



Germany Report

Friedbert Rüb, Friedrich Heinemann, Tom Ulbricht
Reimut Zohlnhöfer (Coordinator)

Sustainable Governance
Indicators 2016

Executive Summary

During the period under review, the German economy and most of the policy areas reviewed here have demonstrated remarkable stability, despite an economically and financially unfavorable European environment. Employment increased, reaching a post-war record in 2015. As a result, government tax revenues increased, which enabled the government to balance the federal budget. However, while the current economic situation is excellent, the so-called refugee crisis presents a serious challenge. Toward the end of the review period, the refugee crisis came to dominate the political discourse and will likely continue to do so for the foreseeable future.

Moving forward, the German government must tackle six specific policy challenges. First, Chancellor Merkel's insistence that Germany will not limit the number of refugees entering Germany has received sustained criticism from some within her own party and government as well as from opposition parties. It remains unclear whether she will be able to maintain Germany's commitment. Second, it is also unclear how the financial costs of Germany's open policy to refugees will be distributed between the federal government, states and municipalities. It is likely that political tensions between the various tiers of government will increase. Third, German society is increasingly divided in its response to welcoming refugees. In particular, questions remain as to how to integrate refugees into the education system and labor market, as well as how refugees will integrate culturally and socially. Fourth, violence directed against asylum seekers is increasing. For example, xenophobic attacks more than doubled during 2015. This will strain public security resources. Fifth, state and municipal governments are struggling to provide enough adequate accommodation to refugees, among other administrative difficulties.

Finally, public opinion polls consistently demonstrate a massive increase in political support for Alternative for Germany (AfD), a right-wing populist party. Current public opinion surveys indicate that the AfD would gain more than 10% of the public vote in a federal election, which would make it the third largest party behind the Christian Democratic Union (CDU) with 35% and the Social Democratic Party (SPD) with 25%. Both the CDU and SPD appear to be losing public support. This trend is likely to continue, which will lead to an increasingly fragmented party system. As the party system fragments, the traditional patterns of governing coalitions will be broken. In

the past, governing coalitions have typically comprised either the CDU/CSU or SPD in coalition with a smaller party. However, in future, governing coalitions will likely be formed between three parties and/or involve a grand coalition between the CDU/CSU and SPD. These more fragmented coalitions will increase political conflicts and lower the capacity to introduce reforms.

Fortunately, Germany's economy, social insurance systems and federal budget are in an astonishingly good shape. Consequently, German governments will retain some financial capacity to address future policy challenges (e.g., family policies, education, minimum wages, European and international relations). Germany's current fiscal performance indicates the success of recent reforms. Since 2012, the federal budget has been balanced, including the social security expenditure. Germany's government debt-to-GDP ratio is currently 74.6%, 6.4 percentage points lower than its historic high in 2012. This fiscal situation is due to an employment boom, disciplined federal expenditure and highly favorable interest rates. Indeed, Germany's ability to refinance government debt on capital markets is better than ever due to the constitutional debt brake and investors' perceptions of Germany as a relatively stable economy.

Foreign direct investment into Germany also increased considerably, while the economy attracted more high-skilled migrants than at any time since 1995. In addition, consumer expenditure increased due to low interest rates, which is exceptional given Germany's traditionally high savings rate and low levels of consumption.

Concerning foreign policy, the current government is intricately engaged in several recent economic (e.g. euro zone crisis) and political (e.g., Ukraine-Russia conflict) crises. While Germany led responses to the European sovereign debt crisis, its demand that EU member states agree to accept a minimum quota of refugees remains in the negotiation phase. Although the European Commission supports Germany's "permanent and binding" proposal for the distribution of refugees, at the time of writing, 15 out of 28 EU member states remained strongly opposed.

Overall, there have been significant policy developments during the period under review. However, the question remains as to whether Germany will be able to successfully manage the complex policy challenges that will emerge from the so-called refugee crisis.

Key Challenges

During the period under review and in contrast to previous review periods, Germany has been confronted by one extremely significant policy challenge, the so-called refugee crisis. German politics and civil society is divided over Chancellor Merkel's refusal to limit the number of refugees that may claim asylum in Germany. The refugee crisis will likely continue to polarize German politics and society beyond this review period. The debate will have a significant impact on relations between and within the governing parties, especially the conservative Christian Democratic Union (CDU) and the Christian Social Union (CSU). Several protest movements have emerged, which are deeply distrustful of political, economic and media elites. For example, these movements typically refer to the mainstream media as the "lying press" ("Lügenpresse").

The key challenge confronting the government is the successful management of the refugee crisis. The perception that the number of refugees entering Germany is unsustainable and must be reduced is gaining widespread support. It remains to be seen how the government will reduce the number of refugees claiming asylum while also respecting European and German law, and remaining open to trade. A serious constraint on German policymaking has been the lack of any consensus among EU member states regarding the refugee crisis. During the period under review, the government has been unable to develop a coherent strategy to respond to these challenges.

However, an excessive focus on the refugee crisis ignores other necessary reforms, which could improve the conditions for successfully dealing with the refugee crisis. Most importantly, the government must consider the financial implications of the refugee crisis on the federal budget. For example, the refugee crisis will create distributional tensions between different states and government departments. Similarly, the government must consider the financial sustainability of Germany's social security systems as they attempt to accommodate the increasing numbers of refugees. For example, the majority of refugees entering Germany are low skilled, which will create challenges for their integration into the labor market. As a result, demand on the social security system will increase. Furthermore, the number of young and low-skilled refugees will increase demands on the education and vocational training systems. Some refugees will need specialist support, which will further increase demands on scarce financial and institutional resources.

Fortunately, Germany recovered more quickly than many other countries following the global financial and economic crisis. Economic growth rates have been exceptionally high over recent years. However, concerns that the very favorable financial and economic conditions will end soon have increased. For example, exceptionally cheap oil prices, low interest rates and a weak euro may change in the near future. These developments would weaken Germany's export-oriented economy. In 2015, GDP increased by about 1.7% according to the Federal Statistical Office. For 2016, GDP is expected to grow by between 1.5% and 1.8%. Meanwhile, social security contribution rates are likely to increase to match increasing social security costs. Health care contribution rates have already increased, as the current government demonstrated a lack of interest in containing increasing health care costs. Other social security systems may follow in the near future.

In addition to the refugee crisis, the government faces a number of other substantive challenges. First, a number of likely developments will lie beyond the competencies of the German government due to the EU's economic and monetary integration. Germany's future economic development will depend heavily on the success of the policies introduced in other EU member states as well as the financial costs of current policy commitments. Furthermore, a severe global economic downturn caused by, for example, a weakening Chinese economy will harm Germany's export-dependent economy.

Second, recent German governments have had difficulties persuading voters of the merits of important reform programs. This is partly due to a widespread public feeling that previous reforms, while possibly efficient, have been unfair. Third, there is a widespread public perception that the reforms of the last decade have exacerbated economic inequality, which has caused the current government to adopt an alternative policy approach. Since it came to power in 2013, the current government has rejected the liberalizing labor market reforms of previous governments, such as the Hartz reforms, in favor of substantive new regulations. For example, a statutory national minimum wage was introduced in 2015. While previous pension reforms attempted to limit the costs to the pension system of an aging population, recent reforms have increased pension costs. For example, the age of retirement for workers with a long employment history was lowered, while the provision of pensions for mothers was expanded. These recent reforms have raised concerns about the long-term sustainability of the pension system. The Minister of Family Affairs, Senior Citizens, Women and Youth, Manuela Schwesig (SPD), and the Minister of Labor and Social Affairs, Andrea Nahles (SPD), are trying to expand social and family rights in an attempt to win back some of the SPD's lost voters.

The upcoming state and federal elections in 2017 will increase tensions within the government, as the governing parties compete for public support. In particular, the election is likely to intensify conflicts between the governing parties concerning the refugee crisis. The election is also likely to undermine attempts to develop a coherent strategy to cope with the refugee crisis. Consequently, the key challenge confronting the government will be developing a comprehensive strategy to manage the increasing numbers of refugees claiming asylum in Germany.

Policy Performance

I. Economic Policies

Economy

Economic
Policy
Score: 8

Over the last 10 years, Germany's economic policy has successfully addressed numerous serious economic weaknesses prevalent in the post-unification period. Germany's economic structure is characterized by a healthy mix of service and industrial sectors (cf. Statistische Bundesamt). A wave of reforms, affecting labor market institutions, unemployment benefits, the pension system, corporate taxation, the constitutional debt brake and the liberalization of labor migration from outside the EU, have improved Germany's competitiveness and increased its attractiveness as a destination for cross-border investment. Moreover, Germany has benefited from uncertainties arising from the European sovereign debt crisis, which has affected several other euro zone member states since the end of 2009. For example, Germany's ability to refinance its debt on international capital markets has never been better with international investors preferring German government bonds to the government bonds of other euro zone member states. As a result, the German state and wider German economy currently benefits from extremely low interest rates (IHW 2015).

The current government has dramatically abandoned the liberalizing policy agenda of previous governments in favor of greater regulation. For example, recent policies have included the introduction of a statutory minimum wage, an expansion of the pension system, an increase in state support for nursing care and plans to more tightly regulate temporary forms of employment. Moreover, although trade unions and employers' associations have eschewed ideology in setting wage policy and granted firms significant flexibility, there has been a change in wage policies. Germany's recent robust economic performance and buoyant labor market have led to an increase in wages and a slight increase in unit labor costs. Yet, neither greater government regulation nor increased wages have undermined Germany's export performance or employment growth. Meanwhile, higher wages have also stimulated domestic demand, which has further reduced Germany's large current account surplus.

Citation:

Leibniz-Institut für Wirtschaftsforschung Halle (IWH) (2015), Pressemitteilung: <http://www.iwh-halle.de/d/publik/presse/30-15.pdf>

Labor Markets

Labor
Market
Policy
Score: 8

Germany's success in reducing structural unemployment since the mid-2000s has been impressive. According to the German Council of Economic Experts (Sachverständigenrat), more than 43 million people will be employed in Germany in 2015, a new record. Unemployment rates are at their lowest level in 20 years and are further decreasing. Germany's youth unemployment rate is the second lowest in the world, due largely to a highly effective vocational training system.

Germany has a comprehensive toolbox of active labor market programs, which includes financial support for vocational training programs, support for self-employed individuals, provision of workfare programs and the subsidized employment of long-term unemployed individuals. Traditional instruments, such as job creation and training programs, are now seen as combinable. Tailored to individual needs, these instruments are designed to facilitate the reintegration of long-term unemployed individuals back into the labor market.

The expansion of atypical employment contracts – such as temporary employment programs (Leiharbeit), part-time and agency work – reflects an increase in industrial flexibility over recent years. However, atypical employment contracts have potentially severe consequences on the social security system and, more generally, social justice. Nevertheless, recent data from the German Council of Economic Experts (Sachverständigenrat, 2015, p. 230) indicates that the growth in employment does not reflect a disproportionate increase in atypical employment. On the contrary, between 2009 and 2014, the share of “normal employment” has increased, while the share of fixed-term employment has decreased and the share of “mini-jobs” (i.e., jobs involving a maximum monthly earnings of €450) has remained constant. Of those interviewed, less than 20% of people working part-time said that they would like to work more hours, which indicates that the increase in part-time employment largely reflects the preferences of individual employees.

A national minimum wage has been in effect since January 2015. The current minimum wage is set at €8.50 and will be reviewed after five years by a commission comprising representatives of employers and employees. Although it is too early to assess the long-term effects of a national minimum wage, the German Council of Economic Experts has so far not reported any detrimental macroeconomic effects. However, the council did warn that the growth in overall employment might hide such detrimental effects (Sachverständigenrat 2015: 249ff). The council suggests that the loss of mini-jobs in

eastern Germany since the introduction of the minimum wage may be evidence of this possibility.

The enormous increase in refugees claiming asylum in Germany will be a key challenge for future labor market policymaking. Reducing barriers to labor market access, especially the regular labor market, as well as support for training and education will be crucial for the successful integration of refugees (Sachverständigenrat 2015). In this regard, the introduction of a national minimum wage may restrict employment opportunities for the many low-skilled refugees.

Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung (2015): *Zukunftsfähigkeit in den Mittelpunkt*, Jahresgutachten 15/16, Sachverständigenrat: Wiesbaden.

Knabe, Andreas, Ronnie Schöb and Marcel Thum (2014): "Der flächendeckende Mindestlohn", *Perspektiven der Wirtschaftspolitik* 15(2), pp. 133-157

Taxes

Tax Policy
Score: 7

In recent years, German tax policy lost steam. This was caused by macroeconomic as well as political factors. On the one hand, severe structural challenges and sovereign debt crises in other European countries favored Germany as a business location, signaling that there was no need to overhaul the tax system for competitive reasons. Furthermore, buoyant tax revenues indicated that there was no need to raise tax revenues further. According to the Ministry of Finance, between 2010 and 2014, total tax revenues have risen by almost 20% from €31 billion to €44 billion, which enabled the ministry to achieve its aim of balancing the budget in 2014. In addition, the soaring labor market created significant surpluses in the social security system. As a consequence, the reform vigor of the previous decade gave way to a complacent uncertainty regarding the future direction of tax policy. The guiding principle of today is "steady as you go." Legislative changes to taxation have largely been limited to areas that the Federal Constitutional Court had ruled were unconstitutional, such as inheritance tax and privileges for corporate wealth.

