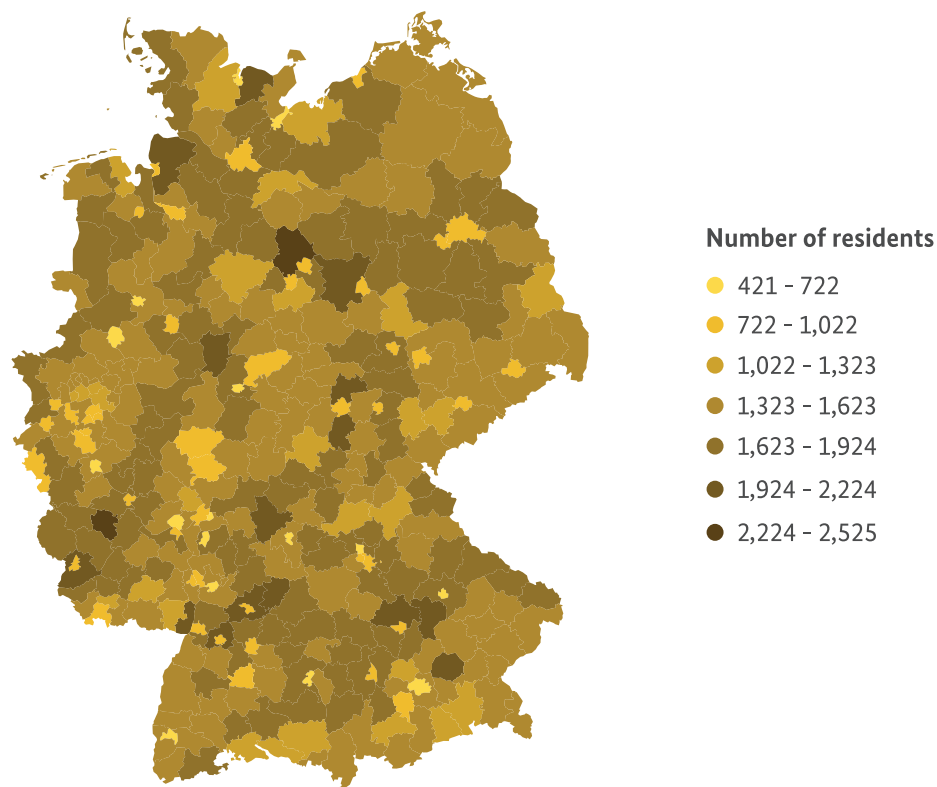


Source: National Association of Statutory Health Insurance Physicians, special analysis. Data for physicians 31 December 2015, data for population 31 December 2013.

While many dialogue participants stressed the importance of quality medical care close to their homes, they consider also other criteria when selecting a GP – for example the quality of care offered, the quality of the organisation of the surgery, the waiting times for appointments and the human aspects of the doctor-patient relationship. The principle of the free choice of physicians ensures that every insured individual in Germany can select the GP they want – and many are willing to accept longer travel times in exchange for this freedom. The indicator therefore only measures the general availability of GPs, as it does not reflect any other aspects of medical care.

Regional differences in **general specialist** coverage are much more pronounced than those in GP coverage (see Fig. 11). General specialists include eye specialists, surgeons, gynaecologists, dermatologists, ear, nose and throat specialists, neurologists, orthopaedists, psychotherapists, urologists and paediatricians. A general specialist physician looks after 1,451 people on average. The range of coverage here extends from 447 residents per one general specialist in Heidelberg to 2,347 residents in Gifhorn. Coverage is much more concentrated in cities, whereby the general specialist physicians also look after patients in the surrounding region.

Figure 11: Number of residents per county looked after by one general specialist 2015



Source: National Association of Statutory Health Insurance Physicians, special analysis. Data for physicians 31 December 2015, data for population 31 December 2013.

With the Care Provision Strengthening Act (*Versorgungsstärkungsgesetz*) of 2015, the Federal Government is working to ensure that easily accessible, high-quality medical care remains available to all patients in future, regardless of whether they live in cities or the countryside. For example, measures have been taken to correct the situation of excess supply of physicians in cities, and incentives have been created to encourage doctors to settle in areas with a shortage of physicians. Continuing education in the area of general medicine is also being financially supported in order to encourage more medical students to become a GP. In addition, measures have been implemented to enable the establishment of medical centres in local communities and municipalities. The Association of Statutory Health Insurance Physicians (*Kassenärztliche Vereinigungen*) also set up new appointment service points in January 2016 that help patients with specialist referrals obtain an appointment within four weeks at the latest.

Another important component for ensuring quality medical care nationwide is the Hospital Structures Act (*Krankenhausstrukturgesetz*), which stipulates for the first time that hospitals that offer high-quality care are entitled to receive greater financial support. A funding programme for nursing jobs has also been set up in order to ensure good nursing care in hospitals. This is enabling the creation of new jobs that offer adequate pay. In addition, a structural fund provides financing from the Federal Government and the federal states in order to improve cooperation between hospitals, or support their focus on specific medical fields.

The indicator **number of residents covered by a general practitioner or general specialist** measures the number of individuals looked after by a GP or general specialist in a county on average. Smaller cities with a population of less than 100,000 citizens are merged with the surrounding district and form a so-called *Kreisregion*. The data is based on information from the German Physicians Registry (*Bundesarztregister*), which contains all physicians and psychotherapists in the statutory health insurance system. This data also serves as the basis for needs planning in the health care system, whereby the goal of such planning is to ensure balanced physician and specialist coverage throughout Germany.

### ■ Making long-term care quantifiable and transparent: Placeholder – Quality of Care

*“If I should ever have to go to a nursing home [...], I would like to be treated humanely – not on the basis of a schedule but instead as needed on the basis of my physical and mental condition.”*

from an online response submitted on 12 September

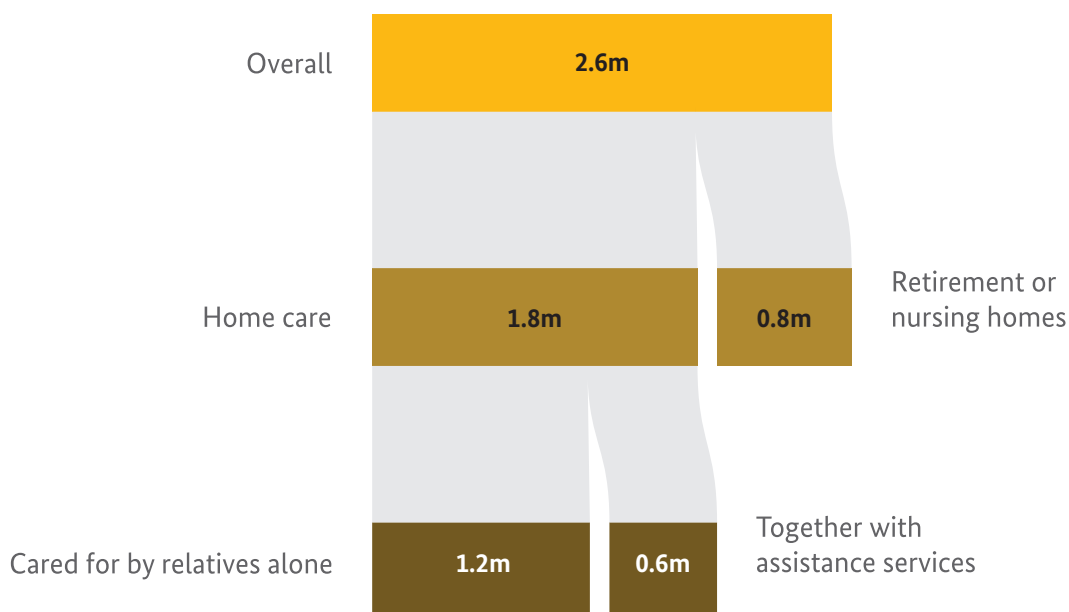
Everyone is aware that they might one day face a situation in which they require nursing care. The national dialogue participants spoke at length about this topic, which will become more and more important in future. Participants discussed the need for high-quality nursing care both at home and in nursing homes. In addition, people in both cities and rural areas expressed the desire to remain in familiar surroundings in old age.

At the end of 2013, some 2.6 million people were in need of long-term care in Germany (see Fig. 12). This figure corresponds to roughly 3.3 per cent of the population. One out of every eight people over 65 requires such

care.<sup>42</sup> Viewed in terms of **lifetime prevalence** (i.e. the likelihood of requiring nursing care at some point in life), more than half the German population will need care provided by the country’s nursing care insurance system at some point,<sup>43</sup> in most cases towards the end of their life. It’s important to note that the predicted increase in the number of people in need of nursing care is not the result of a heightened risk of requiring such care. Instead, it has to do with the fact that we are living longer today (see the indicator *life expectancy at birth* in this dimension), as well as the associated fact that the risk of requiring care increases with age.

The individual situations of people in need of care differ greatly: Currently, seven out of ten people requiring care receive it at home. The vast majority of those people in need of care who live at home are looked after exclusively by family members. One third are cared for by home care nursing and assistance services. Just under 30 per cent of individuals in need of care live permanently in a retirement or nursing home.

Figure 12: Number of persons in need of care by type of care provision by end of year 2013



Source: German Federal Statistical Office: Pflegestatistik 2013.<sup>44</sup>

The German Federal Government continually strives to support individuals in need of nursing care, and their families, as much as possible and also seeks to further improve long-term nursing care structures throughout the country. Along with such efforts, the German Federal Government seeks to ensure broad-based compliance at all facilities with the Charter of Rights for People in Need of Long-Term Care (*Charta der Rechte hilfe- und pflegebedürftiger Menschen*), which serves as a standard for the dignified care of patients. More than 20 years ago, Germany became one of the first countries to introduce statutory long-term care insurance. This insurance system has been continually improved since that time. Despite an ageing population and the resulting inevitable increase in the number of people in need of nursing care, it is the goal of the German Federal Government to postpone the need for such care to the greatest extent possible (and ideally eliminate its occurrence altogether) through prevention and appropriate treatments. Just as important at least is the quality of care received when care is required.

The German Federal Government has introduced three Long Term Care Strengthening Acts (*Pflegestärkungsgesetze*) during the current legislative period. The first significantly expands benefits for those in need of care and makes the benefits system more flexible. The benefits system has been made more dynamic, and funding for construction measures for improving living environments is being increased – among other things in order to create more accessible households. In order to ease the strain on caregiving relatives, improvements have been made to daytime and night-time care benefits and benefits for short-term care. This will help women caregivers in particular, as they account for the majority of caregiving relatives (65 per cent).<sup>45</sup> In addition, all insured individuals will be given a legal right to additional caregiver staff beginning in 2017.

The Second Long Term Care Strengthening Act (*Zweites Pflegestärkungsgesetz*) redefines the criteria for determining who is eligible for what type of care. For example, on 1 January 2017, people with dementia will be given access to the same benefits and services from the nursing care insurance system as individuals with physical limitations. The focus will turn to the personal self-reliance restrictions and disabilities of each patient, and the result will be significantly improved benefits

and services for many. In order to ensure better quality of nursing care at home as well as in- and out-patient care, the assessment of care quality (care grades) will be completely revised in a process that will include the input of scientific experts.

The Third Long Term Care Strengthening Act will strengthen local communities and municipalities in order to enable them to provide better local support to people in need of care and their families. This will include the provision of consulting services and the improvement of cooperation among service centres.

**The need for nursing care** can put a great physical, psychological and financial strain on both the people affected and their families. The views people in need of care have regarding wellbeing vary and depend heavily upon the degree of limitations and self-reliance restrictions, as well as the type and quality of care a person receives. For example, there is a difference between living independently at home with occasional support from relatives or visits from a nursing care service and living permanently in a nursing home.

The different life circumstances of those who receive care make it difficult to measure **quality of care**. No reliable indicator exists for now.

For this reason, **no indicator** for nursing care has been added to the indicator system at this time. Instead, we use a so-called placeholder. The use of the **placeholder** points to the need to collect additional data. With the reform of the quality assessment of long-term care in nursing or retirement homes (*Pflege-TÜV*), better data may be available.



■ **Health care for all citizens: Indicator**  
Ratio of self-reported health and income

*“Doctor appointments should be issued on the basis of urgency rather than according to who can pay the most.”*

from the ver.di national dialogue event  
in Cologne on 19 June 2015

Good health care for everyone and open and fair access to health care services were key issues for the participants in the national dialogue. Most participants expressed their satisfaction with the German health care system, which provides care to basically all citizens and guarantees them equal access to medical services. Many people expressed the desire to see the provision of good medical care regardless of income or place of residence. A large number of dialogue participants also criticised the separation between private and public health insurance as being unfair. More specifically, they believe this leads to a difference in the quality of care received and the amount of time a patient has to wait to get an appointment with a specialist. Some dialogue participants rejected the idea of co-payments for certain medical services.

One way to uncover possible gaps in terms of health care services is to examine the connection between income and subjective assessments of health. The possible connection between actual and self-reported health on the one hand, and socioeconomic factors on the other, is already the subject of numerous research projects.<sup>46</sup> The relationships here are complex. For example, whether one perceives their health to be good or bad does not depend on just one factor but rather on many.<sup>47</sup> Along with the quality of health care, these factors include income, level of education, occupation, individual lifestyle and preventive health aspects.

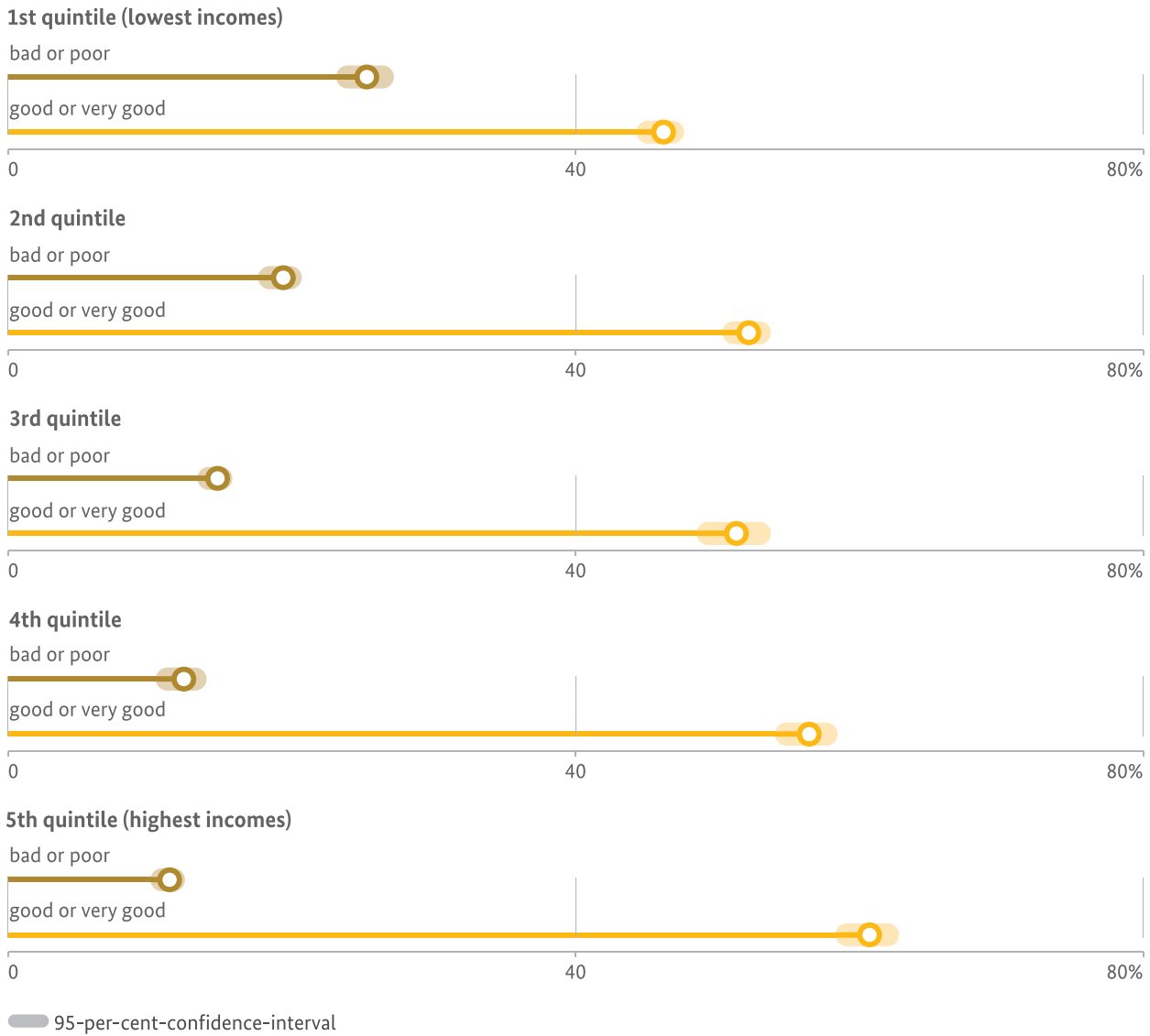
The indicator **ratio of self-reported health and income** measures the perceived health across different levels of income. The individuals surveyed for this indicator reported on their health using a five point scale ranging from “poor” to “bad”, “satisfactory”, “good” and “very good”.<sup>48</sup> The survey results show the health self-assessments of people between 20 and 64 according to their income. The individual income positions were

calculated on the basis of the overall distribution of real net household income in Germany – i.e. after taxes and transfers.

The results show that the lower the income level, the higher the percentage of people who evaluate their health as “poor” or “bad”. (see Fig. 13). On the lower end of the income scale (1st quintile – the 20 per cent of people in Germany with the lowest incomes), one out of four people described their health as “poor” or “bad”. On the top end of the scale (5th quintile – the top 20 per cent in Germany in terms of income), only one out of eight people described their health as such. A comparison between men and women revealed no differences. However, there are differences among the proportion of people in Germany who described their health as “good” or “very good”. More specifically, nearly half of all people (46 per cent) at the lower end of the income scale described their health as “good” or “very good”, while around 60 per cent at the top income level did the same. One thing is clear: Regardless of income, the percentage of people who report their health as being “good”, or even “very good” is higher than the share of those who assess their health as “poor” or “bad”.

Due to the lack of adequate data, it is not possible to directly compare actual health and income, but only self-perceived health and income.<sup>49</sup> In other words, the indicator is only a proxy to examine a complex issue. Conclusions regarding causal relationships – e.g. that a low level of income leads to poor health – can therefore only be made to a limited extent.<sup>50</sup> Low income can in fact lead to poor health – but poor health can also restrict income opportunities, especially in terms of the major impact it can have on average working hours. It is clear, that a person’s health can be linked to the material resources available in a given household. Nevertheless, the results presented here are also heavily influenced and reinforced by other factors, particularly differences in education levels. A high level of education is a key requirement for improving an individual’s income and career prospects, which in turn has a positive effect on perceived health. Age differences, alcohol and nicotine consumption, personality traits and the profession or business sector a person works in all play a role here as well.<sup>51</sup> Differences in physical and mental strain in the workplace also need to be taken into account.

Figure 13: Proportion of persons assessing their health to be “bad” or “poor” vs. “good” or “very good” by income groups 2013



Source: Calculations by DIW Berlin, SOEPv31.1. The survey covered individuals aged 20-64 in private households.

One of the goals of the welfare state is to ensure universal health care. Basically, everyone in Germany has access to quality medical care via the country's statutory health insurance system. It is clear that health problems should not be allowed to lead to poverty, or vice versa. The care received by individuals should not be based on their income. For this reason, the solidarity principle in the German national health insurance system ensures that everyone with health insurance can access the same services, regardless of whether they are high or low earners, or whether they are healthy or sick. Individual co-payments are limited, which means that people with low incomes, as well as individuals who are chronically ill, are exempt from co-payments to a certain extent. Insured individuals who need to undergo permanent treatment due to chronic illness have a low co-payment limit of just one per cent of their annual gross income.

People's behaviour also influences their health and the circumstances in which they live. The Preventive Health Care Act (*Gesetz zur Stärkung des Gesundheitsförderung und Prävention*) focuses directly on people's home, educational and work environments. An approach that promotes health directly where people live, learn or work takes into account the fact that everyday activities and routines have a tremendous impact on health and health-related behaviour. Up until now, prevention services and programmes have not always been able to reach those individuals who would stand to gain the most from them. The "outreach" approach now being used is designed to reduce social inequality in the health care system. As of 2016, health and nursing-care insurance providers in Germany now have more than €500 million per year available to them for preventive health services and programmes.

The indicator **ratio of self-reported health and income** shows the proportion of individuals from various income groups who assess their health as either "poor", "bad", "good" or "very good". The data relates to individuals aged 20-64 in private households. The state of health was documented on the basis of a **subjective self-assessment** by each respondent. The **income positions** were calculated on the basis of the overall distribution of real net household income (adjusted for inflation) in Germany – i.e. after taxes and transfers.<sup>52</sup> The source of the data is the German Socio-Economic Panel (SOEP). The survey collects data from a random sample of the population.

# Good Work and Equitable Participation

## ■ 2. Good Work and Equitable Participation

*“My work should offer me good prospects; I’d like to know that I will receive adequate pay with opportunities for a successful future in my profession.”*

from an online response submitted on  
26 September 2015

The broad range of aspects addressed when it comes to work includes everything from traditional employee interests (e.g. job security and good pay and working hours) to modern forms of work organisation and general satisfaction with one’s job.

The “work-life balance” was also discussed frequently, as was the desire to have sufficient time available outside of work for family and personal matters. Indeed, the aspect of “time” was so important to many people that it qualifies as a separate dimension of wellbeing in this report (see the dimension “Having time for family and work”).

People assess their jobs as “good” when they are satisfied with both subjective and objective factors. In this sense, good pay and job security are just as relevant as a good working environment, the ability to carry out assignments in an independent manner and job satisfaction in general.

The dialogue showed that work is associated with many positive experiences – for example, being able to afford nice things, doing something meaningful and being around other people. A job also makes it easier to actively participate in cultural and social activities.<sup>53</sup> Having a job that offers a steady income, and knowing that one is protected in the event of unemployment, generally give people a sense of security and a greater sense of satisfaction with their lives, and this has been confirmed by scientific studies as well.<sup>54</sup> People who feel that their jobs are not secure usually find themselves disadvantaged in terms of social participation. Many people in the dialogue talked about how important it is to be needed by someone. This sentiment was expressed with regard to work – but also as it relates to families, friends and even voluntary activities (see the indicator *civic engagement* in the dimension “Standing together in family and society”). The broad range of aspects here shows how important work is for people and their wellbeing, and how differently people define the value of work.

**Reduce unemployment:**  
Indicator Unemployment rate

*“I need the security of knowing I can rely on the government in difficult times as well – for example if I lose my job, become unable to work or get sick.”*

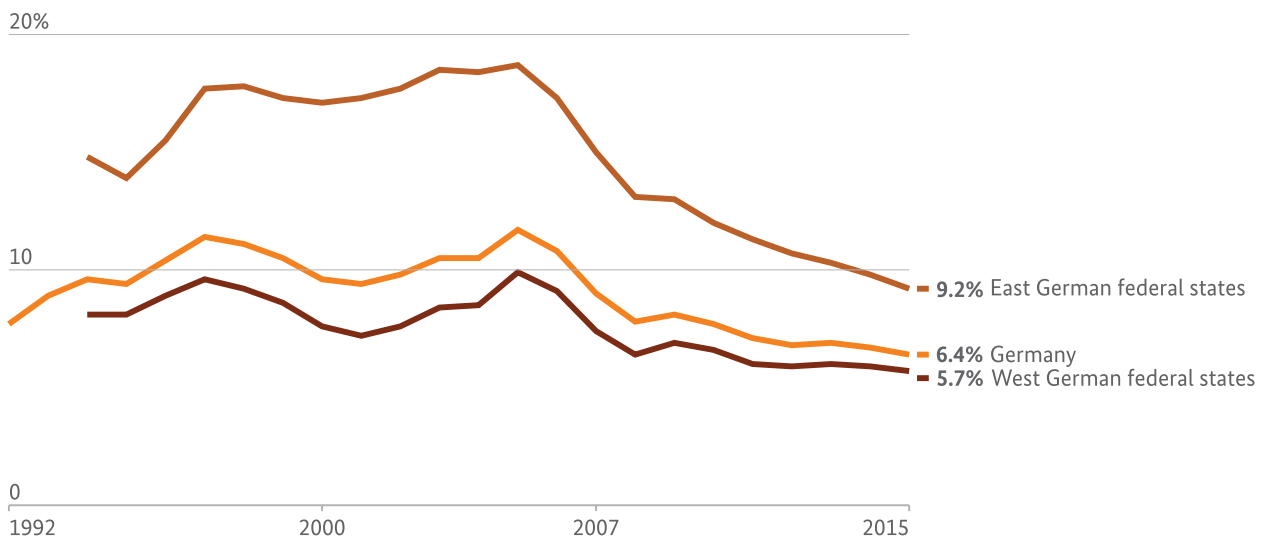
from an online response submitted on  
19 October 2015

Protection against unemployment was a very important issue to dialogue participants. The risk of long-term unemployment was a particular concern here. People want to know that they will be able to rely on the social welfare system if they lose their job. Opinions differed as to whether the German welfare state provides sufficient protection to people in Germany. The majority of dialogue participants would like to see more jobs that offer good prospects for the future, as well as a growing economy that creates new jobs.

Research has shown that unemployment can have a very negative effect on wellbeing, whereby<sup>55</sup> the severity of this effect depends on how long a person remains unemployed. Such a deterioration of wellbeing can persist over time, even after an individual has long since found a new job.<sup>56</sup> Unemployment more strongly affects the wellbeing of men than women.<sup>57</sup> Moreover, unemployment also affects the relatives of an unemployed person. Numerous studies have demonstrated the negative impact unemployment has on health – for both the unemployed<sup>58</sup> and their families.<sup>59</sup>

Developments on the labour market are measured by the **unemployment rate**, which provides information on how many people are looking for work in a given month and are also registered as unemployed with the Federal Employment Agency (*Bundesagentur für Arbeit*).

Figure 14: Average annual unemployment rate



Source: Federal Employment Agency.

The unemployment rate in Germany has **fluctuated sharply** at certain times over the last 20 years (see Fig. 14). During this time, two historical highs were followed by significant declines in the unemployment rate. During the first peak period, in 1997, nearly 4.4 million men and women were registered as unemployed. The unemployment rate in the West German federal states at that time was just under ten per cent; in the East German federal states it was slightly less than 18 per cent. This development had been preceded by a dramatic loss of jobs in the East German federal states in the 1990s due to the transition from a planned to a free market economy. A further increase in unemployment occurred in the second half of the 1990s in the aftermath of downturns in the bloated housing construction sector and in the public sector. During the second peak, in January 2005, unemployment rose above the five-million mark, with the annual average totalling just under 4.9 million. Nearly one out of five members of the active population (employed and job-seeking persons) in the East German federal states was unemployed at that time (18.7 per cent); in Western Germany it was around one out of every ten (9.9 per cent).

The historical high in unemployment in 2005 had many causes. These include insufficient economic modernisation and investment, problems with competitiveness, a highly undynamic and impermeable labour market, ineffective organisation in Federal Employment Agency offices and a lack of employment stimulus measures for people on welfare but nevertheless able to work. There was also a very important statistical effect, as hundreds of thousands of people receiving social welfare benefits were incorporated into the unemployment system – and thus the statistics as well. Such individuals were therefore now covered by active labour market policies. The extensive structural reforms brought about by the Act for Modern Services in the Labour Market (*Gesetz für moderne Dienstleistungen am Arbeitsmarkt* also known as the Hartz-Reforms) counteracted the negative developments. These reforms achieved results that went far beyond statistical effects, which led to the gradual but very positive development of the labour market in the years that followed. In combination with favourable economic conditions and collective bargaining

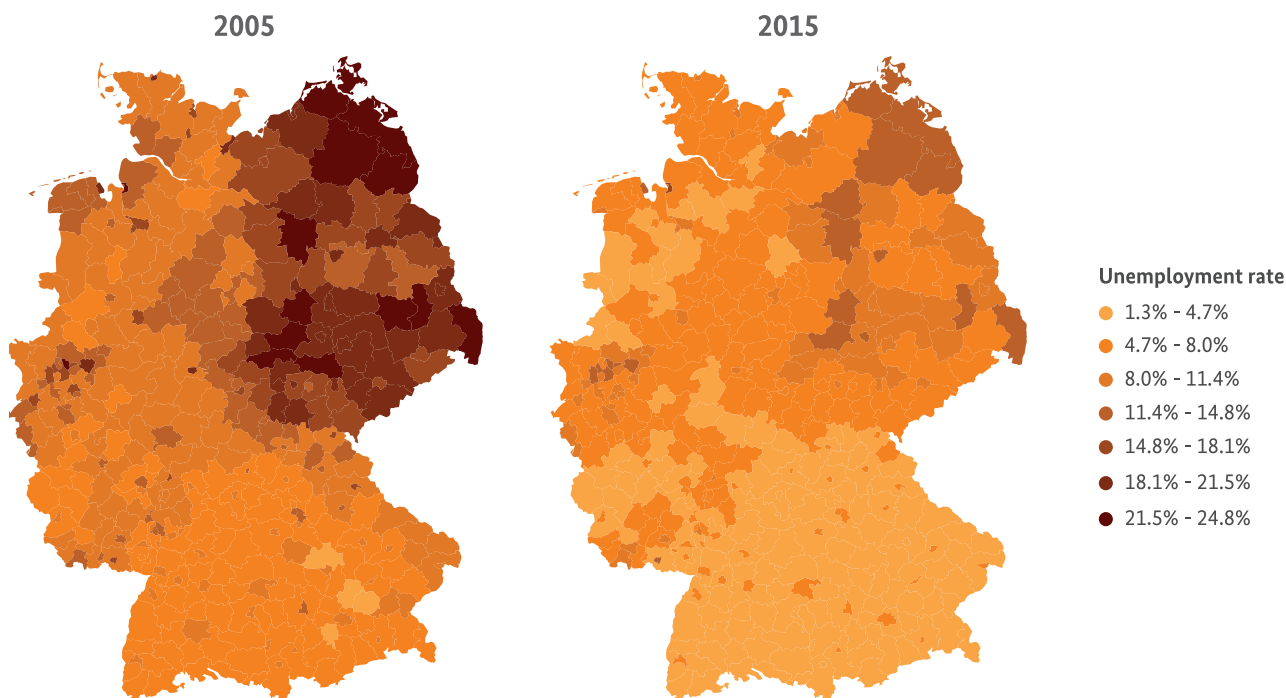
agreements conducive to the creation of new jobs, the Hartz-Reforms have contributed to a **significant and continual decline in unemployment** over the last ten years in both the West and the East – but especially in the East German federal states. The reforms have also made the **labour market more dynamic**.

This positive labour market development has proved to be quite robust. For example, there were no long-term setbacks to the recovery of the labour market even after the **global financial crisis of 2008 and 2009, which led to a massive economic downturn**. Active labour market policy instruments and support from the European Social Fund (ESF) made a major contribution here towards stabilising the labour market and safeguarding the skilled worker base for the economic recovery that followed. The average annual unemployment rate increased only slightly between 2008 and 2009 – by 0.34 percentage points, or 156,000 people. In the following year, the unemployment rate declined to the pre-crisis level after Germany successfully cushioned the rise in unemployment by implementing investment programmes and short-time work that were financed by the country's unemployment system.<sup>60</sup> As a result, Germany's unemployment rate in 2010 was **well below the European Union (EU) average** of 9.6 per cent.<sup>61</sup>

Some 2.8 million people on average were still looking for work in Germany in 2015 (6.4 per cent). The unemployment rate in the West German federal states stood at 5.7 per cent in 2015; the figure for Eastern Germany was 9.2 per cent. The unemployment rate has decreased by nearly 50 per cent since the historical high of 2005 and is now at its lowest level in nearly 25 years.

These days, regional differences in unemployment are more significant than differences between the East and West German federal states (see Fig. 15). In terms of the annual average for 2015, the unemployment rate ranged from 15.1 per cent in Bremerhaven to 1.3 per cent in Eichstätt. Back in 2005, the Uecker-Randow district had the highest unemployment rate (27.6 per cent), while Freising had the lowest (4.3 per cent).

Figure 15: Regional distribution of unemployment by county



Source: Spatial monitoring system of the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR); Federal Employment Agency.

A key focus of government policy involves the attempt to combat **youth unemployment and long-term unemployment**. For many young people, experiencing unemployment at the beginning of one's working life can have long-term consequences that include a higher risk of unemployment in later years, lower earning power and health problems.<sup>62</sup>

Over the last few years, prospects have **improved** for young people entering the labour market. The proportion of young unemployed individuals between 15 and 24 amounted to 5.3 per cent on average in 2015, which was well below the overall unemployment rate of 6.4 per cent. By comparison, the youth unemployment rate in 2008 was seven per cent (see Fig. 16).

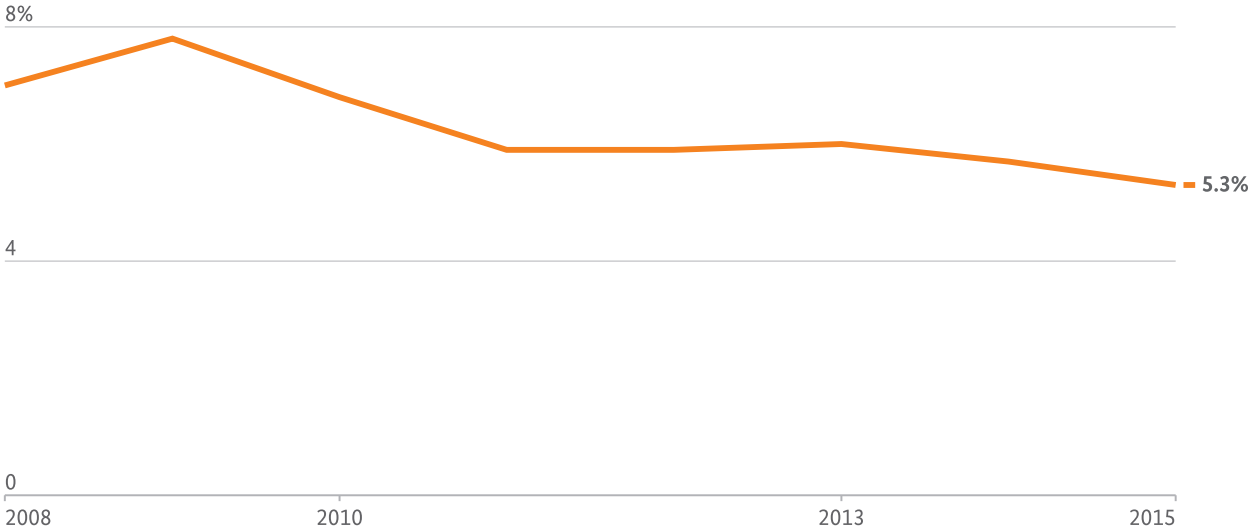
In Germany, the vocational education and training system, also known as the **dual training scheme**, plays a major role in effectively protecting young people from the risk of unemployment. In many other EU countries, on the other hand, the global financial crisis had a significant negative impact on labour market opportunities for young people. In those countries, economic growth remained

weak and investment plummeted to such an extent that it has yet to return to pre-crisis levels. Youth unemployment in countries such as Spain and Greece stood at over 40 per cent in 2011.<sup>63</sup> For this reason, many countries are very interested in learning more about the German vocational education and training system.

**Long-term unemployment** refers to a situation in which an individual remains continually registered as unemployed for one year or longer. Along with the economic risks resulting from loss of income, this situation can lead to significant negative health effects.<sup>64</sup> Long-term unemployment peaked in 2006 and has since declined by approximately 800,000 people (see Fig. 17). This relative decline in long-term unemployment is thus somewhat more pronounced than the decrease in overall unemployment. As a result, the proportion of all unemployed persons accounted for by the long-term unemployed has declined somewhat from the peak figure in 2007 (46.1 per cent). This development has also been attributed to the Hartz-Reforms.<sup>65</sup> Nevertheless, there were still slightly more than one million long-term unemployed people in Germany on average in 2015,

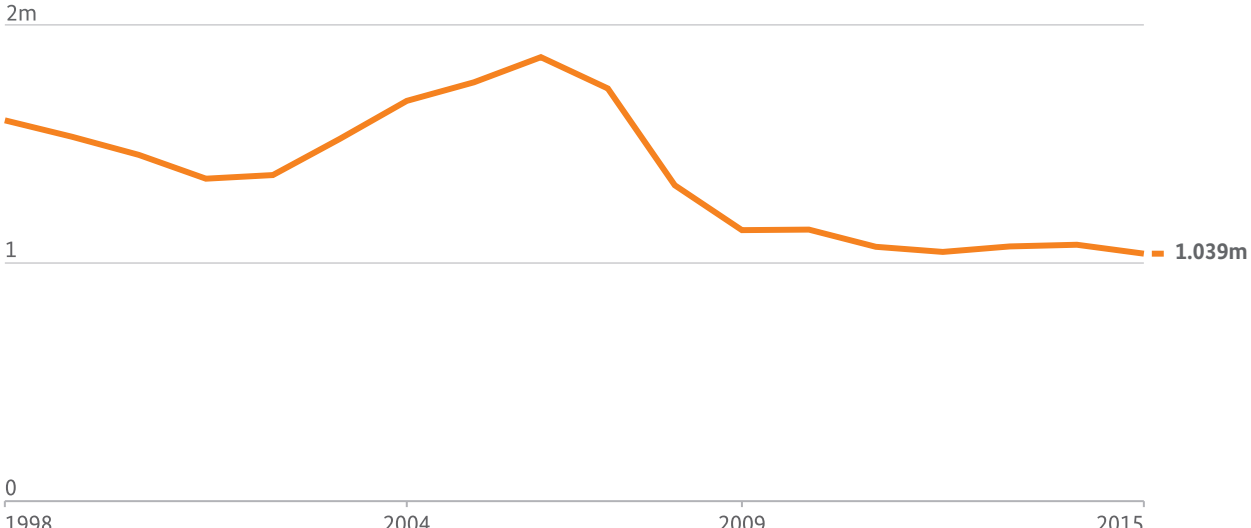


Figure 16: Youth unemployment



Source: Federal Employment Agency.

Figure 17: Long-term unemployment



Source: Federal Employment Agency.

and more than one-third (37.2 per cent) of all unemployed individuals are counted as long-term unemployed. Major regional differences are apparent here as well.

Fighting unemployment has always been a key priority of government policy. The extensive reforms implemented between 2003 and 2005 were generally successful in this regard, and the German Federal Government continually seeks to further reduce unemployment. As part of its “Creating Opportunities, Enabling Social Mobility” (*Chancen eröffnen – soziale Teilhabe sichern*) concept, the German Federal Government introduced various measures and launched two special programmes for the long-term unemployed in 2014 in order to reduce long-term unemployment within the legal framework of Basic Security Benefits for Jobseekers (Book II of the German Social Code). Some 23,000 people will take part in measures financed by the ESF to reintegrate the long-term unemployed into the regular labour market in line with the provisions of Book II of the German Social Code. The programme has received approximately €770 million in funding from the ESF and the German Federal Government. The Participation in the Labour Market

(*Soziale Teilhabe am Arbeitsmarkt*) programme primarily addresses two target groups: people who require special support because of health issues and individuals who live with children in a “community of dependence” household (*Bedarfsgemeinschaft*). Here, the German Federal Government is providing €600 million to create approximately 15,000 jobs subject to social insurance contributions by the end of 2018. The long-term unemployed are also supported by local job centres in so-called ABC Networks (German abbreviation for Activation, Counselling and Opportunities) that help them improve their chances of getting a job.

All of these measures are aligned with the principle of “**support and challenge**” (*Fördern und Fordern*). In other words, all long-term unemployed individuals have a right to receive support, in order to help them enter or re-enter the labour market. At the same time, however, society at large, which finances the basic security of the unemployed through taxes, can also demand that unemployed individuals do their part to reduce the level of support they require.

The **unemployment rate** measures the share of the workforce that is seeking work in a given month. The civilian workforce consists of employed and job-seeking persons that are either temporarily unemployed – or employed in a job in which they work less than 15 hours per week – and are looking for a job and have registered with the Federal Employment Agency.

The **civilian workforce** consists of those seeking jobs and all employed individuals, including the self-employed. This statistic covers individuals who are at least 15 years old and have not yet reached the retirement age.

**Unemployed persons** are individuals who are temporarily out of work or employed in a job in which they work less than 15 hours per week. They are looking for a job subject to social insurance contributions that has a working time of at least 15 hours per week, are available for job placements organised by the Federal Employment Agency and are registered as unemployed with the same.

**Jobseekers** are defined as people who are looking for employment – even if they are already in work or are self-employed.<sup>66</sup>

■ **Enabling all people to participate in the labour market:** Indicator Employment rate

*“It’s important that all people should be able to work and do something meaningful up until old age. Every person should have the feeling that they are needed.”*

from the national dialogue event at Lebenshilfe in Kellinghusen on 27 April 2015

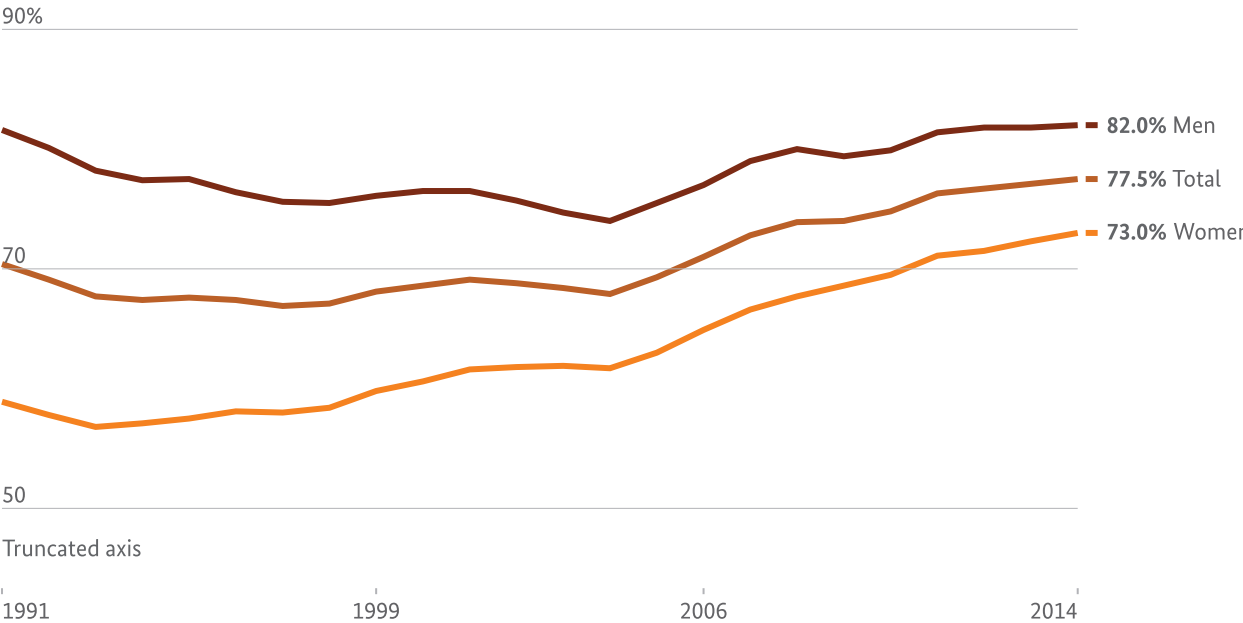
**All people** in Germany should have the opportunity to participate in the labour market. This was viewed as an important issue by the participants in the national dialogue. **Equal opportunity** was one of the key aspects addressed in discussions on employment. Dialogue participants believe that the labour market should offer similar career opportunities and prospects to everyone, regardless of their age, gender or background.

The established indicator for participation in the labour market is the **employment rate**, which can be depicted in terms of age groups, gender and people with a migration

background or disability. The employment rate broadens the perspective of the unemployment rate and reflects the general decision of people to take up work.

The employment rate has **risen** from 70.4 per cent to 77.5 per cent **since reunification** (see Fig. 18). This means that nearly four out of five people in Germany between the ages of 20 and 64 have a job. This development is largely due to the increase in the **number of women in the workforce in the West German federal states**, which is now approaching the high level of the East German federal states. This, in turn, is in large part the result of an increase in the number of women with university and graduate degrees. Work and the ability to support oneself independently is also becoming more and more important to women. Whereas the percentage of men employed in Germany finally exceeded the 1991 level in 2012 after declining up until 2004, the percentage of women employed has risen by around 14 percentage points since 1991.

Figure 18: Employment rate of persons aged 20-64 by gender



Source: German Federal Statistical Office, Microcensus.

The Federal Government, the federal states and local communities all support the inclusion of women in the labour force as well as the work-life balance and have therefore expanded the availability of childcare (see the indicator *childcare enrolment rate* in the dimension “Having time for family and work”).

Efforts in this regard also include the Maternity Protection Act and the provision of *Elterngeld* and *Elterngeld Plus* parental allowances. These benefits enable parents to interrupt their employment after the birth of a child. *Elterngeld Plus* extends benefit eligibility, while also working part-time. The Federal Employment Agency also offers support programmes for parents re-entering the labour force. Laws that protect working mothers are designed to protect pregnant employed women and mothers (and their children) from potential dangers to their health, excessive stress in the workplace, financial losses, and the loss of a job during pregnancy, as well as for a certain amount of time after the birth of a child.

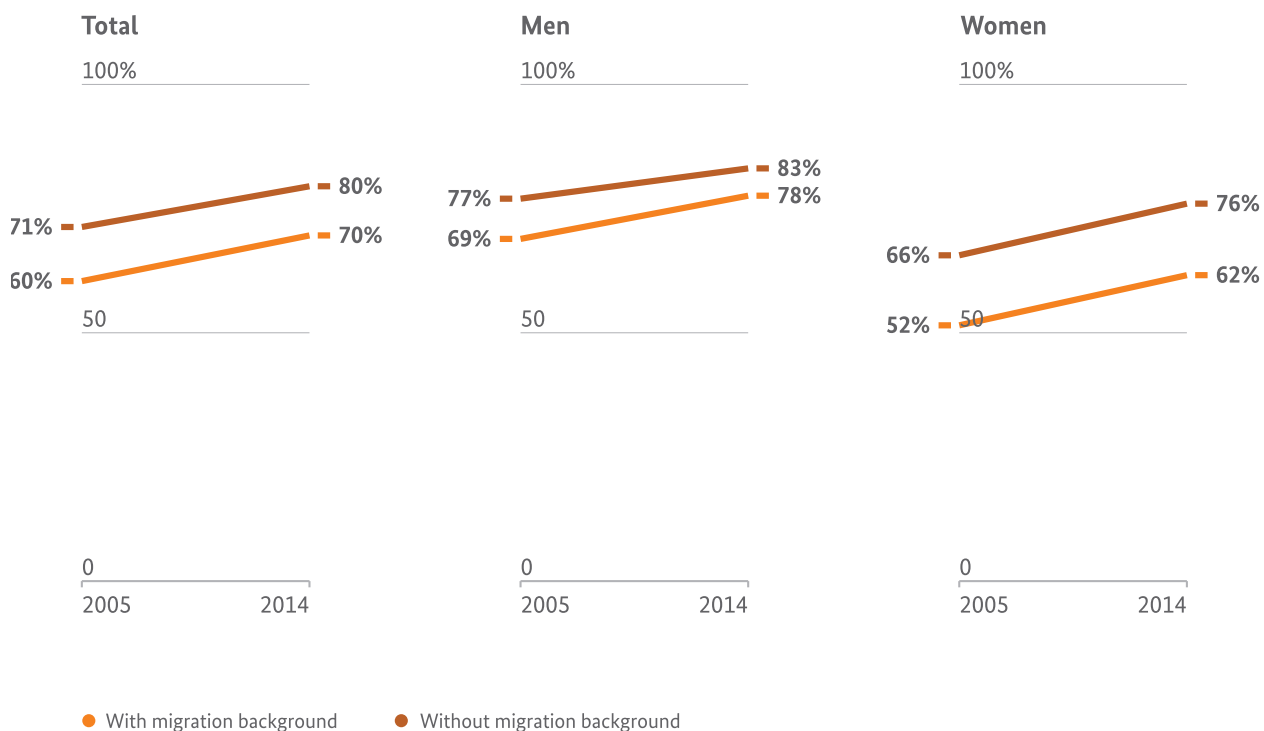
More and more older people are also remaining in the workforce. There are around three million more people aged 55 to 64 working today than there were in 2000.

Some 52 per cent of 60 to 64-year-olds are working today; the figure in 2005 was only around 28 per cent. The number of older women in the labour force has increased significantly, while the percentage of women without some type of professional training has continued to decrease.

The figures show that **people with a migration background** have also benefited from the positive development of the labour market. The employment rate for such individuals rose significantly between 2005 and 2014 –from approximately 60 per cent to 70 per cent. Nevertheless, **a substantial gap** remains between such individuals and those without a migration background, whose employment rate stood at around 78 per cent in 2014 (see Fig. 19).

There are also **clear differences between men and women** with a migration background. At 78 per cent, the employment rate for men with a migration background is only five percentage points lower than the figure for men without a migration background. However, women with a migration background have an employment rate of only around 62 per cent, as compared to 76 per cent for women without a migration background.

Figure 19: Employment rate of persons with migration background



Source: German Federal Statistical Office, Microcensus.

Since 2005, the “Integration through Qualification Network” (*Netzwerk Integration durch Qualifizierung*), which receives funding from the Federal Government, has been supporting the integration of persons with a migration background into the labour market by helping immigrants obtain recognition of their qualifications and find jobs that correspond to their education and training. The “Integration through Qualification Network” now includes 16 member networks at the federal state level and 365 sub-projects.<sup>67</sup>

The importance of successfully integrating individuals with a migration background into the labour market has increased given the high number of **refugees who came to Germany in the recent past**. Immigration will have an increasingly visible impact on the development of unemployment, and this will remain the case for several years. That is because it will take some time to successfully integrate all refugees. It is therefore all the more important to implement effective measures that speed up the asylum procedure and provide targeted support for the integration of refugees into the labour market so as to increase their incomes and ease the burden on the government budget. Research has shown that there are several key factors for achieving success here. The most important of these are the ability of refugees to learn German, the level of a refugee’s education and the extent to which academic degrees and vocational education certificates can be recognized.<sup>68</sup>

A model project known as “Early Intervention” was targeted to help **refugees** in Germany. The goal here was to identify those refugees offering potential for the labour market and society as a whole at an early stage and then incorporate them into **labour market integration** measures even before any decision had been made on their asylum application. Within the framework of the Integration Act (*Integrationsgesetz*), most of the provisions of which went into force on 6 August 2016, a total of 100,000 additional work opportunities were created in order to help integrate refugees into the German labour market. These opportunities are part of a temporary labour market programme managed by the Federal Employment Agency.

The Integration Act also temporarily makes available several employment-promotion instruments for refugees who have a certain legal status and have been

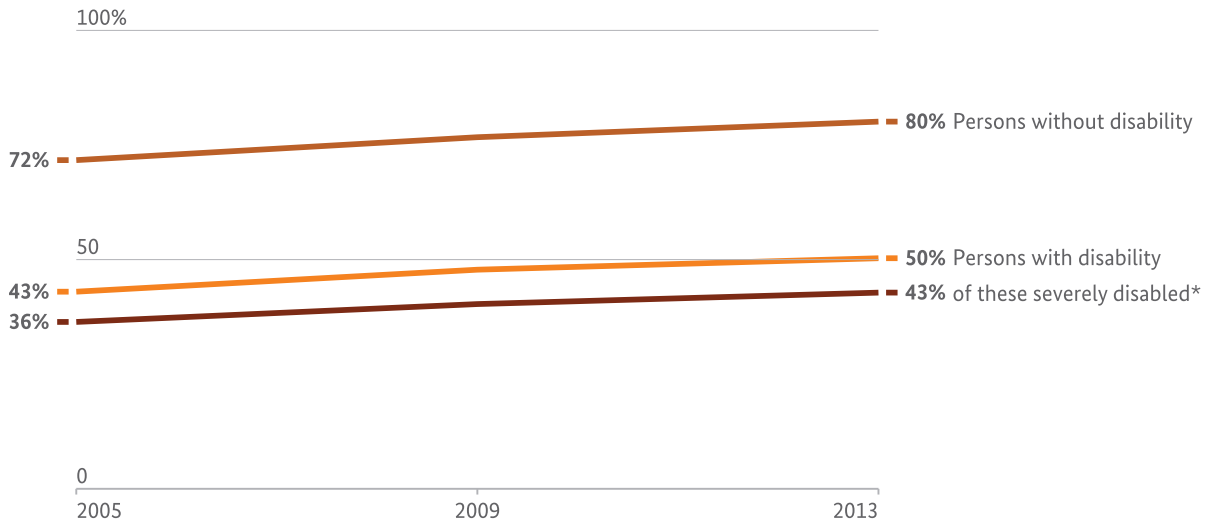
in the country for a certain amount of time. These instruments offer better legal guarantees for the entire duration of a training programme to both refugees and companies that provide training positions. They also create a legal framework for such immigrants to enter the labour market after they successfully complete their training.

Integration goes beyond just the labour market, however. **Social integration** helps ensure that immigrants understand their new surroundings and that they themselves feel understood. In this sense, acquiring knowledge of the German language and learning about values and behavioural conventions in German society are essential if integration is to succeed. Moreover, the sooner integration begins, the more successful it can be in the long run. Integration courses are the government’s core integration instrument here. Both the Asylum Procedures Acceleration Act (*Gesetz zur Asylverfahrens-beschleunigung*) and the Integration Act expand the obligations that refugees with a good chance of receiving asylum can be subjected to and ensure that knowledge of the German language is acquired even as the asylum procedure continues.

The employment rate of **people with disabilities** has **risen significantly** for more than ten years, and by roughly seven percentage points between 2005 and 2013 (see Fig. 20).<sup>69</sup> Here as well, it is important to reduce the gap between those with disabilities (employment rate of around 50 per cent) and those without (approximately 80 per cent). The employment rate of men and women with severe disabilities (degree of disability: 50 per cent or higher) is only 43 per cent. The employment rate for this group increased by more than six percentage points between 2005 and 2013.

The Federal Participation Act (*Bundesteilhabegesetz*) will therefore significantly expand the existing range of support programmes. Among other things, the goal here is to offer people with disabilities more opportunities to choose between special workshops for people with disabilities and jobs on the regular labour market. In particular, the Federal Government is looking to **integrate** more people with disabilities into the so-called **first job market**, which refers to those jobs that are not subsidised by the government.

Figure 20: Employment rate of persons with and without disability



Source: German Federal Statistical Office, Microcensus. Degree of disability: 50 per cent or higher.

The indicator **employment rate** provides information on the percentage of people between the ages of 20 and 64 who work at least one hour a week in order to earn money.

In most statistics, however, the employment rate refers to the percentage of 15 to 64-year-olds who work. The focus on the 20 to 64-year-olds here is due to the fact that people between 15 and 20 years are usually still in school, in training, or at university, and are therefore not available to the labour market.

Data on the employment situation of people with disabilities is only collected once every four years (most recently in 2013).

Types of employment: Indicator  
Standard and non-standard employment

*“I’m part of the younger generation (21) and I’m terribly worried about the future. All you hear about now [...] are temporary jobs offering no opportunity for a secure position at a company.”*

from an online response submitted on  
21 September 2015

People in Germany believe that the labour market should offer a sufficient number of secure jobs. Most people find it a burden when insecure jobs become the norm over the long term, which is why many in the national dialogue criticised the use of fixed-term employment contracts and subcontracted labour.

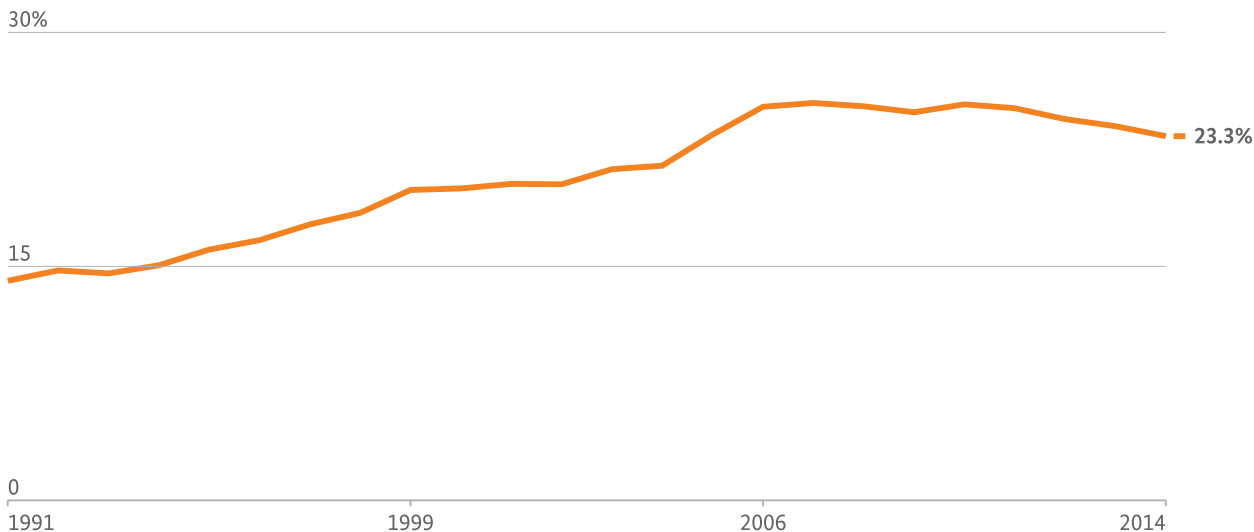
The term **“non-standard employment”** refers to a broad variety of employment types, including fixed-term employment contracts, marginal employment, part-time employment (up to 20 hours per week) and temp work (subcontracted labour via agencies).

Non-standard employment is partly a matter of choice, partly accepted as a way of entering the labour market and partly involuntary.

Fixed-term employment contracts are, for example, common at universities during the period between a master and doctoral degree. So-called mini-jobs are a type of marginal employment popular among students, retirees and women who are not looking for a full or part-time job and simply want to make some money. Women in particular often work part-time voluntarily in order to more easily reconcile work and family responsibilities. However, such women frequently prefer to work longer hours than are generally offered to them.

Some people do not wish to work in a non-standard employment relationship but do so in the hope that it will build a bridge to standard employment.<sup>70</sup> Previously unemployed individuals who receive assistance from the government to start a business or work freelance also usually end up working more or less permanently.<sup>71</sup> However, those people are not considered to be in non-standard employment because they are not working for an employer (dependent employment).

Figure 21: Non-standard employment as a share of dependent employment



Source: German Federal Statistical Office, Microcensus.

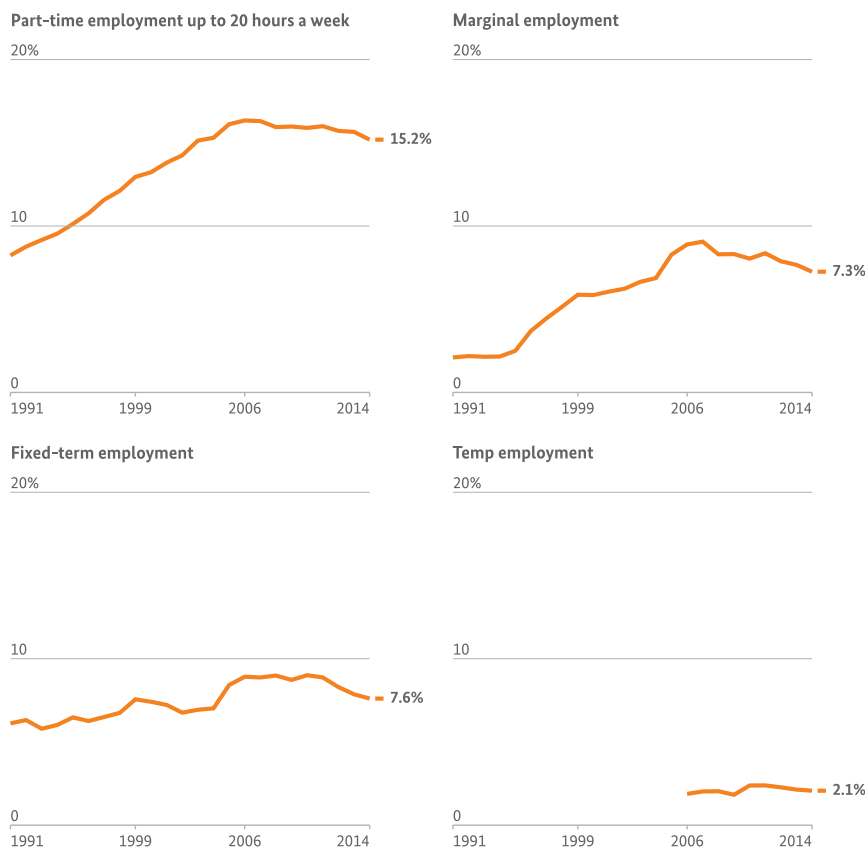
Studies have revealed **significant differences** between people in standard and non-standard employment relationships. Wages and salaries can be lower in non-standard jobs and people who have such jobs participate less frequently in further education. They also tend to have less stable careers. Working too long in non-standard employment deteriorates further job prospects and usually increases the risk of poverty in both one's working life and in retirement.<sup>72</sup> In such situations, non-standard employment can thus put an individual's wellbeing at risk.<sup>73</sup> In general, people in a non-standard employment situation tend to express a lower degree of **satisfaction with their lives** on average.<sup>74</sup> Life satisfaction research has found that temp work in particular is associated with significantly lower levels of satisfaction, although satisfaction levels among temp workers are **higher than those reported by the unemployed**.<sup>75</sup>

The **comparison of standard and non-standard employment** shows the development of the relationship

between different types of employment on the German labour market. There were approximately 36 million employed persons between the ages of 20 and 64 in Germany in 2014. Of that number, some 3.7 million were self-employed and approximately 31.9 million were in dependent employment. Non-standard employment accounted for around 23.3 per cent of all dependent employment in 2014. This proportion has decreased since peaking in 2007 at approximately 25.5 per cent (see Fig. 21).

Some 4.8 million people worked in part-time jobs in 2014, while 2.4 million were working under fixed-term employment contracts and 2.3 million had jobs that fall under the category of marginal employment. By comparison, there were only relatively few people employed in subcontracted temp jobs: At approximately 661,000, this figure corresponds to 1.8 per cent of all employed persons, or 2.1 per cent of all people in a dependent employment relationship (see Fig. 22).

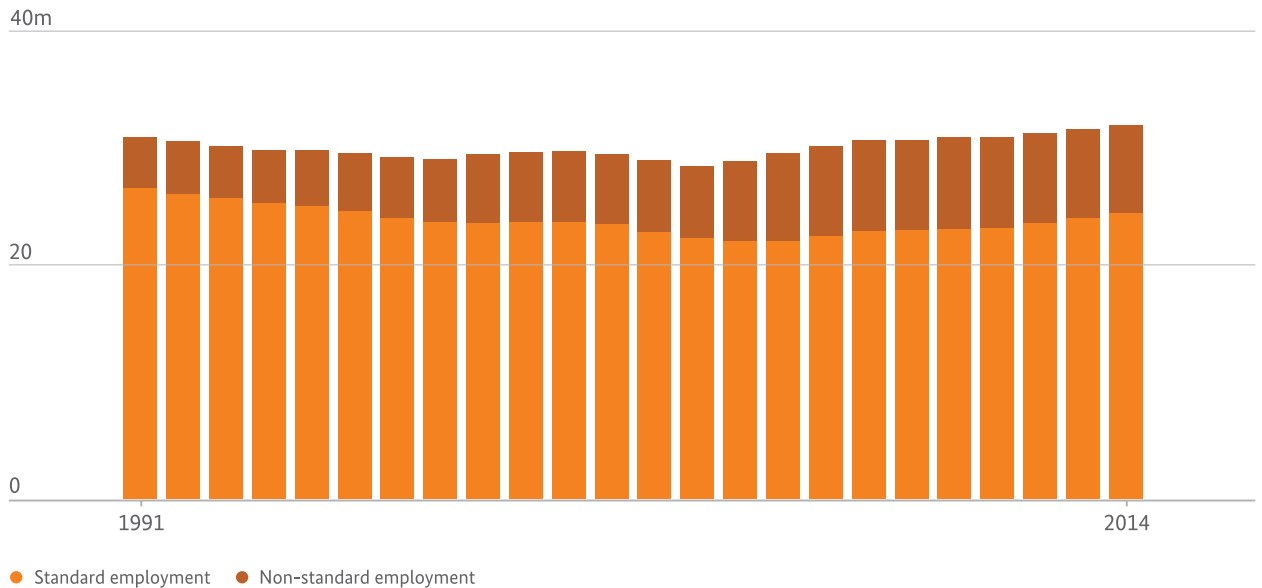
Figure 22: Different forms of non-standard employment as a share of dependent employment



Source: German Federal Statistical Office, Microcensus. It should be noted that the various forms of non-standard employment are not distinct, and that individuals in a non-standard employment relationship might even be counted twice if they work part-time and have a fixed-term employment contract, for example.



Figure 23: Number of persons in non-standard and standard employment



Source: German Federal Statistical Office, Microcensus.

**Both non-standard and standard employment have increased** in Germany since 2000 (see Fig. 23). The number of people in a non-standard employment relationship rose from roughly 5.9 million in 2000 to 7.5 million in 2014. The highest level was recorded in 2010 (approx. 7.9 million), and a slight decline has been observed since that time. The number of people in a standard employment relationship increased from 23.7 million to 24.5 million between 2000 and 2014. In other words, the figures show no evidence of an increase in non-standard employment coinciding with a decrease in standard employment.

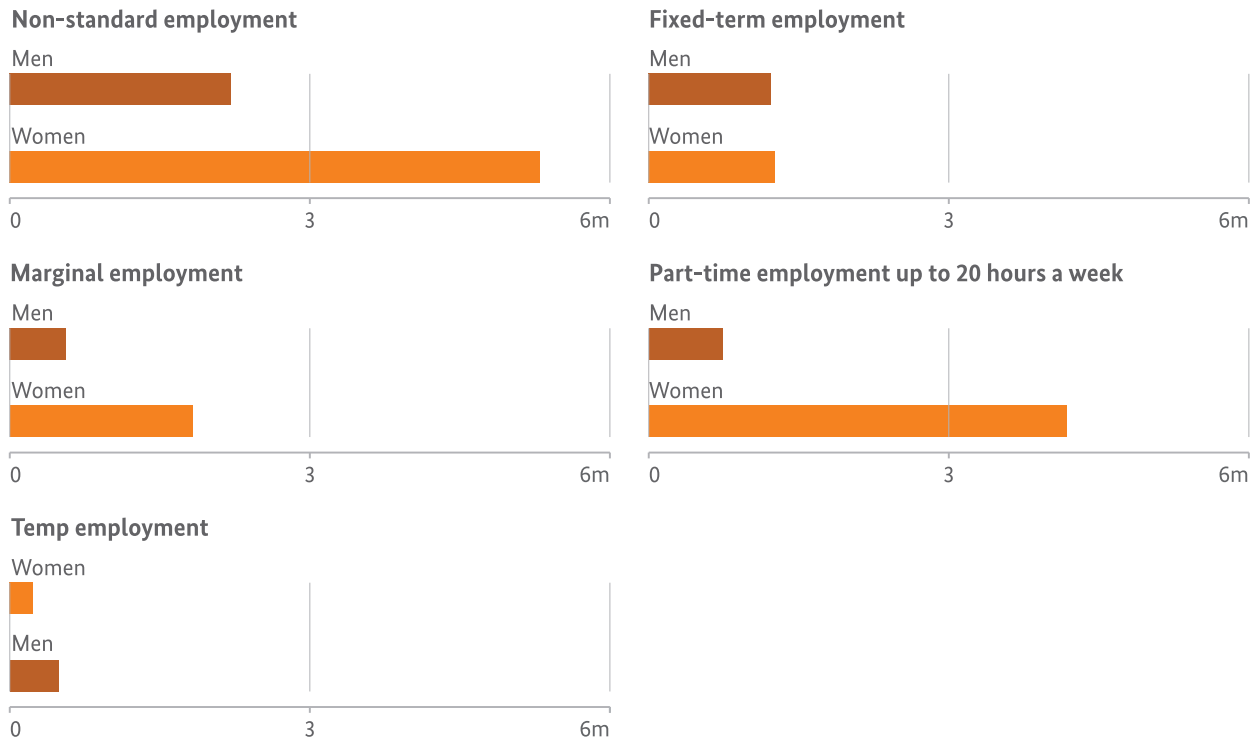
Non-standard employment is much more common among women than men (see Fig. 24). This is not due to fixed-term employment contracts, for which there are no gender differences. The main cause of this phenomenon is part-time work and marginal employment; here women are in the majority. Men are more likely to be employed as subcontracted workers.

Many women who work part-time or in marginal employment relationships **would like to work more**, although most are not looking for a full-time job.<sup>76</sup> Part-time and mini-jobs often provide women with the flexibility they are looking for in terms of managing

work and family. At the same time, however, working too long in part-time jobs and marginal employment relationships can negatively impact long-term income opportunities and increase the risk of poverty, particularly in the event of divorce, as well as later on in old age (see the indicator *risk-of-poverty rate* in the dimension “A secure income”).

Whereas men tend to opt for part-time work at the beginning (in school, at university) and at the end of their working lives (part-time work for older employees, part-time work in retirement), women of all ages work part-time, especially after they have children. The most important reason for reducing working hours is the need to care for children or a family member who requires long-term care, although only one out of five women cite the need to provide care themselves as a reason for working part-time. Other reasons for part-time work include personal or family obligations, school or university attendance and training and continuing education. Part-time work can also be necessitated by illness or a situation in which no full-time job can be found. The incentives created by the tax and social insurance contribution systems also affect decisions on whether to look for a job or increase one’s working hours.

Figure 24: Number of persons in different forms of non-standard employment by gender 2014



Source: German Federal Statistical Office, Microcensus.

Labour market reforms, and in particular the Act for Modern Services in the Labour Market (*Gesetz für moderne Dienstleistungen am Arbeitsmarkt*), – the Hartz-Reforms – played a major role in reducing unemployment and increasing the number of jobs subject to social insurance contributions. At the same time, however, the higher employment rate was also in part due to the increase in non-standard employment. The measures implemented to make the labour market more flexible also led to regulation loopholes. The Federal Government addressed these loopholes and passed legislation in 2016 designed to focus labour leasing (temp and subcontracted labour) on its core function and prevent abuse in the systems used for contracting labour.

