

## Anglo-German Foundation

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The Anglo-German Foundation contributes to the policy process in Britain and Germany by funding comparative research on economic, environmental and social issues and by organising and supporting conferences, seminars, lectures and publications which encourage the exchange of knowledge, ideas and best practice, both between the two countries and between researchers and practitioners.

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Charity No. 266844

  
creating  
sustainable growth  
in europe

**A Policy Research Initiative**

Anglo-German Foundation  
Deutsch-Britische Stiftung



## The Challenge

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How – if at all – can we increase economic growth without tipping the balance against social justice and the environment? From 2006 to 2009 an Anglo-German Foundation research initiative **creating sustainable growth in europe (csge)** will take up this challenge by pooling and comparing data, experience and new ideas from Europe's two biggest economies and beyond.

The questions are manifold: How should we organize our labour markets in order to best adapt to our ageing societies? What are our resources for meeting global economic competition, especially from Asia and the US? And can we avoid the kind of environmental damage which is already harming and constraining us and may in future curb growth and welfare dramatically? As European welfare states contract and seek to achieve shorter-term fiscal balance, will social rifts deepen between migrants and native populations, between the educated and wealthy and the uneducated and poor, and between generations?

## Our Contribution

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This research initiative aims to bridge research and policy-making as well as to foster policy learning and the exchange of best practice between Britain and Germany.

The two countries are usually seen as representing contrasting socio-economic models within Europe: the Anglo-Saxon liberal model and the continental social model. The initiative will look at the strengths of these traditions and test their capacity to adapt to new challenges. But it will go beyond this: both by seeking to overcome compartmentalized thinking within disciplinary borders, and by looking outwards to other countries in Europe and beyond in the search for new models and approaches.

**creating sustainable growth in europe** will link four research programmes which bring together interdisciplinary and international research networks and investigate whether there is a trade-off between economic growth, environmental sustainability and social justice or whether it is possible to create win-win relationships between them.

## The Four Programmes

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- Explaining Productivity and Growth in Europe, America and Asia
- Resource Productivity, Environmental Tax Reform and Sustainable Growth in Europe
- The Economics and Politics of Employment, Migration and Social Justice
- Sustainable Welfare and Sustainable Growth

## Invitation to Contribute

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A key element of the initiative will be the engagement of a broad pool of stakeholders. Through policy debates and academic conferences, as well as through the publication and discussion of research findings as they emerge, the researchers will enter into public dialogue with the policy community and the academic world.

You are invited to join in this dialogue with the researchers in order to feed back your views as practitioners on the questions posed, and to discuss the first findings.

- On **29th November 2007**, a policy debate will be held at the Federal Foreign Ministry in Berlin.
- On **30th November 2007**, a research conference will take place at the same venue.
- On **5th December 2007**, there will be a policy debate at the Foreign and Commonwealth Office in London.
- In the **autumn of 2009**, further research conferences and policy events will be organised in order to disseminate and debate the full findings.

To register for an invitation to any of these events, please send an email to [info@agf.org.uk](mailto:info@agf.org.uk)

For more information, please take a look at our website at [www.agf.org.uk](http://www.agf.org.uk)



**Explaining Productivity and Growth in Europe, America and Asia**  
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## [Link to csge](#)

How can sustainable growth be enhanced by better management of firms? The focus of the analysis is productivity growth and its consequences for energy use and the wellbeing of employees. This research programme asks two core questions:

- What accounts for Europe's slower productivity growth compared to the US – and what can be done to improve it?
- Are policies to foster economic growth in conflict with environmental targets?

## [Key Questions](#)

Several potential levers to improve productivity growth will be investigated for their impact through an international firm-level database created by the research team, examining management practices, innovation, globalisation and Information and Communication Technology.

The possible consequences of productivity growth, mainly on energy use and pollutant emissions, will also be analysed. The analysis builds on the assumption that the relationship between higher productivity and environmental performance is not a trade-off, but that there are numerous win-win scenarios.

Further, the impact of productivity-oriented management on employees' work-life balance and on older workers will be explored.