With respect to some major indicators, Germany is performing well at the moment. Earnings-related direct taxation and social security contributions are lower than, or have at least held constant with, previous levels. Indirect taxes, such as value-added taxes, are above the OECD average. As part of a 2008 corporate tax reform, direct and earnings-related tax rates on businesses were cut and therefore fell relative to personal income taxes. The high marginal tax rate continues to be a key challenge. As a consequence of high income tax rates and high social security contributions, the marginal tax rate for middle-income earners in Germany is substantially above the OECD average. According to OECD data, the marginal tax rate for the average German worker is 39.9%. Of this, income tax accounted for 19 percentage points and social security contributions accounted for 20.9 percentage points. In contrast, the average marginal tax rate across the OECD was 15.1 percentage points lower than in Germany with income

tax accounting for 4.2 fewer percentage points and social security contributions 10.9 fewer percentage points (cf. OECD, Income tax and social security contributions). The OECD reports that this unfavorable situation has persisted for a decade, particularly harming the integration of single parents into the labor market (OECD, Taxing Wages) and creating substantial work disincentives for a household's second earner. Furthermore, the complexity of the German tax system imposes high compliance costs on households and firms.

In spite of good overall performance of the tax system, there is room for improvement beyond the key challenge of excessively high marginal tax rates. Following a ruling by the Constitutional Court, forthcoming legislation will remove the inheritance tax exception for family-owned corporate wealth. Germany's inefficient municipal tax system requires much needed reform. Moreover, despite perennial discussions envisaging a tackling of bracket creep, there is no effective regulation for a systematic dissolution of the problem in sight. However, a one-off measure is taking effect in 2016 through an adjustment of the income tax schedule, which compensates taxpayers for the bracket creep effect of approximately two years.

In summary, German tax policy performs well in terms of revenue generation. However, the system generates excessive work disincentives, the redistributive capacity of the tax system has decreased as indirect taxes have taken a larger role, and – as a consequence of inflationary bracket creep – the progressivity of the income tax structure has declined. The relative competitiveness of Germany's tax system has continuously deteriorated since its last corporate tax reform in 2008 (Spengel and Bräutigam, 2015), but this has not as yet undermined the relative attractiveness of its business environment.

Bundesfinanzministerium:

www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Steuern/Steuerschaetzungen_und_Steuereinnahmen/Steuereinnahmen/entwicklung-der-steuereinnahmen.html

Destatis (2014): Pressemitteilung Nr. 109 vom 21.03.2014. Online: https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2014/03/PD14_109_71137.html (last checked on 12/11/2014).

OECD (2013): Income tax and social security contributions. Online: <http://www.oecd.org/tax/tax-policy/tax-database.htm#ssc> (last checked on 12/11/2014).

Spengel, Christoph und Rainer Bräutigam (2015), Steuerpolitik in Deutschland – eine Halbzeitbilanz der aktuellen Legislaturperiode im Kontext europäischer Entwicklungen, Ubg - Die Unternehmensbesteuerung 8, 113-121.

Budgets

Budgetary
Policy
Score: 8

Given the enormous fiscal efforts resulting from the euro zone debt crisis and previous commitments made in the aftermath of the financial and economic crisis, Germany's budgetary situation and outlook is still surprisingly positive. Germany's debt-to-GDP ratio has continued to decrease from 74.6% in 2014 to 70.7% in 2015 (IMF 2015). If

this development continues, Germany will reach the Maastricht criteria earlier than expected. However, in absolute numbers, Germany's debt has been steadily growing, at a time of falling growth rates. There are several reasons for this mixed picture. GDP outgrew new net borrowing, which was facilitated by the fact that Germany kept the highest possible credit rating throughout the crisis (and thus historically low government bond interest rates), in contrast to other European states. Although budget deficits and gross public debt levels were pushed up by crisis-related revenue shortfalls, anti-crisis spending packages, and bank bailout costs, the fast economic recovery led to buoyant tax revenues. At the same time, federal and state governments benefited from the flow of capital into the safe haven of German government bonds, leading to historically low financing costs. In addition, a constitutional debt limit was introduced (Schuldenbremse) that restricts the federal government's cyclically adjusted budget deficit to a maximum of 0.35% of GDP and requires the states to maintain balanced cyclically adjusted budgets. In summary, the budget deficit fell dramatically during the period under review. As a result, the Ministry of Finance was able to balance the budget in 2014 for the first time since 1969.

Despite the federal government providing state governments with an additional €2 to respond to the increase in refugees claiming asylum, it is likely that the Ministry of Finance will maintain a balanced budget for 2015. Moreover, the Ministry of Finance set up a €5 billion reserve fund to enable state governments to meet the requirements placed on them by the federal government of accommodating the sudden influx of refugees. Furthermore, an additional €1.5 billion was provided for forthcoming energy policy changes. The Ministry of Finance stated that it would cover the cost of these additional funds through increasing tax revenue, the sale of mobile phone licenses and decreasing interest amortization spending.

While the federal budget remains balanced, uncertainties concerning the medium- to long-term budgetary outlook have increased. Germany's aging population will mean that the current government's recent increases welfare spending (e.g. increased pension payments for mothers and allowances for nursing care) combined with very dynamic increases in health care expenditure pose a significant challenge to future federal budgets. The very large increase in numbers of refugees claiming asylum in Germany in 2015 introduces an additional risk factor to future federal solvency. While long-term budgetary consequences are highly uncertain, the fiscal consequences will crucially depend on how well immigrants integrate into the labor market.

Citation:

Ministry of Finance (2015)

<http://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2015/09/2015-09-29-PM38.html>

IMF World Economic Outlook (October 2015)

Research and Innovation

R&I Policy
Score: 9

Germany's performance in the area of research and development remains positive. According to the World Economic Forum, Germany's capacity for innovation ranks among the world's top performers. In the Global Competitiveness Report 2015 – 2016 (p.179), Germany ranked 5 out of 140 countries, just 0.3 points behind Israel with 5.9 points, in the area of technological development, and product and process innovation. Furthermore, Germany ranked 6 out of 140 countries for patent applications per inhabitant.

Regarding funding, the German government continues to raise budgets on research and development. Its spending remains above the European average. The budget of the Ministry of Education and Research was increased to €14.1 billion in 2014 and, to a record, €16 billion in 2015.

In contrast to numerous other European countries, Germany does not offer general R&D tax incentives, but rather concentrates on targeted funding of specific programs. Companies' expenditures on R&D are strong, but public-private partnerships and collaboration between universities and industry leave room for improvement. The government has continued to pursue its so-called excellence initiative within the tertiary education sector. The federal government and states have agreed to resume the Joint Initiative for Research and Innovation, and intend to increase the program's budget by 5% every year. Over the past years, as Germany increased the Research and Education Budget and pursued its excellence initiative within the tertiary education sector, the quality of its scientific research institutions improved slightly. In the Global Competitiveness Report 2015 – 2016 (p.179), Germany ranked 8 out of 144 countries in 2014 and 9 out of 144 in 2015 overall, with a score of 5.8, competing with countries such as Japan (5.8 points) and the Netherlands (6.0 points).

Citation:

Schwab, Klaus (ed.) (2015): Global Competitiveness Report 2015-2016. World Economic Forum: Geneva.

Global Financial System

Stabilizing
Global
Financial
Markets
Score: 9

In the aftermath of the financial crisis, policy initiatives in the field of financial market governance underwent a strategic realignment from private self-regulation toward public regulation, with the aim of in the future avoiding costly public bailouts of private banks.

Germany has assumed a leading role in the fight against the sovereign debt crisis in Europe. Its maximum financial guarantee for the European Stability Mechanism amounts to €190 billion. The country is also exposed to risks through the ECB's TARGET payment system.

Germany has been an early advocate of a European banking union, integrating several elements into national law (e.g. rules for bank restructuring in a crisis) before EU standards emerged. Internationally, Germany argued vigorously in favor of coordinated, international steps to reform the global financial system. In addition, Germany is one of the driving forces that helped to develop the G-20 summit into a first-class forum for international cooperation. Despite these efforts, however, Germany has also clearly defended the interests of its domestic banking system, particularly with respect to the special deposit insurance programs of state-owned savings banks (Sparkassen). The government remains concerned that pooling Europe's deposit insurance systems too early could result in the collectivization of bad bank debts.

Although skeptical at first, the German government ultimately revised its position regarding the implementation of an EU level financial transaction tax (FTT). The European Commission proposed to introduce an FTT within the European Union by 2014. Later on, implementation was postponed until 2016. The proposal received mixed reviews among experts and policymakers. However, 11 EU member states, including Germany, are determined to introduce the FTT driven by the (contested) argument that it may reduce risky derivatives transactions, raise significant revenue and promote justice. The FTT was endangered by the withdrawal of Lithuania, Slovenia and Greece in late summer of 2015. The critical number of participating countries can still be met if the new Greek government commits to the FTT. However, while progress remains limited, Germany and France remain the strongest proponents of an EU FTT.

II. Social Policies

Education

Education
Policy
Score: 8

Since the first PISA study in 2000, the OECD has often repeated its criticism that access to education in Germany is stratified and educational attainment is particularly dependent on pupils' social backgrounds. Educational opportunities are particularly constrained for immigrants and children from low-income families. The most recent PISA results from 2012, however, show significant improvements (OECD 2013), reflecting possibly a catalytic effect of the "PISA shock" in the early 2000s. Germany now ranks above the OECD average in mathematics, reading and science, and has made considerable progress on education equity over the last decade. The importance of students' socioeconomic background has lessened. While in 2000, the level of social equity in German education was among the lowest of all OECD countries, Germany was around the OECD average in 2012.

Other indicators confirm that Germany is still lagging behind the top education performers, but is steadily catching up. In 2012, Germany ranked twentieth worldwide in the World Economic Forum's Global Competitiveness Report, trailing 1.1 points behind Switzerland, which achieved a score of 6.0 in the overall assessment of education system quality (Global Competitiveness Report 2012 – 2013: 442). In 2014, the overall quality of the education system improved considerably (a score of 5.2, ranking the country 12th in 2014), Germany is still trailing 0.8 points behind frontrunner Switzerland (Global Competitiveness Report 2014 – 2015: 207). In 2015, Germany ranked of 10 out of 144 countries with an improvement score of 5.4. (Global Competitiveness Report 2015 – 2016: 179)

In contrast to other countries, the proportion of individuals with tertiary education (International Standard Classification of Education, ISCED, level five) has remained constant for several decades. However, the proportion of young people with tertiary education (53% in 2012) is gradually approaching the OECD average (58%). Furthermore, Germany exceeds the OECD average in youth participation in vocational tertiary education programs by 4% (OECD 2014: 4). The success of Germany's dual vocational training approach has become a role model for southern European countries, which have high youth unemployment rates, such as Spain (where a reorganization of vocational programs has been underway since 2012).

Regarding segmentation, the OECD's criticism is not uncontested, since it overemphasizes academic degrees as a criterion of educational success. Vocational education (ISCED levels three and four) "reduces the need for initial on-the-job training," tends to increase the individual productivity that can be initially expected from a worker (OECD 2011: 122) and provides students with occupation specific skills. In general, Germany's education system is strong in terms of vocational training, providing skilled workers with good job and income prospects. The rate of vocational education and training (i.e., the level of education that is either upper secondary or post-secondary but not tertiary education, ISCED levels three and four) is 22.1 percentage points higher than the OECD average. Within the 25 to 34 age cohort, 52.4% of the total population attained their formal qualification in this education category. In 2009, 81.2% of those with vocational education and training were employed (OECD 2011: 135). All in all, the German education system excels in offering competencies relevant for labor market success, resulting in a low level of youth unemployment (OECD 2014: 3). Thus, defining educational achievement primarily on the criterion of university degrees (as the OECD does) might not do justice to the merits of the segmented German dual education system.

Citation:

Schwab, Klaus (ed.) (2014): Global Competitiveness Report 2014-2015. World Economic Forum: Geneva.

Schwab, Klaus (ed.) (2015): Global Competitiveness Report 2015-2016. World Economic Forum: Geneva.

OECD (2013): Programme for International Student Assessment (PISA), Results from PISA 2012, Country Note Germany.

OECD (2014): Education at a glance. Country Note: Germany. <http://www.oecd.org/edu/Germany-EAG2014-Country-Note.pdf> (last checked 11/12/2014).