In order to improve employment opportunities for people without professional qualifications, the Federal Government also supports the **further education of low-skilled individuals**. Among other things, a law for strengthening professional further education and training

and unemployment insurance protection (*Gesetz zur Stärkung der beruflichen Weiterbildung und des Versicherungsschutzes in der Arbeitslosenversicherung*) went into force on 1 August 2016. This law improves access to professional further education and training for low-skilled workers and the long-term unemployed in particular. This improvement is brought about through support for the acquisition of basic skills, the extension of the duration of measures that allow companies to determine the suitability of a potential employee, and the introduction of a continuing education bonus for trainees who pass their interim and final examinations. In addition, the Federal Employment Agency’s “Late-starter Initiative” (*Spätstarter-Initiative*) for providing training to young people without professional qualifications was refined and prolonged on 1 August 2016. A joint project being conducted by the Federal Employment Agency and selected temp agencies is also examining ways for low-skilled workers to obtain recognised professional qualifications.

Since 2006, a Federal Employment Agency programme for low-skilled and older workers (*Weiterbildung Gering-qualifizierter und beschäftigter älterer Arbeitnehmer in Unternehmen*) has been supporting the further training of older and low-skilled employees in small and medium-sized businesses especially. In 2015, a program for managing structural transformation, IFLAS (*Initiative zur Finanzierung des Strukturwandels*), made it possible for 30,000 low-skilled unemployed individuals and others seeking to re-enter the labour market to obtain recognised professional qualifications or partial qualifications.

The Federal Employment Agency also offers advice to small and medium-sized businesses on **family-oriented human resources policies**. The focus here is on policies that create opportunities for part-time vocational training and the conversion of mini-jobs into employment positions subject to social insurance contributions in a manner that makes such a measure worthwhile to companies. The Federal Government also provides **income supplements** to help people whose income is not sufficient to achieve an adequate standard of living.

The indicator **standard and non-standard employment** provides information on the share of people who work in different types of employment.

According to the German Federal Statistical Office, **non-standard employment** encompasses fixed-term employment contracts, marginal employment (mini-jobs), part-time employment (up to 20 hours per week) and temp work (subcontracted labour via agencies). Standard employment, by contrast, involves a permanent full-time employment contract directly with an employer.

In certain situations, individuals recorded in the statistics on non-standard employment can be **counted twice** – for example if they work part-time (less than 20 hours per week) and also have a fixed-term employment contract. The actual **total number of people** in a non-standard employment relationship is therefore **lower** than the sum of individuals in various types of non-standard employment relationships.

As was the case with the employment rate indicator, the figures on standard and non-standard employment relate to the age group of 20 to 64-year-olds.

**Well-paid work:**  
Indicator Real net wages and salaries

*“A postman has to be able to feed his family without needing government support.”*

from the national dialogue event of the Arbeiterwohlfahrt in Berlin on 17 June 2015

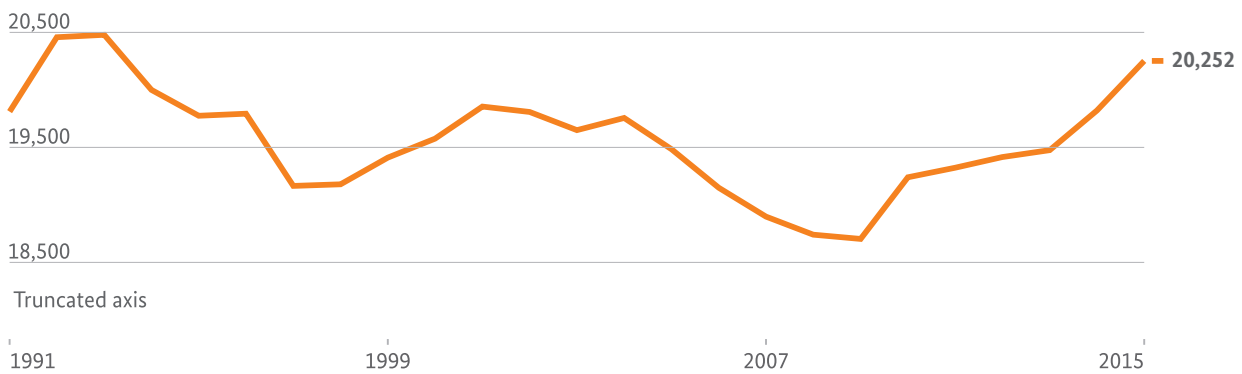
The level of wages and salaries was a frequently addressed topic in the national dialogue. Participants expressed the belief that remuneration should be fair and adequate and enable a reasonably comfortable life. Many citizens voiced their support for the minimum wage, and some individuals would also like to see the introduction of an unconditional basic income.

The indicator **real net wages and salaries** provides information on changes over time in the annual real net wages and salaries (i.e. adjusted for inflation) of

**individuals in a dependent employment relationship.** In this sense, it can be viewed as an indicator of the purchasing power of an average worker.

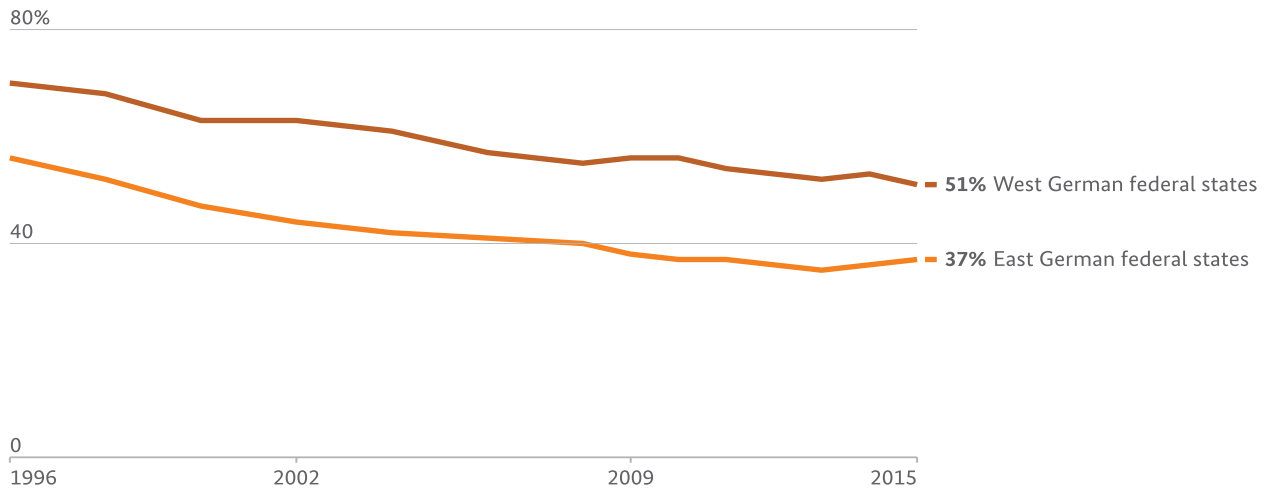
Between 1991 and 2015, real net wages and salaries per employee (adjusted for price changes) ranged from €19,800 to approximately €20,300, whereby there were several fluctuations during this period (see Fig. 25). The average increase in earnings over the last 25 years has not kept pace with overall economic growth, however. Following a sharp increase at the beginning of the 1990s, real earnings stagnated up until the late 2000s – and even declined during certain periods in between. This sluggish development was in part due to the high costs associated with German reunification. The stagnation and decline in real earnings also had to do with the fact that the Hartz-Reforms made it possible to find jobs for an increasing number of low-skilled workers: Wages for such jobs are often below the average, and therefore had a negative effect on the growth of average real earnings.

Figure 25: Net wages and salaries per employee (adjusted for price changes, in euros)



Source: German Federal Statistical Office 2016, Volkswirtschaftliche Gesamtrechnungen, Fachserie 18, Reihe 1.4.

Figure 26: Coverage of employees by collective agreements



Source: Institute for Employment Research (IAB) Betriebspanel 2015.

The overall stagnation of real earnings over the last two decades also reflects a decline in the scope of collective agreements. According to the Establishment Panel of the Institute for Employment Research (*Institut für Arbeitsmarkt- und Berufsforschung*), seven out of ten people in West German federal states worked in businesses covered by collective agreements in 1996 (see Fig. 26). By 2015, that figure had decreased to just five out of ten. The collective agreement system in East German federal states was weak from the very beginning after reunification. However, here as well, the proportion of employees covered by such agreements declined from approximately six out of ten in 1996 (56 per cent) to just under four out of ten in the most recent study (37 per cent). At the same time, the share of employees covered by a company-specific agreement between the employer and works council is somewhat higher in East German federal states (12 per cent) than in the West (8 per cent). These percentages have not changed over time.<sup>77</sup> It should also be noted here that the stipulations of a certain percentage of employment contracts are based on existing collective agreements, which means that such agreements shape the employment conditions in specific sectors to a certain extent that goes beyond the enterprises covered by each collective agreement.

The collective agreements negotiated by the collective bargaining partners, namely employers and unions, have a major impact on the development of earnings in Germany.

Productivity within a sector or company also matters when it comes to negotiations on collective agreements. In the past, a wage policy that focused on productivity and employment helped to increase the employment rate.

With respect to real net wages and salaries, the development has been even more positive since 2005. Although they declined once again between 2004 and 2009, this development was largely due to structural changes in the labour market following the previous job growth. More specifically, until 2009 this growth was driven by a disproportionate increase in the number of women in part-time employment, as well as the number of people in other non-standard employment relationships. This, in turn, led to lower average earnings for all employees (see the indicator *standard and non-standard employment* in this dimension). Since 2009, there has been a noticeable increase in real net wages and salaries per employee, which reached approximately €20,300 in 2015, as compared to €18,700 in 2009 (see Fig. 25). This corresponds to an average annual increase of 1.3 per cent. In other words, recent economic growth has also been accompanied by a significant increase in real net wages and salaries for employees in Germany.

The German Federal Government understands that the development of wages and salaries is largely determined by collective bargaining partners. Nevertheless, aside from the proven and constitutionally established principle of

collective bargaining in a social market economy, it is clear that political decisions and policies also have an effect on the development of average real wages and salaries.

With its introduction of a **legally mandated minimum wage** of €8.50 per hour at the beginning of 2015, the German Federal Government is now protecting employees against inadequate wages, and is thus influencing the lower end of the income scale. The minimum wage has also reduced the share of employees who draw social assistance benefits despite having a full-time job. An independent Minimum Wage Commission will decide whether and how the minimum wage might be raised in future. This commission will also monitor and scientifically evaluate the introduction of the minimum wage.<sup>78</sup>

A progressive tax system can lead to a situation in which an increase in gross earnings that merely keeps pace with inflation can actually lead to a decline in real net wages and salaries. This phenomenon is known as “**bracket creep**”<sup>79</sup>. Bracket creep was reduced for 2015 and 2016 (as will also be the case in 2017 and 2018) by increasing the tax allowances for adults and children and altering the tax table. The German Federal Government continually monitors bracket creep and examines various ways to counteract it.

Action also needs to be taken with regard to **the gender pay gap**. In terms of average gross hourly earnings, this gap amounted to approximately 21 per cent for Germany as a whole in 2015, whereby the difference of eight per cent in East German federal states was much lower than the difference in the West (23 per cent).<sup>80</sup> The gap between the gross hourly earnings of men and women is decreasing only very slowly. For example, only minor changes occurred here in both the East and West German federal states between 2006 and 2015. A large portion of the difference results from the fact that women interrupt their employment more often than men, and for longer periods of time, due to family-related reasons. In addition, there are fewer women than men in management positions. Women also work part-time more frequently, and such work is generally not paid as well as full-time work. Outdated notions concerning gender roles could also be a factor here. Such attitudes tend to put women at a disadvantage and limit their career opportunities. Direct discrimination is also a problem.

Indeed, a comparison of men and women with equal qualifications in similar professions and positions reveals a pay gap of approximately seven per cent.<sup>81</sup>

The German Federal Government wishes to use legislation to achieve greater compliance with the principle of “equal pay for equal work”. In future, every employee will therefore have the right to view information on earnings differences between men and women in their company.

The indicator **real net wages and salaries** provided by the **Federal Statistical Office** measures how annual net wages and salaries of employees change over time in real terms. That is to say taking into account price changes (in line with the consumer price index, 2010=100).

**Net wage and net salary** are gross earnings minus taxes and social insurance contributions. They are therefore adjusted for inflation in order to reflect the real purchasing power of wages and salaries.

Net wages and salaries are not the same as average total income per person, as the indicator only includes data on the income of people in a **dependent employment relationship**. Government transfer payments, freelance and self-employment income, capital assets and rental as well as leasing income are not part of the real net wages and salaries figures. Instead, they are included in the net household income indicator (see the dimension “A secure income”).

**Working conditions and meaningful work:**  
Indicator Job satisfaction

*“It’s important to me to do something meaningful. This can be an occupation, a job that I enjoy doing, but one that also challenges me and helps me grow [...]”*

from an online response submitted on 5 October 2015

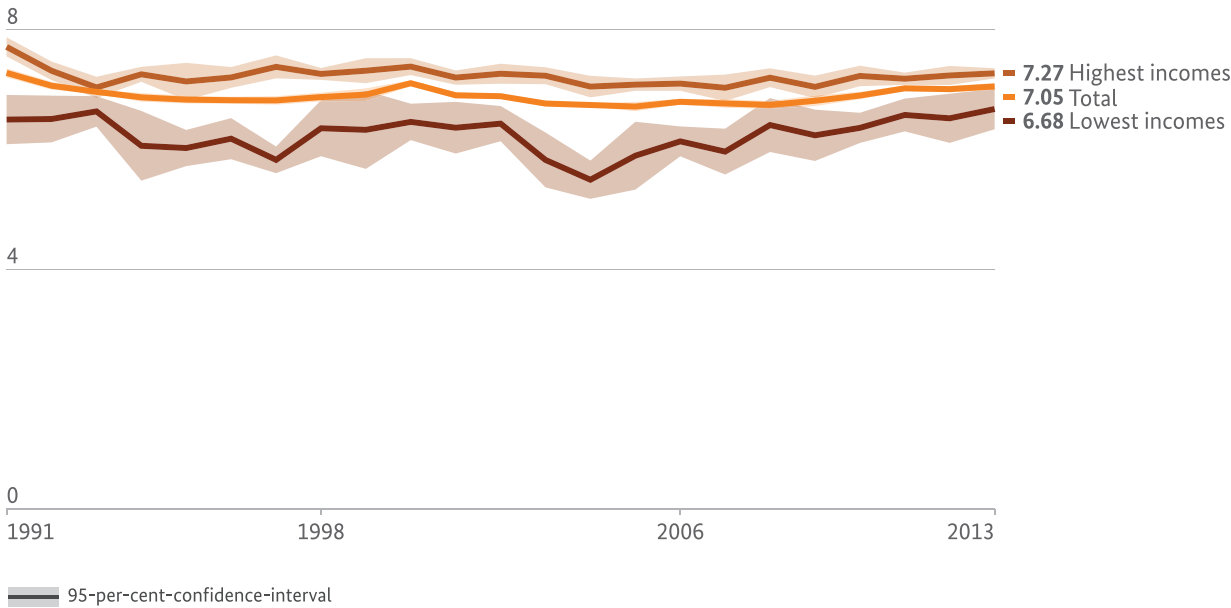
Work was not viewed solely as a means to an end by national dialogue participants. People want to be satisfied with what they do for a living. They want to make a meaningful contribution to society and realise their full potential through their work.

Dialogue participants said they would like to see pleasant work climates with good conditions, such as flexible working hours and more mobile work options.

Researchers have also examined the relationship between work conditions and job satisfaction.<sup>82</sup> They have found that high levels of stress and conflicts in the workplace are associated with lower levels of satisfaction – and even a higher risk of illness as well.<sup>83</sup> Conversely, support from colleagues and supervisors, as well as the ability to work independently, have a positive effect on job satisfaction.<sup>84</sup>

The majority of people who work in Germany are **satisfied with their jobs**, and this satisfaction has remained constant **for the last 25 years or so**. Average job satisfaction on a scale of zero (very dissatisfied) to ten (very satisfied) has remained at around seven since 1991 (see Fig. 27).

Figure 27: Job satisfaction by income group



Source: Calculations by DIW Berlin, SOEPv31.1. Job satisfaction is measured on a scale of zero (very dissatisfied) to ten (very satisfied).

**Socio-demographic aspects** have **no major influence** on the degree of satisfaction with one's job. There are also no significant differences between men and women or between people with a migration background and those without. Age also does not influence job satisfaction to any great extent. With the only exception of workers between the ages of 45 and 54, whose satisfaction with their jobs is marginally lower than that expressed by younger workers.

However, data from the last 25 years shows statistically significant differences in job satisfaction among different income groups. As might be expected, the level of job satisfaction in the top income group (top ten percent of the income distribution) has been consistently higher during this period than the level of satisfaction in the lowest income group (bottom ten percent). The gap between the two groups has changed over time, however, and was at its highest in 2004 (1.6 points on the scale). Among other things, the major difference in job satisfaction can be explained by the fact that the uncertainty on the labour market which resulted from the historically high unemployment rate in January 2005 was particularly strong among unskilled workers – and thus among those in the lower income brackets. In the years that followed, however, the gap between the job satisfaction rates of high earners and low-income individuals continually narrowed, whereby this was mainly due to higher job satisfaction rates at the lower end of the income distribution (bottom ten per cent).

Working hours (i.e. part-time or full-time) have no effect on job satisfaction. However, more detailed studies of job satisfaction show **that people employed in subcontracted temp jobs and individuals who are registered as unemployed but also work a few hours a week** (often in mini-jobs) are **much less satisfied** with their job situation.<sup>85</sup> The German Federal Government has been supporting the training and further education of low-skilled workers for many years now in order to improve the future employment prospects for these groups. The steps that have been taken to focus labour leasing (temp and subcontracted labour) on its core function and prevent abuse in the systems used for contracting labour can also have a positive impact here (see the measures discussed for the indicator *unemployment rate*).

Many factors that play a major role in job satisfaction cannot be directly influenced by the government. For example, people tend to be more satisfied with their jobs when they also feel well integrated into society in general, as well as when they are happy and optimistic by nature and tend not to get easily annoyed or afraid.<sup>86</sup> The government establishes and manages the framework for good and healthy work conditions. Nevertheless, shaping the work climate and environment is primarily the responsibility of workers and their employers, as well as the collective bargaining parties. The decisions made here have a major impact on job satisfaction, which is another reason why the freedom to reach binding collective agreements, and the principle of co-determination, are so important.

The indicator **job satisfaction** is measured on the basis of survey data.

**Job satisfaction** is a complex issue. It can be measured in detailed surveys by having people report on their satisfaction with various aspects of their jobs – for example their earnings, their enjoyment of their work, their working conditions and their workplace climate. Alternatively, people can simply be asked about their overall satisfaction with their jobs. The SOEP uses the latter approach. In this survey, individuals between the ages of 20 and 54 in private households are asked to express their satisfaction with their jobs on a scale of zero to ten. The SOEP results were used in the indicator system for this study, as a more detailed survey of job satisfaction would go beyond the scope of this report on wellbeing in Germany.





# Equal Educational Opportunities for All

### ■ 3. Equal Educational Opportunities for All

*“Education is often a stepping stone to a good life.”*

from an online response submitted on  
30 August 2015

This quote reflects many discussions on education in the national dialogue. Regardless of their age, most people agreed that education is one of the most important dimensions of wellbeing. Various aspects were mentioned in the national dialogue. Participants focused especially on topics such as **equal opportunities in the educational system**, well-equipped schools, keeping schools open in rural regions, the use of modern learning techniques, the quality of universities, and continuing education for senior citizens.

*“A federal school system makes no sense anymore. We have to get rid of all this regionalism; I don’t see any reason why we should have different school-leaving certificates.”*

from the national dialogue event of the Federal  
Ministry for Economic Affairs and Energy in  
Magdeburg on 7 July 2015

Many participants said it was important to them that school **curricula be practically oriented** and teachers well trained. More specifically, participants mentioned the importance of teaching finance subjects (i.e. the economy and the tax system), as well as practical everyday subjects such as nutrition and computer skills. Many emphasised the need to hire more teachers and ensure that schools are well equipped. Although most participants expressed their admiration for the German educational system, they also criticised certain aspects, most notably the federal structure of the system. For example, many citizens complained about the differences between the school and examination systems and the curricula in the various federal states. Some dialogue participants also indicated that they have grown tired of all the reforms that have been made to the educational system. Several dialogue participants called for a better planning ability within the educational system.

Most people believe that education does not end when a person leaves school or earns a university or vocational degree. Many people also appreciate the opportunities for **life-long learning** that are available in Germany.

### ■ Education – the key to a good life:

Indicator Persons who have completed at least vocational training or a university entrance qualification

*“Education is more than knowledge.”*

from the national dialogue event at the Greek  
Orthodox Metropolis in Bonn on 23 June 2015

Education not only gives people a sense of orientation; it also promotes good judgement and builds self-confidence. That is why ensuring equal access to education is so important – even a question of equity. More than anything else, education helps people develop their talents in a way that improves their **opportunities on the labour market**. The dialogue participants were very much aware of this fact. Indeed, scientific studies have shown that highly qualified individuals are not only exposed to fewer labour market risks; they also enjoy better career opportunities and earn more. In this sense, education can lead to greater satisfaction with one’s own life.<sup>87</sup>

Education is the most important resource for the German economy. Technological transformation is leading to a continual increase in **demand for high-skilled employees**. The pillars of the German educational system are the country’s schools, its universities and professional and technical schools, and its vocational education system. Vocational education in Germany is particularly appreciated, and this fact was reflected in the national dialogue.

For this reason, a country’s performance in education – i.e. the education level of a society and by approximation the quality of the educational system itself – is measured by the **proportion of 25 to 64-year-olds who have completed at least vocational training or a university entrance qualification**.<sup>88</sup>

The strengths of the German educational system become apparent in a comparative perspective: In 2014, 87 per cent of all 25 to 64-year-olds in Germany had completed at least vocational training or a university entrance qualification. By comparison, the OECD average was more than ten percentage points lower (76 per cent). Particularly noteworthy is the continual increase in

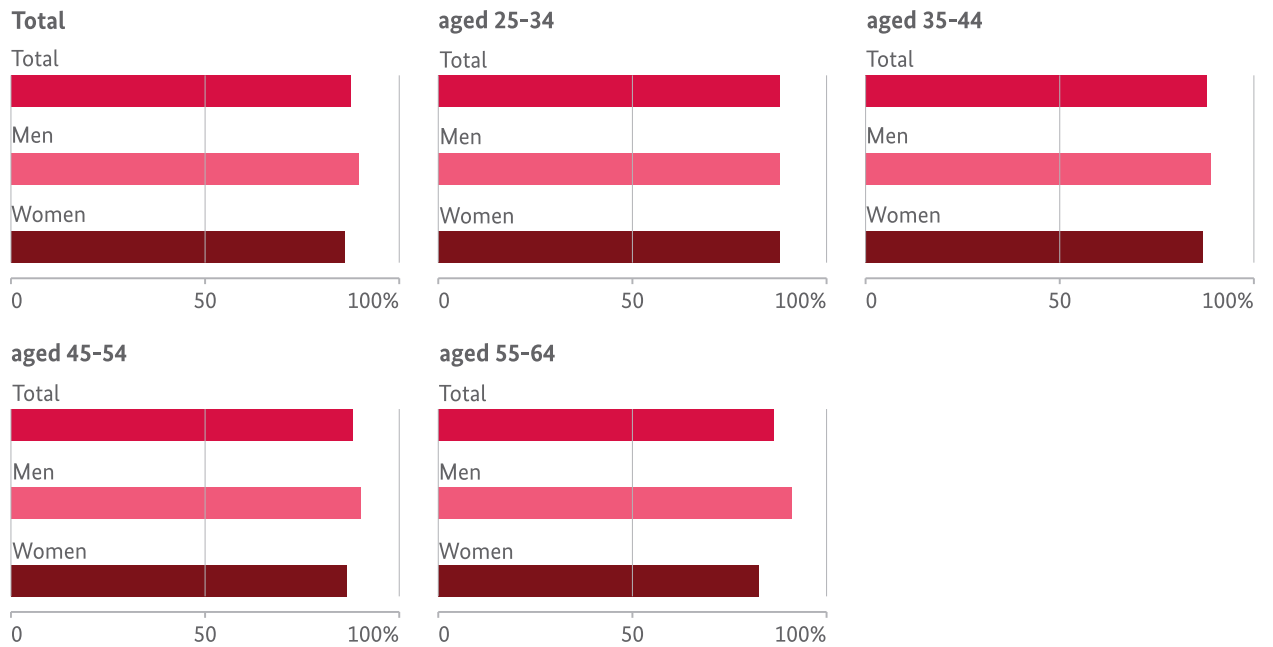
**educational achievement on the part of women in Germany** (see Fig. 28). Whereas the proportion of men who have completed at least vocational training or a university entrance qualification has remained stable at a high level since 1991 (approximately 89 per cent), the figure for women has risen by 11 percentage points to 85 per cent during the same period. This educational success for women is most apparent in the group of women between the ages of 25 and 34, who have now completely caught up with their male counterparts. Moreover, more women than men in this age group now have university degrees and technical and professional certifications.

Education is one of the **keys to successfully integrating** new immigrants. Here as well, immigrants have clearly been **catching up** recently: For example, the proportion of young immigrants who have completed vocational training or a university entrance qualification is increasing significantly. Nevertheless, this group remains well behind the population without a migration background (see Fig. 29). In terms of German education policy, it is important to further narrow the gap. To monitor progress the German Federal government and the federal states publish a National Report on Education every two years.<sup>89</sup> Education policy faces a further challenge as a result of the large number of young refugees who entered the country in 2015 and 2016, some of whom have no school-leaving certificates or higher level qualifications. A 2015 survey asked 220,000 refugees who have been granted asylum or have recognised refugee status about their educational attainment. These refugees were from countries such as Afghanistan, Iraq and Syria. In terms of the highest educational institution they had attended, only around 18 per cent of them had attended a university, while 20 per cent had attended a secondary school, 32 per cent an intermediate school and 22 per cent a primary school. Moreover, seven per cent of the refugees surveyed had no formal school education.<sup>90</sup>

Article 30 of Germany's Basic Law (*Grundgesetz*) stipulates that education is primarily the responsibility of the federal states. All the federal states work together in the Standing Conference of the Ministers of Education and Cultural Affairs to ensure nationwide quality standards for education, particularly through the development of common performance standards and the creation of a joint pool of school-leaving exam topics. The German Federal Government assists the federal states and students within the limits of its authority, and it also implements measures to support students and pupils in all educational institutions. In 2015, for example, the Federal Government took full control over financial aid for secondary-school and university students as provided for by the Federal Training Assistance Act (*Bundesausbildungsförderungsgesetz*, BAföG). In autumn 2016, the financial aid was increased by seven per cent for secondary schools and university students. The idea here is that all young people in Germany should be able to pursue the type of education that corresponds to their interests and talents, regardless of their background or their family's financial situation. The Federal Government also provides additional support through nationwide measures that help young people decide on a profession or a course of study. "Girls' Days" and "Boys' Days" are also held to encourage young boys and girls to pursue the type of career and education they are interested in, without any consideration of gender expectations.

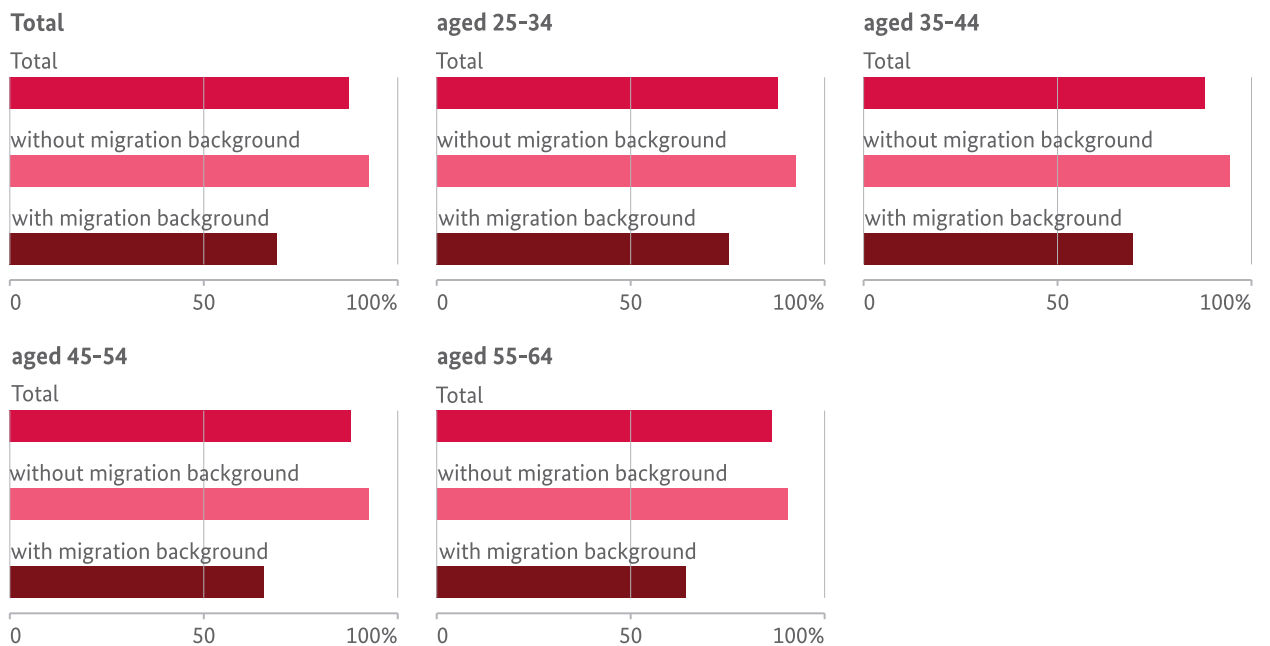
The indicator **proportion of 25 to 64-year-olds who have completed at least vocational training or university entrance qualification** (secondary school II level) measures a country's education performance. The data is based on the Microcensus taken by the German Federal Statistical Office in 2014.

Figure 28: Proportion of persons with at least secondary school (II) graduation by age group and gender 2014



Source: German Federal Statistical Office, Microcensus.

Figure 29: Proportion of persons with at least secondary school (II) graduation by age group and migration background 2014



Source: German Federal Statistical Office, Microcensus.

**Identify and reduce risks at an early stage:**  
Indicator Early school leavers

“Education must be guaranteed – regardless of income.”

from the national dialogue event of the Bertelsmann-Stiftung in Gütersloh on 8 May 2015

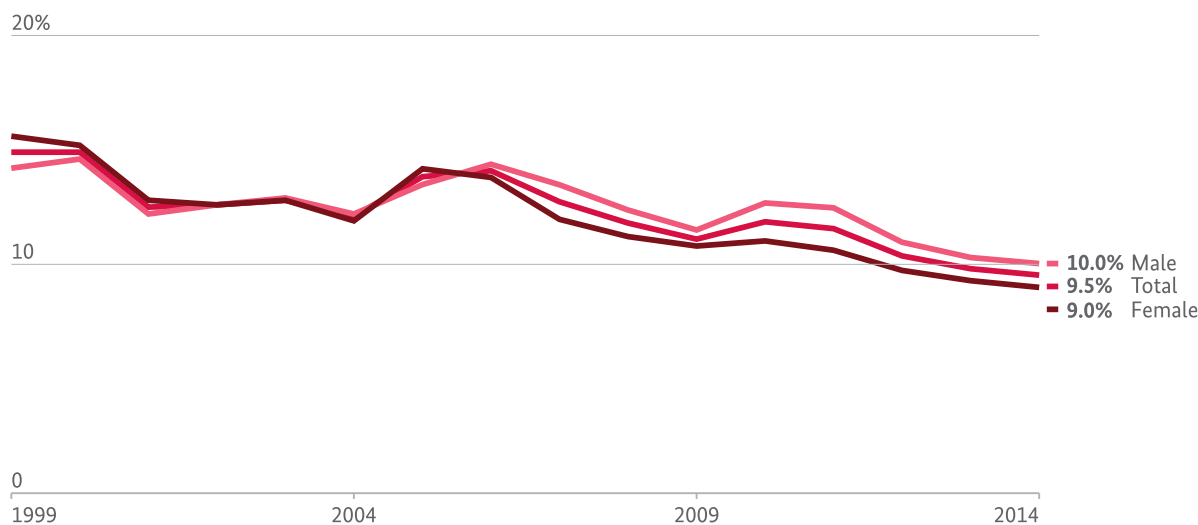
Success in education, or lack thereof, is often determined at an early stage in life. **Those without vocational training or a school-leaving qualification** are less likely to enjoy good opportunities on the labour market. The citizens who participated in the dialogue took the same view, pointing out that the opportunities for societal participation are limited for many people. Indeed, those with few or no qualifications are more likely to be unemployed and have a higher risk of poverty. The correlation has been clearly demonstrated in scientific studies, which show that education reduces the risk of poverty and unemployment among young people.<sup>91</sup> The Federal Government would like everyone to earn some type of school-leaving certificate, degree or professional qualification. This is also the objective of the Alliance for Initial and Further Training (*Allianz für Aus- und Weiterbildung*) initiated by the Federal Government, private sector companies, trade unions, the Federal Employment Agency and the federal states.

**Early school leavers are young people between the ages of 18 and 24** who leave school or a training programme with only lower secondary education or less, and who

are **no longer in school or a training programme**. The German Federal Government and the federal states have committed themselves to reducing the average share of early school leavers to less than ten per cent. The same goal is being pursued within the framework of the Europe 2020 Strategy for Employment and Smart, Sustainable and Inclusive Growth. The policies that have been implemented here are already having a positive impact. Since the goal was first announced by the European Council in 2003, the proportion of early school leavers in Germany has declined from 12.8 per cent to 9.5 per cent (see Fig. 30). At the same time, however, young men in Germany are somewhat more likely to leave school early (ten per cent) than young women (nine per cent). In Europe, the proportion of early school leavers has fallen from more than 16 per cent to slightly more than 11 per cent.<sup>92</sup>

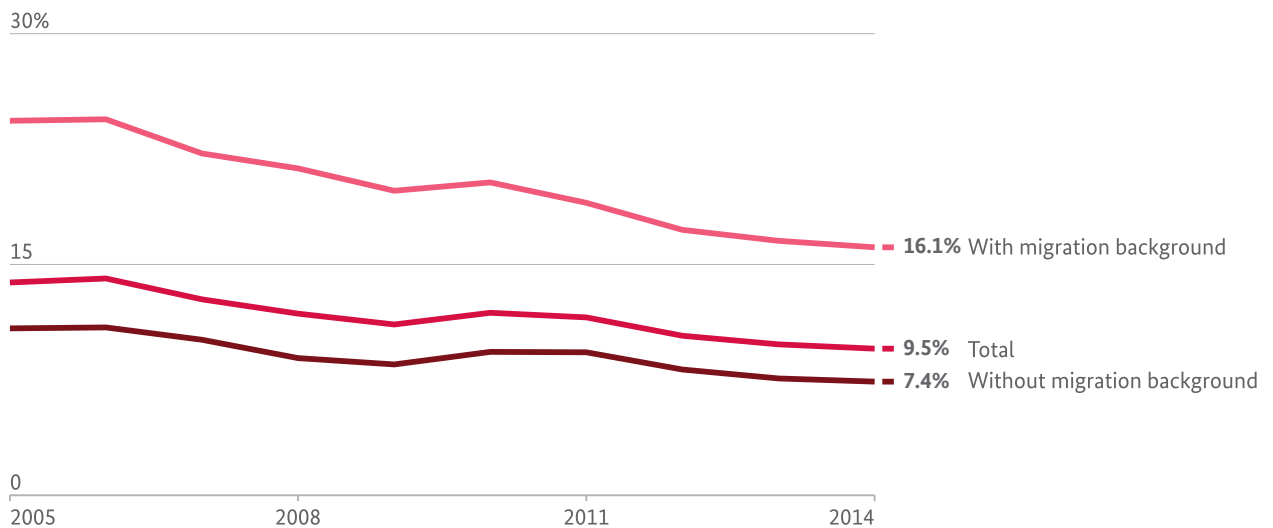
**Young people with a migration background** are at a higher risk to leave school early (see Fig. 31). In 2014, one out of every six migrants (16 per cent) between the ages of 18 and 24 left school or a training programme with only lower secondary education or less, and were not or no longer in school or a training programme. While this figure is still too high, it does mark an improvement from the situation in the past. Back in 2005, when data on the education level of migrants was first collected, the proportion of early school leavers among people with a migration background was still at more than 24 per cent, which means it has since been reduced by one-third.

Figure 30: Early school leavers as proportion of age group 18 to 24 by gender



Source: German Federal Statistical Office, Microcensus.

Figure 31: Early school leavers as proportion of age group 18 to 24 by migration background



Source: German Federal Statistical Office, Microcensus.

As is the case with other education indicators, the further reduction of the gap between people with and without a migration background will likely slow as a result of the large number of refugees who came to Germany with little or no qualifications in 2015 and 2016. A total of 55.9 per cent of individuals applying for asylum in Germany were under 25 in 2015.<sup>93</sup> Here, education integration must be ensured by the federal states in particular, but also by the Federal Government in cooperation with the federal states, businesses, chambers of industry and commerce, teachers and volunteers.

The German Federal Government and the federal states make a great effort to support **young people at risk of failing to attain qualifications**. Various practice-oriented programmes that help young people choose a profession are offered throughout the country by the federal states in cooperation with the Federal Employment Agency. As part of the Education and Training Chains (*Bildungsketten*) initiative, the Federal Government and the federal states are helping young people successfully make the transition from school to a career, among other ways through assistance provided by the ESF programme of the Federal Government for career entry support. In addition, the Federal Government, the Federal Employment Agency,

private sector companies, trade unions and the federal states are all working together in the Alliance for Initial and Further Training in order to improve professional and vocational education programmes and make them more attractive to young people. The alliance also guarantees that anyone interested in participating in a training programme will receive assistance in obtaining professional certification as quickly as possible. In addition, the “Assisted Training” programme helps underprivileged young people successfully complete professional apprenticeships.

The **early school leavers** indicator is defined as the share of young people between the ages of 18 and 24 who leave school or a training programme with only lower secondary education or less, and who are **no longer in school or a training programme**.

Early school leavers should not be confused with the risk group of **school drop-outs** who have no secondary school certificate. The proportion of young people in Germany belonging to the latter group is relatively low, amounting to 5.8 per cent in 2014.<sup>94</sup>

**Equal opportunities for all:**  
Indicator Educational mobility between  
parents and children

*“It’s important to me that in Germany as well, every child, regardless of his or her social background, should have the opportunity to pursue the type of education that will help them achieve their full potential.”*

from an online response submitted  
on 22 August 2015

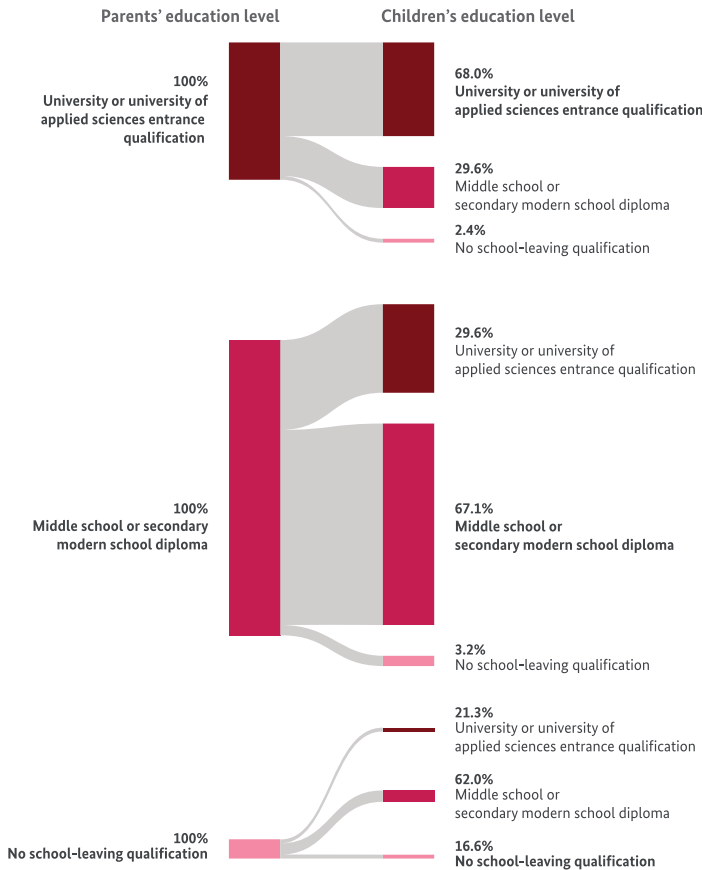
**Fair and equal access to education** was a very important issue for the dialogue participants, most of whom expressed the belief that parents’ backgrounds should not determine the level of education attained by their children.

Scientific studies show that a child’s background (i.e. not just their academic performance) continues to have an influence on their educational success, and thus their

opportunities later in life.<sup>95</sup> Inequalities that are passed on from generation to generation remain quite pronounced in Germany today.<sup>96</sup> This becomes particularly apparent at the transition from primary to secondary, and later to tertiary school.<sup>97</sup> However, if education is to remain an engine for social progress and integration, then all children must be given the opportunity to participate in the higher education system – regardless of their socio-economic or family backgrounds.

It is the objective of the Federal Government to offer all children a fair chance to attain a university or professional education, regardless of the level of education attained by their parents. The indicator **educational mobility between parents and children** should be in the focus of public policymaking. The indicator compares the **highest general school-leaving qualification of parents with that of their children.**

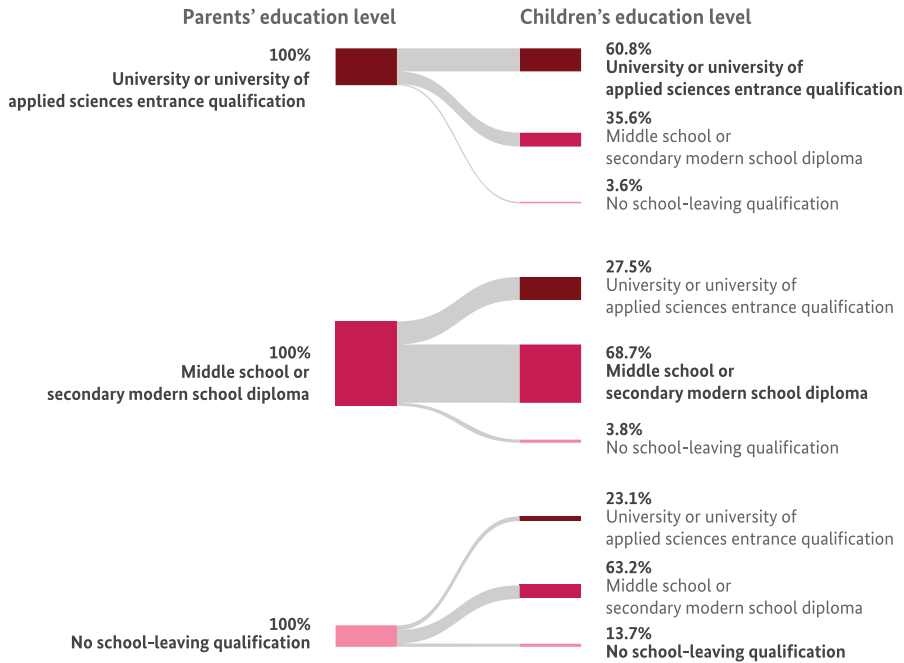
Figure 32: Educational mobility between parents and children 2014



Source: German Federal Statistical Office, Microcensus, special analysis.



Figure 33: Educational mobility between parents and children in families with migration background 2014



Source: German Federal Statistical Office, Microcensus, special analysis.

There is a strong link between the level of education of parents and that of their children in Germany (see Fig. 32). More than two-thirds of children whose parents attained a university or university of applied sciences entrance qualification earn the same qualification. The same is true of children whose parents have earned only a middle school or secondary modern school diploma – two-thirds of them graduate with one of these diplomas. The share of young people who earn no diploma is very low in such families. In families where the parents have earned no school-leaving qualification, just under 17 per cent of the children remain at the same low level of education as their parents and therefore face the type of risks described in the previous section.

However, it's positive that upward educational mobility is highest in the least educated families (see Fig. 32): More than 80 per cent of the children from such families earn some type of diploma or qualification, and over 20 per cent even attain a university or university of applied sciences entrance qualification. **Developments have been clearly positive** over the last 20 years.

For example, in 2014, one out of five (approximately 21 per cent) children whose parents had no school-leaving qualification attained a university entrance qualification, while back in 1995 that figure was only one out of 13 children (around eight per cent). Similarly, children whose parents had a middle school or secondary modern school diploma also attained high-level school-leaving qualifications in much larger numbers in 2014 (30 per cent) than was the case more than 20 years earlier (19 per cent). In other words, more and more children in Germany have had the opportunity to obtain a high-level school-leaving qualification in recent years, regardless of their parents' level of education.

The data is mixed for families with a migration background (see Fig. 33). An above-average number of children whose parents have a university entrance qualification initially only obtain a middle school or secondary modern school diploma (approximately 36 per cent), or else earn no diploma at all (four per cent). Whether or not they achieve a higher level of education than their parents later on in their professional life cannot be determined with this indicator, however. On a positive note, an above-average

number of children with a migration background whose parents have no school-leaving qualification are able to make the leap to a middle school or secondary modern school diploma (63 per cent), or even to a university or university of applied sciences entrance qualification (23 per cent).

The so-called “social gradient” measures the relationship between socio-economic background and a pupil’s skills and knowledge in specific academic subjects. It is used, for example, in the international academic assessments made by the OECD’s Programme for International Student Assessment – PISA. The higher the social gradient, the stronger the relationship between a pupil’s family background and his or her performance in reading, maths and the natural sciences. The social gradient can be calculated using a socio-economic status index, namely the Highest International Socio-Economic Index of Occupational Status, or an economic, cultural and social status index, the Index of Economic, Social and Cultural Status. The latter supplements data on family income and wealth with information on socio-cultural factors. These factors include the level of education attained by the parents, the parents’ occupations and the extent to which educational resources are present in the household – i.e. books, learning software, desks for the children, quiet places to learn, and items of cultural value such as classic literature, books of poems and works of art.

The development of the social gradient since the first PISA study in 2000 shows that the relationship between student performance and social background remains strong in Germany, but has also gotten weaker over time. Except for one outlier in 2006, the social gradient for reading has declined from 55.7 to 37.5 since the PISA study in 2000. This corresponds to a nearly 20 per cent reduction and puts the gradient more or less at the OECD level. At the same time, the social gradient for the natural sciences has not yet reached the OECD level. However, the gradient has been lower than in the previous two PISA studies.

Still, the relationship between maths skills and socio-economic background remains strong in Germany as compared to other nations. However, the relationship between the two gets weaker when comparing the results for PISA 2003 and 2012, if one uses the broader Index of Economic, Social and Cultural Status instead of the narrow Highest International Socio-Economic Index of Occupational Status.

The entire educational path taken by a young individual needs to be examined in order to obtain a comprehensive overview of educational mobility. This analysis must incorporate both general school-leaving qualifications as well as professional and academic qualifications. Such an approach is also important if the internationally recognised German vocational system, and the key contribution it makes to low levels of youth unemployment and greater opportunity for the younger generation, are to be taken into account. In a joint effort, the German Federal Government, the federal states, various educational organisations and associations, business and labour, and a group of experts have created the German Qualifications Framework (*Deutscher Qualifikationsrahmen*). This framework is an instrument for the alignment of qualifications in the German educational system. Its aims are to facilitate orientation in the German educational system and to assist with the comparability of German qualifications in Europe. The approach used here treats general and vocational education equally as a means of obtaining information on all qualifications (school, academic and professional, and all other types of qualifications) in order to enable the development of a framework for life-long learning.

Despite several positive findings achieved with the German Qualifications Framework, there are still areas that need to be improved. A top priority, for example, is to weaken the relationship between social background and educational achievement. The Federal Government strives for this objective by launching various **education initiatives**, such as the “Advancement through Education” (*Aufstieg durch Bildung*) Qualification Initiative for Germany. In addition, the Federal Government’s **All-day School Programme** provided €4 billion in funding to build and expand all-day schools in Germany between 2003 and 2009. Efforts to improve equality of opportunity in education need to focus on helping children and young people from the least educated families in ways that their parents cannot. All children and adolescents should have the chance to take part in athletic, cultural and other educational programmes outside of school. The Federal Government’s Education and Participation Package (*Bildungs- und Teilhabepaket*) provides targeted support to 2.5 million children in need of assistance here. The “Culture is Strength. Education Alliances” (*Kultur macht stark. Bündnisse für Bildung*) project offers children and young people from the least educated families cultural education programmes outside of school, while the *Lesestart*

(literally: Start Reading) initiative distributes free books to families with small children in order to get children interested in reading at an early age. The German Federal Government is also seeking to significantly improve equality of opportunity by significantly expanding programmes for educating very young children (see the indicator *childcare enrolment rate* in the dimension “Having time for family and work”).

The indicator **educational mobility between parents and children** shows the relationship between the **highest general education level of parents and their children**, whereby the indicator focuses on children between the ages of **15 and 25** who still live in their parents’ homes<sup>98</sup> and who are no longer in the general educational system.

It should be noted here that individuals in the younger age group especially might later attain a higher level of education. The highest school-leaving qualification of the two parents in each case was used for the analysis. The use of the Microcensus meant that only the highest general education level could be analysed in the household context – i.e. vocational training or continuing education qualifications earned later in life could not be included here. While the latter often play a more important role in terms of professional development and income, they are usually obtained after children leave their parents’ home.

This, however, should in no way be interpreted as meaning that these qualifications are somehow inferior. The same applies to middle school or secondary modern school diplomas, which can eventually form the foundation for successful further education in the future.

■ **Life-long learning:**  
Indicator Participation in further education

*“I think that life-long learning offers the greatest opportunities today – especially in our digitised world.”*

from the national dialogue event of the Federal Ministry for Economic Affairs and Energy in Magdeburg on 7 July 2015

Education does not end when a person leaves school, completes vocational training or graduates from a university (of applied sciences) – this was the opinion of many dialogue participants. Most of them, speaking from their own experience as well, assessed the sense and purpose of **professional further education and training** to be positive. Indeed, people who have jobs need to continue learning throughout their careers, as the half-life of knowledge is continually declining in the modern working world.

Continuing and further education is particularly important in Germany because the country’s population is ageing at a faster rate than in many other countries around the world. At the same time, more and more older people are working longer (see the indicator *employment rate* in the dimension “Good work and equitable participation”). Both employers and their employees need a system of continuing and further education in order to be able to exploit the benefits of technical advancements. Moreover, such education can help the economy as a whole offset the potential productivity losses associated with an ageing population.<sup>99</sup> Initially, though, life-long learning promotes **personal further development**. Those who can further

develop their talents tend to be more satisfied with their life, more financially secure and better integrated. This is especially true of individuals with mid- and high-level educational qualifications.<sup>100</sup>

Life-long learning has **many forms** that range from informal independent learning (e.g. learning how to use modern technologies and digital media; learning languages) to formal education programmes and even the acquisition of a second university degree.

The indicator **participation in further education** provides information on the proportion of **18 to 64-year-olds** who have participated in a company further education programme or in an individual **profession-related or non-profession-related further education programme** over the last 12 months.

The German Federal Government and the federal states set a goal in 2008 stipulating that one out of every two persons in the above-mentioned age group should be taking part in some type of further education programme at least once a year by 2015. This goal was actually achieved one year ahead of schedule, in 2014, by which time 51 per cent were participating, or had participated, in such a programme. Participation increased among all ages, but was most pronounced among 25 to 34-year-olds and 55 to 64-year-olds, with an increase of more than 10 percentage points for both groups as compared to 2007 (see Fig. 34). Digitisation makes it important to acquire digital skills not just for work but also for many other areas of life. An indicator related to digital education would therefore be particularly relevant with regard to future developments. Such an indicator is not yet available, however.

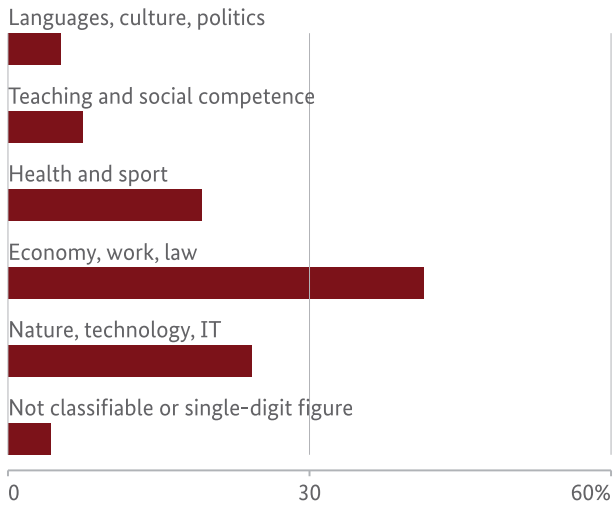
Figure 34: Participation in further education by age group



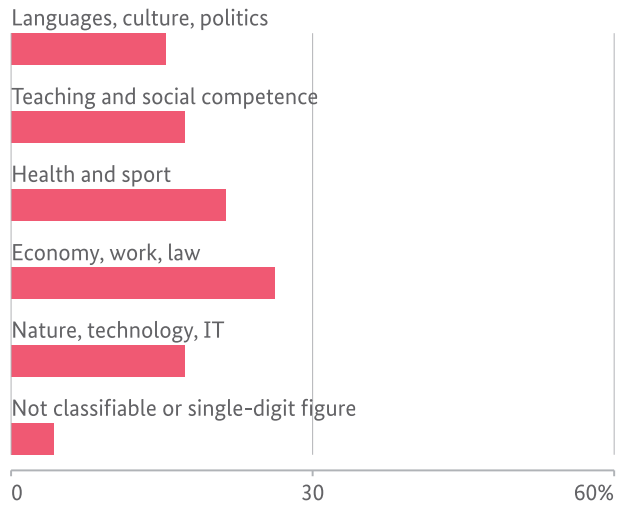
Source: Adult Education Survey 2007 and 2014. Up until 2007: 19-64-year-olds; from 2010: 18-64-year-olds.

Figure 35: Types of further education by topic 2014

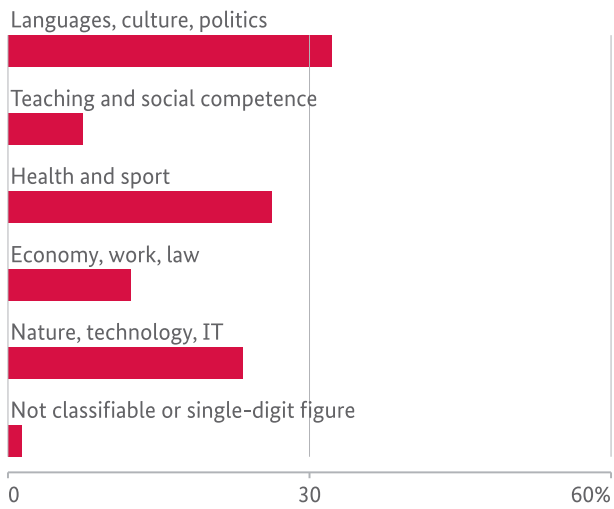
**Company-related further education**



**Individual profession-related further education**



**Non-profession-related further education**



Source: Adult Education Survey 2014.

**Companies are the most important providers of further education** in Germany, accounting for 70 per cent of all registered activities in this area. Profession-related further education activities account for 13 per cent of all activities; the figure for non-profession-related activities is 17 per cent.

**Digital media** offer many new opportunities here, as they not only decouple further education activities from location and time but also offer greater freedom in terms of programme structures. This in turn improves further education programmes and allows them to be customised. Web 2.0 technologies in particular have created new possibilities for social networking, interaction and participation within the framework of further education. For example, digital media facilitate the integration of learning and work-related systems into daily activities in the workplace. This makes trainers, teachers and students (i.e. employees) more flexible, and everyone also acquires additional media and information skills.<sup>101</sup>

The **broad range and great variety** of life-long learning opportunities in Germany are also reflected by the subjects chosen for further education (see Fig. 35): The further education programmes at companies are dominated by courses on “economy, work, law” (41 per cent) and “nature, technology, IT” (24 per cent). The focus in non-profession-related further education is on “languages, culture, politics” (32 per cent) and “health and sport” (26 per cent).

The Federal Government supports the increasing willingness of citizens to continue with life-long learning even after completing school, a course of study or a training programme. The Federal Employment Agency funds a variety of qualification programmes in accordance with the provisions of Book III of the German Social Code. In addition, various bursaries for qualified professionals, as well as the Training Bonus and the Upgrading Training Assistance Act (*Aufstiegs-BAföG*), whose funding conditions were significantly improved on 1 August 2016, offer many people opportunities for advancement and new career prospects. More and more **universities and technical colleges** are also offering further education programmes. The number of such programmes has increased over the last few years, and the programmes have also become more diverse and geared towards actual requirements.<sup>102</sup>

The indicator **participation in further education** provides information on the proportion of **18 to 64-year-olds** who have participated in a company further education programme or an individual profession-related or non-profession-related further education programme **over the last 12 months**.

The data is based on the **Adult Education Survey** conducted in 2007 and 2014 by TNS Infratest. Data on further education has been collected on behalf of the Federal Government every two to three years since 1979. Since 2007, the data has been collected in line with the Adult Education Survey concept and is a key element of the European Statistical System. The objective here is to monitor the learning activities in adulthood. The data covers all types of adult learning activities – i.e. formal education programmes, further education programmes and informal learning.

# Having Time for Family and Work



#### ■ 4. Having Time for Family and Work

*“Free time is of paramount importance today, especially in a world that keeps filling up with more and more work and stress.”*

from an online response submitted  
on 18 August 2015

Many participants in the national dialogue said they wished they had more time for family and friends, as well as for sports, hobbies and other personal interests. However, they also expressed the desire for additional time to care for sick or elderly relatives. The work-life balance for both women and men, and the fair division of time to accommodate both a job and a family, have become important challenges in our modern society. These challenges result from an increasing number of women in the workforce (see the indicator *employment rate* in the dimension “Good work and equitable participation”) and changed views on the roles of mothers and fathers<sup>103</sup>.

Many of the aspects discussed in the national dialogue have to do with personal decisions people make for themselves and their lives. Most major decisions and events occur in the “rush hour of life” – i.e. between the ages of 25 and 50. These include starting a family, career advancement choices, the decision to work part-time, investment in retirement and decisions regarding relatives in need of care.<sup>104</sup> The time pressures involved here are mostly unavoidable – but people do have clear ideas about what is needed. For example, many participants in the national dialogue expressed expectations regarding flexible working times, more full-time childcare and all-day schools, and greater support for those who need to care for relatives. This is not just a job for the government, however, trade unions and employers’ associations need to do their part as well. Indeed, they can and do support the government to help ensure people can freely choose and are able to live the type of life they wish to lead.

#### ■ Family and work – a life in balance:

Indicator Comparison of actual and preferred working hours

*“Work can be fun and gratifying and it can help you realise your potential – but it constantly demands more and more of your time.”*

from the national dialogue event of the  
Evangelische Landjugendakademie  
in Altenkirchen on 24 June 2015

Establishing a good balance between family, work and leisure time was important to dialogue participants. Many participants described very clearly the daily problems they themselves face while trying to achieve such a balance. Extensive demands at work, insufficient time for children and partners, and the stress that this can lead to – all of this was negatively assessed by the dialogue participants. One participant in the online dialogue on 7 September 2015 summed up his concerns regarding stress very succinctly: “*Working non-stop like crazy doesn’t accomplish anything for anybody in the long run.*”

Studies have shown that an ongoing discrepancy between actual and preferred working hours places an inordinate amount of stress on people.<sup>105</sup> Moreover, this stress also affects the partner or family of the individual in question.<sup>106</sup> Stressful working hours – for example night and weekend shifts – and constant overtime cause people to become less satisfied with their lives.<sup>107</sup>

Issues related to the **work-life balance** continue to impact men and women differently. This is mainly due to differences in average working hours and pay: Most men work full-time and tend to have longer working hours in general, while women frequently take part-time jobs, mainly due to family reasons. Some 70 per cent of working mothers with minor children in the household have part-time jobs, while only around six per cent of working fathers are employed part-time.<sup>108</sup> Some participants in the national dialogue took a critical view of this state of affairs. It is still the case that a greater percentage of working women in the East German federal states have full-time jobs. This has to do with the fact that there are significantly more full-time childcare and after-school facilities for kindergarten and school-age children in Eastern Germany than there are in many West German federal states.

The indicator **comparison of actual and preferred working hours** provides information on the extent to which preferred working hours correspond to actual working hours. Several individual factors can influence this indicator. First, there is the question as to whether employer and employee views on working hours correspond with one another – and whether an employer offers the type of flexible working hours an individual employee might wish to have. Then there is the issue of whether or not working spouses or partners are able to agree on a model for dividing their time for a job and family between themselves in a way that leaves both parties satisfied. In this sense, the indicator also shows whether or not people are satisfied with the way they **use their time**.

The **actual working hours** of men and women declined slightly during the period reviewed, and the differences between men and women also decreased somewhat, although a difference of around nine hours per week was still apparent at the end of the observation period (see Fig. 36). The actual weekly working time for men totalled 43 hours in 2000; in 2014, men worked around 1.5 hours less per week on average. During the same period, the actual weekly working time of women declined by slightly less than an hour (from 33.4 to 32.6 hours). This has to do with the increase in the proportion of women working part-time – i.e. the higher number of such women in the overall female workforce offset any increases brought about by

Figure 36: Preferred, agreed and actual working hours of women and men



Source: Calculations by DIW Berlin, SOEPv31.1.

more women working full-time (see the *employment rate* indicator in the dimension “Good work and equitable participation”).

Both men and women usually work longer than their contractually agreed-upon working hours. Men work ten per cent longer on average, women eight per cent. Whereas the discrepancy between actual and agreed working hours has decreased for men, the difference in the two types of working hours is growing larger in the case of women.

Preferred and actual working hours differ by more than five hours per week for a relatively high proportion of the workforce.<sup>109</sup> This applies to one out of every two men (51.7 per cent) in the workforce, while the figure for women is even higher (just under 55 per cent). Men and women are moving in different directions in terms of preferred working hours. The preferred working time among men declined from 39.2 hours in 2005 to 37.5 hours in 2014, while women have been seeking to increase their working times (30.3 hours preferred in 2000, 31 hours preferred in 2014).

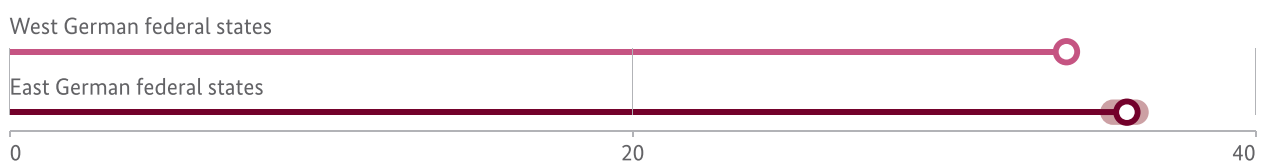
One reason for this opposing trend is that despite the continual increase in women and mothers in the workforce, little has changed in Germany in terms of the traditional

division of labour in the household and with respect to childcare – i.e. women still do most of the work in both regards. Indeed, although women generally do not perform as much paid work as men, they do spend significantly more time working in the household and taking care of children and/or relatives in need of care. In-depth analyses based on SOEP data show that even in households with two full-time workers, it is typically the woman who spends more time with housework and childcare. More specifically, women spend around 1.5 hours a day doing housework and five hours taking care of children. Men in full-time jobs, on the other hand, spend only around an hour a day on average doing housework and 2.5 hours looking after children.<sup>110</sup>

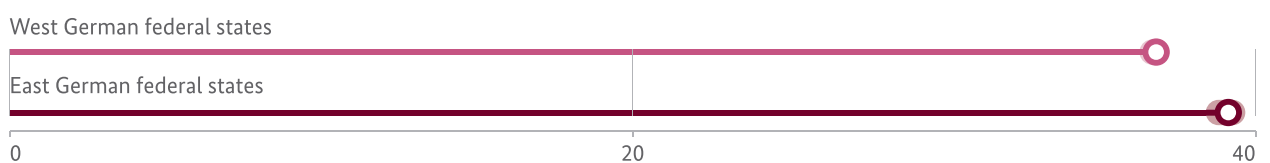
From a regional perspective, it can be seen that employees in the East German federal states work nearly 2.5 hours longer per week on average than their Western German counterparts (see Fig. 37). This difference is mainly due to the higher proportion of women in full-time or near-full-time jobs in Eastern Germany, which in turn is the result of the more extensive full-time childcare services that are available.

Figure 37: Preferred, agreed and actual working hours in East and West German federal states 2014

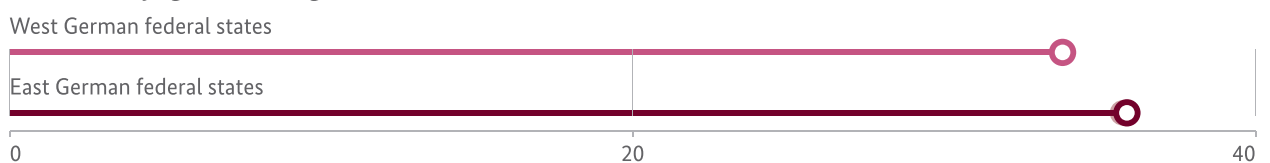
**Preferred working hours**



**Actual working hours**



**Contractually agreed working hours**



● 95-per-cent-confidence-interval

Source: Calculations by DIW Berlin, SOEPv31.1.

The organisation of households and the way spouses or partners look after children and plan their working hours are primarily the result of private decisions made in each family. However, these decisions are affected by the possibilities and options available for childcare and flexible working hours. Oftentimes there is a discrepancy between what is desirable and what can actually be accomplished. For example, 60 per cent of couples would like to share family and job responsibilities equally between them – but only a few can actually do so. In addition, studies show that differences in income between both partners prior to the birth of a child often play an important role in the subsequent division of labour in the household.<sup>111</sup>

It is the responsibility of the Federal Government, the federal states and municipalities to ensure a stable framework for the work-life balance of mothers and fathers. In other words, conditions that allow both parents to pursue a career and still have time for their families.

The Federal Government's **Prospects for Re-entering the Work-Force action programme** (*Aktionsprogramm Perspektive Wiedereinstieg*) facilitates the re-entry of parents into the workforce, and the **new Elterngeld Plus** parental allowance serves a similar purpose. In the Coalition Agreement from 2013, the government stated its intention to give employees the right to return to their jobs in a temporary part-time capacity leading up to the resumption of the former full-time employment situation.

In 2006, the Federal Government launched the **Success Factor Family corporate programme** (*Erfolgsfaktor Familie*) in cooperation with leading industry and business associations, the Confederation of German Employers' Associations, the Association of German Chambers of Commerce and Industry, the German Confederation of Skilled Crafts and the German Trade Union Confederation. This programme is designed to ensure family-friendly work conditions throughout the country.

In addition, the **Reconciling Work and Family programme** (*Vereinbarkeit von Beruf und Familie gestalten*) provides funding for local initiatives that are striving to improve the work-life balance in their communities. Here, trade unions and employer and industry associations work together with regional partners to promote family-friendly human resources policies in municipalities. Activities also include establishing better infrastructure for families.

The indicator **actual and preferred working hours** provides information on the extent to which preferred working hours correspond to actual working hours. Working hours reflect group-specific averages.

The data relates to individuals aged 20-54 in dependent employment; it includes interns but excludes trainees. Also not taken into account are people who work less than five hours per week and those with a preferred working time of more than 60 hours per week.

The source of data is the SOEP. The data on preferred, agreed and actual working hours was collected in surveys, which means the values presented are only statistical approximations. The reasons for the deviations between actual and preferred working hours are unknown.

■ **More flexibility for families:**  
Indicator Childcare enrolment rate

*“Young people should no longer have to choose between a job and a family. Both should go hand in hand.”*

from an online response submitted  
on 22 June 2015

Achieving a good work-life balance remains a major challenge for many, especially when both parents work. Most of the participants in the national dialogue agreed that comprehensive childcare services and flexible working hours represent the right approach for improving the work-life balance. Many said the most important thing is to ensure a good institutional infrastructure for families – i.e. a sufficient number of childcare centres, as well as nursing homes for relatives in need of care. A large number of dialogue participants also said childcare services and opening hours should be more flexible, as this is the only way to ensure that they truly help parents reconcile a job and family. Rural areas in particular require greater childcare coverage, according to the participants. They also spoke extensively about the need to expand full-time childcare services in schools, daycare centres and after-school centres.

Scientific studies show that wellbeing is positively influenced by both flexible working time schemes and an extensive system of childcare centres and nursing homes.<sup>112</sup> The provision of such care services significantly improves the subjective wellbeing of parents because it makes it easier for both parents to meet their family and professional obligations, while also helping them achieve their individual working time goals.<sup>113</sup> When parents assess childcare quality as good, it generally leads more mothers to enter the workforce or increase their working hours.<sup>114</sup> Moreover, childcare, with its associated early childhood education, has a positive effect on the cognitive and socio-emotional development of children.<sup>115</sup> The Nobel Prize laureate James J. Heckman has demonstrated that early childhood education can effectively protect a person against poverty later on in adult life. Such education improves labor market prospects and also leads to better health.<sup>116</sup> In addition, integrating all children into the educational system at an early age serves to promote greater equality of opportunity in the long run. It also increases educational

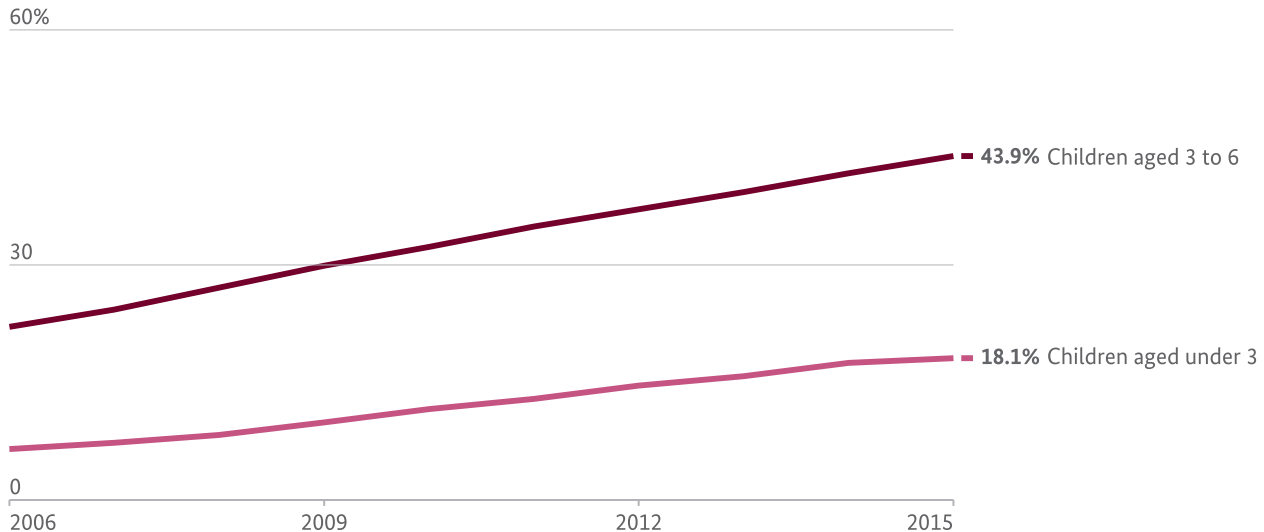
mobility by mitigating the effects of socio-demographic factors (e.g. with respect to children with a migration background).<sup>117</sup>

The **childcare enrolment rate** shows the relation between the number of children cared for in childcare centres or by nannies and the total number of children in a certain age group. The **number of hours of childcare** matters here. More specifically, the work-life balance is significantly improved starting at a duration of seven or more (uninterrupted) hours of childcare per working day.<sup>118</sup> The full-time childcare enrolment rate provides information on the proportion of children who are looked after for at least seven hours per working day.<sup>119</sup>

For pre-schoolers, the data distinguishes between children under three and those between the ages of three to six (see Fig. 38). Full-time childcare coverage has developed positively in both cases since 2006. For example, between 2006 and 2015, the full-time childcare enrolment rate increased from 6.5 per cent to 18.1 per cent for children under three, and from 22.1 per cent to 43.9 per cent for children between three to six. The figure is higher for the three to six-year-old group because parents of such children have had a right to childcare services since 1996, while parents of the younger children were not given the same right until 2013.

