

“2030 Strategy”: Work and objectives of DIW Berlin

1. The Institute – Mission Statement

What we stand for

DIW Berlin (German Institute for Economic Research) combines excellent research, the provision of infrastructure, and the development of early-career researchers with sound, evidence-based advice and knowledge transfer. Through the synergies between these four pillars of DIW Berlin, the institute creates significant added value for science and society.

DIW Berlin sees itself as an economic and social research institute that investigates socially relevant economic and social science issues and advises policymakers and society on the basis of its scientific findings. Founded in 1925 as “Institute for Business Cycle Research”, DIW Berlin has developed into a modern, internationally positioned, independent research institute whose work is motivated by the central social issues of our time, as formulated in the 17 Sustainable Development Goals of the United Nations.

The institute is characterized by its multidisciplinary approach, the prominent role of knowledge transfer in the capital and in Berlin as a center of science, a clearly defined content profile, and its Germany-specific, European, and international perspective.

How we work

DIW Berlin strives to ensure that its topics are relevant and up-to-date for key issues facing the economy and society in the 21st century.

As a publicly funded, non-university research institution with the highest standards for its own research performance and as part of the Leibniz Association, the institute feels a special commitment to dialogue with the public through its work, its topics, its scientifically sound infrastructure, and the presentation of its research results. It promotes science and research, including international networking, and offers a central location for scientific debate in the heart of Berlin.

The research-based SOEP infrastructure provides researchers from the social, economic, and behavioral sciences worldwide with representative, high-quality longitudinal data on private households in Germany, thus enabling links to in-depth collaborations.

Through the DIW Graduate Center, DIW Berlin, in cooperation with universities and colleges in Berlin-Brandenburg, offers excellent, practice-oriented training with the aim of obtaining a doctorate in economics and social sciences.

What we value

As an institution with a long history, independence and scientific rigour form the foundation of the institute's work. At the interface between politics, business and science, DIW Berlin is particularly committed to academic freedom, scientific discourse and empirically based knowledge acquisition.

It explicitly values the diversity of its employees, originality, quality, and openness in identifying and addressing content-related and methodological topics.

As an employer, DIW Berlin stands for equality, diversity, equal opportunities, and the compatibility of work and private life. Within this framework, the institute promotes the further development of its employees.

2. Our thematic focus

The institute's work focuses on three topic areas: In the topic area *Economic and social change in Europe*, the institute analyzes in particular the impact of European monetary and fiscal policy, as well as competition, industrial, and energy policy on European integration and the associated transformation processes, as well as the effects of migration and climate change, digitalization, and globalization on society.

In the topic area *"Sustainability and Securing the Future"*, the focus is on achieving a balance between economics and ecology, taking into account innovation, competition, and regulation. Another focus in this division is the analysis of the future of social security systems.

In terms of *"Quality of Life and Distribution"*, the focus is on demographic change and the social and economic distribution effects of monetary, fiscal, climate, and social policy decisions, as well as the framework conditions and their consequences for households and individuals. In addition, the effects of permanent challenges, in particular climate change, as well as the economic and social consequences of various crises (such as the COVID-19 pandemic or the war against Ukraine) on different social groups and the resulting changes in the structure of economy and society are analyzed.

All three thematic topic areas also address the cross-cutting issue of *Socio-Ecological Transformation (SET)*. This involves examining the impact of climate change on the economy, politics, and society, while at the same time seeking concrete options for political action.

In addition to the *Socio-Ecological Transformation*, the institute intends to focus on *digital transformation* in the coming years. Technological change is one of the most important catalysts for human prosperity. At the same time, this disruptive change can also lead to a redistribution of economic benefits and democratic participation, which can result in social conflicts. DIW Berlin has set itself the goal of investigating the complex nature of such technological transformation processes in the future.