Social Inclusion

Social
Inclusion
Policy
Score: 7

Germany has a mature and highly developed welfare state, which guarantees a subsistence level of income to all citizens. The German social security system is historically based on the insurance model. However, unemployment benefits have required some supplementation over the last decade and have to some extent even been replaced by need-oriented minimum levels of income.

Recipients of minimum income benefits are also entitled to goods and services such as health insurance free of charge. Nonetheless, according to the latest figures from EU-SILC, 16.7% of Germany's population were considered to be at risk of poverty (Statistisches Bundesamt, 2015). There has also been an increase in poverty and social exclusion.

Until recently, income support for the poor was provided through government transfers. However, in January 2015, this approach fundamentally altered with the introduction of the national statutory minimum wage. Whether this innovation fosters or damages social inclusion will largely depend on its employment effects. No massive job losses are as yet noticeable, but this could be due to the exceptionally good employment situation at present.

Concerning elderly people, the risk of poverty for current pensioners is lower in comparison to the general population but projected to rise significantly for future generations of retirees. This risk is already much higher for women than for men; the risk of poverty for women is generally higher.

In addition to the increasing threat of poverty in old age, the massive increase in the number of asylum seekers since 2015 constitutes the second major future challenge for a successful social inclusion of all major groups in the population. At the time of writing, it is not possible to forecast how well refugees will socially integrate. However, in 2015, public agencies, supported by civil-society organizations, were largely effective in managing the crisis and providing essential living conditions to asylum seekers. This is in stark contrast to the widespread mismanagement of the situation and inadequate provision of services in many southern and eastern EU member states.

Citation:

<https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/Soziales/Soziales.html>

Health

Health
Policy
Score: 8

The German health care system is of high quality, inclusive and provides health care for almost all citizens. It is, however, challenged by increasing costs. Recently, the system's short-term financial stability was better than expected due to buoyant contributions resulting from the employment boom. However, long-term financial stability is challenged by the aging population. Health care spending as a proportion of GDP in Germany is higher (11.0% of GDP compared to 8.9% of GDP for OECD average) and increasing faster since 2010 than the OECD average (OECD, 2015). In its coalition agreement, the current grand coalition negotiated a variety of reform measures to increase the quality of health care, redefine some financial details, and reorganize the registration of physicians in private practices and the distribution of hospitals. The government is in the process of realizing many of these reforms. However, the government's health care reform agenda fails to address the high levels of health care expenditure.

The most important policies were the reduction of the contribution rate from 15.5% to 14.6% of gross wages and the confirmation of a fixed contribution rate for employers of 7.3%. Employee contributions are 7.3% and again equal employers' contributions. The additional contribution from employees, which was previously a lump-sum contribution, is now calculated as a percentage of their assessable income and can vary between insurance companies, reintroducing an element of competition. The strong growth in health care spending has forced the majority of insurance companies to increase contributions for 2016, despite the employment boom. This indicates that high levels of health care expenditure are a severe problem.

In 2015, the contribution rate for long-term care insurance increased by 0.3 percentage points. It will increase by a further 0.2 percentage points in 2017. Thus, a total of €5 billion will additionally be available for improvements in long-term care. A part of the additional revenue will feed a precautionary fund intended to stabilize future contribution rates. In addition, families that wish to provide care at home are given greater support. Two additional important policies were the Hospital Structures Act and an act to strengthen care provision in the statutory health insurance system. The aim of the Hospital Structures Act, effective from January 2016, is to improve the quality of hospital care and increase the financing available to hospitals. The care provision act guarantees a high level of access to medical care for patients in the future. These two acts will be key to increasing the quality of the German health care system.

Citation:

OECD (2015): OECD Gesundheitsstatistiken 2015, Ländernotiz: Wie hoch sind die Gesundheitsausgaben in Deutschland? 7. Juli 2015.

<http://www.bmg.bund.de/en/health>

Families

Family
Policy
Score: 8

For decades, family and work/care policies were largely uncontroversial in Germany. A broad consensus among political parties and major societal actors aligned the German system paradigmatically toward the male breadwinner model. Universal family benefits, incentives tailored to the needs of married couples and single-earner families, and a shortage of public child care contributed to women's low rate of participation in the labor market.

Today, Germany's family policy expenditure, about 2.2% of GDP in 2011, is around the OECD average (OECD Social Expenditure Database). Parental leave, previously short and lacking adequate compensation, has been extended. Paternity leave has been introduced and promoted. Today, a parent's net income while on leave is on average just 25% less than their net income prior to leave (OECD 2010; PF2.4 Parental leave replacement rates). Additionally, the number of public child-care places has increased. Particularly in the west of Germany, care services for young children had often been virtually nonexistent. In 2012, just 27.6% of children under the age of three had access to a child-care institution. However, a legal right to child care beginning at age one came into effect in August 2013. By March 2015, the ratio of children under three with access to a child-care institution had increased to 32.9% (Statistisches Bundesamt 2015a). The number of children per kindergarten teacher varies considerably between states with higher child-teacher ratios in eastern states. Increasingly, states claim that the provision of child-care services matches demand.

A highly contested financial child-care supplement for children up to age three not attending a child-care facility was introduced in 2012, but retracted in 2015. This child-care supplement was hotly debated inside and outside the Bundestag, with critics arguing that it provided poor incentives and would serve as a hindrance to integration. In July 2015, the Federal Constitutional Court (Bundesverfassungsgericht 2015) decided that the federal government exceeded its competences and declared the regulation unconstitutional. However, the Bavarian state government has continued to provide the child-care supplement on a state level.

In November 2014, a new bill was passed stipulating further measures to facilitate both work and family. Parents who want to work part-time while on parental leave may apply for parental allowance Plus (ElterngeldPlus). The law is scheduled to come into effect in 2015.

In summary, these measures, in combination with an increasing shortage of qualified labor, have led to a considerable increase in women's labor market participation. While in 2000 only 57.7% of 15 to 64 year old women were employed, this measure has increased to 67.8% (Statistisches Bundesamt, 2014). In the EU today, Germany (together with Denmark) ranks second only behind Sweden in terms of female labor

market participation (Eurostat). However, German women are particularly often in part-time work. Although low by international standards, Germany's fertility rate has started to increase. By 2014, after three successive year-on-year increases, Germany's fertility rate had reached 1.47 children per woman (Statistisches Bundesamt 2015b).

Citation:

Bundesverfassungsgericht

(2015):

<https://www.bundesverfassungsgericht.de/SharedDocs/Pressemitteilungen/DE/2015/bvg15-057.html>

Eurostat: http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020_10&language=en

Statistisches Bundesamt (2014): Statistisches Jahrbuch, Wiesbaden.

Statistisches Bundesamt (2015a): 32,9 % der unter 3-jährigen am 1. März 2015 in Kindertagesbetreuung, Pressemitteilung vom 1. Oktober 2015.

Statistisches Bundesamt (2015b): Anstieg der Geburtenziffer 2014 auf 1,47 Kinder je Frau, Pressemitteilung vom 16. Dezember 2015.

Pensions

Pension
Policy
Score: 5

Germany has engaged in a significant number of pension reforms in recent decades. In particular, a 2004 reform aims to make the pension system more sustainable through increasing the retirement age and reduction in future pension increases linked to demographic change. In 2014, the current government reversed the previous pension reform agenda. Subsequent reforms have been hotly disputed with critics claiming they would undermine the long-term sustainability of the pensions system. First, the government reduced the retirement age by two years for workers who have contributed to the pension system for at least 45 years. Second, it provided a catch up for housewives with children born before 1992 relative to those with children born after 1992. An additional pension point will be added to the former group, which now can claim two points (instead of one), while the latter group can claim three. Finally, pensions for people with disabilities were improved. The calculation will now include two additional years of (fictive) contributions. The cost of these reforms is estimated to be €160 billion by 2030. Public subsidies for the pension fund will increase from €400 million to €2 billion by 2022.

For 2015 to 2016, pension payments are forecasted to increase by an astonishingly high rate of 5.03% in the east of Germany and 4.35% in the west of Germany. This is the largest increase in pension payments since 1993, and is due to increasing wages and high employment rates. However, increasing health care contribution rates and long-term care insurance costs will reduce the level of net pension increases. While pension contribution rates will remain stable over the short term, future financial imbalances in the pay-as-you-go system will likely lead to increasing pension contribution rates and/or increasing federal subsidies.

Integration

Integration
Policy
Score: 7

According to a 2014 micro-census, 20.3% of the people living in Germany had a migrant background. Between 2013 and 2014, the share of the population with a migrant background increased by about 3% to a total of 16.4 million. This recent increase is consistent with the trend of the last decade (Statistisches Bundesamt 2014). The Federal Statistical Office calculated that 1.46 million people immigrated to Germany in 2014, a 20-year high and an increase of 238,000 people over 2013. Additionally, 914,000 left Germany in 2014. Net immigration was 550,000 for 2014, the highest level since 1992.

This was accompanied by public debate about the need to modernize immigration legislation in order to attract skilled migrants to counter issues of population aging. In 2014, the government deviated slightly from the protective approach of previous governments by introducing the right to dual citizenship. This reform abolished the requirement for children born in Germany to non-German parents to decide between citizenship of their birth and the citizenship of their parents.

While Germany previously had an extremely liberal regime for migrants from EU member states, a liberalization of labor migration from non-EU countries has recently taken place. According to the OECD (2013), these reforms “have put Germany among the OECD countries with the fewest restrictions on labor migration for highly skilled occupations.” Nonetheless, the naturalization rate remains low. In 2011, 107,000 people acquired German citizenship. Integration of immigrants from other European countries is smooth. However, the integration of Muslim migrants, especially from Turkey, has been more difficult, as measured by educational achievement and unemployment rates. These problems are being addressed through the education and child-care systems. For instance, early German-language instruction is being offered in child-care facilities, though the success of this policy remains unclear.

Lower Saxony will shortly become the third German state, after Bremen and Hamburg, to sign a state treaty (Staatsvertrag) with German Muslim civil-society organizations. Negotiations on a similar treaty have also started in Berlin. These state treaties express mutual respect and address practicalities, such as Muslim religious holidays. While there is no federal ministry for ethnic minorities, Germany has a Federal Office for Migration and Refugees. The German Islam Conference assisted in the development of an intercultural dialogue between government officials and Muslim civil-society organizations. In addition, the government provides free language courses to support the integration of migrants. To become a German citizen, among other requirements, one must pass a citizenship test.

For several years, Germany has been an attractive destination for migrants from Europe and neighboring regions. However, in 2015, the number of refugees claiming asylum in

Germany far exceeded any recent levels and represents a substantial challenge for integration policy. Instability in northern Africa and civil war in Syria, combined with deteriorating conditions in the refugee camps in Turkey, have led many refugees to seek asylum in Europe and especially in Germany. In an attempt to avert a humanitarian disaster, the German government accepted large numbers of refugees who had already made it to Germany after traversing the Balkan route. In doing so, however, the German government ignored the EU's Dublin II Regulation without a clear plan for managing the additional administrative burden. As a consequence, the number of asylum claims skyrocketed. In 2014, a total of 173,072 applications for asylum were made. In 2015, the Federal Office for Migration and Refugees reported that this had increased to 441,899 applications (BAMF 2015). Initially, the government estimated that 800,000 refugees would enter Germany in 2015. By late October 2015, the Ministry of the Interior reported that 758,473 refugees had been registered (BMI 2015).

This sudden increase exacerbated existing problems, especially at the local level. Even before the recent increase, the capacity of local governments to receive new asylum seekers had already appeared to be exhausted. As a result, local government officials urgently demanded additional federal and regional financial aid.

The reaction of civil society has been mixed. Although a majority of the population initially appeared to welcome the government's open approach, skepticism increased as the numbers of refugees claiming asylum remained high. Furthermore, xenophobic groups, such as Pegida, quickly began to organize in opposition to the arrival of refugees in Germany. While the government's open approach received broad support inside and outside Germany, and despite the effective "flexibility" (The Economist 2015) demonstrated in tackling local problems, the government has lacked a comprehensive crisis management strategy. However, after long disputes between the coalition parties in October 2015, the federal government, parliament and council adopted a "first step" toward solving the problem. The regulation includes substantial financial support for states and municipalities, targeted acceleration of procedures for processing asylum applications (e.g. Albania, Kosovo and Montenegro were declared safe countries of origin), early integration and provision of language courses for people with a high likelihood of being accepted, and the restriction of cash allowances for people with a low likelihood of being accepted, relaxation of the zoning law to facilitate the construction of more accommodation, and special support for child refugees travelling without their parents (Presse- und Informationsamt der Bundesregierung, October 2015).

The introduction of these policies was followed by further arguments between the coalition parties, which included controversial proposals to limit the number of refugees. On 5 November 2015, the coalition party leaders announced a compromise solution to the interparty dispute over the increasing numbers of asylum applications. The CDU abandoned its demand for so-called transit zones for refugees near the

German borders. Instead, the parties agreed an arrangement that would include the establishment of admission facilities for people coming from safe countries with a low likelihood of having an asylum application accepted.