The different values also result from the fact that many parents do not send their children to kindergarten until they are three, or else only use childcare for a few hours when their children are under three.

Figure 38: Full-time childcare enrolment rate



Source: German Federal Statistical Office, statistics from child and youth welfare services.

There are sharp differences between the East and West German federal states (see Fig. 39).<sup>120</sup> Whereas the full-time childcare enrolment rate in the East German federal states stood at 39.6 per cent (children under three) and 74.2 per cent (children aged three to six) in 2015, the figures for the West German federal states were just 12.8 per cent and 36.5 per cent, respectively.

Childcare enrolment also increased for children from migrant families between 2009 and 2013. The enrolment rates were lower here than for children without a migration background in 2013, however. The difference is particularly pronounced for children under three: Here, only 17 per cent of children with a migration background were looked after in childcare centres or by nannies in 2013, while 35 per cent of children without a migration background received such care.<sup>121</sup>

Denmark had the highest full-time and part-time childcare enrolment rates in Europe for children under three in 2010. Nearly 80 per cent of children in this age group were looked after in childcare centres in the Scandinavian country in that year, as compared to only around 20 per cent in Germany. Only Greece and Austria had lower rates than Germany in a comparison of 18 Western European countries in 2010. This shows just how much the situation in Germany has changed within the last few years. If one

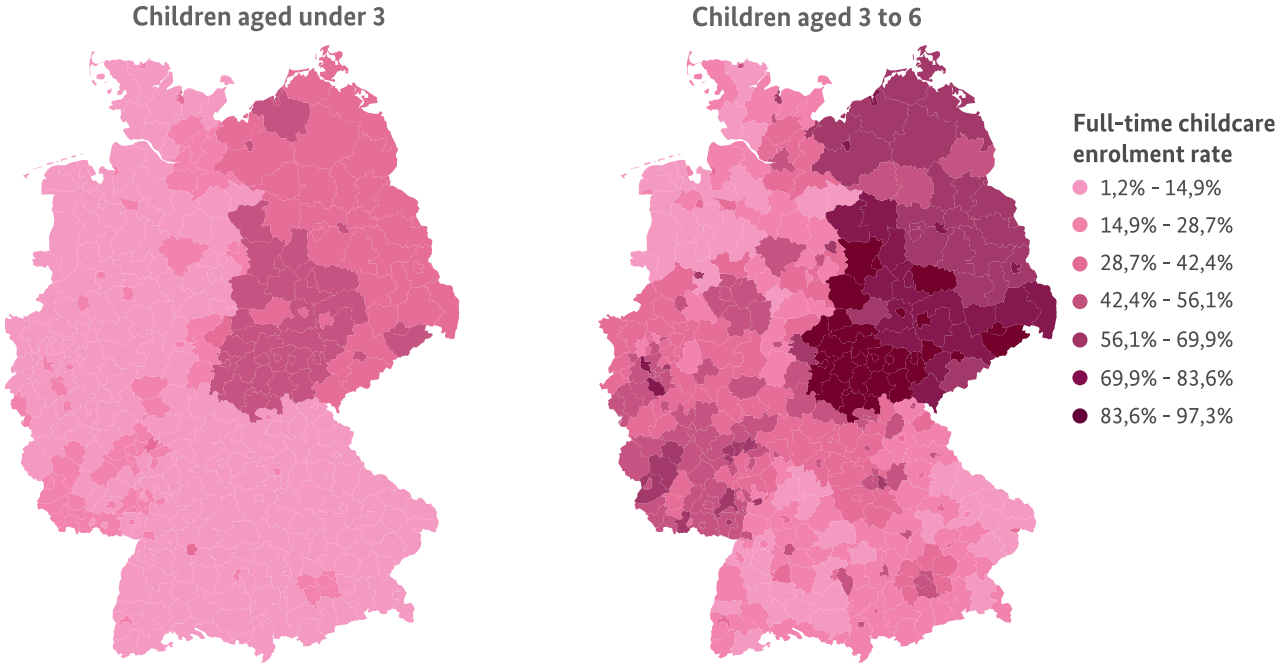
examines the number of children in full-time care as a proportion of all children looked after, then Germany fared slightly better than average in 2010.<sup>122</sup>

The German Federal Government has done a great deal to improve childcare in the country since the start of the Future Education and Childcare programme (*Zukunft Bildung und Betreuung*) in May 2003. Nevertheless, other countries' experiences show that it takes some time to establish a full-coverage nationwide childcare infrastructure.<sup>123</sup>

The proportion of children attending all-day primary schools increased from just under ten per cent to nearly 32 per cent between the 2005/2006 and 2014/2015 school years (see Fig. 40). During the same period, the proportion of children in after-school clubs rose from 10.6 per cent to approximately 16 per cent (see Fig. 41).

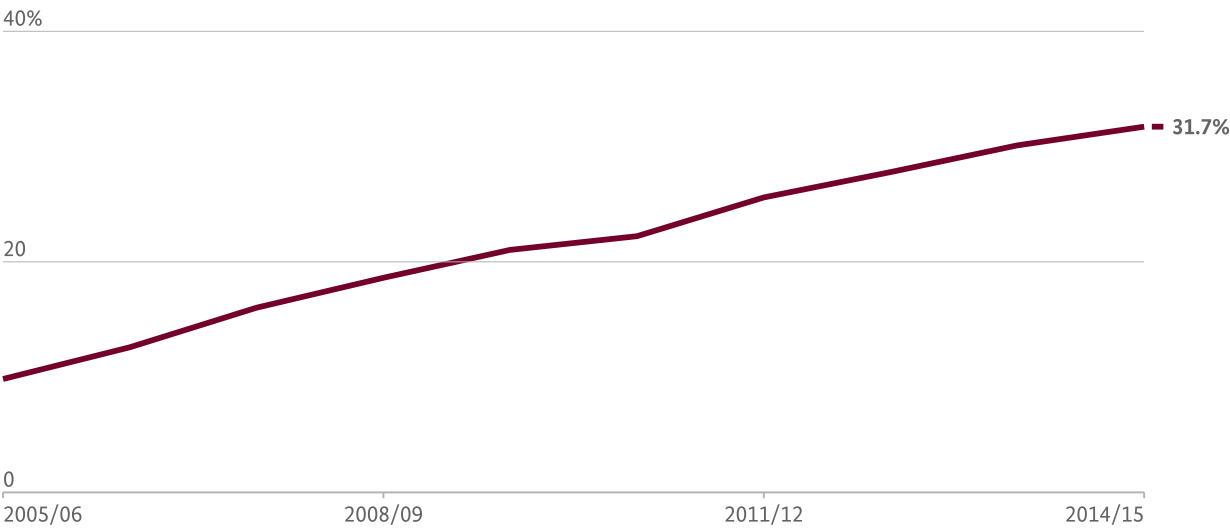
The need for childcare services does not end after kindergarten. During primary school years as well, it is important that children be taken care of after school is over, as this is the only way to ensure that parents can work as much as they want and still be able to manage their family life.<sup>124</sup> Childcare for the primary-school age group takes the form of either all-day public schools<sup>125</sup> or after-school centres.<sup>126</sup>

Figure 39: Full-time childcare enrolment rate for children aged under three and those aged three to six by county 2015



Source: German Federal Statistical Office, federal state statistical offices, statistics from child and youth welfare services.

Figure 40: Primary school age children in all-day schools



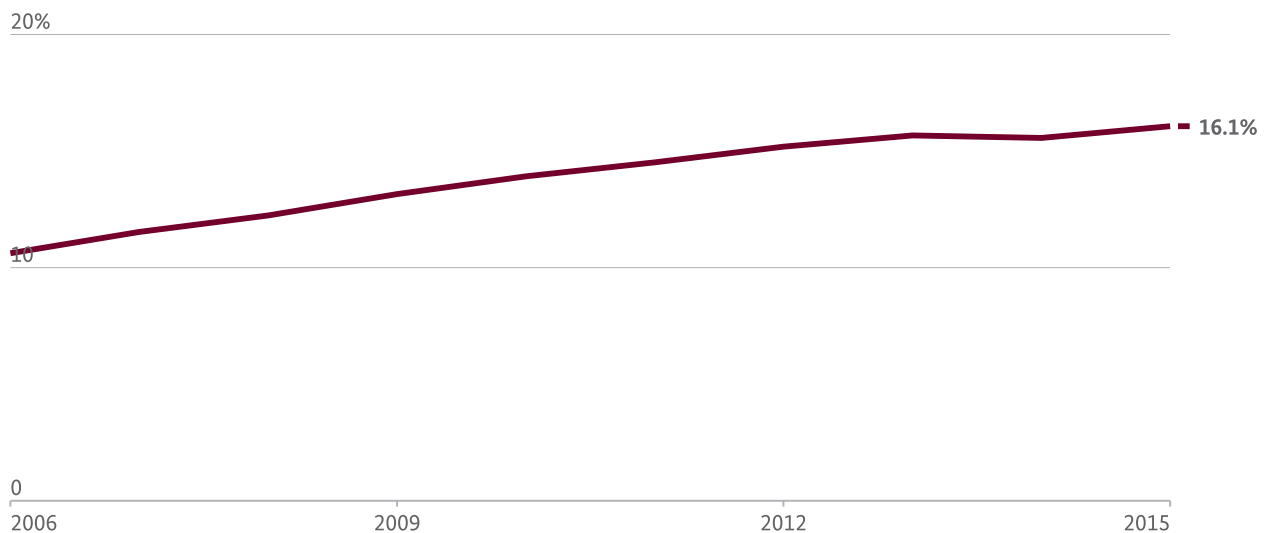
Source: Standing Conference of the Ministers of Education and Cultural Affairs of the Federal States; data compilation by the German Youth Institute and TU Dortmund, 2016.

**Full-time childcare** coverage increased in all age groups. Among other things, this improvement was due to recent measures implemented by the German Federal Government. More specifically, in August 2013, each child in Germany was given the right to childcare services beginning at the age of one. The Federal Government has also been providing the federal states and municipalities with a huge amount of funding for the expansion of childcare services for children under three. This funding amounted to €5.4 billion up until 2014, and an additional €845 million per year has been provided since 2015. The federal states and municipalities will also receive an additional €100 million per year in 2017 and 2018 to help with the operating costs. **The Federal Government's KitaPlus** programme provides an additional €100 million in funding to childcare facilities that offer full-time childcare services and flexible opening hours on weekends as well. This especially benefits single mothers and fathers, shift workers and people whose occupations require them to work outside of normal childcare opening hours.

The indicator **childcare enrolment rate** shows the relation between the number of children cared for in childcare centres or by nannies and the total number of children in a given age group. The **full-time childcare enrolment rate** provides information on the proportion of children who are looked after for at least seven hours per working day, whereby such care can be provided by childcare centres, publicly subsidised day care, after-school clubs or all-day schools.

It should be noted that childcare enrolment rates provide no information on the quality of care, whether additional childcare services are actually needed and how much demand there is.

Figure 41: Primary school age children in after-school clubs



Source: German Federal Statistical Office, statistics from child and youth welfare services. Data was compiled on children under the age of eleven.



■ **Looking after children or caring for relatives – a balancing act:** Indicator Reduced working hours for care responsibilities

*“Taking care of parents or other relatives used to be a normal thing, but these days people who provide such care are expected to work as well.”*

from a national dialogue event of the Zentralverband des Deutschen Handwerks in Berlin on 29 June 2015

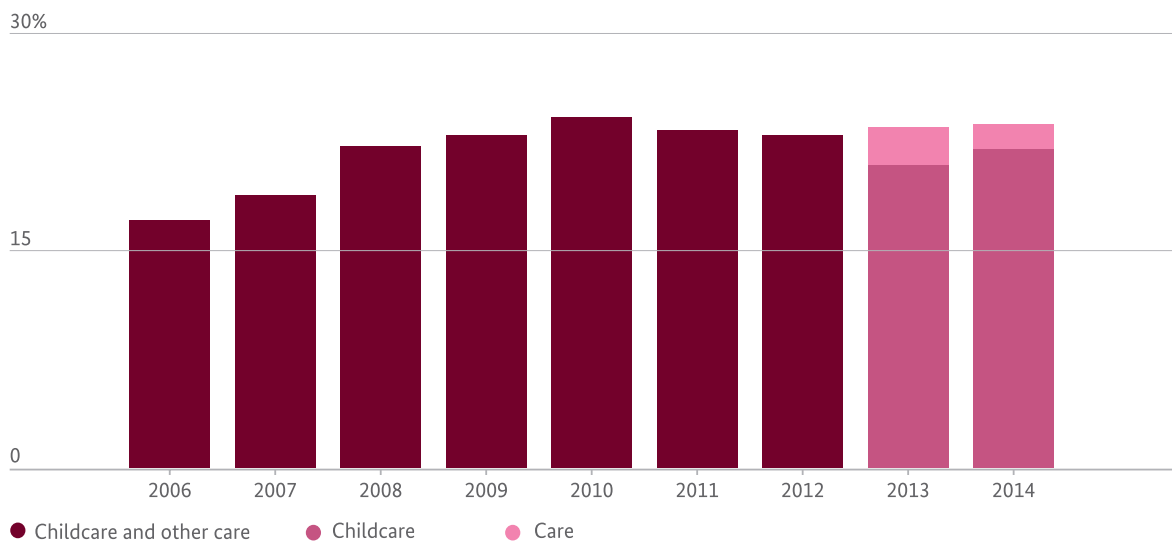
Childcare enrolment rates alone provide no information on whether the demand of families is met. If care supply is insufficient, working parents will face particular challenges with respect to the work-life balance. The same applies to people who work and also have to take care of elderly or sick relatives. This is important, as the ongoing demographic transition is increasingly putting the focus on the ability to reconcile home-care responsibilities with job obligations.<sup>127</sup>

Most dialogue participants would like to see greater recognition for people who care for relatives themselves in their own homes or in a relative’s home. Other aspects mentioned include better and more rapid procedures when applying for benefits from the long-term care insurance, and less bureaucracy in general.

People in need of care can be looked after in their own homes by professional home-care nursing and assistance services. There are also in-patient facilities that offer short and long-term care services. Although this is not really a quality option for most people, it can make things a lot easier. Many participants in the national dialogue believe that people in need of care should ideally be looked after at home by close relatives.<sup>128</sup> At the same time, 84 per cent of people between the ages of 25 and 59 who work assume that it would be very difficult to care for a relative and work at the same time.<sup>129</sup> This view is shared by 52 per cent of employed individuals who already care for a close relative – i.e. they report that it is often difficult for them to look after a relative and continue to meet their job obligations.<sup>130</sup> Among those employed people who would like to care for their parents or a relative themselves in future, the large majority (67 per cent) believe that this will require them to at least cut down on their working hours.<sup>131</sup>

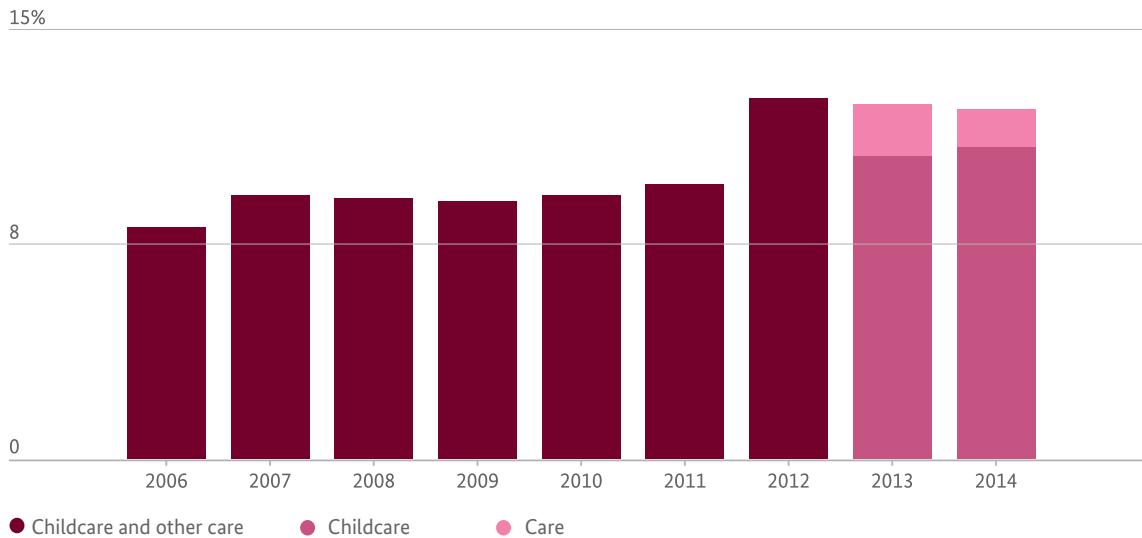
The conflict arising from attempts to reconcile home-care responsibilities with job obligations is most clearly depicted by the indicator **reduced working hours for care responsibilities**. Here, care responsibilities include both childcare and nursing care for relatives. The indicator offers at least an approximation of the **demand for care**. However, additional surveys and data are urgently needed if the Federal Government is to be able to provide more effective support to caregivers in future.

Figure 42: Part-time employment due to childcare and other care responsibilities



Source: German Federal Statistical Office, EU Labour Force Survey. Proportion of the part-time employed who cite caring for elderly or disabled relatives, or children, as the main reason for working part-time.

Figure 43: Non-employment due to childcare and other care responsibilities



Source: German Federal Statistical Office, EU Labour Force Survey. Proportion of non-employed persons who cite caring for elderly or disabled relatives, or children, as the main reason for quitting their last job.

The proportion of people who reduce their working hours in order to look after their children or care for relatives increased from 17 per cent to 23.7 per cent between 2006 and 2014 (see Fig. 42).

The proportion of people who gave up working entirely in order to look after their children or care for relatives also increased between 2006 and 2014 – from around eight per cent to approximately 12 per cent (see Fig. 43). It should be noted that the great majority of caregivers here are women and that their employment situation therefore suffers the most. In addition, data for 2013 and 2014 shows that childcare responsibilities are the most frequent reason cited for the decision to limit one's working hours, or to stop working altogether. In other words, nursing care for relatives does not (yet) play as important a role here, although this can be expected to change as the population continues to age. More specifically, an increasing number of people will then face the challenge of having to balance care for a relative with their job obligations – and might therefore have to reduce their working hours. The numbers seem to confirm this. For example, back in 2007 there were 2.25 million people in need of nursing care, but by 2030 there are expected to be 3.37 million. That would correspond to an increase of 50 per cent in 23 years.<sup>132</sup>

The Federal Government has taken measures to improve the work-life balance. For example, it has provided funding to the federal states and municipalities for the expansion of

childcare services for children under three (see the indicator *childcare enrolment rate* in this dimension). Funding for professional nursing services has also been increased in order to make it easier to obtain home-care services for relatives. Within the framework of the **First Long Term Care Strengthening Act** (*Erstes Pflegestärkungsgesetz*) the Federal Government increased its funding for home-care and assistance services by around €1.4 billion and also added approximately €1 billion to its funding programme for nursing homes. The increase in funding has been accompanied by measures to support those who care for relatives themselves. Within the framework of the **Act for Better Compatibility of Family, Care and Work** (*Gesetz zur besseren Vereinbarkeit von Familie, Pflege und Beruf*), which went into force on 1 January 2015, new regulations have gone into effect that primarily relate to the Nursing Leave Act (*Pflegezeitgesetz*), the Family Nursing Leave Act (*Familienpflegezeitgesetz*) and Book XI of the German Social Code. Family members providing nursing care can now either take off from work entirely for up to six months (nursing leave) or choose the **family nursing leave** option, which allows them to reduce their working time to a minimum of 15 hours per week for a period of up to 24 months. In addition, employees who care for relatives can apply for interest-free loans from the Federal Office for Families and Civil Affairs (*Bundesamt für Familie und zivilgesellschaftliche Aufgaben*). A **Care Support Allowance** (*Pflegeunterstützungsgeld*) has been introduced as well. Employees can also reduce their working hours or take time off to provide care outside their own homes as well to minors or relatives who are terminally ill.

The indicator **reduced working hours for care responsibilities** can be used to illustrate the time conflict between home-care responsibilities and job obligations.

For now, the reasons observed for reducing working hours can only be separated for 2013 and 2014. It would be very helpful to be able to measure the exact scope of part-time work in this regard, as it makes a big difference whether a person reduces their full-time job to 20 hours per week or to five hours per week. It would improve the data base if questions regarding working-hour reductions and non-employment in the Microcensus were mandatory.

■ **Long commutes, less time:**  
Indicator Commuting time

*“Today’s technologies could easily enable more flexible working hours and more teleworking options in many professions.”*

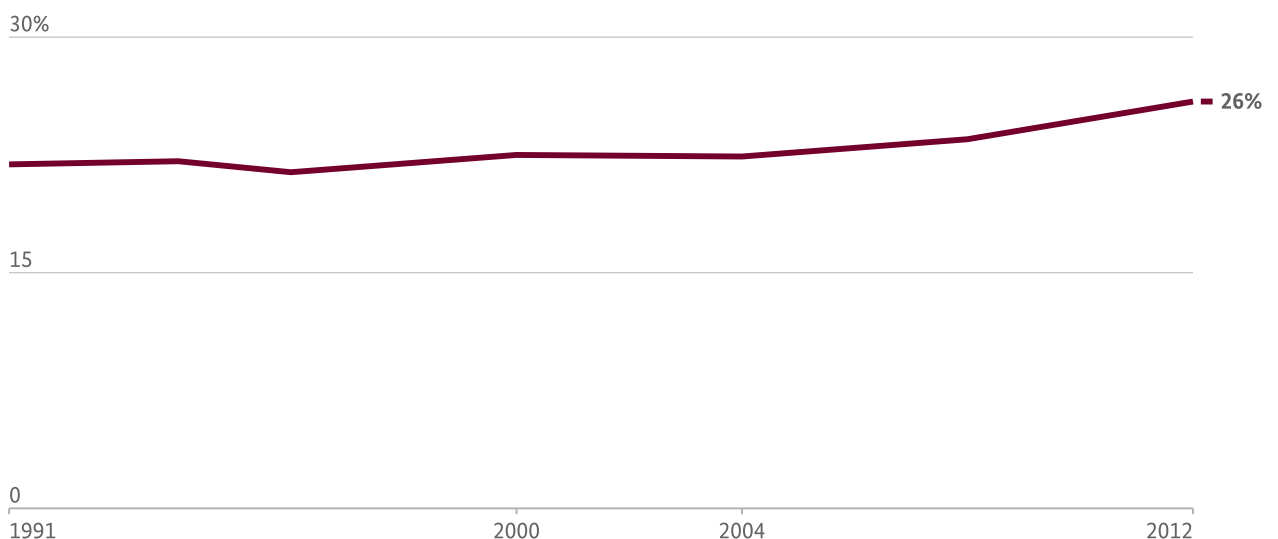
from an online response submitted  
on 26 June 2015

The participants in the national dialogue generally agreed that work should be designed in a much more mobile and flexible manner. The technology needed for this is often

not available, however – for example fast full-coverage broadband and mobile communication networks in rural areas. Some participants reported that long commutes have a negative impact on their wellbeing and said they would like to see improvements made to roads, metro and train systems, bicycle paths and public transport networks in general.

Scientific studies have also shown that the longer their commute, the less satisfied people are with their lives.<sup>133</sup> Commuting is one of the activities most frequently associated with negative feelings.<sup>134</sup> Particularly high levels of stress are generated here by factors that cannot be influenced – e.g. traffic jams or delayed trains.<sup>135</sup>

Figure 44: Persons in employment commuting more than 30 minutes



Source: German Federal Statistical Office, Microcensus.

Women feel more stressed about commuting than men<sup>136</sup>, and commuters by car experience more stress than those going by train.<sup>137</sup> Above that, people who own their own homes tend to choose commuting over moving house when looking for a new job.<sup>138</sup> Finally, contrary to what economists assumed for some time, commuters do not perceive the drawbacks of a long commute as being offset by higher wages and salaries, better quality neighbourhoods or lower housing costs.<sup>139</sup>

The indicator **commuting time** is used to examine the **proportion of employed persons in Germany whose commute is longer than 30 minutes**.

There is a trend towards longer commutes in Germany. More than 25 per cent of all employed people in Germany travelled more than half-an-hour to get to work every day in 2012 (see Fig. 44).<sup>140</sup> Around one out of every 20 employed Germans is a long-distance commuter, which means that approximately 1.8 million people need more than an hour to get to work every day. At the same time, fewer and fewer people in Germany are willing to move house in order to accommodate their job – i.e. they are prepared to accept longer commutes in order to be able to stay in their homes and their familiar social environment.<sup>141</sup> This shows that a commute involves a personal decision. Nevertheless, the government can create conditions that make long commutes less stressful.

Most employed people with a commute of more than 30 minutes live and work in metropolitan areas (see Fig. 45). Approximately 42 per cent of the working population in the German city-states (e.g. Berlin, Bremen and Hamburg) have a commute of more than half-an-hour. Average commuting times are lowest in rural areas, where nearly one-third of employed persons are able to get to work in no more than ten minutes.

In metropolitan areas – and even more so in the city-states – there is a trend away from using automobiles and towards the use of public transport and bicycles. Rural residents tend to use their own cars to get to work, one reason being a lack of good public transport coverage. Here, the use of cars for commuting represents a significant cost factor. Not much has changed in terms of the commuting habits of residents on the outskirts of major cities: most people still use their cars to get to work.

Rail commuters are most common among people who need more than an hour to get to work. The numbers have

been increasing here – by 11 per cent between 2000 and 2012. The share of long-distance commuters who use their car to get to work has declined correspondingly, but still stands at nearly 60 per cent.

The German Federal Government promotes mobility as the foundation for personal development, participation and social interaction. The Federal Government therefore also works hard to ensure that people in Germany can get where they need to go as quickly and safely as possible. For example, the government continues to implement incentives to transfer more freight and cargo from roads to rails and waterways. To this end, the government also plans to extend the truck-toll system to all federal highways beginning in mid-2018.

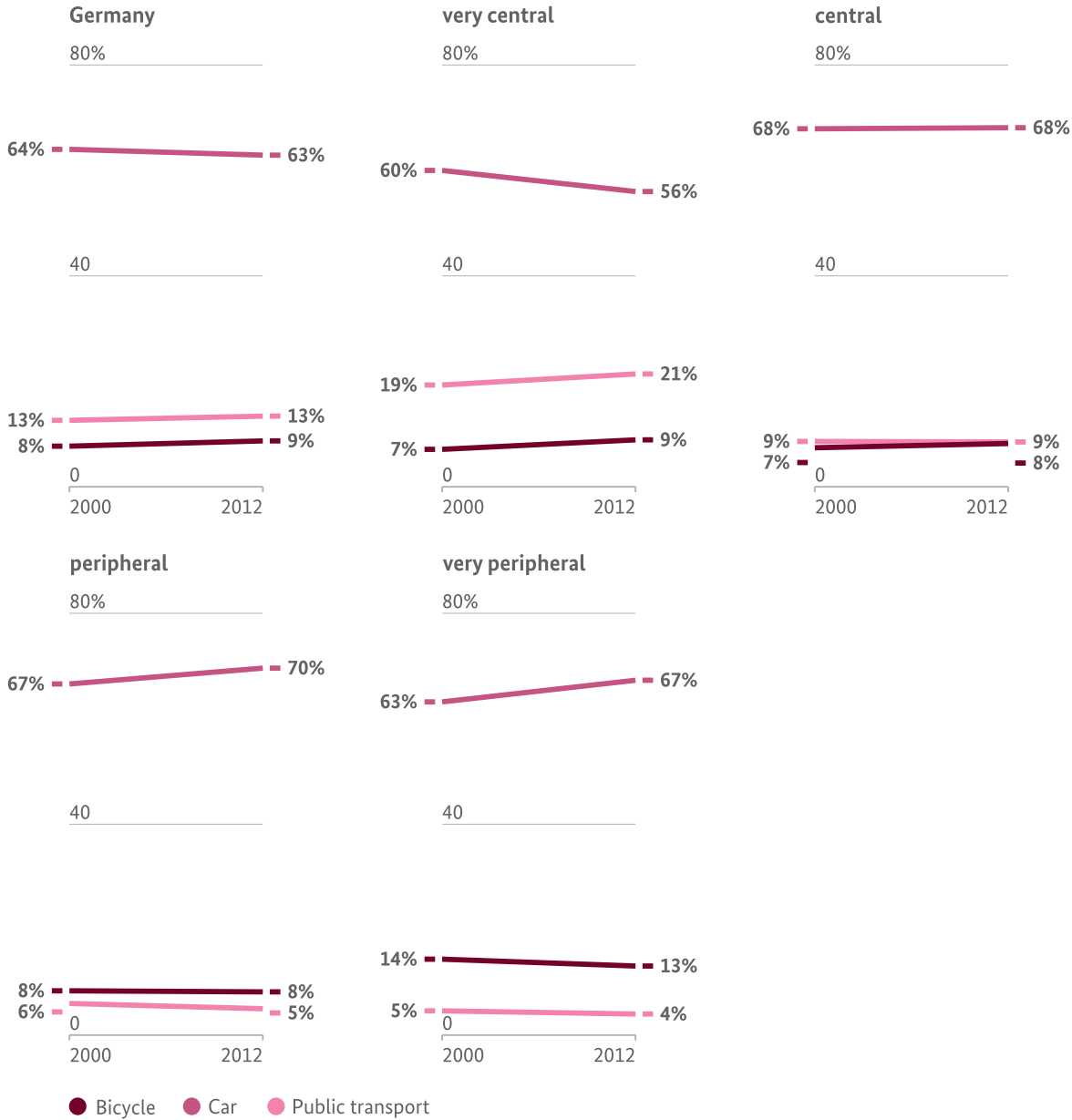
In addition, the Federal Government introduced legislation in 2016 to **foster competition in the rail system**. The idea here is to support the further development of attractive railway systems for all rail customers throughout Germany. The Federal Government is also investing in the construction and maintenance of bicycle paths along federal highways. Within the framework of its **National Cycling Plan** (*Nationaler Radverkehrsplan*), the government is serving as a facilitator and source of ideas for improving the bicycle infrastructure in the federal states and in municipalities. The federal states are responsible for local mobility infrastructures, and the Federal Government spends around €9 billion per year for this purpose.

The Federal Government also funds measures for flexible work conditions in order to make things easier for commuters and improve the work-life balance for workers with families. Such measures include teleworking programmes and systems that allow employees to adjust their working hours as needed. In 2016, the Federal Government published a **White Book** that outlines possible measures to be taken to promote modern work conditions. The **Work 4.0 Dialogue Process** (*Arbeit 4.0 Dialogprozess*) will serve as the basis for the development of such measures.

In addition, the Federal Government grants all commuters a **commuting allowance** of 30 euro cents per kilometre – regardless of whether they walk to work or travel by bike, by motorcycle, by car or with public transport.

The Federal Government is also looking to promote greater mixed use of spaces for living and working and to this end may seek to amend building and planning laws, among other things.

Figure 45: Types of transport used by commuters



Source: German Federal Statistical Office, Microcensus. Conurbations: “very central”, outskirts of major cities: “central”, rural regions: “peripheral and very peripheral”.

The indicator **commuting time** is used to examine the proportion of employed persons in Germany (including trainees) whose commute is longer than 30 minutes. The commuting data is collected every four years in the Microcensus. Nearly 20 per cent of those surveyed in 2012 provided no information on the duration of their commute.<sup>142</sup>

# A Secure Income

## ■ 5. A Secure Income

*"I don't need great wealth, holidays abroad or shopping on Sundays. What I need is a good job that provides me with enough income to live a healthy and happy life with my family."*

from an online response submitted  
on 30 June 2015

The dialogue participants agreed that personal income determines whether or not one can achieve their life goals, and it also plays a key role in social participation. **Individual prosperity** is therefore perceived as an important aspect of personal wellbeing. Participants also frequently mentioned **welfare benefits** as a requirement of wellbeing in Germany. Citizens believe it is very important to be able to rely upon the government in general, as well as on sufficiently high pensions for the elderly and people with reduced earning capacity. Specific topics addressed in the dialogue here included increases in state pension benefits, the level of means-tested unemployment benefits (*Arbeitslosengeld II*) and the introduction of an unconditional basic income.

The **fair distribution of income and wealth** represents one of the most important aspects of wellbeing. The majority of participants in the national dialogue criticised the gap between the rich and poor and talked about the need for government redistribution of wealth via taxes and transfer payments.

If one asks people whether they were satisfied at certain moments during the day, and then compares the answers with the respondents' incomes, one will find that this type of (situational) **emotional wellbeing** increases with income – but only up to a certain point, after which the level of wellbeing remains stable.<sup>143</sup>

The situation is different when people are asked about their **life satisfaction in general** and then compares the answers by level of income. Here, the relationship – i.e. higher income equals greater satisfaction – is not unambiguous. It is also unclear whether there is an income threshold beyond which life satisfaction does not increase any further.<sup>144</sup> It is clear that a loss of income has a greater impact on satisfaction than an equivalent increase in income.<sup>145</sup> The loss of a sense of security and concerns about being

unable to maintain one's standard of living are viewed by lower and middle income groups in particular as having a negative effect on wellbeing. Conversely, a stable, reliable and long-term viable welfare state is considered to be a necessary precondition for a high degree of life satisfaction (see the indicator *job satisfaction* in the dimension "Good work and equitable participation"). This aspect is one of the reasons why people in Germany have such high expectations regarding a welfare system that protects them against a loss of income due to unemployment.

### ■ What the median household has available as disposable income:

Indicator Net household income

*"For me, wellbeing means not having to worry about money."*

from an online response  
submitted on 22 August 2015

**Individual prosperity** was very important to the citizens who participated in the national dialogue. Most people mainly associated individual prosperity with the type of **financial security** that is made possible by a steady income. People expect fair pay for the work they do, and most participants expressed positive views regarding the minimum wage. Some participants also expressed the desire to see the introduction of an unconditional basic income. Only a few dialogue participants explicitly described material prosperity as being relatively less important to them (as compared to the other participants).

The indicator **net household income** provides information on the inflation-adjusted **disposable income available to a median household**<sup>146</sup> in Germany – i.e. the income that remains **after taxes and other charges are deducted and government transfer payments are added**. Net household income also serves as the basis for several other indicators in this report.

Net household income in Germany has increased by nearly eight per cent since 1991, from approximately €18,200 to €19,600. This increase is largely due to a **catching-up process in the East German federal states**, where net household income has risen by more than 15 per cent, from approximately €14,800 to around €17,100 (see Fig. 46).

In general, income increases in the median household have been moderate over the last two decades, however. In fact, net household income actually declined by around €500 in Germany in the period between 2000 and 2006. The latest figures – from 2013 – show net household income at around the level from 2000. This overall moderate development is due to the high levels of unemployment in the first half of the last decade (see the indicator *unemployment rate* in the dimension “Good work and equitable participation”) and the weak wage growth in lower income groups.

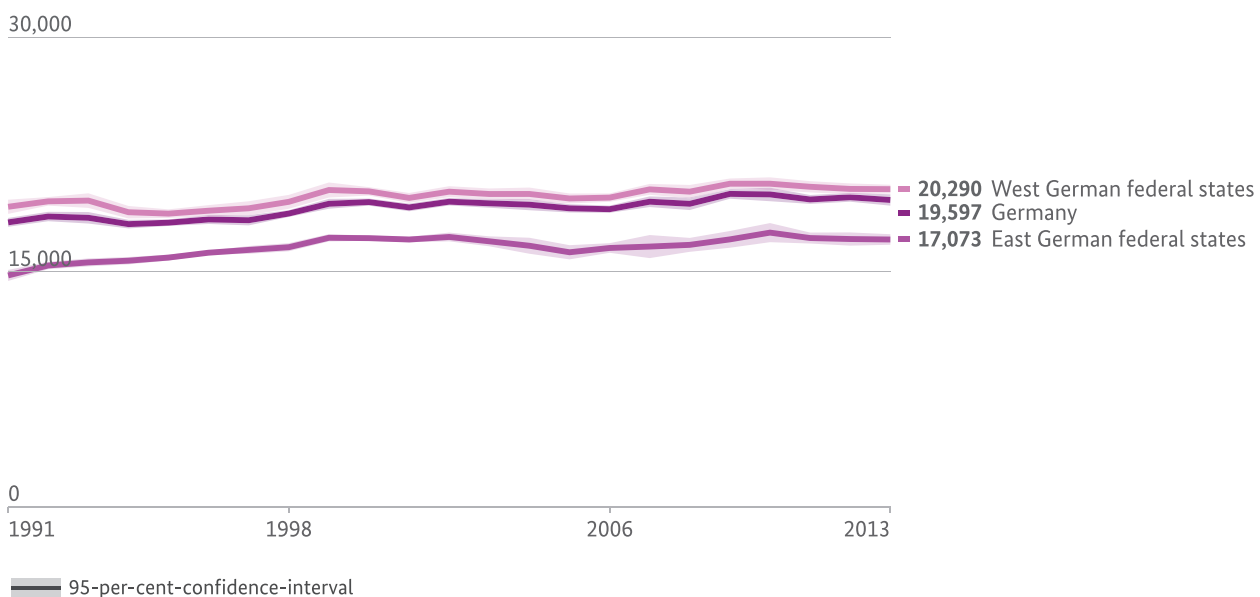
The latter phenomenon, in turn, is in part the result of the structural transformation that took place after reunification, the higher number of workers in the low-wage sector, the technological transformation, the lower pay received by young workers and the decline in the number of employees covered by collective agreements.<sup>147</sup> At the same time, the moderate wage growth at the beginning of the 2000s helped safeguard jobs. The recent positive employment and economic growth trend has led to noticeable increases in real earnings over the last few years (see the indicator *real net wages and salaries* in the dimension “Good work and equitable participation”).

A key objective of the Federal Government is to ensure people in Germany have an adequate income and can enjoy a high material standard of living. The best way to achieve this goal is to prevent unemployment and enable people to participate in a labour market that offers fair wages and salaries. Productivity increases also play a major role in safeguarding employment and economic growth in an ageing society. In turn, all of this requires a good education and vocational training system, as well as an innovative economy that develops new and competitive products and services, and thus creates and safeguards jobs. Here, government must establish suitable conditions that also ensure a positive business and investment climate and solid infrastructure.

In addition, a stable system of collective agreements is important for ensuring that workers can profit from the overall expansion of economic prosperity.

Retirees are also benefiting from the increase in prosperity. In 2016, for example, retirees received the biggest increase in public pension benefits in more than two decades. Pension payments rose by more than four per cent in the West German federal states and by nearly six per cent in the East.

Figure 46: Net household income in euros



Source: Calculations by DIW Berlin, SOEPv31.1. Net household income in 2010 prices.



The development of net income is also affected by taxes and other charges that businesses and individuals have to pay. The Federal Government has kept the tax burden stable during this legislative period and has taken measures to offset the gradually increasing financial burden caused by bracket creep. In general, fiscal and tax policies ensuring stability coupled with high levels of investment and targeted financial relief measures, have strengthened people's and companies' faith in the future, and thus contributed to sustainable economic development.

The Federal Government's economic policy promotes investment and innovation and reduces the bureaucratic burden on businesses, while also strengthening the social partnership and collective bargaining through associated labour and social welfare policies. Public investment in infrastructure has also increased in Germany, and the Federal Government's targeted support for future-oriented business sectors, as well as its High-Tech Strategy and Digital Agenda, help ensure the creation of well-paying jobs that offer good prospects for the future.

The indicator **net household income** provides information on the development of the inflation-adjusted disposable income available to a median household in Germany – i.e. the income that remains after taxes and other charges are deducted and government transfer payments (e.g. unemployment benefits) are added.

Along with employment income, net household income also includes capital and investment income (including income from private pensions), as well as income from state pensions, government transfer payments and imputed rent. The net income of each household is weighted in accordance with household size and composition in a manner that allows for the comparison of incomes across different types of households (e.g. families and single individuals).<sup>148</sup>

The development of net household income over time can also be affected by changes to household structures – for example an increase in single and single-parent households relative to larger families.

The source of the data is the SOEP, which collects income information on a household level.<sup>149</sup> Therefore, the data are statistical approximations that allow for only rough conclusions to be drawn with regard to trends.

**Income distribution in Germany:**  
Indicator Gini coefficient of income

*“In my opinion, it’s important to decrease the gap between rich and poor if the general level of wellbeing in society is to be increased.”*

from an online response  
submitted on 6 August 2015

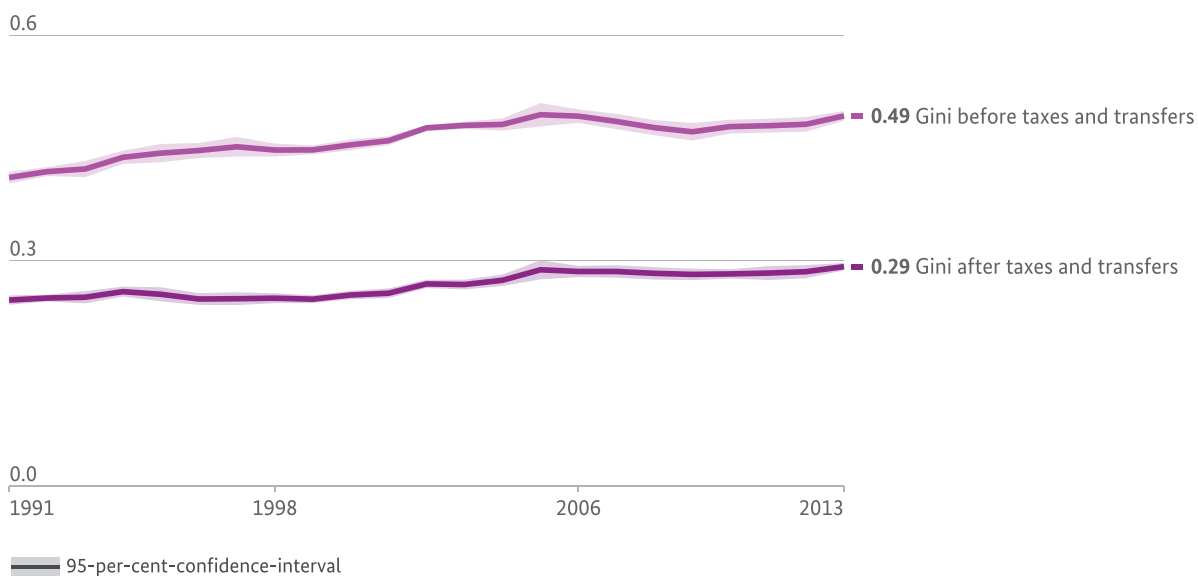
When discussing income distribution in Germany, dialogue participants often criticised the gap between the rich and poor. The discussions revealed great awareness and sensitivity on the part of citizens with regard to this issue. Participants in the national dialogue debated aspects such as tax rates, the need to simplify tax return documents and the importance of taking measures to prevent tax fraud and tax evasion.

Comparative international studies did not fully explain the relationship between income inequality and life satisfaction. However, it has been shown that societies in Europe with large income differences are less satisfied than societies with more homogeneous income distribution (given similar per capita incomes).<sup>150</sup>

At the same time, the **preference for greater equality** in a society – the so-called inequality aversion – varies from country to country.<sup>151</sup>

If one examines the relationship between income inequality and **economic growth**, one sees that social mobility in terms of education and income is less dynamic in countries with relatively greater income inequality than is the case in countries with a more balanced distribution of income.<sup>152</sup> Inequality can have a negative impact on economic growth especially when large segments of the population believe they have little hope of achieving success and participating in society in a meaningful way. That is why equal access to quality education, further education programmes and a functional labour market offering solid earnings play such a decisive role in ensuring positive developments in terms of growth and income distribution.<sup>153</sup> On the other hand, a certain amount of inequality can serve as an incentive to participate in the educational system and labour market, which in turn can spur further economic growth. Economists have yet to reach a final consensus regarding the relationship between income inequality and economic growth. It is clear, however, that a more balanced distribution of income promotes social cohesion.<sup>154</sup>

Figure 47: Gini coefficient of net household income before and after taxes and transfers



Source: Calculations by DIW Berlin, SOEPv31.1.

Figure 48: Gini coefficient of household income in OECD countries 2012



Source: OECD, Income Inequality Indicator. There is no data available yet for Canada, Chile and Japan according to the new OECD income definition of 2012.<sup>155</sup>

The **Gini coefficient for household income** is an established and internationally comparable indicator of income inequality. It ranges from zero to one, whereby the higher the value the greater the degree of inequality. A value of zero would mean that all citizens have identical income, while a value of one would indicate that a single person possesses all available income. By comparing the Gini coefficient **before and after taxes and transfer payments** one can assess the **effectiveness** of redistribution policies.

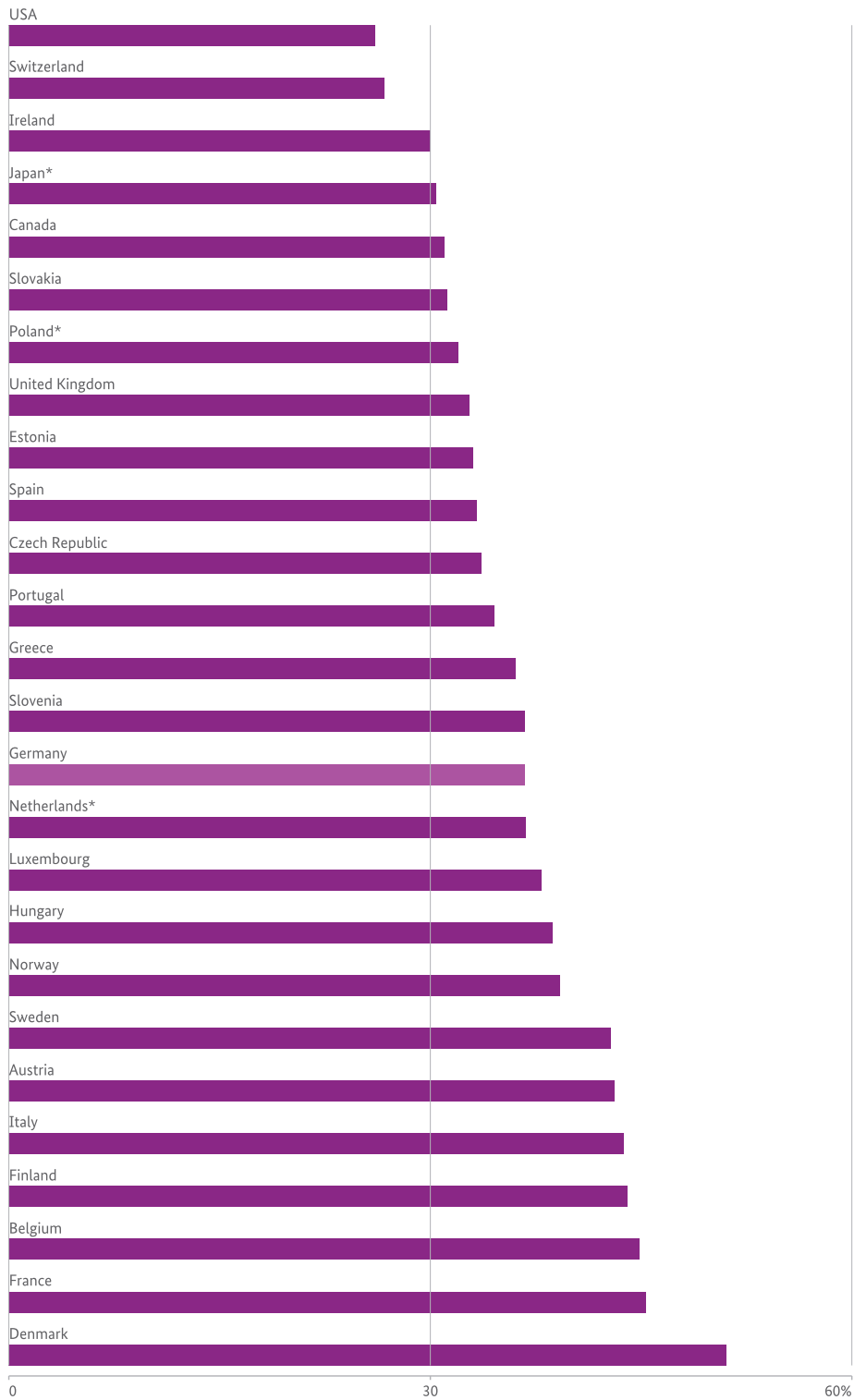
Net household income inequality was relatively constant in Germany in the 1990s. However, the Gini coefficient did rise from 0.25 to 0.29 between 2000 and 2005. It then remained more or less stable in the ten years that followed (see Fig. 47). This stability reflects the influence of the positive development of the economy, employment and earnings in Germany over the last few years. In general, it can be said that social stability and participation in prosperity both improve when more people have the opportunity to obtain a good job with fair pay and are permanently integrated in the labour market.

Germany is in 13th place among the 31 OECD countries in the international comparison of the Gini coefficient of net household income (see Fig. 48). The Scandinavian countries display the lowest levels of income inequality (as low as 0.25). Income inequality is much greater in Spain (0.34), the UK (0.35), the US (0.39) and Mexico (0.46) than in Germany. Among the G20 nations (the world's leading industrialised and emerging economies), Germany has the lowest net household income inequality.

It is important to note here that the Gini coefficient of net household income (after taxes and transfer payments – 0.29 in 2013) is significantly lower than the figure for total gross income (0.49 in 2013; see Fig. 47). This shows that the **German tax and welfare system significantly reduces income inequality**. Because of exemptions and family-related deductions provided for by the tax system, low earners and families (e.g. with an average income and two children) in particular pay either very little or no income tax at all. Indeed, some 23 million people subject to tax actually end up paying no income tax.<sup>156</sup> In the progressive German tax system, the tax burden increases with higher incomes. The tax table starts with a tax rate of 14 per cent and ends with the so-called wealth tax of 45 per cent. In other words, high earners among the population contribute to the public good.

The tax and social insurance system needs to collect enough revenue to finance public services and to invest in education, research and infrastructure. At the same time, the integration of all segments of the population into the labour market can only succeed if the tax and social welfare system provides work incentives.

Figure 49: International comparison of tax ratios in per cent of GDP 2014



Source: OECD 2015. Revenue Statistics 1965-2014. German Federal Ministry of Finance (2016). Die wichtigsten Steuern im internationalen Vergleich 2015.<sup>157</sup> \* Data for the Netherlands, Japan and Poland is from 2013.

The tax ratio (the level of taxes and social insurance payments in relation to gross domestic product) stood at 36.6 per cent in Germany in 2014 (OECD comparison – see Fig. 49). From a comparative international perspective, this ratio is in the mid-range. This means that German taxpayers and companies are not overly burdened. However, it also means that the country’s system for taxes and social insurance payments ensures the type of public services and effective social welfare system that one would expect in a highly developed industrialised country. In line with the principles of the social market economy, Germany’s tax and social insurance system balances individual incentives, mutual responsibility and supportive financing.

Along with the redistribution of gross income, the reduction of inequality in gross income itself is also important here. The German Federal Government is providing targeted support to low-income groups through the introduction of a minimum wage, as well as legislation that focuses labour leasing (temp and subcontracted labour) on its core function and prevents abuse in the systems used for contracting labour. The most important approach for reducing income inequality involves supporting education and further education over the life-course, labour market participation and inclusive economic growth. The Federal Government therefore provides assistance for the training and further education of low-skilled workers in particular in order to improve their chances of obtaining better paying jobs. The Federal Government also promotes educational mobility at an early age in kindergartens and schools (see

the dimensions “Equal educational opportunities for all” and “Having time for family and work”). Other measures place limits on particularly high incomes – e.g. in the case of executive management remuneration and corporate bonus systems – within the framework of the Act on the Appropriateness of Management Board Compensation (*Gesetz zur Angemessenheit der Vorstandsvergütung*) from 2009.<sup>158</sup>

The **Gini coefficient of income** measures the inequality of the distribution of real household income<sup>159</sup> (gross and net income). The scale of the Gini index ranges from zero to one, whereby a value of zero would mean that all citizens have identical income, while a value of one would indicate that a single person possesses all available income and everyone else has no income.

■ **Distribution of wealth:**  
Indicator Gini coefficient of wealth

*“The more just and fair a society is, the most satisfied and stable it will be.”*

from the national dialogue event of the  
Lebenshilfe in Wetzlar on 18 June 2015

A person’s affluence is not just determined by his or her monthly income from employment or a business operation; it also results from personal assets – i.e. **wealth**.<sup>160</sup> The fair distribution of wealth was very important to participants in the national dialogue. Participants pointed out that a sufficient level of wealth protects people from emergencies and makes it easier to plan for the long term and achieve one’s goals. In general, personal assets and wealth are viewed as the best form of old-age provision.

Personal wealth protects a person against a sudden loss of income, for example due to unemployment, and is therefore an important determinant of life satisfaction.<sup>161</sup>

Low income tends to correlate with a low degree of wealth in a household, and this phenomenon reinforces material inequality.<sup>162</sup> Low-income households often have problems accumulating assets and find it difficult to obtain loans, which<sup>163</sup> in turn further limits their possibilities for accumulating assets.

The indicator **Gini coefficient of wealth** measures the wealth distribution in Germany on a scale of zero to one, ranging from a completely equal to a completely unequal distribution. This indicator is also used in international comparisons, but with much greater limitations than is the case with the Gini coefficient of income. The assets analysed include monetary assets, real estate holdings, stocks and other investments – all minus personal debt. The data is based on surveys in which private households estimate their total wealth, including the current market value of the homes or apartments they own and live in.

Between 2002 and 2012, the Gini coefficient of **wealth remained relatively** stable at around 0.8 (see Fig. 50).<sup>164</sup> In 2013, the Gini coefficient of net household income stood at 0.29. In general, the data shows that the wealthiest ten per

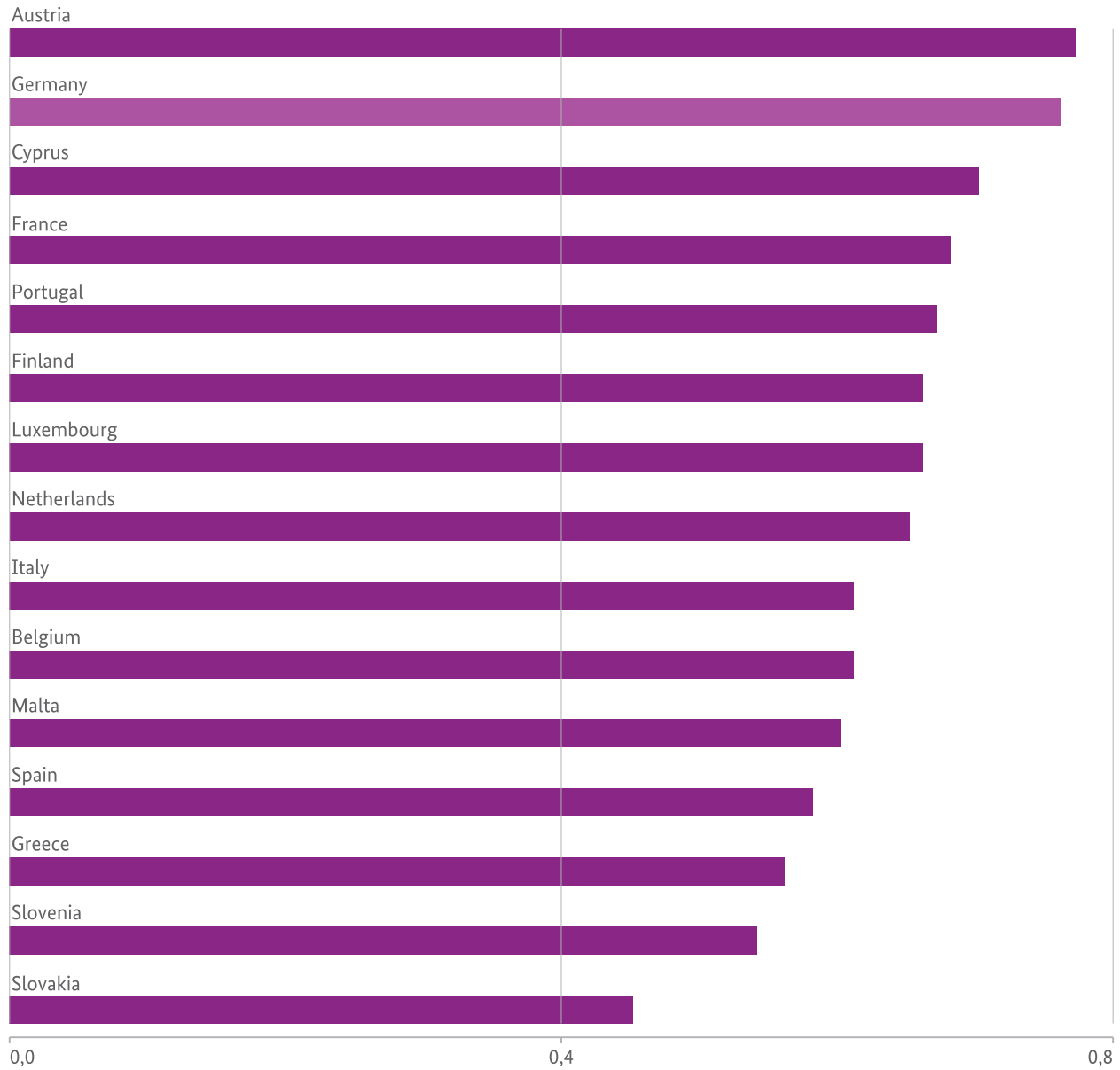
cent of households possess more than 50 per cent of total net assets and the top one per cent of households control around 25 per cent of all wealth.<sup>165</sup>

The Gini coefficient shows that **wealth is much more unequally distributed than income** in Germany. The Gini coefficient of 0.78 in Germany in 2010 was at more or less the same level as in Austria. By contrast, in other countries such as France (0.68) and Italy (0.61) wealth was more equally distributed.<sup>166</sup>

At the same time, **country-specific differences** matter in international comparisons of wealth inequality. For example, the relatively high Gini coefficient for Germany can be explained in part by the fact that **entitlements to a public pension are not counted as assets** in the calculation. However, as compared to many other countries, such public pension entitlements are much higher and more important in Germany than private pension claims, which are included in the calculations.<sup>167</sup> The international comparison also shows that a large number of people in Germany rent rather than own their homes. Finally, average net assets in the East German federal states were more than 50 per cent lower than in the West in 2012.<sup>168</sup> This factor puts the high wealth inequality into perspective. All of these aspects need to be taken into account in the interpretation of above-average wealth inequality in Germany.

It is of paramount importance to the Federal Government that all **income, including investment income, be taxed fairly**. An efficient tax enforcement system ensures that taxes can be collected in a timely manner by the government. Because of their higher incomes and economic performance in general, wealthy individuals in Germany make a significant contribution to the financing of government and community services. This is mainly due to the country’s progressive income tax and its inheritance tax. The latter was recently amended in order to bring it into line with Germany’s Basic Law and prevent a situation marked by excessive privilege. Here, precautions were taken to ensure that the small, medium-sized and family-owned businesses in Germany would not be negatively impacted and that jobs would therefore not be lost. The progressive income tax is the main guarantee of distributional equity within the framework of the tax and social insurance system in Germany. In

Figure 50: Gini coefficient of wealth in EU-15



Source: Sierminska and Medgyesi (2013). The data was collected in a household survey harmonized for the Eurozone, the Eurosystem Household Finance and Consumption Survey. The survey was conducted in the various countries in different years during the period 2008-2011.



2015, for example, the top ten per cent income bracket accounted for nearly 55 per cent of total tax revenue, while the top five per cent contributed more than 41 per cent of all tax revenue.<sup>169</sup>

Ensuring a fair and equitable tax system is a key political task if the population is to continue to accept the prevalent economic and social order. It is important for citizens to know that no one will be allowed to evade their tax responsibilities at the expense of the common good. The Federal Government has increased the effectiveness of the tax collection system by taking steps to combat tax fraud, tax avoidance and tax evasion.

The Federal Government is also addressing the issue of international tax fairness by working on the international level to prevent the use of tax havens that allow companies to avoid paying taxes in Germany. Germany and its international partners are cooperating in the Base Erosion and Profit Shifting project to ensure that no international tax loopholes are left open for multinational corporations. An important step will be taken here in September 2017, when a new system that automatically shares information on financial accounts will go into operation. More than 100 countries have already agreed to take part in this information-sharing programme. In reaction to the publication of the so-called Panama Papers as well, the Federal Government presented its Plan of Action to Combat Tax Fraud, Devious Tax Avoidance and Money Laundering (*Aktionsplan gegen Steuerbetrug, trickreiche Steuervermeidung und Geldwäsche*) in 2016. The Federal Government is currently working on the implementation of this plan in cooperation with European and international partners.

The Federal Government is also seeking to introduce a European-wide tax on financial transactions in order to ensure that the finance sector makes an adequate contribution to managing the costs of the financial crisis.

An important element of the social market economy has always involved implementing measures that enable people to accumulate wealth – especially people with low incomes or no income at all. Such measures include the employee savings allowance (*Arbeitnehmer-Sparzulage*)

and the home construction bonus (*Wohnungsbauprämie*). Along with its redistributive taxation and social insurance system, the Federal Government also seeks to limit inequality by promoting the broad-scale accumulation of assets and the expansion of employment with well-paying jobs. The government also takes steps to eliminate discrimination on the labour market on the basis of gender, age or ethnic background. Measures that efficiently promote equal educational opportunities and the effective application of the knowledge gained through education in the economy and society play a key role in ensuring the highest possible quality of employment.

The indicator **Gini coefficient of wealth** measures the wealth distribution in Germany. The Gini coefficient ranges from zero to one, whereby a value of zero would mean that all households have identical wealth, while a value of one would indicate that a single household possesses all available assets.

The SOEP household survey provides data for this (as well as data collected by the European Central Bank). The basis for the calculations are net assets.<sup>170</sup> The use of survey data to measure wealth poses considerable methodological problems. For example, it is particularly difficult to collect data on high levels of wealth in this manner because households at the very high end of the wealth distribution are under-represented in samples.<sup>171</sup> Survey respondents also find it difficult to estimate the value of certain fixed assets (e.g. real estate) due to permanent price fluctuations. Many respondents often fail to provide answers to asset-related questions in surveys for this reason. The Scandinavian countries are international vanguards in this respect, as data on the wealth of citizens in these countries is stored in national registries. Given all of these aspects, the Gini coefficient only offers an approximation of the actual distribution of wealth.

■ **People who earn less than 60 per cent of median income:** Indicator Risk-of-poverty rate

*“We are a rich country and yet some children still have to go to bed hungry here.”*

from the national dialogue event of ver.di in Cologne on 19 June 2015

Many participants in the national dialogue expressed **concerns about poverty**, especially poverty among children and adolescents, which was viewed as a particularly pressing problem. While the majority of the dialogue participants understood that the welfare state mitigates the effects of poverty, several of them nevertheless pointed out existing gaps and stated that the situation needs to be improved.

In any case, scientific studies show that poverty has a negative effect on life satisfaction, and that this **effect is permanent** – i.e. life satisfaction often remains lower than the original level even after a person escapes poverty.<sup>172</sup>

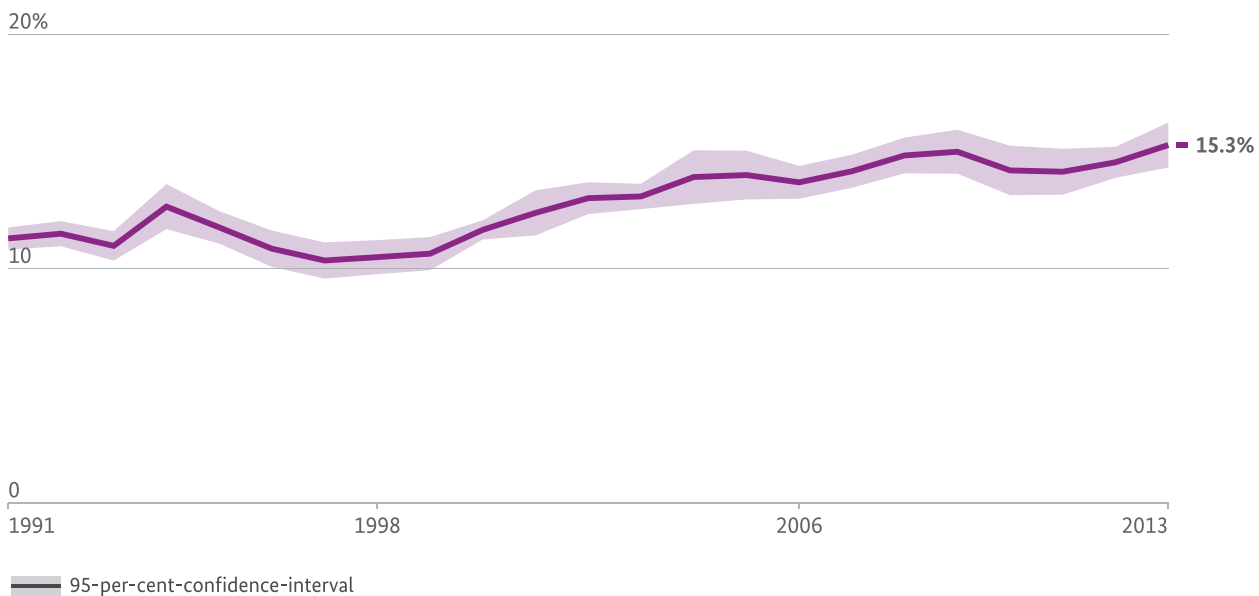
Poverty has many causes that include a lack of education, own income loss, the partial loss of family income and insufficient income in old age. Child poverty

often occurs when a single parent is unable to reconcile work and family duties. However, poverty can also **result from life risks** – for example severe and long illnesses or job loss. Poverty also restricts social participation.

The **risk-of-poverty rate** measures the proportion of the population in Germany that can be defined as living in **relative income poverty**. More specifically, this indicator relates to those who have to live on less than 60 per cent of median net household income. Such individuals are considered to be **at risk of falling into poverty**. A distinction needs to be made here between relative and absolute poverty, government’s basic means-tested safety net prevents absolute poverty in Germany, in principle.

The indicator can be differentiated by age, gender, ethnic background and type of household. The risk-of-poverty rate does not measure the degree of individual need (socio-cultural minimum subsistence level), but rather the risk of falling into poverty. It also does not take into account personal assets or the effect of non-cash benefits and services. However, these aspects must be considered in any analysis of the risk of poverty, as well as when measures are developed to prevent poverty.

Figure 51: Risk-of-poverty rate



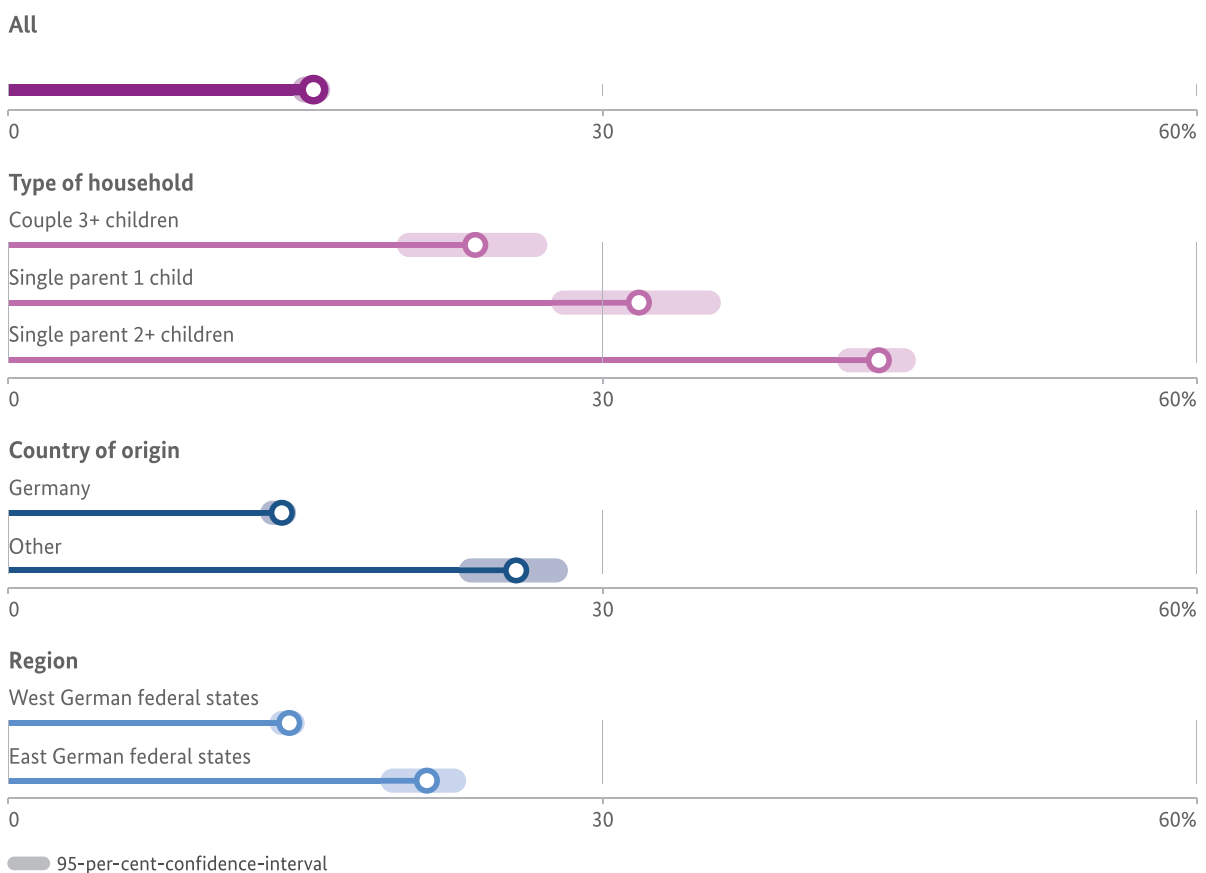
Source: Calculations by DIW Berlin, SOEPv31.1.

