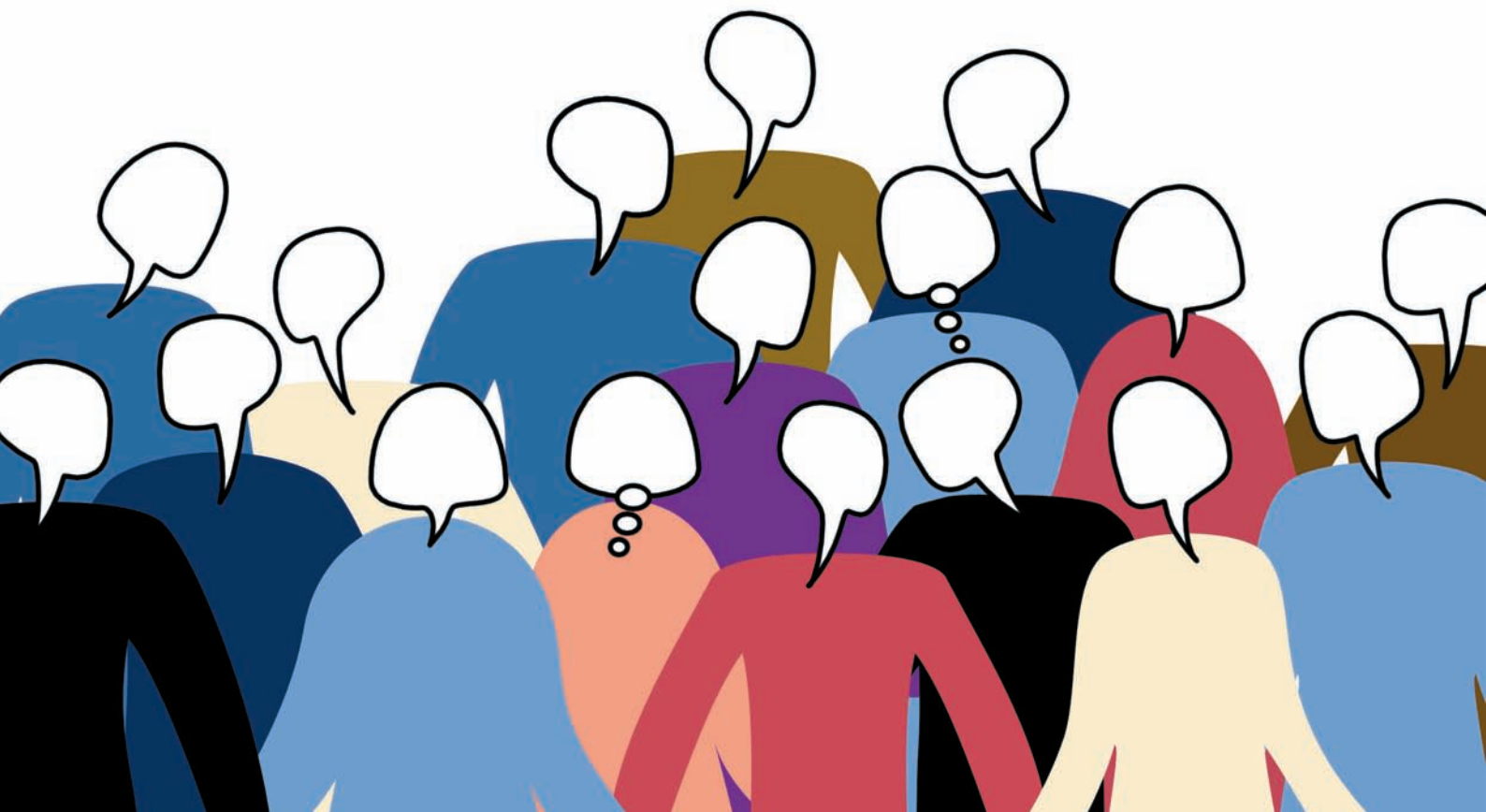




## Annual Report 2007



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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.

The closing months of 2007 marked the halfway point of the Anglo-German Foundation's research initiative on **creating sustainable growth in europe (csge)**.

