



OVERCOMING SLUGGISH GROWTH – INVESTING IN THE FUTURE

1. Weak economic outlook and long-run growth

Real income losses and weak global economy weigh on economic outlook

Bleak prospects for long-term growth

2. Reforms to modernise the economy and increase the volume of work

Strengthening capital markets in Europe – financing the transformation

Reforms in the tax and transfer system: Strengthen incentives to work – reduce poverty risk

Reforms of the statutory pension scheme: Financial sustainability, reduced old-age poverty, higher participation

Better decisions through better data

This is a translated version of the original German-language chapter "Kurzfassung: Wachstumsschwäche überwinden – In die Zukunft investieren", which is the sole authoritative text. Please cite the original German-language chapter if any reference is made to this text.

1. The **COVID 19 pandemic and the energy crisis have left their marks in Europe** and especially in Germany. **German output** is still **just below the level** it was at when the pandemic started **almost four years ago**. Since the beginning of the pandemic, Germany has had the lowest growth among all economies in the euro area. Initially, Germany got through the Corona pandemic comparatively well. During the energy crisis, however, the German economy performed very poorly. Output is expected to shrink in 2023. Growth is expected to turn positive in 2024, but at a level substantially below that of the 2010s.
2. The **recent development is not surprising given the sharp rise in energy prices last year** and the **high share of energy-intensive industries in Germany**. Extensive economic policy measures helped prevent an even deeper slump by transforming energy supply and cushioning the economic effects of the energy crisis. In addition, companies and private households adapted well to the crisis. However, the medium- and long-term projection of Germany's potential output presented in this Annual Report points to **clear obstacles to growth in the coming decades**, irrespective of the current economic weakness. [↘ ITEMS 101 FF.](#)
3. These obstacles have been emerging over many years and have not been adequately addressed. Firstly, it is foreseeable that **demographic ageing** will reduce the share of 20-64-year-olds in the total population and that **the domestic labour supply will decline** accordingly. [↘ ITEMS 106 FF. AND 360 FF.](#) Second, **productivity growth and the growth of the capital stock have been declining** for decades. **At the same time the capital stock has aged.** [↘ ITEMS 99 AND 119 FF.](#) This is reflected in low and declining start-up rates and low availability of venture capital for young high-growth companies. [↘ ITEMS 222 FF.](#) Germany is thus affected by ageing not only of its population but also of its industrial base.
4. To strengthen Germany's growth potential, both developments should be addressed. [↘ CHART K1](#) To dampen **the decline in the volume of labour incentives to work need to improve** and **immigration policy needs to be reformed.** [↘ ITEMS 163 FF. AND 319 FF.](#) At the same time, innovation [↘ ITEMS 158 FF.](#) and investment activity [↘ ITEMS 167 FF.](#) should increase to **modernise the economy and raise productivity growth**. The use of new general purpose technologies such as artificial intelligence (AI), a more favourable eco-system for start-ups and high-growth companies can contribute significantly to modernising the economy. [↘ ITEMS 222 FF.](#) Economic policy should support the ensuing structural change. A narrow focus on supporting economic sectors that are at risk of structural change would slow down the necessary reallocation of scarce resources to new and growing sectors.
5. Against this backdrop, it is problematic that **capital-market based financing** for companies in Europe is **limited** and that **European capital markets remain highly fragmented.** [↘ ITEMS 189 FF.](#) This hampers investment in uncertain and risky projects. Capital-market reforms in Germany and in Europe can lead to a deeper and better integrated capital market and would significantly support the green and digital transformation. There is a significant need for more **venture-capital funding to finance the growth of young companies.** [↘ ITEMS 223 FF.](#)

▸ CHART K1

Overcoming sluggish growth – Investing in the future

Challenges, **goals** and **measures** discussed in the GCEE Annual Report 2023/24