The nationwide average risk of poverty remained more or less constant during a short phase following reunification, but then increased from just under 11 per cent to around 14 per cent between 1999 and 2005. This significant increase in the risk-of-poverty rate was in part due to the deteriorating labour market situation in this period. Since 2005, the risk-of-poverty rate has fluctuated between 14 per cent and slightly more than 15 per cent. In 2013, the risk-of-poverty rate stood at 15.3 per cent (see Fig. 51).

without a migration background (27 per cent as opposed to 13 per cent).<sup>173</sup> Women also have a higher risk of falling into poverty than men (16.5 per cent as opposed to 14 per cent). People in the East German federal states (21 per cent) have a higher risk of poverty than people in the West (14 per cent) if a nationwide income threshold is applied (e.g. without taking into account regional differences in purchasing power). A particularly high risk can be observed among single parents (32 per cent with one child, 44 per cent with two or more children) and couples with more than two children (23 per cent; see Fig. 52).

There are several **high-risk groups in the population** here. For example, people with a migration background are much more likely to be at risk of poverty than individuals

Figure 52: Risk-of-poverty rate for selected groups 2013



Source: Calculations by DIW Berlin, SOEPv31.1.

The risk of poverty differs among age groups but is most pronounced among young people. For example, young children and adolescents are at a higher risk of being poor if their parents fall into poverty. At the same time, researchers do not view the increased **risk of poverty among young adults** as a major problem. That is because many in this age group tend to have low earnings as students, trainees or entry-level employees, but a large number of them then begin earning significantly more money after graduating, completing a training programme or moving up the career ladder.<sup>174</sup>

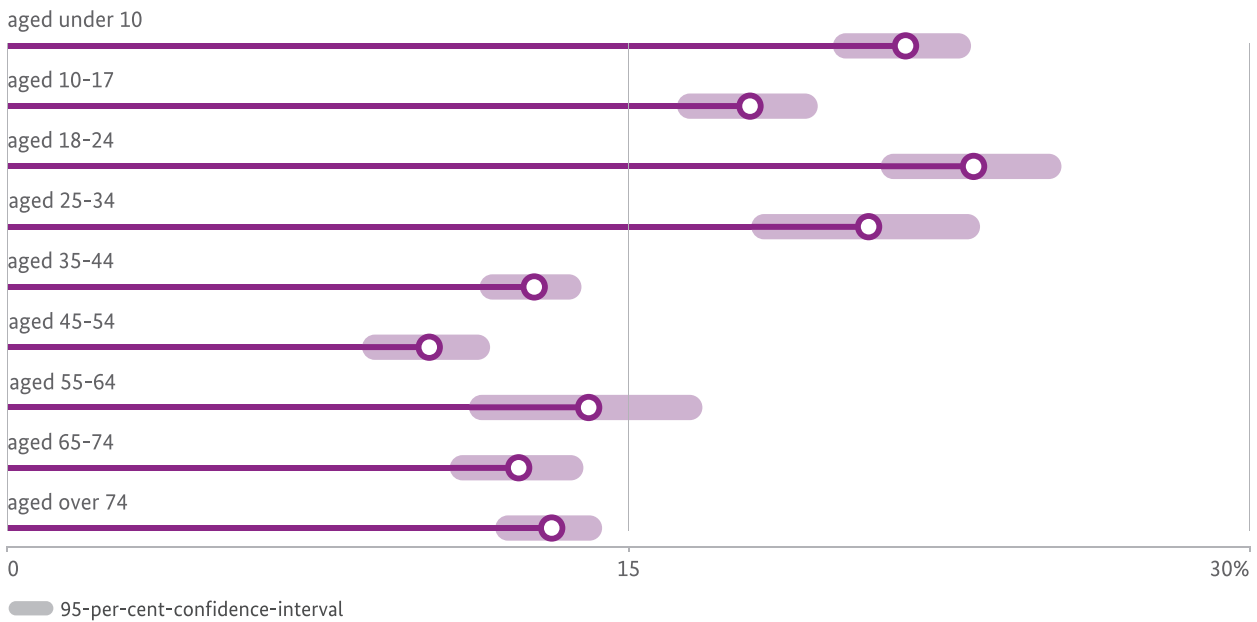
The risk-of-poverty rate among senior citizens is currently below the nationwide average (65-74-year-olds: 12 per cent; 75 and older: 13 per cent; see Fig. 53). In other words, **old-age poverty is currently not a widespread problem** in Germany. Only around three per cent of people 65 years of age and older receive old-age basic income support from the government.<sup>175</sup> This situation could change in future, however. The long-term unemployed,

people with reduced earning capacity, self-employed without employees and single parents have a higher risk of falling into poverty in future. Preventing poverty in old age is a very important objective of the German Federal Government, especially in view of the ongoing demographic transformation.

The following evidence underlines the redistributive effects of the German welfare state: If all gross income is taken into account (i.e. before taxes and transfer payments), then the risk-of-poverty rate in 2013 was 35 per cent. However, the rate is only 15 per cent after taxes are deducted and transfer payments are added (see Fig. 54). This comparison illustrates the **positive targeted effect of the welfare system in Germany**.

To put it another way, government redistribution mechanisms lead to a **significant reduction of relative poverty**. Families benefit here from the new parental allowance (*Elterngeld Plus*) and the children's allowance,

Figure 53: Risk-of-poverty rate by age group 2013



Source: Calculations by DIW Berlin, SOEPv31.1.

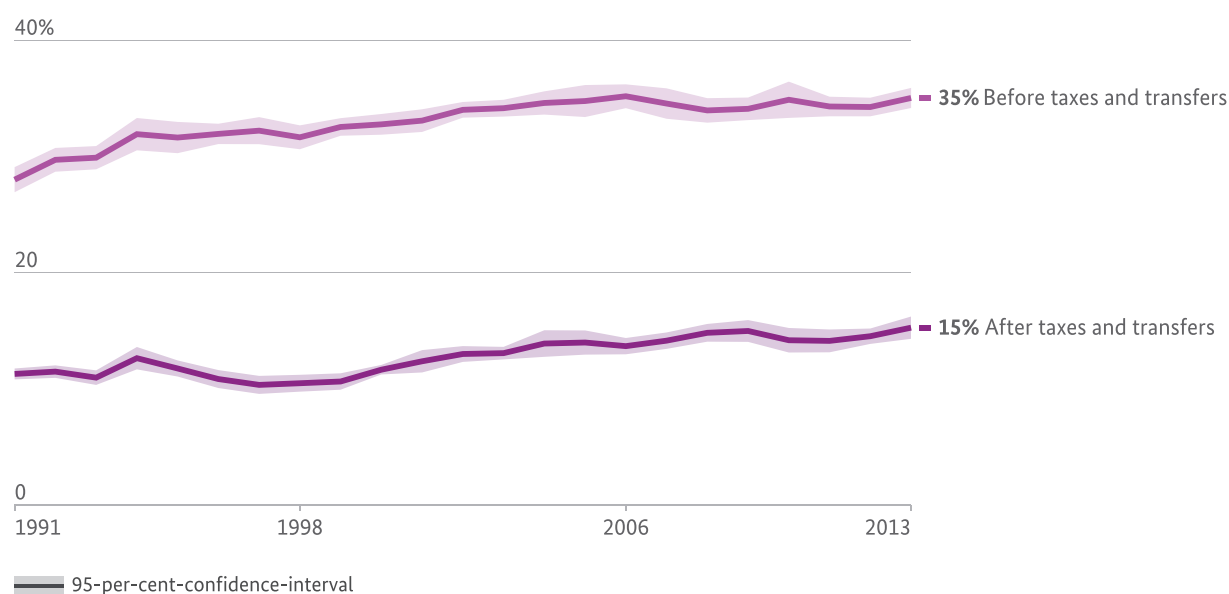
as well as from the recent increase in the child tax credit. Additional tax deductions are available for childcare, kindergarten and education and vocational training for children. In 2016, the government housing benefit was significantly increased for 870,000 low-income households in Germany. This translates into an additional benefit of roughly €70 per month for an average two-person household. Children in low-income families also benefit from the increase in the supplementary child allowance that went into force on 1 July 2016. Together with the children's allowance and the housing benefit, this supplementary allowance enables families to meet expenses for children (including housing) in accordance with Book II of the German Social Code.

The most important instruments for fighting poverty are a successful educational policy, especially in terms of early childhood education, and successful labour market policies. Both instruments lead to lower unemployment rates, higher levels of employment and safe well-paying jobs (see the dimensions "Good work and equitable participation" and "Equal educational opportunities for all").<sup>176</sup> Parents – and especially single parents – need to have suitable high-quality childcare options if they are to be able to participate in the labour market, remain economically independent and avoid poverty.

The indicator **risk-of-poverty rate** provides information on the proportion of the population whose household income<sup>177</sup> is below the poverty-risk threshold, which corresponds to 60 per cent of median net household income. In 2013, for example, this threshold was approximately €11,800 per year for a single person and €24,700 for a household with two adults and two children under 14.

The risk-of-poverty rate is not an absolute measure of the degree of individual need; instead it measures relative poverty and therefore provides additional information on the income distribution. Targeted policy measures can be made more effective here if the indicator is subdivided among socio-economic groups. Not all households that fall below the defined income threshold experience **material deprivation**, which is why the latter can also be used as an indicator to approximate the risk of poverty. A person is considered to be materially deprived if he or she is unable to afford certain items of daily use that are viewed as being required for a minimum standard of living. The approach to measuring material deprivation on the basis of individual and household surveys is currently being revised.

Figure 54: Risk-of-poverty rate before and after taxes and transfers



Source: Calculations by DIW Berlin, SOEPv31.1.

## ■ Secure in old age: Indicator Old-age dependency ratio

*“Government policies should take the demographic transformation into account; otherwise future generations will have big problems.”*

from the national dialogue event of the Verbraucherzentrale Nordrhein-Westfalen in Schwerte on 9 September 2015

People in Germany want to be able to enjoy an adequate level of financial security after they retire. They expect the government to keep the statutory pension system affordable and believe it is important that future generations should not have to worry about their own retirement either. Just about all participants in the national dialogue agreed on this. Several participants spoke about possibilities for earning extra money after one retires, as well as the proper level of basic income support for the elderly and questions related to fairness in the pension system. They also discussed the legal retirement age, with some criticising “Retirement at 67” and expressing the desire to see a more flexible retirement age scheme. Differences in the pension levels for civil servants and dependent employees, but also in pensions between the East and West German federal states, were considered to be unfair.

In old age, German citizens want to maintain the standard of living they have attained during their working life in order to ensure a high degree of wellbeing in old age. Individual retirement provisions need to be based on several pillars if financial security is to be ensured for the elderly. The statutory pension system remains the most important retirement pillar for the great majority of those in dependent employment relationships. The statutory pension can be supplemented by two additional pillars in the form of voluntary company pensions and private retirement provisions. The latter two pillars are becoming more and more important in view of the ongoing demographic transition in particular.

Whether or not a pension will provide for sufficient income in old age depends on several factors that include employment history, one’s state of health and the standard of living one has attained throughout their

working life. The individual living conditions – e.g. whether one lives alone or with a partner, is married or divorced, or has raised children alone – also plays a role here, however. Material well-being in old age also depends on the design of the statutory retirement insurance system and people’s choices regarding company and private pension plans.

The retirement provisions a person has made determine their individual income situation at the age of 65 and older. The pension benefit also reflects the income they have accrued throughout their working life. Many young adults experience a transition from education and training to employment, and their earnings during this time are therefore strongly influenced by the pay they receive when they enter the workforce. Employment history then begins to have a large and growing impact on the income situation for the age groups that follow. Most people in these age groups have completed their studies or training, and their professional experience and length of employment within a company generally lead to higher levels of net income. Here, the group of people aged 45-64 tend to earn the highest median net incomes due to their professional status. Incomes among older people are typically lower than the incomes attained during working life. However, in retirement, expenses for retirement provisions, raising children and purchasing homes etc. are typically lower.<sup>178</sup>

Detailed data on retired individuals’ incomes from statutory, company and private pensions is regularly collected in Germany. An examination of the **general level of income** in retiree households reveals that the material situation is good for most elderly people.

The vast majority is currently able to do without government support. Some 536,000 elderly individuals received basic income support from the government in December 2015, which corresponds to around three per cent of the population 65 years and older.<sup>179</sup>

Various scientific studies show that future generations of retirees face an **increasing risk of old-age poverty**. There are various reasons why this risk is increasing. For one thing, employment histories and household structures have been changing and will continue to change. For example, more people are now working for longer periods of time in part-time employment, or else interrupting their employment. Interruptions can be either voluntary

or involuntary in nature, whereby involuntary interruptions to employment are in part due to the increase in long-term unemployment.<sup>180</sup> Divorce rates and the number of people raising children alone have also risen over the decades. This often results in lower pensions for women in particular, and this in turn can lead to a higher risk of poverty in old age. All of these developments are having a delayed but visible effect on the pension system, whereby this effect is being offset somewhat by a significant increase in employment among women and the 55-64 age group especially. In addition, the number of employed persons with occupational or private pension entitlements has increased considerably in the last decade.

Just under 18 million employed people (approximately 60 per cent) currently have occupational pension entitlements.<sup>181</sup> The number of contracts closed for additional private retirement plans (the so-called Riester pension) currently stands at 16.5 million.<sup>182</sup> Whether or not employed people make provisions for retirement, and the extent to which they do this, depends heavily on factors such as their level of education and their income.<sup>183</sup>

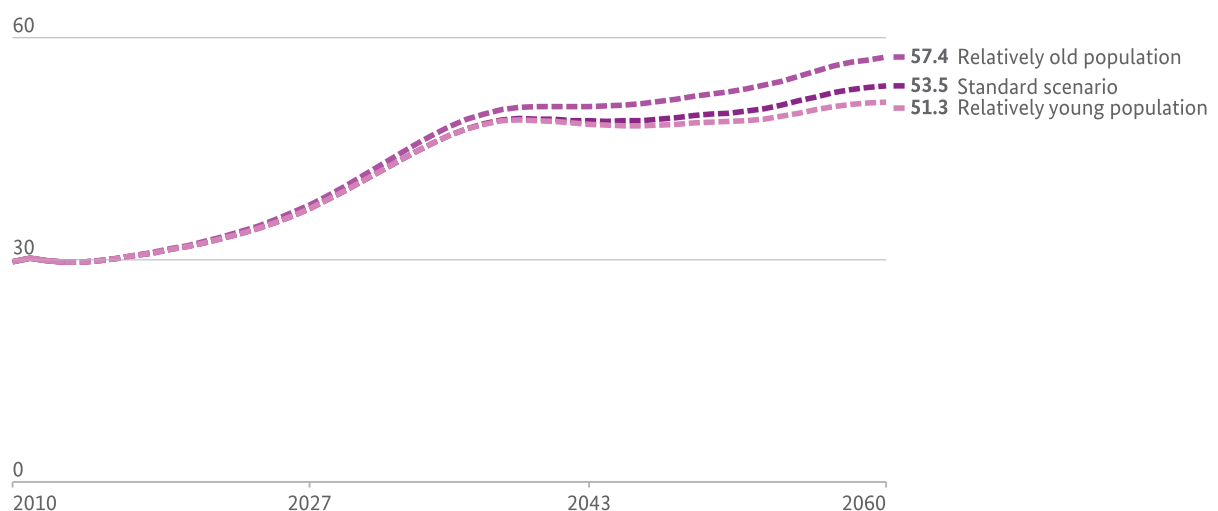
The demographic transition, especially the **increase in life expectancy**, is having a major impact on the further development of individual retirement provisions. As life expectancy increases, so too does the number of years that people collect a pension. Back in 1960, retirees in West

Germany collected a pension for just under ten years on average, but by 2014 that figure had nearly doubled to 19.3 years.<sup>184</sup> Additional baby boomers born between 1955 and 1964 will all be going into retirement over the next decade and a half – and this development will present a major financial challenge to the German pension system.

The **old-age dependency ratio** provides information on the age structure of a given population. The ratio measures the number of elderly people (67 and older) as a share of those of working age (20-66).<sup>185</sup> This value has remained at around 30 since 2010, which means for every 100 individuals in the working-age population there are approximately 30 retirees. In 2040, the ratio is projected to be at 50 retirees for every 100 individuals in the working-age population (see Fig. 55).

The German pension system faces a changing ratio of contributors to the pension system and beneficiaries who draw pension benefits. A smaller number of employed people will have to finance a larger number of retirees. That is because the birth cohorts currently entering the labour market are much smaller in numbers than the baby boomers who are retiring, and this disproportion will continue to increase up until 2060. In other words, population aging will continue to put pressure on the German pension system.

Figure 55: Old-age dependency ratio up to 2013 and forecast up to 2060



Source: German Federal Statistical Office, Bevölkerungsforschung und 13. koordinierte Bevölkerungsvorausrechnung.<sup>186</sup>

In view of this situation, it is important to make full use of the available workforce and labour market potential. That is because, economically speaking, it is not the proportion of working age individuals in the population that is so important but rather whether these people actually work – and work at the highest possible level of productivity. All pillars of the German retirement system can be made viable for the long term if employment levels can be increased in all social and age groups up until the retirement age group and earnings can be raised to a level that would allow most people to accumulate adequate provisions for retirement. Here, it must be ensured that no excessive financial burden is placed on the working-age population.

Numerous pension reforms passed in the last few years were designed with these challenges in mind. Such measures followed the objective of safeguarding the financial security of the elderly in the current generation and in future generations, and ensuring an adequate degree of planning certainty for all citizens. The government must continually take into account what are in most cases competing interests here – e.g. between pension system beneficiaries and contributors and between the various generations in general. In order to maintain a **balance in the so-called inter-generational contract**, the legal retirement age has been raised and the expenditure of the statutory pension system has been stabilised by limiting certain benefits. Pensions will also increase at a slower rate than earnings and income in the long run in order to ensure that the coming generations are not overly burdened by the pension costs. Nevertheless, pensions can still be expected to rise in future, and the government will subsidize individual investments in private and occupational pension provisions. It is important to understand here that a sustainable pension system cannot be guaranteed by the statutory pension system alone. Individual retirement provisions need to be based on several pillars if adequate income is to be available in old age. The Federal Government pursues a responsible policy here with its **“three-pillar model”** consisting of the statutory pension, company pensions and private retirement provisions.

In 2016, current retirees benefit from the biggest increase in statutory pension benefits in more than two decades. Pension payments were increased by more than four per cent in the West German federal states and by nearly six per cent in the East. In general, the statutory pension

system has strengthened significantly during the current legislative period. For example, the Federal Government has taken steps that allow **individuals who have paid contributions into the statutory pension system for 45 years** to enter early retirement without deductions. This early retirement option had been available since 1 July 2014 to qualified individuals aged 63. This year, the cut-off age will begin rising by two months per year until it reaches 65, which means the cut-off age will still be two years earlier than the new legal retirement age of 67. The Mother Pension (*Mütterrente*) increases the childcare credits. In this sense, it acknowledges that child rearing makes a very important contribution to society, whereby older women particularly benefit from this measure. The German Federal Government plans to stick to its **“Retirement at 67”** policy – the gradual raising of the retirement age to 67. The continual increase in life expectancy means that many people are staying healthy longer, and are thus able to actively contribute to overall societal prosperity for a longer period.

The **old-age dependency ratio** indicator shows the relation of the number of elderly people (67 and older) to 100 people in the working-age population (20-66). The indicator thus provides information on the burden the demographic transformation is placing on the government’s ability to finance the pay-as-you-go statutory pension system in Germany. However, the indicator does not allow for any definite conclusions with respect to the sustainability of the social insurance systems. This requires an analysis of the ratio between the number of pension beneficiaries and the number of people who are actually working.

In the next edition of this report, the Federal Government plans to compare the retirement incomes for various typical household and employment patterns. This allows for an analysis of whether these model biographies are able to maintain the standard of living in retirement they achieved during working their life. Furthermore, one can compare the composition of old-age income, more specifically what share each of the three pillars contributes to total monthly pension and the level of saving required to maintain the standard of living.





# Living a Life in Security and Freedom

## ■ 6. Living a Life in Security and Freedom

*"I want a life without fear. Without fear of violence in public."*

from the national dialogue event of the Schwulen- und Lesbenverband Deutschland in Berlin on 5 May 2015

Living a life in security and freedom was a source of broad discussion during the national dialogue. Topics ranged from security abroad, threats of terrorism, peace and international responsibility to domestic security. The topics relating to security abroad are set out in the dimension "Acting with global responsibility and securing peace". The dimension "Living a life in security and freedom" puts greater focus on people's immediate living environment.

For many citizens participating in the national dialogue, increased safety in everyday life translated to a decreased fear of crime – this was a major concern. Research findings confirm that being the victim of crime is associated with significant and sometimes permanent injury to the lives and wellbeing of those affected in particular, but also their families.<sup>187</sup>

Ensuring public safety and actively fighting crime were seen by citizens as one of the key duties of the government. Dialogue participants wanted greater security in their own neighbourhoods and more effective protection against burglary and theft. In addition, they often spoke of the need for a strong police force and an effective justice system. There were calls for these institutions to enforce the rules more consistently so that citizens could truly place their trust in them. Police work only made up a portion of the efforts to ensure safety at the national level, which covers civil defence and disaster protection to national and coalition-based defence.

## ■ A positive sense of safety, specific fears: Indicator Fear of crime

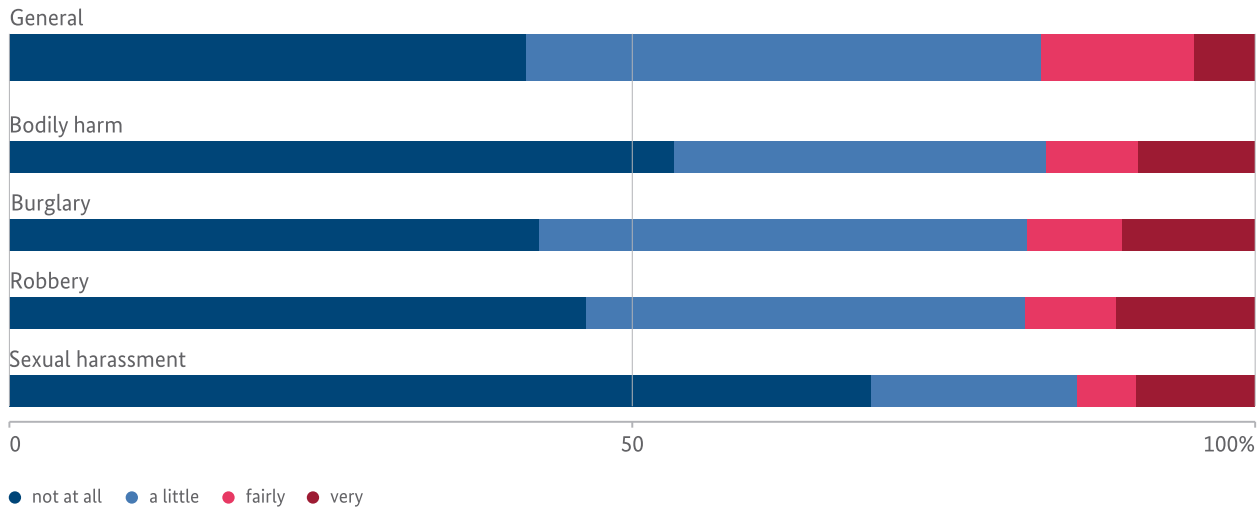
Many people fear being the victim of a crime or feel insecure. **Perceived safety** in particular plays an important role here. After all, a subjective perception of safety is not solely resultant from the risk of being the victim of a crime or actually experiencing crime.<sup>188</sup>

The research shows that people's perception of their safety depends on a very wide range of factors. These include, for example, their living environment, their age or even their personality traits.<sup>189</sup>

Subjective perception of safety is measured by what is known as **affective fear of crime**. This indicator shows citizens' fear of becoming a victim of crime themselves. This fear is measured using representative population surveys, such as the **2012 German Victimisation Survey (Deutscher Viktimisierungssurvey 2012)**.<sup>190</sup> Among other things, it asked how people felt in their neighbourhoods at night.<sup>191</sup> This question provides an approximation of the degree to which people fear crime in general. This **general sense of security** is an important factor in citizens' wellbeing.

In addition to fear of crime in general, the 2012 German Victimisation Survey also gathers information on the extent people fear to be a victim of **bodily harm, burglary, robbery and sexual harassment**.

Figure 56: Fear of crime 2012



Source: Deutscher Viktimisierungssurvey 2012. Share of respondents with general and offence-specific fear of crime, N = 35,405 (general fear of crime); 11,584 (bodily harm); 11,608 (burglary); 11,601 (robbery); 11,604 (sexual harassment).

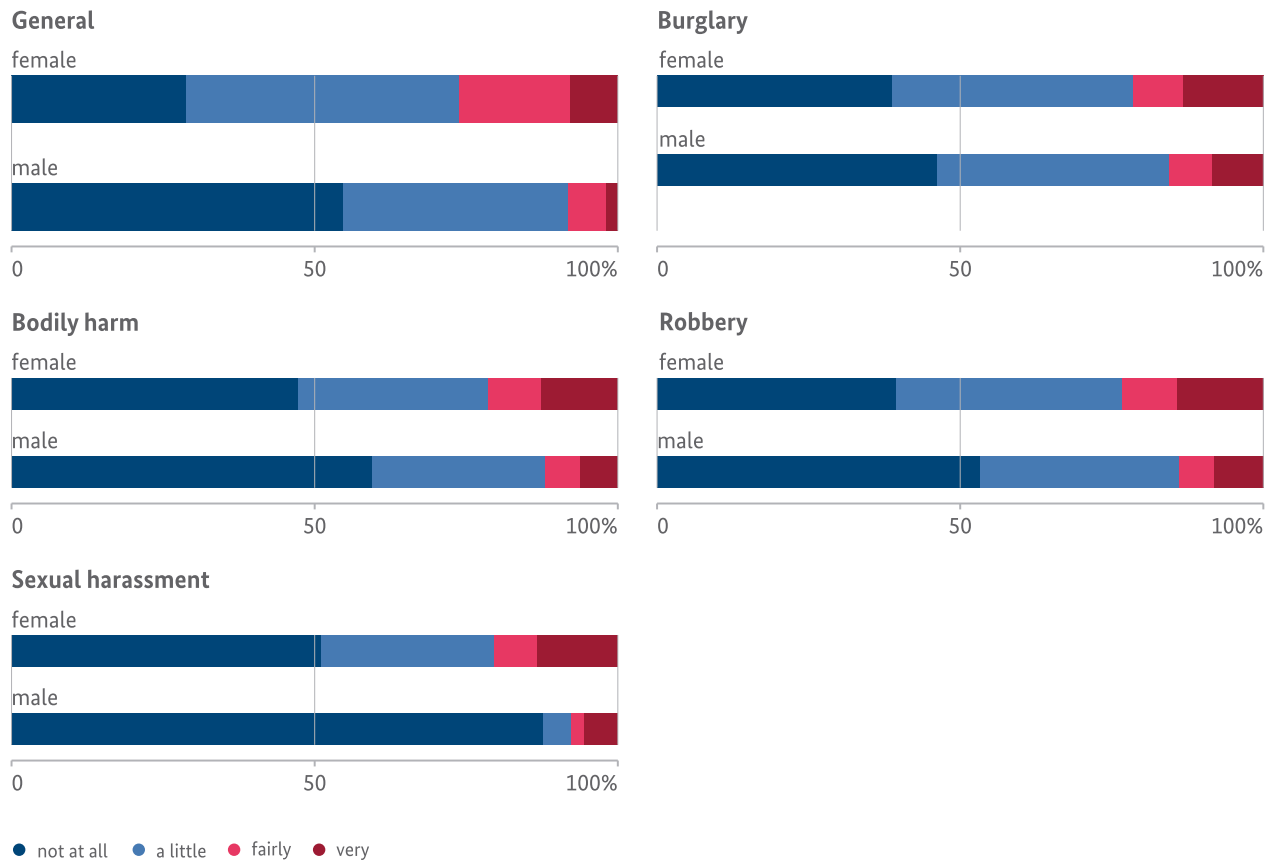
The responses indicate that the majority of German citizens live their lives relatively free from fear (see Fig. 56). More than 80 per cent of respondents said they felt fairly safe or very safe in their neighbourhood at night. The responses for specific types of crime followed a similar pattern. More than 80 per cent of respondents said they were not at all or only slightly worried about becoming the victim of robbery, burglary, bodily injury or sexual harassment.

The fear of becoming a victim of a criminal act **varies relatively strongly between different groups**. For example, women (see Fig. 57) and older people (see Fig. 58) in particular are much more afraid of crime than men and younger people.

Women’s subjective sense of security contrasts with the objective (statistical) risk of being the victim of a crime.<sup>192</sup> For example, some 564,000 men were recorded as being victims of crimes in the police crime statistics for 2015 (committed: 521,129; attempted: 43,112), compared to around 382,000 women (committed: 359,796; attempted: 22,096).<sup>193</sup>

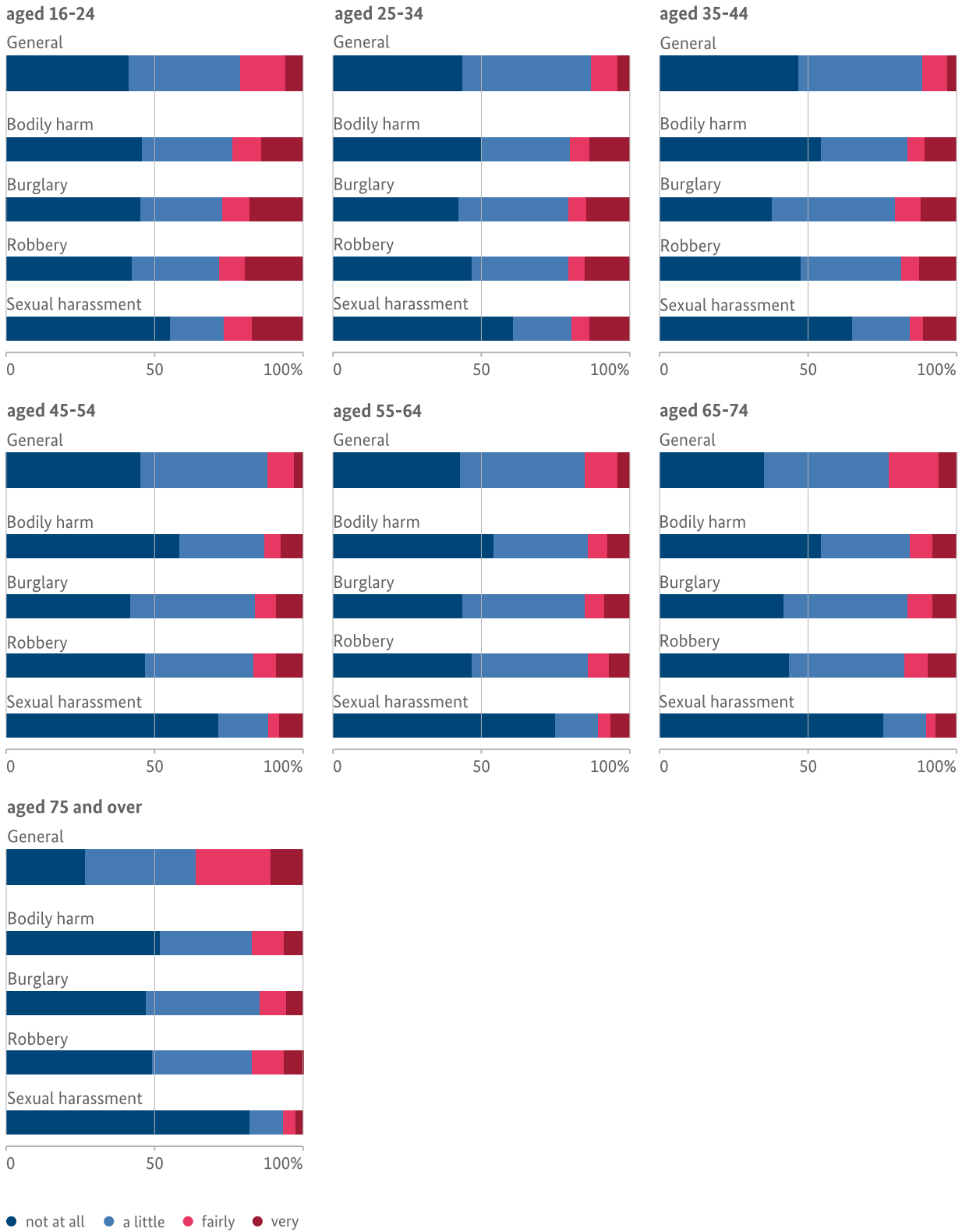
Older people above the age of 65 have a greater fear of crime in general (see Fig. 58), whereas 16 to 24-year-olds make up the greatest proportion of people to fear being victims of violence, sexual harassment, burglary or robbery. Roughly speaking, fear decreases as age increases only to increase again once people reach retirement age.

Figure 57: Fear of crime by gender 2012



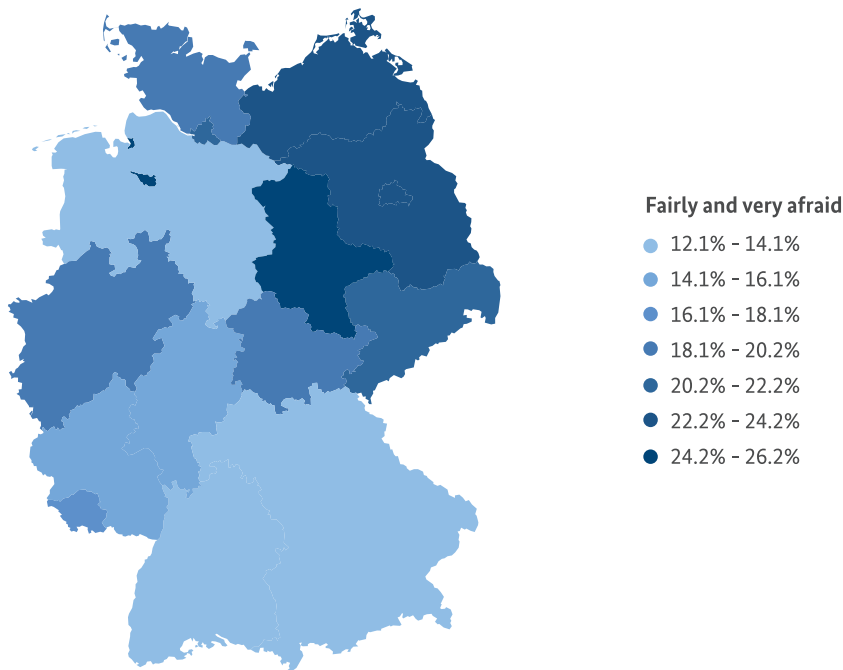
Source: Deutscher Viktimisierungssurvey 2012. Share of respondents with general and offence-specific fear of crime, N = 35,405 (general fear of crime); 11,584 (bodily harm); 11,608 (burglary); 11,601 (robbery); 11,604 (sexual harassment).

Figure 58: Fear of crime by age group 2012



Source: Deutscher Viktimisierungssurvey 2012. Share of respondents with general and offence-specific fear of crime, N = 35,405 (general fear of crime); 11,584 (bodily harm); 11,608 (burglary); 11,601 (robbery); 11,604 (sexual harassment).

Figure 59: Persons with a general fear of crime (fairly and very afraid) by federal states 2012



Source: Deutscher Viktimisierungssurvey 2012.

The general fear of crime differs by region. Those living in Baden-Württemberg, Bavaria and Lower Saxony fear assaults less than those in the rest of the country do (see Fig. 59). There is very little difference across the federal states in terms of fear of specific types of crime.

The findings show that it is primarily older people who generally feel more unsafe in Germany. The same is true of citizens in northern and Eastern Germany. However, respondents here did not give specific reasons to explain their higher level of fear. The results rather allude to a latent fear of crime with non-specific feelings of anxiety. A study of the German Institute for Economic Research (*Deutsches Institut für Wirtschaftsforschung, DIW Berlin*) shows that fear of crime largely reflects actual crime measurements in most regions of Germany.<sup>194</sup>

Regardless of actual vulnerability, people's subjective sense of safety also depends on police being present and able to protect citizens, prevent crimes and rapidly respond to incidents. This is an essential building block for greater wellbeing in Germany.

People's subjective safety can only be influenced indirectly by political action. Where politics can take action, it does. For example, based on a proposal by the Federal Government, the German Bundestag adopted a comprehensive security package (*Sicherheitspaket*) in the current 2016 budget. It provides for a total of 4,000 additional posts for the nation's security authorities. This will bolster the German Federal Police (*Bundespolizei*) by 1,000 additional jobs each year until 2018 as well as provide them with additional protective equipment and resources. The Federal Government also recommended additional funding and positions for the federal security authorities be included in the 2017 federal budget.

The **fear of crime** indicator measures people's **subjective sense of security**. This indicator reflects citizens' fear of becoming the victim of a crime themselves. This fear is measured using representative population surveys, such as the **2012 German Victimisation Survey**.<sup>195</sup> The survey asked, "How safe do you feel in your neighbourhood at night?".<sup>196</sup> This question provides an approximation of the degree to which people fear crime in general. The survey also recorded fear by offense type.

As of now, the survey has only been conducted once, in 2012. Because of this, it was not possible to show any changes of this indicator over time. The German Victimisation Survey will be continued. The next survey round is planned for 2017.

### ■ Decline of violent crime nationwide: Indicator Actual crime

*"Safety in my daily life is important to me. I want to be able to use public transportation without fear, and to feel safe in parks and side streets. To do this, police presence needs to be considerably strengthened."* This response from the online dialogue on 25 August 2015 highlights a common dilemma: personal safety in everyday life is a significant aspect in individuals' wellbeing. However, it does not always match up with actual crime as recorded in the **Police Crime Statistics** (*Polizeiliche Kriminalstatistik*).

From the abundance of available data, the **number of violent crimes and property-related offences** has been selected for use in the indicator system. The Police Crime Statistics are compiled annually for the Federal Republic of Germany and lists all criminal offences known to law enforcement and releases information on the proportion of cases that have been cleared. This indicates the number of reported criminal offences across Germany, i.e. it releases data on all crimes **known to or reported** to the police through their own investigations or criminal charges. The Police Crime Statistics do not contain any data on or estimates of **unreported cases**, i.e. crimes not known to law enforcement. This means that homicides are nearly always included in the reporting

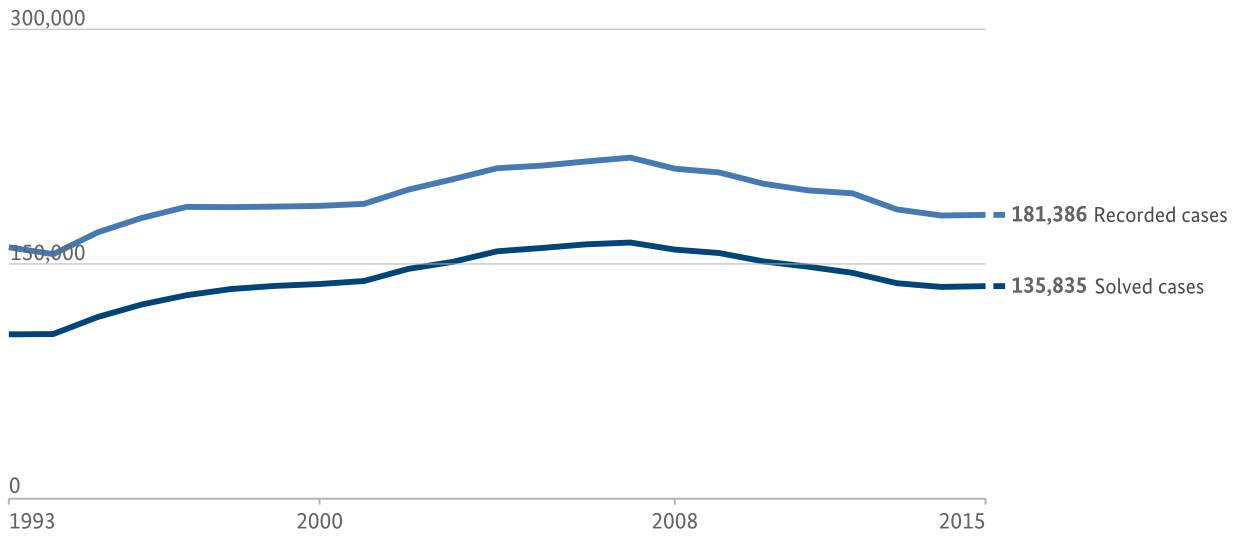
whilst domestic violence often remains hidden and under-reported. As such, the Police Crime Statistics does not provide a complete account of actual crime. Nevertheless, they are a valid basis for an approximation of crime in Germany. Research on the so-called "dark field" seeks to gain a deeper understanding of non-reported offences. The German Federal Criminal Police Office (*Bundeskriminalamt*) uses different methods to engage in research activities concerning unreported cases. Some examples include projects with a focus on specific offence types, as well as national and international studies of the dark-field of crime with selected groups of people using perpetrator and victim surveys in particular.

Violent crime rose sharply throughout the country between 1993 and 2007. It peaked in 2007 with 217,923 registered cases. Since then, however, things have changed for the better. Violent crime has continued to decrease by a total of around 17 per cent between 2007 and 2015, with the total number of registered cases at 181,386 (see Fig. 60).

The clearance rate also improved between 1993 and 2002, from 65.4 to 74.4 per cent. This has remained relatively constant since 2002, going from 74.0 to 75.5 per cent.

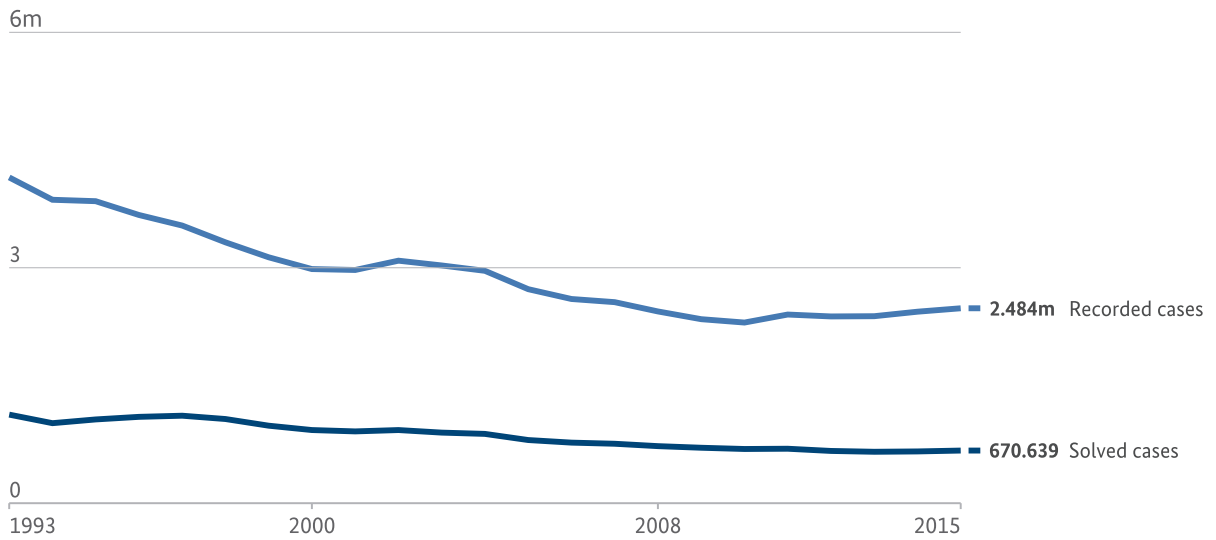


Figure 60: Recorded and solved cases of violent crime



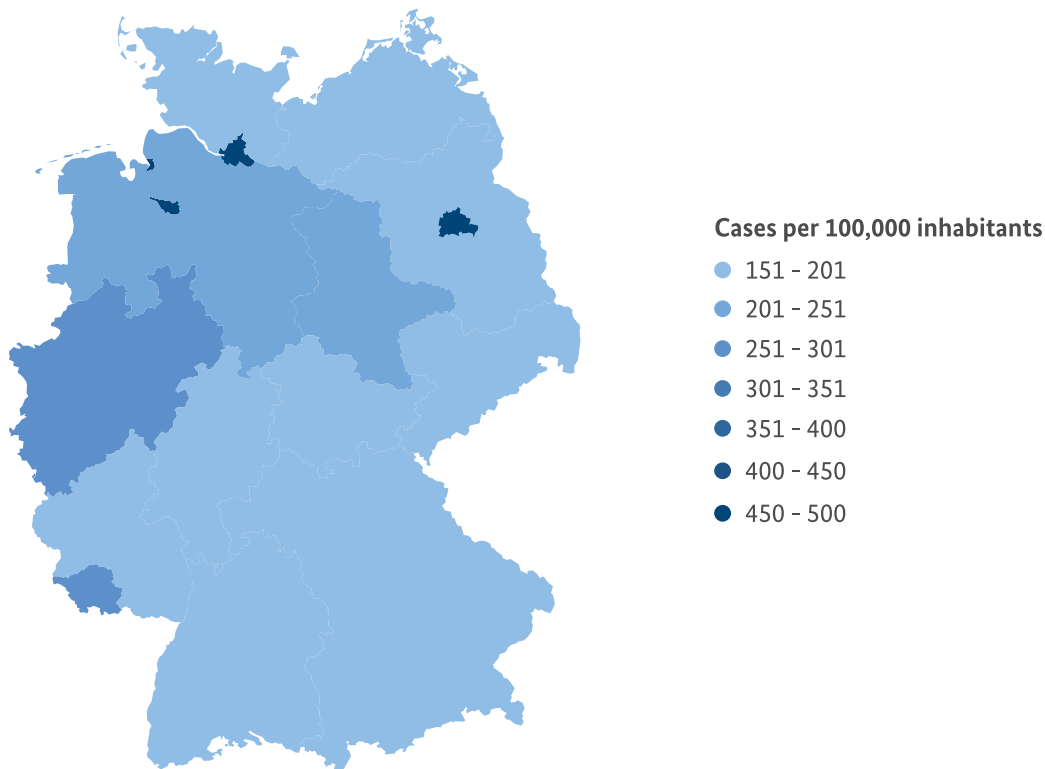
Source: Police Crime Statistics. Data for the Federal Republic of Germany (East and West German federal states), only available starting 1993.

Figure 61: Recorded and solved cases of property crime



Source: Police Crime Statistics, data for the Federal Republic of Germany (East and West German federal states), only available starting 1993.

Figure 62: Violent crime by federal states 2015



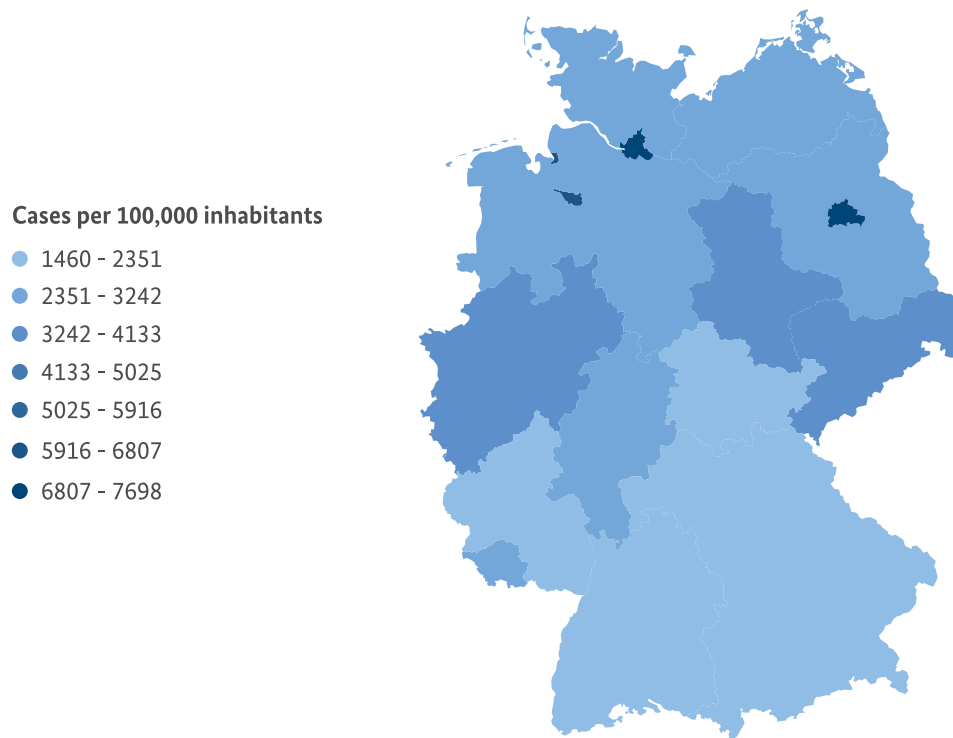
Source: Police Crime Statistics 2015.

Property crimes make up the largest share of total crime at approximately 40 per cent. After several years of steady decline, property crimes registered an increase between 2010 and 2015 (see Fig. 61). Residential burglaries in particular have risen sharply. Some 167,000 cases were registered in 2015. This includes both *attempted* and *successful* residential burglaries. This equals an increase of nearly ten per cent compared to the previous year. By contrast, the number of closed cases has fallen since 2001, from 66.1 to 57.3 per cent in 2015. One reason for this is improved burglary protection measures taken by private households.

When compared to the clearance rate for violent crime, the clearance rate for property crimes is unsatisfactory. The rate has in fact decreased from 32.3 per cent in 1998 to 27 per cent in 2015. Citizens expect for all levels of government to take action.

There are major regional differences between the German federal states (see Fig. 62 and 63). The city-states of Hamburg, Bremen and Berlin experienced significantly greater amounts of violence and property crime in 2015 than rural areas. However, when comparing the rural states against one another, there is a clear north-south divide. For example, a significantly lower number of cases of violent and property crime were reported in Baden-Württemberg and Bavaria in 2015 than in the rest of the country.

Figure 63: Property crime by federal states 2015



Source: Police Crime Statistics 2015.

The nationwide public campaign K-EINBRUCH (directly translated as “No Burglary”), a joint initiative by the insurance industry, industrial associations, installation companies and the police, has been in place since 2012. Citizens can visit the website [www.k-einbruch.de](http://www.k-einbruch.de) to find information on more effective protection of their homes and property. A loan programme for burglary protection was also launched by the KfW development bank. It provides financial support up to €1,500 for installing products that protect homes from burglary. Given the high number of burglaries, protection against home and residential burglary is a priority in the German Federal Government’s agenda.

The indicator **actual crime** counts the number of violent and property-related crimes annually. Database is the Police Crime Statistics, which releases data on all crimes known to or reported to the police through their own investigations or criminal charges. These statistics do not contain any data on or estimates of unreported cases. Although it is not possible for the data to provide a complete account of crime, they are a valid basis for approximating actual crime in Germany.

## ■ **More respect and tolerance:** Indicator Hate crime and politically motivated crime

Tolerance and treating one another with consideration were important aspects mentioned in the national dialogue. “I think mutual respect is important. It doesn’t matter who I am, where I’m from – good cooperation.” This quote from a national dialogue event of the Deutscher Gewerkschaftsbund on 30 July 2015 in Berlin is representative of the fact that social diversity in terms of opinions, ways of life, religions and beliefs is highly valued by citizens. There was a consensus that discrimination based on skin colour, gender, sexual orientation, faith or origin should have no place in society. Differing opinions were recorded on how to deal with immigrants and refugees. These ranged from hospitality and the desire for integration to scepticism as to the effectiveness of integration processes and concern over society’s capacity to accept more people. In this context, citizens stressed their concern regarding the increase in right-wing extremist violence and radical right-wing terrorism. They saw this development as significantly imperilling the rule of law, which must be urgently fended off.

Since 2002, studies have explored how enmity against weak groups has developed in Germany. This involves the analysis of negative attitudes and discriminatory prejudices based on ethnic, cultural or religious characteristics, sexual orientation, gender, physical limitation or social reasons.<sup>197</sup> Evidence for the period between 2002 and 2014 shows that derogatory attitudes towards immigrants and gay people have gradually decreased. Racist attitudes, which are an expression of deep ideological convictions, however, have remained constant. Anti-Semitic resentment has declined slightly. Hostility towards people of Islamic faith fluctuated between 2002 and 2014. The current trend in these phenomena remains the subject of ongoing research and is taken into account when drafting and implementing preventive and integration-related measures.<sup>198</sup>

Social relationships between people and social groups are particularly important for social cohesion. After all, these are what creates interpersonal bonds. Tolerance and respect are essential for social relationships to successfully develop between different societal groups.

The number of cases of **hate crimes** taken from the statistics on politically motivated crime is an **indicator of intolerance** towards certain social groups.

Hate crimes are crimes motivated by group-specific prejudices. The number of hate crimes peaked in 2015 with 10,373 cases – the highest number since beginning to record these statistics in 2001 (see Fig. 64). This represents a 77-per-cent increase over the previous year. This was primarily attributable to the particularly strong increase in xenophobia-related crimes of around 116 per cent (2015: 8,529; 2014: 3,945). The number of crimes directed against certain religious groups also rose sharply (2015: 1,112; 2014: 696). By contrast, anti-Semitic crimes and hate crimes perpetrated against people with disabilities declined slightly. Although the number of offences relating to the sexual orientation of the victim is relatively low, it has quadrupled since 2001.

There has also been a sharp increase in criminal “hate postings” online. This has seen online hate crime increase by 176 per cent in 2015 (3,084 in 2015; 1,119 in 2014).<sup>199</sup>

The German Federal Government has taken action against these alarming developments with the utmost determination. Germany is a cosmopolitan country with a diverse society and opportunities for development. This diversity is a source of social cohesion and cultural wealth. The inviolability of human dignity, the free development of personality and the equality of all people before the law are fundamental, constitutionally-protected principles. These achievements are the result of a long period of progress that now forms the foundation of society in Germany.

The German Federal Government is working determinedly to counter the growth of hate crime across all levels of society with a strategy to promote democracy and prevent extremism. Major components of this strategy can be found in the German government’s Live Democracy (*Demokratie leben*) and Cohesion through Participation (*Zusammenhalt durch Teilhabe*) programmes ([www.wir-fuer-demokratie.de](http://www.wir-fuer-demokratie.de)). The programme “Live Democracy! Taking action against right-wing extremism, violence and group-focused enmity” (*Demokratie leben! Aktiv gegen Rechtsextremismus, Gewalt und Menschenfeindlichkeit*) provides financial support to associations, projects and

Figure 64: Hate crime, total and xenophobic

**Hate crime**

15,000

7,500

0

2001

2006

2010

2015

■ 10,373 Hate crime

**Xenophobic**

15,000

7,500

0

2001

2006

2010

2015

■ 8,529 Xenophobic

Source: Statistics on Politically Motivated Crime (PMK), German Federal Ministry of the Interior.

initiatives working towards an aim of a diverse and democratic society. Beginning in August 2016, new pilot projects are focusing on racism and anti-discrimination.

The Cohesion through Participation programme funds projects for democratic participation and against extremism, specifically in rural, structurally weak regions. The projects aim at preventing possible extremist threats.

Prevention forms the basis for effective, non-violent coexistence. The aim is to remove the grounds on which violence, extremism and crime flourishes before it even has a chance: by broadly and universally promoting democratic structures.

The indicator **hate and politically motivated crime** includes all hate crimes motivated by group-specific prejudices. These prejudices relate to political views, nationality, race, skin colour, religion, ideology, appearance, disability, sexual orientation, social status, etc. and crimes are perpetrated against a person, institution or cause.

### ■ Trust in the police and the State: Indicator People's trust in local policing

*"We need more than rules and laws. These rules and laws must be followed."*

This was how a participant in the national dialogue event of the Charité Berlin on 31 May 2015 saw the main duty of the State.

The police and the judiciary provide for law and order, security and the rule of law in Germany at the federal and state level. Many national dialogue participants indicated that it was important for the law to be respected and enforced in everyday life. For them, this included the presence and public acceptance of local police. They also viewed the immediate enforcement power of the courts as an essential prerequisite for wellbeing in Germany. A few of the citizens who participated in the national dialogue issued calls that "*punishment must come swiftly*". They complained of long investigation times and complicated litigation processes.

Citizens' trust in institutions is an important indicator of how satisfied they are with the work of the State and its institutions. This also depends on the legitimacy they confer upon it. Trust in State institutions in terms of domestic security comes primarily through citizens' direct contact and personal experience, for example in dealing

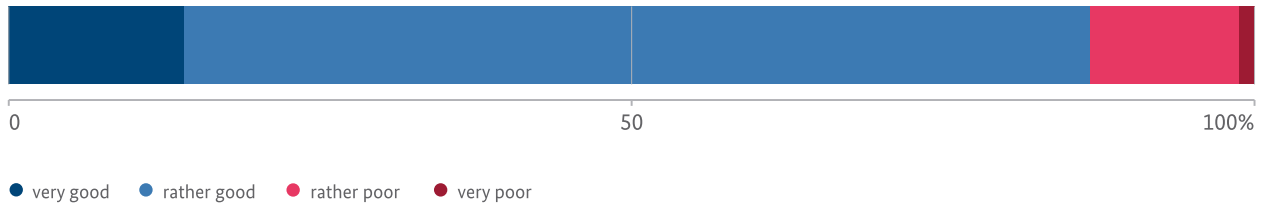
with the police or the courts. Findings of research on crime provide evidence that contact with police and the justice system can help victims in processing their experiences, thereby allowing them to overcome the drop in wellbeing associated with being the victim of a crime.<sup>200</sup>

**People's trust in local policing** has therefore been selected as an indicator for institutional confidence. Public confidence in legal institutions is determined by representative population surveys. Such surveys ask for a general response as to the level of trust the respondent has in a given institution. However, the **2012 German Victimization Survey**<sup>201</sup> provides a clearer indication of trust in the police by questioning the perceived effectiveness of local policing.<sup>202</sup> The question refers to citizens' everyday life and therefore qualifies as an indicator for this report.

A majority of respondents (87 per cent) rate local police's efforts in fighting crime as very good or rather good. Only around one per cent of all respondents feel the effectiveness of police work is very poor, and nearly twelve per cent considered their work rather poor (see Fig. 65).

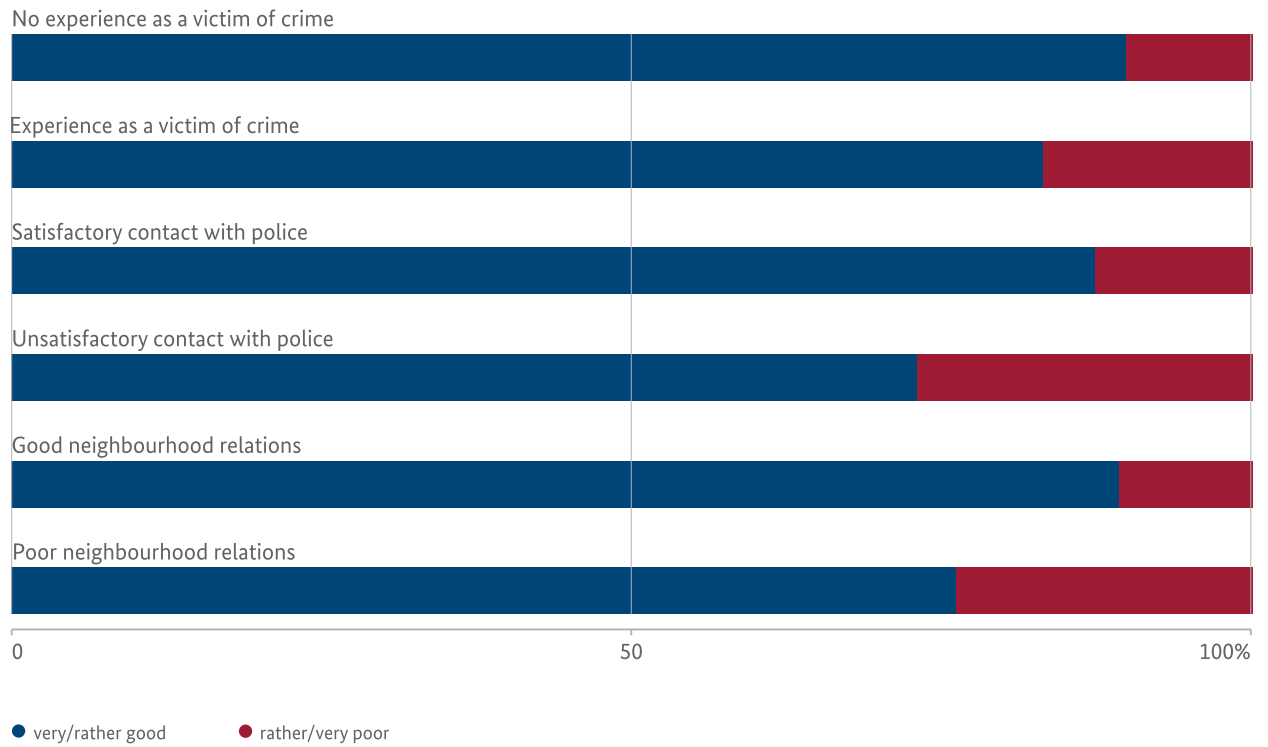
Individuals' trust in the police strongly depends on their circumstances and their previous experience with the police (see Fig. 66). As such, respondents who have previously been victims of crime tend to rate the effectiveness of police work lower. People who were dissatisfied with recent contact with police have significantly lower confidence in local policing.

Figure 65: Overall assessment of local policing 2012



Source: Deutscher Viktimisierungssurvey 2012. N = 1,899.

Figure 66: Assessment of local policing 2012



Source: Deutscher Viktimisierungssurvey 2012. N = 1,059 (no experience as a victim of crime); 814 (experience as a victim of crime); 447 (satisfied with last police contact); 73 (dissatisfied with last police contact); 100 (good neighbourhood relations); 1161 (poor neighbourhood relations).

People who were satisfied with recent contact with police or those with no police contact in the last twelve months rate police work significantly higher overall. Neighbourhoods also affect trust in policing. For example, citizens who feel they have good neighbourly relations have greater confidence in policing. Those who feel they do not have close ties to their neighbours have less trust in the police.

Overall, citizens rate policing positively. This can be expanded upon in future – in particular, to further improve the quality of police work in Germany. The national dialogue has clearly shown that domestic security is a crucial building block of wellbeing.

This indicator measure's **people's trust in local policing** using survey data from the 2012 German Victimization Survey,<sup>203</sup> the largest representative survey ever conducted in Germany on the country's security status. Some 35,000 people shared their experiences as victims of crime and their sense of security. As part of the survey, the victims were asked questions like, "*How well are the local police doing in working to fight crime?*" They were also asked about how they perceived the distributive and procedural fairness of the police. This includes issues such as whether the police treat rich and poor equally and how often the police use greater force than would be legally or situationally appropriate.

Developing a comparable indicator for confidence in the justice system would be useful to be able to better track people's confidence in State institutions.





# At Home in Urban and Rural Areas

## ■ 7. At Home in Urban and Rural Areas

“The backbone of the Republic: a good infrastructure”

from an online response submitted  
on 14 April 2015

Descriptions of wellbeing varied considerably between citizens in urban and rural areas. For example, whilst recreational and cultural activities are easily accessible in cities even without a car, hardly anything is accessible in rural areas without one. Therefore, rural areas enjoy calmer environment with nature right on one’s doorstep. Differences between life in the city or in the country are a cross-cutting issue that touches on many different dimensions, but are most visible with respect to infrastructure and housing.

Affordable housing, good infrastructure, basic services and good (local) public transport as well as the internet connections were particularly important to citizens who participated in the national dialogue. Those living in urban and rural areas often had completely different views on what constitutes a good life in their immediate neighbourhood. Gaps in infrastructure in rural areas were addressed by participants primarily with respect to mobility, broadband connectivity and supplies close to residential areas, e.g., shopping facilities. Similar differences were noted by citizens in terms of the urban/rural gap in medical care (see the indicator *number of residents covered by a general practitioner or general specialist* in the dimension “Healthy throughout life”). The privatisation of public utilities such as gas, electricity and water was somewhat criticised. Beyond that, citizens discussed the range, accessibility and affordability of cultural activities in cities and rural areas. Recreational and sport facilities, museums, galleries and music events were all associated with wellbeing in Germany.

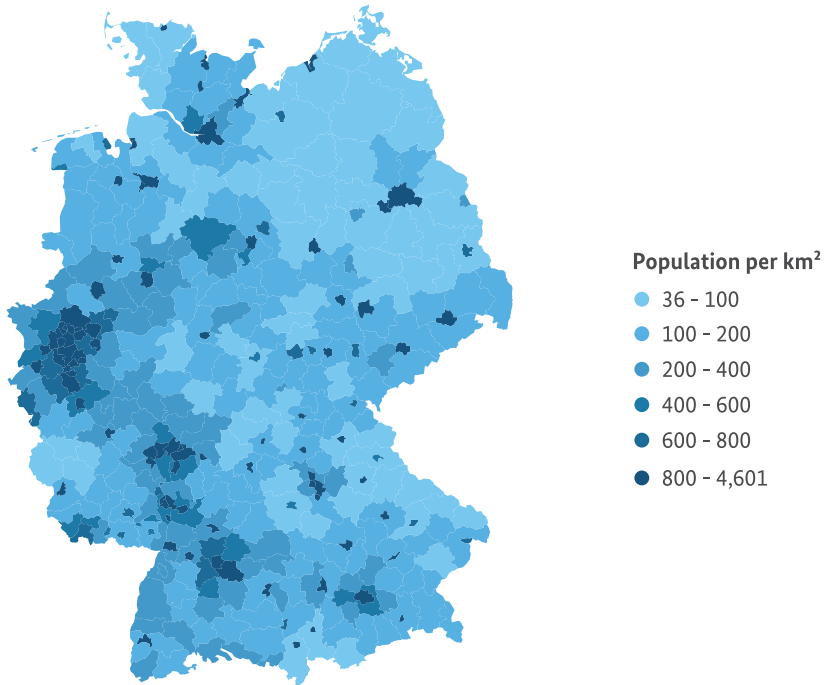
Studies show that housing and infrastructure has a reciprocal relationship to other dimensions that are relevant to wellbeing. A good living environment with clean air, good water, green spaces within walking distance and little noise positively affects health. The quality of transport infrastructure affects mobility behaviour and in doing so affects labour market opportunities, for example.

At the same time, it also affects greenhouse gas emissions and air pollution (see the indicator *commuting time* in the dimension “Having time for work and family”; the *air quality* indicator in the dimension “Preserving nature, protecting the environment”; and the indicator *greenhouse gas emissions* in the dimension “Acting with global responsibility and securing peace”). Studies show that population growth significantly affects a region’s growth opportunities and basic provision of essential goods and services (and vice versa).<sup>204</sup> Cultural infrastructure also plays a key role here since art and culture shape our coexistence and values – in cities as well as in rural areas.

The political aim of equitable living conditions is intended to guarantee that people can lead a good life across all regions in Germany. The regions all face quite different challenges. There are **marked regional differences** in population density and projected population growth in Germany (see Fig. 67 and 68). There are fewer than 100 people per square metre in nearly one fifth of all districts and cities in Germany. There are more than 1,500 people in the most densely populated tenth.

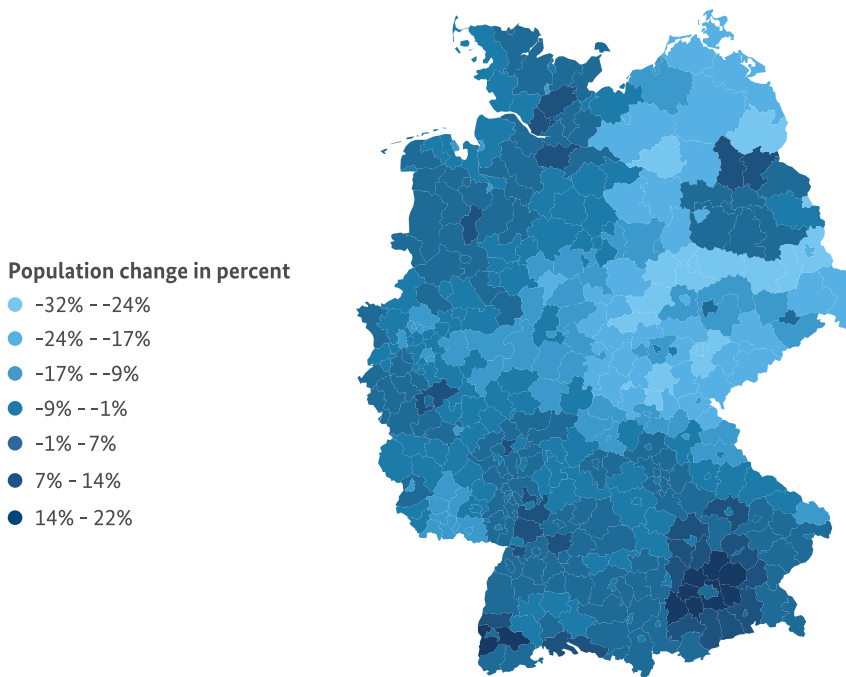
A population growth of up to 22 per cent is projected by 2035 for economically vibrant districts, such as the area surrounding Munich. A strong decline in population is expected in structurally weaker districts. According to projections, the population in 18 districts in Eastern Germany will shrink by one quarter to one third. For example, Oberspreewald-Lausitz is expected to see a decrease of 32 per cent. Districts in the Western federal states are affected as well, including the Wunsiedel district with a projected loss of 20.9 per cent (see Fig. 68).

Figure 67: Population density by county at end of 2014



Source: German Federal Statistical Office, Gemeindeverzeichnis. Independent (“kreisfreie”) cities and counties by area, population and population density on 31 December 2014.

Figure 68: Population change by county 2012 to 2035



Source: Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) population forecast; calculations: German Federal Institute for Population Research (BiB).