The effectiveness of these measures remains to be seen. Many problems are yet to emerge. For example, the integration of child refugees into the education system will increase demands on teaching and institutional resources. Furthermore, adult refugees will need support in integrating into the labor market whether high or low skilled with some refugees likely to be illiterate. Moreover, much will ultimately depend on whether broader cultural integration will work. So far, German civil society remains largely in favor of integrating refugees. However, there is a danger of strengthening xenophobic tendencies if problems of cultural alienation grow (The Economist 2015). This challenge will be much harder to manage. It will require effective integration policies and a broad political consensus. To date, the government has not provided a clear strategy to promote long-term integration and build political consensus.

Citation:

BAMF 2015: Aktuelle Zahlen zu Asyl, Tabellen, Diagramme, Erläuterungen, Dezember 2015.

BMI 2015: <http://www.bmi.bund.de/SharedDocs/Pressemitteilungen/DE/2015/11/asylantraege-oktober-2015.html>

Presse- und Informationsamt der Bundesregierung 2015 (15 October): <https://www.bundesregierung.de/Content/DE/Pressemitteilungen/BPA/2015/10/2015-10-15-integration-asylpaket.html>

OECD 2013: Recruiting Immigrant Workers: Germany, Paris: OECD.

Statistisches Bundesamt 2014: <https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/Bevoelkerung/Mikrozensus.html>

The Economist 2015: <http://www.economist.com/news/europe/21676781-no-one-was-sure-germany-could-handle-its-migrant-crisis-it-turns-out-it-can-german-flexibility>

Safe Living

Safe
Living
Conditions
Score: 7

In general, residents of Germany are well protected against security risks such as crime or terrorism. Crime rates are on the decline. While in 2000 a total of 7,625 crimes were recorded per 100,000 inhabitants, this figure had fallen to 7,530 in 2014, with a slight increase in the detection rate from 53.2% to 54.9% (Bundesministerium des Innern 2014). A total of 6,082,064 crimes were committed in 2014, a slight increase of 2% over 2013.

However, the National Socialist Underground (NSU) scandal revealed institutional problems inside domestic intelligence and police agencies. The NSU was a neo-Nazi group that had murdered nine people from immigrant families as well as a policewoman between 2000 and 2007. Five leading officials of various intelligence agencies at the state and federal levels had been forced to resign as a consequence of mismanagement and possible misconduct related to the case.

Along with extremist activities by right-wing and left-wing groups and organizations, Islamic extremism is increasingly perceived as a threat in Germany. The Salafist movement (a Muslim group considered radical) is perceived to be a threat to domestic security and under surveillance by the Office for the Protection of the Constitution. The group is quickly growing in number and attracts support principally from younger German Muslims.

Moreover, reactions from far-right groups are also a threat to public order. While crime rates have not changed disproportionately following the increase of refugees arriving in Germany, the number of xenophobic attacks on accommodations for asylum seekers increased dramatically, according to the Minister of the Interior (Die Zeit 2015) and Federal Office of Criminal Investigation (BKA).

At the time of writing, authorities have been successful in securing public order and preventing major terrorist attacks, largely by detecting conspiracies at an early stage, but the threat of a terrorist attack has increased according to authorities.

Citation:

Crime rates 2014

http://www.bmi.bund.de/SharedDocs/Downloads/DE/Broschueren/2015/pks-2014.pdf;jsessionid=BB52FF2F07734E52EFCFEA67A076B447.2_cid364?__blob=publicationFile

Die Zeit (2015): <http://www.zeit.de/politik/deutschland/2015-11/bundeskriminalamt-fluechtlinge-deutsche-straftaten-vergleich>

Global Inequalities

Global
Social
Policy
Score: 7

In absolute terms, Germany ranks third among donor countries with respect to the provision of official development assistance. However, when considered relative to its gross national income (GNI), it is positioned only among the average performing OECD countries.

The country's trading system is necessarily aligned with that of its European partners. In trade negotiations within the European Union, Germany tends to defend open-market principals and liberalization. This position is in line with the country's economic self-interest as a successful global exporter. For agricultural products in particular, the EU's Common Agricultural Policy still partially shields European farmers from international competition, thus limiting the ability of developing countries to export their agricultural products to Europe. However, Germany has been more open than peers such as France to a liberal approach that would provide greater benefits to developing countries and emerging markets.

In order to enhance efficiency and cut administrative costs, three previously independent German developmental agencies were merged into GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) in 2011. GIZ works with the Federal Ministry for Economic Cooperation and Development (BMZ) in the context of international cooperative ventures focused on sustainable development. This concentration of tasks into a single agency has improved the efficiency of Germany's development activities.

The dramatic increase in refugees arriving in Germany in 2015 has increased the German government's awareness of the importance of stable social, economic and political conditions in developing countries to national self-interest.

III. Environmental Policies

Environment

Environmental Policy
Score: 8

In the latest Environmental Performance Index, Germany is among the "strongest performers," achieving a score of 80.47. Ranking sixth worldwide, Germany considerably reduced its distance from Switzerland (87.67), the leading country (cf. Environmental Performance Index 2014). Germany performs well in the areas of water resources, sanitation, biodiversity, air quality, climate and energy. With regard to forests and fisheries, however, there is ample room for improvement.

The greatest environmental policy challenge has been the response to the 2011 government decision to phase out nuclear energy by 2022. Germany is comparatively prepared to tackle this task, as it has become a market leader in renewable energy, offshore wind farms, cogeneration, and the energy efficient redevelopment of buildings and other infrastructure. However, problems remain regarding how to organize and finance the demolition of nuclear plants and waste, how to expand the electric grid to supply renewable energy, and how to harmonize the phase out of nuclear energy while also reducing CO2 emissions.

All three problems received attention in this review period. The renaissance of lignite use after the shutdown of the first nuclear plants endangers the goal to reduce CO2 emissions. A plan by energy minister Gabriel for the introduction of a carbon tax as an incentive to reduce high lignite usage received substantial resistance from within the grand coalition as well as from unions and power plant operators during the first months of 2015. The conflict resulted in a compromise: Instead of the carbon tax lignite plants of an overall capacity of 2,7 gigawatt are to be shut down. Furthermore, public investments and subsidies for energetic efficiency will be made. In order to accommodate protests of citizen groups in southern Germany the building of new high-

voltage transmission lines shall be avoided or installed underground. The compromise solutions imply higher costs compared to the carbon tax, which are to be covered by tax money. If the measures can be as effective as the carbon tax in reaching the goals for reducing the CO₂ emissions remains to be seen.

Moreover, concerning the responsibility for the costs for the demolition of nuclear plants and for resulting atomic waste the coalition decided that the plant operators stay fully in charge. How these decisions will affect the energy prices is an open question, but it is very likely that they will further contribute to an increase of the burdens for the consumers.

Citation:

Environmental Performance Index 2014: http://epi.yale.edu/files/2014_epi_report.pdf

Global Environmental Protection

Global
Environmental Policy
Score: 9

Germany is a driving force in international climate policy, in the development of renewable energies, and in efforts to improve energy and resource efficiency. The German government actively promotes strategies fostering environment- and climate-friendly development. In 2014, Germany had reduced its greenhouse gas emissions by almost 27% in comparison to 1990 and is committed to a reduction of 40% by 2020 (Umweltbundesamt 2015). The country has achieved high economic performance levels with relatively modest energy consumption by international standards.

The G7 summit, held in June 2015 under the German presidency, achieved remarkable progress toward an international agreement for global climate protection. The G7 affirmed their determination to reach a binding agreement at the Climate Change Conference held in Paris in December 2015. Furthermore, the G7 committed to a maximum 2-degree rise in average global temperatures. In order to reach this goal, the G7 committed to reducing greenhouse gas emissions by up to 70% by 2050 and would mobilize \$100 billion annually by 2020 to finance the necessary measures. Germany, using its presidency of G7, was able to ensure that climate policy had the highest priority during the summit. The commitments made at the summit were well received by even typically critical environmental NGOs like Greenpeace.

Citation:

Leaders' Declaration G7 Summit, (7– 8 June 2015): https://www.g7germany.de/Content/DE/_Anlagen/G8_G20/2015-06-08-g7-abschluss-eng.pdf?__blob=publicationFile&v=6

Umweltbundesamt (2015): <http://www.umweltbundesamt.de/daten/klimawandel/treibhausgas-emissionen-in-deutschland>

Greenpeace (2015): <https://www.greenpeace.de/presse/presseerklarungen/kommentar-zu-den-g7-beschlussen-zum-klimaschutz>

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 10

Germany's constitution ensures that members of the Bundestag, the country's lower parliamentary house, are elected in general, direct, free, equal and secret elections for a legislative period of four years (Basic Law, Arts. 38, 39). Parties that defy the constitution can be prohibited by the Federal Constitutional Court.

The Political Parties Act (Parteiengesetz, PPA) sets general criteria for the management of political parties and candidates. While independent candidates have to fulfill a signature gathering prerequisite (modest by international standards) in order to qualify for the ballot, parties must meet strict organizational requirements (PPA Section II). If parties have continuously held at least five seats in the Bundestag or a state parliamentary body (Landtag) during the last legislative period, they are allowed run in the election without any initial approval from the Federal Election Committee (Bundeswahlausschuss, FEC). Currently, even the right-wing National Democratic Party of Germany (Nationaldemokratische Partei Deutschlands, NPD), which remains under observation by the German intelligence services, fulfills this requirement. All other parties must register formally with the Federal Returning Officer (Bundeswahlleiter, FRO) at least 97 days before the date of elections and obtain at least 2,000 signatures in order to offer a list of party candidates at the state level.

In summary, German regulations allow for a broad range of political groups to run in elections. However, in its report on Germany's last general election, the Organization for Security and Co-operation in Europe's (OSCE) Office for Democratic Institutions and Human Rights (ODIHR) stated some shortcomings: "...(T)he legal framework for filing complaints has been improved, the lack of opportunities (for parties and candidates) to file an appeal prior to election day (...) still limits (the capacity to challenge) incorrect administrative decisions and actions" (OSCE 2013: 9). In July 2012, the Bundestag passed a law that improved the legal rights of parties to file such a complaint previous to election day (OSCE 2013: 10). However, FEC decisions such as denying a candidate or a state list still cannot be challenge before election day. The ODIHR, once again, suggested that more precise and measurable criteria should be developed to decide which parties were eligible to participate in elections. Like in the previous general election in 2009, apart from these suggestions, no irregularities with respect to the application of Germany's election rules have been reported.

Citation:

OSCE (2013): Federal Republic of Germany. Elections to the Federal Parliament (Bundestag). 22 September 2013. OSCE/ODIHR Election Assessment Mission Report. Warsaw: OSCE/ODIHR. Internet source: <http://www.osce.org/odihr/elections/109518?download=true> (11/05/2014).

Media
Access
Score: 10

Political campaigning is largely unregulated by federal legislation, a fact modestly criticized by the latest OSCE election report (OSCE 2013: 1). Article 5 of the Political Parties Act (Parteiengesetz, PPA) requires that “where a public authority provides facilities or other public services for use by one party, equal treatment must be accorded to all parties.” During electoral campaigns, this general criterion applies to all parties that have submitted election applications (Art. 5 sec. 2). The extent of public services parties are able to use depends on their relative importance, which is based on each parties’ results in the last general election (Art. 5 sec. 3). This is called the “principle of gradual equality,” and constitutes the basis for parties’ access to media in conjunction with the Interstate Treaty on Broadcasting and Telemedia (Rundfunkstaatsvertrag). The gradual equality principle is also applied to television airtime, although in this case the time granted to large parliamentary parties is not allowed to exceed twice the amount offered to smaller parliamentary parties, which in turn receive no more than double the amount of airtime provided to parties currently unrepresented in parliament. While public media networks provide campaigns with airtime free of charge, private media are not allowed to charge airtime fees of more than 35% of what they demand for commercial advertising (Die Medienanstalten 2013: 12). Despite these rules, there is a persistent debate as to whether the media’s tendency to generally focus coverage on the six largest parties and, in particular, on government parties is too strong.

The OSCE’s Office for Democratic Institutions and Human Rights (ODIHR) concluded with respect to the penultimate general election in 2009: “(t)he amount and pluralistic nature of the information available allowed the voters to make an informed choice” (ODIHR 2009: 2). This general evaluation has not changed.

Citation:

OSCE (2013): Federal Republic of Germany. Elections to the Federal Parliament (Bundestag). 22 September 2013. OSCE/ODIHR Election Assessment Mission Report. Warsaw: OSCE/ODIHR. Internet source: <http://www.osce.org/odihr/elections/109518?download=true> (11/05/2014).