The institute's scientific work focuses on the above-mentioned topic areas and currently addresses the cross-cutting issue of *Socio-Ecological Transformation* from various perspectives. Research is conducted through multidisciplinary and, in some cases, interdisciplinary exchange.

Topic area: "Economic and Social Integration in Europe"

Technological developments such as advancing digitalization and globalization, but also climate change, demographic processes, and migration movements, are shaping the working and living environments of individuals and households. These developments are putting increasing pressure on government actors and companies to adapt due to the entry of new players, and are influencing competition, economic growth, productivity, and society's capacity for innovation. The topic area "Economic and Social Integration in Europe" focuses on the scientific understanding of the causes, consequences, and mechanisms of these dynamics of change. On

the other hand, this division deals with the question of how political, social, and economic actors are responding to this change and what concepts, measures, and instruments of monetary, fiscal, competition, energy, and climate policy, as well as regulatory policy and targeted exchange rate interventions, they are using at the European level to meet the resulting requirements and tasks.

At the same time, international interdependencies and dependencies on the goods, services, and financial markets are growing, and with them the influence of not only European but also global players on market developments. Analyzing and explaining the causes and consequences of such processes of change and deriving empirically sound recommendations for the design of national or European economic, monetary, fiscal, and social policy is an important goal of DIW Berlin's research work. Examples of specific research topics include:

- European monetary and financial order and its impact on stability and inequality with regard to European integration,
- regulation, competitiveness in key technologies, productivity and growth,
- Market power in (digital) markets and competition policy, Innovation, consumers, and labor markets,
- Climate neutrality and the European Green Deal,
- Migration and demographic change,
- Transformation in labor markets.

Topic area: “Sustainability and Securing the Future”

Our globalized and interconnected world is characterized by externalities that must be borne by society as a whole. With regard to climate change in particular, economic policy measures are needed to efficiently implement a significant reduction in greenhouse gas emissions and greater use of renewable energy sources. In addition to these climate and environmental policy aspects, it is also important to better understand the competitive conditions of increasingly global and dynamic markets and companies. In particular, this topic area examines the need for institutional adjustments to the necessary government regulations and competition and innovation policy approaches. At the same time, this topic area addresses questions about securing the future from the perspective of future generations with regard to the effective development of human potential and the obligations arising from intergenerational contracts.

Three key social issues will be discussed in this thematic topic area over the next few years. On the one hand, the focus is on the economic and socio-political challenges resulting from climate change. This includes, in particular, the analysis of the opportunities and (financial) challenges of the transformation of the energy industry, as well as the transport and heating transition, research into the implementation of international climate targets, and the institutional framework conditions necessary to enable a competitive and secure energy supply and mobility. Secondly, from the perspective of securing the future and demographic change, it examines how reforms of social security systems at the household level, as well as the integration of refugees, affect society and the system. The implications for internal security are also examined. Thirdly, the analyses focus on studies at the corporate and entrepreneurial level, in particular how private investment in research and development (R&D), innovation, digitalization, and the

accumulation of tangible and intangible capital affect corporate behavior, investment decisions, and productivity development, and thus the future of Germany as a business location.

Research topics in this topic area are:

- Climate policy and green financing,
- Industrial transformation, renewable energies, environmental and transport transition,
- R&D, intangible capital, innovation and productivity,
- Entrepreneurship and economic development,
- Digitalization: Impact on consumers, businesses, and competition,
- Reforms of social security systems and intergenerational contracts,
- Migration and integration – refugees,
- Internal security.

Topic area: “Quality of Life and Distribution”

This priority area explores the causes and mechanisms of social inequalities and identifies their effects on individual life situations and decision decisions, subjective well-being, and social participation in order to explain and predict societal and economic phenomena. The focus is on inequalities in income and wealth and the resulting demands on social and transfer systems, as well as on family, pension, and care policies and internal security. Causal analyses, the development of concepts, and the evaluation of policy measures and instruments aimed at reducing inequality of opportunity on the one hand and creating greater equality of opportunity and distributive justice in all social divisions on the other are priority issues of socio-political relevance.

