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.
In March 2006 our Board of Trustees awarded grants totalling over £2.5 million to the four research programmes that together make up the Anglo-German Foundation research initiative creating sustainable growth in Europe (CSeG).

The four programmes and their coordinators are:

- **Explaining Productivity and Growth in Europe**, America and Asia
  - Professor Tobias Kretschmer

- **Resource Productivity, Environmental Tax Reform and Sustainable Growth in Europe**
  - Professor Paul Ekins

- **The Economics and Politics of Employment, Migration and Social Justice**
  - Professor Christian Dustmann

- **Sustainable Welfare and Sustainable Growth: towards a new social settlement in Germany and the United Kingdom?**
  - Professor Jochen Claes

This is the biggest single project in the Foundation's history, and we are delighted that it attracted such an enthusiastic response from the research community. This response has enabled us to create, through the agency of our programme coordinators, four outstanding programmes of innovative research, to be carried out by international teams of researchers based at leading institutions not only in Germany and the UK but also across Europe and in the USA. An Academic Advisory Board will guide the Foundation as the new initiative evolves and ensure that the research we fund is of the highest quality.

These programmes address the core challenges that Europe must grapple with over the next 25 years: increasing innovation, productivity and growth; protecting our environment and husbanding our resources; and preserving welfare, employment and social justice. These challenges are already known. What is original, perhaps unique, about this initiative is its recognition that the challenges are interconnected and that, in order to meet them, experience, ideas and intellectual and political capital must be pooled across national boundaries.

In November and December 2007 we will be holding three events at which the aims and first findings of creating sustainable growth in Europe will be shared with a wider audience from the research and policy communities in Germany and the UK and beyond. These events will serve as a foretaste of the larger programme we are preparing to disseminate and debate the analysis and policy lessons of the research initiative in autumn 2009.

Part of the rationale for these midpoint events is to engage the interest and expertise of the policy community in both countries and beyond well in advance of the formulation of conclusions and the publication of final reports. We want the development of the research programmes to be interactive, allowing the ultimate audiences – policy-makers and those who advise and influence them – to help to direct and shape them while work is still in progress and our researchers can take account of changing political circumstances and new thinking and analysis.

This process of interactive dialogue with the policy community was given a kick-start at a closed seminar hosted by the UK Foreign Office in November 2006. This meeting gave our programme coordinators the opportunity to present the aims and direction of their research to a group of high-ranking UK government policy directors and analysts.

‘Fit for the Future’, our new public lecture and debate series, shares the same aim: to extend policy discussion and thinking about the challenges facing Europe during the next quarter century. The series features such distinguished figures from the world of policy and research as Axel Börsch-Supan, Benjamin Friedmann, Volker Hauff, John Hills, Richard Layard, Jonathon Porritt and Klaus Zimmermann (More details can be found on pages 4 – 5, ‘Research Events’, and on the AGF website pages previewing forthcoming events.) ‘Fit for the Future’ is designed to complement creating sustainable growth in Europe by focusing on the same core themes and drawing the larger research and policy community into the constructive critical networks developing around the four research programmes.

Key elements of these networks are the overall Academic Advisory Board, chaired by Professor Sir Tony Atkinson, and the steering committees, made up of eminent representatives from government, business and academia, that advise each programme. The members of these bodies are listed on our website pages for the initiative and on the linked individual websites each programme has now created.

We take this opportunity to thank these advisors for their invaluable and generously given time, energy and wisdom. The same applies, more than ever, to our trustees, who, in addition to their usual tasks, increasingly find themselves asked to lead events in both countries. The frequency of these events continues to grow as the new programmes press ahead with their work. Our dedicated staff therefore have to work ever harder, for which we take this opportunity to thank them too.

As a result, we look forward to speaking directly to the ever-growing number of readers of this report during the next three years.

Bryan Rigby
Chairman

Dr Ray Cunningham
Director
Our conferences, seminars and workshops enable policy-makers and advisers, practitioners, journalists and academics to discover how the UK and Germany tackle difficult contemporary issues and to identify potentially transferable policies and practice. A high standard of informed debate and discussion is guaranteed, plus stimulating contributions from invited speakers.

Most of our events mark the publication of a major policy report outlining the results of original bilateral research commissioned by the Foundation. Co-authored by specialists from Germany and the UK, these reports contain important findings for policy-makers and professionals in the two countries.

