

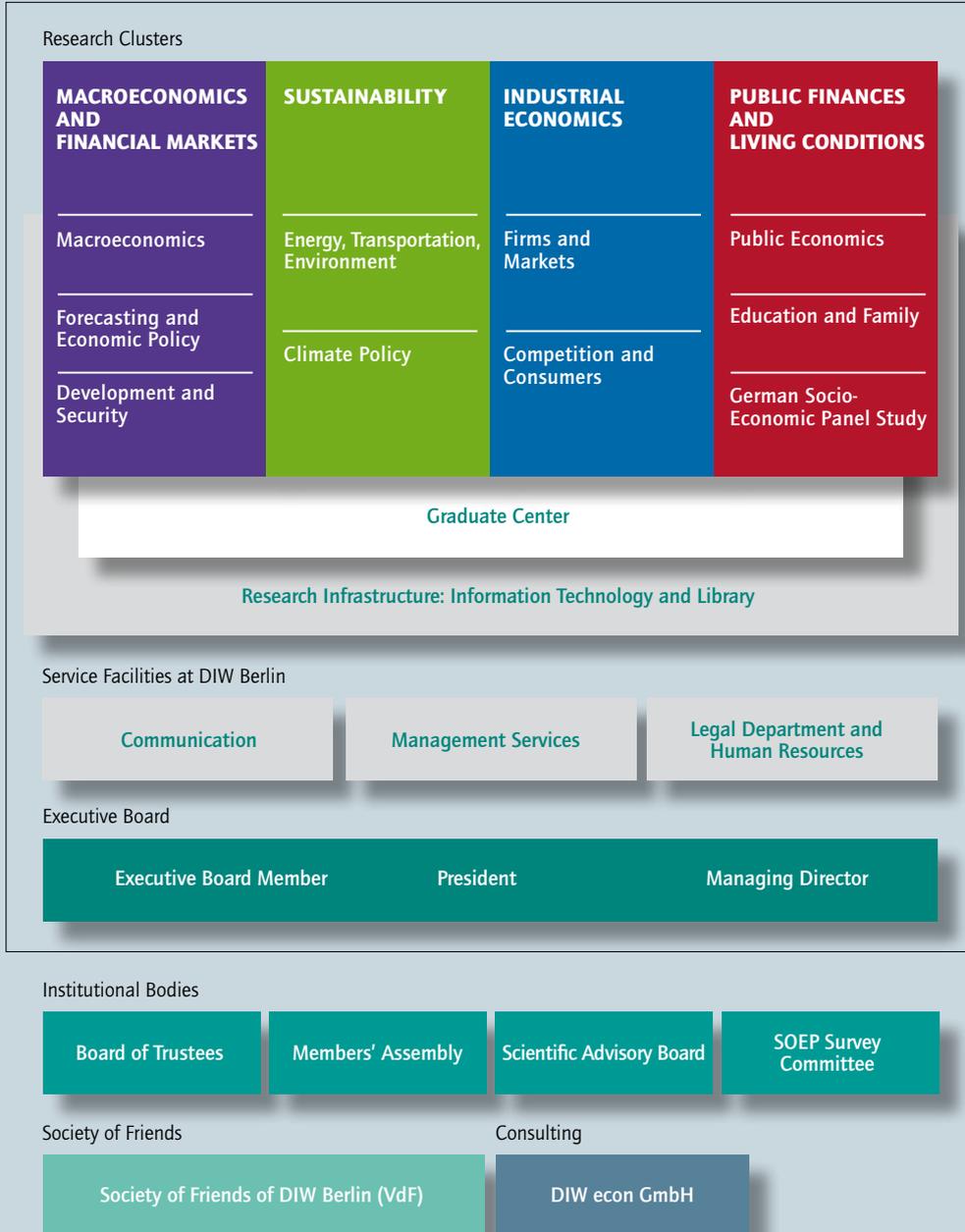
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Annual Report

GERMAN INSTITUTE
FOR ECONOMIC RESEARCH

13

Organizational Chart



| Last updated: January 2014

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Excelling in Research and Policy Advice

From an economic and socio-political point of view, 2013 was a very eventful year for DIW Berlin. The German parliamentary elections gave prominence to many topics on which DIW Berlin possesses in-depth expertise. Thanks to the engagement and commitment of its employees, DIW Berlin played a key role in these public debates.

The European crisis remains one of the major challenges for economic and social policy in Germany. What part can Germany play in helping to find a way out of the crisis? How can, and should, German policy-makers help set the course for future generations?

There is no question, however, that in 2013 public debate went beyond economic and financial policy issues in Europe. One particular highlight of the year was the evaluation of German family policy, in relation to which DIW Berlin published a number of reports and provided important stimulus. Conducting pertinent analyses on the lack of investment in Germany, DIW Berlin also played a crucial role in putting

this important subject at the top of the economic policy agenda in Germany.

Another question raised time and again by DIW Berlin, that is more topical today than ever before, is that of how to implement the energy transition in Germany. Other areas that remain highly significant are possible scenarios for a future reform of the tax system, the impact of migration, plans to introduce a minimum wage, as well as competition and industrial policy.

What makes us unique among economic research institutes is our excellence in research and policy advice, including in the field of social policy. This is the reason why we were instrumental in a study commission (so called Enquete Kommission) which was established by the German Bundestag and tasked with developing an alternative to the gross domestic product (GDP) for measuring growth, wealth, and quality of life on the basis of additional statistical indicators of economic and social development in Germany. Important factors here include distribution of income and national debt, as well as



DIW Berlin's Executive Board: Prof. Dr. Gert G. Wagner, Prof. Marcel Fratzscher, Ph.D., Dr. Cornelius Richter (from left to right)

greenhouse gas emissions, nitrogen, and biodiversity and also employment, education, health, and democracy.

One achievement we are particularly proud of is that, in 2013, DIW Berlin took first place in a ranking measuring the impact of German economists on science, media, and policy published by the German daily *Frankfurter Allgemeine Zeitung*, with 18 DIW employees ranking among Germany's 280 most influential economists. At the same time, this excellent result shows just what the non-academic departments at DIW Berlin can accomplish with their work. All of this gives us incentive and motivation to continue along our path; striving for excellence in research, maintaining a first-rate research infrastructure, and providing dedicated policy advice in the context of a discourse-oriented research environment.

In the age of internationalization and Europeanization, more is expected of us in the work we do – the issues we deal with are breaking new ground and our mandate is to ensure that these are included in contemporary debates.

Therefore, it is all the more important for us to remain in the public eye as a reliable institution and be an attractive employer for the top experts in their field, at home and internationally. Our merits include quality and our prime location in Berlin, as well as innovative strength and open-mindedness. One thing is clear: only intensive cross-border dialog can provide new impetus to find solutions to the problems we face today. DIW Berlin meets all the criteria.

We hope this report gives you an idea of what our work has encompassed in the past year, what our main areas of focus have been, and who we are as a team – and hand in hand, let us prepare for the economic and social policy debates ahead. ■

Prof. Dr. Gert G. Wagner Prof. Marcel Fratzscher, Ph.D. Dr. Cornelius Richter



Researchers at DIW Berlin produce excellent results. Their expertise plays a key role, inter alia, in far-reaching policy decisions. To symbolize the close relationship between research and politics, this Annual Report includes detailed photographs of places in Berlin where policy advice is given.

The historical German Reichstag building in the heart of Berlin has been the seat of the German Bundestag since 1999, where, during plenary sessions, members of the German parliament meet to take key decisions.



1 The Year in Review

The ECB and its OMT Programme

Berlin, 2 September 2013



President of DIW Berlin Marcel Fratzscher is one of the initiators of the conference The ECB and its OMT Programme, which looks at monetary policy and the European Central Bank

The year 2013 began with a new face at the helm of DIW Berlin. On February 1, Marcel Fratzscher took over as President, joining Gert G. Wagner and Managing Director Cornelius Richter on DIW Berlin's Executive Board.

PROVIDING EXPERTISE

As a result of a program of targeted restructuring that began in 2010 and after a six-year break, DIW Berlin was in a position to participate in the Joint Economic Forecast (*Gemeinschaftsdiagnose*) for the Federal Ministry for Economic Affairs and Energy (BMWi) once again. In conjunction with its consortium partner, the Austrian Institute of Economic Research (WIFO), and other competitors, DIW Berlin will be conducting this biannual joint economic analysis and projection on behalf of the Federal Ministry for Economic Affairs and Energy up through 2016.

The appointment of Marcel Fratzscher to the Academic Advisory Board of the Federal Ministry for Economic Affairs and Energy underlines the confidence that politicians have in the level of expertise at DIW Berlin. Gert G. Wagner became a

member of the National Academy of Science and Engineering (acatech). The scientists and engineers accepted into the National Academy are selected based upon their outstanding achievements and reputations.

C. Katharina Spieß was appointed to the Board of Trustees of the German Federal Institute for Population Research (BiB), while Elke Holst now represents DIW Berlin on the European Commission's *Horizon 2020 Advisory Group for the Marie Skłodowska-Curie actions on skills, training, and career development*.

Overall, the impact factor of DIW Berlin publications is on the rise: in 2013, 55 researchers published a total of 70 papers in the journals listed in the Social Science Citation Index (SSCI) and the Science Citation Index (SCI). The average impact factor of a DIW Berlin publication is 1.35 compared with just 0.87 in 2008.

SETTING THE AGENDA

DIW Berlin's key research topics were particularly crucial to the economic and social policy debates that took place in the year leading up to the election of the 18th German Bundestag. According to calculations by DIW Berlin, Germany's lack of infrastructural investment since 1999 is holding back potential economic growth. These research findings by DIW Berlin have become the focus of an intensive public discussion on the public sector's commitment to structural policy.

Plans to introduce a minimum wage in Germany were also carefully examined by DIW Berlin, which is warning people not to set their expectations too high. A comprehensive minimum wage may well help decrease the wage differential in Germany and be instrumental in combating feelings of injustice among the population. On the other hand, however, a minimum wage brings employment risks and is far from easy to implement in practice. DIW Berlin does not expect it to boost purchasing power significantly.

The tax proposals by the different political parties were also a key focus of studies conducted by DIW Berlin. Measured against customary objectives in tax policy, in the opinion of DIW Berlin's researchers, the only convincing proposals are those that aim to reduce bracket creep or what is known as *cold progression*.

The energy transition initiated by the German government was closely followed by DIW Berlin, which recommends an energy security approach based on a strategic energy reserve. Another area scrutinized by DIW Berlin in relation to this is lignite-based energy generation. According to DIW Berlin, the role of lignite in Germany's future energy mix is critical when it comes to energy security. DIW Berlin does not see lignite coal as relevant to achieving a successful energy transition. For DIW Berlin, one thing is clear: energy policy decisions must not include developing new open-cast mines.

In collaboration with other economic research institutes of the Leibniz Association, DIW Berlin evaluated the mechanisms of the German government's family policy and advocated greater investment in high-quality childcare. The evaluation of benefit payments to married couples and families, which was jointly commissioned by the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth (BMFSFJ) and the Federal Ministry of Finance (BMF) in 2009, is the first study to comprehensively analyze the impact of individual German family policy instruments. DIW Berlin took the most important 156 instruments of German family policy and evaluated them, focusing on five goals:

securing families' financial stability, better reconciliation of family and career, early support for children, fulfilling the desire to have children, and compensating for inequalities between families.

