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Motor oder Bremse des wirtschaftlichen
Wachstums?

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Axel Bösch-Supan, Mannheim
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Wirtschaftspolitisches
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Die Bedeutung der Komplexität
ökonomischer Strukturen für die Wahl
wirtschaftspolitischer Strategien

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Die föderale Ordnung in Deutschland - Motor oder Bremse des wirtschaftlichen Wachstums?

Norbert Berthold, Stefan Drews und Eric Thode

Abstract

This paper deals with the system of fiscal federalism (Finanzausgleich) in Germany and its effects on macroeconomic growth. The maze of both transfers from federal government to the states (vertikaler Finanzausgleich) and interregional transfers between the states (horizontaler Finanzausgleich) is revealed and how the growth rates of the GDP developed. Econometric analysis show the negative impact on growth. This is due to both vertical and horizontal redistribution because of the massive negative incentives of the system. States contributing to and even those obtaining from the current system could benefit from changes.

JEL-Klassifikation: H 00, H 7, C 10

Wirtschaftspolitisches Forum

Zur Rentenproblematik: Lösungswege und Reformvorschläge

Abstract

This economic policy forum is assigned to the problems of pensions. *Eckart Bomsdorf* remarks that the pension scheme system in Germany will be stretched to its limit in the future. Like in many other highly developed countries, the reason for this is the demographic development. The number of people who receive pensions is increasing, while the number of contributors is stagnating or even decreasing. The latest pension reforms try to counteract this development. They will be enforced until 2010, after this, however, these measures will not be sufficient to secure Germany's pension system. Some additional measures can make the statutory pension system in Germany fit for the future. Increasing the retirement age and a new pension formula, which takes the demographic development into consideration sufficiently, are of particular importance.

In his contribution, *Axel Börsch-Supan* states that after the Pension Reform 2000 has successfully passed both chambers of the German parliament, the German pension system still rests mainly on an expanding pay-as-you-go financing mechanism. He argues that the long-run stabilization of the German pension system will need further reform steps with three main elements: (1) A reformed pay-as-you-go pillar which is actuarially fair, features a transparent national account set-up, and freezes contribution rates; (2) A deeper second funded pillar which is based on US 401(k)-style grouped accounts that finances the impending aging burden; (3) An internally

consistent regulatory framework for the German capital market including uniform taxation of all retirement savings according to the EET principle.

The topics of *Friedrich Breyers* contribution are often neglected elements of the pension reform: dependents relief and pension splitting within the social security system. The reform introduces the choice of splitting, where each spouse receives half of the total pension claims, which both have acquired during the marriage. The author asks whether the method of income tax splitting should be applied to the health insurance as well as the pension system in order to strengthen the equivalence principle. It is shown that only with mandatory splitting in the pension system the preferential treatment of married couples as opposed to singles would be eliminated.

JEL-Klassifikation: A 10, J 26

Freizügigkeit für Arme in der Europäischen Union?

Jörg Märkt und Gerhard Schick

Abstract

Years after the completion of the Common Market the needy and unemployed still lack the right to take residence in the EU member country they choose. The Amsterdam Treaty, however, aims at realizing an "area of freedom" for every citizen. This requires compatible systems of social aid. The article discusses possible solutions drawing on the normative framework of Constitutional Economics. The question to be answered is therefore: Which system of state aid to the needy could European citizens agree upon? We suggest a variant of the so called "differential principle" that allows for "migration neutrality" by adapting the aid level of the home country to the price level in the country of residence.

JEL-Klassifikation: F 22, I 30

Doch keine Freizügigkeit für Arme? Zur Notwendigkeit einer Abwägung unterschiedlicher konstitutioneller Interessen

Steffen J. Roth

Abstract

In reply to Jörg Märkt and Gerhard Schick in this volume, this paper argues for a different view on social assistance and migration. First, this article will present some methodological conditions for constitutional contracts. Lacking empirical test-ability, the method of constitutional economics particularly needs the revelation of constitu-

tional interests before evaluating alternative rules. By testing the described alternative rules of migration in the fact of potential constitutional interests, it will be shown that no rule discussed meets all targets. The reader has to be aware that Märkt/Schick decided to meet the target of free migration for welfare recipients and thereby missed some essential targets of social assistance. In this paper it is questioned, if the objective of free migration for welfare recipients is as important as it looks at first glance. It is argued that liberty as a constitutional interest can be restricted by rational constitutional voters. Behind the veil of uncertainty it might be necessary to limit the external diseconomy from free-riding welfare recipients in social assistance schemes or the external diseconomy from the poor in the utility-interdependence sense. If the reader comes to share this point of view, there is no need to harm the original constitutional interests related to social assistance.

JEL-Klassifikation: B 40; F 22; I 30

Die Bedeutung der Komplexität ökonomischer Strukturen für die Wahl wirtschaftspolitischer Strategien

Ralph Michael Wrobel

Abstract

Complexity in Economic Structures and its Importance for the Choice of Economic Policy Strategies

As well interventionist as ordo-liberal strategies have a long tradition in German economic policy. Interventionism is not only supported by Keynesian economics but also by the neo-classical approach. In contrast to the common view in neo-classical mainstream - as comparative-static analysis method - in this paper scientific isolation of economic phenomenon will be rejected. The economic system is very complex. Therefore economists have to discuss appropriate methods to analyse economic policy strategies.

In this paper the problem of complexity in society in common and in economics strictly is discussed. It can be shown that complexity and non-linearity are main characteristics of dynamic economic processes. An additional problem - resulting from the characteristic of complexity - is the existence of a constitutional lack of knowledge. No one in society, neither a scientist nor an economic policy maker, is able to collect all the necessary knowledge. Therefore interventionist strategies in economic policy are weaker than ordo-liberal ones. Because of the necessity of adaptation-flexibility in dynamic economic systems an "Evolutionary Economic Policy", characterised by ordo-liberal insights in the importance of economic and political order and evolutionary views on economic processes as discovery procedures, are advocated.

But why interventionist strategies are so successful in economic policy - not only in Germany? By using a neo-classical model of institutional competition, including transaction costs etc, the dominant position of interventionist strategies cannot be explained. Therefore in this paper an analysis, basing on systems theory and the ordo-liberal idea of interdependencies of orders, is used to show the complexity in real society according to the choice of strategies in economic policy. It can be shown that dependencies with the political subsystem are mostly important for this dominant position of interventionist strategies. As Hayek predicted a long time ago, a rise of the welfare state occurred in the western world. But interventionist policies are also supported by the formation of a mainstream in economics, dominated by the neo-classical theory, and by cultural factors, by internal institutions and path-dependency.

The result of this analysis is a paradox: Complexity in society and especially in economics requires ordo-liberal strategies in economic policy. But at the same time the existence of complexity in society is main argument for the problems relative to the introduction of such strategies, which are more adaptive and thereby more useful in economic policy. Hopefully nowadays by the pressure of international institutional competition, called "globalisation", ordo-liberal and evolutionary strategies will be supported more.

JEL Klassifikation: A12, B25, D72, P16