The concept of distribution in this topic area encompasses more than the primary economic distribution of income and wealth. It includes the examination of career and life opportunities, precisely because of the high degree of interdependence between economic status, income, education, and the resulting opportunities for social participation, but also inequalities at the regional and European level. This topic area also covers inequalities in the distribution of crime risk linked to these very distribution issues, as well as research questions on the distribution of the individual and societal consequences of crime. Finally, research questions related to inequalities between genders and between forms of employment, which are addressed in this topic area, are central.

In addition to issues of demographic change and migration, the research content in the topic area *of quality of life and distribution* also addresses global inequality phenomena and the distributional effects of tax and social policy, with a particular focus on identifying causal mechanisms and making them usable for the evaluation and development of policy models. This thematic area also deals with the influence of global crises on the structure of the economy and society, as well as the distributional effects resulting from Socio-Ecological Transformation.

Research topics in this topic area are:

- Inequality in living conditions, personality and career development, health and life satisfaction,

- opportunities and social participation, effects of tax policy and social systems,
- Demographic change, migration, and the welfare state,
- gender inequalities and inequalities in different forms of employment,
- Competition and distribution,
- Private household debt problems,
- Distribution effects of European monetary, fiscal, and climate policy,
- Compatibility of care work and employment,
- Digitalization in e-commerce and health markets,
- Equal opportunities and risk distribution of crime,
- distribution effects of Socio-Ecological Transformation.

New research topic: "AI, Prediction Policy Problems and Well-Being"

DIW Berlin intends to strategically expand its research spectrum under the title "AI, Prediction Policy Problems, and Individual Well-Being: Reshaping the Mitigation of Health and Income Risks." AI and digitalization are transforming how decisions are made in public policy. Algorithms already support hospital triage, flag suspicious tax filings, determine eligibility for social transfers, and screen job applicants. These tools promise efficiency gains in mitigating fundamental life risks — but they also raise concerns about bias, transparency, and access. Our intended new research group investigates how AI reshapes the effectiveness and optimal design of public policy in two interconnected domains: health care and social policy.

Health shocks and income shocks are key determinants of well-being and often interact over time: illness reduces earnings, while poverty worsens health. A core strength of AI lies in solving prediction problems — situations where a decision-relevant variable is unknown and must be estimated. In health care, this means better allocation of scarce resources for prevention and diagnosis, such as reducing antibiotic resistance through targeted treatment. In social policy, it means improving the targeting of means-tested transfers, where non-take-up rates reach an estimated 50 percent. Our research combines micro-econometric and structural modeling with machine learning, causal inference, and field experiments. With a new research group, we aim to produce empirical evidence on how AI-driven prediction tools affect government targeting, individual behavior, and distributional outcomes — contributing both scientific knowledge and policy-relevant insights on one of the most consequential transformations of our time.

3. Our goals

1 Quality and relevance of research

The highest quality of scientific work is the institute's central goal. It is a prerequisite for evidence-based policy advice – and thus a condition for the institute's realistic research on current social issues for the benefit of society. This goal is achieved through publication in recognized journals and the acquisition of competitively awarded third-party funding, primarily from the German Research Foundation (DFG), the EU, federal ministries, and foundations. The target is to cover around 30 percent of the institute's total budget via third-party funding.

2 Quality and relevance of knowledge transfer

DIW Berlin understands knowledge transfer as the target group-specific and quality-assured translation of scientific findings and, conversely, the integration of socially generated issues into research projects. Policy advice and other elements of knowledge transfer build on the institute's research results and actively and specifically contribute these to public dialogue. The analyses and policy recommendations developed are independent and are intended to stimulate political debate. Strong networks and the acquisition of competitively awarded third-party funding are benchmarks for the institute's relevant advisory services. Policy advice is supported by intensive and targeted communication of its analyses and recommendations.