Another achievement that made headlines was a study conducted by DIW Berlin on the possible introduction of a 32-hour week for parents which was under discussion during the coalition negotiations. DIW Berlin concluded that the new model for a government-backed family working week could make a major contribution to reconciling work and family life in Germany, lead to a better distribution of work in families, and result in higher incomes and pensions for many mothers.

In 2013, DIW Berlin also examined the matter of women in management. The analysis of the percentage of women on executive boards and supervisory bodies in German companies was particularly important in debates and discussions concerning the course of policy-making. DIW Berlin's Female Executive Barometer (Managerinnen-Barometer) established itself as a standard benchmark.

In another study, DIW Berlin unveiled the effects of the tax-based gender pay gap in Germany. This study showed, in particular, the negative effect of income splitting for married couples and the international dimension of this problem, with Germany demonstrating the third largest gender pay gap in the world after Japan and Korea.

Finally, the study commission for measuring growth, wealth, and quality of life, whose members included DIW Berlin's experts Beate Jochimsen and Gert G. Wagner, presented their conclusions on future means of measuring prosperity. This study relativizes the importance of GDP as a statistical indicator of social development and was to be included in the coalition agreement on the formation of the new German government in the fall of 2013.

Jürgen Schupp at the 30 Years of SOEP Anniversary Colloquium on Happiness Research in September 2013



PROMOTING VISIBILITY

DIW Berlin also actively participated in numerous events in 2013. In September, the role of the European Central Bank (ECB) and its Outright Monetary Transactions (OMT) bond-buying program was part of an international conference co-organized by DIW Berlin and the Centre for Economic Policy Research (CEPR) Berlin. Renowned economists met at the premises of the KfW banking corporation to discuss the pros and cons of government bond-buying by the ECB and consider ways of leading Europe out of the crisis.

Earlier in the year, in May, DIW Berlin hosted the Spring Meeting of the Association of European Conjuncture Institutes (AIECE) where 50 participants from the key European economic research institutes gathered to discuss economic development, the crisis, and economic policy in Europe.

The Institute also held many other events which reinforced DIW Berlin's public profile, including the *European Behavioral Economics Meeting* in June, the Berlin IO Day in September, and the *Berlin Conference on Electricity Economics* in October. In 2013, DIW Berlin also continued its long tradition of holding a lunchtime reception at the annual conference of the Verein für Socialpolitik (VfS), the leading association of German-speaking economists.

STRENGTHENING DIALOG

In 2013, DIW Berlin extended its policy advice activities with the launch of DIW Roundup. This new channel of communication brings together a range of pertinent perspectives on topical economic or social issues. In particular, DIW Roundup provides a forum for the Institute's young scholars to present the state of debate in their own particular field of expertise and locate the findings of current research in these debates.

SHAPING THE ORGANIZATION

In 2013, DIW Berlin took a new approach to the titles of its departments. The department *Innovation, Manufacturing, Service*, now under Tomaso Duso, was renamed *Firms and Markets*. This new title underscores the process, starting in 2011, of strategically aligning the departments in the *Industrial Economics* research cluster, strengthening its profile and visibility in academic and economic policy discourse. The department *Education Policy* is now renamed *Education and Family*, expressing in particular the expanding focus on social relations in its profile in educational research. The *Macroeconomic Analysis and the World Economy* research cluster was renamed *Macroeconomics and Financial Markets*.

To lend the appropriate weight to the scholarly and socio-political importance of gender studies, DIW Berlin has established a dedicated Gender Studies research area headed by Research Director Elke Holst.

EXPANDING COOPERATION

In 2013, Marcel Fratzscher (Humboldt-Universität Berlin), Karsten Neuhoff (Technische Universität Berlin) and Jürgen Schupp (Freie Universität Berlin) all took up professorial ap-

pointments at Berlin universities. In cooperation with HU Berlin, DIW Berlin managed to encourage Martin Kroh to remain in Berlin rather than accept a professorship at Zeppelin University, Friedrichshafen. Silke Anger, however, decided to leave the Institute to take up a professorship at the University of Bamberg. Starting in early summer 2013, under a cooperation agreement between the Institute for Employment Research (IAB) in Nuremberg and the Socio-Economic Panel (SOEP) research infrastructure at DIW Berlin, a joint survey was conducted of households of people with a migration background.



DIW Berlin is also very active at conferences and congresses

In the future, DIW Berlin will also play a significant part in a new network for interdisciplinary educational research. The Institute is to take on a coordinating role for the "Berlin Interdisciplinary Education Research Network" (BIEN), sponsored by the Federal Ministry of Education and Research (BMBF). BIEN aims to bring together young scholars from a wide range of disciplines working in the broad field of education research, providing an opportunity for a regular exchange of views and discussion beyond their own institutions and areas of expertise.

DIW Berlin continued to expand its areas of cooperation within the Leibniz Association. The Institute is actively involved in the Leibniz Research Alliances on Education Research, Energy Transition, Healthy Ageing, Crises in a Globalised World, Sustainable Food Production and Healthy Nutrition, as well as *Science 2.0*. Section B of the Leibniz Association (Economics, Social Sciences, Spatial Research) elected Gert G. Wagner as their Deputy Spokesperson.

CELEBRATING ANNIVERSARIES

In fall 2013, the longitudinal study of private households by the Socio-Economic Panel (SOEP), a world-leading study, celebrated its 30th birthday. SOEP is the largest and longest running multi-disciplinary longitudinal study in Germany. Since 1984, SOEP has commissioned, on behalf of DIW Berlin, the private survey institution TNS Infratest Sozialforschung to conduct an annual survey of several thousand households. To mark this anniversary, the SOEP department hosted an *Anniversary Colloquium on Happiness Research*, inviting eleven renowned researchers from around the world, including economists, psychologists, and other social scientists, to present their findings from research on happiness, well-being, and life satisfaction based on the SOEP data.



Marcel Fratzscher opens the traditional DIW Berlin lunchtime reception at the Verein für Socialpolitik (VfS) annual conference in Düsseldorf (above). The President of DIW Berlin congratulates Bert Rürup (left), Chairman of the Board of Trustees, on his 70th birthday (below)

The Institute held a *Soirée économique* on November 13 to mark the 70th birthday of Bert Rürup, Chairman of DIW Berlin's Board of Trustees. The invited guests included former German Chancellor Gerhard Schröder, whose speech to an audience of

approximately one hundred at DIW Berlin took the example of Bert Rürup's lifetime work as a theme to illustrate the relationship between politics and research. ■



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Members' Assembly

Board of Trustees

Institutional Advisory Bodies

Society of Friends of DIW Berlin

Research Directors

Works Council and Representatives

The Berlin office of the *Federal Ministry of Family Affairs, Senior Citizens, Women and Youth* is just a few hundred meters as the crow flies from the German Reichstag building. This representative new building in Glinkastrasse houses the Minister's offices, though most of her staff still works at the Bonn office.

2 Organization

Department of the Executive Board



DIW Berlin's overall management is the responsibility of the Executive Board, which comprises the President, another scientific Executive Board member, and the Managing Director. The Executive Board represents the Institute externally, and is responsible for the Institute's scholarly and scientific affairs, and assumes commercial, legal, and administrative responsibility. One Executive Board member is appointed from the SOEP executive management. This member ensures the close cooperation between the Socio-Economic Panel (SOEP) research infrastructure and DIW Berlin's departments.

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Members' Assembly

The *Members' Assembly* is DIW Berlin's highest decision-making body. Through their activities both internally and externally, the Members support DIW Berlin's aims. The Federal Government of Germany and the State of Berlin are permanent association members. They support the Institute's activities pursuant to Article 91 b of the Basic Law and under the provisions in the Agreement on the Establishment of a Joint Science Conference (Gemeinsame Wissenschaftskonferenz, GWK). Within this framework, DIW Berlin receives funding from the Federal State of Berlin and the Federal Government.

FEDERAL REPUBLIC OF GERMANY

Federal Ministry of Economic Affairs and Energy (BMWi)

Federal Ministry of Finance (BMF)

Federal Ministry of Education and Research (BMBF)

Federal Ministry of Labour and Social Affairs (BMAS)

Federal Ministry of Transport and Digital Infrastructure (BMVI)

Federal Ministry of Food and Agriculture (BMEL)

THE FEDERAL STATE OF BERLIN

Senate Department for Education, Youth and Science

Senate Department for Labour, Integration and Women's Affairs

Senate Department for Finance

Senate Department for Economic Affairs, Technology and Research

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Ministry of Economy, Transport and Innovation

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represented by the

Bavarian Ministry of Economic Affairs and Media, Energy and Technology

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represented by the

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Board of Trustees

DIW Berlin's *Board of Trustees* is comprised of renowned figures working in the fields of science, economics, politics, and public administration. The Board of Trustees has the functions of advising and supervising the Executive Board. Its tasks include appointing and releasing Executive Board members and appointing the heads of the research departments, the members of the Scientific Advisory Board, and the SOEP Survey Committee.

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Institutional Advisory Bodies

The *Scientific Advisory Board* is comprised of 12 internationally recognized active scholars who advise the Institute. The Board also assesses the Institute's research and reports to the Board of Trustees on the work conducted. The Scientific Advisory Board participates in making selective appointments or in similar procedures.

The *SOEP Survey Committee* provides advice to the Socio-Economic Panel (SOEP) research infrastructure's executive management, and advises on the SOEP survey and SOEP services. The Committee comprises up to nine scholars appointed by DIW Berlin's Board of Trustees.

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Society of Friends of DIW Berlin

Since 1951 the *Society of Friends of DIW Berlin* (VdF) has provided support to DIW Berlin. The Society's objectives include developing partnerships with national and international enterprises and establishing cooperation between researchers and entrepreneurs. Members of the Society of Friends represent companies from all branches of industry and the service sector as well as the main business associations. Members of the Society regularly communicate with DIW Berlin employees providing ample opportunity to maintain informal networks. Members of the Society of Friends also attend the Berlin Lunchtime Meetings and the Industrial Conference (Industrietagung), for example.

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DSGV The German Savings Banks Association, Berlin
Duncker & Humblot GmbH, Verlagsbuchhandlung, Berlin
GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen e.V., Berlin

Gesamtmetall – Die Arbeitgeberverbände der Metall- und Elektro-Industrie, Berlin
Gesamtverband der deutschen Aluminiumindustrie e.V., Düsseldorf
GDV The German Insurance Association, Berlin
GWI Wissenschaftspolitik und Infrastrukturentwicklung, Berlin
HA Hessen Agentur GmbH, Wiesbaden
Hessisches Statistisches Landesamt, Wiesbaden
IKB Deutsche Industriebank AG, Düsseldorf
The Chamber of Commerce and Industry of Berlin
Investitionsbank Berlin
KfW Bankengruppe, Frankfurt am Main
KSB Aktiengesellschaft, Frankenthal
Landesbank Berlin AG, Berlin
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TNS Infratest Sozialforschung GmbH, Munich
UniCredit Bank AG, Munich
VDMA The German Engineering Federation, Frankfurt am Main
The German Pulp and Paper Association, Bonn
Verband Berlin-Brandenburgischer Wohnungsunternehmen, Berlin
Verband der Chemischen Industrie e.V., Frankfurt am Main
Verband der Deutschen Automatenindustrie e.V., Berlin
UVB Vereinigung der Unternehmensverbände in Berlin und Brandenburg e.V., Berlin
Volkswagen AG, Wolfsburg
The German Steel Federation, Düsseldorf

| Last updated: February 2014

Research Directors

There are currently eight *research directors* at DIW Berlin whose work is primarily interdisciplinary. In close cooperation with one of the research departments, they each develop a basis for empirical economic and social policy advice. They coordinate their department's research work and identify new areas of focus and methodologies. They also contribute to the continuing professional development and supervision of researchers in their department.

