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ANNUAL REPORT 2012

Interview with
Dr. Jens Weidmann
President of Deutsche Bundesbank
Page 20

Interview with
Dr. Ulrich Schneider
German Federation of Welfare Institutions
Page 28

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Dear reader,

"It's official!" We say that something is official if it is really true and comes from an absolutely trusted source. At the Federal Statistical Office, our job is to produce trusted, reliable data. The individuals we interviewed for this year's report again confirmed that we enjoy such trust among others, and that our statistics are credible from their point of view.

Looking back on the European debt crisis, the President of Deutsche Bundesbank, Dr. Jens Weidmann, underlines the duty of policy-makers to access reliable data. He explains why we are also witnessing a renaissance of national data in the international context.

The interview with Dr. Ulrich Schneider of the German Federation of Welfare Institutions (Paritätischer Wohlfahrtsverband) presents another take on the importance of credible statistical material. When calculating poverty rates and representing household income levels, there is an obvious need for reliable results as many social and political decision-making processes are founded on these data.

The sample survey of income and expenditure, which is currently being conducted, also offers a wide range of topics for scientific research: an interesting insight is provided by the survey's research map in this year's annual report.

On closer inspection, therefore, "official" data have become increasingly important in recent years. That is both my opinion and that of many of our customers. True to our motto of "wissen.nutzen" (use.knowledge) we will do everything in our power to ensure you can continue to have reliable knowledge at your fingertips in the future.

Yours,

Roderich Egeler
President of the Federal Statistical Office

Contents

02 Imprint
03 Editorial

06 **Vision**
Leitmotif and key figures in brief

08 **The record year**
Press work in 2012

10 **2012 relaunch**
New features of www.destatis.de

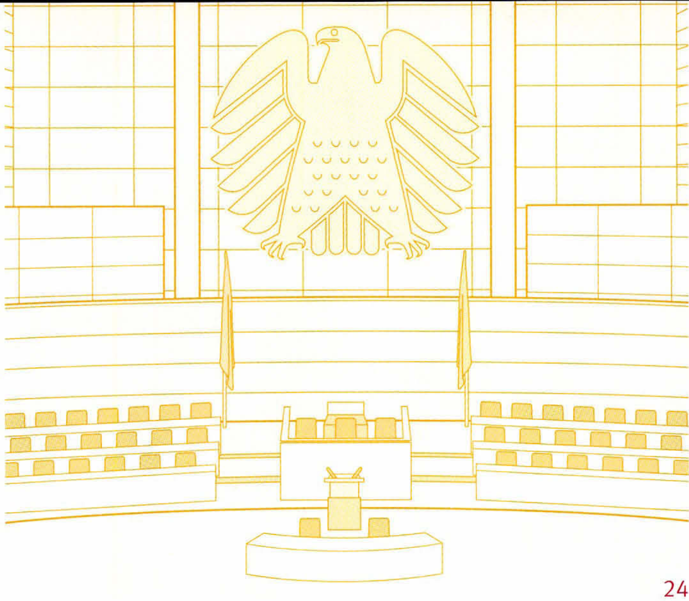
12 **10 years of research data centres**
From memorandum to service institute

14 **All about Germany**
Relaunching the Statistical Yearbook

16 **Stress test passed!**
A look back at the financial crisis

20 **Interview with Dr. Jens Weidmann**
President of Deutsche Bundesbank

24 **Advice for policy-makers**
Statistics for political decision-making processes


24


08


20


36


28

28 **Interview with Dr. Ulrich Schneider**
German Federation of Welfare Institutions
(Paritätischer Wohlfahrtsverband)

32 **Where does my money go?**
2013 sample survey of income and expenditure

34 **Research map**
Research projects using microdata from the sample survey of income and expenditure

36 **Customer profile: Bloomberg L.P.**
Economy & finances in the high-speed network