Voting and
Registrations
Rights
Score: 10

German citizens (Basic Law, Art. 116 sec. 1) aged 18 or older are eligible to vote and run for election to the Bundestag, provided that they have resided in Germany for at least three months (Federal Electoral Act, sections 12.1, 15). By judicial order, the right to vote can be denied to criminals, persons lacking legal capacity and convicts residing in a psychiatric hospital (Federal Electoral Act, sec.13). Before the election, every registered citizen receives a notification containing information on how to cast a vote as well as an application form for postal voting. Today, postal voting is widely used, largely without issue (according to the Federal Returning Officer, in the last

general election 24.3% of registered voters voted by mail). Citizens not included in the civil registry (e.g., homeless people) are eligible to vote but have to apply to authorities in order to be registered.

After the Federal Constitutional Court declared some provisions regarding the voting rights of Germans living abroad to be unconstitutional, a new amendment on the issue was drafted and passed in May 2013. Today, Germans living abroad have the right to vote (Federal Electoral Act, sec. 12) if they have lived at least three months in Germany after their fifteenth birthday and have not lived more than 25 years abroad without interruption. Those who do not fulfill these requirements are still eligible to cast their vote if they can verify that they are both familiar with and affected by German political conditions. Germans living abroad have to register to vote with the authorities of their last domestic residence at least 21 days before the election. They can then cast their vote by mail (cf. Federal Elections Act sections 36, 39 and Federal Electoral Regulations).

During the period under review, there were two state elections in Hamburg and Bremen. As in preceding elections, no major irregularities or complaints about voter registration, voter lists or postal voting were reported.

Citation:

OSCE (2013): Federal Republic of Germany. Elections to the Federal Parliament (Bundestag). 22 September 2013. OSCE/ODIHR Election Assessment Mission Report. Warsaw: OSCE/ODIHR. Internet source: <http://www.osce.org/odihr/elections/109518?download=true> (11/05/2014).

Postal ballot:

Information provided by the Federal Returning Officer
<http://www.bundeswahlleiter.de/de/glossar/texte/Briefwahl.html>
 Federal Elections Act (BWG) Sections 36, 39
 Federal Electoral Regulations (BWO) Sections 20, 25 to 31, 66, 74, 75

Elections in Thuringia, Brandenburg, and Saxony cf.
<http://www.wahlrecht.de/termine.htm>

Party
 Financing
 Score: 8

Germany's political parties finance their activities under the terms of the Political Parties Act (PPA) through state funding, membership fees, donations and sponsorships. In order to be eligible for state funding, parties must win at least 0.5% of the national vote in federal or EU elections, or 1% in state elections. A party's first 4 million votes qualify it for funding of €0.85 per vote; for every vote thereafter, parties receive €0.70. In addition, individual donations up to €3,300 are provided with matching funds of €0.38 per €1 collected. State funding of political parties has an upper limit, which in 2012 was €150.8 million. Since 2013 this cap has been annually adjusted for inflation. Germany has no legislative campaign finance or expenditure caps. In the last OSCE election report, this practice was heavily criticized. OSCE experts recommended that authorities "consider adopting measures to require parties (...) to provide detailed information on campaign expenditures" (OSCE 2013: 12). In this vein, there should be clearer rules that specify the use of financial support

allocated to parliamentary groups. Most importantly, a clear line is needed that prohibits the use of this financial support in parties' election campaigning (OSCE 2013: 9).

The insufficient transparency of party finances continues to receive criticism. The Group of States against Corruption (GRECO) has identified some progress with respect to transparency, but continues to point out shortcomings in the German system (GRECO 2011). However, as their 2013 report notes, the Bundestag's Committee on Internal Affairs and "the coalition parliamentary groups (...) saw no need for further action" (GRECO 2013: 5) to implement GRECO's previous recommendations. In a recent assessment based on the accounting reports of all major parties, the nonprofit organization LobbyControl found that three-quarters of all donations to parties lack transparency. All donations less than €10,000 and revenues coming from party sponsorship remain opaque. By law, the names and addresses of campaign donors must be made public only if donations from that source exceed €10,000 per year.

German regulation on monitoring party financing is developed, but there is still room for improvement. Under Article 21 Section 1 of the Basic Law and Article 23 of the PPA, parties must file annual financial reports with the president of the Bundestag within nine months after the close of the reporting year. If a party fails to comply, a fine of two or even three times the amount of a misstated donation can be imposed. According to GRECO, the most pressing issue not implemented yet is ensuring the "...independence of the external audit of the parties' financial statements..." (GRECO 2013: 5).

OSCE (2013): Federal Republic of Germany. Elections to the Federal Parliament (Bundestag). 22 September 2013. OSCE/ODIHR Election Assessment Mission Report. Warsaw: OSCE/ODIHR. Internet source: <http://www.osce.org/odihr/elections/109518?download=true> (11/05/2014).

GRECO (2013): Third Evaluation Round. Second Interim Compliance Report on Germany. Strasbourg. Available online: http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282013%2915_2nd%20Interim_Germany_EN.pdf.

Popular
Decision-
Making
Score: 6

In Germany, referenda are of importance at the municipal and state levels. At the federal level, referenda are exclusively reserved for constitutional (Basic Law, Art. 146) and territorial issues. On the municipal and state levels, voter initiatives have been used in growing number since German unification, with their increasing frequency bolstered by legal changes and growing voter awareness.

By the end of 2013, 6,447 direct democratic procedures had been recorded in German municipalities, 3,177 of which led to a referendum. Approximately 300 procedures are processed per year. City-states, North Rhine-Westphalia and Bavaria have disproportionately high numbers of direct democratic procedures (Mehr Demokratie 2014). There were 324 state-level procedures between 1946 and 2014 (Mehr Demokratie 2015).

In some states (e.g., Baden-Wuerttemberg, North Rhine-Westphalia, Rhineland-Palatinate), the government or parliament can, under certain conditions, call a referendum with the power to confirm or overturn a decision by the legislature. In 2014, five state-level citizenship initiatives were initiated. Of these five, the Berlin citizen initiative, concerning the future use of Tempelhofer Feld, was the only successful initiative in its original form (Mehr Demokratie, 2015).

Citation:

Mehr Demokratie (2014): Bürgerbegehren. Available online:
<http://www.mehr-demokratie.de/fileadmin/pdf/bb-bericht2014.pdf>.

Mehr Demokratie (2015): Volksbegehrensbericht 2015. Available online:
http://www.mehr-demokratie.de/fileadmin/pdf/volksbegehrensbericht_2015.pdf

Access to Information

Media
Freedom
Score: 8

Germany's Basic Law guarantees freedom of expression, press and broadcasting (Art. 5 sec. 1) and prohibits censorship, with exceptions delineated by the standards of mutual respect, personal dignity and the protection of young people. Print media, which are largely self-regulated, are broadly independent of political interference. The German Press Council is tasked with protecting press freedom. In the 2015 World Press Freedom Index, Germany ranked 15 out of 180 countries, an improvement of two places on the year.

The Interstate Treaty on Broadcasting and Telemedia (Rundfunkstaatsvertrag) provides a general nationwide framework for the operation of public and private broadcast media. In the private broadcasting sector, governmental influence is limited to the general provisions, regulations and guidelines stated in the interstate treaty that ban discrimination or other abuses. While the relationship between public authorities and private media can be seen as unproblematic, one can observe dependencies between authorities and the public media organizations (ARD and ZDF) that are at least questionable.

Citation:

World Press Freedom Index 2015. Available online: <https://index.rsf.org/#!/>

Media
Pluralism
Score: 10

In Germany, the Interstate Treaty on Broadcasting and Telemedia (Rundfunkstaatsvertrag, RfStV) defines a threshold of average annual viewership share of 30%, over which a broadcaster is considered to have an unallowable dominance over public opinion (RfStV, Sec. III, Subsection 2). The Federal Cartel Office (FCO) regulates most questions of oligopoly and monopoly in Germany, and has blocked several potential mergers in both print and electronic media markets.

Two main public television broadcasters operate at the national level in Germany: the Arbeitsgemeinschaft der Rundfunkanstalten Deutschlands (ARD), a conglomerate composed of various regional TV channels, and the Zweites Deutsches Fernsehen (ZDF). According to the Arbeitsgemeinschaft Fernsehforschung (AGF), a broadcast media research group, the public broadcasters together had a market share of 42.1% in 2012, slightly less than in 2009. In the private sector, the RTL Group holds a 25.4% market share, while the ProSiebenSat.1 Media AG accounts for 19.8% of the total television market.

The nationwide print media market is dominated by five leading daily newspapers, including Frankfurter Allgemeine Zeitung, Süddeutsche Zeitung, Die Tageszeitung (taz), Die Welt, Frankfurter Rundschau and the tabloid Bild, the last of which has by far the biggest circulation in Germany. Additionally worth mentioning as agenda-setters are a number of weeklies, in particular Der Spiegel, Focus, Die Zeit and Stern.

With newspaper circulation continuously falling, the internet has become an increasingly important medium for citizens to gather information. This has forced the print media to engage in significant cost cutting measures, including reducing the size of editorial staff. In 2012, several newspapers closed down. The Financial Times Germany was the most prominent among them. Frankfurter Rundschau was taken over by the Frankfurter Allgemeine Zeitung, but is to keep its specific (left-leaning) profile. This structural change from print to electronic media has not been accompanied by increasing concentration, since there is a high level of diversity among electronic news providers.

Thus, Germany has a diversified media ownership structure and comparatively pluralistic and decentralized television and radio markets.

Access to
Government
Information
Score: 8

The Freedom of Information Act took effect in 2006. The act defines what government information is publicly available. In his fourth annual report (BfDI, 2014), covering the period 2012 to 2013, the Federal Commissioner for Data Protection and Freedom of Information, Andrea Voßhoff, stated that a considerable effort is still required in order to create a transparent federal administration. Five federal states (Bavaria, Baden-Wuerttemberg, Hesse, Lower Saxony and Saxony) have not yet adopted their own freedom of information laws, although the right to petition remains a substitute. In Baden-Wuerttemberg, Lower Saxony and Saxony, the respective coalition governments plan to introduce freedom of information laws.

Citizens remain largely unaware of the federal Freedom of Information Act. Although many federal agencies try to act transparently, some public authorities have interpreted the act in a very restrictive manner. Some have sought to introduce delays in the process of providing information, while others have refused to provide access to documents altogether, arguing that the contents were of vital importance to ongoing government activities and thus confidential. In an overall assessment in 2016, Andreas Voßhoff concluded that citizens are increasingly making use of their rights and that

federal authorities “no longer regard the information right of citizens as a nuisance but as a significant element of a civil society” (BfDI, 2016).

BfDI (2014): Tätigkeitsbericht zur Informationsfreiheit für die Jahre 2012 und 2013, 4. Tätigkeitsbericht, Bundestagsdrucksache 18/2000.

BfDI (2016): 10 Jahre Informationsfreiheit, Pressemitteilung, Bonn/Berlin, 05. Januar 2016.

Civil Rights and Political Liberties

Civil Rights
Score: 9

In general, all state institutions respect individual freedoms and protect civil rights. Civil rights are granted by the Basic Law and their modification is possible only by a two-thirds legislative majority. Some provisions concerning basic human rights are not alterable at all. The court system works independently and effectively protects individuals against encroachments by the executive and legislature. In the Economist Intelligence Unit’s 2014 Democracy Index, Germany received a steady score of 9.12 out of 10 on the issue of civil liberties. However, 25 countries were awarded (slightly) higher scores.

In view of recent scandals which brought to light that the intelligence services neglected laws and disregarded national boundaries, it is at least questionable whether state security agencies respect citizens’ civil rights as an inalienable prerequisite of a constitutional state. It is, however, difficult to assess the amount of malpractice going on. Even the parliamentary investigation committee – tasked with scrutinizing the conduct of intelligence forces – complained about the government’s reluctance to provide all necessary information (FAZ 26.09.2014).

Despite these imperfections, the overall level of protection accorded to civil rights in Germany is high. The significance of civil rights is rooted in the country’s particular political history and the rule of law is given high priority.

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<http://www.faz.net/aktuell/politik/wer-wurde-abgehört-nsa-untersuchungsausschuss-beklagt-schwierige-aufklärung-13175931.html>

Political
Liberties
Score: 9

Due to Germany’s historical experience with National Socialism, political liberties are highly protected by the country’s constitution (i.e., Basic Law). Political pluralism is generally guaranteed, with the exception of laws restricting political forces clearly denying the democratic order. However, these exceptions are applied in a very restrictive way so that even extreme parties like the far-right Nationaldemokratische Partei (NDP) have currently full freedom to operate. Although the Bundesrat submitted a request to the Federal Constitutional Court to prohibit the NDP and a hearing is scheduled for spring 2016. Freedom of expression is protected by the constitution (Art. 5), although there are exceptions for hate speech and Nazi propaganda, such as Holocaust denial. Except in cases where individuals are deemed to be actively seeking to overturn the democratic order, the right to assemble peacefully is guaranteed (Basic Law, Art. 8) and is not infringed upon. The freedoms

to associate and organize (Basic Law, Art. 9), as well as academic freedom, are generally respected. Non-governmental organizations operate freely. Every person has the right to address requests and complaints to the competent authorities and to the legislature (Basic Law, Art. 17). Freedom of belief is protected by the constitution (Basic Law, Art. 4).