RESEARCH DIRECTORS

Prof. Dr. Christian Dreger
DIW Berlin

Research area: International Economics

Prof. Dr. Denis Gerstorff

Humboldt-Universität zu Berlin

Research area: Psychology of the Life Span

Prof. Dr. Christian von Hirschhausen

Technische Universität Berlin

Research area: International Infrastructure Policy and Industrial Economics

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DIW Berlin

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DIW Berlin

Research area: Financial Markets

Prof. Georg Weizsäcker, Ph.D.

Humboldt-Universität zu Berlin

Research area: Behavioral Economics

Works Council and Representatives

The *Works Council* at DIW Berlin is comprised of six women and three men. They act as a point of contact for DIW employees regarding all social and personnel matters. As a body of elected employee representatives, the Works Council represents the interests of the workforce in dealings with DIW Berlin's Executive Board with which it has a close, cooperative relationship based on trust.

The two DIW Berlin employees occupying the position of *Ombudsman* advise members of staff who wish to report academic misconduct or have questions on this topic in general. The Ombudsman also acts as an arbitrator in disputes or disagreements related to good academic practice. The Ombudsman also provides information about DIW Berlin's principles of ethical research, particularly to young researchers.

The *Data Protection Officer* ensures compliance with the German Data Protection Act and other legal data protection requirements, such as the EU Data Protection Directive, the German Telemedia Act, and the German Law on Telecommunications. They also ensure that DIW Berlin employees and others entrusted with personal data are familiar with data protection requirements.

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Macroeconomics
and Financial Markets

Sustainability

Industrial Economics

Public Finances and
Living Conditions

Research Infrastructure

DIW Graduate Center

Service Departments

DIW econ GmbH

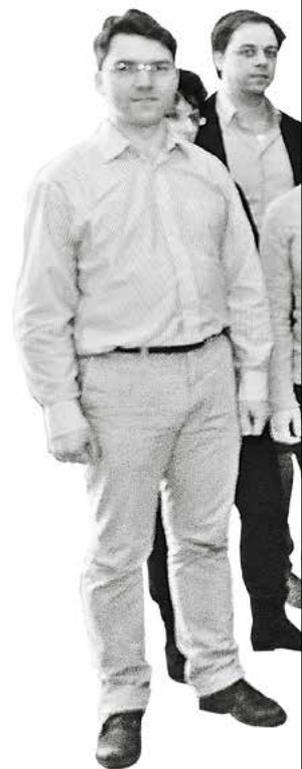


3 Research, Professional Development, and Services

All members of the German parliament have modern offices located in the *German Bundestag* building. This is where they prepare their speeches for plenary sessions and meet the experts whose specialist knowledge helps them to make informed decisions.

Macroeconomics and Financial Markets

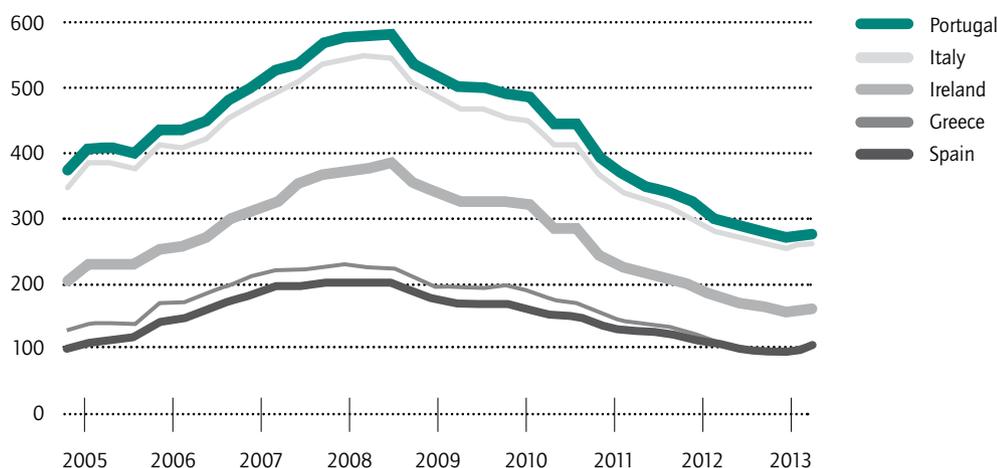
The departments in this cluster focus on three areas of research: (1) Development, Growth, and the Business Cycle, (2) Globalization, Integration, and Institutions and (3) Conflict, Shocks, and Uncertainty. Researchers in this cluster concentrate on examining mechanisms of change in economic conditions with a specific interest in the international context, particularly the increasing global integration of product, labor, and financial markets. Another key question is how economic actors respond to uncertainty in the case of economic shocks or violent conflict, for example.





Macroeconomics

Accounts Receivable to German Banks from Crisis Countries
In billion euros



GERMANY INVESTS TOO LITTLE IN ITS FUTURE

Dilapidated roads, an unclear framework for the country's energy transition, insufficient funds for education; this is all evidence that Germany is not investing enough in its future. In 2013, the country only invested about 17 percent of its GDP, which was around three percentage points less than in 1999. Investment activity in Germany over the last 14 years has been appreciably lower than in comparable countries. In June 2013, DIW Berlin compiled a cross-departmental study on this issue. According to the findings, the low level of investment is all the more surprising given that Germany's savings rate has consistently remained above 20 percent which could facilitate higher investment without the need for foreign capital inflows. However, German citizens invested a considerable part of these savings abroad rather than in Germany, which resulted in significant losses. A low investment level and losses on foreign assets will have a negative impact on the welfare of future generations.

► Publication

Stefan Bach et al.: *Germany Must Invest More in Its Future*, DIW Economic Bulletin, no. 8 (2013)

BANKS AND INTERNATIONAL LOANS

How does international banking impact market concentration and market power in the banking sector? The global financial crisis reframes this question since a large number of credit institutions have changed their global banking practices and lend less money abroad. As a result, a number of countries are less integrated into the credit market. This could have a long-term impact on market structures in the banking sector and on macroeconomic stability. Simulation exercises implemented as part of a general equilibrium model demonstrate that international lending can reduce both concentration and market power on the credit market. Similarly, increasing levels of foreign direct investment (FDI) in the banking sector can sometimes also be accompanied by lower market concentration. At the same time, however, banks' market power increases.

► Publication

Franziska Bremus: *Cross-Border Banking, Bank Market Structures and Market Power: Theory and Cross-Country Evidence*, DIW Discussion Paper, no. 1344 (2013)

The department of *Macroeconomics* focuses on the analysis of macroeconomic contexts supported by theory and empirical research and on national and international economic policy. Whether by studying labor markets and migration, the significance of financial markets for the real economy, or the institutional structure of the European Monetary Union, the department's objective is to improve the decision-making basis for economic policy-makers. The department also analyzes the implications of integrating emerging markets into the global economy. The creation of seven new post-doc positions in 2013 makes the department of Macroeconomics one of Germany's largest research groups.

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 Beckers, Marlene Karl | Last updated: February 2014

TOTAL FAILURE IS UNLIKELY

Ms. Lambert, you have analyzed the TARGET2 payment system in more detail. How does it work?

The TARGET system processes cross-border payments in the euro area. A national central bank records a TARGET asset if more liquidity flows into the country's banks than they transfer abroad. If the opposite is true, the national central bank records a TARGET liability.

During the euro crisis, the Bundesbank built up high TARGET2 claims. Why was this?

Because there is barely any trust between the banks at the moment, the interbank market, on which banks actually lend each other liquidity, no longer runs smoothly. Many credit institutions now obtain their liquidity by participating in monetary policy operations directly through the ECB which has provided almost unlimited liquidity during the crisis. However, funds frequently flow directly from the crisis countries to safe havens such as Germa-

ny – this is how the Bundesbank built up high TARGET2 claims, which are a reflection of capital flight.



Electronic payment systems dominate the interbank market. Cash is primarily used by consumers

Is the TARGET2 system a risk for Germany?

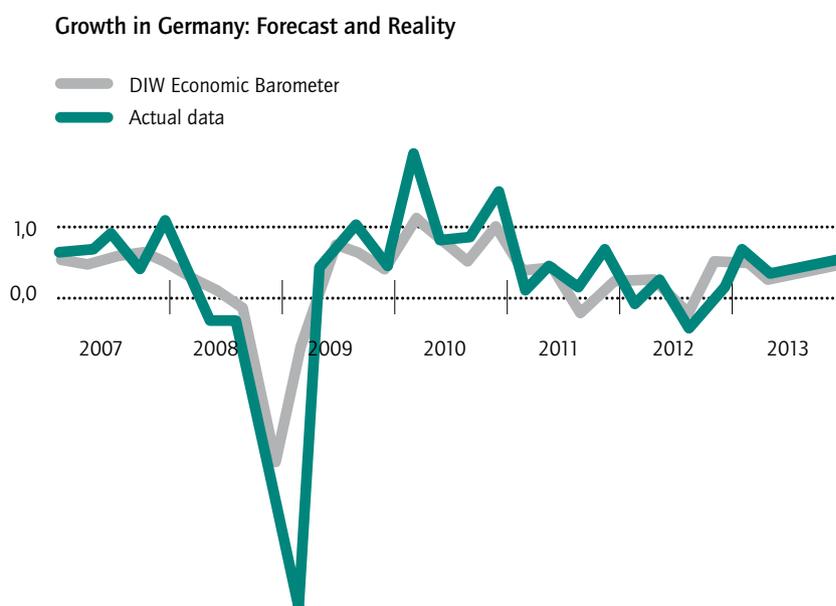
There is no simple answer to this question. If the euro were to collapse, the Bundesbank would theoretically have to write off all its claims. At present, it is impossible to estimate how high the replacement value of individual claims would be in the worst case scenario. Total collapse is unlikely. ■

CLAUDIA LAMBERT is a Research Associate in the department of *Macroeconomics*. In cooperation with her colleague Philipp König and President of DIW Berlin Marcel Fratzscher, she analyzed the functioning of the TARGET2 system and contributed two articles on the subject to the *DIW Wochenbericht*.



Forecasting and Economic Policy

The department of *Forecasting and Economic Policy* uses modern macroeconomic methods to analyze economic policy issues.



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| Last updated: February 2014

Economic forecasts are a key part of this department's work. The monthly *DIW Economic Barometer (DIW Konjunkturbarometer)*, the quarterly *Economic Development Trends (Grundlinien der Wirtschaftsentwicklung)*, and participation in the *Joint Economic Forecast (Gemeinschaftsdiagnose)* play a particularly important role. The department's experts contribute to economic policy advice and deliver statements on topical issues based on the findings of their research projects. Members of the department actively participate in public discussion and have a strong media presence.