**Affordable housing:** Indicator Ratio of rental costs to net household income

*“Half of my net salary goes to the roof over my head alone, i.e. my flat, the utilities, gas and electricity. That means that half of every month, or two whole weeks, I spend working just to be able to afford housing in my city.”*

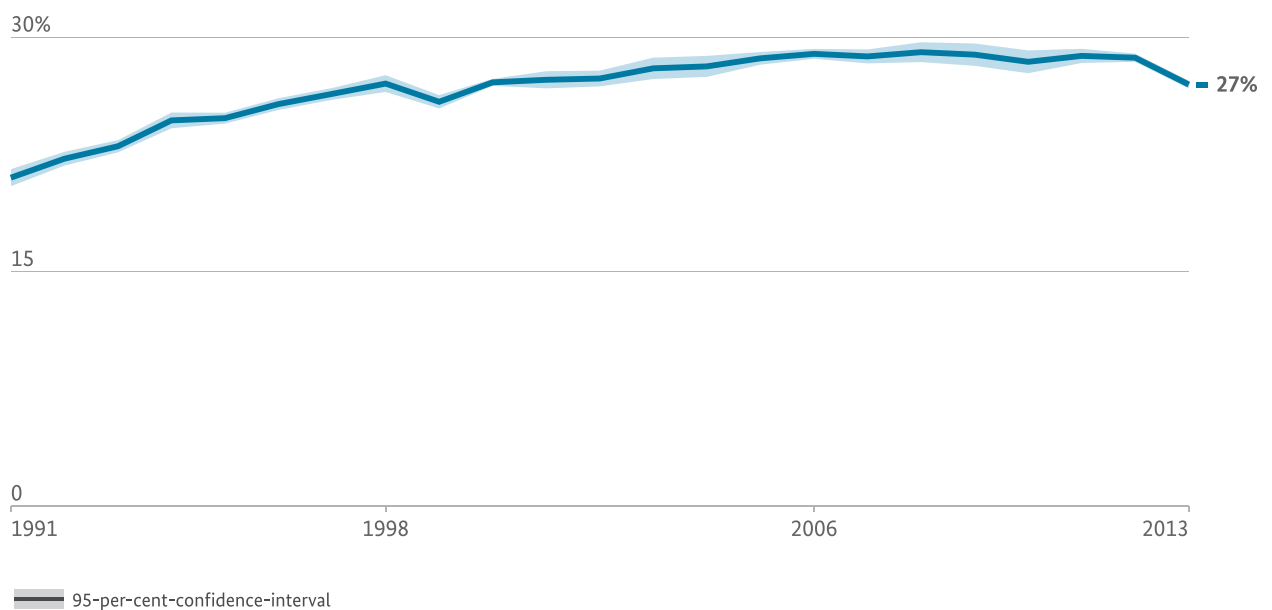
from an online response submitted on 19 October 2015

**Housing** was a key issue in the national dialogue. This underscores that housing is among the essential basic needs of all people, and one the State must ensure through various measures.<sup>205</sup> Citizens participating in the national dialogue spoke of the need for more housing at affordable prices, especially for families, low-income earners and young people. There was a particular call for action in major cities, such as Munich or Frankfurt am Main. Investments in new houses and the quality of housing were also discussed.

The extent to which the demand for housing is met varies significantly by region. Research shows that, especially in major cities and popular university towns, the population is growing and housing is becoming scarce, whereas structurally weak regions are experiencing depopulation and housing vacancies.<sup>206</sup> The trend in housing prices is just as variable.<sup>207</sup>

Expenditures on housing are the largest monthly expense in most households’ consumer spending.<sup>208</sup> The indicator **ratio of rental costs to net household income** refers to rental housing exclusively. It provides information on how high the share of disposable monthly income is that people have to spend on their rent and utility costs.<sup>209</sup>

Figure 69: Costs for rent and utilities as a share of net household income



Source: Calculations by DIW Berlin, SOEPv31.1. Utility costs have been surveyed in the SOEP since 2013. Changes between 2012 and 2013 may be due to this methodological adjustment.

The percentage of people's net household income spent on housing costs in Germany rose from 21 to 29 per cent from 1991 to the mid-2000s, meaning that, on average, people were spending an increasingly larger share of their disposable income on housing. There has been little change since (see Fig. 69).<sup>210</sup>

Several factors may explain this trend. These include small increases in income in the lower income groups and changes in housing allowances. Also significant are developments in the rental market as a result of demographic change, influx of the population into urban areas, people leaving rural areas and residential construction rates. All these factors can affect the cost of housing, some with a balancing effect, some reinforcing. Overall, prices have been increasing on average since the mid-1990s, albeit only moderately. However, this comes against the backdrop of various developments, both regionally and locally, particularly price increases in economically strong conurbations, metropolitan areas and city centres.<sup>211</sup> Overall, recent developments point to a strong new upward trend since prices for new tenancy housing have increased significantly in recent years.<sup>212</sup> These increases come at a rate that is significantly higher than that of inflation.<sup>213</sup>

People's personal preferences have also changed over time. For example, the average per capita living space has increased from approximately 35 square metres in 1991 to around 47 square metres in 2014.<sup>214</sup> Requirements for new-build housing have also increased (noise and fire protection as well as energy requirements). In addition to market trends, these measures have contributed to an increase in construction costs and rents. Short-term fluctuations in the example above are caused by changing energy prices in particular.

Demographic change in Germany has occurred in a manner that varies significantly by region. Structurally weak and rural regions on the one hand and economically strong areas, cities and university towns on the other are affected differently by immigration and emigration. Therefore, the rental market has also developed rather heterogeneously. This trend will likely continue.<sup>215</sup> The disparities are great even within major metropolitan areas.<sup>216</sup>

An increasing number of homes are vacant in town and city centres in some rural regions and structurally weaker cities. In many large cities, however, the number of vacant homes is decreasing, especially homes in the lower

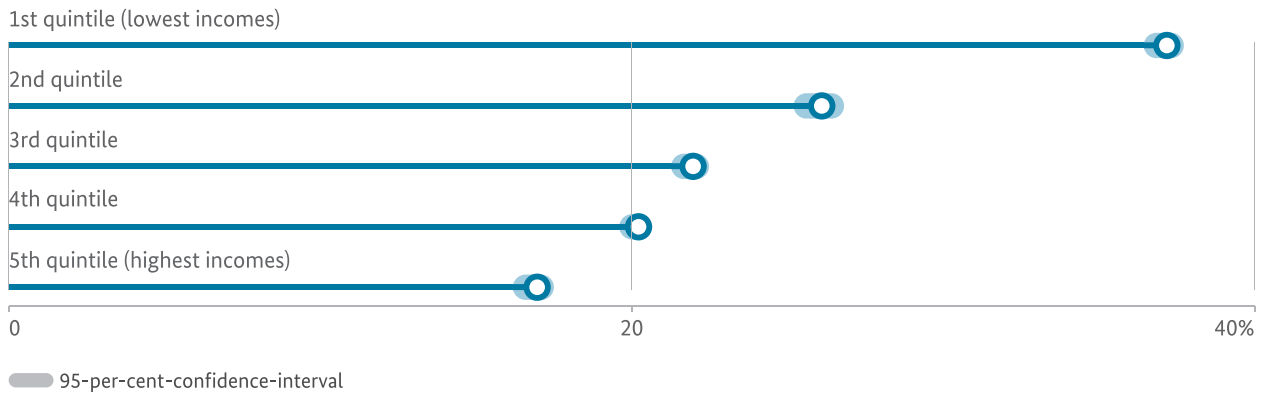
price segment.<sup>217</sup> In 2013, the average share of housing costs as a percentage of disposable income in cities was approximately one tenth higher than in rural regions, where in turn, mobility costs are higher.<sup>218</sup>

Compared to other European countries, Germany's housing cost burden is above average.<sup>219</sup> However, Germany has a high standard of living and a large rental market with well-appointed housing.<sup>220</sup> The proportion of rental households out of the total number of households was 57 per cent in 2013.<sup>221</sup> Denmark, the Netherlands and Switzerland have high rental rates as well, and these countries often have comparable rental cost to income ratios as Germany. With respect to differing national requirements and housing preferences, European cross-country comparisons only offer a rough guide.<sup>222</sup>

For Germany, the following patterns hold true: The lower a person's income, the higher the proportional burden of housing costs (see Fig. 70). The 20 per cent of people in Germany with the lowest income (first quintile) pay approximately 37 per cent of their disposable monthly budget for rent, hot water and heating on average. The average is only 26 per cent in the next income bracket (second quintile). The number falls to 17 per cent for the upper 20 per cent of earners. Furthermore, price increases always affect the lowest income groups overproportionately.

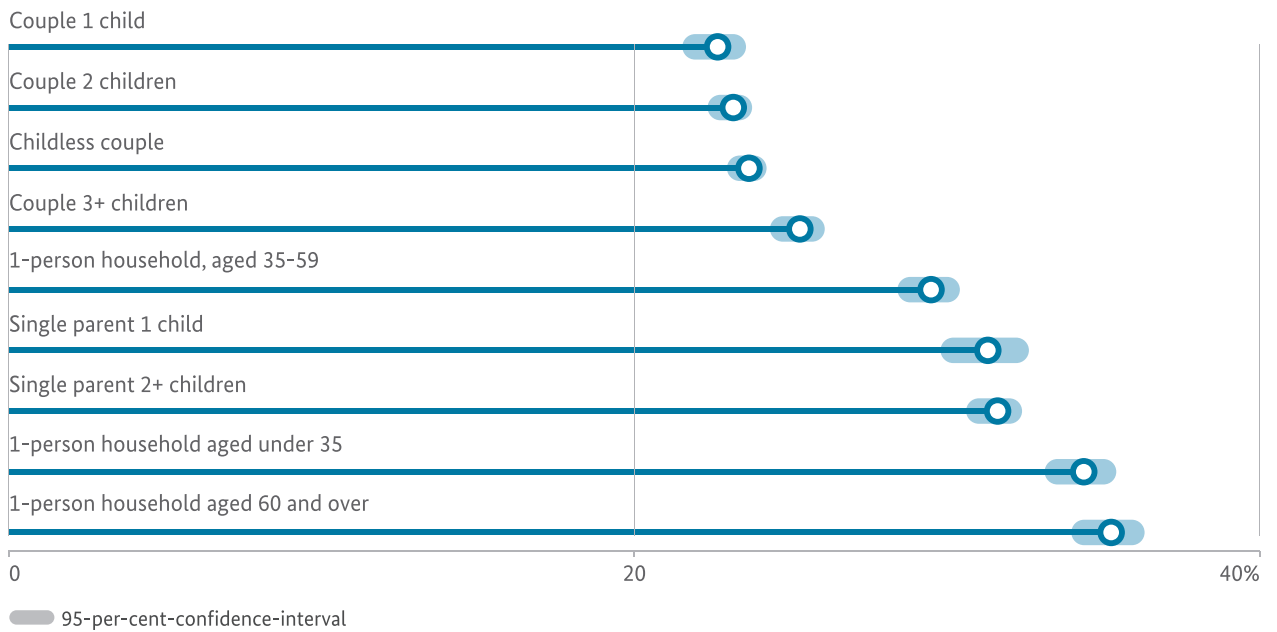
The proportion of monthly income reserved for housing costs also strongly depends on whether people live alone and whether they have children (see Fig. 71). Single-person households whose occupants are younger than 35 or 60 years and older spend the most on housing as a proportion of their disposable income, around one third. For single parents the housing cost burden is slightly below one third. Couples with and without children spend the least on their housing as a proportion of their disposable income.

Figure 70: Costs for rent and utilities as a share of net household income by income group 2013



Source: Calculations by DIW Berlin, SOEPv31.1.

Figure 71: Costs for rent and utilities as a share of net household income by household type 2013



Source: Calculations by DIW Berlin, SOEPv31.1.

In 2014, about 17 per cent of people living in Germany consider their monthly housing costs to be a heavy economic burden. Among those affected by poverty, this figure was approximately 29 per cent. Compared to 2008 data, the housing cost burden had therefore been noticeably reduced (2008 overall: 24 per cent; those at risk of poverty: approximately 36 per cent).<sup>223</sup>

Citizens expect government to create the basic conditions necessary for sufficient and adequate housing at affordable cost. With its housing construction offensive (*Wohnungs-bau-Offensive*), the German Federal Government has established a framework to increase the number of new homes completed annually to at least 350,000. To accomplish this, they aim to work together with the states and local communities to significantly improve the situation in the housing market – focusing in particular on low-income earners, students and refugees with long-term prospects of staying. The measures adopted include selling public land at a reduced rate and increasing the promotion for social housing. For example, the German Federal Government has doubled the federal compensatory funding to states for building social housing for the period between 2016 and 2019 to more than a billion euros per year. A further increase of over 500 million euros in funding is also planned for 2017 and 2018.

Housing benefits were also significantly increased in 2016. As part of its minimum benefit system, the government provides effective support for housing costs to some five million households through housing allowance and assistance with utility costs that amount to 17 billion euros annually.

Home construction itself must also be made more

affordable. By simplifying building regulations, existing buildings can easily be added on to and gaps between buildings closed. A greater mix of residential and commercial properties in certain areas revitalises development within cities. This would shorten commutes, increase wellbeing and facilitate integration. With its rent brake (*Mietpreisbremse*), the government also created the conditions necessary to attenuate the continuing increase in rents in areas with tight housing markets in 2015. The so-called customer principle (*Bestellerprinzip*) guarantees that brokerage fees are paid by the housing agent's client, either landlord or tenant.

The indicator **ratio of rental costs to net household income**<sup>224</sup> provides information on the average proportion of people's disposable monthly income they spend on housing, including heating and hot water costs. This indicator only applies to renting households. Housing benefit and benefits from the minimum social provisions system are included in net household income.



■ **Mobility for everyone:** Indicator Travel time to educational, service, and cultural facilities

*“My son needs three different forms of identification and tickets to drive the 25 km to his apprenticeship placement in the next state. The bus and train timetables are not timed to one another.”*

from a national dialogue event of the German Federal Ministry of Food and Agriculture in Weischlitz on 28 October 2015

The availability of **local supplies and services** as well as **public transport options** were of great importance in the national dialogue. Public transport has been criticised particularly in rural areas for poor connections and service frequency, insufficient coordination between different modes of transport and a lack of night-time services.

Shopping facilities were another important factor for wellbeing that were discussed among participants from rural areas. Citizens were concerned that basic supplies and services are no longer guaranteed in many places because businesses have been abandoned or threatened with closure. For 48 per cent of the population the nearest grocery store is not within walking distance, i.e. the travel distance is greater than 1,000 metres. In rural areas, the share amounts to around two thirds.<sup>225</sup>

The dialogue has demonstrated the importance of reliable and well-timed public transport for citizen's life satisfaction in rural areas. This is because long travel distances often rule out walking or cycling as an option.

The accessibility of educational, service and cultural infrastructure is not only important in terms of the provision of supplies and services. Such facilities also fulfil an important social function, acting as meeting places for people. Cultural offerings being accessible is another crucial aspect of the attractiveness of people's living conditions and the neighbourhoods they live in.

Public transport offers mobility and opportunities for social participation for all societal groups, whether young and old, people with disabilities or others who do not wish to or are not able to drive themselves. Public transport is becoming more attractive with every year. S-Bahn and U-Bahn services as well as trams and buses transported more than eleven billion people in 2015 – more than ever before.

About 5.5 million Germans (7 per cent) lived in households that either could not afford or did not want to have a car in 2014.<sup>226</sup> Although half of all families with children do have a car, the mobility of all family members in many cases depends on buses and trains. Public transport emit fewer pollutants and greenhouse gases per passenger. Therefore, they make an important contribution to climate protection and maintaining a healthy environment. In addition, public transport is safer than using cars.<sup>227</sup>

Research also shows that demand-driven public transport systems are an important aspect in people's satisfaction. This is just as true for the commute to work as it is for mobility during free time (see the indicator *commuting time* in “Having time for work and family”).<sup>228</sup> The indicator **travel time to educational, service, and cultural facilities** measures how much time people in Germany need to travel from their homes to what are known as regional centres<sup>229</sup> or major regional centres<sup>230</sup> with public transport or by car.

There are major differences in transport in this regard (see Fig. 72 and 73): Only one per cent of the German population needs to travel more than 30 minutes by car to reach the nearest regional centre.

However, in many rural areas, the daily commute to the nearest regional or major regional centre by public transport takes one hour longer during rush hour, i.e. between 6:30 and 8:30 am.<sup>231</sup> Nearly one third of people in Germany need longer than half an hour to reach the nearest major city by public transport.<sup>232</sup>

Public transit is often connected to school transport in rural areas. Because of this, travel outside of rush hour periods, in particular during school holidays and on weekends, is significantly more difficult.

Data from the German Mobility panel shows that almost everyone in Germany in 2014 was able to reach a bus stop and just over one third of people could reach a train station by foot.<sup>233</sup> The statistics yield no information with respect to service frequency and hours of operation of public transit.

This issue was also raised several times in the national dialogue: “*You’re totally stuck on weekends here if you don’t have a car.*” (Statement from a dialogue participant in a retirement home in Zossen on 12 August 2015). The individual states and municipalities decide on the service frequency of different lines.

Overall, there have been positive developments in public transport in Germany in recent years. From 1999 to 2014, the proportion of public transport as part of total distance travelled increased from around 17 per cent to approximately 22 per cent; on average, Germans travel just over 41 kilometres per day, of which nine kilometres are done using public transport.<sup>234</sup>

The Federal Government is establishing the proper framework in the interest of providing public services for everyone in Germany. This also includes ensuring the availability of social infrastructure facilities.<sup>235</sup> Despite the German states each bearing responsibility for their public transport facilities, the Federal Government provides approximately nine billion euros of funding annually for infrastructure and operation to enable the states to fulfil their duty to ensure mobility for the population. These funds include so-called regionalisation funds for rail passenger transport and other public transport methods. In 2016, this funding gained a significant increase of 800 million euros, raising the total amount of funding to 8.2 billion euros, and will be further increased by 1.8 per cent annually until 2031. Funding is accompanied by tax incentives and compensation for the transport of students and trainees, as well as for the transport of people with serious disabilities. More than 100 million euros were spent to promote cycling traffic in 2016.

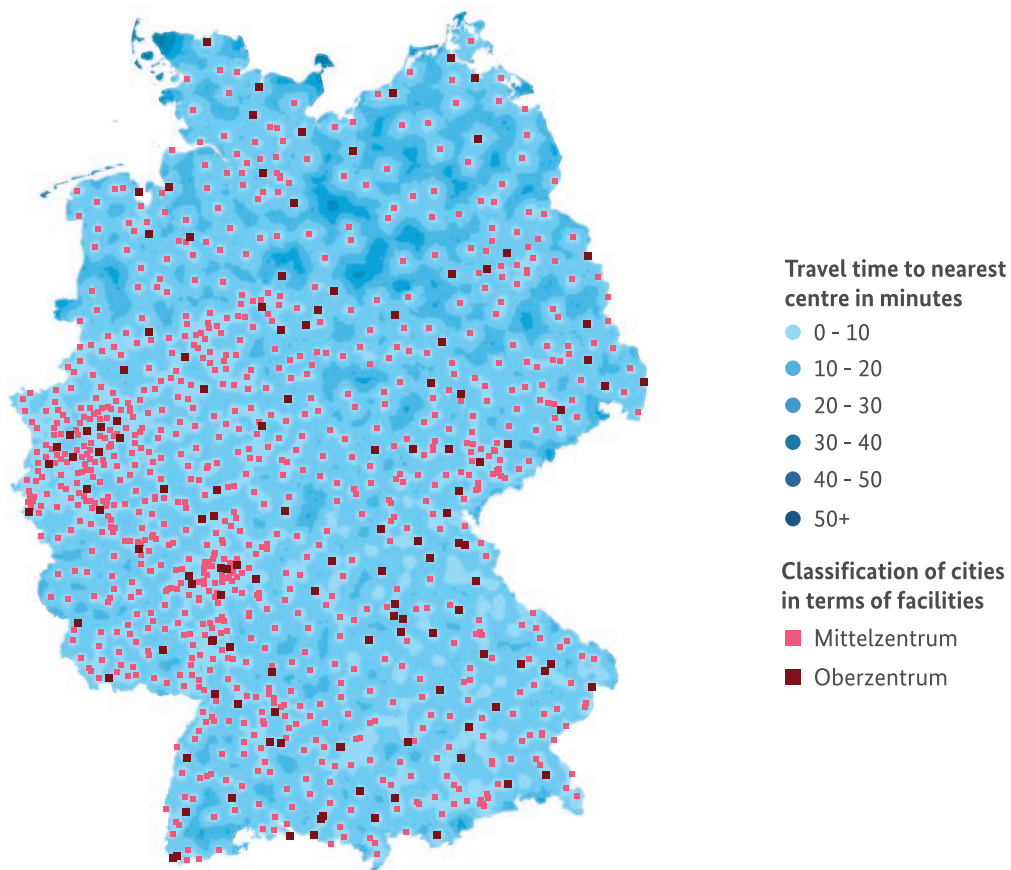
Furthermore, the Federal Government is working to improve infrastructure for rail services in Germany. The Federal Government and railways are spending a total of 28 billion euros between 2015 and 2019 on modernising existing rail infrastructure alone.

The German Federal Government is also promoting the introduction of standardised electronic tickets, digital networked public transportation services, integrated electronic timetable information and the development and application of uniform standards. In addition, the Federal Government is providing support for innovative concepts to ensure mobility in rural regions. This includes flexible connections to regular services, including on-demand and citizens’ bus services, for example.

Eliminating barriers to public transport is central to ensuring the mobility of every person in Germany. Rail companies must therefore create programmes to ensure accessibility. Local light rail traffic plans must include measures to promote access. The German Federal Government is also providing assistance with a modernisation programme to make smaller train stations in particular more accessible, thereby providing ease of access for all.

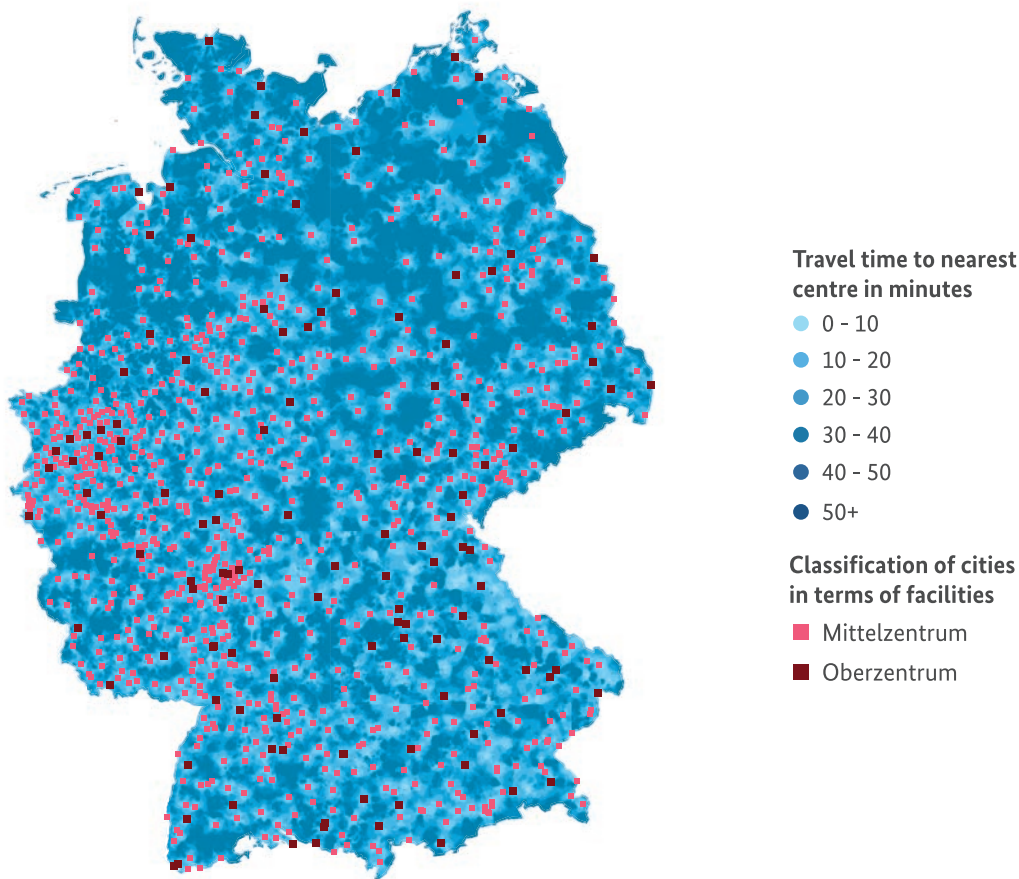
In addition to ensuring mobility, the Federal Government is also committed to strengthening the educational, service and cultural infrastructure outside of major metropolitan areas. As part of this effort, the German government has launched a retail dialogue platform, for example, which develops recommendations for ensuring services are provided to rural areas. In future, multi-purpose facilities, which may be funded through the Agricultural Structure and Coastal Protection (*Gemeinschaftsaufgabe Agrarstruktur und Küstenschutz*) joint task force of the Federal Government and the federal states, provide shopping opportunities, local services and opportunities for social uses. Through its Models for Culture in Transformation (*Modelle für Kultur im Wandel*) programme, the German Federal Cultural Foundation is promoting a process in which cultural institutions in selected regions experiment with new models for cooperation and ways of working in order to further develop diverse cultural landscapes outside of major metropolitan areas.

Figure 72: Travel time to educational, service and cultural facilities 2012, motorised private transport



Source: German Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) Erreichbarkeitsmodell.  
Geometry: German Federal Agency for Cartography and Geodesy, countries (31 December 2012).

Figure 73: Travel time to educational, service and cultural facilities 2012, public transport



Source: German Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) Erreichbarkeitsmodell.  
 Geometry: German Federal Agency for Cartography and Geodesy, counties (31 December 2012).

The indicator **travel time to educational, service, and cultural facilities** measures how long people in Germany need to travel from their homes to the nearest regional or major regional centre with public transport or their own car (motorised private transport).

A regional centre (*Mittelzentrum*) typically features the following: department store, hospital, doctor, hotel, nursing home, theatre, museum, youth centre, secondary school, library, large sports facility, train station.

A major regional centre (*Oberzentrum*) typically features the following: specialist shops, major banks and financial institutions, vocational school/university, specialist hospital, research library, stadium, long-distance train station. This indicator is calculated by the German Federal Institute for Research on Building, Urban Affairs and Spatial Development (*Bundesinstitut für Bau-, Stadt- und Raumforschung, BBSR*) on the basis of infrastructure and service schedule data.

Data on accessibility of bus stops by foot is calculated using the German Mobility Panel (*Deutsches Mobilitätspanel*). Mobility in Germany (*Mobilität in Deutschland*) is Germany's most important survey on transportation. However, the most recent data available was collected in 2008. The Mobility in Germany 2016 survey is being conducted this year. The findings will be available in 2018.

## ■ Partaking in digitisation: Indicator Broadband access

*“There is no internet access in some parts of the country. How is a student in this day and age meant to study without the internet?”*

from an online response submitted on 7 July 2015

Nationwide broadband coverage was a major concern in the national dialogue, especially with young people. They wanted to have good access to internet services, which play a key role in their social lives. There was widespread awareness among participants of the extensive opportunities posed by digitisation and the desire for optimum conditions to participate in this development. Beyond the issue of broadband access at home and at work, mobile internet services and the lack of availability of public Wi-Fi hotspots were addressed during the national dialogue.

Digitisation affects many dimensions of wellbeing. Education and training already takes place online in many cases and many people who work in shared offices or from home rely on digital technologies. Networked manufacturing processes – Industry 4.0 – throughout the entire service sector as well as networked farms are increasingly dependent on ever more extensive flows of information. Broadband access also plays a crucial role in starting businesses in rural areas.

New media are changing how we communicate, thereby changing how people engage in social contact. Telemedicine can allow doctors to maintain relationships with patients and support and improve care processes, especially in rural areas. Access to information and media as well as political participation are increasingly taking place in digital spaces as well. Powerful internet connections are a key component of today’s infrastructure and that of the future.

The indicator **broadband access** measures the percentage of households and businesses with access to high-speed broadband connections, i.e. at least 50 megabits per second (Mbit/s).

More than seven out of ten households in Germany already had access to an internet connection with speeds over 50 Mbit/s in 2016.<sup>236</sup> That is 5.6 per cent more than the previous year.

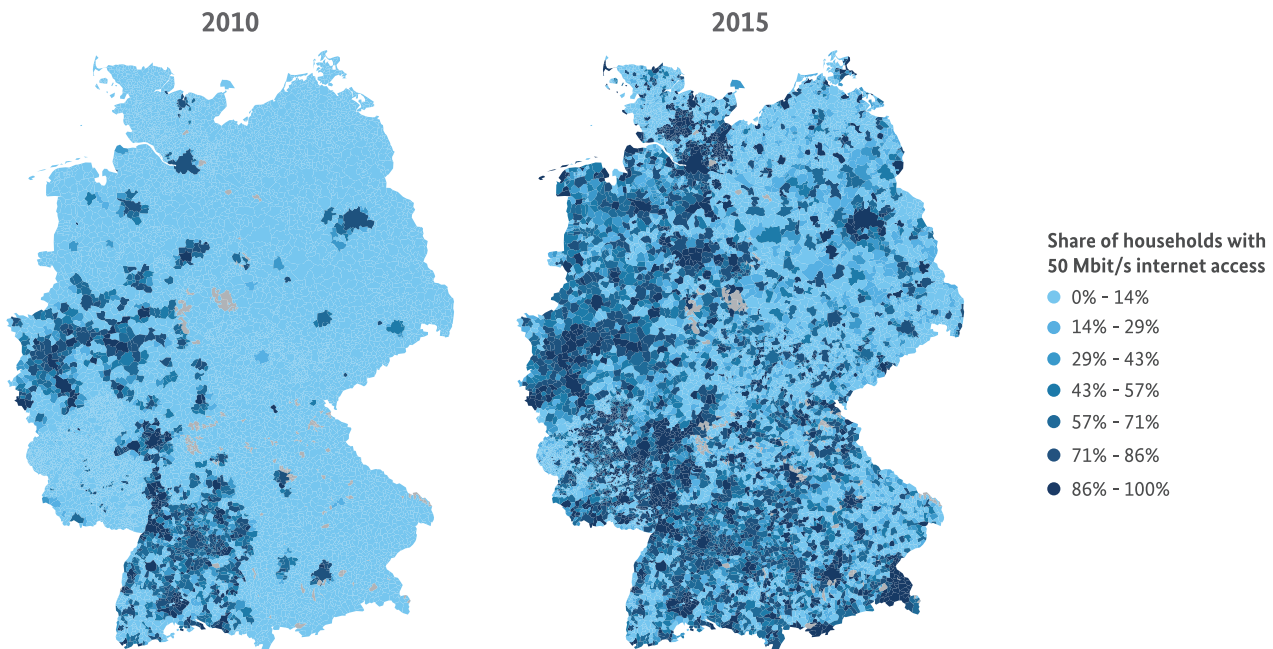
There are still many places in Germany where high-speed internet is available only to a small proportion of people (see Fig. 74). In rural communities, only three out of ten households have high-speed broadband connectivity on average.<sup>237</sup> The German Federal Government’s broadband atlas shows a map of these so-called “dead zones”.<sup>238</sup>

The Digital Agenda is one of the government’s priorities during this legislative session. The German government has set itself a specific goal in this regard: for broadband networks with download speeds of 50 Mbit/s to be available everywhere in Germany by 2018. To do so, the government is providing support for closing the gaps in coverage through the federal funding programme for broadband expansion to provide high-speed internet in rural and peripheral areas. The programme was launched in late 2015 in line with the principle of prioritising fibre optic cables. Because rapid expansion in areas that are currently under-served is not economically viable for individual telecommunications companies, rural districts and communities specifically affected are receiving funding of up to 15 million euros per project. By 2018, the Federal Government will have provided a total of four billion euros in funding for broadband expansion in Germany.

In addition, beginning in 2017, those constructing new roads or developing buildings will be required to install fibre optic cabling as part of the process. Furthermore, using existing infrastructure such as water wells or power lines should be made easier. This may save up to a quarter of the costs of nationwide network expansion.

Data-intensive applications and the increasing digital networking of technical equipment will increase the broadband speeds required many times over and place new demands on the quality and reliability of broadband coverage. The option to flexibly upgrade broadband networks over the coming years and decades will help determine the future of the industry and opportunities for people in Germany to participate in the digitisation process. The Federal Government considers the provision of broadband at speeds of at least 50 Mbit/s to be an intermediate goal.

Figure 74: Availability of internet access of at least 50 Mbit/s per municipality



Source: German Federal Ministry of Transport and Digital Infrastructure, TÜV Rheinland. Grey areas are uninhabited areas.

The legal and technical support framework being put in place today are therefore being designed to accommodate the future development of gigabit networks. Support is also being provided for the rapid introduction of 5G mobile standards. By legally clarifying that Wi-Fi

operators and access providers face no liability, the Federal Government has created a framework that will allow for increased internet access through these types of providers in Germany.

The indicator **broadband access** measures the proportion of households that are supplied with the necessary infrastructure for internet speeds of at least 50 Mbit/s. This information is prepared with a high spatial resolution as part of the government's broadband atlas. The broadband atlas is based on data supplied voluntarily by some 340 broadband providers, which are constantly updated. The broadband atlas fills an important gap in terms of information from households and businesses on the expansion of the broadband network in Germany. The data focus on the availability of download speeds for private households. It was expanded in 2015 to include commercial broadband access as well.

At its lowest resolution, the atlas includes only areas in which people or businesses are actually registered according to the official records from the German Federal Agency for Cartography and Geodesy (*Bundesamt für Kartographie und Geodäsie*). This means that development areas in particular may only be included only with a certain degree of time lag. The increased networking of official bodies and the use of interfaces will speed up the process of updating these data.



# Standing Together in Family and Society



## ■ 8. Standing Together in Family and Society

*“Going through life without family and friends is like being a bird with no wings.”*

from the national dialogue event of the UNESCO in Magdeburg on 4 May 2015

There are many forms of community: one’s own family, a dependable circle of friends and wider circle of acquaintances or organised associations and clubs. The national dialogue confirmed the **great importance** of family and community to all citizens. **Shared values and norms** form the basis for and strengthen societal cohesion. Solidarity, helpfulness, respect and consideration were frequently cited by participants in particular. Engagement and helpfulness are markers of a cohesive society, as are people’s daily interactions with one another. The degree of tolerance and respect evinced by members of a society is reflected in non-violent conduct, both in word and in deed. This includes i.e. whether opinions can be stated openly or whether people are treated equally regardless of the colour of their skin, their gender, their beliefs or backgrounds (see the indicator *hate crime and politically motivated crime* in the dimension “Living a life in security and freedom”). Thinking not only of oneself but also of others was important to people. Whether with neighbours, in clubs or volunteer work: There was broad consensus in the national dialogue that **good social connections enhance everyone’s wellbeing**. Especially in rural areas, community was stated as a factor in increased wellbeing.

## ■ Marriage remains the most common form of cohabitation: Indicator Life and family forms

*“If things are going well within the family, things will also go well elsewhere.”* This quote from the national dialogue event held by the Industriegewerkschaft Bergbau, Chemie, Energie trade union in Leverkusen on 22 June 2015 is representative of the opinion of the majority of people in Germany, who tend to place **family or partnership** at the centre of their lives. Family fosters dependability and trust. It provides cohesion and support, especially during difficult periods. Participants often highlighted the importance of family. In times of personal crisis, such as unemployment or illness, they said family was an important source of stability.

Family life in Germany today is diverse. In addition to traditional nuclear families, **other familial and non-familial lifestyles** are gaining importance.<sup>239</sup>

What do people associate with the term “family”?

A number of different surveys delve into this question.<sup>240</sup> Married and unmarried couples with children and with or without grandparents are what the overwhelming majority of people consider family. More than half of the respondents also define single parents with their children as family. Furthermore, it appears that young people in particular (aged 20 to 39) tend to have broader understanding of what defines a family. The majority of them consider same-sex couples and single parents with children to be families.

Nevertheless, on average, subjective wellbeing remains highest in “traditional” families, consisting of married parents with children, compared to other family forms. Life satisfaction of single people with partners and childless married couples differs only slightly, however.<sup>241</sup> Yet when couples separate, life satisfaction drops significantly. This is especially true for the period immediately prior to separation<sup>242</sup>, as psychological research findings have shown. Given the significance of family to wellbeing, this report illustrates the household and family structures. Yet one thing is clear: The family forms and lifestyles people choose are their own decisions. The government provides a framework. It ensures no partnership or family model faces discrimination and

supports families with children. In doing so, the care and responsibility for partners, children and relatives takes centre stage in the long run.

The indicator **life and family forms** shows in which household structures people in Germany live and how they have evolved over time. The data originate from the Microcensus that interviews every person living in a given household.

The vast majority of people in Germany (approximately 57 per cent) live together with a spouse (see Fig. 75). This means that marriage remains the most common family form. However, the shift in life and family forms also clearly indicates that the number of people living together in marriage has decreased from 66 to 57 per cent over the past 20 years. Over the same period, the proportion of men and women cohabiting has increased from six to nine per cent. Significantly less than one per cent of all men and women are living with their partner in a same-sex partnership or registered civil partnership (78,000 couples in 2013). Even though only a small percentage of people opt for this way of life, same-sex partnerships now represent a family form with equal legal status. These partnerships are recognised by the State in Germany and are widely respected by society.

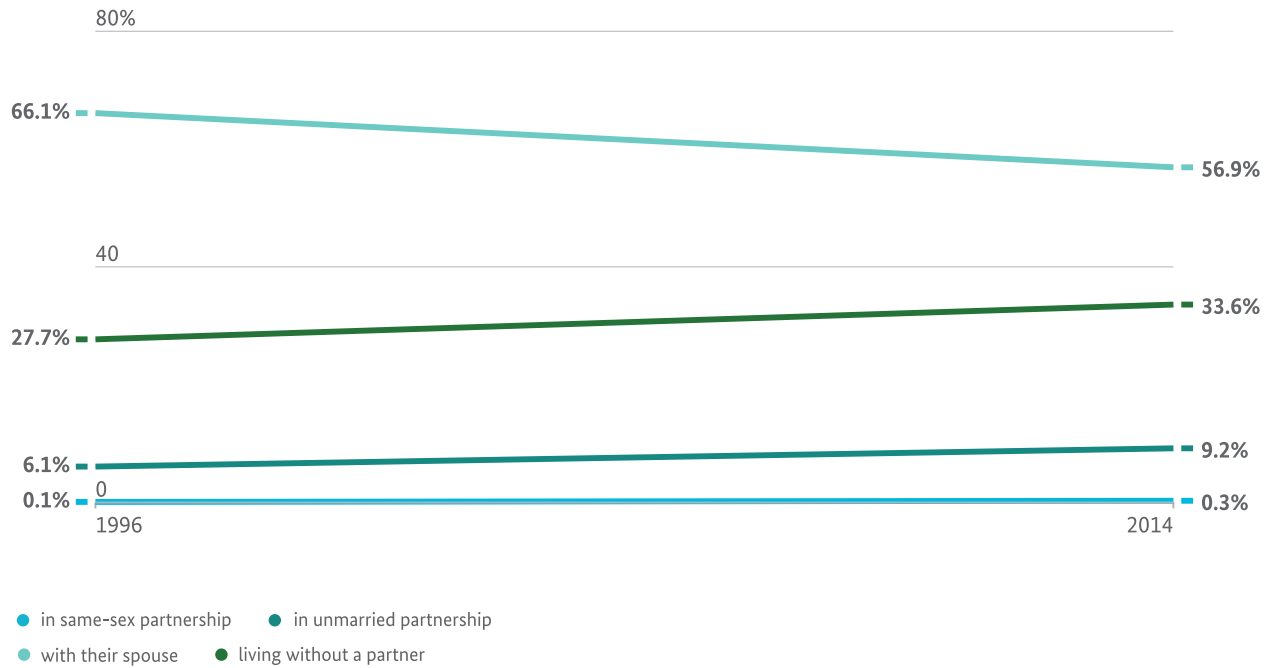
Yet the biggest change is that more than one out of every three people now lives alone without a partner. Only roughly every sixth person living alone is younger than 30. More than one third have already reached retirement age, i.e. they are 64 or older.

Nearly 18.6 million children lived with one or both of their parents in 2014, of which approximately 13 million were under the age of 18.<sup>243</sup> At around 72 per cent, the majority of children is still growing up with married parents. However, this figure is ten per cent lower than in 1996. The regional differences also bear noting: At 57 per cent, significantly fewer children live with married parents in Eastern German regions so-called *Flächenländern* than in Western ones, where the share amounts to 76 per cent (see Fig. 76).

A special focus is on children of single parents since they have an above-average risk of poverty and face specific challenges on an everyday basis (see the indicator *risk-of-poverty rate* in the dimension “A secure income”). There are some 1.6 million single parents living in Germany. This means that every fifth family household with children under age 18 has only one parent living there. Single parents are mostly female: just under 1.5 million are women (89 per cent). There are only 180,000 household headed by single fathers.<sup>244</sup> However, there are regional differences here as well: The number of single parents in Eastern German regions increased from 19 per cent in 1996 to 25 per cent in 2014, while in Western German regions the share rose from 12 to 16 per cent in the same period. One in four children is raised by a single parent in the city states (e.g. Berlin, Bremen and Hamburg) and Eastern German regions.

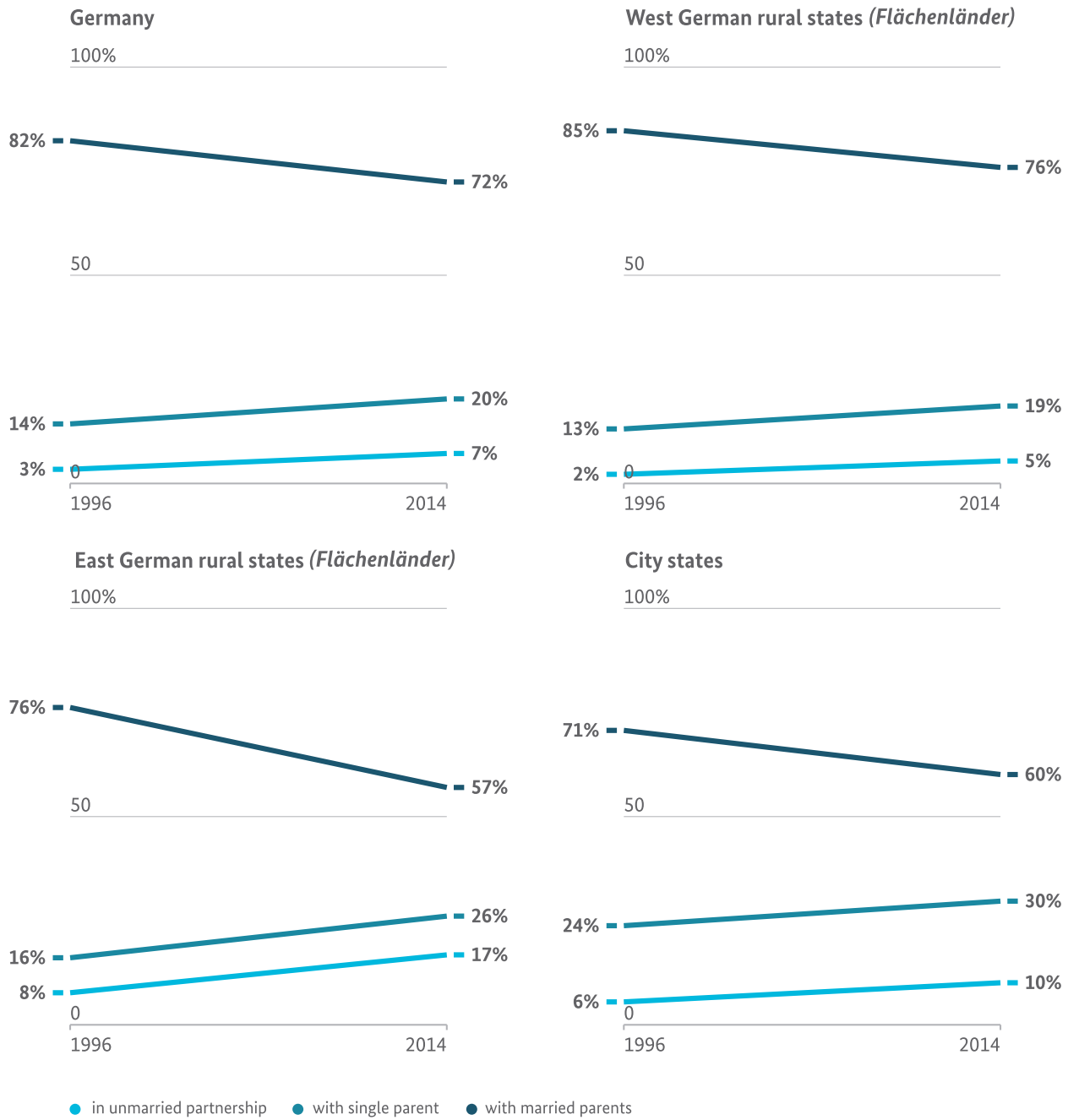
The German government aims to support people’s desire for a family and stable relationships by setting up the optimal conditions. For example, the parental benefit (*Elterngeld*) is particularly helpful to young families, regardless of whether they are married or cohabit. They are often facing a great deal of pressure **when starting a family**: from education, work, moving to a larger home or getting ready for their first child. For those giving birth after 1 July 2015, further financial relief was provided in the form of *Elterngeld-Plus*. **Single parents** also receive financial support: through tax breaks, such as a credit or an increase in maintenance payments. The German government has also further increased the **legal equality of same-sex partnerships**.

Figure 75: Family forms 1996 and 2014



Source: German Federal Statistical Office, Microcensus. The German Law on Registered Civil Partnership (*Gesetz über die eingetragene Lebenspartnerschaft*) first entered into force in 2001, which means that the 1996 data only include information on same-sex partnerships.

Figure 76: Proportion of unmarried children within their parents' household by family form 1996 and 2014



Source: German Federal Statistical Office, Microcensus.

Parents face constant challenges, such as childcare and work-life balance. Therefore, a good **infrastructure** is important in addition to financial assistance like child benefits (*Kindergeld*) and more flexible working hours. In recent years, the German government has invested heavily in the expansion and quality of child care. In addition to the 5.4 billion euros provided by 2014 for expanding child care services for children under three, the German government has been funding the qualitative and quantitative **expansion of day care facilities since 2015** and will continue to do so with 845 million euros annually. States and municipalities will begin receiving support for operating expenses in 2017, with 100 million euros in additional funding to be provided annually from 2018. With the child care subsidy phasing out in 2016, additional funds were freed up. Some two billion euros will be provided to states and municipalities until 2018 to further improve child care.<sup>245</sup>

Federal, state and local authorities have thus made significant efforts in recent years to provide an adequate supply of child care places for children under three. Whilst continuing to expand child care facilities remains an important objective, the need for parents to spend enough time with their children must be kept in mind. This requires a joint effort by the government, the business sector and society.

The indicator **life and family forms** shows in which household structures people live in Germany and how they have evolved from the mid-1990s until today. Data come from the Microcensus conducted by the **German Federal Statistical Office**. The selection of households surveyed is based on a random sample of buildings. Each person living in a selected household is then interviewed. Information must be provided for all members of a selected household in order to obtain a representative sample.<sup>246</sup>

The German Federal Statistical Office switched to a family form concept with the 1996 survey. Since the shift, the survey has ceased to focus solely on legal family status, looking instead at how people in a household are living together. For example, two people cohabiting when one of the partners is still married is considered a non-marital relationship. These family forms include couples (married couples and civil unions living together with or without unmarried children), single parent families with children in the household and single people (without a partner and without children). Minority and adult children are interviewed if they live in their parent or parents' household and are unmarried.<sup>247</sup>

**Friends and helpers in life:**  
Indicator Help from others

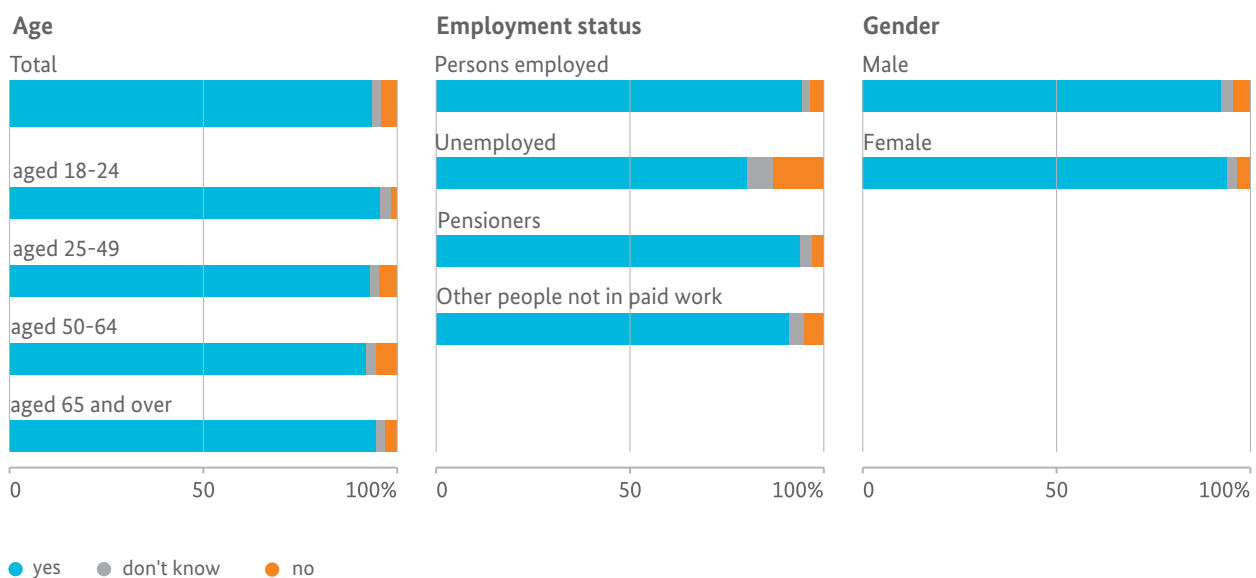
In addition to immediate family, a stable social environment is of great importance for wellbeing. The following statement from the online dialogue on 14 September 2015: *“Friends and acquaintances can help people cushion many of life’s hardships and in doing so make a significant contribution to a good life.”* One’s personal network was especially important **when people find themselves in need**. Dialogue participants counted friends, neighbours and relatives as important contact persons. They are particularly valuable when people need help from those outside their immediate family.

Research findings show that **alternative networks are gaining in importance** with the decline of traditional family structures.<sup>248</sup> This is even more true in light of the fact that 18 million people in Germany are single and 3.8 million children live in single-parent households. A dependable network is especially important in these circumstances, e.g., if grandparents are not available or do not live nearby.

A lack of practical support affects life satisfaction just as negatively as a lack of social contact.<sup>249</sup> By contrast, those able to receive help report an increased wellbeing. Furthermore, those providing help indirectly contribute to their own wellbeing. Whether looking after children for a short period of time, running everyday errands, providing support in dealing with the authorities or in cases where people experience ill health: It feels good to help others. Those receiving help do appreciate it. Being able to help each other and rely on others makes for good interpersonal and social relationships.

The indicator **help from others** offers information on whether a person **has the option** of asking friends, neighbours or relatives for help. Specifically, the indicator measures individuals’ social inclusion as the **proportion of people who say they receive help from others**. Some 93 per cent of citizens in Germany say they have a specific person they can turn to ask for help when they need to (see Fig. 77). Just three per cent of people say they are not sure and only four per cent are unable to ask others for help when they need it. This puts helpfulness in Germany slightly above the European average.<sup>250</sup>

Figure 77: Persons stating that they can expect help from others 2013



Source: German Federal Statistical Office, EU-SILC.

A largely uniform picture can be drawn with both men and women as well as different age groups. There are differences when taking into account employment status, however. It is much more difficult for those who are unemployed to find friends, neighbours or relatives to help them. This is an important point to bear in mind when developing labour market and social policy measures.

It should be noted that these findings are based on respondents' **subjective assessment**. It is not a matter of whether a person made use of specific support at a certain point in time. The findings solely reflect the possibility of having someone who could help. Nevertheless, the indicator does provide information on whether citizens have a dependable social network. A network they can trust. In future, welfare state structures will continue to rely on people turning to their families and circle of friends first for help. These networks may grow weaker in an ageing and increasingly mobile society. State institutions should respond accordingly.

**The way people live together is largely shaped by communities, churches, clubs and associations**, such as civic venues, support agencies, community centres and cultural organisations. These organisations, which are often run by volunteers, are important actors in the cultural sector and make a significant contribution to cultural diversity. The **Federal Government provides support**, for example through the Social City (*Soziale Stadt*) joint programme between the Federal Government and the German federal states as well as funding for multi-generational housing. In 2016, the 25th federal competition Our Village Has a Future (*Unser Dorf hat Zukunft*) honoured local communities with outstanding civic engagement, including ideas and forward-looking concepts. The German government funds a number of projects

for democratic participation and against extremism through its Cohesion through Participation (*Zusammenhalt durch Teilhabe*) programme. In addition, the Helping Hand (*Helfende Hand*) development grant is awarded annually for concepts that spark interest in voluntary engagement in civil defence.

The indicator **help from others** measures the number of people who say they receive help from others when needed. Specifically, respondents were asked, “*Is it possible for you to turn to a relative, friend or neighbour for help?*”

The EU Statistics on Income and Living Conditions (EU-SILC)<sup>251</sup> have been surveying people in some 14,000 households nationwide on a voluntary basis since 2005. Information on the aspect of help from others was collected in 2006, 2013 and 2015. The response categories (yes, no, do not know) are the best approximation available. Data does allow for a distinction between material and non-material help. This means that the evidence is rather limited. In future, the aim is to collect and analyse additional information through the planned expansion of the German Microcensus.

## ■ Volunteering more important than ever: Indicator Civic engagement

*“Volunteer work is a priority to me. I want to do something useful for others, even in my free time.”*

from an online response submitted on 14 July 2015

Many participants in the national dialogue placed great importance on volunteer work. It was one of the aspects of wellbeing that was mentioned most frequently. The majority of dialogue participants were already engaged in volunteer work or could see themselves volunteering. Doing so means they are able to take an active role in helping to shape society, meet other people and take responsibility. The importance of volunteering and civic engagement has recently been demonstrated in dealing with the refugees coming to Germany. Many citizens have simply rolled up their sleeves – and most are still active today.

*“Many people would like to volunteer, but do not have the time,”* said one participant at the national dialogue event of the Kurpfälzisches Kammerorchester in Mannheim on 30 June 2015, speaking for many. Those engaged in volunteer work alongside their regular job would like to see greater appreciation on the part of government and society as a whole. Ultimately, they believed their voluntary or civic engagement enhanced more than just their own wellbeing. Many dialogue participants in rural areas reported the growing problems they faced in recruiting people to join their activities. Occasionally they expressed a desire for salaried workers to support and coordinate volunteer work.

Research confirms that civic engagement leads to greater life satisfaction of volunteers.<sup>252</sup> It is important for people to be there for one another not just spontaneously. People will also gladly and voluntarily perform steady tasks. Whether in church communities, hospices, volunteer fire brigades, parents’ associations or coaches for youth sports teams – encouraging the people who commit themselves

and their time voluntarily every day, strengthen the glue that holds our society together. Civic activities as a supplement to federal, state and local engagement are indispensable for art and culture as well.

The **number of people engaged in volunteer work** measures civic engagement and is therefore a suitable indicator for societal cohesion and wellbeing in Germany. More than 30 million people aged 14 and over volunteered their free time in Germany in 2014. At 43.6 per cent, this figure is nearly ten per cent higher than it was 15 years ago – truly a positive trend (see Fig. 78).<sup>253</sup>

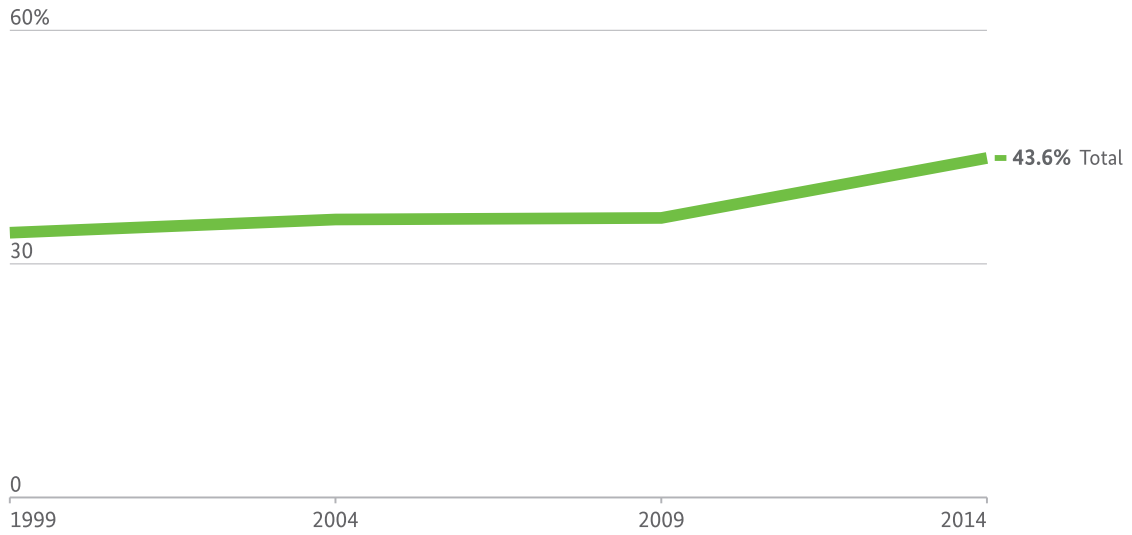
This increase holds across all age groups. The upward trend in the youngest group, i.e. those aged between 14 and 29, and the oldest age group, i.e. those aged 65 and over, is particularly remarkable. Yet the rate of engagement in the oldest group remains far below the overall average. This is because people’s engagement strongly declines once they reach age 75.

The rate of engagement between the sexes has converged over time. The share of volunteering men (45.7 per cent) and women (41.5 per cent) was almost the same in 2014. Men and women volunteer in different areas, however. For example, with a share of 20 per cent men are engaged more often in sports and exercise than women (approximately 13 per cent). However, also for women, sport was the top area of engagement. At 16.3 per cent, the area of sport and exercise has the highest proportion of volunteers overall. Men continue to volunteer more often than women in politics and policy advocacy. In turn, women are more engaged than men in schools and kindergarten as well as in the church and social sphere.<sup>254</sup> Figure 79 shows just how diverse the spectrum of civic engagement can be overall – an impressive and diverse range of societal cohesion.

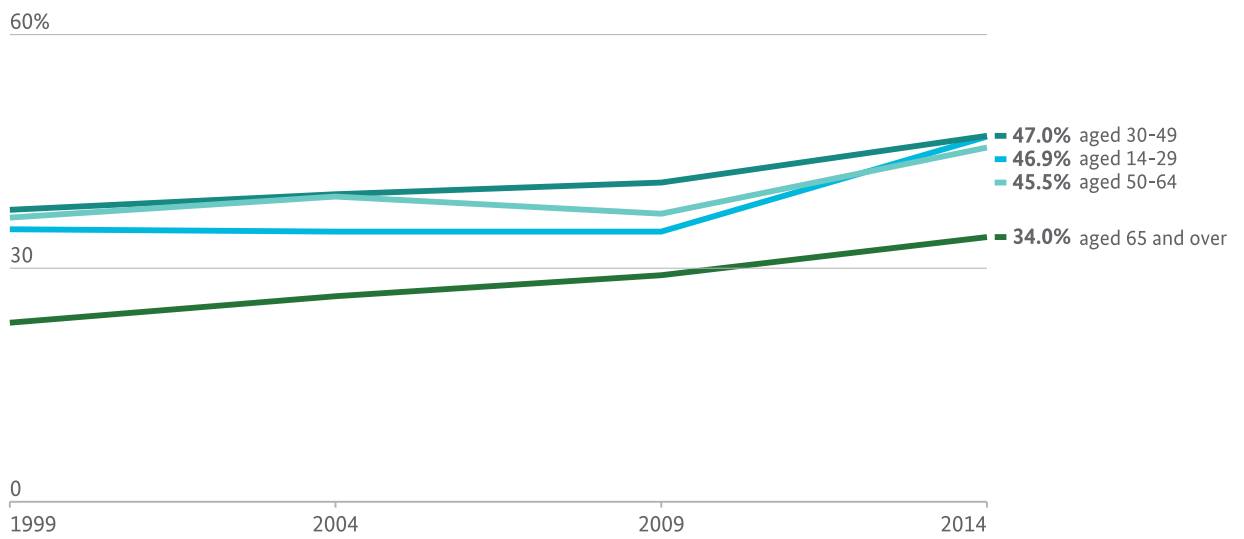


Figure 78: Volunteers in total and by age group

**Total**

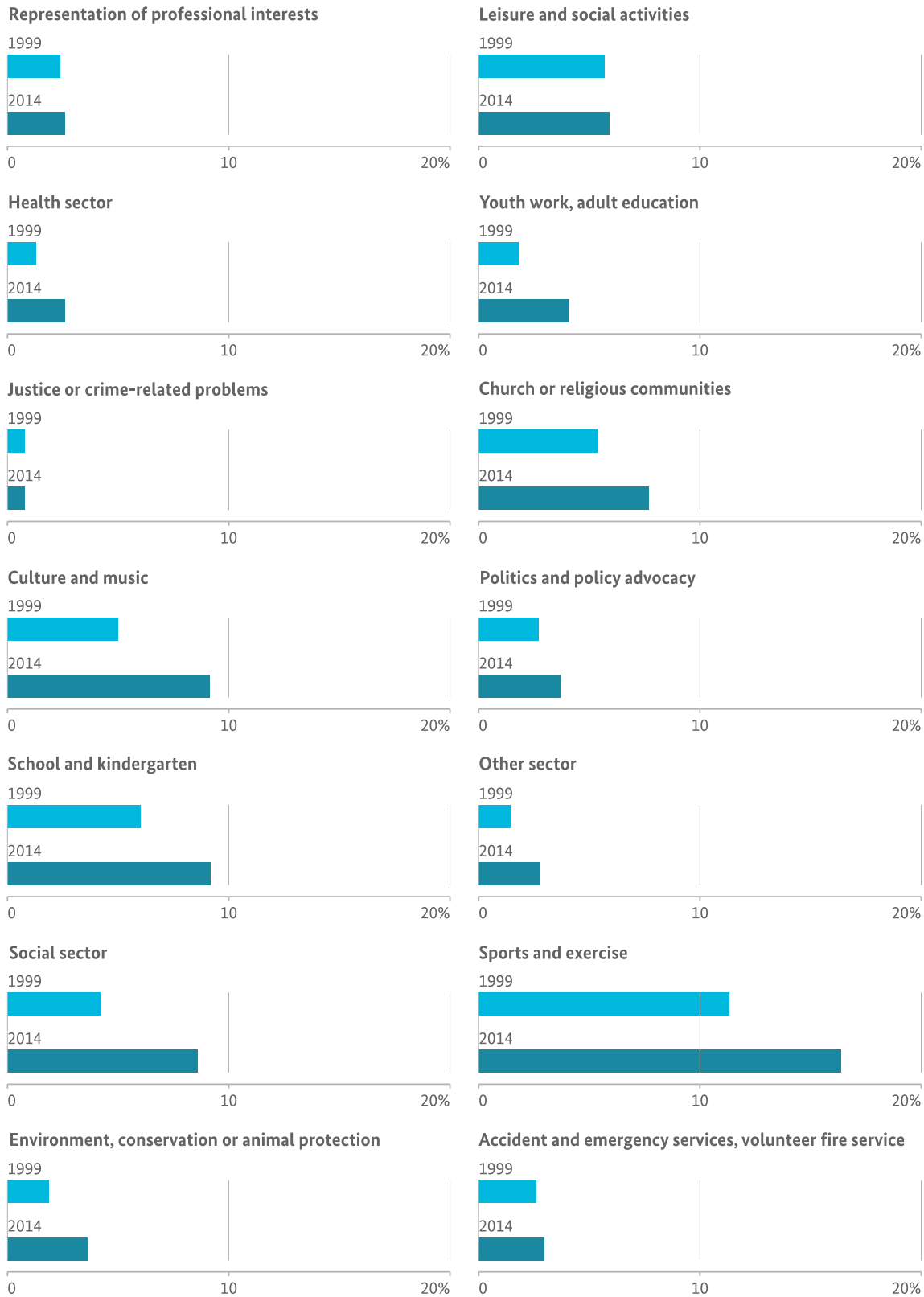


**By age group**



Source: Freiwilligensurvey 1999 to 2014.

Figure 79: Civic engagement by field 2014



Source: Freiwilligensurvey 2014.

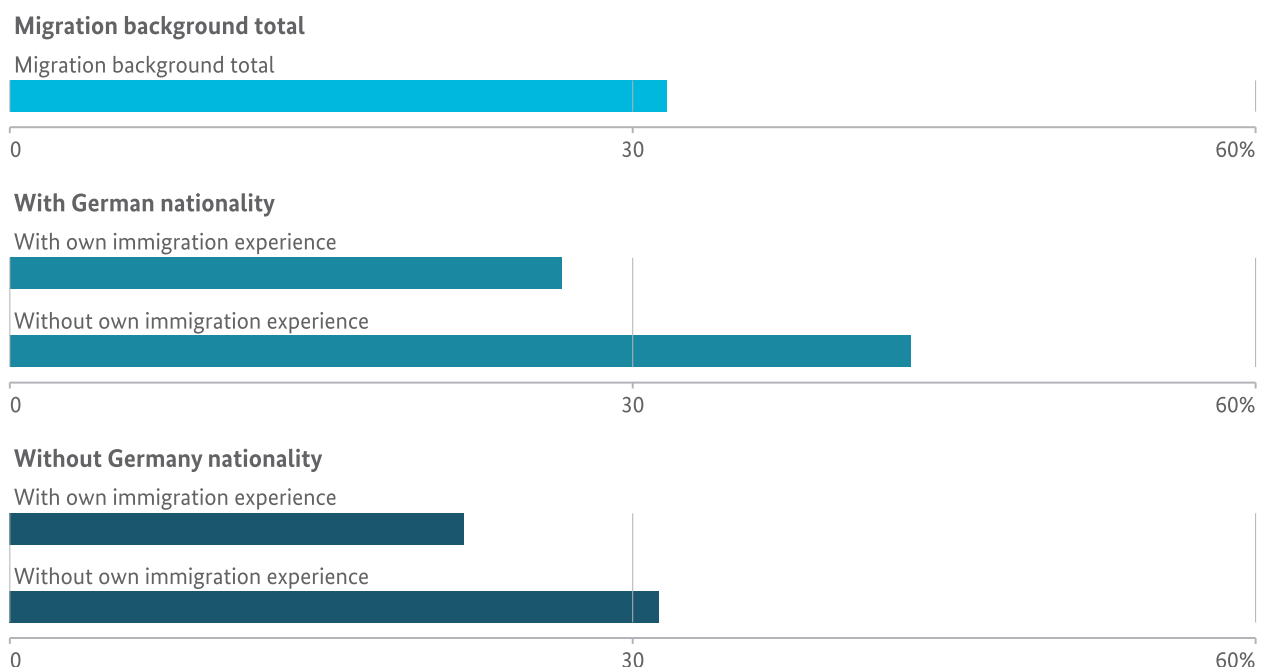
The civic engagement of **people with a migration background** is particularly important as it may serve as an indicator of social integration. Volunteering people with a migration background have an easier time finding their place in society, actively take part in society and are able to help others integrate. Their civic commitment means they are able to act as role models, a link to society and an important asset in everyday life. They can help the foreign become home and those from foreign places to become neighbours. It is clear just how important this is to wellbeing and the sense of community on all sides.

At 31.5 per cent, immigrants today are significantly more less represented in volunteer work than citizens without a migration background (46.8 per cent) (see Fig. 80). Unfortunately, reliable data on migration background were not available until 2014, making it impossible to compare these figures to the previous years. Men and women with a migration background engage in volunteer work in schools and kindergarten and religious communities relatively more frequently.<sup>255</sup>

The civic engagement of people with a migration background strongly depends on two factors: their history of immigration and their citizenship. People with a migration background tend to be most active in society if they were born in Germany. People who were not born in Germany, especially those without German citizenship, are less likely to volunteer. For people with a migration background who were born in Germany and hold German citizenship, the proportion of people who take an active role in volunteering (43.2 per cent) is nearly as high as for those without a migration background.

Sparking an interest in people with a migration background for volunteer work is a **joint task** for the Federal Government, the German states and the municipalities. Even associations and clubs themselves are being encouraged to get involved in this.

Figure 80: Volunteers by type of migration background 2014



Source: Freiwilligen survey 2014.

So-called “migrant self-organisations” are important partners in implementing various programmes to encourage civic engagement, including the People Support People (*Menschen stärken Menschen*) mentorship programme. Many schools, associations and companies already support volunteer work in their local communities and municipalities. In addition, federal and state governments provided assurances in November 2015 that engagement in refugee-related issues would not jeopardise the non-profit status of organisations, even if their original statutes do not include aiding refugees.<sup>256</sup>

The federal and state governments are providing support for this overall positive trend in volunteering. For example, associations, donors and volunteer workers have benefited from tax reliefs. Citizens involved in volunteer work receive a volunteer card (*Ehrenamtskarte*), which offers them discounted admission and other discounts at a number of publicly funded cultural institutions, for example. Additional measures taken by the states range from expanding the necessary infrastructure to promoting qualification measures. The report on engagement, which an independent panel of experts commissioned by the German Federal Government compiles once per legislative period, facilitates long-term engagement policy with its recommendations.<sup>257</sup>

In order to benefit more from the experience of foundations and social entrepreneurship and actively involve them in shaping society, the German government started the **National Engagement Strategy** (*Nationale Engagementsstrategie*). It aims at better acknowledging and appreciating those engaged in volunteer work. The German government issues a number of awards and distinctions to express appreciation and recognition of the many committed citizens engaged in volunteer work. This includes the German Engagement Award (*Deutscher Engagementpreis*) as well as the Week of Civic Engagement (*Woche des Bürgerschaftlichen Engagements*), which the German National Network for Civil Society (*Bundesnetzwerk für Bürgerschaftliches Engagement*) has held annually since 2004.

When implementing programmes to strengthen the volunteering infrastructure, the German government increasingly relies on cooperation between the State, the economy and civil society, e.g., as with the **Engaged City** (*Engagierte Stadt*) programme.

Some 100,000 people are engaged in various volunteer services, including a large number of older people in the **German Federal Volunteer Service** (*Bundesfreiwilligendienst*) – numbers that were rather unexpected four years ago. Helping others, doing something good for fellow human beings and gaining confidence and focus in the process are often cited by young people as what motivated them to take a voluntary social (*Freiwilliges Soziales Jahr*) or environmental year (*Freiwilliges Öko-logisches Jahr*). With more than 35,600 volunteers currently in the field<sup>258</sup>, the regular German Federal Volunteer Service offers the opportunity to get involved in integration, sport and care work. Furthermore, up to 10,000 additional German Federal Volunteer Service places focusing on refugee issues will be provided by the end of 2018 in order to provide people entitled to asylum and asylum seekers expected to obtain legal permanent resident status in Germany with guidance and support in integrating into German society. Volunteers are increasingly getting involved in international services. Every year some 3,300 young people aged 18 to 28 engage in voluntary service in the global south through the worldwards (*weltwärts*) programme. Increasing numbers of volunteers from these countries are engaging in civic service in Germany as well. There were 3,446 volunteers working on refugee issues in August 2016.

The indicator **civic engagement** measures the number of hours spent by people in Germany involved in civic and voluntary service. It is an established indicator of societal cohesion and therefore wellbeing in Germany.

The data is based on the **German Survey on Volunteering** (*Freiwilligensurvey*), which is the largest survey in Germany and the key basis for social reporting on voluntary and civic engagement in Germany. A representative sample of citizens aged 14 and over are surveyed. Survey data has been collected every five years since 1999. The sample size has nearly doubled since the first German Survey on Civic Engagement was conducted; 28,690 men and women were surveyed in 2014. Surveys were conducted via telephone interviews held in German and another six foreign languages for the 2014 German Survey on Civic Engagement. This increased the number of people with a migration background in the sample.