## [Projects and Team Coordinators](#)

### [Management and Organisational Practices and their Impact on Productivity and Growth](#)

**Nick Bloom, Stanford University**

How much do management and organisational practices matter for productivity and growth, both directly and through their role in innovation, the use of ICT and the response to globalisation? What determines the spread of these practices across firms – in particular, what role does policy play?

### [Economic Growth and Environmental Consequences](#)

**Ralf Martin, LSE London**

How difficult is it to strike a balance between a firm's financial performance and its environmental "friendliness"? What are firms' incentives to adopt environmental innovations as a function of regulatory and firm-specific circumstances?

### [Information and Communication Technologies](#)

**Tobias Kretschmer, LMU Munich**

Why are US firms so much better at deploying ICT both domestically and through their European subsidiaries? What is the role of an ageing workforce for firms' adoption of ICT and for firm performance?

### [Innovation](#)

**Elisabeth Müller, ZEW Mannheim**

Can European firms adapt their practices and structures to become more innovative? How can international technology transfer be accelerated? Are tax-based or grant-based innovation policies more cost effective?

### [Globalisation](#)

**Steve Redding, LSE London**

Will capital mobility and financial openness foster countries' specialization in more productive industries and/or entrepreneurship?



**Resource Productivity, Environmental Tax Reform and Sustainable Growth in Europe**  
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## [Link to csge](#)

The effects of environmental tax reforms on economic growth, economic competitiveness, employment, environmental quality and quality of life are at the heart of this programme.

By connecting the concepts of resource productivity and environmental tax reform through the use of economic models, this research programme will investigate the conditions for sustainable economic growth and how it might be promoted through public policy. In this way it will explore how environmental tax reforms can affect the relationship between economic growth and energy consumption.

## [Key Questions](#)

While the project will focus on Germany and the United Kingdom, it will further consider the implications for other countries within the European Union, and within the global economy.

Which economic sectors would be the winners, and which the losers, of such reforms? What would be the global impact of European Environmental tax reforms, and would they shift environmental burdens to developing countries?

This programme models the medium and longer term implications of ETRs in the UK and Germany for the national, European and global economies. It will generate new ideas and recommendations as a contribution to both the Lisbon process and the EU Sustainable Development strategy.

## [Projects and Team Coordinators](#)

### [The Link between Resource Use, Economic Performance and Environmental Quality](#)

**Paolo Agnolucci, PSI London**

**Martin Jänicke, Free University Berlin**

Is there any relationship between trends in resource productivity and prices, environmental quality, economic growth and competitiveness?

### [Resource and Labour Impacts of European ETRs to Date](#)

**Roger Salmons, PSI London**

What have been the resource and labour impacts of the ETRs that have been implemented to date in Germany and the UK?

### [Modelling the Single-Country, European and Global Economic and Environmental Effects of Different ETR Regimes](#)

**Bernd Meyer, GWS Osnabrück**

**Terry Barker, Cambridge Econometrics**

What might be the impacts on labour and resource productivity, resource use and employment, and environmental impacts, of major Environmental tax reforms in the UK, Germany and the EU by 2020?

### [Implications for Central and Eastern European Countries](#)

**Petr Sauer, University of Economics, Prague**

What are the implications of the analyses for the new EU member states in Central and Eastern Europe, and for the design and implementation of ETRs in these countries?

### [Global Dimensions of Sustainable Growth in Europe](#)

**Stefan Giljum, SERI, Vienna**

What are the implications of higher European resource productivity for European competitiveness, for world-wide patterns of natural resource extraction, production, trade and consumption, and for other (especially developing) countries?



**The Economics and Politics of Employment, Migration and Social Justice**  
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## [Link to csge](#)

This programme links questions of economic sustainability with social and political sustainability:

- Is there necessarily a trade-off between efficiency and social justice in a world in which barriers to trade and capital movements are low – and in which international migration is becoming accepted?
- Or is it possible to imagine policies which allow high efficiency and social justice in a sustainable model?

## [Key Questions](#)

The programme is divided into three themes: Labour Market Inequalities; Migration, Mobility and Welfare; and Education and Social Justice. It will provide a serious comparative political and economic analysis of evolving labour markets in the two countries, with close attention paid to the interrelated areas of education and training systems and of interregional as well as international migration, and to the changing institutional frameworks.