LIQUIDITY REGULATION IN THE BANKING SECTOR

Banks' liquidity is one of the key indicators of modern economies. A bank that does not have sufficient access to liquid funds cannot service its payments to customers or other liabilities and goes into insolvency. This could result in other assets being destroyed and in macroeconomic costs. This research project analyzes liquidity control, which is an important function of banking regulation. Holding liquidity reserves to avoid sudden bottlenecks has to be weighed against the resulting costs; for example, lower rates of return on liquid assets and the banks' increasing risk appetite. The project also analyzes the circumstances under which further policy measures might be effective in avoiding liquidity crises, including, for example, higher equity ratios, state guarantees, or the provision of additional liquidity by the central bank.

► Research Project
Philipp König and Tijmen R. Daniels: *Illiquidity Risk and Liquidity Regulation*, (forthcoming)

PRESENTATION OF COUNCIL OF EXPERTS' ANNUAL REPORT

During November the Berlin Lunchtime Meeting, Christoph Schmidt, Chairman of the German Council of Economic Experts, presented the most important findings of the 2013/14 Annual Report. This was followed by a discussion between Christoph Schmidt and Ferdinand Fichtner (Head of the department of Forecasting and Economic Policy at DIW Berlin) and a number of different guests. Due to the coalition negotiations that were in progress at the time, debate was particularly lively. This event emphasized DIW Berlin's key role as an interface between research and policy in Germany's capital.

► Event

Prof. Dr. Christoph Schmidt,
Dr. Ferdinand Fichtner (Moderator):
*Berlin Lunchtime Meeting: Against a
backward-looking economic policy.*
Presentation of 2013/2014 Annual Report
of the German Council of Economic Experts,
November 26, 2013



Banks play a key role in the economy. They provide companies and consumers with capital

IT IS ABOUT MORE THAN PURE NUMBERS

Mr. Junker, DIW Berlin's economists started to participate in the Joint Economic Forecast again in 2013. What is it all about?

Various major economic research institutes work together to produce the Joint Economic Forecast, which is published in the spring and fall of each year. It serves as a basis for the German government's forecast. The Joint Forecast enables economic researchers to provide a certain amount of guidance and ultimately also independent oversight.

Why does DIW Berlin participate in the Joint Economic Forecast?
DIW Berlin regularly compiles forecasts. We would like to have the opportunity to introduce this analysis into the discourse which also has a positive impact on the Institute's public image. At the same time, interaction with colleagues from other institutes is at least as important.

What exactly does the Joint Economic Forecast consist of?
Obviously, first and foremost, it comprises economic forecasts. However, it is about more than pure numbers. With the Forecast, we aim to identify adverse economic developments as well as unused potential at an early stage. Another important component is economic policy advice which is developed with each Joint Economic Forecast. ■

SIMON JUNKER
is Deputy Head of the department of *Forecasting and Economic Policy*. Along with other responsibilities, he also leads the section of the Forecast focused on the German economy.



Development and Security



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The goal of the department of *Development and Security* is to conduct research on major global challenges and then derive recommendations for political and societal action. Key issues here are sustainable growth and improved quality of life for people in developing countries and how these goals can be achieved in the light of extreme risks and weak institutions. The department studies these themes from an applied microeconomic perspective using individual and household survey data. The department's experts frequently collect their own microdata for this purpose.

DEVELOPMENT ECONOMISTS PRESENT THEIR RESEARCH

In fall 2013, the department of Development and Security initiated a series of seminars entitled the Berlin Seminar Series on Research in Development Economics. Every two weeks, Berlin's development economists and other renowned experts present their current research on developing and emerging nations for discussion at DIW Berlin. The seminar series covers topics such as anti-corruption strategies, women in the labor market, and export restrictions. External speakers include experts from the Graduate Institute in Geneva and the universities of Passau, Antwerp, Freiburg, and Göttingen. The aim of the seminar series is to establish a network of Berlin-based development economists and a forum for scientific exchange.

- Event series
Berlin Seminar Series on Research in Development Economics, every fortnight

HOW TO COPE WITH COLD SHOCKS IN MONGOLIA

The term *Dzud* in Mongolia signifies periods of severe cold and snow that escalate livestock mortality. This Asian country has been experiencing such extreme weather conditions with increased frequency which tends to be attributed to climate change. As part of the *Coping with Climate Shocks in Mongolia*, research project the department of Development and Security has analyzed the impact of climate shocks on the welfare and behavior of households in Mongolia. Under the auspices of the project, which is funded by the Federal Ministry of Education and Research, an innovative longitudinal household panel survey was conducted in western Mongolia. The survey collates, inter alia, anthropometric data on children and households' expectations for the coming winter. The project uses microeconomic techniques to analyze the adjustment strategies employed by nomads to cope with climate shocks and the impact of climate shocks on equality.

- Research project
Economics of Climate Change: Coping with Climate Shocks in Mongolia – Vulnerability, Assets and Migration (funded by the Federal Ministry of Education and Research)

LOANS, TRAINING, GRANTS: WHAT BENEFITS SMALL ENTERPRISES?

Mr. Fiala, you conducted a field experiment with microenterprises in Uganda. What were you hoping to learn?

We wanted to gain a better insight into the obstacles to growth that microenterprises, i.e., particularly small companies in developing countries, are faced with. These businesses tend to be the main source of income and employment for the majority of the population in the developing world.

Which companies participated in the study?

The types of enterprise that are frequently seen in East Africa and other developing countries: hairdressers, small shops, tailors, and mechanics. Random selection was used to provide the owners of these companies with either a loan or a grant and some of them were also given business training.

And which of these measures benefited the participating enterprises most?

The study showed that for men, microloans had a positive impact on the success of their businesses and, in combination with training, these effects were also sustained. Women, on the other hand, saw no significant growth in company profits with any of these measures. Interestingly, female owners who were married and lived near their families fared even worse than the control group, which received neither a grant nor a loan. This finding could be linked with the pressure on women to redistribute their profits among their families. ■

NATHAN FIALA is a Research Associate in the department of *Development and Security*. He co-authored an article with Christopher Blattman about his experiences in Uganda entitled *Generating Skilled Self-Employment in Developing Countries. Experimental Evidence from Uganda* which was published in DIW Berlin's *Vierteljahrshefte zur Wirtschaftsforschung* (*Quarterly Journal of Economic Research*).



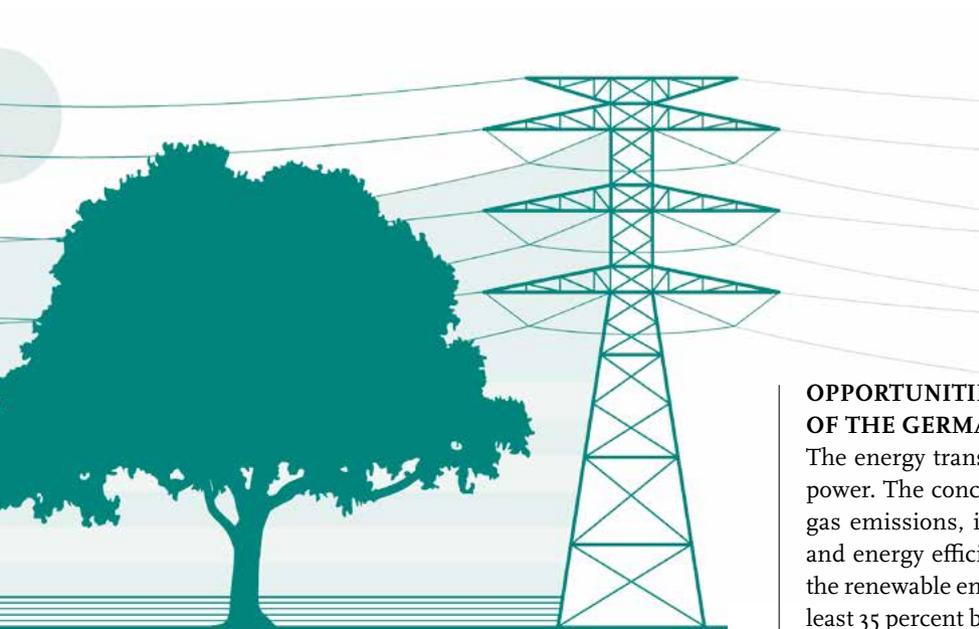
Sustainability

The *Sustainability* research cluster investigates the economic requirements for and consequences of sustainable development. The department of *Energy, Transportation, Environment* focuses on conducting economic research and providing policy advice with the aim of achieving a climate-friendly, competitive, and secure energy supply and sustainable mobility. The department of *Climate Policy* analyzes how the regulatory framework can shape the transition to a low-carbon economy in such a way that other economic policy goals are fulfilled at the same time. Both departments also participate in research and consultancy projects as well as various events.





Energy, Transportation, Environment



OPPORTUNITIES AND CHALLENGES OF THE GERMAN ENERGY TRANSITION

The energy transition is not only about phasing out nuclear power. The concept also includes a reduction in greenhouse gas emissions, increased use of renewable energy sources, and energy efficiency improvements. The aim is to increase the renewable energy share of gross energy consumption to at least 35 percent by 2020 and, by 2050, it should account for as much as 80 percent. In order to meet these targets, we will need to exploit all forms of renewable energy with the lion's share of the increase expected to be generated by wind and solar energy, despite the fact that the use of these sources is subject to weather-related and other temporary fluctuations over the course of the day or year. The further expansion of renewables raises questions regarding market and system integration and also the design of the electricity market. Grid and system stability must also be maintained, for example, by adapting transmission and distribution networks to the new conditions. An issue of DIW Berlin's *Quarterly Journal of Economic Research* illuminates the wide range of topics relating to the energy transition in the electricity sector. Here, 11 expert articles analyze policy-relevant aspects of the transition, the majority of which continue to be of importance beyond the legislative period.

► Publication

Claudia Kemfert, Wolf-Peter Schill, Thure Traber (eds.), *Energy Transition in Germany – Challenges and Opportunities*, *Quarterly Journal of Economic Research*, no. 82, vol. 3 (2013)

The department of *Energy, Transportation, Environment* examines energy, transport, and environmental policy strategies for sustainable development. The guiding principles of the department's research are a climate-friendly, competitive, and secure energy supply and sustainable mobility. The emphasis is on analyzing markets and policy measures in view of the energy transition. Infrastructure and industrial economy issues also play an important role in this context. Other key areas of focus are political sustainability strategies and macro-economic impact analyses. The department primarily employs and develops quantitative economic models, for the electricity and gas markets, for instance.

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| Last updated: February 2014

RESTRUCTURING EUROPE'S POWER SYSTEMS

The aim is for power supply in Europe to be increasingly based on renewable energy sources, thus reducing greenhouse gas emissions, and electricity systems are being restructured to achieve this aim. However, scientific analysis of these systems is necessary before this can happen. The Berlin Conference on Electricity Economics contributed to this analysis through its international dialogue on this subject. Over 100 participants representing over 70 research institutes, universities, NGOs, and companies attended the conference, including leading international experts such as Prof. Carlos Batlle (Comillas IIT Madrid and MIT Cambridge), Prof. Ross Baldick (University of Austin), Prof. Pantelis Capros (University of Athens), and Prof. David Newbery (University of Cambridge). The conference covered a number of topics including integration of the European electricity market, electricity market design, development of emissions trading, modeling of grid and power generation investment, and network regulation. The conference was conducted as part of the MASMIE project which is funded by the Mercator Foundation.