This ambitious project, the biggest in the Foundation's history, addresses, through four linked but autonomous comparative research programmes, the central economic, social and political challenge confronting governments across Europe and the industrialised world: how to reconcile the desire for growth with environmental and social sustainability.



Only eighteen months after **csge** was launched in summer 2006, it is clear that its multi-disciplinary, multi-national approach is yielding valuable insights of a kind that cannot be achieved through single-country studies or through research confined to conventional boundaries of discipline or policy. Initial findings are already being widely discussed in papers, presentations and articles delivered in a variety of academic and policy forums. In addition, at the end of 2007 we held policy debates at the foreign ministries in Berlin and London and a research conference in Berlin designed to draw the wider policy community into the debate and to allow the four programme teams to present their work to their colleagues and to their academic peers.

To complement this major activity we held three events under the auspices of our series *Fit for the Future*:

- In February, in our London office, we brought together for the first time the chairs of the sustainable development commissions of Germany and the UK, Volker Hauff and Jonathon Porritt, to discuss the commissions' role in influencing energy and consumption policy.
- In May, at the same venue, Professor Dr Klaus Zimmermann, Director of the Institute for the Study of Labor (IZA Bonn) and President of the German Institute for Economic Research (DIW Berlin), reviewed Germany's economic priorities for its dual presidencies of the EU and the G8.
- In July we welcomed the eminent Harvard economist Benjamin M. Friedman to Berlin to explore the moral consequences of economic growth.



Europasaal, Auswärtiges Amt, Berlin (photo: Uwe Hetzner)

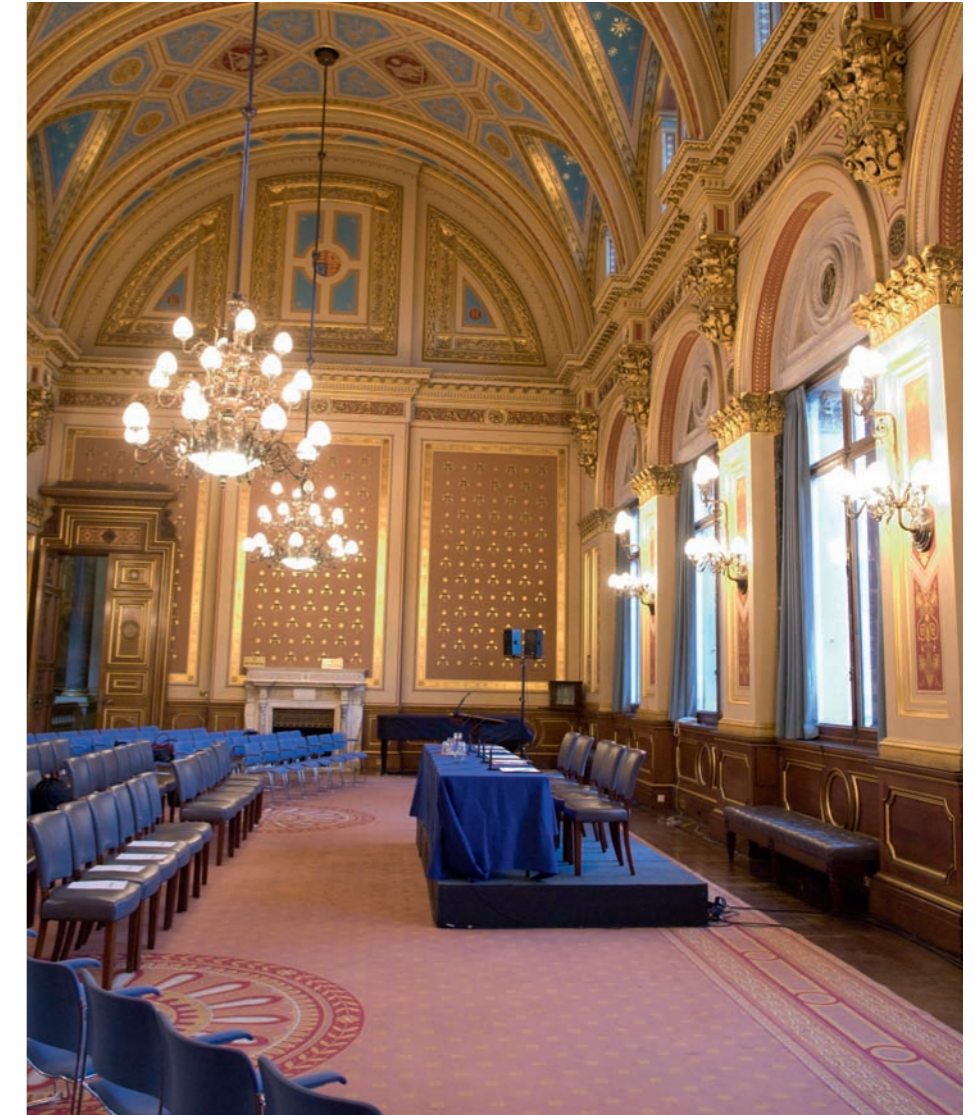
Our longer-established programmes also continued to generate valuable insights and bilateral exchange of ideas.