Low potential output growth		
<p>Strengthen innovation</p> <ul style="list-style-type: none"> • Tax incentives for R&D ▸ ITEM 158 • Support AI research, strengthen availability of data and digitalisation ▸ ITEMS 161 F. • Improve primary and secondary school education and strengthen universities ▸ ITEM 159 	<p>Expand aggregate hours worked</p> <ul style="list-style-type: none"> • Facilitate the reallocation of labour between companies ▸ ITEM 136 • Substitute missing labour volume with capital ▸ ITEMS 132 FF. AND 163 • Facilitate immigration to the labour market ▸ ITEMS 121, 122 AND 159 	<p>Mobilize investment</p> <ul style="list-style-type: none"> • Advance administration reform, reduce bureaucracy ▸ ITEMS 168 FF. • Provide tax incentives for investment ▸ ITEMS 120 AND 172 • Implement reliable framework conditions for efficient decarbonisation ▸ ITEMS 111 FF. • Expand digital and energy infrastructure ▸ ITEMS 109, 123, 161 AND 173
Fragmentation and low liquidity of capital markets		
<p>Strengthen capital market financing for companies</p> <ul style="list-style-type: none"> • Mobilize private and public venture capital specifically for the growth phase of start-ups ▸ ITEMS 255 FF. • Increase equity investments of institutional investors ▸ ITEMS 454 F. • Eliminate tax disadvantage of equity compared to debt ▸ ITEMS 248 FF. 	<p>Increase stock-market participation of households</p> <ul style="list-style-type: none"> • Expand supplementary funded pension plans and establish a publicly managed pension fund ▸ ITEM 267 • Systematic and independent financial education in schools and at the workplace ▸ ITEM 265 • Provide starting capital for children and young people for early contact with capital market ▸ ITEM 266 	<p>Facilitate cross-border investments</p> <ul style="list-style-type: none"> • Expand the competencies of the European Securities and Markets Authority (ESMA) ▸ ITEMS 275 F. • Establish a framework for a European securitisation market ▸ ITEMS 253 F. • Simplify taxation of foreign income ▸ ITEM 270
Rising risk of poverty and stagnating lower incomes		
<p>Better poverty prevention and employment incentives in basic social security</p> <ul style="list-style-type: none"> • Bundle benefits in basic social security ▸ ITEMS 320 FF. • Strengthen employment incentives through lower transfer withdrawal rate ▸ ITEMS 320 FF. 	<p>Improve employment incentives and employment opportunities</p> <ul style="list-style-type: none"> • Expand childcare options ▸ ITEMS 345 FF. • Reform tax benefits of married couples ▸ ITEMS 337 FF. • Promote further training and health measures ▸ ITEMS 350 FF. 	<p>Socially responsible climate and crisis policies</p> <ul style="list-style-type: none"> • Set up a system allowing for targeted direct payments in the event of a crisis ▸ ITEM 358 • Introduce flat-rate climate benefit ▸ ITEMS 354 FF.
Growing financing needs of the statutory pension scheme (GRV)		
<p>Stabilize the GRV budget in the long-term</p> <ul style="list-style-type: none"> • Link retirement age to increasing further life expectancy ▸ ITEMS 403 FF. • Set up a new form of supplementary funded pensions ▸ ITEMS 449 FF. 	<p>Provide short-term relief, ease social hardship</p> <ul style="list-style-type: none"> • Adjust the sustainability factor ▸ ITEMS 421 FF. • Introduce price indexation of pensions after award ▸ ITEMS 425 FF. • Assess benefits graduated by covered earnings ▸ ITEMS 432 FF. • Reform options to retire early without deductions for long-time insured ▸ ITEMS 416 FF. 	<p>Address structural reforms</p> <ul style="list-style-type: none"> • Increase employment ▸ ITEMS 388 FF. • Reform civil servants' pensions ▸ ITEMS 395 FF. • Introduce compulsory insurance for the self-employed with a choice between GRV and alternative options ▸ ITEMS 400 FF.
Insufficient national research data infrastructure in Germany		
<p>Better conditions for official statistics</p> <ul style="list-style-type: none"> • Pass Research Data Act that gives high weight to research when weighing up interests ▸ ITEM 572 • Implement output-oriented statistical legislation ▸ ITEM 553 • Increase staff and financial resources ▸ ITEM 554 	<p>Higher data availability and better data access</p> <ul style="list-style-type: none"> • Make administrative data usable for research ▸ ITEM 565 • Facilitate links between data sets ▸ ITEMS 568 FF. • Implement remote access to research data as default ▸ ITEM 576 • Design secure data access ▸ ITEM 573 	

6. This year's analysis of the income distribution shows that the risk of poverty in Germany has increased over the **past 20 years**. This is mainly due to the fact

that **real incomes of lower income groups grew less than average or top incomes**. [↪ ITEMS 285 FF](#). The Annual Report discusses various reform options for the tax-transfer system that can reduce the risk of poverty and strengthen incentives to work without imposing an additional burden on public budgets.

[↪ ITEMS 319 FF](#).

7. **Demographic ageing** not only has a dampening effect on potential output growth, it also **increases budgetary problems of the unfunded statutory pension scheme (GRV)**. [↪ ITEMS 359 FF](#). Due to the declining workforce contributing to the GRV, contribution rates as well as the federal subsidy to the GRV will rise in the medium and long term under current rules. Accordingly, employment costs will increase and the disposable income of employees after social insurance deductions will decrease. The current Annual Report presents **reform options for the GRV that can reduce the GRV's funding needs** and secure its financing in the long term, while at the same time reducing the **risk of poverty in old age**. [↪ ITEMS 387 FF](#). Furthermore, the creation a new form of supplementary, funded old-age provision is proposed. [↪ ITEMS 454 FF](#).
8. Evidence-based empirical research and policy advice that provide a sound basis for decision-making by policymakers and public administrators require reliable and comprehensive data. [↪ ITEM 530](#) **Germany's research data infrastructure** has improved significantly in some areas, but is **still lagging behind in international comparison**. Improvements require an adaptation of statistical legislation in general, [↪ ITEMS 553 FF](#), a Research Data Act in particular [↪ ITEMS 569 FF](#), and more resources for official statistics.