Non-discrimination
Score: 8

Germany's Basic Law (Art. 3 sec.3) states that every person, irrespective of parentage, sex, race, language, ethnic origin, disability, faith, religious belief or political conviction is equally important and has the same rights. The General Equal Treatment Act of 2006 added age and sexual orientation to that enumeration of protected categories. The Federal Anti-Discrimination Agency (FADA) monitors compliance with legal anti-discrimination norms and principles, supports persons who have experienced discrimination, mediates settlements, informs the public about infringements, and commissions research on the subject of discrimination.

Nevertheless, discrimination remains a problem in various spheres of society. For example, there is widespread agreement that women should be better represented in the business sector's upper management. In 2015, the government adopted legislation to increase the number of women on corporate supervisory boards. The law stipulates a 30% share of women on the boards of large companies.

The Federal Constitutional Court decided in June 2013 that treating same-sex and opposite-sex marriages differently from a taxation perspective was unconstitutional. Regulatory changes reflecting this ruling were adopted within weeks by the parliament. In an October 2012 ruling, the Higher Administrative Court of Rhineland-Palatinate delivered an important signal against police discrimination by prohibiting the federal police from engaging in racial profiling. These examples indicate that legislators and administrations sometimes need a push from the courts to fight existing discrimination in a more uncompromising way.

Rule of Law

Legal Certainty
Score: 10

Germany's Basic Law (Art. 20 sec. 3) states that "the legislature shall be bound by the constitutional order, the executive and the judiciary by law and justice." In reality, German authorities do live up to this high standard. In comparative perspective, the country generally scores very highly on the issue of rule of law in indices whose primary focus is placed on formal constitutional criteria.

In substantive terms, German citizens and foreigners appreciate the predictability and impartiality of the German legal system, regard Germany's system of contract enforcement and property rights as being of high quality, and put considerable trust in the police forces and courts. Germany's high courts have significant institutional power and a high degree of independence from political influence. The Federal Constitutional Court's (FCC) final say on the interpretation of the Basic Law provides

for a high degree of legal certainty.

In a nutshell, Germany's government and administration rarely make unpredictable decisions, and legal protection against unlawful administrative acts is effective.

Judicial
Review
Score: 10

Germany's judiciary works independently and effectively protects individuals against encroachments by the executive and legislature. The judiciary also inarguably has a strong position in reviewing the legality of administrative acts. The Federal Constitutional Court (FCC) ensures that all institutions of the state obey constitutional dictates. This court acts only when an application is made to it, but it can declare laws to be unconstitutional and has exercised this power several times. In case of conflicting opinions, the decisions made by the FCC are final; all other governmental and legislative institutions are bound to comply with its verdicts (Basic Law, Art. 93).

Under the terms of the Basic Law (Art. 95 sec. 1), there are five supreme federal courts in Germany, including the Federal Constitutional Court (Bundesverfassungsgericht), Federal Court of Justice (the highest court for civil and criminal affairs, Bundesgerichtshof), Federal Administrative Court (Bundesverwaltungsgericht), Federal Finance Court (Bundesfinanzhof), Federal Labor Court (Bundesarbeitsgericht) and Federal Social Court (Bundessozialgericht). This division of tasks guarantees highly specialized independent courts with manageable workloads.

Germany's courts, in general, and the FCC, in particular, enjoy a high reputation for independence both domestically and internationally. In the World Economic Forum's Global Competitiveness Report 2015 – 2016, Germany's relative performance on judicial independence has declined slightly in recent years, with Germany now ranked 17 out of 140 countries. However, the court system achieved a high overall score of 5.8 out of 7, while the average duration of a legal case fell from 18.7 months in 2000 to 10.8 months in 2011 (Statistisches Bundesamt 2012).

Appointment
of Justices
Score: 8

Federal judges are jointly appointed by the minister overseeing the issue area and the Committee for the Election of Judges, which consists of state ministers responsible for the sector and an equal number of members of the Bundestag. Federal Constitutional Court (FCC) judges are elected in accordance with the principle of federative equality (föderativer Parität), with half chosen by the Bundestag and half by the Bundesrat (the upper house of parliament). The FCC consists of sixteen judges, who exercise their duties in two senates, or panels, of eight members each. While the Bundesrat elects judges directly and openly, the Bundestag used to delegate its decision to a committee in which the election took place indirectly, secretly and opaquely. In May 2015, the Bundestag unanimously decided to change this procedure. As a result, the Bundestag now elects judges directly following a proposal from its electoral committee (Wahlausschuss). Decisions in both houses require a two-thirds majority.

In summary, in Germany judges are elected by several independent bodies. The

election procedure is representative, because the two bodies involved do not interfere in each other's decisions. The required majority in each chamber is a qualified two-thirds majority. By requiring a qualified majority, the political opposition is ensured a voice in the selection of judges regardless of current majorities. However, the opaque election procedure of one-half of the judges is potentially problematic. Although the FCC has ruled that this procedure is in accordance with the constitution, Bundestag President Norbert Lammert appealed in 2012 for a change to a more public and transparent election procedure. Further hampering transparency, the media does not cover the election of judges in great detail.

Corruption
Prevention
Score: 8

Despite a series of corruption scandals, Germany performs better than most of its peers. According to the World Bank's 2014 Worldwide Governance Indicators, Germany is in the top category in this area, outperforming countries including France, Japan and the United States, but falls behind Scandinavian countries, Singapore and New Zealand. Germany's overall performance has also improved relative to other countries. In 2014, Germany ranked 12 out of 215 countries compared to 15 out of 215 in 2010 (World Bank 2015). The country's Federal Court of Audit (Bundesrechnungshof) provides for independent auditing of national spending under the terms of the Basic Law (Art. 114 sec. 2). According to the 2011 Audit Report, the revenues and expenditures of the federal authorities were in general properly documented.

Financial transparency for office holders is another core issue in terms of corruption prevention. Until very recently, provisions concerning required income declarations by members of parliament have been comparatively loose. For example, various NGOs have criticized the requirements for MPs in documenting extra income which merely stipulate that they identify which of the three tax rate intervals they fall under. This procedure provides no clarity with respect to potential external influences related to politicians' financial interests. However, beginning with the current parliamentary term, members of the German Bundestag have to provide additional details about their ancillary income in a ten-step income list. Auxiliary income exceeding €250,000 is the uppermost category. Four Members of Parliament (all members of the conservative government party CDU/CSU) declared auxiliary incomes exceeding €250,000. For example, Peter Gauweiler (CSU) declared 19 auxiliary income sources, among them one of the highest category. The number of different sources reveals that this more precise system of declaration is flawed, too. Similar to party financing, it seems likely that, in order to avoid public attention, Members of Parliament will resort to the partitioning of their auxiliary income. The current system is thus not apt to eradicate corruption via a transparent declaration regime. Instead, it sets incentives to declare auxiliary income in slices of lesser amounts.

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 4

Since December 2013, the government has been led by Germany's two most important political parties: the Christian Democrats (CDU/CSU) and the Social Democratic Party (SPD). This coalition government has shown no interest in improving the strategic planning of the Federal Chancellery or federal government. No important policy instruments to improve strategic planning have been introduced under the current government. The head of the Federal Chancellery, Peter Altmaier, has the status of a minister without portfolio, strengthening his position vis-à-vis the minister-presidents of the federal states and heads of the federal ministries. Although the Federal Chancellery has a staff of around 500 employees, the federal government's organizational structure is not well designed for strategic planning. Given the high complexity and inter-dependence of the globalized world, inter-ministerial coordination and cooperation is very important. Current crises are demonstrating the defects in government strategic planning.

The lack of strategic planning has been very clear since the dramatic increase in refugees claiming asylum in Germany. The government lost control of situation, as a consequence of the dynamic challenges that confronted it. After a long period of muddling through – characterized by unclear competences, interparty competition within government, inter-ministerial conflicts and the absence of strong, coordinative center – did Chancellor Merkel establish a coordination unit. This unit sits within the Federal Chancellery and is led by the head of the Chancellery, Peter Altmaier. This was a significant step in restructuring government. For example, it involved downgrading a steering committee within the Ministry of the Interior, which had been solely responsible for coordinating government actions. In addition, the government is strongly influenced by party-political considerations and all major political decisions are determined by negotiations between the heads of the governing parties. As a result, the cabinet was unable to plan and coordinate a government response to the “refugee crisis.”

Scholarly
Advice
Score: 6

Although there is a planning group in the Federal Chancellery, its number of staff is extremely small. It is led by Eva Christiansen, who is simultaneously Chancellor Merkel's media adviser. However, strategic planning is not the main activity of the planning group nor is it afforded high-priority by the federal government.

In some policy fields, expert commissions advise policymakers on a regular basis. Most of their members are appointed by the government or by respective ministries. In addition, ad hoc commissions are created to provide scientific advice regarding major reforms that involve complex issues. There are other established expert advisory bodies providing the government with expertise and advice, such as the German Council of Economic Experts (Sachverständigenrat zur Begutachtung der Gesamtwirtschaftlichen Entwicklung) and the German Advisory Council on the Environment (Sachverständigenrat für Umweltfragen), which produce reports on current policy problems regularly (the former at least once a year, the latter every four years).

Most ministries maintain external, academic or legal advisory bodies. However, the impact of experts is often less visible and policymaking is heavily influenced by party positions. Nevertheless, while advisory reports do not have an immediate impact, they do bear some influence on political debates within the government, the parliament and among the general public because they are made publicly accessible.

Concerning migration, Germany's most immediate challenge, the Federal Office for Migration and Refugees has created the Academic Advisory Council to provide expert advice and scientific research. In addition, a research group within the federal office analyzes migration and integration issues. This research group collaborates with scientific facilities and other institutions, domestically and internationally. However, the output of the research group has only a minor influence on the politics of the federal office and government.

Interministerial Coordination

GO Expertise
Score: 6

The Federal Chancellery is organized into six directorates, with various numbers of subgroups that are again subdivided to better mirror the line ministries (Spiegelreferate). With respect to European politics and international tasks, the Chancellery seems to coordinate with partners and to function quite effectively. However, national policies are mainly worked out by the individual ministries in accordance with previously struck political compromises. In general, the Chancellery does not autonomously evaluate important draft bills or assess them according to strategic and to budgetary government guidelines. In addition, it appears that its capacities are generally lower than those of the line ministries.

During the recent refugee crisis, the Federal Chancellery gained some ad hoc competences to manage, coordinate and evaluate the related policies of line ministries. However, in all other policy areas the powers of the Chancellery remain limited.

GO
Gatekeeping
Score: 6

The Chancellery, and particularly its head, sets the agenda for cabinet meetings. However, real political power lies elsewhere. The cabinet's agenda is negotiated in advance between the top politicians of coalition partners, and the cabinet simply works as a certificating institution for policy matters decided by the heads of the political parties. Thus, the Chancellery will only in exceptional cases refuse items envisaged for the cabinet meetings on the basis of policy considerations. Generally, the heads of political parties, rather than the Chancellery, act as gatekeepers. During the refugee crisis, the government decided that every cabinet meeting would start with a discussion of this pressing challenge.

Line Ministries
Score: 6

The preparation of bills is mainly the prerogative of the line ministries (Ressortprinzip). In the course of regular policy processes, the Chancellery is well informed throughout, but is not strongly involved in ministerial initiatives. Most disputes between ministries and the Chancellery are discussed and resolved in the often-weekly meetings between the state secretaries and the Chancellery's staff. However, the refugee crisis highlighted the ineffectiveness of coordination between line ministries and the Chancellery. For example, the Minister of the Interior, Thomas de Maizière, proposed a new policy idea without previously coordinating with or even informing the Chancellery. The Head of the Chancellery and the government's coordinator for migration policies, Peter Altmaier, openly declared that he was not informed and was surprised by de Maizière's policy proposals. As such, de Maizière's unilateral approach was widely perceived as an affront to Chancellor Merkel, while demonstrating fundamental disagreements within the government.

Cabinet
Committees
Score: 5

As a rule of thumb, the cabinet functions as an institution that formally ratifies policy decisions that have been made elsewhere. In principle, line ministers are responsible for policies within their own jurisdiction. Therefore, they have at least some leeway to pursue their own or their party's interest, potentially hampering effective policy coordination. This leeway is quite substantial in international comparison, as coalition partners during the period under review mostly abstained from sending watchdogs in the form of state secretaries to ministries led by the other partner. The challenge presented by the dramatic increase in the number of refugees claiming asylum in Germany has not led to any substantive changes in the functioning of cabinet meetings. No institutional reforms to the cabinet committee system, nor any other equivalent, have been introduced to improve the government's responsiveness to dynamic policy challenges.