40 **Gerhard Fürst Award 2012**
Researching with official data

42 **Budget**
Budget and expenditure in 2012

44 **Staff**
Upward feedback

46 **Senior management**
Heads of Office and Department

48 Contact and addresses


40

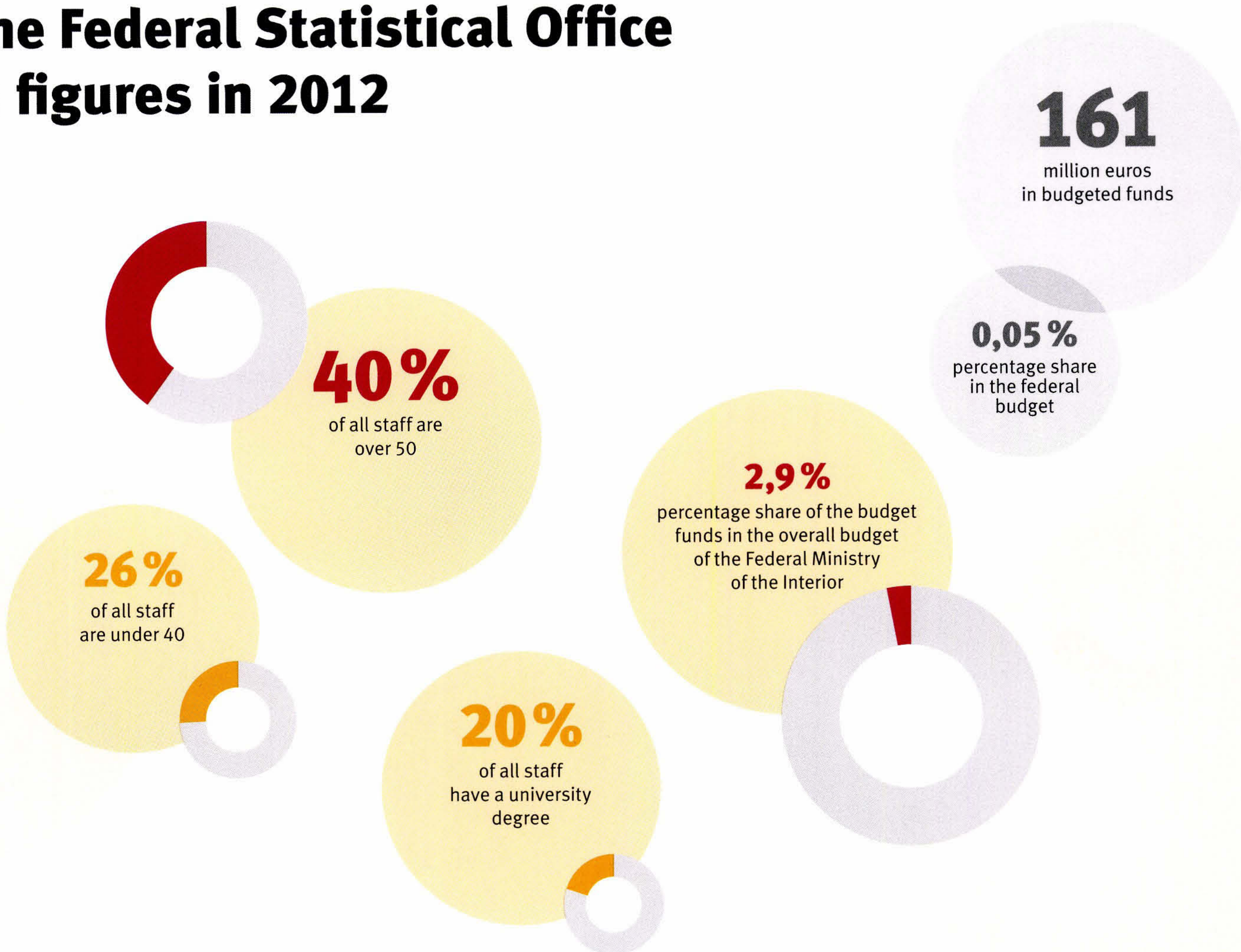
Vision

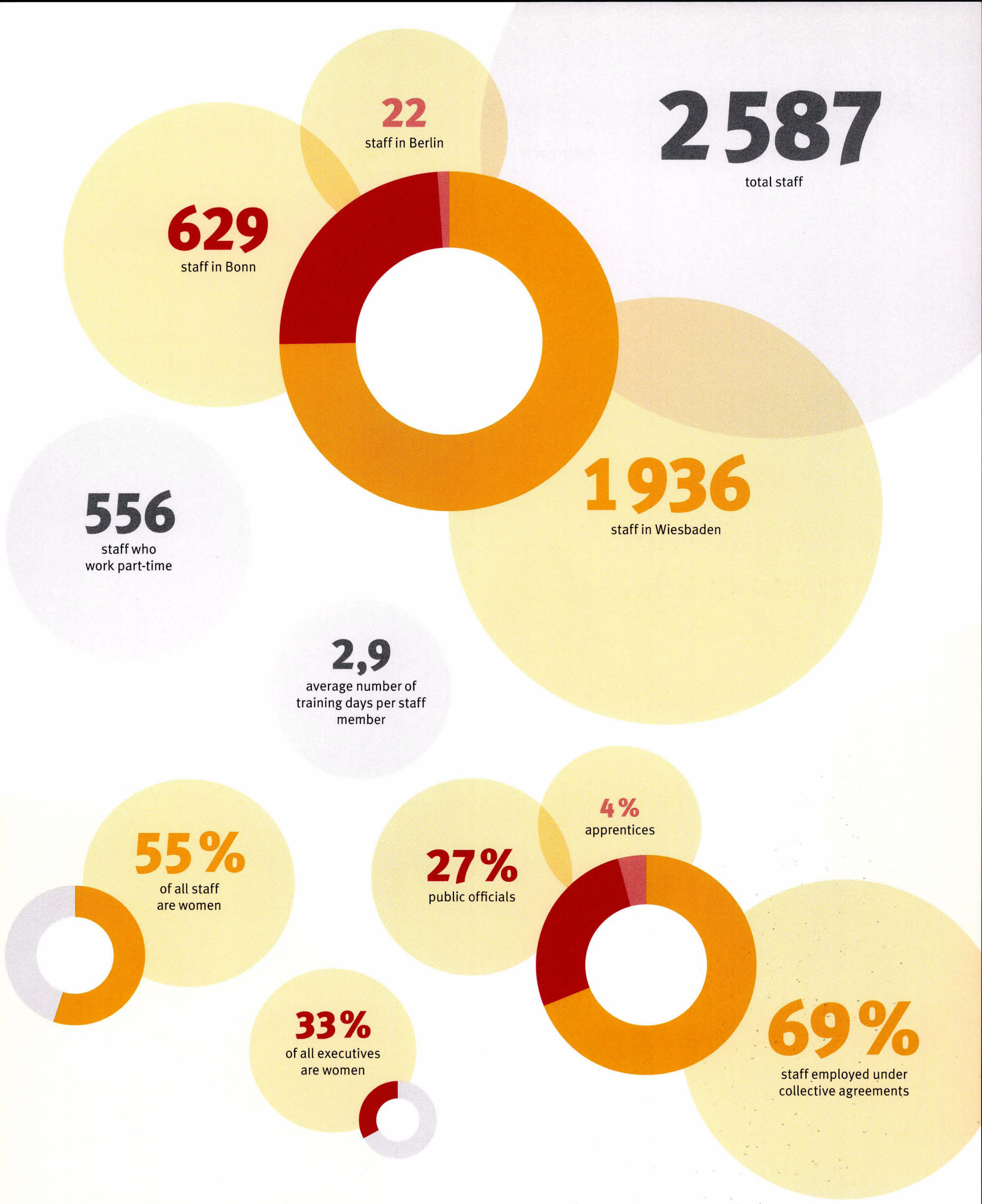
The Federal Statistical Office is the leading provider of high-quality statistical information in Germany.

We provide the statistical information required for the development of an informed opinion and decision-making processes in a democratic society, while ensuring the neutrality, objectivity and scientific independence of our work as well as data confidentiality regarding the microdata placed at our disposal.

Our efficiency is based on the innovative power, competence and customer focus of our staff.

The Federal Statistical Office in figures in 2012




2 587
total staff
22
staff in Berlin
629
staff in Bonn
1936
staff in Wiesbaden
556
staff who
work part-time
2,9
average number of
training days per staff
member
55%
of all staff
are women
27%
public officials
4%
apprentices
69%
staff employed under
collective agreements
33%
of all executives
are women

The record year

In 2012 the Press Office reported record highs for German foreign trade and labour productivity. Never before has Germany had so many students and youth unemployment was the lowest in the EU. On the other hand, Germany also reported highest rates of individuals living alone, low-wage earners and the second oldest population in the world.

The press officer, Klaus Pötzsch (first row, left), and his team

The Federal Statistical Office published a total of 458 press releases. Seven press conferences were held to provide background knowledge and analyses, six of which took place, as usual, in the political heart of the capital. Here's a chronological overview of some of the press work highlights in 2012:

January

In keeping with tradition, we kicked off the press year with one of our most important figures: the gross domestic product. President Egeler began the year with good news, announcing that the German economy was in good shape in 2011. Following the deepest post-war recession in 2009, Germany reported significant growth rates for the second year in succession. In 2011 GDP grew 3.0% compared with 2010.