The sixth conference of the *British-German Environment Forum* explored the prospects for improving and extending the effectiveness of the EU's emissions trading scheme. It was held in Berlin with the support of the Foreign & Commonwealth Office, the Federal Ministry for the Environment and Deutsche BP.

The year's work also included the fifth conference of the *British-German Trade Union Forum*, held in Hamburg, which focused on work-life balance, as well as seven events in the *Berlin Lunchtime Meetings* series (organised in co-operation with DIW Berlin, IZA Bonn and the Centre for Economic Policy Research, London).

Other policy and research events which we funded and organised during the year, and our publications, are listed in the following pages. These and other aspects of our work can also be found on our website ([www.agf.org.uk](http://www.agf.org.uk)).

We are extremely grateful to the Foundation's staff, who have worked tirelessly and effectively in making all these achievements possible. In particular we add our very best wishes to Regina Vogel, who left us at the end of the year, having completed her three-year contract as Deputy Director. Our thanks also go to the members of the Academic Advisory Board for the **csge** initiative, and – as ever – to our trustees.



Locarno Suite, Foreign & Commonwealth Office, London (photo: Mark Shenley)

We look forward to the next two years of activity which we confidently expect will produce a significant contribution to understanding some of the most pressing issues of our time. News of our progress will continue to be available to all who are interested; those who have not already done so can register (via our website subscription link) for updates on findings and invitations to events.

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 key contemporary issues and to identify potentially transferable policies and practice.

## January 2007

**The Energy Policy Agenda for the German EU Presidency – Making the Most of the Opportunity to Shape Europe’s Future Capabilities**

*Berlin Lunchtime Meeting at DIW Berlin*  
with Joachim Pfeiffer MdB and Claudia Kemfert, DIW Berlin  
31 January 2007

## February 2007

**Influencing Policy on Energy and Consumption: the Role of the Sustainable Development Commissions in Germany and the UK**

*Public debate in the AGF’s Fit for the Future series at the Foundation’s London office*  
with Jonathon Porritt, Chair of the UK’s Sustainable Development Commission, and Volker Hauff, Chair of the Rat für Nachhaltige Entwicklung  
27 February 2007

**Gesundheitsreform: die eigenen Ziele klar verfehlt!**

*Berlin Lunchtime Meeting at DIW Berlin*  
with Friedrich Breyer, Universität Konstanz and DIW Berlin; Jens Spahn MdB; and Georg Meran, DIW Berlin  
28 February 2007

## March 2007

**The Survival and Growth of ‘Adolescent’ High-Tech Firms in Germany and the UK, 1997–2003**

*Report launch and public debate at the Landesvertretung Baden-Württemberg, Berlin*  
with Marc Cowling, Universities of Sussex and Exeter; Helmut Fryges and Georg Licht, Zentrum für Europäische Wirtschaftsforschung, Mannheim; Gordon Murray, University of Exeter; Johannes Velling, Bundesministerium für Wirtschaft und Technologie; and Carsten Rudolph, Microsoft  
5 March 2007

