

Dialogue on Germany's Future

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Working group II.1.b) „Sustainable economic activity and growth“

Experts: Key expert Prof. Dr. Dr.-Ing. Christian Berg. **With:** Prof. Dr. Christian Calliess, Dr. Christa Liedtke, Prof. Dr. Georg Meran, Prof. Dr. Dr. h.c. Ortwin Renn, Wolfgang Schmalz, Prof. Dr. Miranda Schreurs

Never before have people in Germany had it so good as today. Thanks to a high-performance economy, committed people and secure social cohesion, most people are able to lead their lives in freedom, security and prosperity. However, as can be seen from the financial and sovereign debt crisis, we are paying for this by accumulating debts and outsourcing costs. To a significant extent, we are living at the expense of others, at the expense of future generations and at the expense of the environment. Never before in the history of humanity have ecological systems been placed under such high levels of strain, never before have public budgets been as debt-burdened as in the past few decades, with serious and in some cases irrevocable consequences.

The central idea of the sustainability concept can be summarised by the task that each generation must solve its own problems itself, and must not pass on the burden to coming generations. At the same time, economic, ecological and social dimensions of this task must always be considered with an integrative approach. Our economy can only be sustainable if it satisfies the needs of today's generations without endangering those of future generations. As a result, sustainable economic activity and growth involves retaining our natural livelihood and providing for its protection, permitting sustained prosperity and progress through an innovative and competitive economy as well as giving everyone the same opportunities and possibilities for development in an open and free society based on solidarity.

For Germany, sustainability means responsibility and opportunity at the same time: In the face of major global challenges, Germany as a high-performance industrial nation bears responsibility – towards other countries and also towards future generations. The opportunity is to be seen in the fact that sustainable innovations „Made in Germany“ are in demand on the world market. In this way, sustainability can also inspire „green growth“. If we create freedoms for efficient, environmentally compatible and socially adjusted innovations in technology, business and administration in our own country, this can become a blueprint for supporting others on the path to greater sustainability, and thereby simultaneously improving our competitiveness on the world market.

Proposals

It will take concerted action by numerous social actors to accelerate the implementation of sustainability as a guiding principle – and the decision for the turnaround in energy policy was an important step in this direction. Politicians must undertake a coordinating function in this. Firstly, they must set guidelines for business and establish reliable general conditions which provide security of planning and support sustainability in production and consumption. Secondly, they must ensure that the guiding principle of sustainability is put into practice in the drafting, promulgation and implementation of laws. And they can only achieve these two ends if they are capable of achieving social acceptance for the corresponding measures, something which is predicated on creative and institutionally anchored forms of communication and participation.

Economic actors' group – incentive systems and environmental policy framework for the economy

Proposal 1: Promoting innovative markets for environmental protection and sustainability without prejudging the outcome

Promoting innovations for environmental protection and sustainability should concentrate more strongly than it has in the past on the early, creative phase of innovation development.

- a) Research and development in the area of sustainability innovations – i.e. innovations which make the value-added chains more sustainable – should receive more financial support through improved funding for government research institutions and tax incentives in the private sector. This could be financed by releasing funds by dismantling subsidies that are harmful to the environment (see proposal 2).
- b) Financing of young, innovative companies during their start-up phase through venture capital should be made easier. For this purpose, withholding tax should be better coordinated with corporate taxation, and it should be possible to carry losses forward in other legal forms than only the corporation.
- c) Promoting the spread of new environmental technologies should be oriented towards selection criteria (e.g. compliance with certain environmental and social standards), but not however linked to a specific technological implementation pathway.

In Germany, there is a highly advanced system for promoting environmental technologies that are already advanced in the diffusion phase, particularly in the energy sector (e.g. Renewable Energy Act). However, the early phase should be promoted more strongly, without prejudging the outcome, as a result of the extraordinarily high importance that innovations have for the competitiveness of Germany's economy, as well as the significant potential for German environmental technologies. Not only does this relate to environmental technologies in the narrow sense, but to all innovations which help to make the value-added chains more sustainable.