January 2006
Work-life Balance and Productivity – Trade Off or Complementarity?
Public debate at the Centre for Economic Performance, LSE with John Dowd, McKinsey and Co; Sarah Jackson, Working Families; Julie Mellor, PricewaterhouseCoopers; and John Van Reenen, Centre for Economic Performance, LSE
10 January 2006

New Directions for Labour Market Policy
Lecture and discussion at the Foundation’s Berlin office with Dennis J. Snowe, Institut für Weltwirtschaft, Kiel
17 January 2006

The Impact of Family Structure during Childhood on Later-Life Attainment
Report launch at HM Treasury, London with Marco Francesconi, Department of Economics, University of Essex; and Stephen P. Jenkins and Thomas Siedler, Institute for Economic & Social Research, University of Essex
23 January 2006

European Energy Supply Security Options for Natural Gas – Russian Pipelines vs. Overseas Liquefied Natural Gas?
Berlin Lunchtime Meeting at DIW Berlin with Christian von Hirschhausen, Technische Universität Dresden
25 January 2006

March 2006
The Economic Impact of Oil Supply Shocks on the G7 Countries
1 March 2006

Presentation at the Foundation’s London office with John Kay, St John’s College, Oxford; Gilles Saint-Paul, Université Sciences Sociales Toulouse; Giancarlo Corsetti, European University Institute, Florence
8 March 2006

The Economic Impact of Bird Flu
Berlin Lunchtime Meeting at DIW Berlin with Boris Augurzky, Rheinisch-Westfälisches Institut für Wirtschaftsforschung Essen
30 March 2006

April 2006
Mindestlohn und Kombilohn – Die Bekämpfung von Unfug mit Unfug
Berlin Lunchtime Meeting at DIW Berlin with Hilmar Schneider, Forschungsinstitut für die Zukunft der Arbeit (IZA), Bonn
27 April 2006

May 2006
Work-life Balance and Productivity – Trade Off or Complementarity?
Report launch and public debate at the British Embassy Berlin with John Van Reenen and Tobias Kretschmer, Centre for Economic Performance, LSE
17 May 2006

Transnationalisation of Stem Research: Scientific, Economic and Policy Strategies in the UK and Germany
International conference at the Berlin-Brandenburgische Akademie der Wissenschaften, Berlin Convener: Rüdiger Wink, Ruhr-Universität Bochum
18 May 2006

June 2006
Indicators of Progress in Education for Sustainable Development: Perspectives, Challenges, Progress
Seminar at the University of Bath Convener: Graham Room, University of Bath
21 June 2006

In or Out of the Euro Area: Does it Matter?
an Evidence Based Analysis of the Trade Effects of the Euro
28 June 2006

July 2006
Making Bad Jobs Better Jobs: the Low Paid Sector in Germany and the UK
5th British-German Trade Union Forum at the Trades Union Congress, London
10–11 July 2006

Energiepreisrisiken und Auswirkungen auf die Europäische Energiopolitik
Berlin Lunchtime Meeting at DIW Berlin with Claudia Kemfert, DIW Berlin and Humboldt-Universität zu Berlin
24 May 2006

November 2006
The Future of Pensions in Britain and Germany
Lecture and Discussion at the Foundation’s Berlin office with John Hills, ESRC Research Centre for Analysis of Social Exclusion (CASE), LSE, and Axel Börsch-Supan, Mannheimer Fo-rschungsinstitut Ökonomie und demographischer Wandel
9 November 2006

The British Banking System: A Good Role Model for Germany?
Berlin Lunchtime Meeting at DIW Berlin with Andrew W. Mullineux, Birmingham Business School, University of Birmingham
29 November 2006

The Future of Pensions in Britain and Germany
Lecture and Discussion at the Foundation’s Berlin office with John Hills, ESRC Research Centre for Analysis of Social Exclusion (CASE), LSE, and Axel Börsch-Supan, Mannheimer Fo-rschungsinstitut Ökonomie und demographischer Wandel
Our publications present concise, accessible findings from recent comparative research on significant contemporary political and social issues.

All these reports, and their executive summaries, are available on our website: www.agf.org.uk

Details of how to order print copies, if these are available, can also be found on the website.

Making Bad Jobs Better Jobs: Trade Unions and the Low Paid Sector in Germany and the UK

Christopher Pick

Transforming bad jobs into better jobs is a huge challenge – and a huge opportunity – for trade unions in Germany and the UK. It represents an opportunity to find ways of advancing the specific interests of particular groups among unions’ members. These include the low-paid, those doing less interesting jobs with poorer career prospects, women, and migrant workers: all groups that many unions have marginalised (if not ignored) in the past. In July 2006 some 30 British and German trade unionists – from leaders and senior policymakers to workplace organisers – academics and commentators met at the Trades Union Congress in London to discuss these issues.

November 2006

ISBN 1-900834-62-6

The British Banking System: a Good Role Model for Germany?

Andrew Mullineux and Eva Terberger

The German financial system is a prototype of a bank-based system. In the 1980s, this was considered an important pillar of Germany’s economic strength. Nowadays, Germany is characterised as being overbanked and its banking system inefficient, relatively high cost, not particularly profitable and in need of radical restructuring and the need to reform the German financial system has been widely discussed. Does the British financial system provide a good role model? This study tackles this question with regard to the supply of retail banking services to households and micro and small enterprises (MSEs).

June 2006

ISBN 1-900834-61-8

Work-life Balance and Productivity – Trade Off or Complementarity?

Nick Bloom, Tobias Kretschmer and John Van Reenen

Achieving work-life balance is often seen as being in conflict with good management, competition and globalisation. Recent research by the Centre for Economic Performance and McKinsey on over 700 companies in Europe and the US shows that this is not true, and that work-life balance is strongly associated with good management and weakly associated with competition and globalisation.