► Event

Berlin Conference on Electricity Economics – Modeling and Policy in the Energy Transformation – Germany, Europe, and Beyond. Conference held by DIW Berlin in cooperation with the Technische Universität Berlin (TU Berlin) and Humboldt-Universität zu Berlin (HU Berlin), October 9 and 10, 2013

DEMAND FOR NATURAL GAS SHIFTING TO ASIA

Ms. Holz, the significance of natural gas as a power source is on the increase worldwide – why is this?

Natural gas pollutes the environment far less than coal and is a relatively flexible source of power. This makes it particularly attractive in the US where the exploitation of shale gas deposits is currently a cost-effective option, and in Asia. The situation in Europe, however, is somewhat different: the purchasing price for natural gas is high and, at the same time, the price of coal and carbon is very low. This competitive disadvantage even led to a decline in natural gas consumption recently.

How sustainable is the shale gas boom in the US?

The forecasts are probably over-optimistic since the US will increasingly be forced to exploit more expensive deposits and adhere to stricter environmental standards in the coming years. The higher extraction costs are likely to drive prices up and reduce demand.

What are the implications of this for the structure of the global natural gas markets that were the focus of your research?

The US will be able to maintain the energy self-sufficiency that it has recovered but its natural gas exports are unlikely to be high. In the coming years, the natural gas economy will be dominated by the demand boom in Asia. Traditional export countries such as Russia will target this region as European natural gas consumption continues to decline due to the expansion of renewables. ■

FRANZISKA HOLZ

is a Research Associate in the department of *Energy, Transportation, Environment*. One of her key areas of research is natural gas and, in cooperation with fellow researchers, she contributed an article on the *Structural Shift in Global Natural Gas Markets* for *DIW Berlin Economic Bulletin*, no. 11/12 (2013).



Climate Policy



ENERGY-INTENSIVE INDUSTRIES IN CHANGING TIMES

The department of Climate Policy uses public statistics, industry data, and interviews with company executives to analyze the development of energy-intensive sectors such as the cement and steel industry. This enables researchers to examine the role of the European Emissions Trading System (EU ETS) and other policy instruments to stimulate investment and innovation. Building on this, the department then evaluates what policy steps are necessary to meet the targets published in the low-carbon roadmaps, for example. The findings are discussed in workshops with government and industry representatives. In addition, the department's researchers are currently developing proposals for the post-2020 structural reform of the EU ETS. One possible component could be the integration of energy-intensive goods to avoid distortions of competition. The project is led by the department of Climate Policy under the auspices of the Climate Strategies international research network. The project is financed by EU member states and various companies.

► Research project

Carbon Control post 2020 in Energy Intensive Industries

► Publication

Karsten Neuhoff and Bruno Vanderborght et al., *Energy Intensive Industries Carbon Control & Competitiveness post 2020 – The Cement Report* (DIW Berlin: February 2014). Bruno Vanderborght is an independent researcher and the remaining authors are affiliated with DIW Berlin, Hertie School of Governance, Universität Erlangen-Nürnberg, Imperial College London, University College London, CNRS École Polytechnique, CIRED, Radboud University Nijmegen, IDDRI, Grantham Research Institute, and LSE

The department of *Climate Policy* examines how the transition to a low-carbon economy and current economic policy goals are mutually reinforcing. The department analyzes and compares how the specific regulatory frameworks are implemented in different countries. Another two areas of focus for the department's research are policy measures to increase energy efficiency in industry and buildings and regulatory frameworks for integrating renewable sources in European markets. Members of the departments' main research interests are the financing of investment and the further development of EU emissions trading, bearing in mind these two priority areas.

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ENERGY TRANSITION IN A EUROPEAN CONTEXT

The energy transition is being implemented throughout Europe. As a result, European directives, for example, on the integration of renewable energy sources, also have an impact on policy-making in Germany. Security of supply is another topic of discussion that transcends national boundaries since cross-border trade in Europe can improve access to safe, secure, and clean energy sources. This project focuses on how European electricity markets would have to be organized in order for renewable and conventional energy sources to efficiently cover temporary fluctuations in demand across borders. Another area of interest is how the existing risks of investment in clean power plants can be mitigated. In order to ensure that the department's research is relevant to policy, it established a quarterly discussion forum. Participants in the "Future Power Market Platform" include representatives of the European Commission, regulatory authorities, international researchers, and European power producers and network operators.



Wind energy production plays an important role in the implementation of the energy transition

► Research Project
 Federal Ministry for Environment,
 Nature Conservation and Nuclear Safety (BmWi):
*Project Implementation of the EU Renewables
 Directive against the backdrop of the European
 energy markets (EUREEM) and Future Power
 Market Platform*

► Publication
 Karsten Neuhoff, Jochen Diekmann,
 Wolf-Peter Schill, and Sebastian Schwenen,
*Strategische Reserve zur Absicherung des Strom-
 markets, DIW Wochenbericht, no. 48 (2013): 5–15*

MORE EFFECTIVE EMISSIONS TRADING

Ms. Schopp, the EU Emissions Trading System (EU ETS) was introduced in 2005. What was the reason for this?

The European Commission's aim was to reduce greenhouse gas emissions and create incentives for investment in low-carbon technologies. Since the system was introduced, companies have been able to trade a restricted number of certificates and thus reduce emissions in a cost-effective manner. However, the scheme has since accumulated a significant surplus of certificates.

How can this surplus be reduced?

The European Commission has made a number of proposals. In the short term, EU member states could auction a smaller number of certificates. In the long term, however, structural reform is planned, for example, by completely withdrawing certificates from the market or transferring them to a stability reserve.

What exactly is the focus of your research?

We looked into how many surplus certificates there are, which companies are accumulating (banking) carbon credits for future use, and why they do this. Then we evaluated the individual proposals made by the European Commission in an attempt to structure European emissions trading more effectively. ■



ANNE SCHOPP
 is a Research Associate in the department of *Climate Policy*
 and a Ph.D. student in the Graduate Center.
 She will complete her dissertation on the topic of
Financial Incentives for Low Carbon Investment in 2014.

Industrial Economics

Technological progress, a rapidly changing global environment, and growing international trade and capital integration – market structures are changing and, consequently, economic policy is faced with new challenges. This particularly applies to innovation and competition policy. The *Industrial Economics* cluster focuses on the question of how economic policy interventions should be shaped in order for the changed conditions to secure efficiency and growth. The cluster's research is based on quantitative, empirical, and theoretical approaches to industrial and behavioral economics.





Firms and Markets



INDICATORS OF GERMANY'S TECHNOLOGICAL PERFORMANCE

The German government's Expert Commission for Research and Innovation (EFI) regularly commissions analyses of Germany's technological performance. The Department of Firms and Markets contributes in two fields of research. The first area of focus is analysis of the internationalization of Research and Development (R&D) in multinational companies. In recent years, there has been virtually no growth in the R&D expenditure of German companies abroad. Domestically however, for some years, foreign companies have accounted for a quarter of the German economy's increasing R&D activity. This has enabled Germany to establish itself as an attractive research location. The department's second area of focus is the analysis of market outcomes of research-intensive goods and knowledge-intensive services. In Germany, the knowledge economy produces more than a third of the entire value added of the overall economy, which is more than the majority of other countries. Although a number of countries – including China, Brazil, India, and Eastern European countries – are beginning to penetrate these markets, not only as consumers, but increasingly also as competitors, Germany's R&D-intensive sector is currently in a particularly good position in the face of the increasing competition.

► Publications

Heike Belitz, *Internationalisierung von FuE – Evidenz aus der FuE-Statistik*, Expert Commission for Research and Innovation, ed.: *Internationale FuE-Standorte*, Studien zum deutschen Innovationssystem, no. 11 (2013): 24 – 39

Martin Gornig, Florian Mölders, and Alexander Schiersch, *Bedeutung der Wissenswirtschaft im Euroraum und in anderen Industrienationen*, Commission for Research and Innovation, ed.: *FuE-intensive Industrien und wissensintensive Dienstleistungen im internationalen Vergleich*, Studien zum deutschen Innovationssystem, no. 07 (2013): 7 – 40

The Department of *Firms and Markets* analyzes corporate strategic behavior and its impact on growth, efficiency, and productivity as well as the institutional and political environment in which companies operate. The department uses vigorous methodology to analyze economic policy issues and to provide robust knowledge and the appropriate tools to evaluate current economic policies. The department's research focuses in particular on evaluating the impact of economic-policy decisions on market outcomes in the fields of regulation, competition policy, and industrial and innovation policy.

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COMPETITION POLICY AND PRODUCTIVITY GROWTH

Competition policy provides a broad regulatory framework for fair and effective competition, thus protecting consumers at the same time. However, the question as to whether there should be state intervention in the functioning of markets remains unresolved in economic policy discourse and academic debate. This recent study provides an initial response. Using newly developed indicators to measure the deterrent effect of economic policy, the study establishes significant positive effects of national and EU competition policy on the productivity growth of 22 industries in 12 OECD countries during the period from 1995 to 2005. This positive impact is particularly thanks to the institutional aspects of competition policy and anti-trust activities. The effects are especially striking in the manufacturing industry where competition is freer and the influence of specific regulations not as significant. Further, the effective implementation of competition policy appears only to be possible in the presence of a fully functional legal system.



Many sectors of German industry occupy a strong competitive position in international markets. Made in Germany is a respected label the world over

► Publications

Paolo Buccirossi, Lorenzo Ciari, Tomaso Duso, Giancarlo Spagnolo, and Cristiana Vitale, *Competition Policy and Productivity Growth: An Empirical Assessment*, The Review of Economics and Statistics 95, no. 4 (2013): 1324 – 1336

THE FUTURE OF COMMUNAL INFRASTRUCTURE COMPANIES

Your research project focuses on local utilities and waste disposal companies. What is interesting about these companies?

Astrid Cullmann: Our project examines German energy, water, waste, and sewage companies. The detailed dataset we developed for these companies serves as our database. This enabled us to conduct comprehensive and empirically robust analyses on this subject for the first time.

What exactly does your analysis consist of?

Maria Nieswand: First, we analyzed the status quo. Based on this, we plan to derive hypotheses about companies' pricing and the effectiveness of the regulatory framework. We are also interested in how ownership structures, costs, and efficiency influence production.

Who might be interested in your findings?

Cullmann: Anyone who is responsible for making decisions about structures in these companies. Our findings are highly relevant for the future organization of the public utilities and waste disposal infrastructure. Existing structures have to adjust.

Nieswand: These adjustments are necessary primarily due to innovations and the energy transition but demographic change also plays a role here since it has an impact on demand and settlement structures. ■



ASTRID CULLMANN (left) and MARIA NIESWAND are Research Associates in the Department of *Firms and Markets*. The research project *Municipal infrastructure companies against the background of energy policy and demographic change (KOMIED)* – empirical analyses using micro level data of the energy, water and waste sector is financed by the Leibniz Community and runs until 2016.

Competition and Consumers



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The department of *Competition and Consumers* aims to produce robust evidence of how markets function. Its research combines approaches from industrial economics with new findings from behavioral economics, thus enabling comprehensive analysis of strategic interactions and market allocations. The department focuses on analyzing different market structures, information asymmetries, incomplete contracts, and decisions made under uncertain conditions. The findings serve as a basis for economic policy advice.