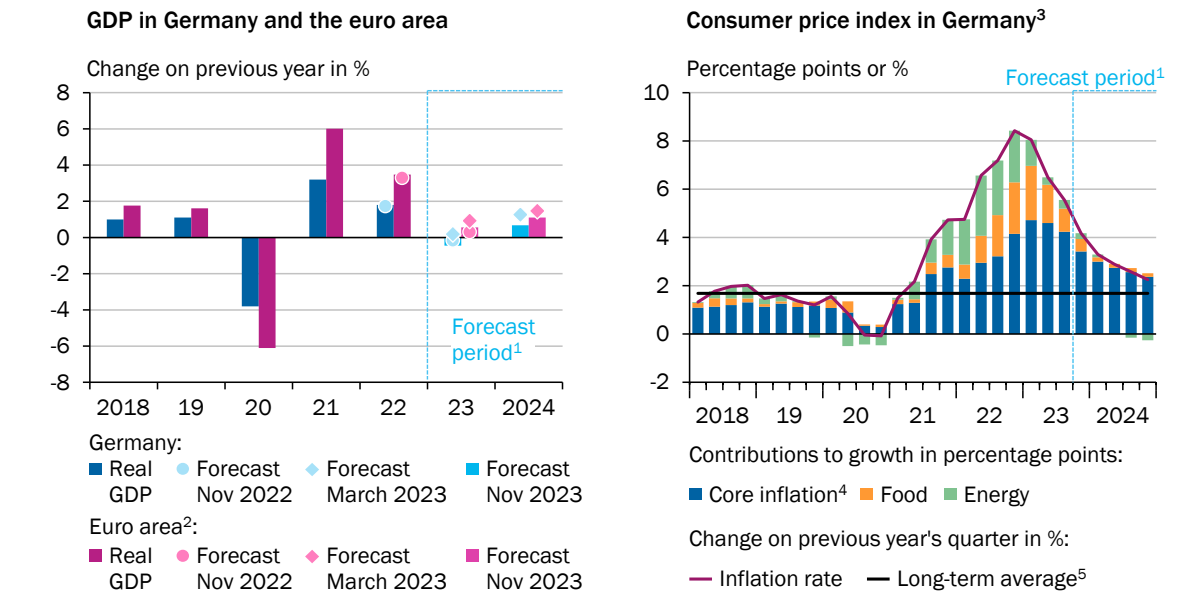
1. Weak economic outlook and long-run growth

Real income losses and weak global economy weigh on economic outlook

9. **The GCEE expects Germany's gross domestic product (GDP) to decline by 0.4 % in 2023**. [↪ CHART K2](#) [↪ ITEMS 44 F](#). The decline is due in particular to the reduction in domestic demand, largely caused by the sharp drop in government consumption expenditures at the beginning of 2023. [↪ ITEM 50](#) Throughout the forecast period until the end of 2024, private consumption expenditures are likely to recover due to the return of real income growth. [↪ ITEM 49](#) However, the unexpectedly sluggish recovery of the global economy, especially in China, is likely to continue and put the brakes on German exports in 2024. Accordingly, net exports are likely to contribute negatively to growth. Thus for **2024, GDP growth is expected to recover only slightly and amount to 0.7 %**.
10. **Germany's foreign trade environment has become very gloomy**. The **global tightening of monetary policy** and the **sluggish development in China** have slowed global economic growth. [↪ ITEM 10](#) US growth has been stimulating the global economy since spring 2023. However, economic output in the euro area grew only marginally for the second consecutive quarter in Q2 2023. [↪ ITEM 27](#) The Chinese economy has also grown much more slowly in 2023 than in

➤ CHART K2

Economic outlook



1 – Forecast by the GCEE. 2 – Values are based on seasonal and calendar-adjusted quarterly figures. November 2022 forecast without Croatia. 3 – Based on seasonally and calendar-adjusted data. 4 – Overall index excluding food and energy. 5 – Average over the period from 1999 to 2022.