Good tidings again from the labour market, with the number of persons in employment continuing to remain above the 41-million mark in December 2011.

February

Positive news for the government budgets: Germany was finally below the Maastricht deficit criterion of 3% once again in 2011. The deficit ratio was at −1.0% in 2011.

High energy prices caused price increases in 2011, with importers having to pay record high rates for crude oil.

March

March focused on the topic of "How do Germans live?", "More property, higher rents", "Germans are less at risk of poverty than the EU average", or "Germans eat less meat and more vegetables" claimed the statistics. Furthermore, Germans also spend a lot more on high-tech equipment. These are just a few examples of the press releases that received a great deal of media attention this month.

April

Germans' rate of labour productivity is on the increase, trending significantly upwards! It rose by 22.7% per person in employment between 1991 and 2011, and even by 34.8% per hour worked by each of them.

May

Great news for the German economy: foreign trade reports record highs. Both exports and imports hit new historic record levels for individual months in March 2012. Goods valuing 98.9 billion euros were exported while goods valuing 81.5 billion euros were imported.

June

Parental allowance: who gets it, how long and how much? These were the central questions that journalists asked us at the press conference on "parental allowance" held in Berlin. One upshot is that more and more fathers are claiming parental allowance. This fact is clearly linked to whether or not the mother works: "If a woman pursuing gainful employment has a child, then the father is more likely to take parental leave and claim parental allowance", Roderich Egeler explained.

July

In July, a press conference held on the 2011 microcensus focused on yet another population-related topic: individuals living alone. In 2011 roughly 15.9 million people were living alone in Germany, which translates to one individual in five. Twenty years ago 11.4 million people lived alone, accounting for 14% of the population back then.

August

Employment is a permanent hot topic in 2012. Good news in August: Germany has the lowest rate of youth unemployment in the European Union. Roughly 8% of young people in Germany are jobless, well below the EU average of 23%. Sadly Greece and Spain bring up the rear with youth unemployment rates of over 50%.

September

Policy-makers and society discuss the pros and cons of a minimum wage. Our press conference on the topic of "low wages and employment in 2010" fitted in well here. In 2010 a good fifth of all employees (20.6%) in businesses with ten or more employees earned a low wage. By comparison the rate was 18.7% in 2006. "This increase demonstrates the continuation of a long-term trend", Roderich Egeler said at the presentation of the results in Berlin. The press conference achieved peak levels in terms of reporting.

October

The Statistical Yearbook gets a facelift, with the content and layout fully revised. The conclusion of this year's press conference was that "Germany has the oldest population in Europe and the second-oldest in the world". There are fewer and fewer young people and more and more old people in Germany. Our older citizens are more active today than before. Young people tend to start a family less frequently, and those that do start later. Same-sex relationships are an increasingly accepted way of life in our society: roughly 40% of homosexual couples have registered their partnership.

November

Heated debates surrounding the provision of day care in Germany: can the local authorities meet parents' rights to a day care place for the under-threes from August 2013 onwards? What is the point of the home childcare allowance? The new figures for day care services in Germany are presented in the midst of this debate and it looks like it could be tight! Benchmarked against figures for 1 March 2012, 220,000 places still need to be created by August 2013. There is enormous media attention and reporting is comprehensive.

December

At the close of the year we take a look at German higher education in the Bologna process. The huge increase in the number of first-year students has resulted in a major expansion at institutions of higher education in recent years. Roughly 2.4 million students were enrolled at German higher education institutions in 2011, up 500,000 from 2001. "Preliminary data suggest that the numbers of students for the 2012/2013 winter semester will continue to increase to 2.5 million, making this the highest level ever", stated Roderich Egeler. This obviously also has implications for teaching and instruction. While there are significantly more staff, the recruitment drive is not fully in step with the increase in the number of students. The teacher-to-student ratio has deteriorated slightly in recent years.

2012 relaunch: www.destatis.de

Receiving four million clicks per month, the destatis.de website has been relaunched. Requests and feedback from experts, customers and staff were collected and incorporated into the new website design. The most important new features include:

Quick access, good overview

The compact structure of the topics under “Facts and Figures” and the completely new navigation system are the most striking new features. Depending on their particular field of interest, visitors can find individual figures, annotated basic data or topic-based analyses. Users can quickly scan the latest business and economic indicators, while more detailed information is available to those interested in the methodology.