**Explaining Productivity Growth in Europe, America and Asia**

*Workshop at the Zentrum für Europäische Wirtschaftsforschung, Mannheim*  
with Tim Bresnahan, Stanford University; Marcel Timmer, Rijksuniversiteit Groningen; Tobias Kretschmer, Ludwig-Maximilians-Universität, Munich; and Elisabeth Müller, Zentrum für Europäische Wirtschaftsforschung, Mannheim  
23–24 March 2007

**‘Trading Up’ – Improving and Extending the European Carbon Market**

*6th conference of the British–German Environment Forum, Berlin*  
with Matthias Machnig, State Secretary, Bundesministerium für Umwelt; John Healey MP, Financial Secretary to the Treasury; Ian Pearson MP, Minister of State for Climate Change and Environment; and representatives of research institutes, business, government and civil society  
26–27 March 2007

**Optimal Income Transfer Programmes and Employment in an Ageing Society**

*Berlin Lunchtime Meeting at DIW Berlin*  
with Viktor Steiner, Freie Universität Berlin and DIW Berlin, and Mike Brewer, Institute for Fiscal Studies, London  
28 March 2007

## April 2007

**How Do We Increase Employment in the Low-Pay Sector?**

*Berlin Lunchtime Meeting at DIW Berlin*  
with Peter Bofinger, Universität Würzburg; Hilmar Schneider, Forschungsinstitut zur Zukunft der Arbeit, Bonn; and Georg Meran, DIW Berlin  
25 April 2007

## May 2007

**Germany’s Economic Priorities for the EU and G8 Presidencies: Aims and Achievements**

*Public debate in the AGF’s Fit for the Future series at the Foundation’s London office*  
with Klaus Zimmermann, Forschungsinstitut zur Zukunft der Arbeit, Bonn, and DIW Berlin  
16 May 2007

**The Determinants of Investment in R&D: International and UK Evidence**

*Report launch and workshop at the National Institute for Economic and Social Research, London*  
with Mark Beatson, Department of Trade and Industry; Geoff Mason, Brigid O’Leary, Michela Vecchi and Ray Barrell, National Institute for Economic and Social Research; Mark Rogers, University of Oxford; Bettina Becker, Loughborough University; Jens Schmidt Ehmcke, DIW Berlin; and Andreas Stephan, Europa-Universität Viadrina Frankfurt (Oder) and DIW Berlin  
24 May 2007

**Lessons from Electricity Sector Restructuring in the US and Elsewhere – Perspectives for Europe**

*Berlin Lunchtime Meeting at DIW Berlin*  
with Richard Green, University of Birmingham, and Georg Meran, DIW Berlin  
30 May 2007

## June 2007

**euclid, the European Network of Third Sector Leaders**

*Seminar and presentation at the Berlin Civil Society Center*  
1 June 2007

**The Challenges of Global Capital Market Integration: How Exchange Rates, Policies and Institutions Matter**

*Berlin Lunchtime Meeting at DIW Berlin*  
with Chris Meissner, University of Cambridge, and Georg Meran, DIW Berlin  
27 June 2007

## July 2007

**Work–Life Balance**

*5th conference of the British–German Trade Union Forum, Hamburg*  
with speakers from trades unions, universities, research foundations, local government and industry  
2–3 July 2007

**The Moral Consequences of Economic Growth**

*Public debate in the AGF’s Fit for the Future series at the Heinrich Böll Stiftung, Berlin*  
with Benjamin M. Friedman, Harvard University  
10 July 2007

**Management Practices & Productivity: Why They Matter**

*Seminar at the Institution of Mechanical Engineers, London*  
with Stephanie Flanders, BBC Newsnight; John Dowdy and Dominic Casserley, McKinsey & Company; and John Van Reenen, Centre for Economic Performance, LSE  
12 July 2007

## November 2007

**Geschlechtergerechtigkeit und Arbeitsbelastung: Überraschende Evidenz von Zeitverwendungserhebungen**

*Berlin Lunchtime Meeting at DIW Berlin*  
with Michael C. Burda, Humboldt-Universität zu Berlin; Tristana Moore, BBC Berlin correspondent; and Hilmar Schneider, Forschungsinstitut zur Zukunft der Arbeit, Bonn  
1 November 2007