Sources: Deutsche Bundesbank, Eurostat, Federal Statistical Office, own calculations
 © Sachverständigenrat | 23-485-01

the past and less than expected after the end of the zero-covid policy. In 2024, the global economy is expected to pick up. However, China is expected to continue to grow only weakly relative to the past. In 2023 and 2024, global GDP is expected to grow by 2.7 % and 2.2 %, respectively, less than the average of the 2010s. ➤ ITEM 16

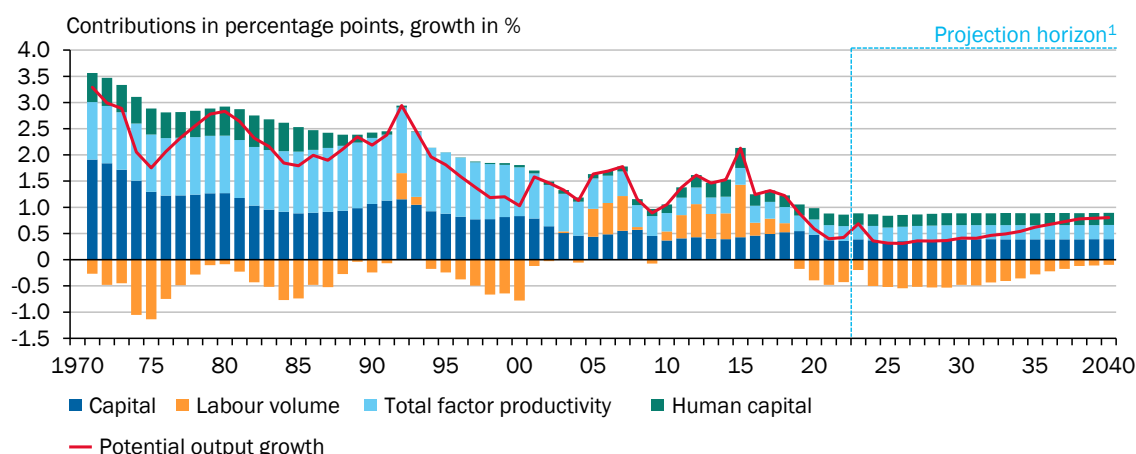
- Inflation in Germany**, as measured by the national consumer price index (CPI), has **fallen significantly over the** course of 2023, from 8.7 % year-on-year in January 2023 to 4.5 % year-on-year in September 2023. ➤ ITEMS 56 F. This is largely due to lower price increases in the volatile commodity groups of energy and food. **Core inflation, however, remains significantly elevated at 4.5 %** in September 2023. The delayed price increases for services compared to goods, the recent sharp rise in unit labour costs and the remaining catch-up potential in private demand for services play a significant role here. **The GCEE forecasts an average inflation rate of 6.1 % for 2023 and 2.6 % for 2024.** ➤ CHART K2

Bleak prospects for long-term growth

- Potential output growth** – i.e. long-term growth in economic output given normal utilisation of the overall economy's production capacities – **has fallen** from around 2.4 % annually in the years before reunification to 1.4 % between 2000 and 2019 and to **well below 1.0 % annually** in the past 5 years. In the **next 10 years** potential growth of **just under 0.4 % per year** would be **expected** according to the GCEE's medium-term projection if current trends were

CHART K3

Outlook for potential growth dampened by demographics



1 – Values for 2023 and 2024 are based on the short-term forecast by the GCEE. From 2025 projection.

Sources: Federal Statistical Office, IAB, OECD, own calculations

© Sachverständigenrat | 23-403-01

to continue. [CHART K3](#) The currently assessable trends indicate that potential growth will remain at a **low level in the longer term** if no countermeasures are taken. [ITEMS 99 FF. AND 101 FF.](#)

13. In particular, the **foreseeable shortage of labour dampens effect on potential growth**. [ITEM 106](#) In the past 15 years, the demographic pause and rising labour force participation of women and older people compensated for the decline in full-time hours. The number of people retiring is now increasing sharply and is not expected to be sufficiently offset by rising participation rates and immigration. This will lead to a significant decline in the volume of labour. If current dynamics persist, **capital stock growth and productivity are** also likely to remain at **low levels**. If these developments cannot be stopped, the long-term outlook for potential growth in Germany will be very bleak. [ITEMS 121, 133 FF. AND 136 FF.](#)
14. The long-term expansion of potential output is particularly important against the backdrop of the upcoming envisioned transformation in the areas of digitalisation and decarbonisation. [ITEMS 109 FF., 123 FF. AND 138](#) Higher potential output expands the resources available for consumption and investment and it increases the scope redistribution of income within the population. This way, the transformation can be made more socially acceptable. At the same time, higher capital formation can be facilitated.