Proposal 2: Dismantling of environmentally harmful subsidies

Environmentally harmful subsidies should be dismantled.¹ According to estimates by the Federal Ministry for the Environment, Germany spends about €40 billion annually on subsidies which provide incentives for environmental pollution. Examples include the preferential treatment for air transport (e.g. energy tax exemption for jet fuel) or assistance measures for the development of new commercial areas. These subsidies should be gradually reduced across the board over a lengthy period, for example by ten percent each year. Also, indirect subsidies via the back door of taxation law (e.g. preferential treatment for SUVs) through differentiated car tax rates) must be dismantled accordingly. The reduction plan should be worked out under the coordination of the Federal Chancellery by the Experts' Council for Environmental Issues, the Federal Government's Scientific Advisory Board on Global Environmental Changes as well as the scientific advisory board in the Federal Ministry of Economics and Technology (BMWi).

Subsidising environmental degradation by the national economy contradicts sustainability in dealing with nature just as much as the principle of a sustainable national budget. In addition, subsidies restrict the freedom of action of future generations, because the increasing duration of a subsidy makes it difficult to abolish it.

Proposal 3: Closing loopholes in the implementation of environmental policy measures

In many areas, existing (environmental) laws are not adequately enforced. This includes, for example, recycling electrical scrap or illegal fishing in international waters. It is important to strengthen state monitoring and to pull the economic rug out from under the feed of illegal conduct. In the case of illegal export of electronic scrap, for example, a deposit system should be introduced which offers an incentive for used electrical devices to be returned to the dealer.²

Effective implementation of environmental policy measures is of decisive importance for consolidating and increasing the reliability of a political culture of sustainability.

Proposal 4: Promotion of environmental innovations by slowly increasing energy and raw materials taxes

At present, incentives for saving energy and raw materials are predominantly provided by regulatory instruments (e.g. Energy Saving Ordinance) and financial support programmes (e.g. subsidies). This policy should be supplemented by increasing the price of energy, resources and land use by means of a long-term, tax-driven scheme. This is because slowly increasing the price of basic industrial raw materials will induce innovations which cannot be detected at present, and thus which are not able to be promoted by proactive government programmes. Ideally, there should be a long-term, gradual price escalator which creates a high level of investment certainty. The rate of increase could be linked to average increases in the efficiency of the national economy, as a result of which the costs for energy users would remain constant on average.

It would be necessary to offer compensatory measures in order to avoid an excessive overall tax burden on the national economy and overloading energy-intensive and strategically important industrial sectors. For one thing, the energy tax reduction should be structured to be more weighted towards offering incentives and linked to energy reduction measures, whilst otherwise being maintained at a moderate level; for another thing, taxes without environmental relevance should be reduced accordingly for all companies in order to avoid increasing the overall burden on business. Furthermore, adaptations would have to be made to the social transfer system in order to avoid social distortions.

There are several reasons for such fiscally motivated price rises on energy and raw materials:

- a) Innovations in the area of environmental technologies should be profitable in the medium term, even without government sponsorship. This will only be the case if the primary energy sources and primary raw materials become more expensive, something which can be expected only to take place in the medium to long term by means of world market prices. Innovation research shows us that good market prospects are the most important factor governing the growth of innovation markets. Early, government-induced price rises for primary raw materials thus improve the market opportunities of new technologies with lower raw material consumption in the medium to long term.
- b) This will make it possible to shift subsidy programmes to new areas of innovation which are currently unknown, with little political resistance.
- c) Progress in the area of energy and raw material efficiency is frequently thwarted or indeed over-compensated by modified behaviour (the rebound or boomerang effect; compare this to the concept of a „paperless office“). This effect is counteracted by a policy of increasing the prices of

raw materials, because fiscally motivated price rises offer incentives to use innovations in environmental technology on the one hand, whilst on the other hand there is no indication of an increase in demand if the tax is raised in line with the efficiency gains.