## [Hypothesis](#)

Effective policy-making requires an understanding of complementarities between different areas which link institutions with markets. For this reason the integration of economics with political science is central to gaining a better understanding of what policy directions are feasible in the two countries.

## [Projects and Team Coordinators](#)

### [Labour Market Inequalities](#)

**David Soskice, WZB Berlin**

How has globalisation and EMU led to increased inequality in German labour markets? What role has been played in this by employer organizations and unions, as well as management, in works councils? How has this related to the ability of the education and the vocational training systems to support children from lower income backgrounds? How have political coalitions regrouped at the Federal level to hinder or permit relevant institutional changes? These processes are primarily compared to the adjustments in the UK in labour markets, the education and training systems and the political system, with some discussion of Denmark and other countries where useful.

### [Migration, Mobility and Welfare](#)

**Christian Dustmann, UCL London**

To what extent do Germany and the UK attract different immigrant groups in terms of skills and demographic composition, and how does this relate to labour market institutions and earnings inequality? Do unemployment insurance and the localized use of active labour market policy reduce interregional mobility for the unemployed? What role do economic considerations play in the formation of attitudes to immigration, as opposed to the role of social and cultural factors?

### [Education and Social Justice](#)

**Stephen Machin, LSE London**

The effects of selection, elitist institutions, and the labour market outcomes associated with attending different universities and studying different degree subjects, are modelled in this theme. It also examines the sustainability of the German apprenticeship system, the training-related pay structure, and the question of why other economies are reluctant to copy the German system while German firms remain willing to pay for training. The link between immigration and education is another focus: for example, how segregation by migration status affects educational outcomes of native and migrant children; or how family size influences educational attainment, thereby possibly contributing to the wage gap between immigrants and the native population.



## **Sustainable Welfare and Sustainable Growth: Towards a New Social Settlement in Germany and the United Kingdom?**

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### **Link to csge**

The sustainability of advanced welfare states is increasingly in doubt. Economic internationalisation poses employment problems; post-industrial labour markets imply a lower potential for productivity gains; demographic challenges, low economic growth and high levels of non-employment within the working age population in many countries undermine welfare state resources.

Industrialised nations are thus faced with a serious challenge: to construct sustainable welfare provision for sustainable growth, a new social settlement for a new social and economic age.

### **Key Questions**

The aim is to identify shifts in the role of public and private (occupational) welfare provision in a European context. What new forms and mixes of social protection are emerging? Are they not only financially but also socially sustainable?

Focusing on family and pension policy, but adopting an encompassing perspective of public policy, families, households and the private sector, the programme investigates current policies and new avenues which could help to achieve a new social settlement at a time of rapid change and growing uncertainty surrounding traditional social policy provision.

## **Projects and Team Coordinators**

### **Family Policy**

#### **Sustainable growth, social inclusion and family policy – innovative ways of coping with old and new challenges**

**Martin Seeleib-Kaiser, University of Oxford**

What is the contribution of family policies to social inclusion and sustainable growth? Do different political economies favour different types of families and what form of family life is being created by the current constellation? What are the conflicts between family and education policies and how are they being addressed? To what extent and under what conditions are large enterprises involved in family policy?

### **Pension Policy**

#### **Combining social inclusion with financial sustainability? The reconstruction of British and German pension regimes**

**Traute Meyer, University of Southampton**

What are the dimensions of recent changes in public private pension regimes? How diverse is the occupational and personal pension scheme landscape? What is the effect of these changes for the retirement incomes of future pensioners? How can we understand the behaviour of non-state actors involved in pensions – employers, unions, banks and households under conditions of uncertainty?

### **Social Justice**

#### **Shifting paradigms of social justice**

**Steffen Mau, University of Bremen**

**Peter Taylor-Gooby, University of Kent**

What are the conceptions of social justice that correspond to the traditional welfare state models in Germany and the UK? How have they changed in recent years and to what extent do the attitudes to social justice correspond to these changes? How are new themes in welfare reform, such as reciprocity, viewed and discussed by the ordinary citizen?