2. Reforms to modernise the economy and increase the volume of work

15. In order to **increase potential growth substantially**, increased productivity growth and capital formation are just as necessary as an increase in the volume of labour. [ITEM 156](#) To **increase productivity growth**, the **funding of education and research** needs to be improved, especially for research towards general

purpose technologies such as AI. ↘ [ITEMS 159 FF](#). To increase **domestic labour supply** the opportunities and incentives to take up employment need to improve. ↘ [ITEM 163](#) Facilitating **labour migration** and a better integration of immigrants will help expand the domestic labour force. ↘ [ITEM 166](#) Various economic policy measures can help **strengthen investment incentives**. ↘ [ITEMS 167 FF](#). Improved administrative efficiency and less bureaucratic hurdles can speed up investment processes and make investment more attractive. Investment tax incentives, such as special depreciation, can also increase investment activity. **Decarbonisation investments** can be stimulated by developing and expanding the energy supply and the energy infrastructure, especially the transport infrastructure for electricity and hydrogen. ↘ [ITEM 173](#) This requires a reliable and predictable regulatory environment that allows for long-term planning.

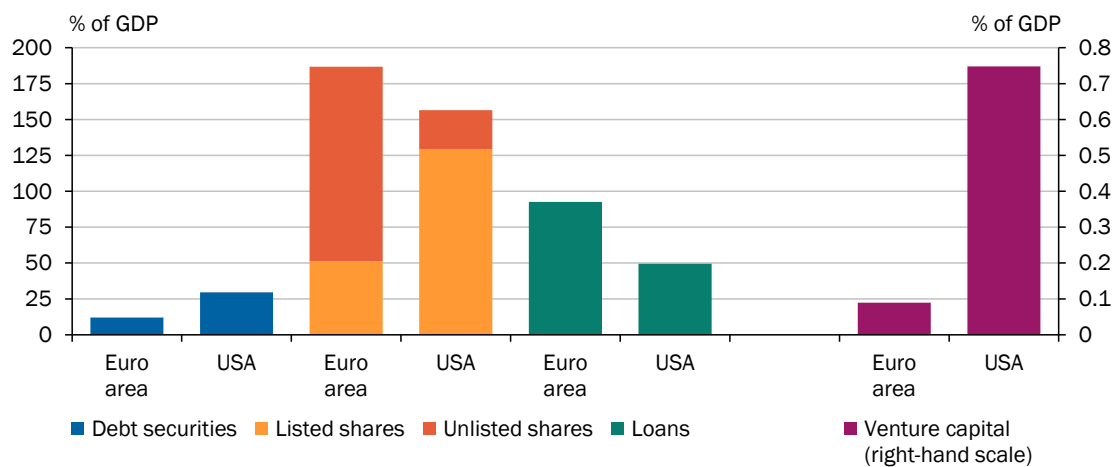
Strengthening capital markets in Europe – financing the transformation

16. **Well-developed and liquid capital markets** can support the **growth of the capital stock**. They also **support the reallocation of capital** to its most productive use and the funding of innovation. ↘ [ITEMS 197 FF](#). Well-functioning capital markets are therefore central to overcoming the weakness in growth and financing the necessary investments of the digital and green transformation. However, **capital markets in Germany and Europe** are relatively **under-developed**. ↘ [CHART K4](#) In many European countries, they lack the depth and liquidity to provide large-scale financing. In the US and some Scandinavian countries, large institutional investors such as pension funds or insurance companies provide such larger-scale funding. However, institutional investors active in Europe rarely invest directly in companies through equity markets or venture capital. ↘ [BOX 16](#)

Strengthening the capital market is essential for companies in general, but **especially for start-ups**. These contribute significantly to innovation and

↘ [CHART K4](#)

Sources of funding for non-financial companies in the euro area and the US in 2022



1 – Excluding Cyprus and Malta.

Sources: EZB, OECD, own calculations

© Sachverständigenrat | 23-408-01

growth. While the volume of venture capital for young companies has increased in Germany and other European countries, financing in the growth phase is still lagging behind compared to the USA and Israel. [↘ ITEM 223](#)