Proposal 5: Exploiting sustainability potential in public procurement³

The Federal Government should:

- Define clear criteria for sustainability in public procurement
- Based on this, identify the proportion of sustainable procurement across-the-board, make the procurement process transparent, efficient and uniform, and monitor it
- Set ambitious targets for increasing the proportion of sustainable procurement in all product groups – to at least 80-90 percent by 2020
- Create conditions for taking account of sustainability in financial and requirement planning.

Public procurement has a high potential for sustainability. However, it is currently highly dependent on the motivation and competence of the people responsible for procurement as to whether this potential is utilised, because sustainable procurement is voluntary. Furthermore, the process of procurement is generally put on the same footing as the principal stage, despite the fact that decisions taken before and after the order placement have a central influence on the environmental effect of public procurement.

Political actors' group: Strengthening of sustainability through transparent development and testing processes

Proposal 6: Increasing the effectiveness of sustainability management

In order to strengthen sustainability, the Federal Government has introduced „sustainability management“ into its National Sustainability Strategy, something which provides management rules, indicators, targets and monitoring. In spite of many good approaches, the effectiveness of this sustainability management is still capable of improvement in central points.

- a) An independent committee should regularly check whether defined targets and indicators are still appropriate, and how both should be adapted if necessary in order to reflect changed conditions and visions of desirable futures. The German Council for Sustainable Development could support establishing a committee of this type by involving the Experts' Council for Environmental Issues, the Experts' Council for Assessment of Macroeconomic Development and the Federal Government's Scientific Advisory Board on Global Environmental Changes.

Indicators are always selective and can never take account of the whole picture. It is all the more important to have the appropriateness of this selection examined regularly and independently. Is there problem shifting? Do new insights into absolute pollution limits make it necessary to adapt the indicators? The committee to be formed would have to assess these questions and work out new indicators and future scenarios with recourse to participation processes (see proposal 11) in order to encourage political and public debate about desirable futures.

- b) Every target set as part of sustainability management should be linked to specific measures (see proposals 7, 8 and 9). If targets are not systematically linked to measures, success will remain uncertain. At present, the sustainability strategy has too little influence on the departments' political actions. The Federal Government should subject the status of sustainability management to political interpretation once a year, and report to the Bundestag on this.
- c) Important actors and responsibilities should be named across department boundaries for target achievement at indicator level when goals and indicators are being set. Management will only succeed effectively if specific targets are associated with specific measures and specific responsibility.
- d) Monitoring of target achievement should be improved. There should be a clear definition of what procedure to take if the target is missed. As long as no procedures are defined to ensure a course correction is made if targets are missed, monitoring for sustainability management will not be an effective control instrument, it will remain purely descriptive and will not have either administrative or political consequences.

Proposal 7: Strengthening of sustainability testing in the legislation process

Greater attention must be paid than before in the legislation process to ensuring that the consequences of legislation are examined with regard to their effects on sustainable development. This is the concern expressed in proposals 7, 8 and 9 – with successive increases in effectiveness and obligation, as a result of which the corresponding political processes also become more extensive.

a) Specification of the content in order to improve the sustainability test in estimating the consequences of legislation⁴

The currently applicable sustainability test as part of estimating the consequences of legislation should be documented and communicated more effectively so that this test can also be examined (e.g. by the Bundestag). Furthermore, transparency should be improved regarding the test criteria and the result of the test. Finally, attempts should be made to increase the level of implementation (2012: 77 percent) and also to test draft laws by the parliament.

The Common Ministerial Rules of Procedure do indeed prescribe that the explanatory memorandum should explain whether the effects are in accordance with sustainable development, although this is not made specific enough, it is not done transparently or substantially, and above all there is no evaluation or monitoring.

b) Organisational precautions for improving the sustainability test in estimating the consequences of legislation

Staff positions or officers for sustainability should be established in all Federal Ministries in order to examine whether the draft laws have been subjected to the sustainability test, and to effect adaptations if necessary. The scope of the test should encompass administrative regulations that should be produced on the basis of the sustainability strategy. If there is a conflict between departments, the responsible positions should be able to cast a suspensive veto which, ultimately, would have to be exercised by the particular minister in the cabinet. However, this would be done with the objective of promoting interdepartmental agreement at an early stage prior to the approval in cabinet – arranged via an interministerial working group and/or consultation by the Secretaries of State.