Ministerial
Bureaucracy
Score: 5

Ex-ante coordination between the line ministries' leading civil servants has not been particularly strong under past German coalition governments. In addition, an entrenched political practice ensures that no ministry makes any proposal that might be postponed or blocked by other ministries. The federal Ministry of Finance must be

involved when budgetary resources are concerned, while complicated legal or constitutional issues necessitate the involvement of the federal Ministry of Justice. But generally, every ministry is fully responsible for its own proposed bills. All controversial issues are already settled before being discussed by the cabinet. The dominant mechanism for conflict resolution is the coalition committee.

Informal
Coordination
Score: 6

There are a number of informal mechanisms by which government policy is coordinated. The most important of these is the coalition committee, which comprises the most important actors (the chancellor, the deputy chancellor, the chairpersons of the parliamentary groups and the party chairpersons) within the coalition parties. According to the coalition agreement from November 2013, the coalition committee is expected to meet regularly at least once a month, or can be convened at the request of any of the coalition partners. The coalition committee rarely meets regularly. Only at the peak of the refugee crisis did the coalition committee meet frequently to resolve political conflicts and develop coordinated policy responses.

Evidence-based Instruments

RIA
Application
Score: 8

In 2000, revised rules of procedure for the federal ministries (Gemeinsame Geschäftsordnung der Bundesministerien, GGO) came into effect, requiring that an impact assessment (Gesetzesfolgenabschätzung, GFA) be performed for every draft law. Thus, regulatory impact assessments are institutionally anchored in Germany. The GFA process analyzes both intended and unintended effects of draft laws and potential alternatives.

The government's 2006 Bureaucracy Reduction and Better Regulation program created a number of new policies relevant to the assessment process. It established the National Regulatory Control Council (Normenkontrollrat, NKR) as an independent watchdog and advisory body tasked with assessing new legislation. It adopted the Standard Cost Model as a tool for measuring bureaucratic costs. Finally, it institutionalized the bureaucracy-reduction process by creating a coordination unit within the cabinet office and setting up a committee at the ministerial undersecretary level. However, the NRK only concentrates on potential bureaucratic costs, and not on impacts of laws foreseen through the evaluation process. In addition, about 30% of laws – specifically, those which are initiated by parliament – are not reviewed under the NKR. A separate program is in place for environmental-impact assessment.

Quality of RIA
Process
Score: 9

The National Regulatory Control Council (Normenkontrollrat, NKR) cooperates with a large number of different actors on various levels of the administration. Its cooperation with German states and local authorities has intensified, in particular with the development of methodological standards for assessing compliance costs (Federal Government 2012: 6).

In its 2015 annual report, the NKR claimed that it had reduced costs for German states and enterprises by around € 600 million on the previous year. In 2014, the government introduced legislation that prevents subsequent legislative changes from increasing bureaucratic costs. In other words, every law or regulation that increases the costs of government bureaucracy must include some equivalent proposal to reduce the costs of government bureaucracy by at least the same amount. In addition, the NKR launched a number of projects to calculate the bureaucratic costs of various laws. In March 2015, a committee of state secretaries decided that all laws that are likely to cost more than €1 million will be similarly evaluated within the next five years.

Citation:

http://www.normenkontrollrat.bund.de/Webs/NKR/DE/Service/Publikationen/Jahresberichte/_node.html;jsessionid=85915E2772EBCBFC4A0C3144D46956E2.s4t1

Sustainability
Check
Score: 8

Whereas Regulatory Impact Assessments (RIA) examine alternative options and possibilities for improving the quality of regulations, environmental-impact assessments also evaluated a policy's environmental impact. Two institutions are important in German politics: the National Council for Sustainable Development and the Council for Sustainable Development.

The National Council for Sustainable Development consists of 15 people selected by the Chancellor. Its role is to contribute to the implementation of the National Sustainability Strategy by identifying areas for action and developing specific project proposals, and increasing awareness of the importance of sustainability issues. In June 2015, the council held its annual meeting with Chancellor Merkel and other relevant politicians. The council advised that policies need to be better coordinated between national and regional levels, and that sustainability needs to be more of a government priority.

The parliamentary Council for Sustainable Development was established in 2004 and after every parliamentary election it must be newly reconstituted. However, neither council is well integrated into the RIA framework.

Citation:

<http://www.nachhaltigkeitsrat.de/en/home/>

Societal Consultation

Negotiating
Public Support
Score: 7

In general, government representatives meet with societal stakeholders as part of their daily routine. Nevertheless, the CDU/CSU-SPD government did not make use of social pacts or other direct bargaining mechanisms. As under previous governments, ministries and parliamentary committees relied heavily on information

provided by interest groups, and took their proposals or demands into account when developing legislation. The impact of civil-society actors in general depends on their power resources and organizational status. Since interests are sometimes mediated through institutionalized corporatist structures, employer's associations and unions play a privileged role. On a regular basis, experts and interest groups take part in parliamentary committee hearings in the course of the legislative process.

During the first years of the grand coalition, both parties, the CDU/CSU and the SPD, sought to live up to the promises made in the coalition agreement in order to satisfy the perceived interests of their respective electorates. Some major policy projects – such as the introduction of a minimum wage and a reduction in the statutory pension age (from 65 to 63) that have been advocated by certain interest groups (primarily trade unions), were indeed realized. It seems that bargaining processes are not highly institutionalized and interest representation is conducted on an ad hoc basis.

Policy Communication

Coherent
Communication
Score: 5

In a formal sense, the federal government's Press and Information Office is the focal point for communication, serving as the conduit for information originating from individual ministries, each of which organizes their own communication processes and strategies. However, this does not guarantee a coherent communication policy, which is a difficult goal for any coalition government. There is a persistent tendency of coalition partners to raise their own profile versus that of the other government parties. This became very clear during the political conflicts over migration policies in 2015. Conflicts between the governing parties were widely and openly discussed with little evidence of a coherent communication strategy.

Implementation

Government
Efficiency
Score: 8

The current government has successfully realized many of the pledges made in the coalition agreement (cf. Coalition Agreement 2014). Within a relatively short time span, the government has introduced significant changes to a variety of policy areas. It introduced a pension reform that allows eligible workers to retire at 63 and increases pension payments to older mothers and those with a reduced earning capacity. The Bundestag also approved the country's first general statutory minimum wage, set at €8.50 per hour. The regulations came into effect on 1 January 2015. In addition, the coalition parties agreed to introduce legal gender quotas for corporate boards in order to help break the glass ceiling for women in corporate leadership positions. Whereas implementation of the pension reform is expected to run smoothly, implementation of the minimum wage and legal quota reforms are expected to be much more difficult. Although each of these projects has been subject to considerable criticism from experts, the coalition government has stuck with its

pursuit of its stated objectives and demonstrated its capacity for compromise.

A less favorable example concerns a much more complicated project, Germany's energy transition toward renewable energy (Energiewende). A recent National Audit Office report fiercely criticized the project for lacking proper coordination, and being subject to the whims of too many federal and state ministries that often work against each other. In addition, the government was deeply divided over the topic of how to implement the energy transition and a government agreement was only finalized in the summer of 2015. Federal Minister of Economic Affairs and Energy termed this agreement an "historic package" for Germany's the energy transition and economic future. Germany's target of cutting carbon emissions by 40% by 2020 was reaffirmed. Lignite power plants shall be gradually reduced and providing reserve energy in the case of renewable energy shortages. Concerning the expansion of the energy grid, priority is now given to underground cables instead of overhead powerlines as a reaction to public protests. However, while initially proposed, a carbon tax was not included in the final energy agreement following protests from some unions and state governments.

Concerning the refugee and migration policies, the government is struggling to define a clear objective. While there is consensus concerning the unsustainability of the high number of refugees claiming asylum in Germany, there is no consensus on how to reduce this number.

Citation:

<http://www.spiegel.de/wirtschaft/soziales/energiewende-bundesrechnungshof-kritisiert-regierung-merkel-a-987040.html>; <http://www.sueddeutsche.de/wirtschaft/bundesrechnungshof-miese-noten-fuer-merkels-energiewende-1.2095086>;
<http://www.bmwi.de/EN/Press/press-releases,did=718600.html>

Ministerial
Compliance
Score: 7

In principle, line ministers are responsible for policies that fall under their jurisdiction. Therefore, individual ministers have some leeway to pursue their own or their party's interests. This leeway is substantial in international comparison. Ministers sometimes pursue interests that therefore clash with the chancellor or coalition agreements. In the case of the current government, the coalition agreement bears considerable political weight and has thus far proved effective in guiding ministry activities. In terms of budgetary matters, Minister of Finance Wolfgang Schäuble is particularly powerful and is able – when he has the chancellor's support – to reject financial requests by other ministries.

Some informal mechanisms are used to coordinate government policy, with ongoing coalition coordination being particularly important. Coalition agreements provide for clear rules when a coalition committee will meet and who will join the meetings. As in previous coalitions, the current committee consists of the chancellor and the vice-chancellor, the leaders of parliamentary groups and party leaders (if they are not already covered by the persons mentioned above). During the period under review,

the coalition committee informally became the most institution in resolving political disagreements within the government. Some ministers openly contradicted the policies of the government and of Chancellor Merkel, especially regarding energy and migration policies.

Monitoring
Ministries
Score: 5

According to the Basic Law, ministers are fully responsible for governing their own divisions. However, they are bound to the general government guidelines drawn up by the chancellor or the coalition agreement. Concerning topics of general political interest, the cabinet makes decisions collectively. The internal rules of procedure require line ministers to inform the chancellor's office about all important issues. However, in some cases, the Chancellery lacks the sectoral expertise to monitor line ministries' policy proposals effectively. During the last year and especially during the migration crisis ministers openly contradicted Chancellor Merkel. Previous to the refugee crisis, conflicts within cabinet were rare, because disagreements were resolved outside of cabinet meetings. However, since the crisis, ministers have openly clashed during cabinet meetings.

Monitoring
Agencies,
Bureaucracies
Score: 8

Executive agencies' competences and responsibilities are explicitly detailed in law, edicts, statutes and other regulations. Their activities are not only subject to legal, but also to functional supervision, meaning that agencies' decisions and administrative instructions will be reviewed. However, the ministries have not always made appropriate use of their oversight mechanism. A number of independent agencies, including the Federal Employment Office, the Federal Network Agency, the Bundesbank and others have deliberately been placed beyond the effective control of the federal government. It is important that monitoring agencies maintain organizational independence, so that they may monitor government effectiveness and financial impacts. The National Regulatory Control Council has tried to increase its powers over legislative and bureaucratic processes at federal and state levels. The Taxpayer's Association monitors levels of waste in the use of public resources.

Task Funding
Score: 6

The delegation of tasks from the national to the subnational level without commensurate funding has been a sore point of German fiscal federalism. For instance, municipalities suffer under the weight of increasing costs of welfare programs. Although welfare benefits are defined by federal legislation, municipalities have often had to bear the bulk of their costs. However, a number of adjustments over the last years have substantially rejuvenated municipalities and states. The Hartz IV reform, which merged welfare benefits with unemployment benefits for the long-term unemployed, shifted minimum income payments for individuals capable of work from municipalities to the Federal Employment Agency. In addition, the federal government has begun to take over parts of certain other costs for long-term unemployed persons (Kosten der Unterkunft). In 2009 the federal government began compensating municipalities for basic income support provided to pensioners, the percentage of which reached 100% in 2014. According to the 2013 coalition agreement, further compensations for municipalities are planned for benefits to the handicapped. Financial burdens associated with education have also been shifted to the federal level.

Some new challenges confirm that the federal level is prepared to relieve subnational levels in the event of unexpected financial stress prompted by conditions or events beyond the local government's control. In 2014 and 2015, the governing parties agreed to compensate states and municipalities for the costs associated with the increasing number of refugees claiming asylum.

Constitutional
Discretion
Score: 8

The allocation of tasks and responsibilities between the federal and state governments is defined in the Basic Law. Thus, police functions, cultural tasks and education, including both schools and universities, are the responsibility of the states. This distribution of tasks is largely respected by the central government. However, financial difficulties prevent, particularly more disadvantaged, states and municipalities from fulfilling their legal responsibilities (see "task funding").

National
Standards
Score: 7

In Germany, public services are provided by various levels of government: the federal administration, the administrations of federal states, municipalities, indirect public administrations (institutions subject to public law with specific tasks, particularly in the area of social security), nonpublic and nonprofit institutions (e.g., kindergartens or youth centers), and finally judicial administrations. While some standards have a national character and thus have to be respected at all levels, this is not the case in areas, such as education. The first and second Federalism Reforms, adopted in 2006 and 2009 respectively, granted states a number of (minor) new legislative competences, which they started to use during the period under review. The second Federalism Reform was important in that the issue of debt limits has been agreed upon as a package deal between political parties and between the federal level (Bund) and states (Länder). New debt brakes – chaining states to balanced budgets – were introduced to take effect in 2016 (federal level) and 2020 (states).