17. **Companies would have a broader range of financing options if their access to the stock or bond market was improved.** This is particularly relevant for young companies in the growth phase. One starting point are new initiatives with state co-financing, such as the Federal Government's Future Fund. [↘ ITEM 256](#) Furthermore, it is important to increase the ability and willingness of existing capital providers, especially insurance companies, to invest in start-ups in the later growth phase. At the same time, exit options for venture capitalists in Germany and Europe must be improved. Reducing regulatory barriers, such as quantitative investment limits, can increase the engagement of institutional investors in European capital markets in the long term. [↘ ITEM 261](#) The expansion of funded pension provision in Germany, e.g., in the form of a **publicly managed pension fund**, can increase the funds available through capital markets. Such a fund would also open up **attractive investment opportunities with a low long-run-risk for households**, which are currently participating in the capital market. As such it would help develop an equity culture in Germany. [↘ ITEMS 267 AND 454](#) **Financial education** must also improve. This requires, firstly, systematic and independent curricula in schools. [↘ ITEM 265](#) Secondly, providing children and young people with a **starting capital** that is invested in a broadly diversified and low-cost investment fund can increase their experience with capital market investments at an early age. [↘ ITEM 266](#)
18. **An integrated European capital market can diversify risks** and offer companies a wide range of financing options, especially in the form of equity. An integrated capital market reduces the dependence of companies on local bank lending and ensures that local shocks in the banking sector are less likely to spill over into the real economy. **Despite the free movement of capital**, however, capital markets in the EU are **still highly fragmented**. To **reduce this fragmentation, regulatory harmonisation**, e.g., in financial reporting by companies or in the tax treatment of cross-border investments, **should be pursued**. [↘ ITEMS 271 FF](#) Strong European supervision by the European Securities and Markets Authority (ESMA) could advance harmonisation and integration and would be an important step towards the completion of the Capital Markets Union. [↘ ITEM 275](#)

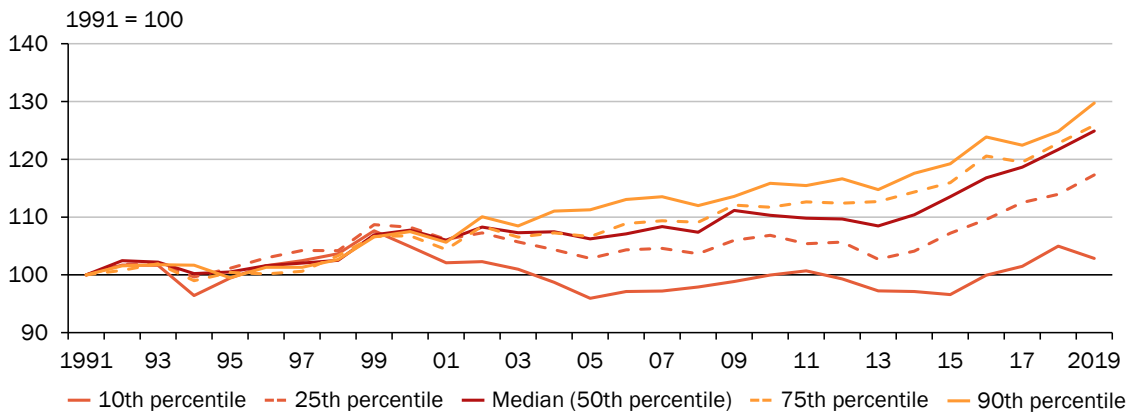
Reforms in the tax and transfer system:

Strengthen incentives to work – reduce poverty risk

19. Most indicators of income inequality show hardly any increases in Germany **since 2005**. [↘ ITEM 287](#) However, **net household incomes of lower income groups have almost stagnated**, while average real incomes have grown noticeably. [↘ CHART K5](#) This development is particularly pronounced among the foreign-born population. [↘ ITEMS 290 F](#). In this group, incomes at the 10th percentile have grown about 13 percentage points less than incomes at the median, and 20 percentage points less than incomes at the 90th percentile since 2005. In comparison, incomes among people born in Germany have risen by around 9 percentage points less in the 10th percentile than in the median or 90th percentile. The

↘ CHART K5

Real incomes of lower income groups have grown below average since 2000¹



1 – Price-adjusted for the consumer price index (2015 = 100). Household income are equivalised according to the modified OECD scale. Income after taxes and transfer payments and with pensions from statutory pension insurance and civil servants' pensions.

Sources: SOEP v37, own calculations
© Sachverständigenrat | 23-477-01

slower development of lower incomes thus affects foreign-born persons particularly strongly, but is also pronounced among persons born in Germany.

Slow income growth at the bottom of the distribution has led to an increase in the risk of poverty. ↘ ITEM 297 Single parents, the unemployed, children and young people, and people with a migration background are most at risk of poverty. ↘ ITEMS 301 FF. In addition, single or divorced women are significantly more likely to be at risk of poverty than men in the same family situation. ↘ ITEM 306 The risk of poverty is correlated with unfavourable outcomes in areas such as education, unemployment, and health. The causality goes in both directions.

↘ ITEM 295

20. Better opportunities and incentives to take up and expand employment can reduce individual poverty risk. ↘ ITEMS 319 FF. AND 345 FF. At the same time, poverty reduction and broader labour-market participation can raise overall economic growth and innovation. As international studies show, these opportunities remain untapped due to poverty. For example, children from low-income families often grow up in environments where they are less able to live up to their potential. ↘ CHART 295 Reforms should therefore target groups who are particularly affected by poverty.