3 Development of early-career researchers

With the DIW Graduate Center, which cooperates with the Berlin School of Economics in many ways, DIW Berlin actively promotes young academics. Young researchers have the opportunity to work in the multidisciplinary research environment of DIW Berlin in close cooperation with universities in Berlin and Brandenburg. The visibility of the DIW Graduate Center in Germany and abroad ensures the high quality of the applicant pool and the top placement of doctoral students at leading international organizations and universities. These quality standards are mandatory for doctoral students at DIW Berlin. DIW Berlin aims to formally join the Berlin School of Economics, which was co-founded by DIW Berlin.

4 Quality and innovative capacity of the research infrastructure

A key unique selling point of DIW Berlin is its research-based infrastructure, the Socio-Economic Panel (SOEP), which provides high-quality, longitudinally collected data on private households living in Germany that can be extrapolated to the entire population for research purposes. With its innovative infrastructure, the SOEP contributes to the strategic positioning of DIW Berlin and conducts internationally recognized theory-based basic research as well as applied and policy-oriented research in the social, behavioral, and economic sciences and survey methodology. The SOEP constantly consolidates its innovative strength by developing new survey designs and agile quality criteria for research data.

In addition, DIW Berlin promotes modern research data management based on FAIR principles, maintains a number of sectoral databases, e.g., on business, construction, and transport, and participates in the development of international databases on household data and on productivity, investment, and capital stock calculations.

5 Internationalization

Europeanization and globalization are intertwining the German economy and society with international partners—which is why DIW Berlin's research, consulting, infrastructure, and personnel policy increasingly reflect international perspectives. DIW Berlin is expanding its role as a European-oriented institution in the international arena and creating attractive conditions for internationally mobile researchers.

6 Strengthening internal and external networks

Professional exchange is a basic prerequisite for excellence in research, policy advice, the development of early-career researchers, and the provision of infrastructure. Within the

institute, potential synergies are exploited across departments and research groups, and space is created for communication and cooperation. The institute's networking within and outside Berlin, nationally and internationally, disciplinarily and interdisciplinarily, as well as with other Leibniz institutions and other non-university research institutions is being strengthened. To provide institutional support for internal networking, the institute has set up its own budget for so-called bridge projects. The bridge projects enable research projects and knowledge transfer projects, serve to develop and explore innovative topics of strategic importance, and are primarily intended to strengthen cross-departmental cooperation.

In addition, the Visiting Fellow Program enables more intensive cooperation with highly qualified international researchers at DIW Berlin who are working on topics that are being strengthened or newly explored at DIW Berlin.

7 Communication – internal and external

Science and knowledge transfer thrive on dialogue and communication with the public. The framework conditions for institute-wide exchange are being optimized, and protected spaces are being provided for open discourse on the early involvement of experts and stakeholders in research issues. Aiming too communicate research results to experts, the public, and decision-makers, DIW Berlin increasingly uses virtual channels and other innovative formats such as DIW Aktuell and social media in addition to its traditional DIW-Wochenbericht, which has been published since 1928.

8 Career advancement and human resources development

DIW Berlin seeks to attract, promote, and develop the best employees for its work. The institute offers an attractive working environment with long-term contracts that include qualification goals, while ensuring equal opportunities and family-friendly structures. In addition, DIW Berlin has developed criteria for permanent employment that serve to attract and retain excellent researchers with potential. DIW Berlin's initiatives are based on the Leibniz Association's guidelines for working conditions and career advancement for its employees. DIW Berlin is committed to the equality principles of the DFG and the Leibniz Association and actively contributes to equal opportunities and the promotion of diversity at the institute through support measures and initiatives.

9 Sustainability

In order to contribute to conscious and sustainable work, DIW Berlin is committed to pursuing the jointly formulated sustainability goals with dedication. This includes regular reporting on results and progress.