IDENTIFICATION SYSTEMS AND FINANCIAL INTERMEDIATION

National identification systems facilitate the unique and secure identification of individuals. Further, by analyzing a dataset comprising 172 countries over a period of eight years, we were able to show that introducing an identification system has a positive effect on financial intermediation, for example, regarding access to loans. This is particularly the case in countries where there is also a credit reporting system. Here identification systems increase the quality of credit reporting systems, reduce the risks of loan defaults, and lower banks' administrative costs. On the whole, national identification systems have a positive effect on the efficiency of credit markets.

► Publication

Caterina Giannetti and Nicola Jentzsch, *Credit Reporting, Financial Intermediation and Identification Systems: International Evidence*, Journal of International Money and Finance, vol. 33(C) (2013): 60 – 80

AGRICULTURAL MARKETS: FOOD SECURITY AND QUALITY

On the agricultural markets, competition between food and energy producers is on the increase. At the same time, there is an ongoing discussion about food security. It is therefore all the more important to conduct analyses on how effectively agricultural markets function and the necessity of state intervention. Various aspects of this problem are discussed in the *Vierteljahrshefte zur Wirtschaftsforschung*, no. 4 (2012). The article concentrates on analyzing price fluctuations on global agricultural commodity markets. The analysis examines the impact of speculation and economic policy interventions with a particular focus on the type of quality control and how information is communicated to consumers. Other articles in the issue examine how consumers absorb and interpret information.

► Publication

Vanessa von Schlippenbach, Kornelia Hagen, and Pio Baake, eds., *Ernährungssicherung und Lebensmittelqualität: Herausforderungen für Agrarmärkte*, Vierteljahrshefte zur Wirtschaftsforschung, no.4 (2012) (published in 2013)

GRAIN MARKETS ARE SHAPED BY POLITICAL INTERVENTION

Mr. Baake, the grain trade plays a key role in the world economy. What makes grain markets so interesting from a political perspective?

On the one hand, grain is one of the most important basic foodstuffs, on the other hand, grain markets are concentrated in the hands of a small number of international traders. This combination of factors means that the international markets are heavily shaped by the politically motivated interventions and strategic behavior of the traders.

What role do tariffs play here?

From the export countries' point of view, export tariffs are an instrument to secure supply on domestic markets. This particularly applies during poor harvests which lead to higher prices on the international markets. What is interesting here is that export tariffs can lead to other countries following suit – and, in turn, ultimately to very high tariffs and inefficient market balances.

Is there any way these situations can be avoided?

One option is cooperation between export countries. Particularly in the event of crop failures, agreements can ensure that countries set low export tariffs and that, in the end, consumers actually also profit from overall lower grain prices. ■

PIO BAAKE
is Acting Head of the Department
of *Competition and Consumers*.
He co-authored DIW Discussion Paper 1342 (2013) on
Crop Failures and Export Tariffs with Steffen Huck.



Public Finances and Living Conditions

The *Public Finances and Living Conditions* research cluster examines changing economic and social living conditions and the distributional effects, incentive effects, and behavioral effects of government activity. The *Public Economics* Department, the *Education and Family* Department, and the *Socio-Economic Panel (SOEP)* research infrastructure all work closely together. They also use similar methodologies dominated by empirical analyses based on microdata.





Public Economics

The primary research focus of the *Public Economics* Department is the question of how financial, fiscal, and social policy influences the economic decisions of individuals, households, and companies.



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| Last updated: February 2014

The department's key focus is on German fiscal and social policies. Its analyses are based on micro-simulation models and modern methods of empirical economic research. The behavior of households, companies and policy-makers is particularly interesting for researchers. The distributional effects of fiscal and social policy are also crucial to them. They study fiscal and social policies not only at national level, but also at local, regional, and European Union level.

SOCIAL SECURITY IN THE EVENT OF ILLNESS

Does the German taxation and transfer system provide social security for people not earning an income due to illness? The research project examined this question empirically. Here, micro-econometric methods were used to develop a dynamic, structural life-cycle model. The project also studied the introduction of a minimum pension to secure individuals against the risk of health-related poverty in old age. The analyses are based on representative household data from the SOEP, taking into account the specific details of the German taxation, transfer, and pension system. The researchers obtained important information about risk groups and the limits of the German social security system. The studies were published in, among others, *the Journal of Econometrics*, *International Tax and Public Finance* and *Finanzarchiv*.

► Research project

Peter Haan and Daniel Kemptner,
Health risks, social security, and the behavior of households – empirical analyses based on structural modeling for Germany (funded by the Fritz Thyssen Foundation)

FAMILY WORKING TIME – HOW MUCH DOES IT COST, WHAT IS ITS PURPOSE?

Commissioned by the Friedrich Ebert Foundation and the Hans Böckler Foundation, the project examined the effects and costs of wage compensation during family working time to assist parents in equally dividing family work and gainful employment. If both parents decide to reduce their working hours from full-time, they would receive this payment for three years once their paid parental leave has come to an end. The benefit would cover the working hours of approximately 80 percent of a full-time equivalent job. The financial injection would be based on net income and parents on a lower income would receive a greater percentage than those on a higher income. The study shows that the proportion of families in which both parents would reduce their full-time employment could almost double. This figure is currently one percent. The costs would be modest in the short term. It is conceivable, however, that the new benefit would help bring about a change in the division of labor within some families. As a result, more families might choose this combination of work time in the medium term. This, in turn, would result in a rise in costs.

► Publication

Kai-Uwe Müller, Michael Neumann, and Katharina Wrohlich, *Bessere Vereinbarkeit von Familie und Beruf durch eine neue Lohnersatzleistung bei Familienarbeitszeit*, DIW Wochenbericht, no. 46 (2013): 3 – 11

MINIMUM WAGE CANNOT SIGNIFICANTLY LOWER POVERTY

Mr. Müller, you collaborated on a highly respected DIW study on the minimum wage. Who would benefit from a statutory minimum wage?

People in marginal employment are more likely to benefit than regular workers, employees in eastern Germany more than those in the West, women more than men, workers in small enterprises more than those in large corporations and employees in certain service sectors would profit far more than those in the manufacturing sector. This presupposes that no further adjustment responses are made to the minimum wage.

Will the minimum wage cost jobs?

It is not possible to make such a general statement because employment adjustments depend on so many factors, such as market structure and the wage levels of individual market segments. What will be crucial, though, is if there are differentiations by age and region. In the event that there are no such differentiations, we would have recommended an initial minimum wage of less than 8.50 euros, which could then have been gradually adjusted.

Will the minimum wage reduce inequality and poverty?

It could reduce wage inequalities, yes, but will have no significant impact on poverty since disposable household incomes are more relevant there. But minimum wage earners do not always live in households with low disposable income; often one spouse earns considerably more. In this case, wage increases would almost entirely be eaten up by higher tax rates. ■

KAI-UWE MÜLLER

is a Research Associate in the *Public Economics* Department. His research on the minimum wage was brought into the public eye in 2013 during the formation of a new German government. He and his colleague Karl Brenke were much sought-after contacts for the media.



Education and Family



Education and Family

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| Last updated: February 2014

LAUNCH OF THE “BERLINER STUDIEN- BERECHTIGTEN-PANEL BEST UP”

Students whose parents did not attend university are under-represented at German universities, despite young people from such families often being eligible to study. What educational policy measures might encourage more people to take up studying? DIW Berlin and the Social Science Research Center Berlin (WZB) have been pursuing this issue jointly, using Berlin as an example. The BEST UP research project is funded by the Einstein Foundation Berlin. The starting point of the project is a survey of eligible students who already provided information about their intentions to study before obtaining their university entrance qualification (*Abitur*). More than 1,000 interviews were held in early 2013. Participants are to be followed using online surveys for at least five more years. The project will also look at how university selection procedures influence a student's decision to study.

► Research project

Berliner Studienberechtigten-Panel BEST UP
(commissioned by the Einstein Foundation Berlin)

FAMILY POLICY UNDER CLOSE SCRUTINY

Do benefit payments to married couples and families, such as income splitting and child support, meet the objectives of German family policy? Researchers from DIW Berlin, the Ifo Institute for Economic Research and the Centre for European Economic Research (ZEW) have been looking into this issue on behalf of the Federal Ministry of Finance and the Federal Ministry for Families, Senior Citizens, Women and Youth. At a joint press conference in Berlin, the participating researchers presented their views on the results of the overall evaluation. One key finding was that, certainly, many payments are beneficial in terms of at least one family policy objective but they may inhibit or prevent other objectives being achieved. For instance, although income splitting for married couples increases household income for some families in the short term, reconciling work and family becomes difficult. Publicly funded children's daycare facilities and parental leave allowance are more effective.

► Publication

Holger Bonin, Anita Fichtl, Helmut Rainer,
Holger Stichnoth, C. Katharina Spieß, and
Katharina Wrohlich, *Zentrale Resultate der
Gesamtevaluation familienbezogener Leistungen*,
DIW Wochenbericht, no. 40 (2013): 3 – 13

The *Education and Family* Department addresses education- and family-related issues from a microeconomic perspective. One key focus is the area of early childhood – a research field that has gained more international prominence in recent years. How are skills developed? How important is the family environment? Researchers have also addressed the issue of reconciling family and career as well as analyzing the effectiveness of educational and family policy measures. Here, other areas such as tertiary education and universities in particular, are also included.



YOUNG EDUCATIONAL RESEARCHERS ON EXCHANGE PROGRAM

Ms. Storck, you coordinate the “Berlin Interdisciplinary Education Research Network (BIEN)” launched in 2013. What is the aim of BIEN?

This network aims to offer young researchers in the field of education research the opportunity to meet regularly and to exchange ideas in and around Berlin. To comprehensively explore educational processes, exchanging ideas between the disciplines is crucial to education research.

Who is participating in the network?

Currently, 13 research institutions in Berlin and Brandenburg are involved in BIEN. These institutions represent the key disciplines of education research, such as educational science, psychology, economics, sociology, and research on the history of education.

How and where can researchers interact within BIEN?

The network holds a monthly lunchtime seminar which takes place at DIW Berlin. We invite well-known researchers and young scholars to discuss current research issues. Researchers

Fathers are increasingly doing more family work, such as child care (see opposite page). The foundations for a good education and the skills to study are laid at pre-school age

from a different discipline comments on each presentation, so that each subject is considered from at least two perspectives. Afterwards, young researchers can then network over lunch. We have also planned annual meetings and method workshops. ■

JOHANNA STORCK
is a Research Associate in the Department of *Education and Family*.
More information about the “*Berlin Interdisciplinary Education Research Network*” is available online at www.bien-edu.net.



Socio-Economic Panel (SOEP)



Socio-Economic Panel (SOEP)

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TRAINEES: Florian Griese, Janine Napieraj,

Marius Pahl, Carolin Stolpe

| Last updated: March 2014

SOEP is the world's largest and longest-running panel survey of households and individuals. Many studies have used SOEP data to research the question of how social resources are distributed. These studies have looked at income and wealth as well as access to education and work. Researchers are also interested in opportunities for social mobility of the entire population and socio-demographic subgroups. In addition, they explore the consequences of job losses and family events such as births or deaths. Thus, they examine the entire lifespans of individuals in Germany. In November 2013, SOEP celebrated its 30th anniversary.