21. Reforms of basic-income support can help groups at risk of poverty to take up and expand gainful employment and to better access welfare benefits to which they are entitled. ↘ ITEM 321 By **merging different types of benefits**, the complexity of the system can be reduced and take-up increased. In an integrated and better coordinated system, incentives to work could be increased by implementing **transfer reductions with a constant marginal withdrawal rate** that is lower than under the current system over many income ranges. It is possible to design the transfer withdrawal rate such that the reform would reduce the risk of

poverty and strengthen work incentives without increasing public spending. [↘ ITEM 323](#) The basic child allowance, which is currently in the legislative process, is compatible with such a system. [↘ ITEM 335](#)

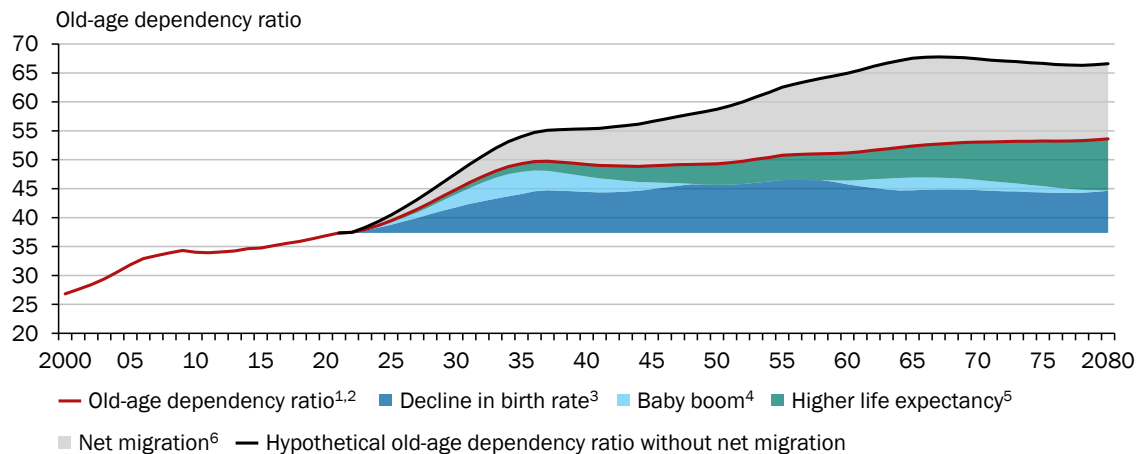
In order to reduce the risk of poverty among women, it is essential to make it possible for them to take up gainful employment, in particular full-time employment, by **providing better childcare**. [↘ ITEMS 345 FF](#). A **reform of the marital tax-splitting system** would also strengthen the employment incentives of second earners, the majority of whom are women. [↘ ITEMS 337 FF](#). The **introduction of a system of direct payments to private households**, would allow for targeted relief payments in times of crisis. Lump-sum climate payments would support private households through the of decarbonisation. [↘ ITEMS 354 FF](#).

Reforms of the statutory pension scheme: Financial sustainably, reduced old-age poverty, higher participation

22. With the **retirement of the baby boomers** being **imminent, demographic ageing in Germany enters an acute stage**. By 2035, the old-age dependency ratio, i.e. the number of people over 65 in relation to those aged 20-64, will have almost doubled compared to the year 2000. [↘ ITEM 361](#) Due to a persistently low total fertility rate [↘ GLOSSARY](#) and increasing life expectancy, Germany will have a significantly aged population in the long term. [↘ CHART K6](#) The statutory pension scheme (GRV) thus faces growing financing problems. [↘ ITEMS 372 FF](#). Civil servants' pensions will also place an increasing burden on the general government. [↘ ITEMS 376 FF](#).
23. **In the GRV, current rules imply a declining level of benefits [↘ GLOSSARY](#) and sharply rising contribution rates**. [↘ ITEMS 372 FF](#). In order to make the GRV financially sustainable and still ensure an adequate level of pension benefits, the burden of demographic change must be divided more fairly intra- and intergenerationally. The short-term challenge is due to the retirement of the baby boomer cohorts; the long-term challenge is to adapt the pension scheme to further increases in life expectancy and persistently low birth rates.
24. There are various reform options that would stabilise the GRV, each of which has more or less favourable effects on the GRV budget. [↘ ITEMS 461 FF](#). [↘ A DIFFERING OPINION ITEM 470 FF](#). The first **core element of a GRV reform** should be to **link the statutory retirement age to life expectancy at the age of retirement**. [↘ ITEMS 403 FF](#). Given the resulting extension of working life, targeted hardship rules should accommodate insured persons with health problems. [↘ ITEMS 417 FF](#). **Establishing a new form of funded pensions outside the GRV** is a second core element. [↘ ITEMS 454 FF](#). A funded scheme is the only approach that allows for partial decoupling from the unfavourable demographic development. Both reform measures would improve the financial viability of the pension system, but only have a **longer-term effect**.
25. In order to reduce the budgetary problems of the GRV in the short term and avoid placing the burden primarily on the younger generation, a **combination of short-term reform measures** also needs to be implemented. Options include