Points with graphics

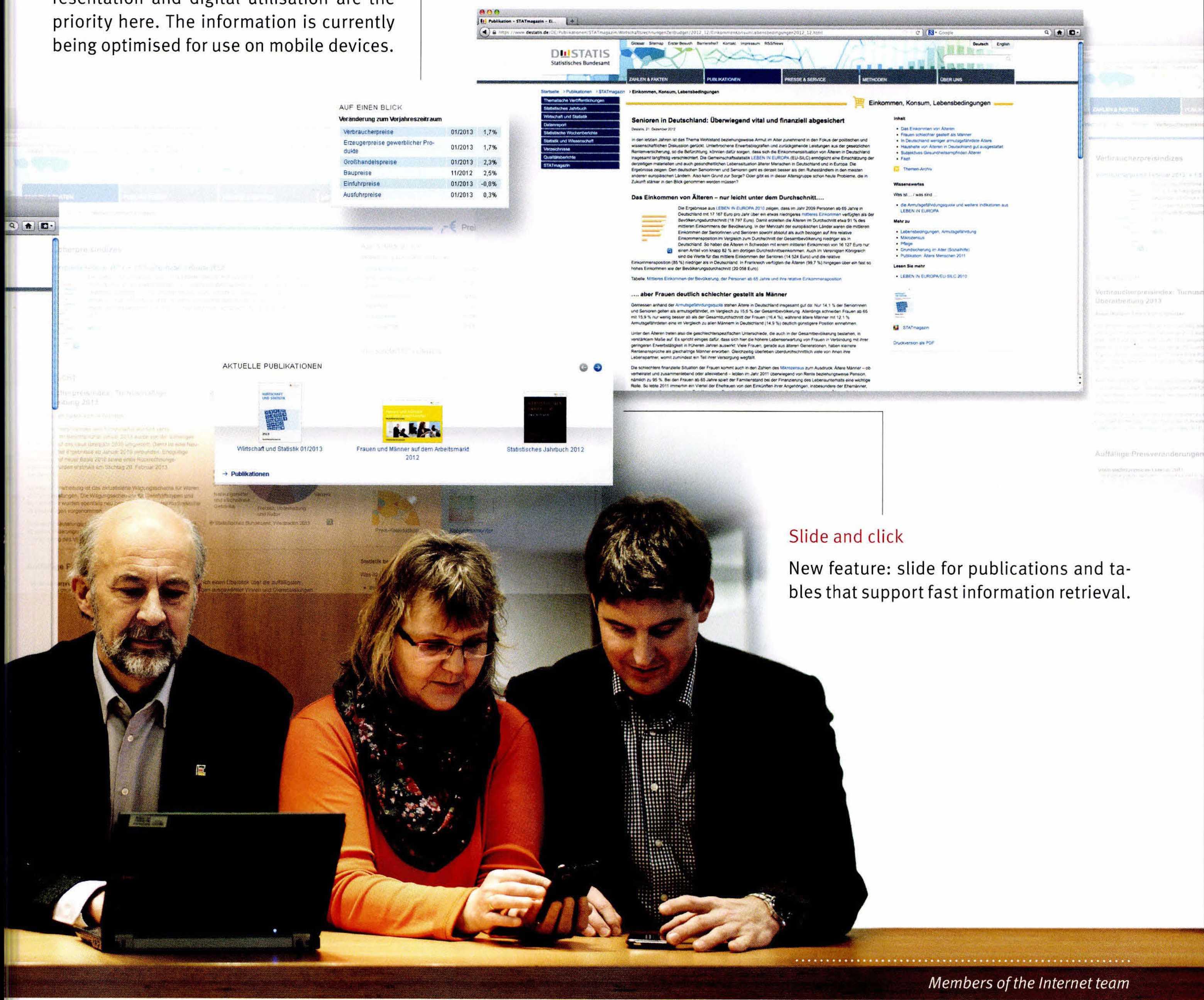
Visualised data are popular, viewed frequently and versatile. Clear information on complicated topics, good graphic representation and digital utilisation are the priority here. The information is currently being optimised for use on mobile devices.

To the database in three clicks

"Key Figures" – this section takes users quickly to figures they need from the Genesis-Online database, or to an HTML-based table. This service will gradually be available for virtually all topics.

Topics that matter

STATmagazin provides contextual knowledge about topics that are the focus of public attention, such as "Senior citizens in Germany: mostly healthy and financially secure" or "Food prices in times of globalisation". The key data and central facts on the topic are presented in a quick and comprehensible format.