## ■ Sport – the heart of club life in Germany: Indicator Membership in sport clubs

“Sport brings together many different people, regardless of where they come from.” This statement by a participant at the national dialogue event *Forum Menschenrechte* in Herne on 20 May 2015 hits the nail on the head: Sport brings together people from all generations and cultures. Citizens acknowledge that sport positively affects their wellbeing, whether done in a team or individually.

Many were aware that regular exercise increases individual wellbeing and is an important factor in healthy ageing, conclusions that studies confirm. Participating in team sports boosts one’s own wellbeing and strengthens people’s sense of community. Sport not only creates a space for community, but also teaches values like fairness and tolerance. Sport is also an effective driver of inclusion. After all, part of a self-determined life is self-determined recreation.

The role and significance of (sport) clubs was mentioned many times in the national dialogue, including at the dialogues at the Elite School of German Sports in Hamburg and the USC Munich wheelchair basketball team. A USC athlete at the national dialogue event on 3 October 2015 said, “*Inclusive sport is still very much in its infancy in Germany – but sport for people with disabilities is even more important.*”

Regular studies on club sports confirm that sport fosters inclusion, health, integration and equality.<sup>259</sup> It plays a unique role in personal and social wellbeing. The indicator **membership in sport clubs** measures the number of people active in club sports in Germany. It measures the number of people registered as a member of at least one sport club in the 16 state sport associations. The overall number of people who participate in sport in Germany, i.e. as part of a company running group, for example, or those who regularly go to the gym, are not covered, however. This is because no data is available for amateur athletes who do not belong to a sport club.

The trend in membership numbers in state sport associations has remained relatively constant for years. As of 1 January 2015, just **over 23.7 million citizens were members of more than 90,000 clubs nationwide.**

Around one third of the population is involved in the German Olympic Sports Confederation. Compared internationally, this ranks Germany near the top.<sup>260</sup>

The club landscape in general has also developed positively: There are more than 600,000 different clubs and associations in Germany. These include music clubs, youth clubs, animal welfare clubs, art clubs, cooking clubs and computer clubs, to name a few. Many people often take on a voluntary role in a club or at least become members in order to achieve a common goal or pursue a common interest.

German gymnastics and sport clubs are among the most active organisations in Germany in terms of membership numbers and civic participation. They shape socio-cultural life in cities and communities. Yet the breakdown of age groups and regional membership shows that there is still potential to attract new members.

Particularly encouraging is that two thirds of **children and young people** are involved in club sports. By far the highest membership rate lies with children and young people between seven and 18 (see Fig. 81). Membership in sports clubs declines noticeably once young people come of age. This may be due to people starting a new phase of life, such as an apprenticeship or degree programme or starting a career or family. By contrast, however, although **older people** are less likely to be involved in a sport club, they attend sports classes more frequently, especially for preventive purposes.<sup>261</sup>

The differences in membership in sport clubs is worth noting. Less than every seventh person (15.2 per cent) is a member of a sport club in the Eastern German federal states, whilst almost one in three people (31.8 per cent) are members in the Western German federal states. This has historical reasons: The majority of those involved in sport in the former German Democratic Republic belonged to company sport teams through their jobs, which dissolved after reunification. A club landscape has emerged only gradually in the Eastern German federal states since then.

**Sport is particularly important in terms of societal participation of people with disabilities.** More than 640,000 people are now members of the National Paralympic Committee Germany, the umbrella

organisation for athletes with disabilities. In addition, more than 8,000 sports enthusiasts belong to the German Deaf Sports Association and some 49,000 people to Special Olympics Germany, the sports association for people with mental disabilities.

Amateur sport is largely funded by the states. Elite-level sports for people with disabilities, however, is sponsored by the German Federal Government in line with the same criteria as for people without disabilities. Furthermore, a number of elite sports organisations cooperate with disabled sports organisations. They actively support and promote the inclusion in sport clubs.<sup>262</sup>

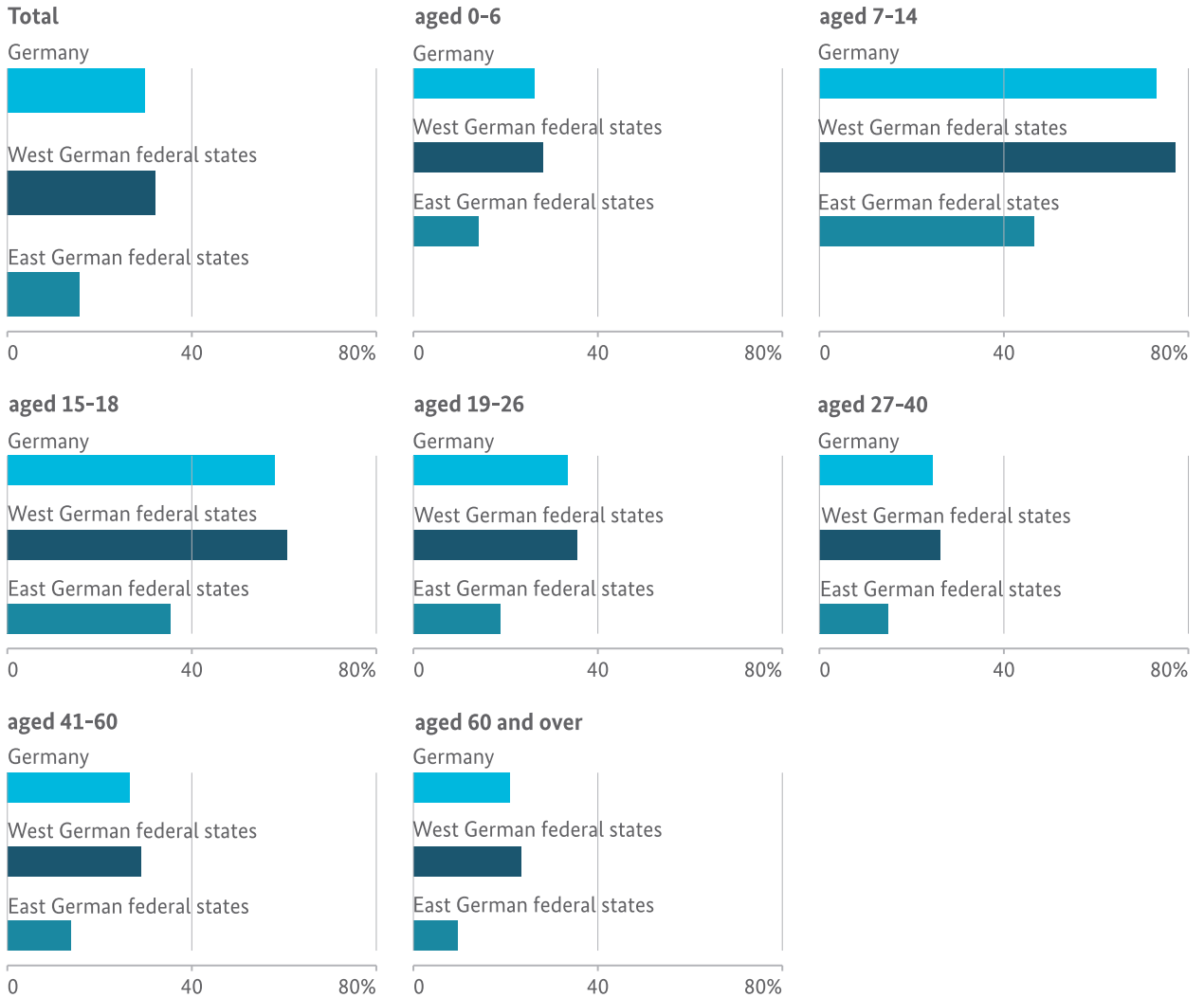
Sport clubs make an important contribution to the coexistence of **people with and without a migration background**. Cultural and religious differences can be overcome by joining together in sport, and societal cohesion is strengthened. Contact with others breaks down prejudices and overcomes social distances. Easily accessible opportunities to engage in sports can facilitate the social integration of people from all societal groups. It offers a setting for encounters, making an important contribution to the understanding and equal participation of people, regardless of their race, nationality, religion, gender, sexual orientation, language or culture.

With governmental support, the German Olympic Sports Confederation has been running the **Integration through Sport** (*Integration durch Sport*) programme for more than 25 years. At more than eleven million euros, the amount of funding allocated in the 2016 federal budget has doubled. The program was launched in late October 2015, and asylum seekers and tolerated resident aliens are now able to take part – regardless of their background and prospects of remaining in the country. The programme assists around 750 special training centres (*Stützpunktvereine*) in Germany where nearly one third of all members have a migration background.

The enormous potential sport has to promote successful integration in our society becomes clear when one considers the **new member** statistics for 2014. **More than half come from a migration background**. Particularly promising is that, among new female members, there were equal numbers of girls and women both with and without a migration background. Until this point, the latter had been rather underrepresented.

The indicator **membership in sport clubs** is based on data from the **German Olympic Sports Confederation's annual survey**. The survey provides reliable information on the number of sport clubs and club memberships. The membership structure has only ever been analysed in terms of age, gender and level of organisation.<sup>263</sup> Reliable national data on migration background in sport clubs is therefore not yet available. The **Federal Sports Development Report** (*Sportentwicklungsbericht des Bundes*) is currently the only such report that provides data on immigrants in German sport clubs. The report is commissioned by the German Federal Institute for Sports Science (*Bundesinstitut für Sportwissenschaft*), the German Olympic Sports Confederation and state sport associations and has been compiled every two years since 2004. The 2013/2014 Federal Sports Development Report indicated that 6.2 per cent of members had a migration background. However, it is not clear, whether the data are statistically sound in terms of validity. Because of this, the German government suggests an expansion of available data in future surveys.

Figure 81: Members of sports clubs by age group and region 2015



Source: German Olympic Sports Confederation, 2015 Bestandserhebung. This chart shows the share of members in sports clubs of the regional sports associations by age group (1 January 2015).

# Strengthening the Economy, Investing in the Future



## ■ 9. Strengthening the Economy, Investing in the Future

*“Many companies and professionals in Germany generate prosperity that benefits everyone. That is nice. Life would be even more worth living if social and economic freedoms were greater than they are now.”*

from an online response submitted on 21 April 2015

The economy was mentioned in the national dialogue less often than other topics. Yet participants stressed the importance of a dynamic economy as a foundation for a high level of wellbeing. Discussions on the economy focused primarily on the **organisation of the economic system**, as well as **measures to strengthen the economy** and **consumer protection**.

In terms of the **organisation of the economic system**, participants were most opposed to any dominance of business interests and the power of lobbyists, whilst some had criticism for capitalism in general. The planned Transatlantic Trade and Investment Partnership (TTIP) was met with great scepticism. Overall, citizens positively associated the **social market economy** with wellbeing. In terms of **measures to strengthen the economy**, participants specifically discussed good competitive conditions, investment in research and technology, entrepreneurial freedom for small and medium-sized enterprises and fostering innovative ideas. **Effective consumer protection** was addressed relatively often, e.g., concerning food safety.

## ■ Creating new economic opportunities: Indicator Real gross domestic product per capita

*“We can’t simply demonise growth, but growth must be sustainable.”*

from the national dialogue event of the German Federal Ministry for Economic Affairs and Energy in Magdeburg on 7 July 2015

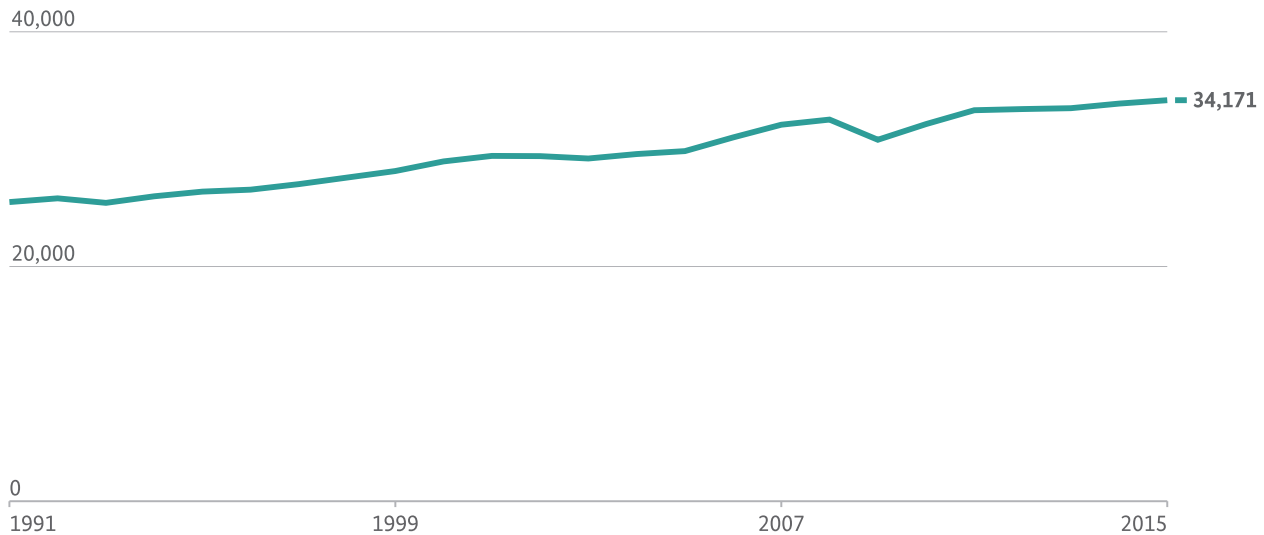
Research findings and statistics confirm that using **real gross domestic product (GDP)** as the sole indicator of a society’s prosperity is not sufficient.<sup>264</sup> Prosperity is more than economic growth. Furthermore, GDP tells us nothing about the number of people and the extent they benefit from growth and, nor does it provide information on how inclusive, stable or environmentally friendly this growth is. Yet, it remains a necessary key **indicator of a country’s economic strength**. A growing GDP has a positive impact on wellbeing, e.g., by increasing wealth and employment levels, promoting a stably funded welfare state with universal benefits for all citizens and providing for a well-equipped health care system.

Citizens agreed on these issues. At the same time, they also discussed the fact that economic growth, especially in the absence of socially defined guiding parameters, can negatively affect wellbeing, just as research on climate change at a global level has demonstrated, for example.<sup>265</sup>

GDP measures a country’s economic performance. It is expressed as a per capita value for better comparability between rural and urban regions and between lower and higher populated states. Whilst GDP per capita in Germany was around 25,500 euros in 1991, in 2015 it was around 34,200 euros (see Fig. 82).<sup>266</sup> **This represents an increase of 34 per cent over 24 years.**

However, there are a number of issues in measuring GDP. For example, child care within the family, home care provided by relatives and quality improvements in products are not covered in GDP at all or only partially. The same is true of the adverse effects of economic growth, such as environmental pollution due to industrial production. Estimating the added value of illicit employment is difficult as well. Furthermore, GDP per capita does not measure the distribution of overall social prosperity

Figure 82: GDP per capita in euros (adjusted for price changes)



Source: German Federal Statistical Office 2016, Volkswirtschaftliche Gesamtrechnungen, Fachserie 18, Reihe 1.4.

within the population. The field of economics has begun to look at the extent to which the wealth generated through free online services is underestimated in GDP.<sup>267</sup> Complemented by other indicators, GDP remains a crucial parameter for economic policy and a good indicator for an economy's material wealth.

Trends **vary greatly across regions**. The former East German states have had to undergo a significant catching-up process, particularly in the first half of the 1990s: In 1991, the GDP of the Eastern German federal states was 43.3 per cent of that of the Western German federal states. By 2015, this value increased up to 72.4 per cent.<sup>268</sup> Although the alignment of living standards in Eastern and Western Germany is still ongoing, the development seen in the east truly is a German success story.<sup>269</sup>

**Compared internationally**, Germany has a relatively high GDP per capita.<sup>270</sup> In 2015 the Federal Republic of Germany ranked 15th out of around 180 countries in GDP per capita. Compared to other EU Member States, the Netherlands and Austria have a slightly higher GDP per capita, for example. Germany recorded extremely robust economic growth in the periods between 1994 and 2001 and 2004 to 2008. Yet the global financial and economic crisis saw growth fall by 5.6 per cent in real terms in 2009 compared to the previous year. Nevertheless, Germany

was able to recover relatively quickly. By 2011, GDP per capita had already returned to pre-crisis levels. Similar positive trends in GDP were seen in some other European countries as well, including Sweden and Austria.<sup>271</sup> Other economies took much longer to recover from the crisis, with some still failing to return to pre-crisis levels at the close of 2015, including Italy and Spain.<sup>272</sup>

The German government projects macroeconomic development three times per year. The centrepiece here is the projection of GDP growth. The German government uses this as a basis to estimate tax revenue and draft the federal budget.

The indicator **real gross domestic product per capita** measures the total value of all commodities (goods and services), adjusted for inflation, that an economy produces per capita. It is an internationally recognised indicator for measuring a country's economic performance. Any percentage change is termed economic growth. The indicator is expressed in 2010 prices.<sup>273</sup>

■ **Investing in a positive future:**  
Indicator Investment rate (gross fixed capital formation/GDP)

*“Wealth must be earned, which is why it should always be a case of investing first and then redistributing. Otherwise the wealthy country we live in today will be poor tomorrow.”*

from an online response submitted  
on 12 June 2016

The **stability** of an economy thrives on investment. Public investments preserve and create new mobility networks, public service infrastructures and public property. Private investments, which make up around 90 per cent of overall investment, allow businesses to create new products, introduce better production processes and open up new markets. Active capital spending both publicly<sup>274</sup> and privately<sup>275</sup> is essential to increasing a country’s productivity. This forms the basis for a high level of wellbeing. National dialogue participants mainly discussed public investment, such as expanding or redeveloping roads, rail networks and digital infrastructure.

The **investment rate** is an important indicator, especially with respect to future wellbeing. It indicates the percentage of economic output that goes towards private and public investment. The gross fixed capital formation rate in Germany declined from approximately 25 per cent in 1991 to around 20 per cent in 2005. However, there was a great deal of initial investment in the 1990s following German reunification. From 2002 onwards, it has stabilised at around 20 per cent (see Fig. 83).

**Compared to other industrialised nations**, Germany is in the middle of the pack with a total investment rate of approximately 20 per cent. For example, France and Sweden had more investment in 2015, whilst Italy and the United Kingdom invested considerably less. At 19.9 per cent, Germany was above the EU average (19.6 per cent).<sup>276</sup>

A separate analysis of **government and private investments** offers a more detailed picture (see Fig. 84). What is striking here is the different investment behaviour sparked by the global economic crisis in 2008. Whilst private investment has drastically fallen since then, the State has invested more to boost short-term economic prospects (known as counter-cyclical investment).

Some economists have warned that Germany lags far behind its true potential when compared internationally, especially in terms of public investment.<sup>277</sup> Critics claimed that the investments necessary to maintain and modernise high-quality infrastructure would not be mobilised. However, comparing public investment rates internationally is problematic due to a different public-to-private mix. For example, the government investment rates in other countries may be higher because the State has taken on responsibilities in areas that are covered by private businesses in Germany.

The German government responded. It is pursuing a comprehensive approach to boosting public and private investment and has implemented a number of measures during this legislative period. Future and growth-oriented federal investment spending will further increase from 31.5 billion euros (2016) to 33.3 billion euros (2017).

**Municipal investments**, which have traditionally made up the largest share of public investment, have lagged behind expectations over the past 15 years. One contributing factor is the persistent lack of investment by financially weak municipalities. This is yet another reason the German Federal Government is making such major efforts to provide financial relief to municipalities. In order to combat the risk of a widening gap in economic development between structurally strong and structurally weak municipalities and regions, the German Federal Government passed the German Municipal Investment Incentives Act (*Kommunalinvestitionsförderungsgesetz*) in 2015. The Federal Government has established a fund with over 3.5 billion euros in order to provide financial assistance to the German states until 2018 (an extension until 2020 is planned). The aim is to create new investment opportunities in technical and social infrastructure, especially in financially weak municipalities – with funding rates of up to 90 per cent. This 3.5 billion euro fund is part of a massive federal programme of relief for states and municipalities during this legislative period. Between 2014 and 2017, this relief will total more than 65 billion euros<sup>278</sup>, which results in further opportunities for investment.

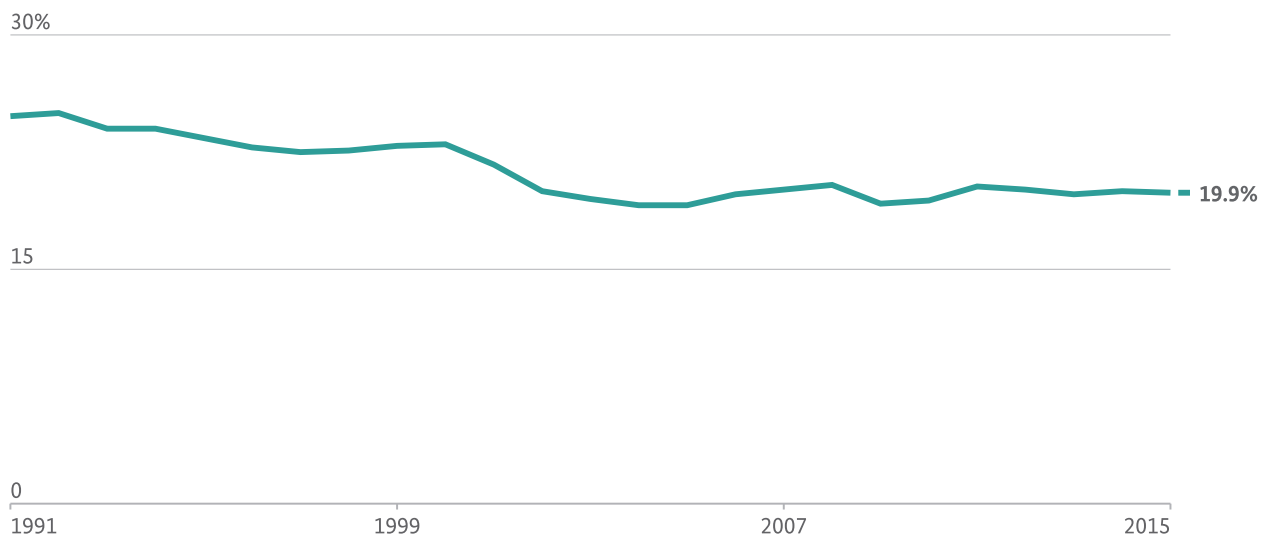
In addition, the German government is encouraging **private investment** through tax incentives, funding grants and KfW bank loans (e.g., for building refurbishment or senior-friendly residential modernisation work). The State is making targeted investments in expanding high-speed internet, e-mobility, generating renewable energy and modern energy grids.

The German Federal Transport Infrastructure Plan (*Bundesverkehrswegeplan*) 2030 includes investments totalling 269.6 billion euros. More than two thirds of this money will go towards targeted investments in maintaining and improving the existing infrastructure. In addition, more than 1,000 construction and expansion projects are to be implemented for railways, roads and waterways. 132.8 billion euros are earmarked for modernising the road network, 112.3 billion for railway infrastructure and 24.5 billion for waterways. The overarching goal for long-distance transport is to facilitate the so-called “Deutschland-Takt” (literally: Germany Cycle), which would involve clock-face (cyclic) scheduling and make for shorter travel times through fast, optimised connections

in numerous railway stations, as well as timetables that are easier to remember with train services that run at least hourly.

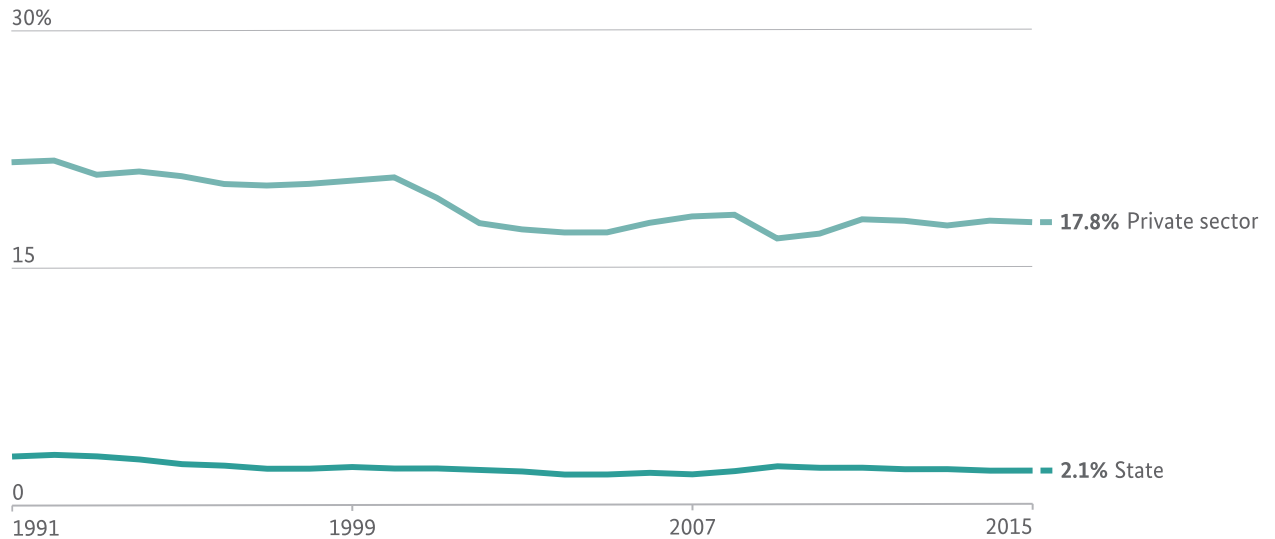
Social housing is also being massively expanded over the next few years, and State funding for research and development will be further increased (see the indicator *Public and private expenditure on research and development* in this dimension).

Figure 83: Gross fixed capital formation as a percentage of GDP



Source: German Federal Statistical Office 2016, Volkswirtschaftliche Gesamtrechnungen, Fachserie 18, Reihe 1.4.

Figure 84: Gross fixed capital formation by state and private sector as a percentage of GDP



Source: German Federal Statistical Office 2016, Volkswirtschaftliche Gesamtrechnungen, Fachserie 18, Reihe 1.4.

The indicator **investment rate** measures the share of economic performance that is invested. It is the ratio of gross fixed capital formation to GDP. Gross fixed capital formation comprises the value of annual public and private investments in facilities to be used in the production process for more than a year. This includes buildings, infrastructure, equipment (machinery and vehicles) and other investments (mostly research and development, software and databases). International comparisons help to determine how a country fares in terms of investments. These comparisons are methodologically difficult, e.g., if countries have developed differently in terms of economics or demographics. When looking at public and private investment across the world from a comparative perspective, it is important to note which investments (e.g., in railway networks) in each country are undertaken by the State or by private business due to the ownership situation.

■ **Sound budgeting, retaining scope for action:** Indicator National debt ratio (gross debt/GDP)

*“A strong economy, secure finances, jobs and a secure pension are important to us.”*

from an online response submitted on 15 July 2015

In the long term, a high standard of living is only possible if it is based on sound finances. This was made clear in the national dialogue discussions: Intergenerational equity, the future financial viability of the welfare state and sometimes even a low debt burden in the national budget were important to citizens. The money we spend today must be invested wisely and funded soundly – people realised this. The **national debt ratio** is a benchmark for this so-called fiscal sustainability. It compares government debt to GDP.

The **EU's Stability and Growth Pact** requires Member States to limit their level of debt to 60 per cent of economic performance.<sup>279</sup> After an increase in the years following reunification, the debt ratio in Germany stabilised and eventually fell below this threshold. However, since 2003, the German national debt ratio has exceeded the limit. Between 2005 and 2007, Germany managed to reduce the debt ratio thanks to higher tax revenues, savings and lower social spending due to increased employment. Then, between 2009 and 2010, the debt ratio increased significantly due to measures taken in response to the financial market and European sovereign debt crises. It reached its peak in 2010 at 81 per cent. From 2012 onwards, a growing economy and job market, historically low interest rates in the eurozone, favourable State financing conditions and the German government's growth-oriented consolidation course meant the rate fell constantly – to around 71 per cent in 2015 (see Fig. 85).

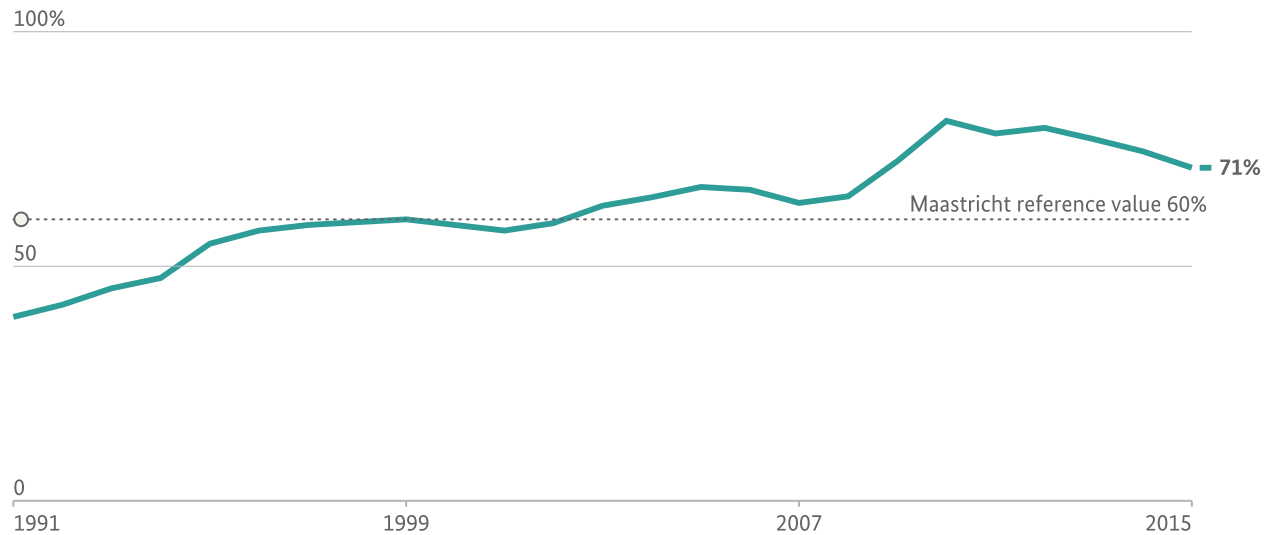
**In international comparisons, Germany fares relatively well.** For example, the United Kingdom's debt ratio was around 89 per cent in 2015, France's was 96 per cent and the US's was 106 per cent. Japan had the world's highest debt ratio at 246 per cent.<sup>280</sup>

The German Federal Ministry of Finance's Reports on the Sustainability of Public Finance (*Tragfähigkeitsberichte*)<sup>281</sup> illustrate how the ratio of public revenue to expenditure would have to develop to avoid an increase in the national debt ratio in the long term. Depending on the assumptions concerning the demographic and economic development, the sustainability gap ranges from 1.2 to 3.8 per cent of GDP. This gap reflects the amount that public revenue would have to be increased and/or public spending would have to be decreased in the long term.

Since 2009, the German government has gone beyond the EU Stability and Growth Pact by limiting new borrowing using the constitutionally protected “debt brake” (*Schuldenstandsbremse*).<sup>282</sup> This debt places strict limits on the issuance of new debt to finance budget deficits.

For decades, the German government has spent more than it has taken in. In 2014, the Federal Government **passed the first budget in nearly 50 years with no new debt**. The 2015 overall national budget (Federal Government, states, municipalities and the social insurance system) even achieved a slight budget surplus of 0.7 per cent of GDP. The German government remains committed to a balanced budget in 2016 as well. Germany is well on the way to reducing the debt ratio to below 60 per cent of GDP by the end of 2022, as agreed in the coalition agreement. Despite these successes, German fiscal policy faces extensive challenges, such as the impact of the ageing population on the sustainability of the social security system. Furthermore, the Federal Government, states and municipalities must meet the challenge of integrating hundreds of thousands of refugees.

Figure 85: National debt ratio



Source: Deutsche Bundesbank (2016). German national debt (as defined in the Maastricht Treaty) as a percentage of GDP. Preliminary values for 2014 and 2015 (19 September 2016).

The indicator **national debt ratio** measures the gross debt held by the Federal Government, the states, the municipalities and social insurance as a share of GDP. “Gross” means that only debt is taken into account, not including State assets.

Implicit debt is not included either, i.e. future State payment obligations, such as pension and annuity payments. The total explicit and implicit debt is called the “sustainability gap”.

**Promoting innovation and inventive talent:**  
Indicator Public and private expenditure on research and development

*“We have a high standard of living because many people have good ideas and develop patents. Thanks to them we have become the world champion in exports.”*

from an online response submitted on 16 August 2015

*“Innovative culture is lacking in Germany. Not least because people fear loss and have a strong aversion to failure. There is no right to fail. The culture is different in the US. Here we don’t get a second chance.”*

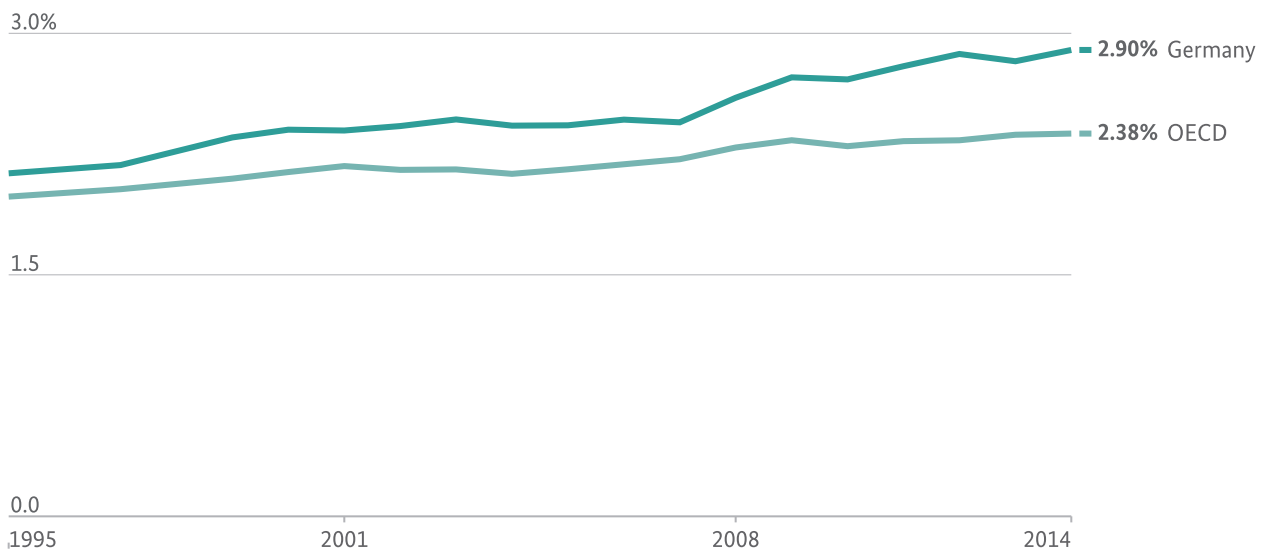
from the national dialogue event of the CDU Wirtschaftsrat in Dresden on 22 September 2015

Economists agree that investment in research and development increases the productivity and competitiveness of economies, thereby creating growth.<sup>283</sup> Participants in the national dialogue were also aware of the importance of identifying future issues and implementing innovative ideas. People stressed the need for research, particularly in the fields of health and the environment.

The indicator **research and development (R&D) spending as a percentage of GDP** is an important, established and internationally comparable measure of an economy’s innovative capability. R&D spending increased from 2.2 per cent in 1995 to 2.9 per cent in 2014 (see Fig. 86). Some 84 billion euros was spent on research and development in Germany in 2014, 44 billion euros more than 20 years earlier. Germany almost achieved the target of the EU’s Europe 2020 Strategy to spend three per cent of GDP on R&D. The bulk of these investments in R&D came from the business sector (68 per cent). The remaining 32 per cent came from federal and state governments.

Views on innovative culture in Germany could not be more divergent. What does the situation really look like?

Figure 86: Research and development spending as a percentage of GDP



Source: German Federal Statistical Office, German Federal Ministry of Education and Research, Stifterverband-Wissenschaftsstatistik.



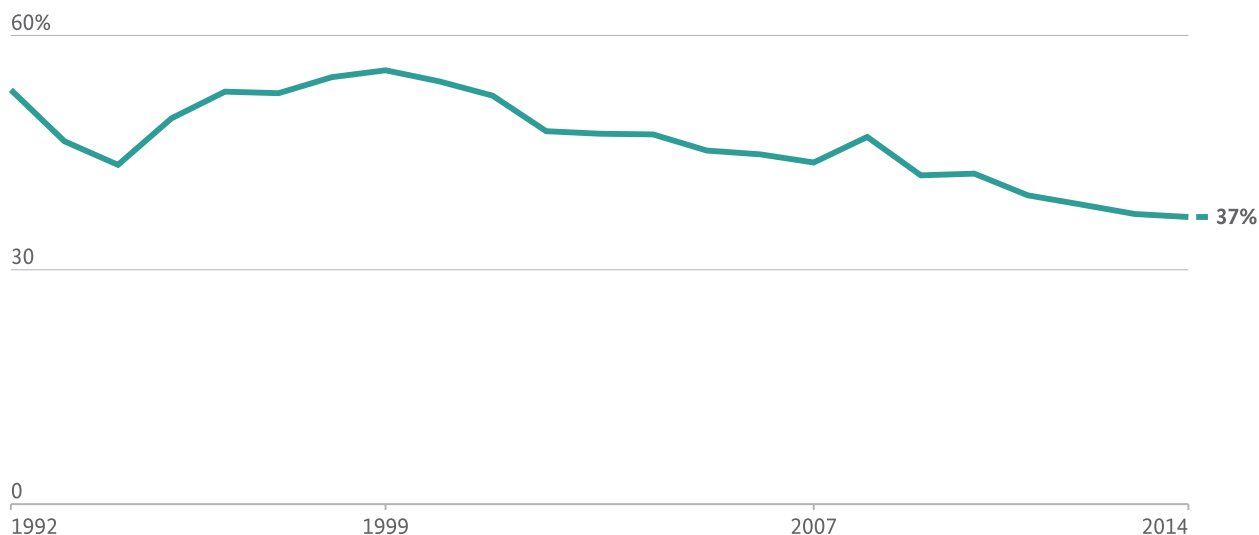
Looking at **EU Member States** demonstrates how well Germany is doing in terms of R&D spending. Germany was ranked fifth here in 2014. Only Finland (3.17 per cent), Sweden (3.16 per cent), Denmark (3.05 per cent) and Austria (2.99 per cent) invested a greater share of GDP in R&D in 2014.<sup>284</sup> However, in a global comparison it is worth noting that some developed economies like South Korea (4.3 per cent) spent significantly more on R&D.<sup>285</sup>

R&D spending only affects productivity, competitiveness and growth if innovative ideas are implemented in practice. Germany's progress in this regard is mixed: The **innovator rate** (*Innovatorenquote*), i.e. the share of companies that have introduced product or process innovations in the past three years, fell relatively sharply between 1992 and 2014 (see Fig. 87).<sup>286</sup> However, German companies remain some of the **most innovative** compared to other European countries. For example, Germany ranked top among EU countries between 2010 and 2012 in terms of the number of innovative companies in proportion to all companies.<sup>287</sup>

Due to their higher productivity, knowledge and research-intensive industries offer well-paid jobs with excellent career prospects. There are many so-called hidden champions in Germany, i.e. medium-sized enterprises ranked among the world market leaders in their particular niche markets.<sup>288</sup> Some ten per cent of the German workforce is employed in skill-intensive industries. There are only minor differences between urban (10.7 per cent) and rural (9.5 per cent) areas in this regard.<sup>289</sup>

The German government's high-tech strategy promotes the implementation of good ideas for new products and services. The focus is on particularly promising areas, such as automation technology, IT security, new energy storage units, intelligent mobility and modern medical technology. The funding available to small and medium-sized enterprises is being raised to approximately 320 million euros per year by 2017.

Figure 87: Innovator rate



Source: Mannheimer Innovationspanel 2015, Centre for European Economic Research (ZEW). The population for the random sampling of businesses has changed since the 2006 introduction of the company register.

Germany is working to promote connected automated driving. In 2015 the German government adopted the world's first comprehensive strategy in this area. The new technologies will increase comfort and transport safety. This may lead to a long-term decrease in the number of accidents involving personal injury. Older people will be able to remain mobile for longer and people with disabilities will have increased participation opportunities. Additional positive effects on traffic flow and efficiency are expected, as is a reduction in emissions. The digital motorway test bed (*digitale Testfeld Autobahn*) has been set up along the A9 federal motorway in Bavaria. Innovative technology for increased safety and comfort can now be tested in real operation. The development of digital test beds is being promoted in particular in Braunschweig, Dresden, Düsseldorf, Hamburg, Ingolstadt and Munich.

The federal and state governments have provided a massive boost to science and research in recent years through major science-related pacts, such as the Excellence Initiative (*Exzellenzinitiative*), Pact for Research and Innovation (*Pakt für Forschung und Innovation*) and the University Pact (*Hochschulpakt*). Despite efforts to consolidate the federal budget (see the indicator debt ratio in this dimension), federal funding for R&D increased by 75 per cent between 2005 and 2016 to some 15.8 billion euros. All of this underscores the efforts to maintain and expand upon the strong foundations for future wellbeing.

The indicator **public and private expenditure on research and development** describes the ratio of spending on research and development (R&D) to GDP and includes the funds invested in R&D by the State and the business sector.

### ■ Improving entrepreneurial culture: Indicator Time required to start a business

“Entrepreneurs want to be able to act with a greater sense of responsibility instead of being hampered from doing so.”

from the national dialogue event of the Deutsche Industrie- und Handelskammertag in Berlin on 9 July 2015

Small and medium-sized enterprises account for 16 million jobs in Germany and eight out of ten training places.

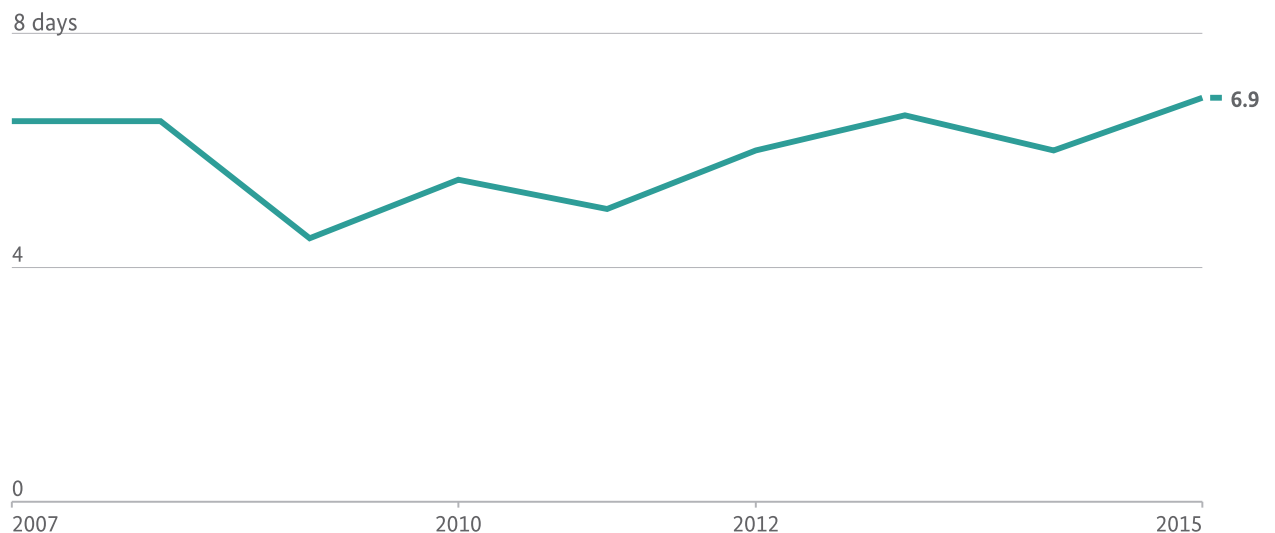
**Business start-ups** increase competition, thereby ensuring innovation, increased productivity and a wider range of products in many different sectors.<sup>290</sup>

Due to the falling number of start-ups, economists call for **improved funding for business start-ups** and less bureaucratic hurdles for young companies.<sup>291</sup> Even some of those participating in the national dialogue explicitly called for greater entrepreneurial freedom in Germany.

The indicator **time required to start a business** could provide insights into progress in this area. It counts the average number of days it takes to complete the administrative steps needed to found a corporation in Germany.

In 2007 and 2008 the average time needed to start a business in Germany was 6.5 days and costs added up to 783 euros (see Fig. 88 and 89). Limited liability entrepreneurial companies (*haftungsbeschränkte Unternehmersgesellschaft*) were introduced in late 2008. Founding them is much quicker and cheaper than founding a limited liability company (*Gesellschaft mit beschränkter Haftung*). It is essentially the same as a limited liability company, but requires only a symbolic share capital of one euro rather than 25,000 euros. The introduction of the limited liability entrepreneurial companies was a major reason for the required time and costs involved in starting a business being reduced to 4.5 days and 166 euros in 2009.

Figure 88: Time required to start a business in days



Source: European Commission, Directorate-General for Growth, SME Performance Review.

However, costs have since risen slightly following adjustments to the fee schedule. In 2015, the average time needed to start a business in Germany was 6.9 days and costs amounted to 376 euros. For that period, this places Germany above the EU average of 3.4 days, although the costs are only slightly above average (EU: 315 euros).

Even though this does not deter motivated entrepreneurs, it could be an opportunity to reflect on further **improving entrepreneurial culture** in Germany. The German government is doing a great deal to motivate and support entrepreneurs. Its focus is on facilitating fledgling entrepreneurs' access to appropriate financing options. Therefore, established government funding programmes to bolster the venture capital market have been expanded and increased (e.g., EXIST, GO-Bio, ERP/EIF Fund of Funds, European Angels Fund, INVEST, High-Tech Gründerfonds III), new funding programmes have been created (e.g., mFUND)<sup>292</sup> and new financing instruments have been launched (e.g., the coparian co-investment fund with the KfW and ERP/EIF Growth Facility). Overall, some two billion euros in additional public funding will be made available in the coming years. Furthermore, it is the objective of the German government to make the fiscal environment more competitive for investment in start-ups.<sup>293</sup> In September 2016, the German government introduced reforms to improve tax loss utilisation in order to encourage investor engagement, even with young, innovative companies.

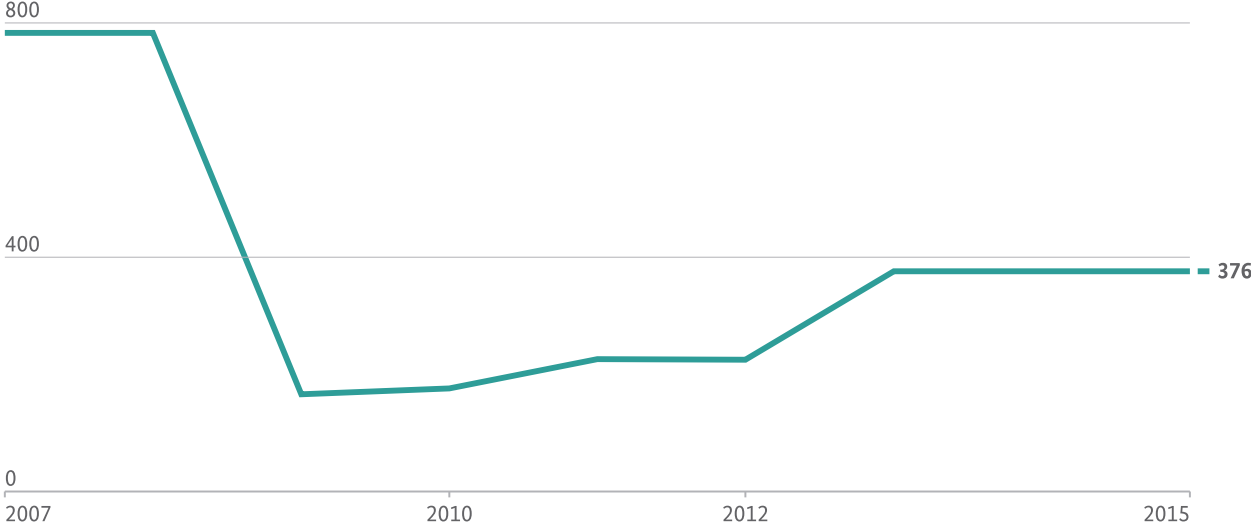
In addition to improved financial conditions, entrepreneurs are benefiting from a noticeable cut in red tape. Following reductions totalling 1.4 billion euros through the German Reduction in Bureaucracy Act (*Bürokratieentlastungsgesetz*) and the reforms to public procurement laws, a second German Reduction in Bureaucracy Act was adopted by the German cabinet.

Together with the German Federal Statistical Office and the economic sector, the German Federal Government implemented a project entitled "Compliance costs in company formation – the process from the business idea to the first sale". Based on the outcomes, the government is seeking to make further improvements for entrepreneurs, e.g., through better advice, government offices acting as one-stop shops and e-government systems.

The indicator **time required to start a business** counts the average number of days it takes to complete the administrative steps to start a business. This indicator reflects one aspect of a country's entrepreneurial culture. It is useful to compare with other countries here in order to discover any weak points, especially with respect to international competition of new companies.

The EU statistics used for this comparison are limited to the foundation of limited liability corporations. This means that only the start-up time for limited liability companies and limited liability entrepreneurial companies are taken as a benchmark for Germany. These types of companies account for less than 20 per cent of all start-ups. Data on business start-ups were collected for three diverse communities in Germany, namely Bremerhaven, Meißen and Munich. This indicator is not methodologically and substantively representative of German entrepreneurial culture, but it identifies a particular bureaucratic hurdle to overcome when starting a company. To better reflect the entrepreneurial culture and innovative strength of German companies, it may be helpful to replace this indicator with a more informative one in the future. However, existing concepts and methodology require further improvement.

Figure 89: Costs required to start a business in euros



Source: European Commission, Directorate-General for Growth, SME Performance Review.

# Preserving Nature, Protecting the Environment

## ■ 10. Preserving Nature, Protecting the Environment

*“Sustainable use of resources and sustainable management are the alpha and omega of long-term wellbeing.”*

from an online response submitted on 11 July 2015

The national dialogue discussions demonstrated that many people are **well-informed about the issues of climate change, environmental protection and conservation**. An intact nature and a healthy environment were seen as the **basis for existence and recreation** – something the citizens involved in the national dialogue could all agree on. Nature and tranquillity were considered crucial factors for a high level of wellbeing, especially among participants living in rural areas. People complained that highly polluted air, as well as noise and water pollution, negatively affected their wellbeing, especially their health. Along with avoiding air, noise and water pollution, low levels of harmful substances in food products were consistently named as an important component of healthy living.

The issue of noise played an important role in the national dialogue. People in metropolitan areas expressed their desire for a reduction in noise exposure, whilst those in rural areas stressed the tranquil setting there as a crucial factor for their wellbeing. Low levels of noise pollution are often considered an important marker of the quality of a residential area.

People were aware of their **own responsibility** for nature and the environment. Many citizens were in favour of environmentally conscious consumption and sustainable production. Specific issues discussed were buying more regionally sourced and sustainably produced food, changing the throwaway culture and being more conscientious about eating meat, for example. The protection of animals and animal welfare in agriculture were the most important environmental issues.

People also discussed environmental protection in the contexts of energy and water supply and the transport sector. Ways to reduce car traffic were brought up in some dialogue events, as was the promotion of e-mobility. Sustainable urban and regional planning was also

important to many citizens. Looking at TTIP, citizens did occasionally worry about compliance with environmental standards.

The scientific findings also show that Earth is exceeding its critical boundaries due to climate change, excessive land use and disrupted nitrogen and phosphorous cycles.<sup>294</sup> These issues threaten to do lasting damage to the environment, and declines in biodiversity and potential catastrophic effects<sup>295</sup> on living conditions, economies and all dimensions of wellbeing are looming worldwide. Because of this, action is needed.

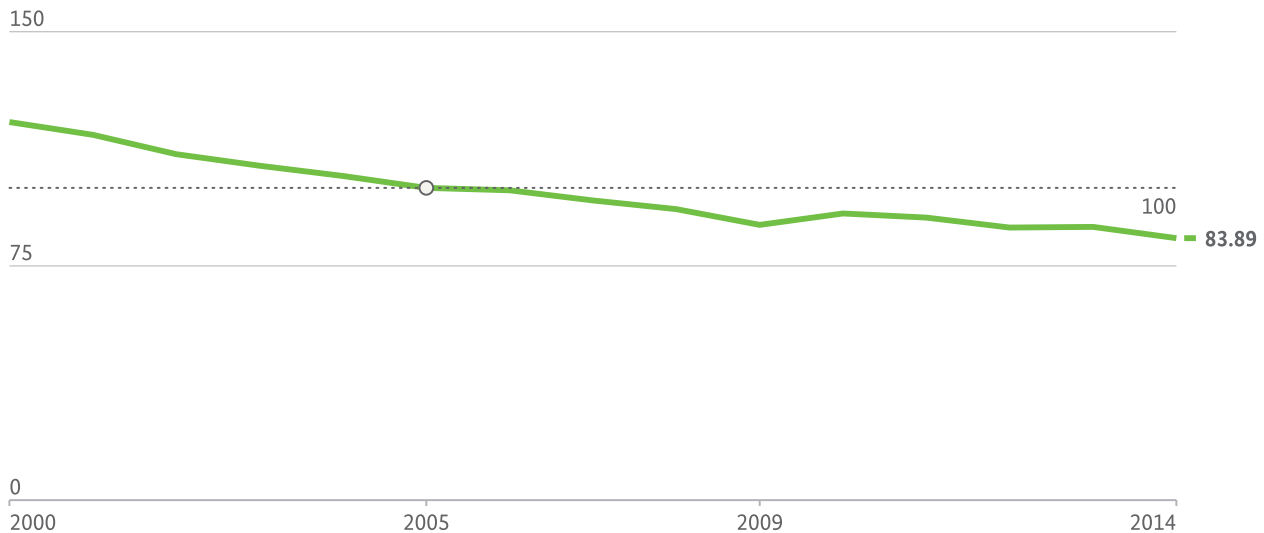
### ■ A clean environment for a healthy life: Indicator Air quality

*“We need our environment to be intact and healthy food – which is growing increasingly difficult.”*

from the national dialogue event of the Volkshochschule Gifhorn on 29 September 2015

Participants in the national dialogue discussed numerous **links between environmental pollution and personal wellbeing**. Among the most important living conditions to people in the national dialogue were clean air and water, healthy food and lower levels of noise exposure. Every second person in Germany feels negatively affected by noise.<sup>296</sup> Scientific studies also show that road, rail and air traffic noise affect people’s wellbeing.<sup>297</sup> Lasting exposure to sounds measuring 65 decibels outside the home during the day and 55 decibels at night can lead to hypertension and even heart attacks. Heavy noise exposure may have adverse effects on productivity due to sleep disturbances and a lack of relaxation. The link is strongest between poor air quality and health. Increased air pollution levels raise a person’s risk of developing a number of respiratory and cardiovascular diseases (e.g., asthma in children)<sup>298</sup> as well as the risk of premature mortality due to cancer.<sup>299</sup>

Figure 90: Air pollutants combined (index)



Source: Umweltbundesamt 2015. Base year (index = 100) is 2005.

One established indicator of a healthy environment is exposure to **air pollution**. This takes into account sulphur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), ammonia (NH<sub>3</sub>), non-methane volatile organic compounds (NMVOC) and particulate matter (PM<sub>2.5</sub>) emissions. In the combined indicator (index), all substances are weighted equally.<sup>300</sup>

When discussing air quality, a distinction must be made between the actual emissions, indicated, for example, as annual total emissions of pollutants in tonnes discharged in Germany, and local air quality, indicated as a concentration. From 2000 onwards, Germany has been able to reduce its overall emissions for sulphur and nitrogen oxides, particulate matter and NMVOC, although this does not take into account transnational inputs. However, this is not the case for ammonia, mainly emitted by agriculture (see Fig. 91). German ammonia emissions exceeded the EU emissions ceiling by 33 per cent in 2013. Unlike the other air pollutants, no downward trend for ammonia has been recorded since the early 1990s. Instead, levels have stagnated and then began to increase again in 2005. The primary source of ammonia emissions are large livestock farms. The

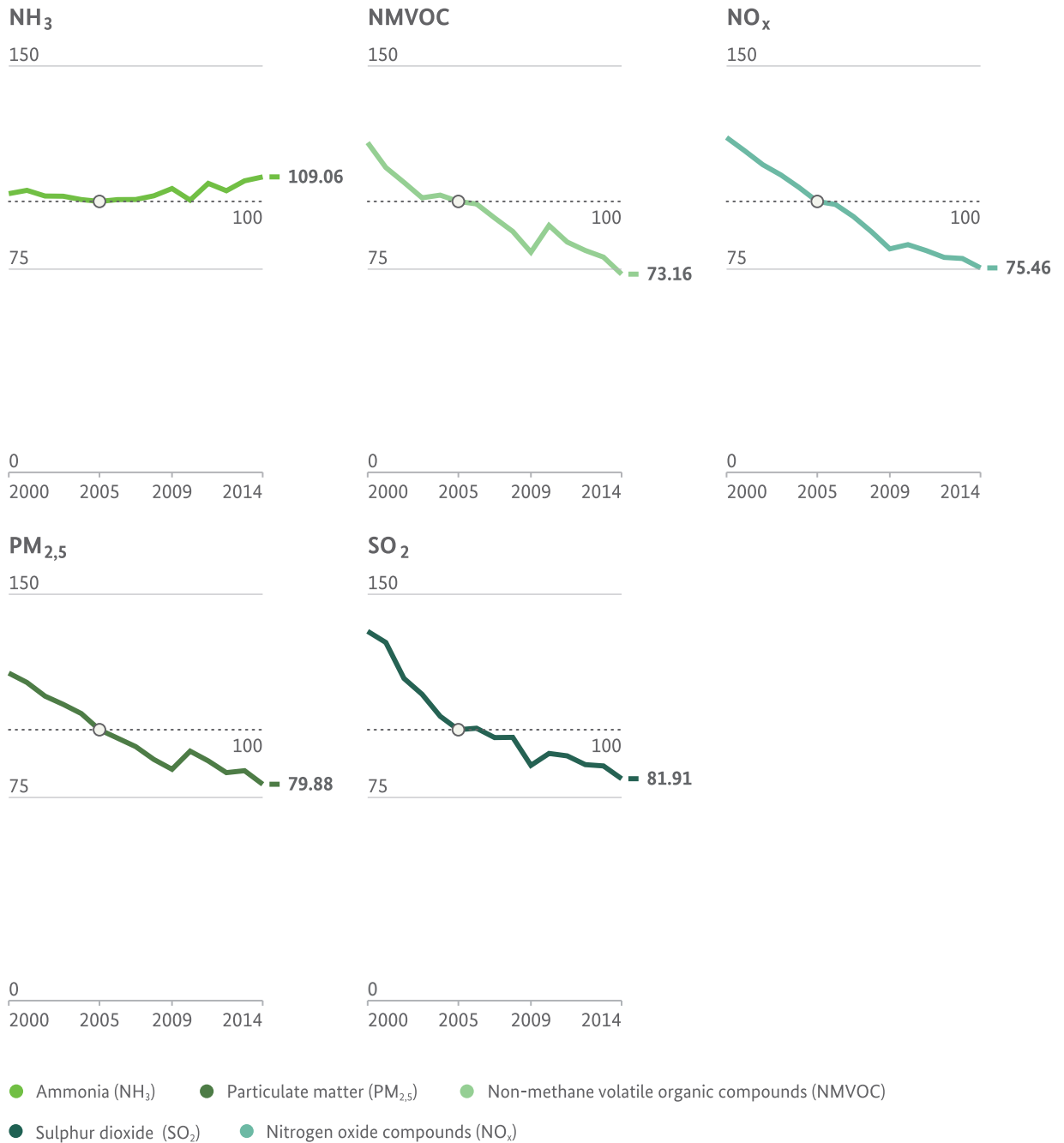
German government is working to develop measures to reduce these emissions (including changes to the statutes on the disposal and use of fertilisers as well as technical guidelines for air quality control).

However, the value of these figures on overall emissions is limited in terms of local air quality. For example, traffic is the major source of nitrogen dioxide and particulate matter pollution close to roads. In Germany, measurements at monitoring points close to roads have indicated that concentrations are well above EU threshold values and WHO recommendations.

There is urgent need for policy action to deal with **nitrogen dioxide** since the permissible concentrations are exceeded at many monitoring points (see Fig. 92 and 93). The statutory annual limit (annual average of 40 µg/m<sup>3</sup>) was exceeded at 27 per cent of the 514 monitoring points in 2015.

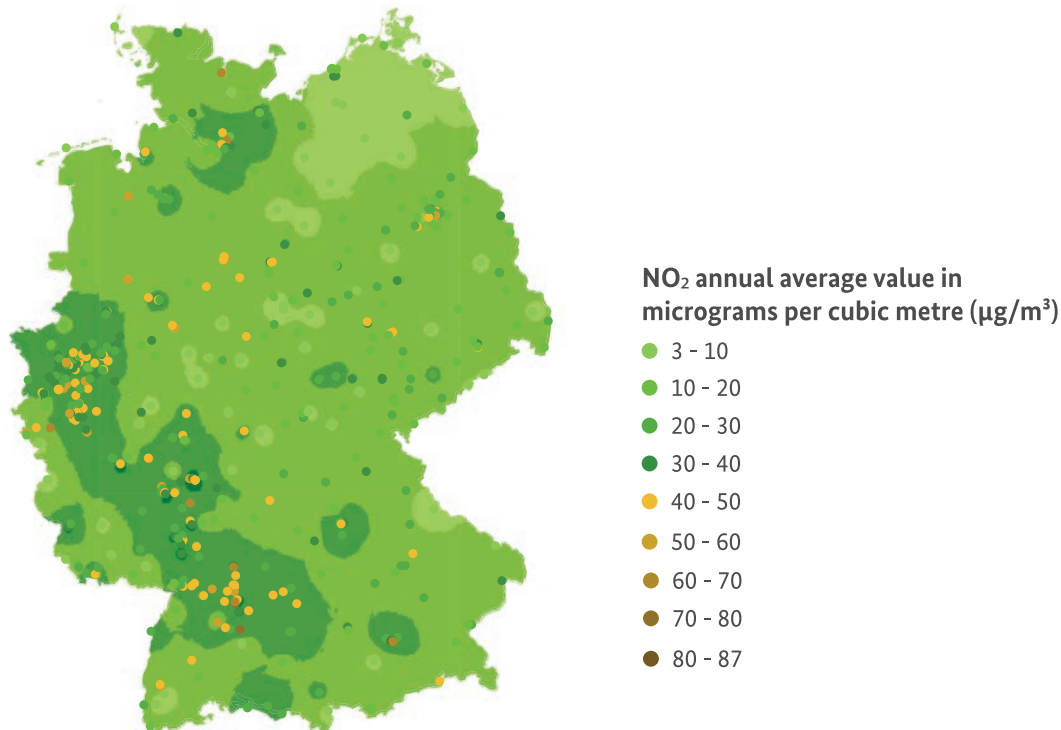


Figure 91: Different air pollutants (index)



Source: Umweltbundesamt 2015. Base year (index = 100) is 2005.

Figure 92: Average annual nitrogen dioxide pollution 2015



Source: Umweltbundesamt 2015. Annual averages measured at federal state and Umweltbundesamt air monitoring network points.

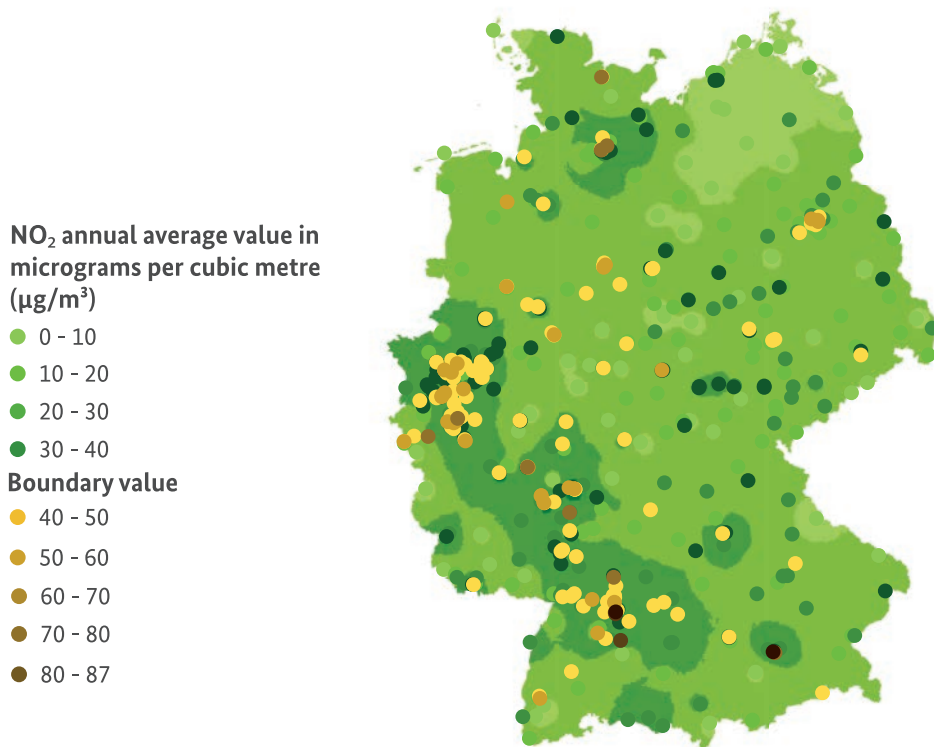
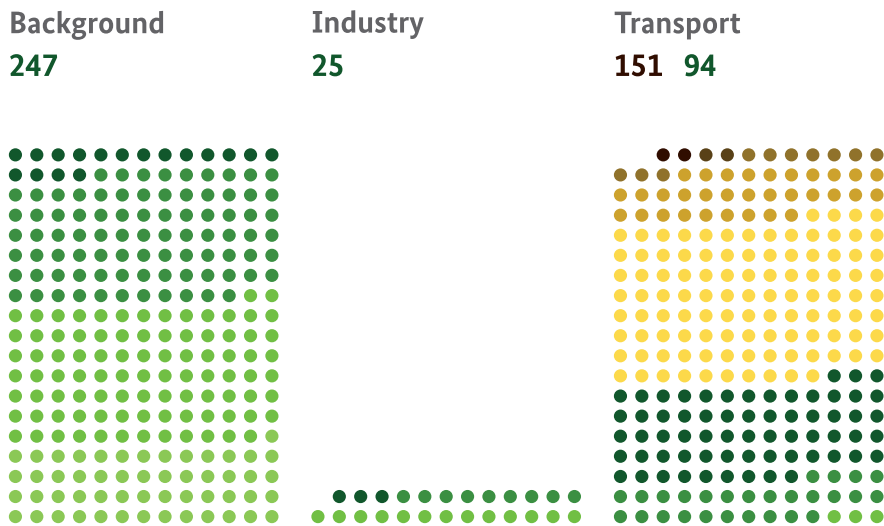
Road traffic is a significant contributor to air pollution, and not only because of nitrogen oxides emitted through combustion engines. Transport generally (including mobile machinery and equipment) is responsible for around one fourth of **particulate matter** emissions as well. Only heaters and furnaces contribute more to particulate matter emissions.

The threshold values for air pollutant concentrations apply uniformly to all EU Member States. They are exceeded in many countries. **By European standards**, German monitoring points fall within the lower third for nitrogen dioxide and come mid-field for particulate matter (see Fig. 94 and 95).<sup>301</sup>

Installing filter systems in power plants as well as catalytic converters and filters in cars greatly reduced pollutant emissions **compared to 1980s levels**. In order to achieve further substantial reductions in emissions, additional measures are necessary in the areas of transport (nitrogen dioxide and particulate matter), agriculture (particulate

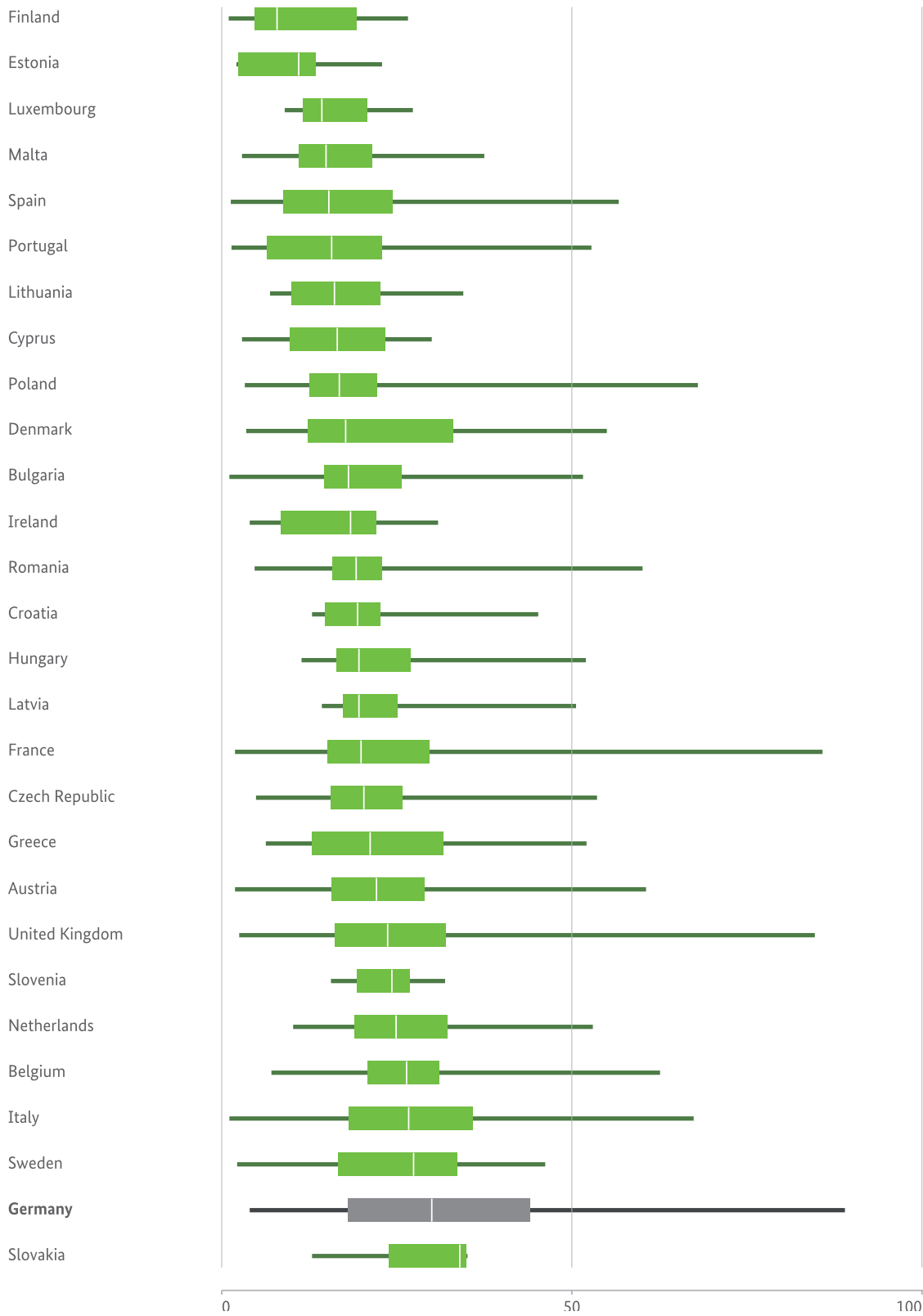
matter formation from ammonia emissions) and heating (particulate matter). For example, the ongoing restructuring of the current fleet of vehicles with increasingly low-emissions vehicles and targeted local measures can further reduce the pollutant emissions. Nitrogen oxide emissions from diesel-fuelled vehicles are particularly problematic. Because of this, local communities where thresholds are being exceeded must draft clean air plans that aim to reduce air pollution. Local authorities are attempting to apply different measures (e.g., promoting lower-emissions mobility or through traffic control) to further reduce air pollution. The growing use of plug-in hybrid and fully electric vehicles will also lead to air quality improvements in the medium to long term.