If, in practice, the sustainability test proves to have deficits, this is chiefly because the criteria of the National Sustainability Strategy are complex, and can only be implemented on an interdepartmental basis. As a result, this interdepartmental orientation should take place at an early stage in estimating the consequences of legislation, and be anchored in the organisational procedures.

Proposal 8: Strengthening the implementation of sustainability strategies through institutional precautions

Above and beyond proposal 7, independent institutions should be established to monitor implementation of the sustainability strategy overall (monitoring):

- a) At the level of the executive (1st stage), the Regulatory Control Council should monitor and check the implementation of the sustainability test in the federal ministries.
- b) At the level of the legislature (2nd stage), the Parliamentary Advisory Council on Sustainable Development should be strengthened as a committee of the Bundestag. Alternatively, a sustainability officer (ombudsman⁵) of the Bundestag could be established, and should be integrated into the decision-making processes as a representative of the interests of future generations.
- c) Objective cooperation in established Federal Government/federal state-committees (above all as part of the ministerial conferences of the federal states) should be expanded and focussed more specifically on the general and strategic questions of applying the sustainability principle.

Institutions entrusted with the specific task of examination, and thus which are relatively independent although integrated within the organisation, ensure effective implementation of the sustainability strategy in the entire legislative process. Existing institutions will be used at the level of the executive and legislature, although their remit would be extended and their role strengthened.

Proposal 9: Strengthening of sustainability through change to the constitution

a) Anchoring a sustainability test in the Basic Law

If sustainability is going to become an effective guiding principle of state actions, then sustainability must be recognised as a constitutional principle in a new Article 20b Basic Law, and linked to an implementation order in the sense of a sustainability test. This new Article 20b Basic Law should read as follows:

„The requirements of the sustainability principle are defined in a National Sustainability Strategy, in particular in the interests of future generations. They must be taken into account in the definition and conduct of all state policies and measures. To this extent, the Federal Government and the federal states must take suitable organisational and institutional precautions.“

The precautions under proposals 9 and 10 should be safeguarded in constitutional law in the interests of their effectiveness. This applies in particular with regard to the federal states, because the Federal Government only has a very limited influence over their administrative processes and organisation (see Articles 83, 84 Basic Law). The proposed Article 20b Basic Law would also oblige the federal states to orientate their administration which is of significant importance to the implementation of federal laws, towards the requirements of the sustainability principle.

b) Constitutional anchoring of an experts' council for sustainability

In order to guarantee sufficient implementation of the sustainability principle in the legislative process, and independent experts' council for sustainability should be established and equipped with constitutional authority – in contrast to the current German Council for Sustainable Development. This experts' council for sustainability should be composed of members with the greatest possible expertise in the areas of sustainable environmental, social and economic policy, and be elected half by the Bundestag and half by the Bundesrat. It should be anchored in a new Article 20b para. 2 Basic Law:

„In order to guarantee effective implementation of the sustainability principle, an independent experts' council for sustainability will be established, the members of which will be elected in equal proportions by the Bundestag and Bundesrat. The council assesses the National Sustainability Strategy and, on its own initiative or in response to an application by organs involved in the legislative process, examines laws with regard to their compatibility with the sustainability principle. Further details are regulated by a federal law with the consent of the Bundesrat.“

Specific tasks of this experts' council for sustainability which is to be set up:

Assessing the particular National Sustainability Strategy of the Federal Government, and, if necessary, recommending corrections approved by a majority of its members.

In case of serious doubts regarding the compatibility of a bill with the sustainability principle, it would have the opportunity within a three-month period to submit opinions and recommend any necessary corrections approved by a majority of its members; furthermore, it would have the opportunity to impose a suspensive veto with a 2-thirds majority within eight weeks of a bill being approved by the Bundestag. Following a period of reflection, the Bundestag decides whether to take account of the objections.