Slide and click

New feature: slide for publications and tables that support fast information retrieval.

Members of the Internet team

Ten years of research data centres

In a 1998 memorandum, scientists pressed for improvements in the data infrastructure for empirical economic and social research in Germany. Ten years later, 21 service institutes of the statistical offices' research data centres (RDC) are open to the scientific community in all Länder. Roughly 1,500 research projects have already received support.

Key impetus from the scientific community

Professors Richard Hauser, Gerd G. Wagner and Klaus F. Zimmermann published their memorandum on "Conditions for the success of empirical economic research and empirically based economic and social policy advice" in the Allgemeines Statistisches Archiv, the journal of the German Statistical Society, in 1998. In doing so, they sparked a public debate that ended in the formation of the Commission for the Improvement of the Information Infrastructure between the Scientific Community and Statistical Offices. This Commission, also known as the Bulmahn Commission after the then Minister of Education and Research, submitted its 300-page expert report in March 2001. One of the central institutional recommendations of the Commission was for public data producers to set up research data centres (RDC). The official statistical bodies acted upon this recommendation.

Successful collaboration: the RDCs are set up

The RDC of the Federal Statistical Office was set up in autumn 2001. Just six months later, in April 2002, the research data cen-

1999
Recommendation of the "Commission for the Improvement of the Information Infrastructure" to set up research data centres (RDC)

2001
The RDC of the Federal Statistical Office is established

2002
The RDC of the statistical offices of the Länder is established.

2003
Cooperation agreement is signed between the RDC of the Federal Statistical Office and the RDC of the statistical offices of the Länder

2004
Joint website at www.forschungsdatenzentrum.de and introduction of CAMPUS files

2005
A joint RDC scientific advisor group is set up and members are appointed

tre of the statistical offices of the Länder with 16 regional sites went into operation. Both RDCs received financial support from the Federal Ministry of Education and Research in the early years. In 2002 and 2003 the initial priority was to clarify the fundamental issues of data access and conditions of use. By focusing on complementary work and structural priority areas, the aim was for the RDC of the Federal Statistical Office and the research data centre of the statistical offices of the Länder to meet the growing data needs of empirical scientists. In this way, the close collaboration of the two research data centres gave rise to a closely aligned portfolio of services for the scientific use of microdata from statistical offices. Both RDCs were evaluated favourably by an independent committee of experts in 2004 and 2006 in line with the criteria of the Gottfried Wilhelm Leibniz Knowledge Community.