PARENTS DETERMINE FUTURE OPPORTUNITIES FOR THEIR CHILDREN

In Germany, the parental home has a significant influence on career success. These are the findings of an international comparative analysis of multiple generations based on SOEP data. Approximately 40 percent of the inequality of individuals' earned income can be explained by family background. The corresponding figure for educational success rises to over 50 percent. The results were obtained using a new methodological procedure: the study compares siblings who grew up in similar conditions with other individuals of the same age. Family background has a particularly significant influence on men. With regard to earned income, it accounts for 43 percent of inequality, for family income the corresponding figure is 47 percent and for hourly wages it is almost 46 percent. For women, these values are 39 percent for earned income and slightly lower for family income at 32 percent. As far as hourly wages is concerned, there is no difference between women and men.

► Publication

Daniel D. Schnitzlein, *Low Level of Equal Opportunities in Germany. Family Background Shapes Individual Economic Success*, DIW Economic Bulletin, no. 5 (2013): 3 – 8

SURVEY OF IMMIGRANTS

Although migration and integration research are topics of the future, there are still not enough reliable empirical data to answer many questions. This applies particularly to two groups: children born in Germany to migrants and immigrants from countries belonging to the EU since 2004. Based on administration data from the Federal Employment Agency, a sample was taken of immigrants who came to Germany in the last ten years. This was implemented in cooperation with the Institute for Employment Research (IAB). Personal interviews were conducted with over 2,700 households to obtain information about employment status, income, migration experience, and general life situations. Where respondents agreed, these results were linked to register data. This approach opens up new opportunities for research and policy advice. The sample was jointly financed by SOEP and the IAB. The entire project is sponsored by the Leibniz Association as part of the Leibniz Competition.

► Research project

SOEP Record Linkage: Survey of immigrants of social security statistics in the longitudinal (SOEP-REC-LINK) – process databased recording and linkage with survey data on migration (funded by the Leibniz Association)

COMMUNITY PROMOTES HAPPINESS

Mr. Schupp, why are researchers examining the topic of happiness?

In science, there has long been the realization that monetary indicators alone, such as the growth of gross national product, are not the only important components in the development of our welfare. Consequently, comprehensive concepts, such as that of quality of life, take into account other factors. At the collective level, these factors are peace, freedom, legal security, and a good infrastructure; at the individual level, there is the lack of disease, depression, and existential concerns.

What exactly are you studying at SOEP?

SOEP has been recording the emotions of individuals, that is, their current level of happiness, for seven years. In addition, we ask respondents about their satisfaction with life in general. SOEP has been surveying this subjective assessment of an individual's own life for 30 years.

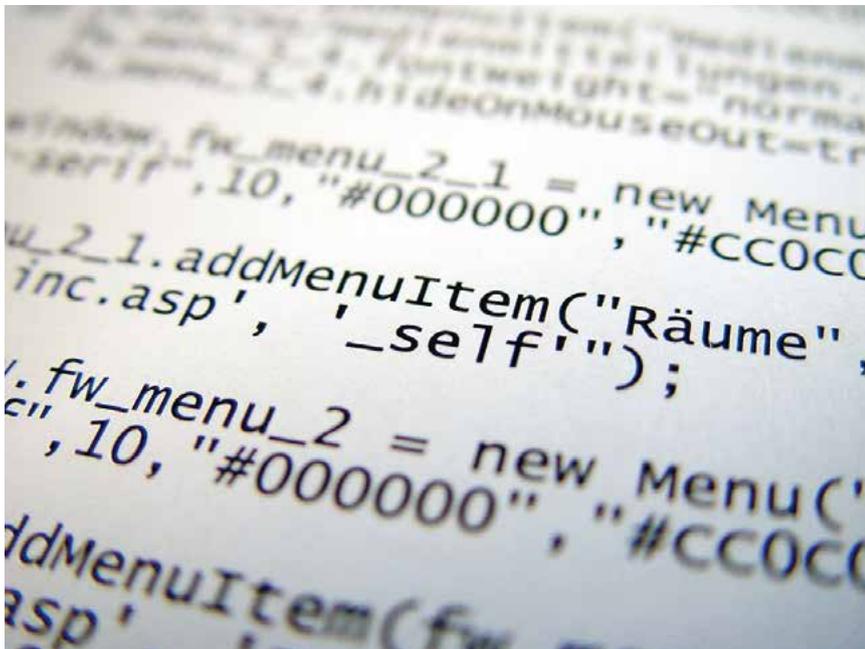
And, what do researchers think makes people happy?

Humans are social beings. Almost all community-building activities increase an individual's life satisfaction and happiness, whether it's voluntary work or activities with neighbors, friends, or family. ■

JÜRGEN SCHUPP
is Director of the *Socio-Economic Panel (SOEP)* research infrastructure at DIW Berlin. As a result of his research into the topic of satisfaction, he was invited to discuss happiness on German television's ARD-Themenwoche in November 2013.



Research Infrastructure



RESEARCH

Prior to the evaluation of DIW Berlin by the Leibniz Association, the Information Technology and Library Departments were merged into the research-oriented Research Infrastructure Department, thus allowing many years of experience with research data in almost all departments to be bundled. In addition, the storage, access, documentation, and traceability of the data was improved.

The proportion of research in the department is growing continuously. Among other things, it is involved in the Leibniz Research

Alliance *Science 2.0*. The alliance was founded in 2013 and now has more than 30 partner institutions, especially from the field of social sciences, but also from medicine and mathematics. Its focus is on the question of how social media change scientific work from project start to publication.

In 2013, two third-party funded projects proposed by the Research Infrastructure Department were approved for the period from 2014 to 2016. The aim of the *SowiDataNet* project is to establish a Research Data Alliance for the social and economic sciences. The Alliance has a web-based, stand-alone infrastructure. It is based on the specific needs of the scientific community and enables low-threshold self-archiving, documentation, and distribution of research data. DIW Berlin heads a subfield that deals with transferring the concepts developed. The objective is for the research community to be given access to detailed training materials made available through social media and print media.

Easy access to research data is of primary importance for many research projects

The Information Technology and Library Departments were combined in 2012 to form the *Research Infrastructure* Department. It not only provides the Institute with the necessary infrastructure for information technology and library services, but also adds its own research to the worldwide service for open access to publications and research data. The department is involved in research projects and is active in the Leibniz Research Alliance Science 2.0. It studies how new media might change research and publication processes in the future.

DIW Berlin is also participating in three of seven other work packages.

The German Research Foundation (DFG) project *EDaWaX II* is looking at similar aspects. It follows another DFG project that DIW Executive Board Member Gert G. Wagner collaborated on between 2011 and 2013 as member of the Council for Social and Economic Data. Both projects examine how research data in empirical economics can be deployed meaningfully for replication, re-use and the promotion of scientific discourse. Reasons for the low re-use of research data were identified in the first project: lack of infrastructure, lack of incentives, and ambiguous legal relationships. In the newly approved *EDaWaX II* project, the theoretical analysis of the incentives for data sharing – the use of research data and analysis program code by third-parties – is refined. The study of journals will be extended to include the field of business administration providing users with the opportunity to share different types of data, including captured and process-produced data. As a result, an empirical survey was conducted as part of the annual SOEP user survey.

The pilot application from *EDaWaX I* is being further developed and located as a sustainable infrastructure in the Research Data Center of SOEP at DIW Berlin. Several publications have already been compiled in the first phase of the *EDaWaX* project.

► Publication

Dietmar Harhoff (MPI für Immaterialgüter- und Wettbewerbsrecht), Olaf Siegert (ZBW), Sven Vlaeminck (ZBW), Gert G. Wagner (DIW Berlin), and Joachim Wagner (Leuphana University), *Replizierbare Forschung in den Wirtschaftswissenschaften erhöhen*, LIBREAS. Library Ideas, vol. 23 (2013): 29 – 42



In addition to a digital archive, researchers will also have a comprehensive reference library at their disposal

INFORMATION TECHNOLOGY AND LIBRARY

Research at the Research Infrastructure Department and the routine tasks of the Information Technology (IT) and the Library Departments, will be mutually beneficial.

An important innovation in the IT sector was the development of a secure Internet interface, which allows the SOEP data to be distributed through the Institute's server. It replaces the cumbersome and expensive mailing of legally sensitive SOEP data.

The library not only provides DIW Berlin employees with literature but has also been actively involved in research data management since 2012. A meta-database is currently being set up. It will capture and make available research data collated at the Institute. Initially, it will only be available in-house; once tested, it will be opened to researchers outside DIW Berlin. ■

DIW Graduate Center

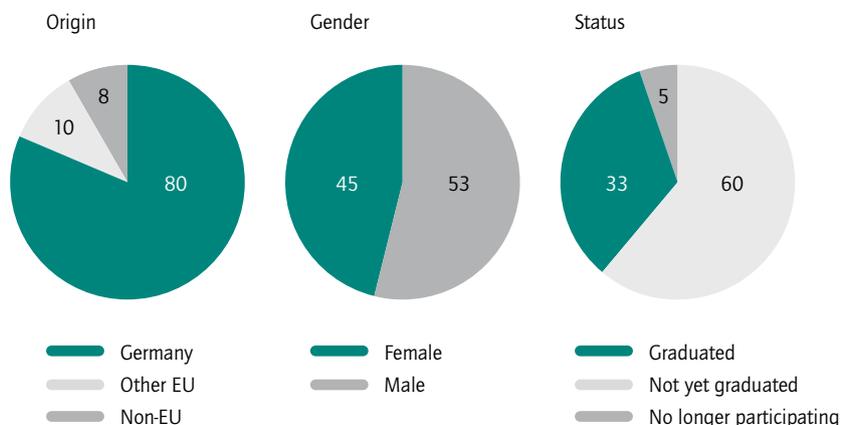
The *DIW Graduate Center (GC)* is a center of excellence for training and professional development at DIW Berlin. It organizes the training of doctoral students and offers a structured doctoral course in the field of economics. Outstanding young researchers from all over the world are helped to earn their doctorates in a period of four years. In close cooperation with Berlin's universities, DIW Berlin provides doctoral candidates with a professional development program that includes a demanding course of lectures. Students collaborate with DIW Berlin's research departments, gain international experience at the highest level, and learn to advise on policy and the economy.





The Doctoral Student Program

Participants in the doctoral program in economics since its inception in 2006

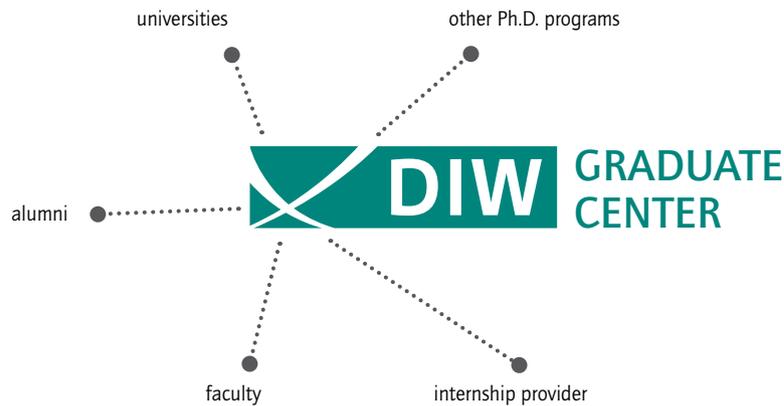


| Last updated: December 31, 2013

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Katharina Lehmann, Nils May, Roman Mendelevitch,
Aleksandra Peeva, Hedwig Plamper,
Ulrich C. Schneider, Annika Schnücker, Clara Welteke
| Last updated: February 2014

The Ph.D. program in economics of the GC is based on a closely knit network



PH.D. PROFESSIONAL DEVELOPMENT PROGRAM IN ECONOMICS

Ph.D. students undergo a cycle of training, consisting of a one-year training phase which builds into a three-year research phase. In the training phase, GC participants are given a comprehensive program of courses. In the research phase, they work in the research departments of the Institute and write their dissertations. Ph.D. students gain practical experience through global internships in policy advice organizations.