If the appropriate protection of future generations is to be accorded practical significance, the legislature must institutionalise long-term state responsibility through regulated processes and forms of organisation. Through anchoring in the constitution, the experts' council for sustainability is assured political authority and public attention. The right of veto, which only has a suspensive effect, would promote political and public debate without implying an independent right of decision, and to this extent would not stand in the way of the principle of the separation of powers or the democratic principle either.

Society actors' group: Information and participation

Proposal 10: Setting up a „sustainability metalabel“ for products

Private consumption plays an important function in implementing sustainability. To allow the sustainability of a product to be assessed in the purchase decision, there is a need for a simple and generally applicable standard to provide orientation. As a result, the Federal Government should instruct a sustainability metalabel to be established. This metalabel should have a modular and multi-layered structure, awarding sustainable products and services. As a first step, the metalabel should define a minimum standard on the basis of information that is already available. In the medium term, the basis of information for the metalabel should be improved by establishing an integrated product information platform. This platform should give consumers transparency with regard to the sustainability of products and companies, at the same time as giving companies transparency with regard to the sustainability of their input products and suppliers. Following start-up

financing by the Federal Government (such as through the Stiftung Warentest consumer organisation), this platform should be supported by commercial companies. The German Council for Sustainable Development should work together with the Federal Ministry of Food, Agriculture and Consumer Protection to produce a plan for implementing this measure.

There is no lack of labels, but there is the lack of a general standard which qualifies a label as a sustainability label; this is because the increasing number of product labels merely makes purchase decisions more confusing. A metalabel could counteract this effect, facilitate sustainable consumption and thus also indirectly influence companies' production.

Proposal 11: Communal citizens' participation for a successful turnaround in energy policy

It will only be possible to implement the guiding principle of sustainability through social consent and support. As a result, there is a need for constructive dialogue between citizens on the one hand and decision-makers in business, politics and society on the other, as well as active participation by the citizenry in collective planning and decision-making processes.

- a) It is recommended for a participation programme to be anchored at local-government level and for financial and organisational support to be given to innovative participation formats for the sustainable reconfiguration of the local-governments in question (above all in the areas of energy, housing, nutrition, mobility).
- b) The content of this initiative should be directed towards each local-government authority making a significant contribution to the turnaround in energy policy or to another objective of sustainable development in cooperation with local groups and the citizenry on the ground.
- c) Based on experience with this initiative, the Federal Government should prepare documentation with best-practice examples (amongst other reasons for overcoming local obstacles), in order to offer assistance to other communities which wish to inaugurate such an initiative themselves.
- d) This format could also support the process of working out citizen-based visions and scenarios which will be incorporated into the defined targets and indicators of sustainability management (see proposal 6).

The Federal Government should provide financial support for this project and request submissions in order to choose the best implementation concepts at local-government level. This should involve giving awards and support to about 100 local-government projects. Furthermore, the entire planning process should be accompanied by an institutionalised group of relevant actors, (e.g. network operators, public authorities, local-government authorities, environmental associations) and be given support in terms of content and organisation by the German Council for Sustainable Development, with the effect that a continuous, confidence-building communication process will be guaranteed.

In situations in which decisions have wide-reaching consequences for shaping the world in which we live, feedback regarding social values, interests and preferences cannot be provided to politicians solely on the basis of the system of representation. People affected by the decisions frequently regard their own interests as inadequately reflected in the decision-making committees. As a result, there is a need for greater direct participation by citizens in decisions with a collective effect, above all at local-government level.

Proposal 12: Social dialogue on the central question: „Germany – pioneer and locomotive for sustainability?“

The transition to a sustainable society will take significant effort. It will only succeed if it is accompanied by intensive debate about desirable futures linked firstly to the achievements and traditions which have left their mark on Germany and, secondly, to the factors which will help to ensure that our country can face the future in the global community.⁶ As a result, a broad social dialogue with the heading „Germany – pioneer and locomotive for sustainability?“ could provide the opportunity to strengthen the many good approaches to sustainability which are already in effect, promote cohesion and keep our economy competitive in the long term within a changing world of tomorrow.