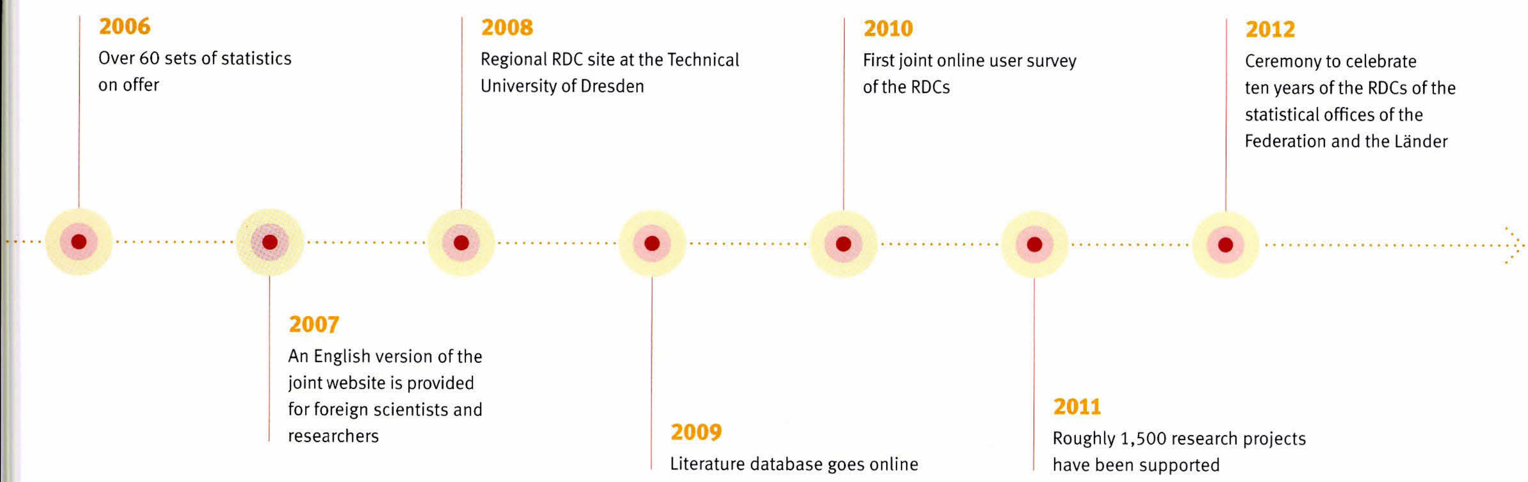
Microdata for science and research

Both then and now the RDCs of the statistical offices provide various ways for users to access selected data of the statistical offices. For example, workstations were set up for visiting researchers and controlled remote data execution was enabled. Scientific use files, public use files and CAMPUS files are provided as data sets. The data access options differ both in terms of the anonymity of the data which can be used and the form of data provision.

The RDCs of the statistical offices of the Federation and the Länder have almost fully tapped the information potential of the microdata of official statistics for the scientific community. Together the RDCs offer over 100 sets of statistics, providing a powerful infrastructure at the national level which is well received by empirical researchers and academics. Some 1,500 research projects received support from the RDCs in recent years. As the needs of the scientific community are constantly changing, the RDCs are refining their service offerings even further and improving access to sensitive microdata through modern forms of access. From a methodological perspective the framework is being created to also address complex data requests by compiling individual material into data files with enhanced analytical potential.

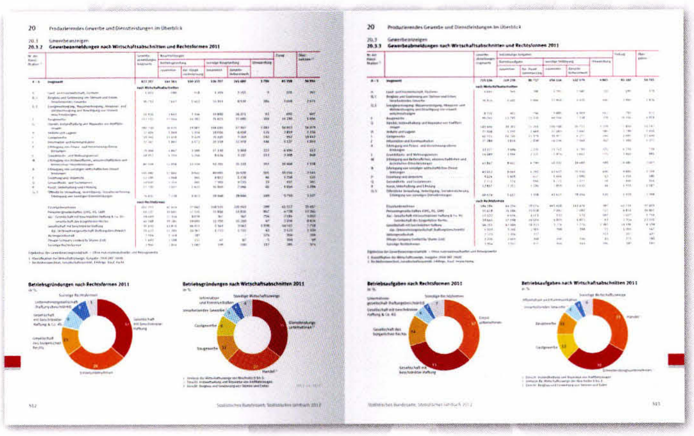
Review and outlook – ten years of RDCs

In July 2012 the research data centres held a convention to mark their tenth anniversary. With 180 guests in attendance, the event took place at the Representation of Land Hessen to the Federation in Berlin and was hosted by Eckhart Hohmann. Prof. Gerd G. Wagner gave a talk on the importance of research data centres for statistical offices and the scientific community, while Prof. Thomas Bauer illustrated the use of RDC data at the Rhine-Westphalia Institute for Economic Research. Eurostat's Rainer Muthmann and Aleksandra Bujnowska presented developments towards regulated microdata access at the European level. Apart from enjoying the lectures, junior scientists and researchers also had the chance to present their own research work in a poster session. Two sessions were held in parallel on the second day of the convention: the labour market, social statistics and corporate data session, and the open session. Both sessions gave academic users of official microdata the opportunity to showcase their research projects and discuss their findings. The abstracts are available at: www.forschungsdatenzentrum.de



All about Germany

Black, red, gold – anyone looking for data about Germany will inevitably come across the Statistical Yearbook. For the past 60 years it has been providing a host of information about how people in Germany live and work, and is set to continue doing so in the years ahead. In 2012 the Yearbook was given a facelift, with fully revised content and a modern new layout.