Figure 93: Nitrogen dioxide levels above or below statutory limits 2015



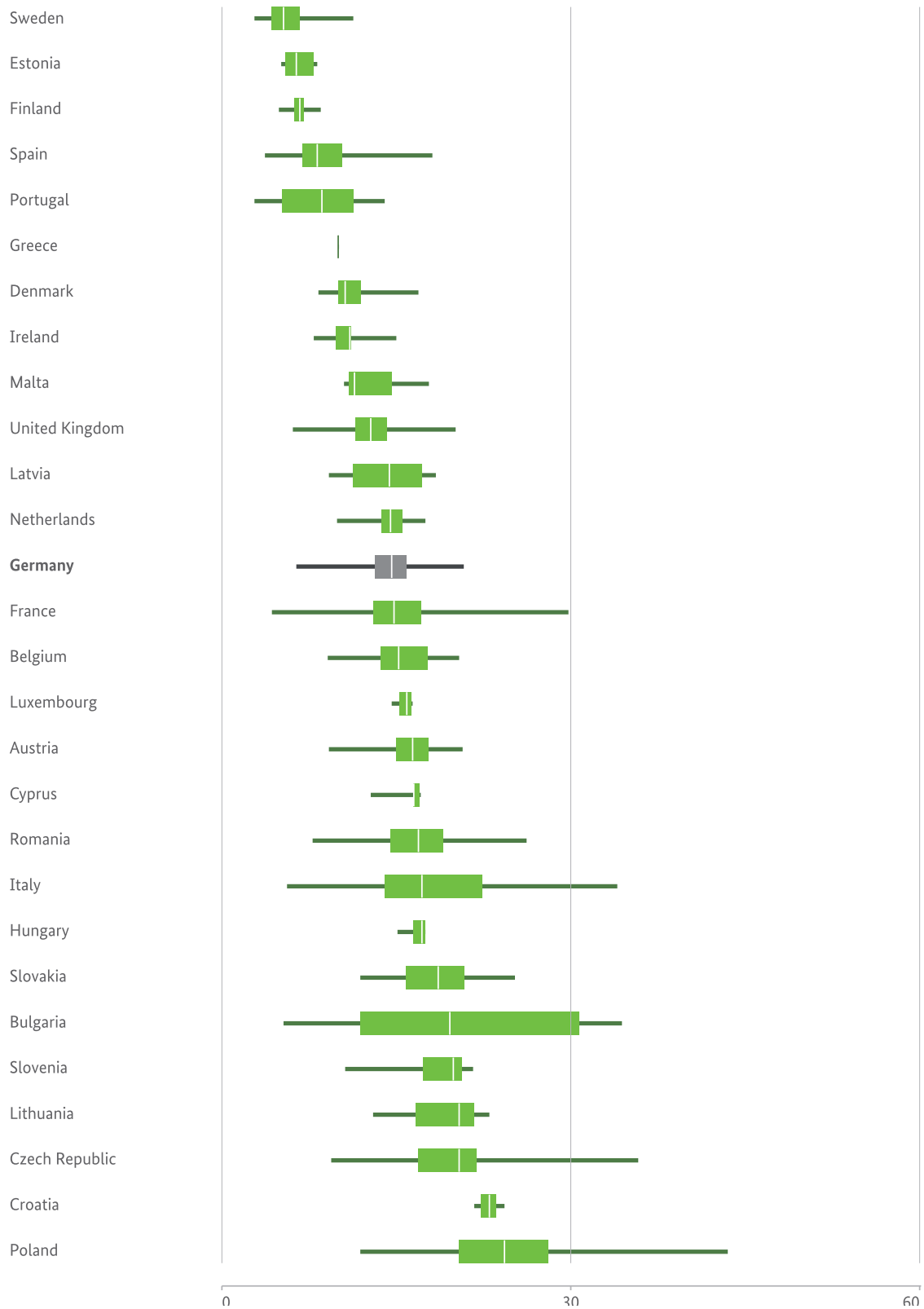
Source: Umweltbundesamt 2015. Annual averages measured at federal state and Umweltbundesamt air monitoring network points.

Figure 94: EU comparison of nitrogen dioxide (NO<sub>2</sub>) 2013



Source: European Environment Agency.<sup>302</sup>

Figure 95: EU comparison of particulate matter (PM<sub>2.5</sub>) 2013



Source: European Environment Agency.<sup>303</sup>

As a further contribution to climate and environmental protection, the German government has set an ambitious goal in **e-mobility**, specifically to have one million electric vehicles on Germany's roads by 2020. The German government and the automotive industry will each provide 600 million euros in purchasing subsidies. People purchasing a fully electric vehicle will receive a 4,000-euro premium. For plug-ins, i.e. hybrid vehicles that can be charged at charging stations as well, the subsidy is 3,000 euros.

In addition to purchasing subsidies and the use of tax credits, the Federal Government also aims to provide 300 million euros to expand the charging infrastructure. Because of targeted funding in Japan, the number of electric charging stations there now exceeds conventional petrol stations.<sup>304</sup> Dedicated parking spaces with charging stations, reduced parking fees and free use of bus lanes for drivers of electric vehicles will make this mode of transport even more attractive.

Since most air pollutants have far-reaching effects, joint **European and international regulations** are particularly important. In terms of international cooperation, Germany takes an active role in reducing emissions as part of the Convention on Long-range Transboundary Air Pollution.

The indicator **air quality** measures the trend in the emission of air pollutants in Germany. It includes sulphur dioxide, nitrogen oxides, ammonia, non-methane volatile organic compounds and particulate matter. The substances are weighted equally in the **combined indicator**. Ceilings and reduction targets relating to the emissions of these air pollutants are set out in the EU directive on national emission ceilings for certain atmospheric pollutants and the Gothenburg Protocol under Convention on Long-range Transboundary Air Pollution.

The EU Directive on ambient air quality and cleaner air for Europe defines air pollutant concentration ceilings and targets. The WHO's recommendations for air pollutant concentration in ambient air are usually more stringent.

■ **Keeping forests, bodies of water and agricultural land in equilibrium:**  
Indicator Biodiversity and environmental quality (bird index)

*“No one is interested in environmental protection. Everywhere, our beautiful natural landscapes are facing increasing neglect.”*

from an online response submitted  
on 19 June 2015

*“We have beautiful landscapes and cities [...], a temperate climate and a reasonably clean environment.”*

from an online response submitted  
on 7 July 2015

Intact nature was one of the aspects mentioned most frequently in the national dialogue. Healthy forests, clean water, good air quality and accessible local recreation areas in cities were particularly important to people.

Research on quality of life shows that **the stronger the connection between people and nature**, i.e. the greater their environmental or natural awareness and the more time they spend outdoors, **the more energetic and content** they feel.<sup>305</sup>

Studies also show that engaging in outdoor activity has a stronger effect on people’s wellbeing than indoor activity.<sup>306</sup> Medical research has identified many other positive effects nature has on **health**. For example, contact with many different microorganisms only present in a diverse natural setting is important in developing a robust immune system.<sup>307</sup> **Green spaces and bodies of water** provide incentives for physical activity. They can reduce anxiety and stress and enhance general wellbeing. They also have a balancing effect when it comes to noise pollution and climate extremes.

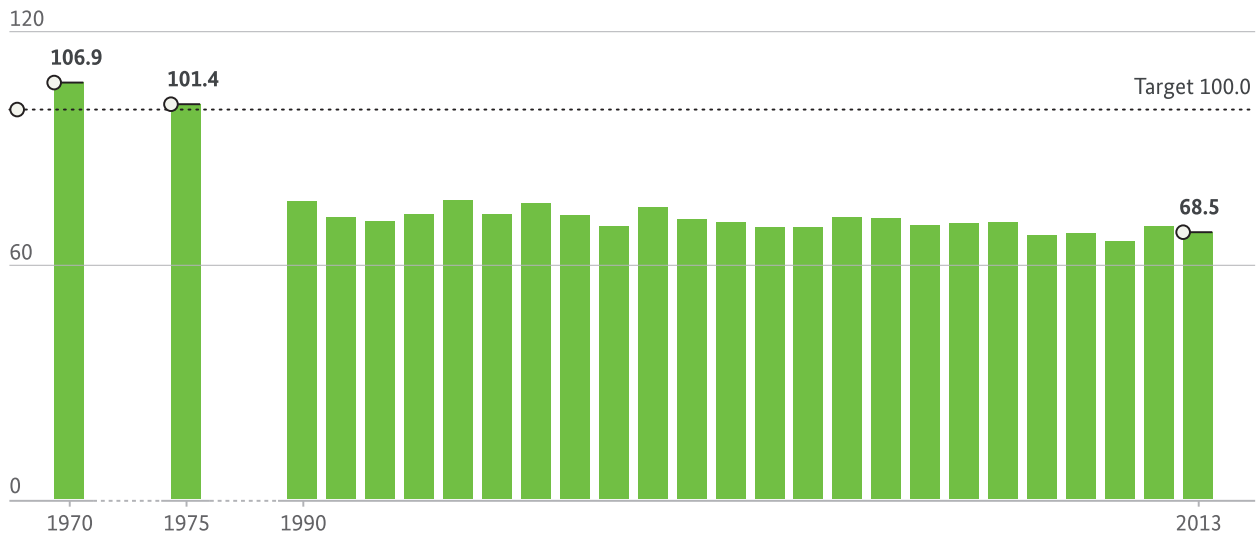
Compared to densely populated regions, varied and diverse cultural landscapes with forests, meadows and fields are extremely valuable for recreation purposes. They also form the basis for income and jobs in rural regions. Furthermore, together with bodies of water, they offer

a habitat for many small animal and plant species that have no opportunity to develop or find refuge in densely populated areas.

Citizens are definitely aware of the value of nature and are familiar with the **complexity of environmental issues**. High species diversity is therefore a key requirement for a highly productive ecosystem and is an important basis for life. The genetic diversity of plants and animals is a valuable resource in terms of future uses and innovations. It is therefore crucial to maintain biodiversity, not only for its own sake but also in the interests of securing our food supply and supply of raw materials.

The indicator **biodiversity and environmental quality**, also known as the **bird index**, is used to assess the state of agricultural lands, forests, settlements, inland water bodies and coastal and marine waterways and combines different items. The 51 species of birds selected represent the most important landscape and habitat types. Changes in the populations of these bird species are a proxy for environmental quality and the sustainability of land use. The indicator biodiversity and environmental quality is thus an internationally recognised indicator of intact, sustainably used habitats. Not the absolute diversity (number of species) is relevant here, but whether a specific habitat has an “corresponding” diversity of species.

Figure 96: Biodiversity and environmental quality, aggregated



Source: German Federal Agency for Nature Conservation 2015. Chart also includes reconstructed historical values.

For the last ten years of observation (2003 to 2013), the bird index has shown a statistically significant decline in species diversity and the state of landscapes in Germany on average across all types of land use – agricultural land, settlements, forests, etc. (see Fig. 96). The bird index was only at 68 per cent of the target value for bird populations in 2013<sup>308</sup> as defined by the German government's sustainability strategy and national biodiversity strategy.

The sub-indicators for different types of land use evolved differently, however. The sub-indicator for agricultural land fell by some 15 points between 1990 and 2013 and was at 59 per cent of the target value in 2013 (see Fig. 97). Even though Germany succeeded in reducing excess nitrogen use in agriculture over the past two decades, nitrogen remains a major contributor when it comes to the drop in the bird index. However, little progress has been made more recently. Because of this, Germany missed the target set by the sustainability strategy for 2010, namely limiting nitrogen surplus in farming to 80 kg of nitrogen per hectare per year. The German government is assuming that the planned changes to the German Fertilisation Ordinance (*Düngeverordnung*) will result in improvements in reducing nitrate input into natural waters in the medium term.

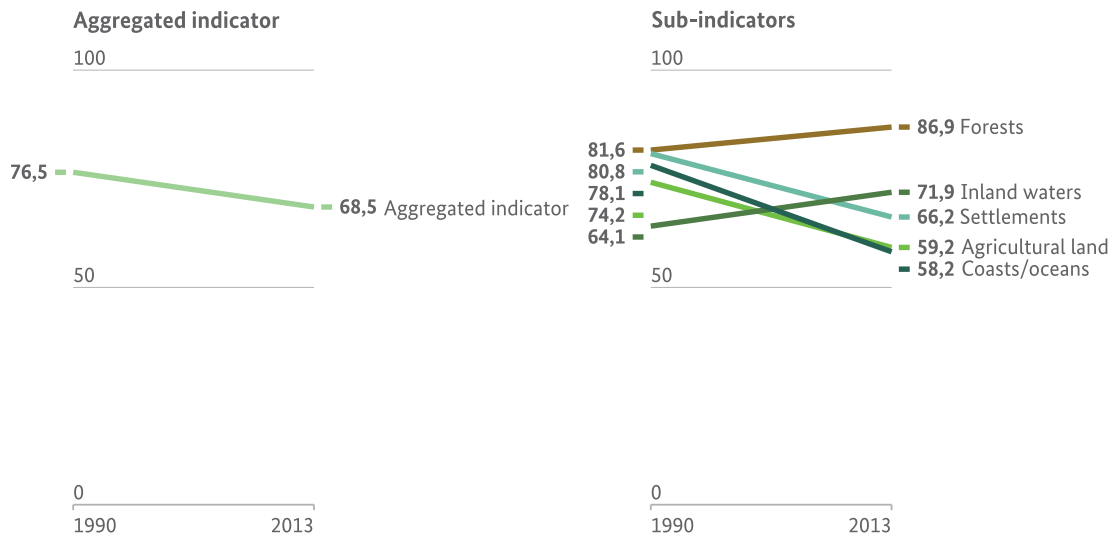
Further declines are seen in the sub-indicator for settlements as a result of increasing soil sealing as well as the loss of semi-natural habitats and local structures.

The prospects are much better in terms of the biodiversity and environmental quality of the sub-indicator for forests: 87 per cent of the target value was reached in 2013. Forests are the only form of land use with a significant improvement in the bird index values. At 72 per cent of the target value, the sub-indicator for inland waters also improved slightly.

To stop the downward trend in the indicator biodiversity and environmental quality and transform it into a positive one, the German government adopted the 2007 National Biodiversity Strategy (*Nationale Strategie zur biologischen Vielfalt*). The 2020 Forest Strategy (*Waldstrategie 2020*) also aims at further improving biodiversity in forests. However, the German government's indicator report published in 2014 for the National Biodiversity Strategy demonstrates that the measures taken so far are not sufficient for achieving the targets that have been set. Additional efforts must be made at the federal, state and local levels in all relevant policy areas in order to bring about a turnaround towards greater biodiversity. This includes environmental improvements in land



Figure 97: Biodiversity and environmental quality, aggregated and sub-indicators



Source: German Federal Agency for Nature Conservation 2015.

use – especially in agriculture, floodplains and forests – as well as more green spaces in cities and initiatives for nature reserves and wilderness areas.

The amendment to the Joint task Agricultural Structure and Coastline Protection (*Gemeinschaftsaufgabe Verbesserung der Agrarstruktur und des Küstenschutzes*) has adjusted measures to support agricultural structures so they meet the changing requirements regarding agriculture, forestry and rural development. Support can now also go to operational measures to conserve natural resources, nature conservation, landscape preservation, climate protection and adaptation to climate change, and promoting sustainable local structures.

Because there are no national boundaries to nature, the German government has committed itself to sustainable land use at the **European level**. European directives, including the Habitats Directive and the Birds Directive, provide for the protection of nature and species diversity across all EU countries. The EU agricultural policy reforms adopted in 2014 aims at fostering biodiversity in agricultural landscapes. It introduced the “greening” of direct payments to farmers for crop diversification in 2015 in order to preserve permanent grasslands and environmental focus areas, for example.

Citizens who participated in the national dialogue also expressed the importance of the **international dimension of environmental protection**. This is a valid opinion since some 70 per cent of the world’s species live in the tropics and subtropics, primarily in tropical rainforests. Germany is committed to nature conservation worldwide, for example in the Convention on Biological Diversity of the United Nations and as a vanguard in reducing greenhouse gas emissions from deforestation.<sup>309</sup> Together with other countries and civil society actors, Germany also launched the “**Bonn Challenge**” in 2011. The aim is to replant 150 million hectares of forest worldwide by 2020. That is nearly four times the area of Germany.

Between biodiversity, landscape quality and other wellbeing indicators, there are a number of **reciprocal relationships**. Climate change poses an existential threat to many ecosystems. Whilst the use of plant-based energy for climate protection may have negative effects through intensive land use and a loss of areas with high levels of biodiversity, a diversified, environmentally-focused crop cultivation system, such as mixed cultivation or double-cropping systems, may positively impact species diversity.

The indicator **biodiversity and environmental quality** evaluates the state of nature and landscape as impacted by different uses. The indicator records changes to stocks of selected bird species that represent the most important landscape and ecosystem types in Germany. This includes 51 bird species living in the different types of landscapes.<sup>310</sup> Data are primarily recorded by volunteer birdwatchers working in cooperation with state-run ornithological stations.

Bird monitoring and other ongoing monitoring programmes, such as habitat monitoring, monitoring agricultural land with high natural value and the German bee monitoring programme, should be expanded and merged nationwide.

### ■ Progress and productivity through energy efficiency: Indicator Energy productivity

“Environment and economy – they really do belong together.” This statement by a participant in the national dialogue event held by the adult education centre in Ottobrunn near Munich on 25 June 2015 succinctly presents the **energy transition**. Restructuring energy production and consumption with greater emphasis on renewable energies as well as reducing energy consumption aim at climate protection<sup>311</sup> and reducing our dependency on fossil fuels. It aims to improve people’s living conditions, e.g., by improving air quality in the transport sector. At the same time, however, it is also helping to modernise the German economy. It creates innovation incentives for new products as well as numerous jobs.

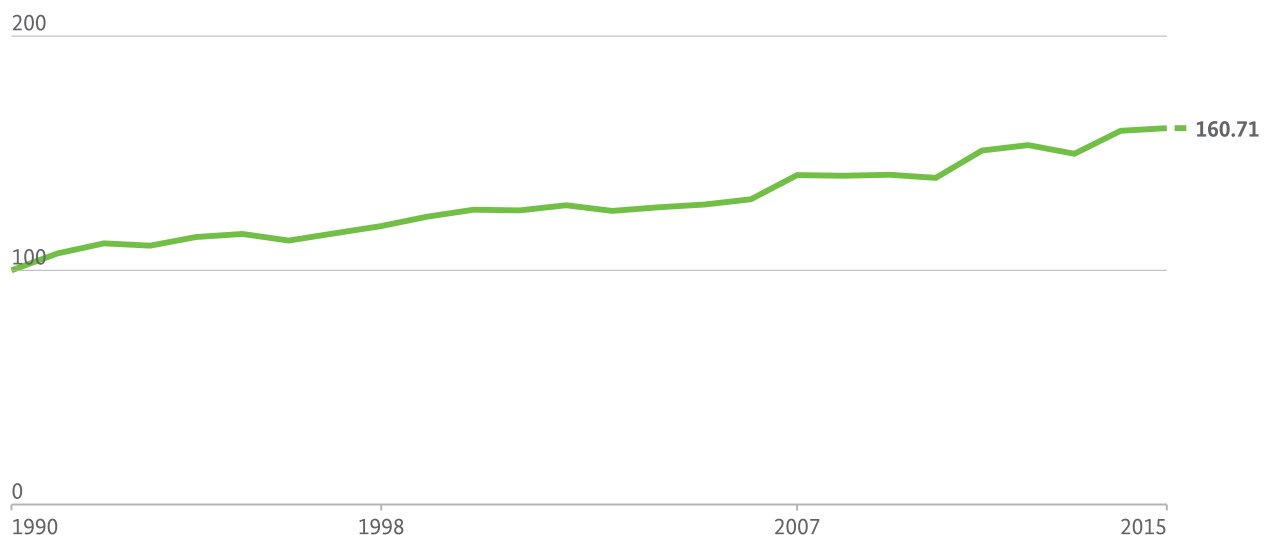
Participants in the national dialogue thought Germany’s international **pioneering role in environmental innovation** as part of the energy transition was a good thing. However, individual participants opposed the use of certain technologies, such as wind turbines near their homes.

“Germany should set an example in terms of a clean environment.”

from an online response submitted  
on 13 August 2015

Along with transitioning to a renewable energy supply, **energy efficiency** is a key pillar of the energy transition. Energy-efficient refurbishment of older houses saves energy and is more cost effective. It also improves comfort and indoor climate for their residents. Increased energy efficiency means German businesses will depend less on gas and oil imports and price fluctuations on the international commodities markets. By investing in efficiency, industrial enterprises can achieve major savings in the medium term, thus increasing their productivity. Intelligent technologies and high-quality products provide the impetus for more efficient energy use. The indicator **energy productivity** measures improvements in energy use efficiency.<sup>312</sup>

Figure 98: Energy productivity (GDP per unit of primary energy consumption, adjusted for price changes)



Source: Arbeitsgemeinschaft Energiebilanzen e.V. and German Federal Statistical Office. Base year (index = 100) is 1990.

The German economy has grown by 36.5 per cent since 1991.<sup>313</sup> Due to innovative technologies and government incentives, energy consumption dropped by some nine per cent in the same period. This means that **energy productivity** has increased by about 50 per cent in the last 25 years (see Fig. 98). Germany has managed to separate energy consumption from economic growth, even if many short-term fluctuations from year to year are the result of varied weather conditions, which may affect heating requirements, for example.

There is still enormous potential for savings in the heating sector in particular. The energy conservation legislation for buildings, which govern the energy requirements for new and existing buildings as well as the use of renewable energy sources for heating, are continuously being refined. Energy consumption for heating people's homes has already fallen by 30 per cent since 2002, which means that today, German consumers use nearly a third less heat energy per square metre on average than they did then.<sup>314</sup>

The German government wants to **double energy productivity by 2020**.<sup>315</sup> This means that, by 2020, energy use should be twice as efficient in Germany as in 1990. Furthermore, primary energy consumption should be reduced by 20 per cent by 2020 and 50 per cent by 2050 compared to 2008 levels.

In 2014, the German government passed a comprehensive package of measures, the so-called National Energy Efficiency Action Plan (*Nationaler Aktionsplan Energieeffizienz*). Some 17 billion euros will go towards funding energy efficiency measures in the period between 2016 and 2020. This efficiency offensive is being combined with a communication and motivation campaign, entitled "Germany Does it Efficiently" (*"Deutschland macht's effizient"*). It aims at getting more citizens, businesses and communities involved in energy efficiency and raising awareness about the Federal Government's funding programmes. The STEP up! programme allows companies to apply for funding for their electricity saving measures. The Savings Meter (*Einsparzähler*) pilot programme provides funding for intelligent new energy services and business models based on digital monitoring equipment. Funding is provided for investments going towards purchasing particularly efficient cross-sectional technologies,

such as efficient industrial pumps, as are investments that go towards preventing heat loss and waste heat use in residential and commercial buildings.

The federally funded CO<sub>2</sub> Building Refurbishment Programme (KfW programme for energy efficient building and refurbishment) was increased by just under a billion euros annually prior to 2012, bringing the total to 1.8 billion euros annually between 2012 and 2014. For the period between 2015 and 2018, it will be increased to 2 billion euros annually, in order to expand and further improve funding options. The German government is promoting consumer advice centres that provide guidance on energy issues and is offering funding to local citizens, up to 800 euros (house) or 1,100 euros (flat), depending on the size of their homes. In addition, KfW loans for investments as part of the Production Equipment/Processes Energy Efficiency Programme (*Energieeffizienzprogramm Produktionsanlagen und -prozesse*) are now staggered according to energy savings: The more energy a company saves by taking conservation measures, the more favourable the terms of their loan.

The **energy transition** is a challenging modernisation project that goes beyond the economic sector. It is a **modernisation project for society as a whole**. As such, it relies on the innovative power of industry and science and their joint contributions. The German government is supporting this process by investing in research and development for new energy transition technologies. Although nearly nine out of ten people in Germany share in the goals of the energy transition<sup>316</sup>, the Federal Government takes scepticism as to the feasibility and speed of modifying energy supply and energy consumption in Germany seriously. Therefore, it has invested a great deal in winning over the support of its citizens for this task and promoting conscientious consumption behaviour among the people. This ranges from purchasing and using energy-efficient equipment to refurbishing homes and flats to switching off devices after use.

The indicator **energy productivity** considers gross domestic product in relation to primary energy consumption. It measures how much the German economy produces using the energy consumed.



# Living Freely and Equal before the Law

## ■ 11. Living Freely and Equal before the Law

*“I’d like to be able to choose how I lead my own life without fear.”*

from an online response submitted  
on 22 June 2015

Freedom and democracy form the foundations for our mutual coexistence. The national dialogue confirmed the importance of these issues. Personal freedom and freedom of expression were amongst the aspects of wellbeing most frequently mentioned by participants. These freedoms are essential for citizens and a precondition for them to prosper within society and to achieve their own goals in life. In addition to personal freedom, the ability to have a say and help shape things was important to them as it meant keeping democracy alive. This is not a task solely for politicians but also for citizens themselves.

### ■ Elections – the foundation of democracy: Indicator Voter turnout

*“Democracy is a gift, but there is lack of awareness of just how great this gift is.”*

from the national dialogue event of the Deutsche  
Naturschutzring in Berlin on 1 September 2015

Citizens engaged in intense discussion on the topic of “democracy and the political process”. Political style, political participation and policy content were most frequently mentioned.

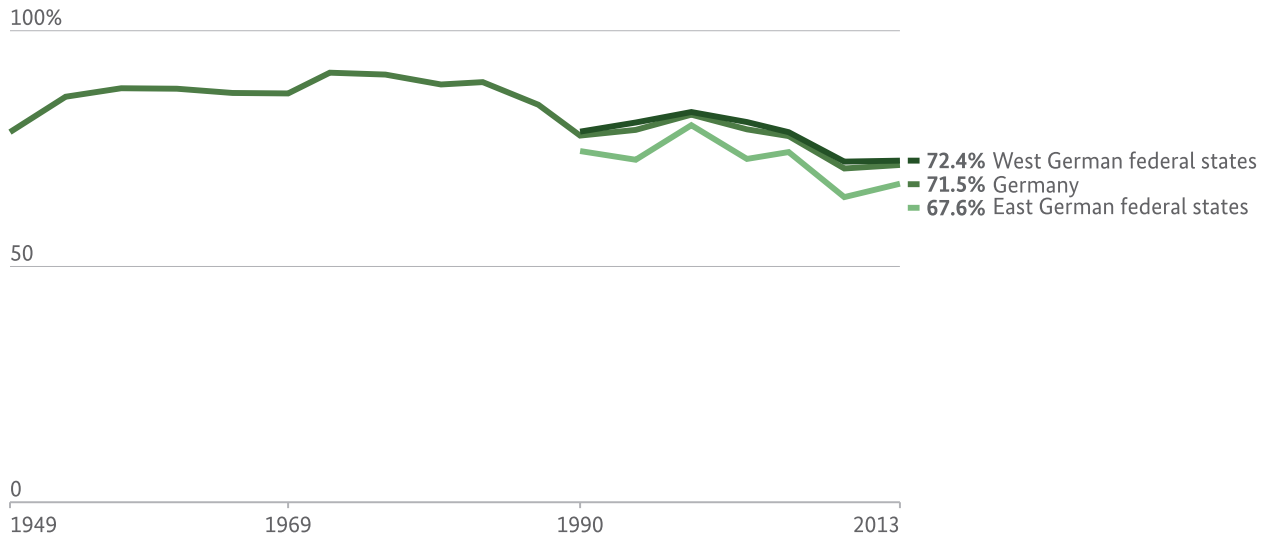
In terms of political style, participants wanted honest, independent politicians who respond better to the concerns of citizens and address the actual problems people are experiencing. They also expected politicians to explain their actions and decisions better given politics is becoming increasingly more complicated. Closely linked to this critique were calls from some participants for politics to be more independent and transparent. They felt that interest groups rather than the opinions of citizens too often influenced politics.<sup>317</sup>

Even though it is difficult to measure the impact political institutions have on wellbeing, studies have shown that the way a democratic system is organised can significantly affect citizens’ life satisfaction.<sup>318</sup> The **right to free, equal and secret elections** is fundamental here. High voter turnout is an expression of a healthy and vibrant democracy. Only by exercising their right to vote can citizens guarantee that their elected representatives are adequately standing up for their manifold interests. This is because in Germany citizens exercise political participation primarily through elections. Free and secret elections in accordance with Article 38 of the Basic Law of Germany are the foundation of our democracy.

**Voter turnout** indicates the percentage of eligible voters who cast their vote and exercised their right to vote in an election. This makes it a good indicator of people’s interest in politics and often mirrors the particularly controversial political and societal issues of the day. Although the Federal Republic of Germany has enjoyed high voter turnout since its first elections and well into the 1980s. Since then, voter turnout in **Bundestag elections** has dropped significantly. Well over 80 per cent of eligible voters exercised their right to vote in the first few decades after the Federal Republic of Germany was established in 1949. The elections in 1972 and 1976 were dominated by the debate on the “new Ostpolitik” and the terrorism perpetrated by the “Red Army Faction”, a radical left-wing extremist group, with voter turnout well over 90 per cent. Voter turnout began to decline with the 1987 Bundestag elections. It reached its lowest ever point in 2009 at 70.8 per cent. In the 2013 Bundestag election 71.5 per cent cast their vote (see Fig. 99).

The differences in voting behaviour between different population groups is striking. For example, unemployed citizens, those with low incomes and low socio-economic status are less likely to vote than people with higher income and status are. Regional differences in voter turnout confirm this. Voter turnout is low in regions with high unemployment and precarious living conditions.<sup>319</sup> Starting with the first elections in reunified Germany in 1990, eligible voters from the East German federal states have been less likely to vote on average than those in the West German federal states. The same holds true for those aged 18 to under 40, who are less likely to participate in Bundestag elections than older citizens.<sup>320</sup> On the one

Figure 99: Voter turnout in Bundestag elections as a percentage of eligible electorate



Source: German Federal Statistical Office, Election Statistics. Voter turnout only for the West German federal states and West Berlin until 1987.

hand, low voter turnout may weaken the level of political participation and the legitimacy of institutions. On the other hand, a bias occurs due to differences in the social and regional turnout. This means that the interests of poorly articulated and underrepresented groups tend to be overlooked.

Until recently, there has been a similar tendency in **Landtag elections** as well (see Fig. 100). The last 25 years or so have seen the steepest decline in Saxony, Bremen and Saarland, with a drop in voter turnout at over a fifth.<sup>321</sup> Voter turnout was under 50 per cent in the most recent Landtag elections in Saxony and Brandenburg. There was a slight turnaround in the Landtag elections in March of 2016 in Baden-Württemberg, Rhineland-Palatinate and Saxony-Anhalt. This positive trend continued in the elections in Mecklenburg-West Pomerania and Berlin in September 2016. A significantly higher number of people turned out to vote there. Intense debates about refugee policy influenced these elections, motivating a number of additional eligible voters to exercise their right to vote.

German citizens' participation in the **European Parliament** elections is low compared to Bundestag and Landtag elections (see Fig. 101). Despite the growing impact of European decision-making on people's everyday lives,

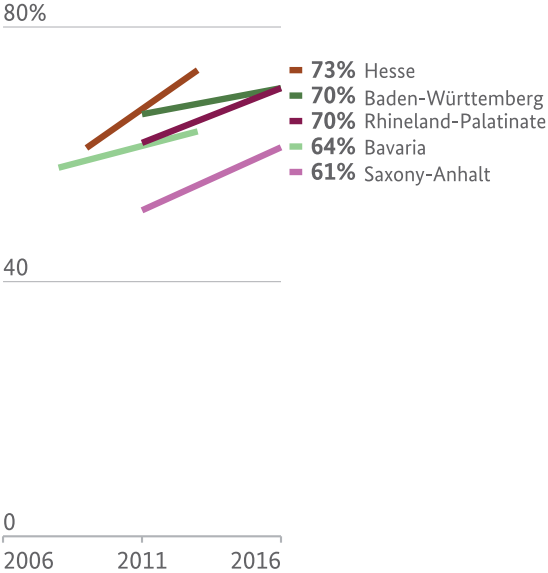
voter turnout has declined since the first elections in 1979. Some two thirds of eligible voters turned out for the 1979 European elections, whilst fewer than half have voted since 1999. After hitting lows in 2004 and 2009 with only 43 per cent of the electorate casting a vote, turnout increased slightly to 48 per cent in 2014. Compared to the other 28 EU Member States, Germany ranks among the top third.<sup>322</sup>

Voter turnout in the most recent **municipal elections** hit an all-time low, with North Rhine-Westphalia (50 per cent) in the autumn of 2015 and most recently Hessen in the spring of 2016 (48 per cent). There are many different reasons for this: a lack of interest in local issues and a lack of information seem to decrease the turnout. However, citizens become active once an issue affects them personally. This is especially true of the civic initiatives against aircraft noise, power lines, bypass roads and major construction projects. Here, policy-makers, political parties and educational institutions are equally challenged to explain decisions better and create greater transparency.

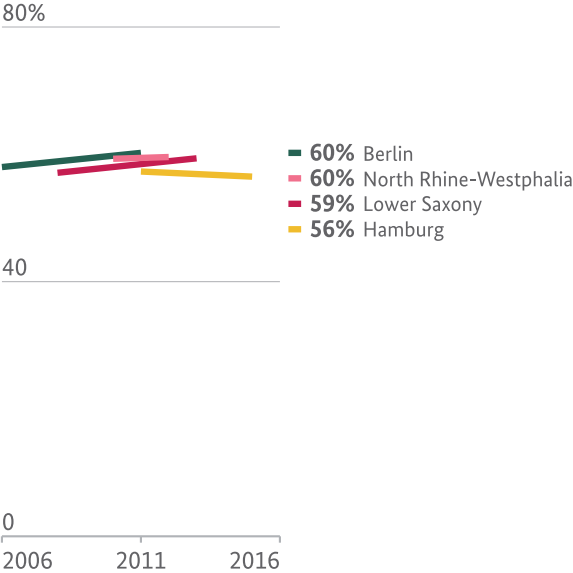


Figure 100: Voter turnout in the respective last and last-but-one Landtag elections as a percentage of eligible electorate

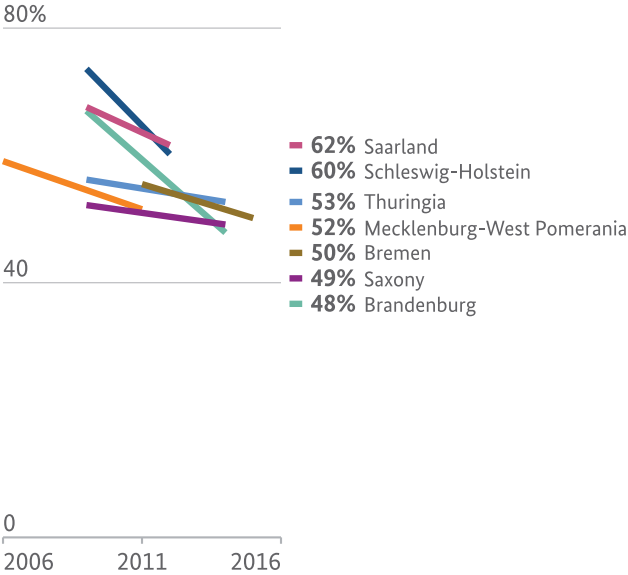
Increased



Stagnated

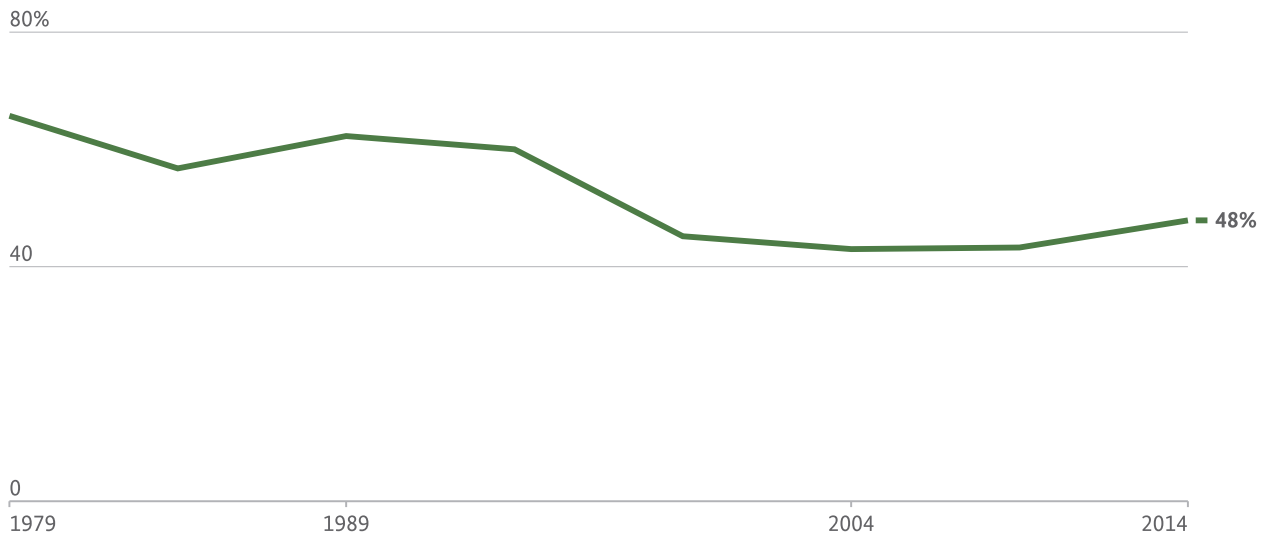


Decreased



Source: German Federal Statistical Office, Election Statistics.

Figure 101: Voter turnout in European elections in Germany as a percentage of eligible electorate



Source: German Federal Statistical Office, Election Statistics.

School-based and extracurricular activities are important cornerstones of **political education**. Political education is one of the most important educational objectives, followed by German, history and social studies classes. Beginning in the post-war period, the Federal Agency for Civic Education (*Bundeszentrale für politische Bildung*) and the state offices have dedicated themselves to extracurricular education, focusing on fostering citizens’ political interests and encouraging them to exercise their democratic rights. One example is the digital “Wahl-O-Mat” of the Federal Agency for Civic Education, which millions of citizens use to determine which parties align with their personal political positions. In addition, the federally funded, party-affiliated

foundations are engaged in political education and active political participation. Citizens’ criticisms must be taken as a mandate for policymakers to continue to try out new forms of participation and involvement.

**Voter turnout** is an established and recognised indicator for **measuring political participation**. There is a high degree of confidence in the electoral process and the officially determined election outcomes in Germany. A transparent electoral process and independent federal and state election officials are a major contributing factor to this.<sup>323</sup>

■ **Recognising and taking advantage of the opportunity to contribute:** Indicator  
Perceived ability to influence politics

Voting is not the only thing that keeps our democracy alive. New ways to participate, interact and engage in dialogue are just as important.

*“I wish citizens had more opportunities to participate. This event is a good start.”* This statement from a participant in the national dialogue event of the Naturpark-Verein in Bad Dübener Heide on 6 June 2015 perfectly illustrates citizens’ desire for more ways to participate so they can make a greater contribution. This was a pressing concern for many national dialogue participants. Specifically, they want to strengthen direct democracy, for example through referendums at the federal level.

**Voluntary work** in city councils and municipal parliaments, in political parties and in interest groups, such as employer organisations and trade unions, is also keeping democracy alive. The high level of engagement by these civil society actors towards greater wellbeing is also evident in the fact that they organised and attended numerous national dialogue events as part of the government initiative “Wellbeing in Germany - what matters to us”. For many participants, one of the main motivations was voicing their ideas and suggestions to the German government – and hoping for those ideas and suggestions to be implemented. The largely positive reaction the “national dialogue” format enjoyed highlights that a direct exchange with the government appealed to citizens.

It is crucial for a democracy that policymakers inform citizens well and enable them to help shape it. This is equally true whether at the federal, state or local level. If citizens become convinced that they no longer have any influence, there is a risk that they feel disenchanting from politics.

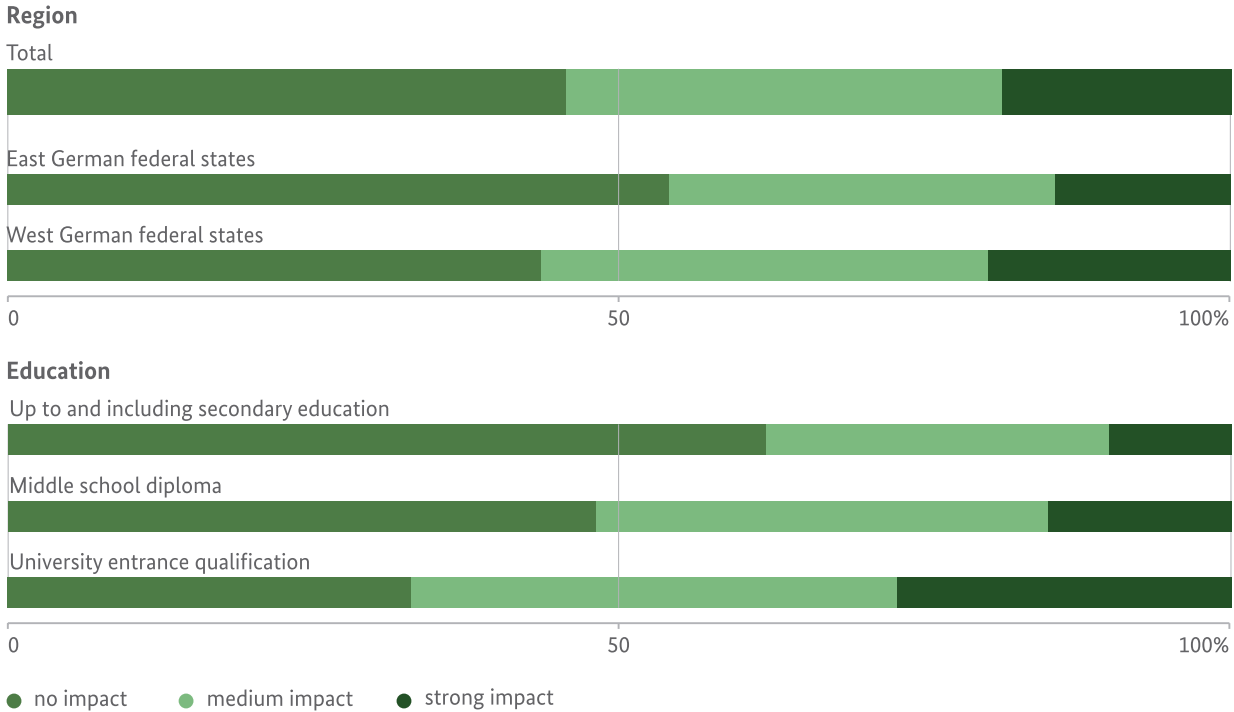
An **indicator** serves to identify opportunities for political participation. It measures **how strongly people perceive their ability to influence politics**. The European Social Survey (ESS) collects data on this subjective indicator. The seventh wave of the ESS specifically surveyed the opportunities for participation in Germany and 20 further EU Member States.<sup>324</sup>

With its seventh-place ranking Germany is in the top third of all European countries. However, a detailed look explains the scepticism felt by respondents. The perceived ability to influence the German political system tended to be rated negatively (see Fig. 102). The largest group of respondents (around 46 per cent) believe that they have no or only very little influence on political decision-making. Only one in five people (19 per cent) felt that their ideas and opinions have a good chance to be heard. These doubts are particularly prevalent in the Eastern German states. This is tied in with low voter turnout in these same states (see the indicator *voter turnout* in this dimension).

As with voter turnout, groups with a higher socio-economic status rate their perceived ability for participation better (see Fig. 102). Men and women with higher levels of education (at least university entrance certificate) are more optimistic concerning their opportunities to participate. One in four of them (27 per cent) believe they have excellent opportunities, whereas only one in ten respondents with education levels equal to or below secondary modern schooling do so. In the latter group, nearly two thirds (62 per cent) were pessimistic in this regard.<sup>325</sup>

Two things are clear: first, existing opportunities for political participation and their efficacy must be better communicated. This includes public officials consulting with the public, popular petitions and referenda and, above all, active and passive voting rights. It is important to find ways to significantly increase opportunities and the willingness to participate among poorly represented groups. Second, new forms of participation, meetings and dialogue between citizens and politicians have to be explored. This was encouraged by national dialogue participants: *“This platform itself is a new beginning that is bringing momentum back to our democracy and may even open up the largest group of non-voters.”* (from an online response from 8 September 2015). At the same time, citizens were aware of the need for them to make a contribution as well. Only those who are actively involved and join in can influence the decision-making process.

Figure 102: Perceived ability for citizens to influence politics 2014



Source: European Social Survey.

The German government is offering new opportunities for dialogue and participation. In addition to the national dialogue “Wellbeing in Germany - what matters to us” (*Bürgerdialog “Gut leben in Deutschland – was uns wichtig ist”*) a dialogue on the electricity supply network began in 2015. Additional dialogues were held on research and transport safety, as well as security policy, such as the white papers on the German government’s security policy published in July 2016 and on agriculture and the food industry.<sup>326</sup>

In addition, the German government has set up an online portal citizens can use to view federal legislative drafts. The portal offers an overview of what is being done by the ministries today to involve the public in preparing legislative drafts. The website directly links those interested to the specific department’s opportunities for participation. After all, it is crucial that the legislative

process be transparent and understandable to citizens. It also serves a continuous evaluation function for existing regulations. The working programme “Better Lawmaking 2014” compiles additional approaches taken by the German government.<sup>327</sup>

The issue of **how strongly people perceive their ability to influence politics** was once again addressed in the **European Social Survey** in 2014. The ESS is a survey based on scientific standards that has been conducted every two years since 2002. Participation in the survey is optional. It gathers data on attitudes and behavioural patterns for the populations of more than 30 European countries. Germany has thus far participated in every ESS wave. The sample size for Germany was 3,019 respondents in 2014, allowing for data to be representative of the total population.

**A country of free and equal citizens:**  
Indicator Guarantee of eight selected  
fundamental rights

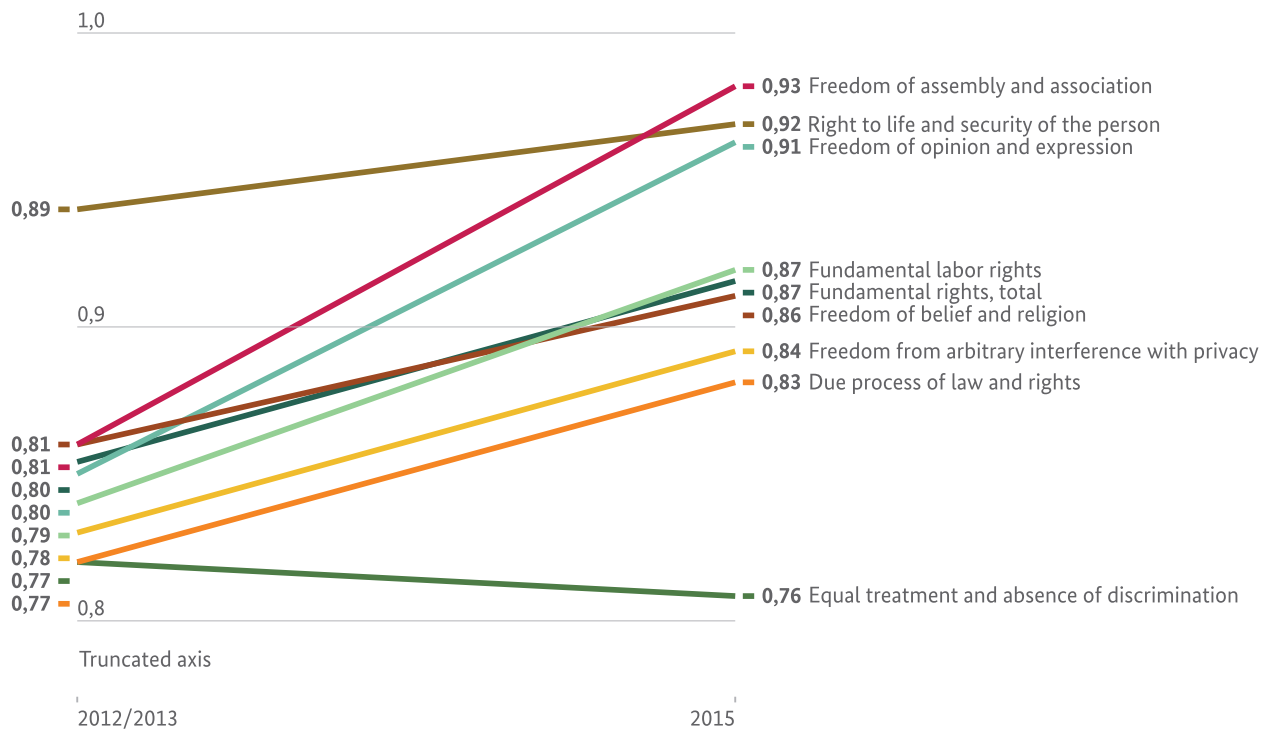
*“Being able to state your opinion without facing prosecution is a valuable asset.”*

from an online response submitted  
on 16 June 2015

to express one’s opinion, staying informed thanks to an independent press, freedom of faith and religion – all of these aspects were extremely important. Freedom was one of the most discussed topics. Studies show that these fundamental rights must be reflected in laws and regulations in order to ensure personal freedom and the right to free self-expression.<sup>328</sup>

Freedom and equal rights shape our society. They guarantee that everyone in Germany is free to grow and develop as long as they do not impinge upon the rights of others. Citizens discussed every facet of civil liberties: The freedom

Figure 103: Eight selected freedom-related fundamental rights in Germany



Source: World Justice Project; <http://worldjusticeproject.org/historical-data>; last accessed 26 April 2016.

The way in which rights to freedom and equality are actually authorised and how Germany compares to other countries are very difficult to discern. The **World Justice Project index (WJP)** is one of the few indicators that is comparable internationally. It is based on a survey of citizens and expert interviews. Eight civil liberties are measured individually and together on a scale from zero to one (optimum conditions): equal treatment and absence of discrimination, the right to life and security, compliance with due process of law, freedom of opinion and expression, freedom of belief and religion, freedom from arbitrary interference with privacy, freedom of assembly and association, and fundamental labor rights.

**From a comparative perspective,** Germany is a very free country that adheres to a large extent to the rule of law. Germany achieves particularly high scores for freedom of opinion and expression and freedom of assembly and association (see Fig. 103). These values have consistently improved since 2012. In 2015, Germany was ranked sixth out of 102 countries surveyed.<sup>329</sup> Germany has room for improvement on issues of equality and eliminating discrimination based on socio-economic background, gender and gender identity, family background and sexual orientation.

The architects of the Basic Law for the Federal Republic of Germany had already established the framework for protecting civil liberties in 1949, and enshrined essential rights in **Articles 1 to 19** of the Basic Law of Germany. An independent judiciary safeguards **compliance with and protection of fundamental rights**, with the German Federal Constitutional Court (*Bundesverfassungsgericht*) at the top, not to mention a free press. The German Bundestag adopted the German General Equal Treatment Act (*Allgemeines Gleichbehandlungsgesetz*) in 2006 and established the German Federal Anti-Discrimination Agency. The German government is encouraging civic engagement to combat ideologies that are hostile to freedom and to strengthen democracy through the federal “Live Democracy!” (“*Demokratie leben!*”) programme. More than 100 million euros in funding will be provided for this purpose in 2017.<sup>330</sup>

The **World Justice Project Index** measures to what extent Germany adheres to the rule of law, specifically with respect to **eight selected fundamental rights**, based on data from surveys and expert interviews. Indicated on a scale from zero to one, the results are shown for each single right and collectively, equally weighted, in an overall index.<sup>331</sup>

Measuring the adherence to fundamental rights and good governance is a new and methodologically complex and controversial field of study. The survey used here has been conducted on behalf of the WJP since 2008, a respected independent civic association from the US. Fundamental rights are one of nine topics covered. The findings are a good approximation of an area that is difficult to operationalize and furthermore allow for comparisons between currently 102 countries. The findings for Germany have been available since 2011. In this report, the period of observation starts in 2012 because of changes in the questionnaire.<sup>332</sup>

The survey does have some methodological gaps since it only covers 1,000 citizens per country in the three largest cities in each of those countries. For Germany these are Berlin, Hamburg and Munich. In addition, more than 20 experts are consulted on the specifics of each country, which takes quite some time. The survey of the 1,000 citizens in Germany was conducted in 2013, whereas the survey of experts took place between October 2014 and January 2015.



# Acting with Global Responsibility and Securing Peace



## ■ 12. Acting with Global Responsibility and Securing Peace

*“If we want good lives and jobs, we need peace. Peace forms the basis for everything else.”*

from the national dialogue event of AWO Berlin on 17 June 2015

**Peace** was the aspect of wellbeing most often discussed by participants throughout the entire national dialogue process. Preserving peace in Germany and commitment to peace in the wider world were extraordinarily important to people. They were aware that good diplomatic relations with the neighbouring countries, for example, ties in closely with this.

Many participants in the national dialogue events stated that even people in Germany experience the effects of a lack of freedom and of crises and conflicts happening elsewhere in the world, as the refugee movements have demonstrated in recent months. Some people expressed their fear of extremist and terrorist attacks, especially those perpetrated by right-wing extremists as well as Islamist extremists.

Citizens also often discussed **material prosperity** in a global context. For many it was important for Germany to engage in increasing standards of living worldwide. In addition, many people felt it was important to engage in **responsible economic activity** and sustainable consumption, and attached great importance to engaging in **global climate protection** in order to preserve the foundations for wellbeing for their children, grandchildren and future generations.

At the UN level, the German government has committed itself to Agenda 2030 and its 17 sustainable development goals (SDG), thereby committing itself to the guiding principle of sustainable development in all policy areas. The Agenda 2030 is primarily being implemented through the National Sustainability Strategy (*Nationale Nachhaltigkeitsstrategie*) in Germany. In addition to the goals we are pursuing in Germany, the German government is also contributing to the global common good (e.g., climate protection, peace and security) and is providing support to developing countries.

The German government’s foreign, security and development policy is strongly engaged worldwide in preventing and addressing violent conflicts, particularly in crisis-ridden regions in Eastern Europe and Central Asia, in the Near and Middle East as well as in Northern and Sub-Saharan Africa. The Enable and Enhance Initiative (*Ertüchtigungsinitiative*) plays a key role with a view to preventing and managing crises. For this purpose and for the first time, the German government is earmarking funding in the 2016 federal budget to be managed jointly by the German Federal Foreign Office and the German Federal Ministry of Defence.<sup>333</sup> The Enable and Enhance Initiative consists of three elements: advice, training and equipment.

Germany has significant economic and political weight. The German government considers it essential to be involved in ensuring peace and security for all people, even internationally – together with partners in the EU, NATO and the UN. Germany follows a networked approach in order to prevent or curb violent conflicts, to eliminate causes of political, social, economic and environmental conflict and thereby foster long-term peace. It unites foreign policy, security and development instruments.

The funding for mediation and stabilisation, humanitarian aid, transitional assistance and development cooperation in conflict regions has increased significantly. German foreign policy and development cooperation work towards reducing the causes of conflict, and therefore of situations that cause people to become refugees, by taking effective measures to help stabilise the affected regions, providing support to refugees in those regions and helping to establish firm prospects for them to be able to remain and have a good future there. In terms of measures taken by the Civil Peace Service, the German government contributes by engaging in long-term efforts to prevent crises and foster peace in 35 fragile countries affected by violence around the world.

Unfortunately, political solutions are rarely found through diplomacy alone. In these cases, the international community may decide to intervene with a robust military presence legitimised under international law in order to clear the way for diplomacy to find acceptable political solutions.

The *Bundeswehr* (the German Army) is a key part of the Federal Government's security policy action and was another topic that was frequently mentioned in the national dialogue. It is democratically legitimised as a **parliamentary army** and contributes to Germany being able to fulfil its global responsibilities and promote peace. Its duties range from observer missions, to humanitarian missions, to robust peacekeeping and enforcement when necessary.

In terms of the exports of military equipment, the German government pursues a restrictive authorisation policy. New rules on the transparency of disclosing information to parliament on final decisions on exports of military equipment have been introduced where these decisions precede a German Federal Security Council hearing. Tighter rules were adopted for exporting small arms. The "Small Arms Principles" stipulate that no approvals are granted for exporting components and technology to third countries that would lead to the establishment of a new manufacturing line for small arms and light weapons or the relevant ammunition in the respective country. Furthermore, Germany introduced post-shipment controls to verify on the spot whether the recipients are complying with their declaration about the end-use of the weapons and preclude proliferation. Responsible export controls are an important contribution to preventing illegal arms proliferation. Among other things, Germany's commitment to the Arms Trade Treaty obligates it to work towards a harmonisation of good export control standards and to promote universal acceptance and implementation of the agreement through bilateral and multilateral measures.

Germany is committed to a values and rules based economic system as well as to helping to shape globalisation as part of the G7 and G20 States in line with common principles and regulations. Under Germany's presidency, the G7 summit in Elmau succeeded in generating a strong impetus to take action. This included joint efforts to combat terrorism, and expanding cooperation on fiscal matters and global climate protection.

Integrating Germany into the European regulatory framework is a fundamental tenet of Germany policy and greatly contributes to the wellbeing of the German people. The EU single market allows people to live, study and work throughout the European Union. This allows people to establish friendships and form networks beyond national boundaries and to experience cultural diversity. The EU plays a key role in making important

contributions towards the majority of the dimensions of wellbeing, without which these dimensions would not be quantifiable for the purposes of this report.

### ■ **Maintaining people's livelihoods through climate protection:** Indicator Global and national greenhouse gas emissions

*"[Climate protection] goes beyond just Germany. It's a worldwide problem."*

from the national dialogue event of Caritas in Frankfurt on 3 June 2015

Studies show that **climate change** is already negatively impacting people's wellbeing in Germany and<sup>334</sup> around the world<sup>335</sup>. Global warming of more than two degrees Celsius (compared to global average temperatures prior to industrialisation) threatens to do abrupt and potentially catastrophic and irreversible damage to our planet.<sup>336</sup> Just two degrees Celsius would result in dangerous consequences for many people worldwide, for example due to rising sea levels.

In addition to its economic and environmental dimensions, climate protection also plays a role in protecting health since heat directly affects heart disease. Sunlight affects health through ground-level ozone concentrations and ultraviolet radiation. Temperature and humidity changes affect the spread of vectors, pathogens, allergens and pollutants in the air and water. Extreme weather events (e.g., storms, storm surges or heavy rain) can cause accidents, injuries, deaths and infectious diseases.

National dialogue participants were well aware of the **importance of Germany's contribution to global climate protection**. They advocated for the German government's ambitious climate policies. Based on scientific recommendations<sup>337</sup> and the targets agreed at the 21st UN Climate Change Conference in Paris, global warming must be kept below two degrees Celsius, and limited to 1.5 degrees Celsius if at all possible. In addition, global cash flows are to be directed towards climate compatibility and boosting adaptation to climate change.

In terms of climate protection, Germany is particularly focused on expanding renewable energy sources and enhancing energy efficiency. The German government's ambitious goal is to reduce climate-damaging greenhouse gas emissions by at least 40 per cent by 2020 and by 80 to 95 per cent by 2050 (compared to 1990 levels).

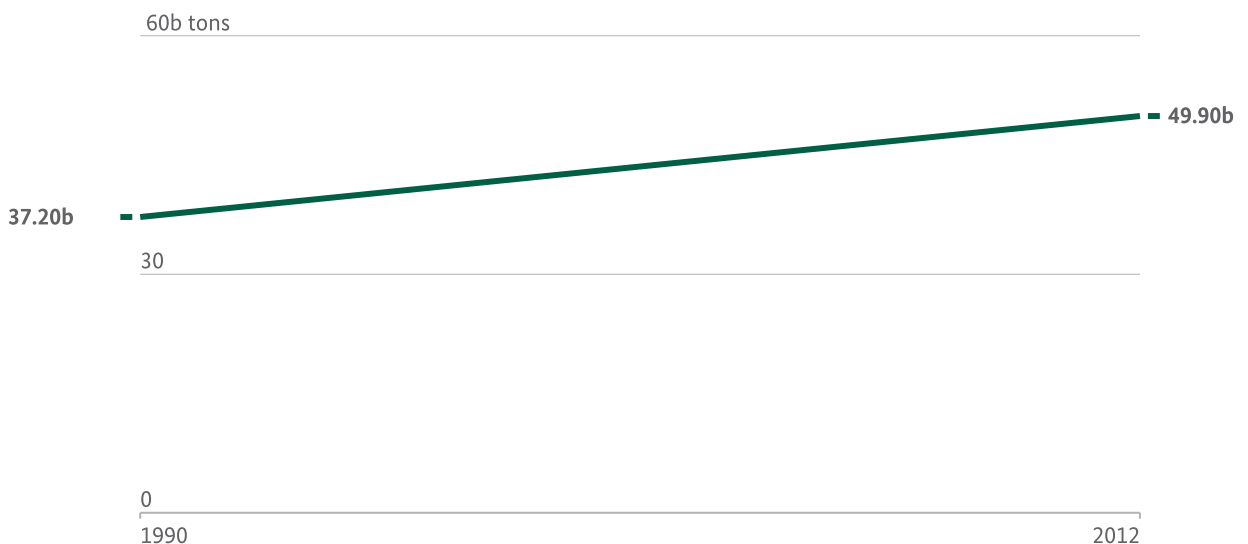
At the 21st UN Climate Change Conference in Paris, the German government successfully lobbied for establishing universal targets and regulations for the international community. The indicator **global and national greenhouse gas emissions** measures greenhouse gas emissions worldwide and nationally. This allows it to document changes in climate protection.

Since the onset of industrialisation, mankind has consumed more than two thirds of the “carbon budget” for remaining within the two-degree Celsius limit, i.e. the amount of additional CO<sub>2</sub> equivalents (CO<sub>2eq</sub>) and greenhouse gases the atmosphere can handle before climate change may start resulting in abrupt and potentially catastrophic consequences.<sup>338</sup> This budget continues to be consumed today at a gathering pace: Annual global greenhouse gas emissions increased by around a third between 1990 and 2012 (see Fig. 104).

New data on CO<sub>2</sub> emissions suggest that **2014 was the first time that annual global emissions did not increase, despite growth in the global economy** (see Fig. 105). However, the next step in working towards the goal of greenhouse gas neutrality in the second half of the 21st century as agreed in the Paris Agreement is for the curve to level out, decline and approach a zero value as quickly as possible, especially because the CO<sub>2</sub> emitted lingers in the atmosphere for a fairly long time.

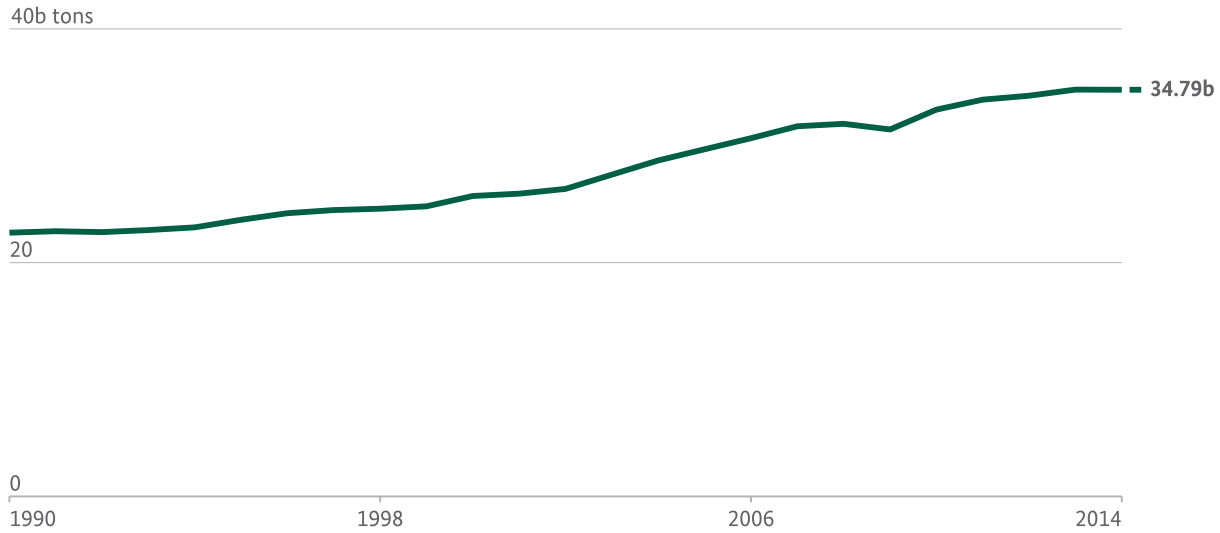
Annual greenhouse gas emissions in **Germany** have fallen by some 27 per cent since 1990 (see Fig. 106). However, because the projections have indicated the previous efforts made will not be sufficient to reduce emissions by at least 40 per cent compared to 1990 levels by 2020<sup>339</sup>, policymakers, the economic sector and society will have to make significant additional efforts. To do so, the German government adopted its action plan on Climate Protection 2020 (*Klimaschutz 2020*) in December 2014, which includes more than 100 additional measures to tackle climate protection. Between 2008 and 2015 alone the German government funded around 21,000 projects with more than 663 million euros as part of its National

Figure 104: Annual global greenhouse gas emissions in billions of tonnes of CO<sub>2eq</sub>



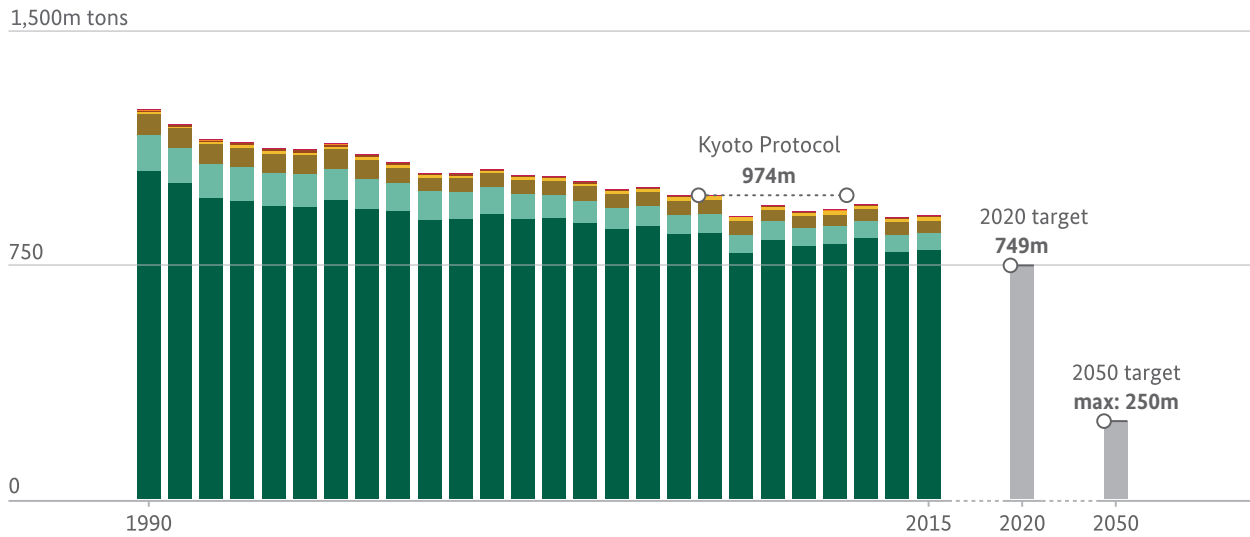
Source: Edgar JRC/PBL and FAOSTAT.<sup>340</sup>

Figure 105: Annual global CO<sub>2</sub> emissions in billions of tonnes



Source: Edgar JRC/PBL. The Edgar dataset on CO<sub>2</sub> emissions does not include emission from CO<sub>2</sub>-neutral bio-energy and from land use change or from forest or bog fires etc.

Figure 106: Annual greenhouse gas emissions in Germany in millions of tonnes of CO<sub>2</sub>eq



● Carbon dioxide\* ● Methane ● Nitrous oxide ● HCFC ● Sulphur hexafluoride ● CFC ● Nitrogen trifluoride

\*excluding carbon dioxide from land use, changes in land use and forestry

Source: Umweltbundesamt 2015.

Climate Protection Initiative. The funding went towards developing and implementing climate protection measures and investing in climate protection technologies.

In addition, the German government is currently working on preparing a 2050 climate protection plan, which would provide substantive direction for the process of achieving the long-term national climate protection goals set out in the Paris Agreement.

Germany is assuming particular responsibility for a successful transition to **economies that are greenhouse gas neutral** as agreed in Paris in 2015. With its energy transition and gradual conversion of its energy supply, to increased use of renewable energy sources and greater energy efficiency, Germany has already achieved quite a lot in this regard. This also includes the development, use and export of environmental technologies (such as in the renewable energy and e-mobility sectors) as well as its financial and technical support of developing countries within the context of international climate financing. Multi-level diplomatic efforts have helped Germany to determine ways to achieve this goal together with other countries. Specifically this includes taking an active role in climate negotiations, as was recently the case in the case of the Paris Agreement. Another example is Germany's continuous commitment to promote a sustainable energy supply in international forums, such as the International Renewable Energy Agency, which Germany was instrumental in setting up.