**creating sustainable growth in europe**

*Public policy debate at the Auswärtiges Amt, Berlin*  
with Andreas Troge, President of the Bundesumweltamt, and Heik Afheldt, journalist and commentator  
29 November 2007

**creating sustainable growth in europe**

*Open research conference, Berlin*  
with Sir Tony Atkinson, University of Oxford, and members of the four csge programme teams  
30 November 2007

## December 2007

**creating sustainable growth in europe**

*Public policy debate at the Foreign & Commonwealth Office, London*  
with Jim Murphy MP, Minister for Europe, and Stephanie Flanders, BBC Newsnight  
5 December 2007



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](http://www.agf.org.uk)

#### **The Survival and Growth of 'Adolescent' High-tech Firms in Germany and the UK, 1997–2003**

*Marc Cowling, Helmut Fryges, Georg Licht and Gordon Murray*

This report follows the fortunes of 600 high-tech start-up firms in order to discover which survived in the longer term, and why. Broadly speaking, firms with superior human capital and technical knowledge grew faster and also succeeded in international markets. The report's findings have important implications for entrepreneurship and innovation policy.

January 2007

#### **Optimal In-work Support and Employment in Ageing Societies – Britain and Germany Compared**

*Richard Blundell, Mike Brewer, James Browne, Peter Haan, Michal Myck and Viktor Steiner*

Tax incentives designed to encourage people into work, or to postpone retirement, can often have unintended perverse consequences, causing some working people to withdraw from the labour market. This study examines the effectiveness of a range of tax-benefit measures designed to raise employment levels in Britain and Germany.

March 2007

#### **The Determinants of Investment in Industrial Research and Development in the United Kingdom and in Germany**

*Michela Vecchi, Ray Barrel, Bettina Becker, Jens Schmidt-Ehmcke and Andreas Stephan*

Investment in R&D has long been recognised as being among the main determinants of economic growth and prosperity. R&D intensity has risen significantly and consistently in Germany in recent years, while declining in the UK. This report analyses the reasons for the gap between the two countries and suggests policies designed to increase business investment in R&D.

May 2007

#### **Time Use and Work–Life Balance in Germany and the UK**

*Frank Bauer, Hermann Groß, Gwen Oliver, Georg Sieglen and Mark Smith*

Work–life balance is one of the most pressing issues in industrial societies such as Germany and the UK. As the proportion of households in which both parents work grows, conflicting time pressures increase as families try to co-ordinate and control their working lives and employers demand more from their employees in order to compete at home and abroad. This analysis of the way working households manage their time reveals considerable similarities and differences between families and also between the two countries.

July 2007

#### **'Trading Up': Improving and Extending the European Carbon Market**

*Report of the 6th Conference of the British–German Environment Forum*

The 2007 Spring European Council agreed a 20% cut in greenhouse gas production by 2020, compared with 1990 levels, and also allowed for a 30% cut if international agreement is reached. This new technological and political challenge for policy makers was the subject of the annual conference of the British–German Environment Forum, in which senior representatives of government, business, research and civil society at national and international levels participated.

July 2007

#### **Health, Retirement and Inequality: Can Germany and the UK Learn from Each Other?**

*Jennifer Roberts, Nigel Rice, Martin Schellhorn, Andrew Jones and Lynn Gambin*

This study of why older workers in Germany and the UK decide to retire finds that poor health – and in particular a health 'shock' rather than continued poor health – is the most important reason, more so than other factors such as income, pension entitlement, education and housing tenure. However, the impact of poor health is greater in the UK than in Germany, possibly because of the prevalence of disability benefits in the UK and the difficulty of accessing pension benefits before statutory retirement age. In addition, lack of age discrimination in Germany means that older workers with health problems find it easier to continue working.

October 2007

#### **Statement of the Trustees**

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 27 June 2008. 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  
30 June 2008

#### **Statement of the Comptroller and Auditor General to the Trustees of the Anglo-German Foundation for the Study of Industrial Society**

I have examined the summary financial statements of the Anglo-German Foundation for the Study of Industrial Society which comprise the Summary Balance Sheet and Summary Operating Account on page 8.