CHART K6

Old-age dependency ratio likely to rise sharply in the next ten years



1 – The old-age dependency ratio is the ratio of people aged 65 and older to 100 people aged 20 to 64. 2 – Reference scenario based on the composition of the population in 2022 and assumptions of the medium variant on birth rate (G2), life expectancy (L2) and net migration (W2 with 293,000 persons on average for all years in the projection period) based on the 15th Coordinated Population Projection. 3 – Effect of the decline in the birth rate in the 1970s. 4 – Additional effect of baby boom. First spike represents additional population due to baby boom, and second spike represents their offspring. 5 – Effect of the increase in life expectancy at birth. 6 – Effect of net immigration.

Sources: Federal Statistical Office, Human Mortality Database, SIM.21, own calculations
© Sachverständigenrat | 23-478-01

strengthening the existing link between old-age dependency and annual pension adjustments [↘ ITEMS 421 FF.](#) and an **inflation adjustment of pensions after award.** [↘ ITEMS 425 FF.](#) Both reforms increase the risk of poverty at retirement though. One way to reduce both the burden on younger cohorts and the risk of poverty among older cohorts is to **assess pensions progressively by income.** [↘ ITEMS 432 FF.](#) [↘ A DIFFERING OPINION ITEMS 496 FF.](#) A progressive pension assessment redistributes intragenerationally, i.e., within age cohorts. This departure from a long tradition of proportional assessments could reduce the poverty risk of low-income workers, limit the financing needs of the GRV and thus reduce future contribution rates.

Expanding the GRV to include civil servants would not solve the GRV’s financing problems. [↘ ITEMS 395 FF.](#) However, it would make the financial commitments due to civil servants’ pensions more transparent, and it would ensure that reforms of the GRV are always uniformly applied to the pensions of civil servants. Compulsory insurance for the **self-employed**, with a choice between GRV and alternative forms of coverage, could help funding the GRV in the short to medium term and close pension gaps for the self-employed. [↘ ITEMS 400 FF.](#) However, the funding effects decline as soon as the first cohorts reach retirement age.

Better decisions through better data

- 26. **Data-based analyses are indispensable for effective and efficient decisions** in politics and public administration. [↘ ITEM 530](#) The collection of data, its scientific analysis and the provision of the necessary infrastructure for such analyses are thus an investment in better informed, more targeted and more cost-

efficient policy decisions. The availability and access to data in Germany is lagging behind its international peers. ↘ [ITEMS 531 FF](#). The deficits in the range of available data as well as their timely availability became clear during the Corona crisis and the energy crisis when, unlike in France or the USA, support measures could not be evaluated concurrently. Some initiatives to improve the data infrastructure are underway in Germany, such as the Register Modernisation Act or the Research Data Act. However, in the case of the **Research Data Act**, which is still in the planning stage, it will be of utmost importance to **ensure that scientific research is given sufficient weight when weighing** against data protection and that the existing deficits in data access and data linkage are remedied. ↘ [ITEMS 569 FF](#). In order to increase social acceptance of expanded research data access, the social benefit of scientific research must be communicated while ensuring the security of data access. ↘ [ITEM 573](#)

27. The research data infrastructure in Germany is largely determined by the general legal framework governing the system of official statistics. ↘ [ITEMS 553 FF](#). The input-oriented design of statistical legislation has limited the flexibility and speed of data provision. Current law requires any survey to be specified in the law before it can be conducted. In contrast, an output-oriented statistical legislation specifies the information needs that the system of official statistics has to satisfy and the services it has to provide. The latter type of legislation would enable the system of official statistics to decide independently which surveys would satisfy the information needs most cost-effectively and would interfere the least with the right to informational self-determination. Official statistics could react more quickly to new information needs or new data sources. Administrative data should be made available to the Federal Statistical Office (Destatis) on a mandatory basis to increase the speed and broadness of data provision. ↘ [ITEMS 565 AND 569](#)

The 21st century has been declared the information age. To become an effective public information service provider, the **legal mandate of Destatis should be expanded to include a research mandate** as well as the **operation of research data centres**. ↘ [ITEMS 555 F](#). In addition, a microdata centre should be established at Destatis as a **data trustee**. ↘ [ITEMS 568 FF](#). Overall, the financial and human resources of official statistics should be increased. ↘ [ITEMS 554 FF](#). In order to improve access to data for the scientific community, the **Research Data Act** should allow for flexible **research-friendly regulations of the linking and use of data** and enable user-oriented and modern access to data. ↘ [ITEMS 569 AND 572 FF](#).