Climate change is **one of the greatest political and economic challenges** faced by the international community. However, it also offers a number of **great opportunities** to design sustainable economies and develop important new business sectors. Germany is the world's leading exporter of environmental protection solutions.<sup>341</sup> The German Renewable Energy Act (*Erneuerbare-Energien-Gesetz*) has allowed Germany to become a world leader in the field of clean energy. By 2015, 32.6 per cent of German electricity consumption was already being covered by renewable energy.<sup>342</sup> Research and development as part of the Sixth Energy Research Programme make a significant contribution to making new technologies available for the energy supply of the future. In 2015 alone, the German government invested 863 million euros in companies, research institutions and

universities to develop renewable energy technologies, technology to increase energy efficiency, storage and energy grids. System-oriented measures are constantly gaining in importance. About 355,400 people were employed in the renewable energy sector in Germany in 2014.<sup>343</sup> In some places, renewable energy sources are already more affordable than conventional energy sources.

However, the proportion of renewable energy for heating and transport was only 13.2 per cent and 5.3 per cent in 2015, respectively.<sup>344</sup> In response, the German government is promoting energy efficiency in both sectors: by switching to electricity-based and renewable alternatives in heat generation and e-mobility.

It also advocates stronger signals and incentives from European emissions trading in order to reduce emissions and to use technologies with low greenhouse gas emissions. As part of the international Carbon Pricing Leadership Coalition, the German government is working together with other countries, businesses and civil society actors towards a worldwide introduction of CO<sub>2</sub> prices. Accordingly, under Germany's G7 leadership in 2015, a G7 carbon market platform was also established, which will serve as a timely catalyst for the international process in many different sectors.

The German government runs **climate protection projects** in many different countries. It invests more than half a million euros each year in measures to protect forests and biodiversity, to reduce greenhouse gas emissions and to adapt to climate change.<sup>345</sup> Deforestation and fires, especially in the tropics, are responsible for approximately the same amount of emissions as the transport sector, i.e. all vehicles, ships and aircraft worldwide.<sup>346</sup> Beginning in 2020, the international community will together aim to provide 100 billion euros in climate financing each year. The German government aims to double its international climate financing by 2020 (compared to 2014 figures).

The indicator **global and national greenhouse gas emissions** measures greenhouse gas emissions worldwide and nationally and is therefore a proxy for progress made in climate protection. Greenhouse gases, which along with CO<sub>2</sub> also include substances like methane and nitrous oxide, are the result of burning coal, oil and gas as well as deforestation, agriculture and the release of substances like coolants into the atmosphere. Greenhouse gases are listed as CO<sub>2</sub> equivalents, which are converted in line with what is known as the Fourth Assessment Report (AR4) standard of the Intergovernmental Panel on Climate Change according to their global warming potential. Global emissions data are based on various estimates and projections for individual countries and emissions sources, which the EU's Joint Research Centre harmonises.

■ **Securing peace through sustainable development worldwide:** Indicator Public expenditure on development cooperation as a percentage of gross national income (ODA rate)

*"I feel less uncertainty about pensions than I do about environmental changes, the threat of war, crises and threats from abroad."*

from the national dialogue event of Slubfurt e.V. in Frankfurt an der Oder on 3 July 2015

The movement of refugees to Europe has made clear that geographically **distant conflicts** can **directly affect people's everyday lives** in Germany. This was addressed at different points in the national dialogue. Citizens called for more international engagement to prevent crises.

Development cooperation has been gaining in importance for years now because it no longer concentrates solely on combating poverty, but increasingly on the goal of global sustainable development in line with the limits of our planet.

Sustainable development is not possible without peace, security and stability. As such, Germany is working to prevent conflicts and is promoting the expansion of effective, responsible and transparent institutions at all levels. German development cooperation provides its partner nations with support in establishing the political framework for successful social, environmental and market-based development.

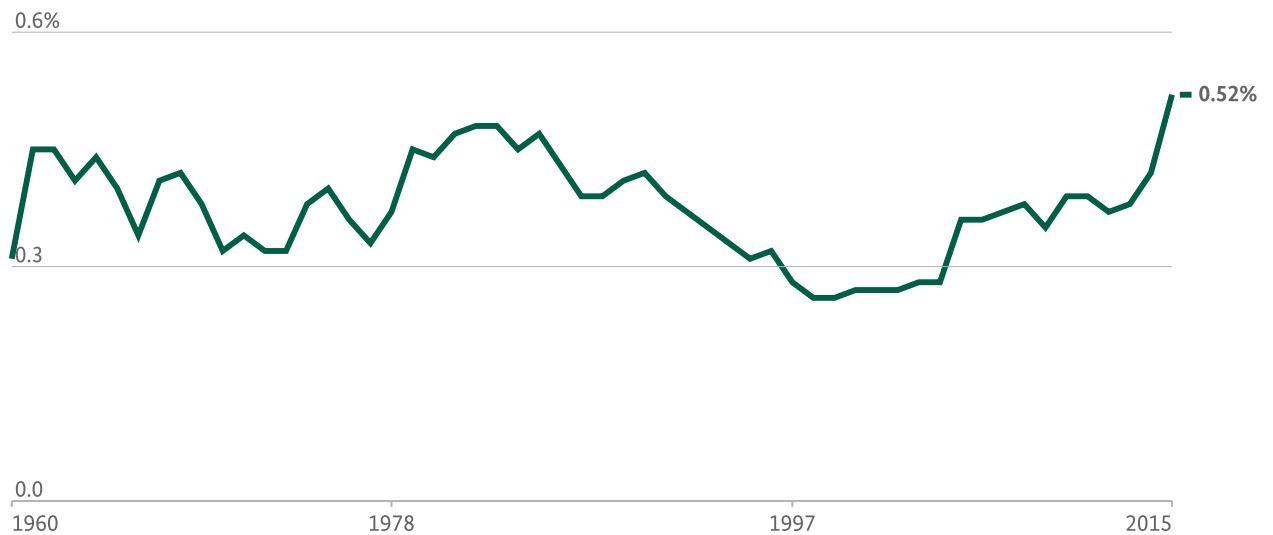
**Public expenditure on development cooperation as a percentage of gross national income (ODA rate)** is an indicator of contributions to development created by the

OECD. It incorporates spending on financial, technical and humanitarian cooperation with developing countries and contributions to multilateral development institutions and funds, and is measured according to internationally accepted standards (at the OECD level). This makes national financial contributions to development measurable and comparable worldwide.

As part of the EU, Germany has committed to increase its public spending on development cooperation to **0.7 per cent of economic output** (measured as gross national income). The UN General Assembly formulated this target back in 1970. As part of the Agenda 2030 for sustainable development, which was ratified worldwide in 2015, and the Addis Ababa Action Agenda for financing development, several industrial nations, including the EU, reconfirmed this goal. Germany has yet to achieve this 0.7 per cent target. Germany's ODA rate was 0.52 per cent in 2015 (see Fig. 107).<sup>347</sup>

The German government has significantly increased the proportion of development spending compared to Germany's economic output over the past ten years, and is providing a further total of 10.3 billion euros for development cooperation between 2014 and 2019. This increase is Germany's response to continuing humanitarian crises and the growing challenges faced in financing international climate protection measures (see the indicator *global and national greenhouse gas emissions* in this dimension). More than 65 million people worldwide are seeking refuge. In order to provide for refugees of the war in Syria and those in Syria's neighbouring countries, Germany pledged 2.3 billion euros at the donor conference in London in February 2016. At 570 million euros pledged in 2016, Germany is also the primary donor to the World Food Programme's work in the Syrian crisis. Furthermore, Germany has pledged 750 million euros over

Figure 107: Public expenditure for development cooperation as a percentage of gross national income (ODA ratio)



Source: OECD, Net ODA indicator.<sup>348</sup> Preliminary data for 2015.

nine years for the new Green Climate Fund, which aims at helping developing countries with climate protection and adapting to climate change.

At a total of approximately 16 billion euros in 2015, Germany remained in its previous year's position as the third largest donor in terms of development cooperation, trailing only the US and the UK.<sup>349</sup> Germany also provides **private development aid**, through clubs, churches or associations, for example, which totalled 1.1 billion euros in 2014. Engaging in **targeted integration of the economic sector**, the German government has managed to mobilise additional financial assistance and support for implementation of sustainable development initiatives.

The ODA rate in 2015 increased by nearly a quarter compared to 2014. A considerable part of this increase was spent on hosting and processing refugees in Germany. The OECD rules stipulate that spending for housing and other provision for refugees in donor countries counts as ODA for the first twelve months of their stay. German domestic refugee costs are close to the international average – despite the unique challenges Germany has faced. Even if one were to include these costs, Germany's ODA rate in 2015 would still be around six per cent higher than in the previous year.

Effectively increasing **development cooperation** is of key concern in **German development policy** and is also the focus of international debate. The policy forums in Paris (2005), Accra (2008) and Busan (2011) are the foundations for the internationally recognised Aid-Effectiveness-Agenda. A wide range of issues is being addressed under the umbrella of this agenda: transparency, accountability, focus on results, and the use and consolidation of partnership development. Germany acknowledges its responsibility to enshrine the effectiveness agenda's obligations into the methods and instruments used in German development cooperation. At the international level, the German government is working to further develop the effectiveness agenda in the relevant political forums. The **Global Partnership for Effective Development Co-operation** (GPEDC) is the most important international platform for this. Since its establishment, Germany has taken an active role in these debates and assumed its co-chairmanship position at the second ministerial meeting of the GPEDC in November 2016 in Nairobi.

The ODA (Official Development Assistance) rate measures **public expenditure on development cooperation as a percentage of gross national income**, i.e. income earned by Germans at home and abroad. ODA incorporates German spending on financial, technical and humanitarian cooperation with developing countries and contributions to multilateral development institutions and funds, such as the UN or the World Bank. For example, the ODA rate includes the assumption of costs for students from developing countries attending German universities.

### ■ Growing the economy for sustainable development:

Placeholder – Global corporate responsibility

*“[...] I think that, as citizens of the world and thanks to the effects of globalisation in the long term [for example], we in Germany have an impact on Chinese wellbeing and vice versa.”*

from an online response submitted on 11 July 2015

For participants in the national dialogue, one thing was clear: In a globally connected world, both **businesses and consumers bear responsibility**. Global trade with global supply chains creates opportunities to improve the working and living conditions in all countries involved.<sup>350</sup> However, this requires global trade to be set up in an appropriate way that takes into account human rights, environmental and social aspects. Globalisation, and especially global trade, have helped billions of people in emerging countries out of poverty. And Germany and its “Made in Germany” brand are just as dependent on suppliers from around the world as they are on buyers. From a citizen’s perspective, the major challenge here is to create sustainable conditions that are fair to world markets and that do not negatively affect local populations and the environment. For example, in the dialogue people asked whether the social market economy could be globalised.

Individuals have called on policymakers to **do more to commit industry** to act responsibly. German companies can do even more to comply with and even raise social and environmental standards worldwide along their supply chains. Disclosure of non-financial information by businesses engaged in international trade relations promotes transparency and fosters sustainable development.

The German government is actively engaged in a number of different processes aimed at achieving this goal. For example, it is working to implement the UN Guiding Principles on Business and Human Rights as part of a National Action Plan on Business and Human Rights. The drive behind this comes primarily from the G7 decision taken by the government leaders at Elmau (2015) on “Responsibility in the Supply Chain”.<sup>351</sup>

The National Action Plan aims to formulate clear national expectations to provide businesses clear guidance, as well as support, in terms of upholding human rights.

Germany is also in the process of implementing the EU Directive on reporting non-financial information, known as the Corporate Social Responsibility (CSR) Directive. It aims to have large public interest entities, especially publicly traded companies with more than 500 employees, follow new commercial accounting obligations to report on employee, social and environmental concerns, as well as for them to uphold human rights and combat corruption. Furthermore, the new EU procurement law stipulates that procurement may be put to greater use in supporting strategic goals, such as promoting social, environmental and innovative aspects.

At the European level, the German government is working towards a system that contributes to the responsible procurement of important minerals (such as tin, tantalum, tungsten and gold). The aim of this is to prevent armed groups from profiting from mining these minerals in conflict areas.

The German government is also working to create a **framework** that would incorporate principles of **corporate responsibility** into German companies’ economic relationships abroad. Instruments will be used to hedge the risks taken by German companies by investing abroad. Auditors are already performing environmental and social audits under this scheme.



In addition, the German government is working towards the systematic inclusion of sections on sustainability in free trade agreements.

Together with its partners at the G7 summit in Elmau in 2015, the German government committed itself to taking measures to encourage sustainability standards along global supply chains. At the same time, the global “Vision Zero” prevention fund was established to prevent workplace accidents worldwide. Also, a more in-depth exchange and peer learning between existing national contact points was agreed for the OECD guidelines for multinational enterprises. The OECD guidelines are one of the most important and comprehensive international instruments for promoting responsible corporate leadership. They contain recommendations for responsible corporate conduct in companies with a multinational presence in respect of human rights, social issues, the environment, anti-corruption, taxes, consumers, reporting, research and competition. They also involve close cooperation with the local population. Among other things, the national contact points are responsible for mediating between parties in the event of complaints based on possible violations of OECD guidelines.

Promoting this **corporate social responsibility** has meant the German government also providing support for initiatives like the German Global Compact Network, the

Forum for Sustainable Palm Oil, the Forum for Sustainable Cacao, the Partnership for Sustainable Textiles, the Roundtable Human Rights in Tourism and sustainability report rankings. This involves setting standards, providing practical instructions and formats for mutual learning and cooperation between the government, businesses and civil society. The German government has also initiated the National CSR Forum, a governmental advisory body comprised of experts from business, trade unions, non-governmental organisations, academia and representatives of the government ministries involved. One key focus of the National CSR Forum is developing a Berlin CSR consensus on corporate responsibility in value and supply chains. The German government and the EU offer further support through standards for consumer labelling (e.g., organic, Blue Angel) and the web portals “Siegelklarheit.de” (literally: transparent marks and standards), which provides assessments of the marks and standards used for product groups that are of interest to consumers, and the “Sustainability Compass” (*Kompass Nachhaltigkeit*), which helps consumers and purchasers shop with greater awareness about environmental and social standards. Additional support measures include the SME practice events, the German government’s CSR award and encouraging the use of rankings in sustainability reporting.

In line with the requirements of the German Commercial Code (*Handelsgesetzbuch*), certain large companies have been reporting non-financial aspects in their annual reports, such as environmental or employee matters, provided these aspects are relevant to the company’s economic situation and success. The EU CSR Directive (2014/95/EU), implemented in December 2016, will see this reporting extended and expanded to cover other social issues (e.g., human rights, corruption, equality issues). Many German companies have been engaged in CSR activities and reports for years. In some cases, civil society actors gain insights into supply chains are thus able to perform their own analysis or compile their own rankings. Environmental reports in the form of verified “environmental statements” have been available to the public since 1995 through the German Eco-Management and Audit Scheme. The Roundtable on Sustainable Palm Oil has even published maps of certified growing areas as open data.

Standards for corporate environmental reporting include the German Sustainability Code, which was developed by the Council for Sustainable Development and funded by the German government, which is gaining increasing recognition in Europe, or the Global Reporting Initiative.

In future, as part of the **National Action Plan for Business and Human Rights** (*Nationaler Aktionsplan für Wirtschaft und Menschenrechte*) businesses will have to carry out regular audits to report on the status of implementation of the action plan.

# Next Steps

### ■ III. Next Steps

This report is the first edition of what will become a **regular survey of wellbeing in Germany**. The German government plans to update the the Report on Wellbeing in Germany once per legislative period. This will establish a new reporting system that can be continuously refined as part of an open and adaptive process and provide direction to improve wellbeing in Germany.<sup>352</sup> This report and the indicator system will form the basis for being able to identify and develop policy measures to maintain and improve wellbeing in Germany in future.

Many aspects of wellbeing have long been the focus of government administrations and policy action. However, for the first time this report provides an **overview of wellbeing in Germany that is as scientifically sound as it is multi-faceted and detailed**. It facilitates identifying relationships and trade-offs and targeting policy action across twelve dimensions using 46 indicators and further differentiation, e.g., by gender, region and urban and rural areas.

The change seen in these indicators over time further allows the measures taken to **improve wellbeing** to be reviewed for their **efficacy**. Trends in these indicators show the areas in which past government action has already led to improvements. The measures this and previous government administrations have taken to improve various aspects of wellbeing are described in this report by way of examples, though not in their entirety.

However, the report and the indicators also point to areas where government action has either been lacking or has not seen enough progress. Analysing these **actionable areas** and finding effective answers will be the task of the years to come.

Selecting and prioritising these actionable issues and measures will certainly also depend on the **political and social debate** on wellbeing in Germany – the dialogue on “what matters to us”. This report aims to spark public debate on this issue and to provide the existing political debate with a stronger focus on the citizens’ perspective. It is their understanding of wellbeing that is the central linchpin here. If future political debates are directed more towards the views and realities of life of Germany’s citizens than now, the report will have already achieved an important objective.

The government’s primary goal is to use this reporting and indicator system to improve wellbeing in Germany within the scope of its powers and policy options. That being said, the national dialogue has made clear that **wellbeing in Germany is a responsibility for society as a whole**. A high level of wellbeing that can also be maintained for future generations requires the engagement of Germany’s citizens, societal groups, and the business, cultural and political sectors. The purpose of the indicator system in this regard is to provide **useful direction to all of these societal forces**.

#### Updating the indicator system

The national dialogue and this report represent the German government’s first step in measuring wellbeing in all its diversity as a socio-political target. The indicator system makes it quantifiable and more descriptive. The report **updates** will provide the opportunity to reopen the debate on a few fundamental aspects time and again.

This includes the question of the **number of dimensions and indicators**. Each indicator system faces a trade-off between **clarity and comprehensibility** on the one hand and **accuracy and focus on the citizenry** on the other.

The number of indicators for economic, social and environmental aspects of wellbeing selected in this report reflect the wide variety of topics that have been raised by more than 15,750 citizens when they discussed “Wellbeing in Germany”.<sup>353</sup> Whether the identification of topics and the selection of dimensions and indicators was sensible in each case will be proven in the practical application of the indicator system.

There remains the need for further discussion since wellbeing will always depend on **societal trends and the current challenges being faced: in politics and demography, the economy and ecology, society and culture**. The national dialogue upon which the present indicator system is based reflects the situation in 2015.

**Research on wellbeing** was included here as an important source of information and is continuously progressing.<sup>354</sup> New developments and findings must be taken into account when updating the report and the indicators associated with these findings must be replaced or expanded upon where necessary.

### Abundant data in many dimensions

There is a **wide range of established and reliable indicators** in many of the twelve dimensions of wellbeing that can be used to map the aspects of wellbeing addressed in the national dialogue and deemed important from a scholarly perspective. That is why existing indicators must be selected for certain aspects, e.g., in the “Equal educational opportunities for all” dimension between the risk groups of those who quit school and early school leavers. A plethora of aspects also plays a role in each topic, which necessitated further restrictions. This is why indicators are generally only **representative of a wider topic**.

### Gaps in data in other dimensions

For some dimensions, however, **difficulties** did arise with certain aspects in terms of **finding appropriate indicators** that complied with statistical quality criteria<sup>355</sup> on the one hand and were sufficiently comprehensible and citizen-focused on the other.

The aspect most frequently mentioned falls under the the dimension “Acting with Global Responsibility and Securing Peace”. Participants considered **peace** the most important prerequisite for wellbeing. Nevertheless, it is difficult to measure the stability of peace with indicators beyond simply the absence of war. Furthermore, although it is experiencing a long-lasting period of peace, Germany remains significantly affected by civil wars and wars in general, as evidenced currently by the large number of Syrian refugees. Germany’s foreign relations, e.g., German citizens being able to travel to a number of different countries without needing a visa, provide an indication of the successful preservation of peace. The population survey on opinions about security and defence policy in the Federal Republic of Germany, which is conducted regularly by the Centre for Military History and Social Sciences of the German Army (*Zentrum für Militärgeschichte und Sozialwissenschaften der Bundeswehr*), measures public perception of the Bundeswehr’s work, for example.

“Input indicators”, i.e. financial expenditure to achieve a political goal, are used very rarely in this report. The ODA rate – the ratio of development co-operation spending to gross national income – is a proxy for measuring financial commitment to combat poverty and underdevelopment. Although the ODA rate was the only such indicator

chosen for this report due to reasons of clarity, Germany’s increasing expenditure towards political stabilisation and humanitarian aid are equally important in maintaining peace.<sup>356</sup>

**German companies acting with global responsibility** in upholding human rights in the economic sector is something that is gaining in importance given the increasingly closely networked state of the global economy, though there is currently no sufficiently reliable method of measuring this. The indicator system includes a placeholder for this so that an appropriate indicator may be included in future.

Just as with peace, **freedom** was another important, cross-cutting issue in the national dialogue that was difficult to measure. Measuring freedom, the guarantee of fundamental rights and **good governance** is quite a young field of statistics. The dimension “Living freely and equal before the law” in this report, which deals with freedom, equality and democracy, goes beyond voter turnout, relying on unofficial and sometimes methodologically complex and subjective survey data.

Improved data is needed for the dimension “Having time for family and work” as well. During periods with changing and increasingly diverse lifestyles and family forms, it seems sensible to take **citizens’ social networks** into account beyond people’s legal family status and type of cohabitation. After all, these networks shape people’s everyday lives and offer help and support in daily life and emergencies. The indicator help from others, which is as yet only poorly differentiated, merely provides a rough approximation.

There is a further gap in the data for the dimension “Healthy throughout life”. Specifically, an indicator for **quality of care** is lacking here. This indicator should take into account the patient’s point of view and the different circumstances of care (inpatient, outpatient or home-based care, different levels of care need). Given the increasing significance of the issue of care in an ageing society, a placeholder has been incorporated into the indicator system here as well. Experts work on ways to improve the measurement of this topic.

A quiet environment was one of the most crucial factors of wellbeing for many people in the national dialogue. The **noise exposure** faced by the people of Germany

is recorded on noise maps. These are available for metropolitan areas, major roads and railways as well as major airports, with specific measures then taken to reduce noise levels. Whether a sound is perceived as noise depends on a number of different factors. In addition to acoustic factors, such as sound pressure, these also include psychological factors. Representative surveys collect data on people's subjective noise perceptions. However, no time series are available yet.<sup>357</sup> The findings of these surveys and those of noise mapping in line with the EU directive on the assessment and management of environmental noise (2002/49/EC) allow us to draw conclusions about dominant sources of noise and the number of people affected by noise. They highlight the need for action and aid in formulating environmental policy priorities.

Ultimately, there is a **need for further development** in a number of different dimensions:

- For the purpose of equivalence in education and training, which is made clear in the German Qualifications Framework for lifelong learning, completion of professional training should also be included when determining educational mobility alongside academic performance.
- The conservation of biodiversity should also be examined in greater detail in future, e.g., by expanding and merging ongoing monitoring programmes.
- The indicator for the time required to start a business only offers information on a country's start-up culture and entrepreneurial freedom.
- Data on the body mass index from the Microcensus could be replaced by the more precise data from the National Cohort once it is available.
- Questions as to constraints on employment due to caring for relatives, child care or commute time should be mandatory in the Microcensus in future.
- The distinction between people with and without migration backgrounds in the Federal Government's Sport Development Report should be improved in order to be able to better measure the positive impact of sport on integration.
- There is a fundamental need for more detailed regional data, which is particularly important in examining the differences in wellbeing across regions.

The German government is already in the process of **closing these data gaps** in some of the cases mentioned above:

- For example, a National Action Plan for Business and Human Rights is being drafted.
- Indicators for measuring quality of care are being revised.
- The German Federal Criminal Police Office is planning a continuation of the victimisation survey for 2018. For the first time, this will allow for the monitoring of changes over time.
- Improved investigation of the help from others indicator is now under way as part of the updated Microcensus Act (*Mikrozensus-Gesetz*).

These cases notwithstanding, this "Government Report on Wellbeing in Germany" calls for action to take the measurement agenda forward – whether by statistical, research or other societal groups. The aim is to determine wellbeing in Germany in even greater detail, particularly from the perspective of its citizens.

### Continuing the discussion on wellbeing in Germany

The report and its documentation, including the independent scholarly analysis and underlying data sets from the national dialogue are open to scholarly evaluation and discussion. The German government welcomes and supports broad discussion in the sciences of the methodological and political issues presented in this report. They will take into consideration this discussion in further developing this report, analysing needs for action and drafting policy measures in order to improve wellbeing.

Once the Federal Cabinet has adopted it by resolution, the German government will present the "Government report on wellbeing in Germany" to the German Bundestag and Bundesrat.

The government's aim with the "Government report on wellbeing in Germany" is to spark and perpetuate a **debate with all societal forces** in Germany in order to improve the wellbeing of all its citizens.

## ■ Footnotes

- <sup>1</sup> Coalition Agreement (2013), pp. 14-15.
- <sup>2</sup> Glatzer et al. (2015).
- <sup>3</sup> Stiglitz et al. (2009), quote, p. 9.
- <sup>4</sup> For more information on these and other reference projects, see Section I.2 of the documentation for this report.
- <sup>5</sup> German Council of Economic Experts and the French Council of Economic Analysis (2010).
- <sup>6</sup> Federal Press Office (2012), pp. 317-343.
- <sup>7</sup> German Bundestag (2013a, 2013b); German Bundestag (2013c), pp. 30773C ff.
- <sup>8</sup> Glatzer (2015), pp. 1-2.
- <sup>9</sup> On happiness research: see Layard (2006). On the implementation of this approach (in the German context): see Deutsche Post Glücksatlas 2015, <http://www.gluecksatlas.de/cms/2015/start.html>, last accessed 26 Jan 2016; for the international context: UN World Happiness Report 2015: Helliwell et al. (2015).
- <sup>10</sup> Documentation of Government Strategy on Wellbeing in Germany: <https://www.gut-leben-in-deutschland.de/SiteGlobal/PL/21426409>.
- <sup>11</sup> See the website of the International Society for Quality-of-Life Studies [www.isqols.org](http://www.isqols.org), last accessed 31 May 2016.
- <sup>12</sup> In addition to the international projects already mentioned and the W3 Indicators used by Germany, the reference projects included the United National Development Programme's Human Development Index, the Measures of Australia's Progress project and the OXFAM Humankind Index for Scotland (see Documentation of Government Strategy on Wellbeing in Germany: <https://www.gut-leben-in-deutschland.de/SiteGlobals/PL/21426409>).
- <sup>13</sup> For information on the selection criteria, see Documentation of Government Strategy on Wellbeing in Germany: <https://www.gut-leben-in-deutschland.de/SiteGlobals/PL/21426409>.
- <sup>14</sup> With its Strategy for Sustainable Development, the Federal Government is focusing on sustainability as a guiding principle for policy formulation. The strategy is currently being refined (see German Federal Government (2016)).
- <sup>15</sup> Essays by the Scientific Advisory Board: <https://www.gut-leben-in-deutschland.de/SiteGlobals/PL/23350043>.
- <sup>16</sup> Documentation of Government Strategy on Wellbeing in Germany: <https://www.gut-leben-in-deutschland.de/SiteGlobals/PL/21426409>.
- <sup>17</sup> Essays by the Scientific Advisory Board: <https://www.gut-leben-in-deutschland.de/SiteGlobals/PL/23350043>.
- <sup>18</sup> Documentation of Government Strategy on Wellbeing in Germany: <https://www.gut-leben-in-deutschland.de/SiteGlobals/PL/21426409>.
- <sup>19</sup> Final report of the scientific analysis of the national dialogue (in German only): <https://www.gut-leben-in-deutschland.de/SiteGlobals/PL/24794576>.
- <sup>20</sup> Vaupel (2010).
- <sup>21</sup> Fach et al. (2016).
- <sup>22</sup> Life expectancy at birth and life expectancy at higher ages are based on current age-specific mortality rates and current population counts. The calculation of life expectancy at birth is not based on projections.
- <sup>23</sup> Vaupel and von Kistowski (2005).
- <sup>24</sup> German Federal Statistical Office (2016a).
- <sup>25</sup> Figures represent both sexes OECD (2015a).
- <sup>26</sup> For more detailed information on developments in the East and East German federal states, see Vogt (2013).
- <sup>27</sup> For more detailed information on developments in the East and West German federal states, see Vogt (2013).
- <sup>28</sup> German Federal Ministry of the Interior (2010), p. 108ff; Forster (1996).
- <sup>29</sup> Ryan and Frederich (1997).
- <sup>30</sup> Mathers et al. (2015).
- <sup>31</sup> Ahima and Lazar (2013).
- <sup>32</sup> Steptoe et al. (2015).
- <sup>33</sup> OECD (2014).
- <sup>34</sup> Gupta et al. (2012).
- <sup>35</sup> Robert Koch Institute (2015).

- <sup>36</sup> Wijnhoven et al. (2013).
- <sup>37</sup> Website of the Federal Office for Agriculture and Food: IN FORM – German national initiative to promote healthy diets and physical activity, <https://www.in-form.de/profiportal/in-form/internationales/in-form-english-version.html>, last accessed 31 Jun 2016.
- <sup>38</sup> A comparison of survey data and data from controlled studies shows that the proportion of obese individuals in the population is underestimated by around ten per cent if respondents self-report their weight and height in surveys (for 2009, this means approx. 24 per cent rather than 15 per cent).
- <sup>39</sup> Smaller cities with a population of less than 100,000 citizens are merged with the surrounding district and form a so-called *Kreisregion*. This type of regional differentiation makes sense for studying the density of physicians, as doctors in cities frequently care for patients from surrounding districts as well. Germany has a total of 361 counties and 402 districts and independent cities. Data basis: Ongoing spatial observation by the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR); geometry: Federal Agency for Cartography and Geodesy, districts (as of 31 December 2013).
- <sup>40</sup> This figure is defined in the needs planning guidelines of the Federal Joint Committee in Germany. The needs planning system is based on the so-called mid-range – a regional planning unit below the district level.
- <sup>41</sup> The analysis was conducted by dividing the territory of the Federal Republic into approx. 150,000 small units – so-called centroids. Each of these units contains approx. 100-300 households. The average duration of a car journey to the nearest GP was calculated on this basis for every district region taking the respective population figures into account.
- <sup>42</sup> German Federal Statistical Office (2015c).
- <sup>43</sup> Bertelsmann Stiftung (2012).
- <sup>44</sup> German Federal Statistical Office (2015c).
- <sup>45</sup> Wetzstein et al. (2015).
- <sup>46</sup> Leigh et al. (2011).
- <sup>47</sup> Robert Koch Institute (2015).
- <sup>48</sup> The response options were “very good”, “good”, “satisfactory”, “bad”, and “poor”.
- <sup>49</sup> The notion that subjective perceived health offers a valid approximation of the actual state of a person’s health has been questioned in many studies. See for example Miilunpalo et al. (1997). It should also be noted that survey data such as the SOEP measures quality of life outcomes using a multi-items scale on physical and mental health (e.g. SF 12 or SF 36).
- <sup>50</sup> Obtaining proof of a causal relationship requires the use of a complex estimation model with an exogenous income variable. Studies of the UK were unable to prove a relationship between income and physical health, although they did reveal a weak connection between income and mental health. See Apouey and Clark (2015).
- <sup>51</sup> German Federal Ministry of Labour and Social Affairs (2012).
- <sup>52</sup> The values calculated represent a statistical approximation. The upper and lower limit of the 95 per cent confidence interval reflect the statistical uncertainty, as data come from a random sample.
- <sup>53</sup> Muffels und Headey (2013).
- <sup>54</sup> De Witte (1999).
- <sup>55</sup> McKee-Ryan et al. (2005); Winkelmann and Winkelmann (1998).
- <sup>56</sup> Hahn et al. (2015); Lucas et al. (2004).
- <sup>57</sup> Winkelmann and Winkelmann (1998).
- <sup>58</sup> Browning and Heinesen (2012).
- <sup>59</sup> Marcus (2013).
- <sup>60</sup> Federal Employment Agency, Time series of unemployment.
- <sup>61</sup> Comparative figures for Europe are available from Eurostat. Due to differences in definitions, the figures for Germany here deviate from the official figures of the Federal Employment Agency that were used for this report. Eurostat (2016a).
- <sup>62</sup> Bell and Blanchflower (2011).
- <sup>63</sup> OECD (2016d).
- <sup>64</sup> Herbig et al. (2013).
- <sup>65</sup> Klinger and Rothe (2012).
- <sup>66</sup> The unemployment rate provided by the Federal Employment Agency should not be confused with the monthly unemployment rate published by the Federal Statistical Office in line with the concept utilised by the International Labour Organisation (ILO). For information on this concept, see German Federal Statistical Office: <https://www.destatis.de/EN/FactsFigures/NationalEconomyEnvironment/LabourMarket/Unemployment/Unemployment.html>, last accessed 27 Apr 2016.

- <sup>67</sup> Entwicklungsgesellschaft für berufliche Bildung mbH: Network Integration through Qualification, <http://www.netzwerk-iq.de/network-iq-start-page.html>, last accessed 01 Jun 2016.
- <sup>68</sup> Brücker et al. (2014) and Buch et al. (2016).
- <sup>69</sup> Data on employment rates for persons with a disability was collected in accordance with Section 4, Paragraph 2, No. 3 of the Microcensus Act.
- <sup>70</sup> Eichhorst and Tobsch (2015).
- <sup>71</sup> Caliendo et al. (2010); Caliendo et al. (2012).
- <sup>72</sup> Voss and Weinkopf (2012).
- <sup>73</sup> Brehmer and Seifert (2009).
- <sup>74</sup> Kalleberg (2009).
- <sup>75</sup> Grund et al. (2014).
- <sup>76</sup> Wanger (2011); Rengers (2015).
- <sup>77</sup> Ellguth and Kohaut (2016). Company agreements are often closely aligned with the collective agreements in a given sector
- <sup>78</sup> Bruckmeier and Wiemers (2015).
- <sup>79</sup> Bracket creep results when pay rises only compensate for inflation but nevertheless push their recipients into a higher tax bracket
- <sup>80</sup> German Federal Statistical Office (2016b).
- <sup>81</sup> German Federal Statistical Office: Gender Pay Gap, [https://www.destatis.de/DE/ZahlenFakten/Indikatoren/QualitaetArbeit/Dimension1/1\\_5\\_GenderPayGap.html](https://www.destatis.de/DE/ZahlenFakten/Indikatoren/QualitaetArbeit/Dimension1/1_5_GenderPayGap.html), last accessed 02 Jun 2016.
- <sup>82</sup> Rain et al. (1991).
- <sup>83</sup> Stansfeld et al. (2013).
- <sup>84</sup> Moen et al. (2016).
- <sup>85</sup> Brenke (2015).
- <sup>86</sup> Ibid.
- <sup>87</sup> Sabella (2013).
- <sup>88</sup> German Federal Statistical Office: Bildungsstand – Bevölkerung nach Bildungsabschluss in Deutschland, <https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/BildungForschungKultur/Bildungsstand/Tabellen/Bildungsabschluss.html>, last accessed 15 Jun 2016.
- <sup>89</sup> Autorengruppe Bildungsberichterstattung (2016).
- <sup>90</sup> Rich (2016).
- <sup>91</sup> Gangl et al. (2003).
- <sup>92</sup> Eurostat (2016b).
- <sup>93</sup> German Federal Office for Migration and Refugees (2016).
- <sup>94</sup> Autorengruppe Bildungsberichterstattung (2016), p. 273.
- <sup>95</sup> Breen and Goldthrope (1997).
- <sup>96</sup> Heineck and Riphahn (2009).
- <sup>97</sup> Maaz and Nagy (2010).
- <sup>98</sup> Because the indicator refers to the household level, the results can also reflect changes in moving out behavior from the parental home. This behavior can be influenced by additional education qualifications attained by children or their parents.
- <sup>99</sup> Ludwig et al. (2012).
- <sup>100</sup> Bohulskyy et al. (2011).
- <sup>101</sup> German Federal Ministry of Education and Research: Digitale Medien in der beruflichen Bildung, <https://www.bmbf.de/de/digitale-medien-in-der-bildung-1380.html>, last accessed 15 Jun 2016.
- <sup>102</sup> German Federal Ministry of Education and Research: Bund-Länder-Wettbewerb -“Aufstieg durch Bildung: offene Hochschulen”, <http://www.wettbewerb-offene-hochschulen-bmbf.de/>, last accessed 31 Aug 2016.
- <sup>103</sup> German Federal Institute for Population Research (2013).
- <sup>104</sup> Bertram et al. (2011).
- <sup>105</sup> Holly and Mohnen (2012).
- <sup>106</sup> Wunder and Heineck (2013).
- <sup>107</sup> Fagan et al. (2012).



- <sup>108</sup> Klenner and Lillemeier (2015).
- <sup>109</sup> The differences between preferred and actual working hours can go in both directions: Those surveyed either worked at least five hours more or five hours less than preferred.
- <sup>110</sup> Holst (2016).
- <sup>111</sup> Institut für Demoskopie Allensbach (2014).
- <sup>112</sup> Lee et al. (2007).
- <sup>113</sup> Schober and Schmitt (2013).
- <sup>114</sup> Schober and Spieß (2014).
- <sup>115</sup> Anders (2013).
- <sup>116</sup> Heckman et al. (2013).
- <sup>117</sup> Autorengruppe Bildungsberichterstattung (2014).
- <sup>118</sup> Kreyenfeld and Krapf (2016).
- <sup>119</sup> There is no standardised nationwide definition of full-time childcare. The German Federal Statistical Office defines childcare in childcare facilities as being full-time if such care is provided for an uninterrupted period (i.e. through midday) for seven or more hours per day. The federal states all define full-time childcare in primary schools differently.
- <sup>120</sup> Schober and Stahl (2014), p. 986f.
- <sup>121</sup> Autorengruppe Bildungsberichterstattung (2014), p. 244.
- <sup>122</sup> Seils (2013).
- <sup>123</sup> Ibid.
- <sup>124</sup> Autorengruppe Bildungsberichterstattung (2012), p. 65.
- <sup>125</sup> Minimum consensus for the definition of an all-day school according to the Standing Conference of the Ministers of Education and Cultural Affairs of the German Federal States: Children must be in school and supervised for a minimum of seven hours at least three days per week.
- <sup>126</sup> Data on the number of children in after-school centres is collected in March of the respective school year, data on children in all-day primary schools is collected at the beginning of the school year and data on the total number of children in the population (6.5 to 10.5 years) is collected at the end of every year. The proportion of children in after-school clubs and in all-day schools cannot be added together because many children attend both within the framework of cooperation between all-day schools and after-school centres. The statistics on after-school centres are compiled by the German Federal Statistical Office; the statistics on all-day schools are compiled by the Standing Conference of the Ministers of Education and Cultural Affairs.
- <sup>127</sup> Bertelsmann Stiftung (2012).
- <sup>128</sup> Institut für Demoskopie Allensbach (2011).
- <sup>129</sup> Institut für Demoskopie Allensbach (2010), p.42.
- <sup>130</sup> Ibid.
- <sup>131</sup> German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (2014), p. 7.
- <sup>132</sup> German Federal Statistical Office and federal state statistical offices (2010), p.27.
- <sup>133</sup> Pfaff (2014).
- <sup>134</sup> Kahneman et al. (2004).
- <sup>135</sup> Novaco et al. (1990).
- <sup>136</sup> Roberts et al. (2011).
- <sup>137</sup> Wener and Evans (2011).
- <sup>138</sup> Blanchflower and Oswald (2013).
- <sup>139</sup> Stutzer and Frey (2008).
- <sup>140</sup> The commuting question is a voluntary question in the Microcensus, which means that the total number of answers rather than the total number of survey participants is used as the basis for calculations.
- <sup>141</sup> Pfaff (2012).
- <sup>142</sup> This number increased sharply in 2012 due to changes in the questionnaire. In a few years it will be possible to determine whether this will cause a selectivity problem.
- <sup>143</sup> Kahneman and Deaton (2010).
- <sup>144</sup> An extensive discussion of this issue continues among researchers. Examples here include: Easterlin (1974, 1995); Easterlin et al. (2010); Frey and Stutzer (2002); Frijters et al. (2004); Deaton (2008); Di Tella et al. (2010); Clark et al. (2008); Stevenson and Wolfers (2008, 2013); Sacks et al. (2010, 2012, 2013).

- <sup>145</sup> Boyce et al. (2013).
- <sup>146</sup> The median household is the middle value in a sorted list of all household incomes. In other words, half of all households in Germany have more income than the median household and the other half have less income. The median value offers an advantage over the arithmetic mean (the average) in that it is more robust against outliers in the data. For example, a few instances of very high income in a random sample could result in the calculated average income being relatively high and therefore not representative for the income situation of “average” citizens.
- <sup>147</sup> Fitzenberger (2012), as well as the subsequent section on the development of income inequality in this report.
- <sup>148</sup> The weighting is done on the basis of the so-called OECD modified scale. It assigns a value of 1.0 to the household head, of 0.5 to each additional adult member and of 0.3 to each child.
- <sup>149</sup> Variations in the questionnaires or sampling can lead to differences between survey waves – for example if information on higher incomes is more accurate. Nevertheless, differences among the trends are usually not statistically significant. Inclusion of administrative data in the statistics in future could substantially improve the quality of data available for this indicator.
- <sup>150</sup> Verme (2011).
- <sup>151</sup> Rözer and Kraaykamp (2013); Alesina et al. (2004).
- <sup>152</sup> German Council of Economic Experts (2015).
- <sup>153</sup> German Council of Economic Experts (2015).
- <sup>154</sup> Benabou (2000). For an overview, see: Bertelsmann Stiftung (2013).
- <sup>155</sup> OECD (2016c); see also Milanovic (2014) and United Nations University – World Institute for Development Economics Research: World Income Inequality Database, <https://www.wider.unu.edu/project/wiid-%E2%80%93-world-income-inequality-database>, last accessed 27 Jun 2016.
- <sup>156</sup> German Federal Ministry of Finance (2016d), p. 23.
- <sup>157</sup> OECD (2015b) and German Federal Ministry of Finance (2016a).
- <sup>158</sup> Among other things, this act ensures that remuneration is in adequate proportion to the duties, responsibilities and performance of a management board member. The law also makes management board compensation and the associated top salaries more transparent.
- <sup>159</sup> Because the indicator relates to household income, changes in household structures can affect the data over time.
- <sup>160</sup> Grabka and Westermeier (2014).
- <sup>161</sup> Senik (2014).
- <sup>162</sup> Atkinson et al. (2002).
- <sup>163</sup> Neuberger (2015).
- <sup>164</sup> Calculations by DIW Berlin, SOEP v29.
- <sup>165</sup> Sierminska and Medgyesi (2013).
- <sup>166</sup> German Council of Economic Experts (2014).
- <sup>167</sup> Rasner et al. (2013).
- <sup>168</sup> Grabka and Westermeier (2014).
- <sup>169</sup> German Federal Ministry of Finance (2016d).
- <sup>170</sup> The basis here is formed by the individual net assets of persons 17 and older in private households. Net assets include owned apartments and houses that are lived in, other real estate holdings, monetary assets, assets from private insurance policies and building loan contracts, business assets and valuables (e.g. gold) – all minus private debt (e.g. mortgages, consumer loans etc.).
- <sup>171</sup> Grabka and Westermeier (2014); Vermeulen (2016).
- <sup>172</sup> Clark et al. (2015).
- <sup>173</sup> German Federal Statistical Office (2015a).
- <sup>174</sup> Goebel et al. (2015).
- <sup>175</sup> German Federal Statistical Office (2015f).
- <sup>176</sup> Heckman (2000).
- <sup>177</sup> Because the indicator relates to household income, changes in household structures can affect the data over time.
- <sup>178</sup> Calculations for median net income by age group were made by the Institute for Applied Economic Research on the basis of SOEP v.31.1.
- <sup>179</sup> German Federal Statistical Office (2016e).
- <sup>180</sup> Simonson et al. (2011).
- <sup>181</sup> TNS Infratest Sozialforschung (2014).

- <sup>182</sup> For more information on the development of private retirement provisions, see German Federal Ministry of Labour and Social Affairs (2016) at <http://www.bmas.de/DE/Themen/Rente/Zusaetzliche-Altersvorsorge/statistik-zusaetzliche-altersvorsorge.html>, last accessed 23 Aug 2016.
- <sup>183</sup> TNS Infratest Sozialforschung (2012).
- <sup>184</sup> Deutsche Rentenversicherung Bund (German Statutory Pension Insurance Scheme), 2015.
- <sup>185</sup> In a more specific sense, the old-age dependency ratio measures the number of people above the age of 66 who have to be supported by every 100 members of the 20-66 age group.
- <sup>186</sup> The standard scenario chosen here assumes a birth rate of 1.4 children per woman, a life expectancy at birth in 2060 of 84.8 years for boys and 88.8 years for girls and a positive long-term migration balance of 200,000 people per year. The scenario for a relatively young (old) population assumes a birth rate of 1.6 (1.4) children per woman, a life expectancy at birth in 2060 of 84.8 (86.7) years for boys and 88.8 (90.4) years for girls and, here as well, a positive long-term migration balance of 200,000 people per year.
- <sup>187</sup> Di Tella and MacCulloch (2008).
- <sup>188</sup> Garofalo (1979).
- <sup>189</sup> Hummelsheim et al. (2014).
- <sup>190</sup> Birkel et al. (2014).
- <sup>191</sup> Specifically, the question asked: “How safe do you feel or would you feel walking along in your neighbourhood after dark?”
- <sup>192</sup> This phenomenon is referred to in the literature as the “fear-victimisation paradox”. Cf. Birkel et al. (2014), p. 67.
- <sup>193</sup> German Federal Ministry of the Interior (2016a), p. 4 (Table 2 -T02). The number of victims recorded in the police crime statistics exclusively covers victims of specific crimes or groups of crimes, usually relating to highly personal legal interests (including brutality and crimes that violate personal freedom, murder, manslaughter, some crimes that violate the right to sexual self-determination), i.e. not victims of crimes like burglary, for example.
- <sup>194</sup> Bug et al. (2015), p. 268.
- <sup>195</sup> The German Victimisation Survey is a national representative survey jointly designed by the German Federal Criminal Police Office and the Max Planck Institute for Foreign and International Criminal Law. It meets the highest scientific research and methodological standards and reflects both general and offence-specific fear of crime. Cf. also Birkel et al. (2014).
- <sup>196</sup> Specifically, the question asked: “How safe do you feel or would you feel walking along in your neighbourhood after dark?”
- <sup>197</sup> These include immigrants, asylum seekers and refugees, Sinti and Romani people, Jews, Muslims, people of colour as well as people identifying as homosexual.
- <sup>198</sup> Cf., for example: Wilhelm Heitmeyer (2002-2011); Zick and Preuß (2014).
- <sup>199</sup> Cf. 2015 Statistics of the Federal German Ministry of the Interior on politically motivated crime. There was no separate category in the statistics for “hate posts” online. The case figures were determined by querying the term “hate crime”, filtering for “internet” or “online” as the means.
- <sup>200</sup> Barkworth and Murphy (2016).
- <sup>201</sup> Birkel et al. (2014).
- <sup>202</sup> Specifically, the question asked: “How well does the local police perform in fighting crime?”. In order to map confidence in the police, the 2012 German Victimisation Survey also took into account the perceived distributive and procedural fairness of the police.
- <sup>203</sup> Birkel et al. (2014).
- <sup>204</sup> Milbert (2015).
- <sup>205</sup> Noll and Weick (2009).
- <sup>206</sup> Milbert (2015).
- <sup>207</sup> German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (2015b).
- <sup>208</sup> German Federal Statistical Office (2016d).
- <sup>209</sup> The indicator is dependent on income and regional rental rates, as well as personal preferences regarding home sizes and fittings.
- <sup>210</sup> Since 2013, the SOEP questionnaire asked for the costs of different utility items separately instead of asking for the total utility costs. The change in the proportion of income spent on housing between 2012 and 2013 may be attributable to this.
- <sup>211</sup> Kholodilin et al. (2014).
- <sup>212</sup> Kholodilin et al. (2016).
- <sup>213</sup> German Federal Statistical Office (2015b).
- <sup>214</sup> Schürt (2013).
- <sup>215</sup> Held and Waltersbacher (2015).
- <sup>216</sup> Schürt and Göddecke-Stellmann (2014).

- <sup>217</sup> Schürt (2013).
- <sup>218</sup> Calculations by DIW Berlin, SOEP v31.1. The figures are not shown in Figure 69.
- <sup>219</sup> Eurostat (2016e).
- <sup>220</sup> Noll and Weick (2009).
- <sup>221</sup> German Federal Statistical Office (2013), p. 17. This figure also includes what are known as rent-free households.
- <sup>222</sup> Furthermore, owner-occupied housing is not taken into account in the European statistics.
- <sup>223</sup> German Federal Statistical Office (2016d).
- <sup>224</sup> Since the indicator is based on household income, changes to household structures may also affect the data over time.
- <sup>225</sup> Neumeier (2014, 2015).
- <sup>226</sup> Eurostat (2016f).
- <sup>227</sup> Vorndran (2010).
- <sup>228</sup> Morris (2015).
- <sup>229</sup> A regional centre (*Mittelzentrum*) has a population of at least 30,000 to 40,000 people and typically features the following: Department store, hospital, doctor, hotel, nursing home, theatre, museum, youth centre, secondary school, library, large sports facility, train station.
- <sup>230</sup> A major regional centre (*Oberzentrum*) has a population of 200,000 to 300,000 people and typically features the following: specialist shops, major banks and financial institutions, vocational school/university, specialist hospital, research library, stadium, long-distance train station.
- <sup>231</sup> German Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) (2012).
- <sup>232</sup> The BBSR's statistics calculate accessibility for public transport and motorised private transport based on a uniform threshold of 30 minutes. However, the integrated network planning concept differentiates between motorised private transport (30 minutes) and public transport (45 minutes).
- <sup>233</sup> Source: German Mobility Panel.
- <sup>234</sup> Modal split in terms of passenger kilometres, daily distance per transport method. When evaluating the Mobility Panel's annual report for 2014/15, 1994-1996 and 2012-2014 were each aggregated.
- <sup>235</sup> Sec. 2 Para. 2 No. 3 of the German Regional Planning Law (*Raumordnungsgesetz*).
- <sup>236</sup> This does not mean that so many households had a contract with a telecommunications provider that enabled them to use these transmission rates.
- <sup>237</sup> TÜV Rheinland and German Federal Ministry of Transport and Digital Infrastructure (2015), p. 8.
- <sup>238</sup> These "dead zones" are also called "NGA areas". NGA stands for Next Generation Access and indicates internet connectivity with a download speed of at least 30 Mbps.
- <sup>239</sup> Kreyenfeld and Konietzka (2015).
- <sup>240</sup> German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (2013), p. 13; German Federal Institute for Population Research (2013).
- <sup>241</sup> Engstler (2013).
- <sup>242</sup> Lucas (2005).
- <sup>243</sup> These figures include all children living in a household, regardless of age or whether their parents are their biological, adoptive, foster or step parents.
- <sup>244</sup> For information on the living situation of single parents, cf. Prognos AG (2015).
- <sup>245</sup> German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth: Gute Kinderbetreuung, <http://www.bmfsfj.de/BMFSFJ/Kinder-und-Jugend/kinderbetreuung.html>, last accessed 15 Jun 2016.
- <sup>246</sup> German Federal Statistical Office: Der Mikrozensus stellt sich vor, <https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/Bevoelkerung/Mikrozensus2.html>, last accessed 15 Jun 2016.
- <sup>247</sup> This indicator includes life and family forms in the principle residence based on the annual Microcensus. The large sample size allows for valid statements about the distribution of life and family forms in Germany.
- <sup>248</sup> Antonucci et al. (2014).
- <sup>249</sup> Dolan et al. (2008).
- <sup>250</sup> Eurostat merges the response categories for both "Yes" and "Do not know". This yields a figure just over 96 per cent for Germany. The European average is just over 93 per cent. Eurostat: Quality of Life, [http://ec.europa.eu/eurostat/cache/infographs/qol/index\\_en.html](http://ec.europa.eu/eurostat/cache/infographs/qol/index_en.html), last accessed 15 Jun 2016.
- <sup>251</sup> EU-SILC is a survey conducted in Germany as part of the EU-wide community statistics on income and living conditions.
- <sup>252</sup> German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (2016); Thoits and Hewitt (2001).

- <sup>253</sup> German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (2016). The German Survey on Volunteering is regularly conducted through the German Centre of Gerontology.
- <sup>254</sup> German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (2016), p. 111 and p. 122 (Figure 3-B1).
- <sup>255</sup> German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (2016), p. 598 (Figure 23-5).
- <sup>256</sup> German Federal Ministry of Finance (2016b), pp. 16-21; Association of German Foundations (2015).
- <sup>257</sup> German Bundestag. Zweiter Engagementbericht der Bundesregierung; <http://www.zweiterengagementbericht.de/>, last accessed 27 Jun 2016.
- <sup>258</sup> Last updated: August 2016.
- <sup>259</sup> Breuer and Feiler (2015).
- <sup>260</sup> Güllich and Krüger (2013).
- <sup>261</sup> Because club membership is not necessarily required to participate in these classes, they are not included in the German Olympic Sports Confederation's annual survey and cannot be quantified.
- <sup>262</sup> German Olympic Sports Confederation: Fördermöglichkeiten Inklusion, [www.dosb.de/de/inklusion/foerdermoeglichkeiten/](http://www.dosb.de/de/inklusion/foerdermoeglichkeiten/), last accessed 15 Jun 2016.
- <sup>263</sup> The membership in sport clubs indicator includes the German Olympic Sports Confederation's "A" figures, i.e. the membership figures reported by clubs. The "B" figures involve the clubs reporting membership numbers attributed to professional associations (e.g., German Football Association, German Handball Association).
- <sup>264</sup> Stiglitz et al. (2009); German Bundestag (2013a).
- <sup>265</sup> For a discussion on the relationship between growth and long-term wellbeing, see Jakob and Edenhofer (2014).
- <sup>266</sup> In 2010 prices.
- <sup>267</sup> Coyle (2016).
- <sup>268</sup> Figure for 1991 according to the 1995 European System of Accounts (ESA). Figures for 2015 according to the 2010 ESA.
- <sup>269</sup> German Federal Ministry for Economic Affairs and Energy (2015b).
- <sup>270</sup> World Bank (2016).
- <sup>271</sup> Eurostat (2016d).
- <sup>272</sup> Ibid. Value for Spain in 2015 still preliminary.
- <sup>273</sup> Adjusted for price, linked (2010 = 100).
- <sup>274</sup> Calderón and Servén (2004).
- <sup>275</sup> Fratzscher et al. (2016).
- <sup>276</sup> German Federal Statistical Office (2016c), p. 100.
- <sup>277</sup> Gräf et al. (2014), pp. 6; German Federal Ministry for Economic Affairs and Energy (2014), pp. 20; German Council of Economic Experts (2014), p. 8; and Fratzscher et al. (2016), p. 276.
- <sup>278</sup> German Federal Ministry of Finance (2016c), p. 17.
- <sup>279</sup> This threshold is also called the Maastricht reference value.
- <sup>280</sup> Eurostat (2016c); International Monetary Fund (2016); value for Japan and the US estimated by the IMF.
- <sup>281</sup> German Federal Ministry of Finance (2016e).
- <sup>282</sup> Article 109 Para. 3 of the Basic Law of Germany.
- <sup>283</sup> Guellec and De La Potterie (2002).
- <sup>284</sup> Eurostat (2015).
- <sup>285</sup> OECD (2016a).
- <sup>286</sup> Rammer et al. (2016).
- <sup>287</sup> Eurostat: Innovation statistics, [http://ec.europa.eu/eurostat/statistics-explained/index.php/Innovation\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Innovation_statistics), last accessed 21 Apr 2016. The comparative European figures are for the period between 2010 and 2012.
- <sup>288</sup> Ermann et al. (2011).
- <sup>289</sup> German Federal Institute for Research on Building, Urban Affairs and Spatial Development: Indikatoren und Karten zur Raum- und Stadtentwicklung (INKAR): Indikator "Beschäftigte in wissensintensiven Industrien", last updated 2013. <http://inkar.de/>, last accessed 30 Aug 2016.
- <sup>290</sup> Aghion and Griffith (2008).
- <sup>291</sup> Expert commission on strengthening investment in Germany (2015).
- <sup>292</sup> Additional information available at [www.mFund.de](http://www.mFund.de).

- <sup>293</sup> Specific measures are set out in the “Eckpunktepapier Wagniskapital” (in German), <https://www.bmwi.de/BMWi/Redaktion/PDF/E/eckpunkte-wagniskapital,property=pdf,bereich=bmwi2012,sprache=de,rwb=true.pdf>, last accessed 5 Oct 2016.
- <sup>294</sup> Steffen et al. (2015).
- <sup>295</sup> German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety and German Federal Environment Agency (2015), pp. 42; and German Federal Environment Agency: Noise annoyance, <https://www.umweltbundesamt.de/en/topics/transport-noise/noise-effects/noise-annoyance>.
- <sup>296</sup> Eibich et al. (2015).
- <sup>297</sup> US Environmental Protection Agency (2016).
- <sup>298</sup> Eibich et al. (2015).
- <sup>299</sup> Pope et al. (2002).
- <sup>300</sup> Index values are based on a substance’s total annual emissions volume. The reference year is 2005.
- <sup>301</sup> This comparison is based on the median average annual concentration of the respective pollutant at individual monitoring points.
- <sup>302</sup> Also available from the European Environment Agency: Attainment situation for NO<sub>2</sub>, [http://www.eea.europa.eu/data-and-maps/daviz/attainment-situation-for-annual-limit-1#tab-chart\\_1](http://www.eea.europa.eu/data-and-maps/daviz/attainment-situation-for-annual-limit-1#tab-chart_1) (nitrogen dioxide), last accessed 15 Jun 2016.
- <sup>303</sup> Also available from the European Environment Agency: Attainment situation for PM<sub>2.5</sub>: <http://www.eea.europa.eu/data-and-maps/daviz/attainment-situation-for-pm2.5-1#tab-used-in-publications> (particulate matter PM<sub>2.5</sub>), last accessed 15 Jun 2016.
- <sup>304</sup> The Japan Times (2015).
- <sup>305</sup> The link between people and nature has been examined in a number of different studies. For more on this, cf. German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety and German Federal Environment Agency (2015); German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety and German Federal Agency for Nature Conservation (2016); Capaldi et al. (2014); MacKerron and Mourato (2013); Ryan et al. (2010).
- <sup>306</sup> Thompson et al. (2011).
- <sup>307</sup> Rook (2013).
- <sup>308</sup> The targets were compiled by an expert panel, which determined a 2015 stock value for each individual species of bird that was achievable if European and national statutory provisions relating to nature conservation and the guidelines for sustainable development are rapidly implemented.
- <sup>309</sup> In the context of the United Nations Framework Convention on Climate Change, the rules set out in Reducing Emissions from Deforestation and Forest Degradation (REDD+) are applied.
- <sup>310</sup> Corresponding to relative surface area compared to the total area of Germany, bird populations in different landscape types are weighted as follows: agricultural land, 0.52; forests, 0.28; settlements, 0.11; inland waters, 0.06; and coastal and marine waters, 0.03.
- <sup>311</sup> For information on climate protection, cf. the dimension “Acting with Global Responsibility and Securing Peace”.
- <sup>312</sup> Along with other effects, the indicator *energy productivity* reflects improvements in energy generation and transport and changes to the direct use of raw materials, for example in the production of plastic. It is also expedient to consider energy productivity here. This refers to actual consumption, for example mains electricity. It could potentially also reflect structural change in terms of a sectoral shift in added value. However, compared to other European countries, this was not the case for Germany in the period between 1995 and 2009 (cf. Löschel et al. (2015)). As such, taking sectoral energy productivity into account also has relevance.
- <sup>313</sup> Cf. GDP in the dimension “Strengthening the Economy, Investing in the Future”. That refers to GDP per capita, however. There is no information on GDP in reunified Germany in 1990.
- <sup>314</sup> AG Energiebilanzen: Ausgewählte Effizienzindikatoren zur Energiebilanz Deutschland 1990-2014, <http://www.ag-energiebilanzen.de/38.0-Effizienzindikatoren.html>, last accessed 27 Jun 2016.
- <sup>315</sup> German Federal Government (2012).
- <sup>316</sup> Andor et al. (2016).
- <sup>317</sup> The topics “independent policy”, “transparent politics” and “political style” were categorised separately by the analysts despite major content overlap.
- <sup>318</sup> Frey and Stutzer (2000).
- <sup>319</sup> Faas (2010).
- <sup>320</sup> German Federal Statistical Office (2014).
- <sup>321</sup> This decline of well over 20 percentage points in Berlin is likely attributable to the fact that the Landtag elections there in 1990 were taking place at the same time as the Bundestag election, which resulted in an above-average voter turnout.
- <sup>322</sup> The German Federal Agency for Civic Education provides a European comparison of voter turnout between 1979 and 2014: Interaktive Graphiken: Die Wahlbeteiligung bei Europawahlen, <http://www.bpb.de/dialog/europawahl-blog-2014/185215/interaktive-grafiken-die-wahlbeteiligung-bei-europawahlen>, last accessed 11 Apr 2016.

- <sup>323</sup> The federal and state election officials are the president of the German Federal Statistical Office ([www.bundeswahlleiter.de](http://www.bundeswahlleiter.de), last accessed 11 Apr 2016) and the presidents of the state statistical offices, respectively.
- <sup>324</sup> European Social Survey Round 7 Data (2014); cf. Universität Bielefeld: Deutschland in Europa. Der European Social Survey, [www.uni-bielefeld.de/soz/ess/studienergebnisse/partizipation/die.html](http://www.uni-bielefeld.de/soz/ess/studienergebnisse/partizipation/die.html), last accessed 21 Jun 2016.
- <sup>325</sup> Although those with higher levels of education are slightly overrepresented in the ESS, adjustments for education level indicate that this has only led to marginal shifts in the results. Because this does not affect any correlations, the typical weighting used by the ESS is referred to in the illustration.
- <sup>326</sup> Representatives from the political sphere, the German Army and civil society were involved in this white paper process. Plans were in place to institutionalise a macrosocial security policy dialogue to be organised by the German inter-ministerial Federal Academy for Security Policy, which the German government announced in its “White Paper on Security Policy and the Future of the German Army”.
- <sup>327</sup> German Federal Government: Bürokratieabbau und bessere Rechtsetzung, [https://www.bundesregierung.de/Webs/Breg/DE/Themen/Buerokratieabbau/\\_node.html](https://www.bundesregierung.de/Webs/Breg/DE/Themen/Buerokratieabbau/_node.html), last accessed 9 May 2017.
- <sup>328</sup> Sen (2004).
- <sup>329</sup> World Justice Project (2015), p. 27.
- <sup>330</sup> German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth: Live Democracy, <https://www.demokratie-leben.de/en/bundesprogramm/ueber-demokratie-leben.html>, last accessed 3 May 2016.
- <sup>331</sup> A detailed description of the methodology is available at: World Justice Project: Methodology, <http://worldjusticeproject.org/methodology>, last accessed 26 Apr 2016.
- <sup>332</sup> World Justice Project: Historical Data, <http://worldjusticeproject.org/historical-data>, last accessed 26 Apr 2016.
- <sup>333</sup> German Federal Ministry of Defence (2016).
- <sup>334</sup> German Federal Environment Agency (2015).
- <sup>335</sup> Intergovernmental Panel on Climate Change (2014b).
- <sup>336</sup> Intergovernmental Panel on Climate Change (2014b); Weitzman (2007).
- <sup>337</sup> Intergovernmental Panel on Climate Change (2014a).
- <sup>338</sup> Intergovernmental Panel on Climate Change (2013), p. 27; for detailed information on the carbon budget and projections, cf. Global Carbon Atlas: <http://www.globalcarbonatlas.org/>, last accessed 21 Jun 2016.
- <sup>339</sup> Fluctuations such as the slight increase in 2015 may be explained by varied weather conditions.
- <sup>340</sup> The Edgar database gauges greenhouse gas emissions, including based on energy consumption data from the International Energy Agency, the BP Statistical Review of World Energy and publications by the Chinese statistical authorities. Data on emissions from land use are not yet included in the Edgar database. FAOSTAT provides the data for this report. The Edgar database on CO<sub>2</sub> emissions does not include any emissions from carbon-neutral bioenergy sources and changes to land use, nor from forest or bog fires, etc.
- <sup>341</sup> German Federal Environment Agency and German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (2016).
- <sup>342</sup> Working Group on Renewable Energy Statistics: Current information from the Working Group on Renewable Energy Statistics, <http://www.bmwi.de/EN/Topics/Energy/Energy-data-and-forecasts/working-group-on-renewable-energy-statistics,did=700522.html>, last accessed 21 Jun 2016. For current power data, cf. Agora Energiewende. Agorameter, <https://www.agora-energiewende.de/en/topic-s/-agothem-/Produkt/produkt/76/Agorameter/>, last accessed 21 Jun 2016.
- <sup>343</sup> German Federal Ministry for Economic Affairs and Energy (2015a).
- <sup>344</sup> Working Group on Renewable Energy Statistics: Zeitreihen zur Entwicklung der erneuerbaren Energien in Deutschland, last updated: February 2016, [http://www.erneuerbare-energien.de/EE/Navigation/DE/Service/Erneuerbare\\_Energien\\_in\\_Zahlen/Zeitreihen/zeitreihen.html;jsessionid=D2EAFA0769248055F8B4F624D4F5E307](http://www.erneuerbare-energien.de/EE/Navigation/DE/Service/Erneuerbare_Energien_in_Zahlen/Zeitreihen/zeitreihen.html;jsessionid=D2EAFA0769248055F8B4F624D4F5E307), last accessed 28 Jun 2016.
- <sup>345</sup> In the context of the United Nations Framework Convention on Climate Change, the rules set out in Reducing Emissions from Deforestation and Forest Degradation (REDD+) are applied.
- <sup>346</sup> Intergovernmental Panel on Climate Change (2014b); Harris et al. (2012).
- <sup>347</sup> Value for 2015 preliminary.
- <sup>348</sup> OECD (2016b).
- <sup>349</sup> OECD (2016b). These OECD statistics only include contributions from members of the OECD Development Assistance Committee and those States that report their development contributions to the OECD, such as the United Arab Emirates.
- <sup>350</sup> Ruggie (2007).
- <sup>351</sup> G7 Germany (2015), p. 7.
- <sup>352</sup> The interactive format presented online is another part of the report, available at <https://www.gut-leben-in-deutschland.de/en/>.

- <sup>353</sup> The independent and scholarly analyst divided the issues addressed in the national dialogue into no fewer than 17 “main categories”, 141 “sub-issues” and 255 “sub-facets”.
- <sup>354</sup> For current findings from international research, cf. the International Society for Quality-of-Life Studies’ website, [www.isqols.org](http://www.isqols.org), last accessed 31 May 2016.
- <sup>355</sup> Documentation of Government Strategy on Wellbeing in Germany: <https://www.gut-leben-in-deutschland.de/SiteGlobals/PL/21426409>.
- <sup>356</sup> The German government’s spending on political stabilisation and humanitarian aid in conflict regions carried out by the German Army are not included in the ODA.
- <sup>357</sup> German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety and German Federal Environment Agency (2015), p. 42 et seq.; and German Federal Environment Agency: Noise annoyance, <https://www.umweltbundesamt.de/en/topics/transport-noise/noise-effects/noise-annoyance>, last accessed 5 Oct 2016.



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## ■ List of abbreviations

|                   |                                                                                                                                              |                   |                                                                                               |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------|
| BAföG             | German Federal Education and Training Assistance Act<br>( <i>Bundesausbildungsförderungsgesetz</i> )                                         | ODA               | Official Development Assistance                                                               |
| BBSR              | German Federal Institute for Research on Building, Urban Affairs and Spatial Development (Bundesinstitut für Bau-, Stadt- und Raumforschung) | OECD              | Organisation for Economic Co-operation and Development                                        |
| BMI               | Body mass index                                                                                                                              | PBL               | Netherlands Environmental Assessment Agency ( <i>Planbureau voor de Leefomgeving</i> )        |
| CDU               | Christian Democratic Union of Germany                                                                                                        | PISA              | Programme for International Student Assessment                                                |
| CO <sub>2</sub>   | Carbon dioxide                                                                                                                               | PM <sub>2,5</sub> | Particulate matter                                                                            |
| CO <sub>2eq</sub> | Carbon dioxide equivalent                                                                                                                    | R&D               | Research and development                                                                      |
| CSR               | Corporate Social Responsibility                                                                                                              | SO <sub>2</sub>   | Sulphur dioxide                                                                               |
| CSU               | Christian Social Union in Bavaria                                                                                                            | SOEP              | Socio-Economic Panel                                                                          |
| DIW               | German Institute for Economic Research<br>( <i>Deutsches Institut für Wirtschaftsforschung</i> )                                             | SPD               | Social Democratic Party of Germany                                                            |
| Edgar JRC         | Emission Database for Global Atmospheric Research, European Commission Joint Research Centre                                                 | TTIP              | Transatlantic Trade and Investment Partnership                                                |
| EIF               | European Investment Fund                                                                                                                     | TÜV               | Technischer Überwachungsverein (Technical Inspection Association)                             |
| ERP               | European Recovery Programme                                                                                                                  | UK                | United Kingdom                                                                                |
| ESF               | European Social Fund                                                                                                                         | UN                | United Nations                                                                                |
| ESS               | European Social Survey                                                                                                                       | UNESCO            | United Nations Educational, Scientific and Cultural Organization                              |
| EU                | European Union                                                                                                                               | US                | United States                                                                                 |
| EU-SILC           | European Union Statistics on Income and Living Conditions                                                                                    | µg/m <sup>3</sup> | Micrograms per cubic meter                                                                    |
| FAOSTAT           | Statistics Division of the Food and Agriculture Organization of the United Nations                                                           | ver.di            | Vereinte Dienstleistungsgewerkschaft<br>( <i>German United Services Trade Union</i> )         |
| G20               | Group of 20 major industrial and emerging nations                                                                                            | WHO               | World Health Organization                                                                     |
| G7                | Group of seven leading industrialised countries                                                                                              | WJP               | World Justice Project                                                                         |
| GDP               | Gross domestic product                                                                                                                       | ZEW               | Centre for European Economic Research ( <i>Zentrum für Europäische Wirtschaftsforschung</i> ) |
| GPEDC             | Global Partnership for Effective Development Co-operation                                                                                    |                   |                                                                                               |
| HMD               | Human Mortality Database                                                                                                                     |                   |                                                                                               |
| IT                | Information technology                                                                                                                       |                   |                                                                                               |
| KfW               | The KfW development bank ( <i>Kreditanstalt für Wiederaufbau</i> )                                                                           |                   |                                                                                               |
| Kg                | Kilogramme                                                                                                                                   |                   |                                                                                               |
| Mbit/s            | Megabits per second                                                                                                                          |                   |                                                                                               |
| NATO              | North Atlantic Treaty Organization                                                                                                           |                   |                                                                                               |
| NGA               | Next Generation Access                                                                                                                       |                   |                                                                                               |
| NH <sub>3</sub>   | Ammonia                                                                                                                                      |                   |                                                                                               |
| NMVOC             | Non-methane volatile organic compound                                                                                                        |                   |                                                                                               |
| NO <sub>x</sub>   | Nitrogen oxide                                                                                                                               |                   |                                                                                               |

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