#### **Respective responsibilities of trustees and auditors**

The trustees are responsible for preparing the summary financial statements in accordance with the recommendations of the charities SORP.

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.

#### **Opinion**

In my opinion the summarised financial statements are consistent with the full financial statements and the Trustees' Annual Report of the Anglo-German Foundation for the Study of Industrial Society for the year ended 31 December 2007. I have not considered the effects of any events between the date on which I signed the audit report on the full financial statements (7 July 2008) and the date of this statement.

M SUFFIELD  
14 July 2007

for Comptroller and Auditor General  
National Audit Office  
Buckingham Palace Road  
LONDON SW1W 9SS

# 8 Accounts 2007

## Balance sheet as at 31 December 2007

	2007 £	2006 Restated £
<b>Fixed assets</b>		
Tangible assets	588	1,853
Investments	2,673,424	2,630,537
	<u>2,674,012</u>	<u>2,632,390</u>
<b>Current assets</b>		
Debtors	59,483	61,173
Investments	474,236	813,674
Cash at bank and in hand	105,938	78,818
	<u>639,657</u>	<u>953,665</u>
<b>Creditors – amounts falling due within one year</b>	(762,799)	(179,067)
<b>Net current assets</b>	(123,142)	774,598
<b>Total assets less current liabilities</b>	2,550,870	3,406,988
<b>Capital and reserves</b>		
Strategic reserve	150,000	150,000
Operating account	2,400,870	3,256,988
	<u>2,550,870</u>	<u>3,406,988</u>

## Operating account for the year ended 31 December 2007

	2007 Unrestricted £	2007 Restricted £	2007 Total £	2006 Restated £
<b>Gross income</b>				
Grant from the United Kingdom Government	–	4,000	4,000	–
Grant from the German Government	–	–	–	–
Environment Forum grant	6,769	–	6,769	–
Income from activities	602	–	602	846
Income from listed investments and interest receivable	143,969	–	143,969	150,225
	<u>151,340</u>	<u>4,000</u>	<u>155,340</u>	<u>151,071</u>
<b>Resources expended</b>				
<i>Cost of generating funds</i>				
Investment management fees	10,135	–	10,135	11,670
Cost of publication sales	1,843	–	1,843	2,391
	<u>11,978</u>	<u>–</u>	<u>11,978</u>	<u>14,061</u>
<i>Charitable expenditure</i>				
Costs of activities in furtherance of the charity's objects:				
Grants payable – ordinary project expenditure	35,627	–	35,627	82,001
Events	7,875	12,876	20,751	25,459
Creating Sustainable Growth in Europe	777,144	–	777,144	135,988
Publishing	7,374	–	7,374	9,562
Support costs	148,039	–	148,039	139,833
Management and administration	121,123	–	121,123	114,408
	<u>1,097,182</u>	<u>12,876</u>	<u>1,110,058</u>	<u>507,251</u>
<b>Total resources expended</b>	(1,109,160)	(12,876)	(1,122,036)	(521,312)
<b>Net outgoing resources for the year</b>	(957,820)	(8,876)	(966,696)	(370,241)
<b>Transfer (from)/to restricted funds</b>	(8,876)	8,876	–	–
<b>Other recognised gains and losses</b>				
Profit/(loss) on sale of investments	5,809	–	5,809	(21,772)
Unrealised gain/(loss) on investments	95,724	–	95,724	(11,611)
Exchange gain/(loss)	9,045	–	9,045	(8,752)
<b>Net movement in funds for the year</b>	(856,118)	–	(856,118)	(412,376)
<b>Opening funds as previously stated</b>	3,552,530	–	3,552,530	3,819,364
<b>Prior year adjustments</b>	(145,542)	–	(145,542)	–
<b>Restated opening funds</b>	3,406,988	–	3,406,988	3,819,364
<b>Closing funds</b>	<u>2,550,870</u>	<u>–</u>	<u>2,550,870</u>	<u>3,406,988</u>