May 2006

ISBN 1-900834-60-X

The summarised accounts are a summary of information extracted from the full annual accounts and may not contain sufficient information to allow for a full understanding of the financial affairs of the Anglo-German Foundation. For further information the full annual accounts, the auditor’s report on those accounts and the Trustees’ annual report may be consulted. Copies of these may be obtained from the Director, Anglo-German Foundation, 34 Belgrave Square, London SW1X 8DZ.

The full annual accounts were approved on 28 March 2007. The annual report and the full annual accounts will be submitted to the Charity Commission.

The full annual accounts from which the summary is derived have been audited by the National Audit Office who gave an unqualified audit opinion.

On behalf of the Trustees

Bryan Rigby
Chairman of the Board of Trustees
29 March 2007

Statement of the Trustees

My responsibility is to report to you my opinion on the consistency of the summarised financial statements with the full financial statements and Trustees’ Annual Report. I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the summarised financial statements.

Basis of opinion

I conducted my work in accordance with Bulletin 1999/6 “The auditors’ statement on the summary financial statement” issued by the Auditing Practices Board for use in the United Kingdom. My report on the Foundation’s full annual financial statements describes the basis of my audit opinion on those financial statements.
### Balance sheet

**as at 31 December 2006**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>1,853</td>
<td>3,188</td>
</tr>
<tr>
<td>Investments</td>
<td>2,630,537</td>
<td>2,015,322</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>2,632,390</td>
<td>2,018,510</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>61,173</td>
<td>50,861</td>
</tr>
<tr>
<td>Investments</td>
<td>813,674</td>
<td>1,568,540</td>
</tr>
<tr>
<td><strong>Creditors – amounts falling due within one year</strong></td>
<td>(33,525)</td>
<td>(21,211)</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td>920,140</td>
<td>1,800,854</td>
</tr>
<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td>3,552,530</td>
<td>3,819,364</td>
</tr>
<tr>
<td><strong>Capital and reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic reserve</td>
<td>150,000</td>
<td>2,180,158</td>
</tr>
<tr>
<td>Operating account</td>
<td>3,402,530</td>
<td>1,639,206</td>
</tr>
<tr>
<td><strong>Operating account for the year ended 31 December 2006</strong></td>
<td>3,552,530</td>
<td>3,819,364</td>
</tr>
</tbody>
</table>

### Operating account for the year

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant from the United Kingdom Government</td>
<td>–</td>
<td>250,000</td>
</tr>
<tr>
<td>Grant from the German Government</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Environment Forum grants</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Income from activities</td>
<td>846</td>
<td>996</td>
</tr>
<tr>
<td>Income from listed investments and interest receivable</td>
<td>150,225</td>
<td>157,697</td>
</tr>
<tr>
<td><strong>Resources expended</strong></td>
<td>151,071</td>
<td>408,693</td>
</tr>
<tr>
<td><strong>Cost of generating funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment management fees</td>
<td>11,670</td>
<td>12,414</td>
</tr>
<tr>
<td>Cost of publication sales</td>
<td>2,391</td>
<td>3,950</td>
</tr>
<tr>
<td><strong>Charitable expenditure</strong></td>
<td>14,061</td>
<td>16,364</td>
</tr>
<tr>
<td>Costs of activities in furtherance of the charity’s objects:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants payable – ordinary project expenditure</td>
<td>71,838</td>
<td>190,993</td>
</tr>
<tr>
<td>Events</td>
<td>16,059</td>
<td>28,805</td>
</tr>
<tr>
<td>Creating Sustainable Growth in Europe</td>
<td>10,009</td>
<td>15,383</td>
</tr>
<tr>
<td>Publishing</td>
<td>9,562</td>
<td>15,799</td>
</tr>
<tr>
<td>Support costs</td>
<td>139,833</td>
<td>136,953</td>
</tr>
<tr>
<td>Management and administration</td>
<td>114,408</td>
<td>112,052</td>
</tr>
<tr>
<td><strong>Total resources expended</strong></td>
<td>361,709</td>
<td>499,985</td>
</tr>
<tr>
<td><strong>Net outgoing resources for the year</strong></td>
<td>(375,770)</td>
<td>(516,349)</td>
</tr>
<tr>
<td><strong>Other recognised gains and losses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit/(loss) on sale of investments</td>
<td>(21,772)</td>
<td>(4,586)</td>
</tr>
<tr>
<td>Unrealised gain/(loss) on investments</td>
<td>(11,611)</td>
<td>30,761</td>
</tr>
<tr>
<td>Exchange gain/(loss)</td>
<td>(8,752)</td>
<td>(15,451)</td>
</tr>
<tr>
<td><strong>Net movement in funds for the year</strong></td>
<td>(266,834)</td>
<td>(96,932)</td>
</tr>
<tr>
<td>Opening funds</td>
<td>3,819,364</td>
<td>3,916,296</td>
</tr>
<tr>
<td>Closing funds</td>
<td>3,552,530</td>
<td>3,819,364</td>
</tr>
</tbody>
</table>