Adaptability

Domestic
Adaptability
Score: 6

As in other EU countries, EU regulations have a significant impact on German legislation. The country's legal system is heavily influenced by EU law, but the federal government does not have a central policy unit specifically coordinating and managing EU affairs. Each federal ministry is responsible for all matters within its sectoral purview related to the adoption, implementation and coordination of proposals by the European Commission. Federal structures present specific problems in terms of policy learning and adaptability to international and supranational developments. In general, Germany did not seriously attempt to adopt government structures to the changing national, inter- and transnational context.

International
Coordination
Score: 9

The German government actively collaborates in various reform efforts promoted by the EU and other transnational and international organizations. In the context of the still ongoing euro zone debt crisis, the German government has played a leading role in organizing and creating stabilization mechanisms. The government strongly cooperated with European partners, particularly France, other countries, such as the United States, and international organizations in addressing the Crimea crisis and

civil war in eastern Ukraine. Similarly, the government is cooperating with international partners to manage the present migration problems. Moreover, Germany had a significant role in achieving a consensus at the Paris Climate Summit in November 2015. Germany is clearly a constructive partner in international reform initiatives and is ready to accept substantial costs and risks in order to realize global and European public goods.

Organizational Reform

Self-monitoring
Score: 7

There is neither a particular institution nor a commission that independently and impartially operates as an oversight body with respect to governmental activities. In addition, institutional self-monitoring capacities are still low. However, the creation of the Better Regulation unit in the Federal Chancellery and the extension of the competences of the National Regulatory Control Council (Normenkontrollrat, NKR) – an independent advisory body – have strengthened the capacities for self-monitoring.

Institutional
Reform
Score: 7

In general, institutional reforms intended to improve the government's management capacities are extremely rare. As in other countries, strategic capacities and reform efforts are heavily influenced by constitutional and public-governance structures and traditions. The federal system assigns considerable independent authority to the states. In turn, the states have a crucial role in implementing federal legislation. This creates a complex environment with many institutional veto players across different levels. Institutional and organizational inertia spells for low levels of strategic capacity. The German Federalism Reforms, which together represent one of the more far-reaching institutional changes of recent years, have started to have an impact on the adaptability of the federal politics (Reus/Zohlnhöfer 2015). Nevertheless, flexibility, adaptability, and acceleration are mainly achieved via informal political channels.

Citation:

Iris Reus/Reimut Zohlnhöfer, 2015: Die christlich-liberale Koalition als Nutznießer der Föderalismusreform? Die Rolle des Bundesrates und die Entwicklung des Föderalismus unter der zweiten Regierung Merkel, in: Reimut Zohlnhöfer and Thomas Saalfeld (eds.): Politik im Schatten der Krise. Eine Bilanz der Regierung Merkel, 2009-2013, Wiesbaden: Springer VS, 245-272.

II. Executive Accountability

Citizens' Participatory Competence

Policy
Knowledge
Score: 6

Empirical analyses of German citizens' level of political knowledge point to inconsistencies. On the one hand, the supply of independent political information is high. Germany has a diversified media-ownership structure and comparatively pluralistic and decentralized television and radio markets. Although the nationwide print-media market is dominated by five leading daily newspapers, the Internet has become an increasingly important medium for citizens to gather information. Broadcasters, radio stations and newspaper have adapted to the new circumstances by providing a great deal of their services online. Nevertheless, television news programs are the main source of information for most citizens. High-quality news broadcasts have comparatively large audiences. According to one survey, around half of the population watches a news program every day.

However, a recent survey indicates a dramatic decline in public interest in politics and in parliamentary debates in particular. Only 25% of the public express interest in politics and follow debates regularly (compared to about 50% 30 years ago). According to the study, mostly younger cohorts were not able to mention any parliamentary debate they followed with interest. Furthermore, only about 50% of respondents knew that the grand coalition consists of the CDU/CSU and the SPD. In addition, decreasing confidence in parties and politicians is undermining the motivation to stay informed. Political knowledge is continually decreasing and the informed evaluation of government policies seems extremely difficult for ordinary citizens. Compared to other European countries such as Great Britain, German citizens' knowledge of politics is substantially lower.

Citation:

<http://www.spiegel.de/politik/deutschland/bundestag-nur-wenige-buerger-interessieren-sich-fuers-parlament-a-1006678.html>; <http://www.bertelsmann-stiftung.de/de/themen/aktuelle-meldungen/2014/dezember/bundestagsdebatten-mehr-schlagabtausch-unterm-bundesadler>; <http://www.infratest-dimap.de/umfragen-analysen/bundesweit/umfragen/aktuell/wenig-vertrauen-in-medienberichterstattung/>.

Legislative Actors' Resources

Parliamentary
Resources
Score: 9

The German Bundestag has adequate personnel and structural resources to effectively monitor government activity. Members of parliament can conduct their own research or obtain information from independent experts. The parliamentary library and the parliamentary research unit respectively have staffs of 175 and 450 individuals. Every member of parliament receives a monetary allowance (about

€16,000 per month) allowing him or her to maintain two offices and employ, on average, two experts. The German Bundestag has a staff of around 2,600, while roughly the same number work at the constituency level. Parliamentary groups also have resources to commission independent research studies. Compared to the United States, German MPs' structural and personnel resources are modest.

Obtaining
Documents
Score: 9

The German Bundestag is a “working parliament” – that is, parliamentary committees are of great importance in preparing and discussing legislative initiatives. Outside their law-preparation activities, they also serve an oversight role with respect to government ministries. Nonetheless, the government bureaucracy sometimes tries to withhold information. Moreover, there are some restrictions regarding the provision of documents on the grounds of various forms of legally prescribed confidentiality, for example nondisclosure of official and commercial secrets. But most documents are made public and can be accessed. In an important ruling on September 12, 2012, the FCC's Second Senate strengthened the information rights of German parliamentary representatives regarding the European Stability Mechanism Treaty (ESM). Government officials had previously been reluctant to keep the Bundestag informed on this issue, claiming executive secrecy. The parliamentary control committee and the secret service committee of inquiry had to fight hard to get access to documents and the “Selektorenliste” (list of selectors) to examine whether the Federal Intelligence Service (Bundesnachrichtendienst, BND) had illegally spied on citizens, politicians and organizations. In mid-September, the Green party and the Left party attempted to sue the government through the Constitutional Court for its lack of accountability regarding the Selektorenliste.

Summoning
Ministers
Score: 10

Parliamentary committees' right to summon ministers is established by the Basic Law. The Basic Law also gives members of the federal government or the Bundesrat the right to be heard in front of the plenum or any committee.

Summoning
Experts
Score: 10

Parliamentary committees are able to hold public hearings at any time, and can summon experts to attend them. This mechanism is regularly used. Rule 70 Section 1 of the Rules of Procedure of the German Bundestag states that “for the purpose of obtaining information on a subject under debate, a committee may hold public hearings of experts, representatives of interest groups and other persons who can furnish information.” Experts are often able to influence parliamentary discussions or ministerial drafts and bring about changes in the draft laws.

Task Area
Congruence
Score: 9

In general, the task areas of parliamentary committees and ministries coincide. However, this is not always the case since the Basic Law provides for the establishment of several committees that do not have a ministerial counterpart (including the Committee on the European Union; the Petitions Committee; the Parliamentary Control Panel). Furthermore, several committees sometimes deal with matters that are within the responsibility of a single ministry (e.g., the Committee on Internal Affairs and the Sports Committee both monitor activities performed by the Federal Ministry of the Interior), and a single committee sometimes deals with matters that are not clearly assigned to a single ministry. Nonetheless, parliamentary

committees' most important policy areas fully coincide with those of the ministries, enabling effective monitoring.

Audit Office
Score: 10

The Federal Court of Audit (FCA) is a supreme federal authority and an independent public body. FCA members enjoy the same degree of independence as the members of the judiciary. Its task is to monitor the budget and the efficiency of state's financial practices. The FCA submits its annual report directly to the Bundestag, the government and the Bundesrat. The Bundestag and Bundesrat jointly elect the FCA's president and vice-president, with candidates nominated by the federal government. According to the FCA's website, around 1,300 court employees "audit the (state) account and determine whether public finances have been properly and efficiently administered," while the FCA's "authorized officers shall have access to any information they require" (Federal Budget Act Section 95 Para. 2). The reports receive considerable media attention.

Citation:

<https://www.bundesrechnungshof.de/en/veroeffentlichungen/bemerkungen-jahresberichte-en/dateien/2014-spring-report>;
<https://www.bundesrechnungshof.de/de/veroeffentlichungen/bemerkungen-jahresberichte/jahresberichte/2015/inhalt/2015-bemerkungen-gesamtbericht-pdf>

Ombuds Office
Score: 7

The standing parliamentary petitions committee is provided for by the Basic Law. As the "seismograph of sentiment" (annotation 2 Blickpunkt Bundestag 2010: 19; own translation), the committee deals with requests and complaints addressed to the Bundestag based on every person's "right to address written requests or complaints to competent authorities and to the legislature" (Basic Law Art. 17). It is able to make recommendations as to whether the Bundestag should take action on particular matters. Nonetheless, its importance is limited and largely symbolic. However, the committee at least offers a parliamentary point of contact with citizens. Two additional parliamentary ombudsmen are concerned with the special requests and complaints made by patients and soldiers.

Media

Media
Reporting
Score: 7

Public TV and radio broadcasters generally offer in-depth reports on political processes. The market share of the two main public television broadcasters, ARD and ZDF, has declined in recent years, forcing the public broadcasters' head editors to copy the private channels' successful infotainment and politainment formats. Nevertheless, by international standards, ARD and ZDF in particular offer citizens the opportunity to obtain a relatively deep knowledge of political decision-making. The plurality of the country's television broadcast market is enhanced by the availability of programming from international broadcasters such as CNN, BBC World, CNBC Europe and Al-Jazeera. However, public trust in the media has decreased considerably over recent years, particularly regarding mainstream reporting of the refugee situation.

Parties and Interest Associations

Intra-party
Democracy
Score: 5

During the period under review, party leaders of the coalition government were re-elected without facing major opposition for party leadership. No direct participation of party members regarding important policy decisions took place. The parties retain traditional hierarchical decision-making processes and candidate-election procedures. Particularly important policy challenges have led to fierce debates within the SPD (e.g. TTIP negotiations) and the CDU/CSU (e.g. refugee policy). However, party members have had little direct influence in these debates. Decision-making is limited to representatives at the party congresses and firmly controlled by party elites. Direct party member voting have become more common in disputes regarding the selection of election candidates. For example, CDU members in Baden-Württemberg decided that Guido Wolf, rather than Thomas Strobl, would be the CDU candidate for prime minister in the 2016 Baden-Württemberg election.

Association
Competence
(Business)
Score: 8

Economic interest associations like trade unions or employers' associations in Germany are well-functioning organizations endowed with rich analytical and lobbying resources. They are definitely able to develop policy strategies and proposals and to present alternatives to current politics. Both trade unions and employers' association have their own economic think tanks supporting their policy proposals through substantive research on costs and benefits of different options. Furthermore, these organizations also invest substantial resources in lobbying for their positions among the general public and do so successfully. For example, the decision to introduce a general statutory minimum wage had been preceded by trade unions' extensive public lobbying.

Association
Competence
(Others)
Score: 8

As of May 2015, the government's official list contained 2,252 registered associations (Bundesanzeiger, 2015). One-third of those can be considered noneconomic interest associations. Within the process of policy formulation, interest-group expertise plays a key role in providing ministerial officials with in-depth information necessary to make decisions. Citizen groups, social movements and grassroots lobbying organizations are increasingly influential actors, particularly at the local level. Policy proposals produced by noneconomic interest groups can be described as reasonable, but their suggestions often appear unrealistic.

Citation:

Bundesanzeiger (2015): Bekanntmachung der öffentlichen Liste über die Registrierung von Verbänden und deren Vertretern Vom 5. Mai 2015. available at: <https://www.bundestag.de/blob/189456/f766eef1f26877ed8e995db28001bf66/lobbylisteamtlich-data.pdf>

Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany
Phone +49 5241 81-0

Dr. Daniel Schraad-Tischler
Phone +49 5241 81-81240
daniel.schraad-tischler@bertelsmann-stiftung.de

Dr. Christian Kroll
Phone +49 5241 81-81471
christian.kroll@bertelsmann-stiftung.de

Dr. Christof Schiller
Phone +49 5241 81-81470
christof.schiller@bertelsmann-stiftung.de

Pia Paulini
Phone +49 5241 81-81468
pia.paulini@bertelsmann-stiftung.de

www.bertelsmann-stiftung.de
www.sgi-network.org