This dialogue should extend from the grass roots up to national level and involve citizens in a sequence of online and offline formats in order to gather together the many successful approaches for sustainable shaping of the world in which we live, gathering experience, forming alliances and self-initiatives, learning from one another and contributing to a vision for the future of Germany. For this purpose, the Federal Government should

- a) establish a „Sustainable Development“ dialogue forum together with a provider in order to gather proposals as well as providing forums for exchange and current information.
- b) organise regionally distributed sustainability forums in order to discuss the proposals submitted online with experts and decision-makers from politics, business and civil society, and to examine whether they can be implemented. The goal should be regional pilot projects.
- c) appoint sustainability ambassadors to communicate these initiatives actively into society.
- d) encourage special programmes to be established for schools and young people in order to familiarise young people with sustainable modes of living (e.g. learning software).
- e) inaugurate a national „Keep Germany Tidy“ day as a day of action for cleaning up the environment (proposal from the youth conference of citizens' dialogues).
- f) Furthermore, numerous social actors such as non-governmental organisations, associations, clubs, churches and unions should be invited to provide subsidiary support for this dialogue process, and to identify points of contact for the National Sustainability Strategy in each of the relevant groups.

Apart from start-up financing by the Federal Government, many of the local and regional initiatives and events should be financed externally in order to raise the interest of the various actors in sustainability. Furthermore, the project could be linked to a sustainability publicity campaign directed abroad.⁷

In addition to economic and regulatory policy, there is a need for communicative strategies to promote acceptance of the necessary processes of change in the course of sustainable development. For this reason, particular attention must be paid to comprehensible and consistent communication content which is appropriate for the concerns of people. Once attitudes and convictions have been established, they are frequently stubbornly held and characterise the way in which new information is absorbed and processed; for this reason, there is a need for communication at the earliest possible stage, which should also be as comprehensive as possible, on a multi-media basis and with methodological variety.

1. For more information about this, see also citizens' proposal „Energy costs“: www.dialog-ueber-deutschland.de/DE/20-Vorschlaege/20-Wovon-Leben/Einzelansicht/vorschlaege_einzelansicht_node.html?cms_idIdea=1575.

2. For more information about this, see also citizens' proposal „Deposit on electronic articles“: www.dialog-ueber-deutschland.de/DE/20-Vorschlaege/20-Wovon-Leben/Einzelansicht/vorschlaege_einzelansicht_node.html?cms_idIdea=8864.

3. For more information about this, see also proposal 9 „Change in the law to promote sustainable state procurement“ of working group III.3.b) „Learning society“.

- 4 See also proposal 7 „Integrated assessment of the consequences of legislation prosperity, quality of life and progress“ of working group II.2.b) „prosperity, quality of life and progress“, pg. 108.
- 5 For more information about this, see citizens' proposal „Ombudsman for the coming generations“: www.dialog-ueber-deutschland.de/DE/20-Vorschlaege/20-Wovon-Leben/Einzelansicht/vorschlaege_einzelansicht_node.html?cms_idIdea=17663.
- 6 Innovations, and particularly also sustainability innovations, are of supreme importance for Germany's ability to face the future, as a result of which this proposal shares the concern of proposal 7 of working group II.1.a) „Innovation culture“ for a „Dialogue process ‚Guiding principle for the innovation culture in Germany‘“; see also proposals 1 and 2 of WG II.2.b) „Prosperity, quality of life and progress“, pg. 104/105, which suggest corresponding dialogues for sub-aspects of sustainability (quality of life or participation).
- 7 For more information about this, see the survey by the German Society for International Cooperation (GIZ) „Germany's external perspective – Conclusions for international cooperation“, www.dialog-ueber-deutschland.de/gizstudie.