INTERNATIONALIZATION

At the end of 2013, the Graduate Center was supervising 60 active Ph.D. students, including 15 in training and 45 as employees and scholarship recipients in DIW Berlin's research departments. Therefore, the GC is much more than simply a training facility. The Ph.D. students also make valuable contributions to the work carried out in the departments. The GC continued its internationalization strategy in 2013. One-third of the most recent doctoral students came from abroad. The aim for the coming selection rounds remains to attract more successful international applications.

GRADUATES

Is there a better way to measure the success of a Ph.D. student program than the number of graduates it produces? In 2013, 11 Ph.D. students defended their theses, meaning the GC now has 33 alumni. The average time spent in the program, from joining the GC to receiving their Ph.D, is four years. That speaks for the students – and the excellent framework conditions. To further improve this framework, in 2013, we extended the range of options available to Ph.D. students to help them make a successful transition into the labor market.

GC MASTERCLASSES AND SEMINARS

The GC regularly holds one- and two-day courses in special fields of research at DIW Berlin; the Masterclasses. These are open to anyone interested, not just those of DIW Berlin. Experts in their respective fields are invited to come and lecture at the events. In addition to the Masterclasses, the GC offers young academics a wide range of seminars, lectures, and workshops. ■



The courses on offer at the GC give students a variety of opportunities to exchange ideas

DR. ANDREAS SCHRÖDER defended his dissertation in February 2013. "The most important thing I got from my time at DIW Berlin, in addition to my professional training, is the network of contacts I was able to build up during the graduate program, which I can now draw on in my professional life."



DR. JAN MARCUS defended his dissertation in July 2013. "With its courses in the first year and the numerous Masterclasses, softskills workshops, and seminars, the GC provided me with a lot of suggestions and assistance for my own research. At the same time, the GC gave me the freedom to conduct my own research projects – the perfect mix of a structured program and self-determined research."



Service Departments

The research work conducted by DIW Berlin would not be possible without the support of the *Service Departments*. Within the department Research Infrastructure, the Library Team provides researchers with information and literature and the Information Technology Team provides the network infrastructure including software and hardware. The Management Services Department takes care of financing, projects, and procurement. The Legal Department and Human Resources Department is responsible for personnel matters and legal issues. The Communications Department publicizes the Institute's research findings.





Communications

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Claudia Sommer, Lana Stille, Monika Wimmer,
Christiane Zschech
TRAINEE: Sebastian Kollmann

As a publicly funded institute, DIW Berlin makes the results of its research available to the general public. To achieve this goal, it is active in its press and public relations work, using different formats to comprehensibly communicate research findings and economic interrelations. In addition to publications and events, online media such as the Institute's website and social media channels are playing an increasingly important role. Since successful external communication work is only possible if internal communication works well, the department promotes the exchange of information within the Institute and ensures internal coordination and the quality of publicity activities.

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TRAINEE: Tobias Graul

The *Management Services* Department combines finances and accounting. It is responsible for project and procurement management for DIW Berlin and for providing internal services to the Executive Board, employees, and guests of the Institute. The department also develops and applies innovative tools to support DIW Berlin's research and the implementation of its strategy. The finances division also ensures the smooth running of all financial processes, while advising the accounting division on operational measures and strategic decisions. In 2013, the department managed a budget of 24.1 million euros.

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Franziska Blaschke

The *Legal Department and Human Resources* is responsible for personnel matters at DIW Berlin. It helps the Executive Board and the departments in the recruitment of qualified employees and supports their professional development. Further, it serves the Executive Board, the research and service departments, and employees as a point of contact for all legal matters. Office management is also located within this department, which includes printing, building management, the mail room, and reception.

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The *Research Infrastructure* Department incorporates the library and information technology services. It provides the necessary infrastructure and creates the organizational and technical conditions for documenting and presenting the Institute's research findings. The *Research Infrastructure* Department ensures open access to research data and publications and actively contributes to the open data movement. ■

DIW Berlin Services in Figures

The library has almost  70,000 media units and currently subscribes to 300 journals.

The Information Technology Department serves 400 to 500 users.

Employees of the Management Services Department manage DIW Berlin's budget of 24.1 million euros.



 The Communications Department delivered 134 press releases to the media; 29 in English.

The Legal Department and Human Resources received 2,420 job applications.

Approximately 250 salaried employees work at DIW Berlin.

The Institute operates 80 servers.



DIW Berlin manages a total of 105 third-party-funded projects.



The Institute publishes  47 issues of DIW Wochenbericht.

DIW econ GmbH



DIW econ GmbH is the consulting company of the German Institute for Economic Research (DIW Berlin) and provides economic consulting at regional, national, and international level. DIW

econ advises industry sectors and specialist disciplines on topical issues from research, the economy, and politics. Its key research and consulting areas are competition and regulation, information and communications, energy, innovation, and entrepreneurship. Its other core fields include transportation and regional economic issues, and modeling climate-friendly growth strategies. DIW econ is committed to forging close links between research and the application of economic knowledge in entrepreneurial and economic policy practice.

PROJECTS IN 2013 (SELECTION)

TELECOMMUNICATIONS AS A GROWTH FACTOR

Telecommunications is a basic technology for economic activities. A dynamic, innovative, efficient, and competitive telecommunications sector makes a significant contribution to the growth of an economy. The use of broadband Internet alone increased Germany's gross domestic product (GDP) by 703 euros per capita from 2002 to 2012. This is equivalent to 41 percent of total real GDP growth during this period. More than half of this 41 percent can be attributed to the competitive business of Deutsche Telekom. The number of consumers increased due to additional price pressures.

SME PERFORMANCE REVIEW

Small and medium-sized enterprises (SMEs) play a central role in the European economy. The European Commission has been promoting the growth and competitiveness of these companies since 2008 with the Small Business Act. *The SME Performance Review* serves to monitor the development of small and medium-sized enterprises in Europe. It gives an overview of the current structure and its contribution to prosperity and employment. The latest report shows that, compared to 2011, SMEs throughout Europe are slowly recovering from the economic crisis. Overall employment grew by 0.3 percent and the gross value added by one percent. The outlook for 2014 promises a further acceleration of these positive developments if the framework conditions remain unchanged. ■

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The *Federal Ministry of Labour and Social Affairs (BMAS)* has by far the largest items in the national budget. The Berlin office is in Wilhelmstrasse. Like many other government departments, it also has an office in the former German capital Bonn.

DIW Wochenbericht

DIW Economic Bulletin

Vierteljahrshefte zur Wirtschaftsforschung (Quarterly Journal of Economic Research)

DIW Roundup

Politikberatung kompakt (Policy Advice Compact)

Discussion Papers

SOEPpapers on Multidisciplinary Panel Data Research

A black and white photograph of a building facade. The image shows a textured wall on the right side and a window with a decorative finial in the center. The window has a dark frame and a decorative finial with a fluted top. The text "4 Our Publications" is overlaid in white on the window area.

4 Our Publications

In order for political debates to have a sound basis, DIW Berlin provides public access to its researchers' analyses and forecasts in a series of publications. They are used not only in politics and economics but are also picked up by the media and interested members of the general public. All publications can be downloaded online and almost all are free of charge.



DIW WOCHENBERICHT

The Wochenbericht is DIW Berlin's flagship publication. Researchers have used it to present their findings, analyze and comment on current developments, and make economic and policy recommendations since 1928. The Wochenbericht initiates debates, provides informed answers to economic policy issues, and takes an independent look at economic development in

Germany and the rest of the world. Its range of topics includes all the research conducted at the Institute. The Wochenbericht not only analyzes the facts but also draws conclusions from the scientific evidence. It therefore makes a major contribution to policy advice. It is also designed to give authors a forum to express their personal opinions. The Wochenbericht therefore also uses other formats, such as interviews and comments, in addition to the research articles.

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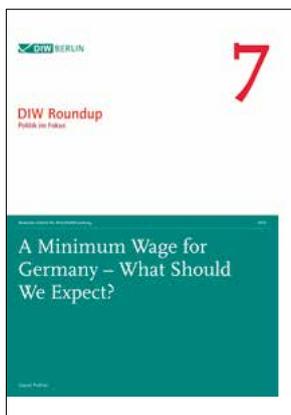


VIERTELJAHRSHEFTE ZUR WIRTSCHAFTSFORSCHUNG

The Vierteljahrshefte zur Wirtschaftsforschung has been published since 1926 and is therefore one of DIW Berlin's oldest publications. It addresses mainly

current economic policy topics and research controversies. They are intended as contributions to the scientific debate and provide a forum for DIW employees and external authors to tackle individual aspects of a larger topical issue. The Vierteljahrshefte are a guide to complex economic policy issues and reveal new perspectives and proposed solutions.

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The publication appears online and offers readers the opportunity to obtain more in-depth information on the topic by clicking on links to available online sources.

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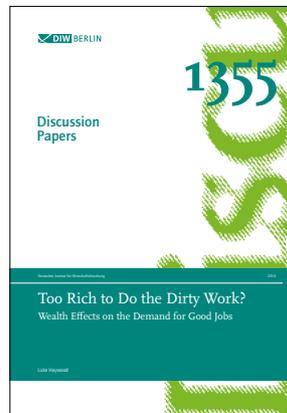


POLITIKBERATUNG KOMPAKT

Policy advice is one of DIW Berlin's core tasks. The Institute compiles reports on behalf of governments, the European Commission, national and federal state ministries, political parties, associations, and labor unions. The resulting research reports can be found in DIW Berlin's series Politikberatung Kompakt insofar as they are not published externally. In addition,

this series also includes descriptive empirical studies such as market analyses and economic structure reports.

DIW Berlin: Politikberatung Kompakt
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DISCUSSION PAPERS

Researchers and experts at DIW Berlin primarily publish their research findings in professional journals. In some cases, this process can take several years. As a result, DIW Berlin has been publishing its Discussion Papers since 1989. This allows the research findings to be published in advance and the latest research results – also from

DIW research professors and DIW research affiliates – to be included in current discussions at an early stage.

Discussion Papers
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SOEPPAPERS ON MULTIDISCIPLINARY PANEL DATA RESEARCH

The SOEPPapers present research findings before or shortly after their publication in prestigious journals. They are compiled based on data from the Socio-Economic Panel (SOEP) study. The longitudinal study is located at DIW Berlin and provides a

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DIW Berlin strives not only to be an outstanding national and international research institution but, as a think tank, it also aims to initiate debates and provide a theoretically sound and empirically robust basis for political decisions.

Marcel Fratzscher

at his assumption of office as President of DIW Berlin on February 1, 2013



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