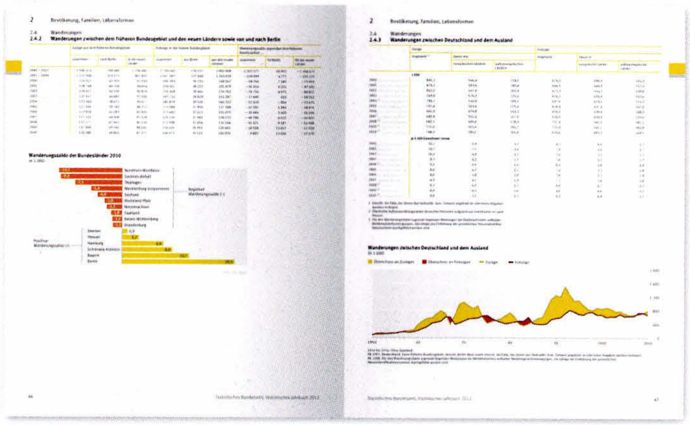


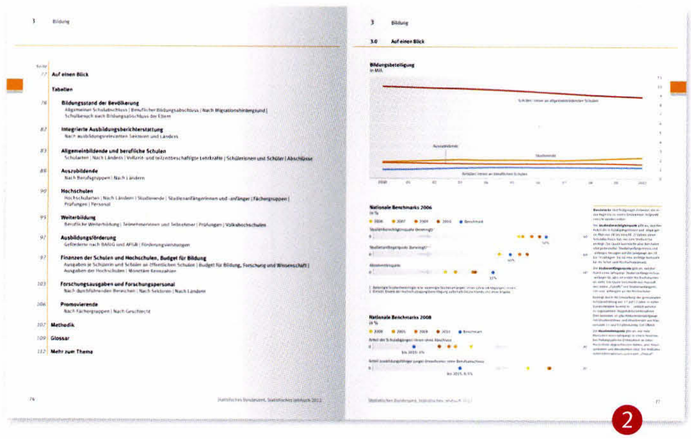
The Statistical Yearbook is a veritable treasure for data hunters. Presenting a new look in the age of quick data mining, both the print edition and free online version hold their own. Topics focusing on health, social affairs and energy, or living and consumer behaviour have been fully revised and adapted to readers' needs 1.

81.8 million people lived in Germany at the end of 2010, half of them in urban areas | Three quarters of the population do not smoke | Holidays were prohibitively expensive for a quarter of all households in 2010 | Pension insurance accounted for roughly one third of all social security expenditure | In 2011 Germany witnessed the biggest hike in consumer prices since 2008, with prices increasing 2.3 % on average | More than two thirds of waste is recycled

These are a selection of some of the headlines that introduce the topics at the start of the chapters. They provide a quick overview of the information that can be found in the graphics and tables 2. The tables themselves are smaller, clearer and more easily understood. Tried-and-tested time series are more easy to read, and rates of change enable users to compare data directly 3.

Anyone wanting to read "more on this topic" in addition to the tables can check the section of the same name at the end of each chapter for a list of related publications. And in the online version of the Yearbook those interested in databases can find links to the relevant topics in the Genesis-Online database.





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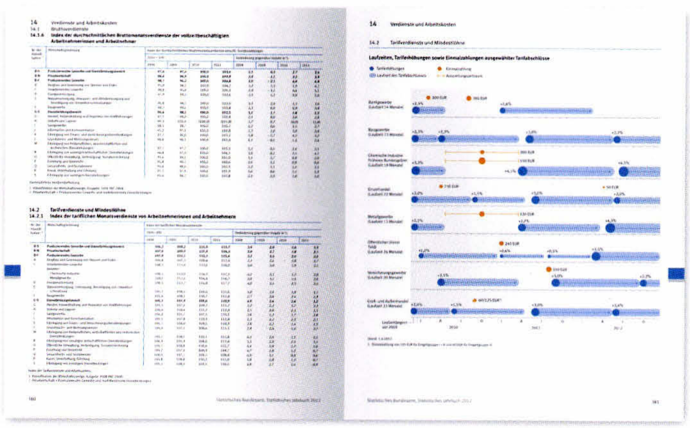

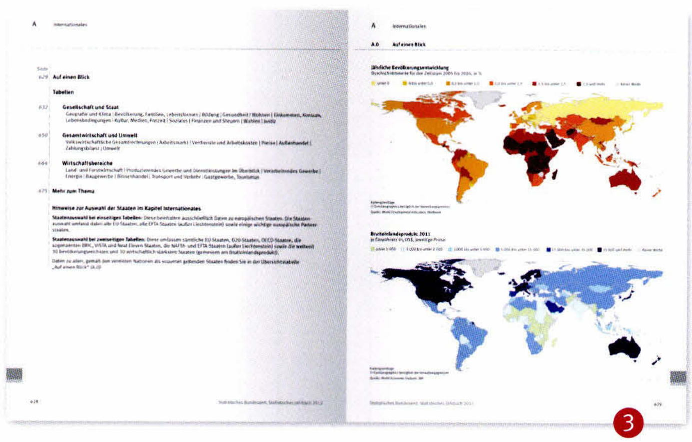

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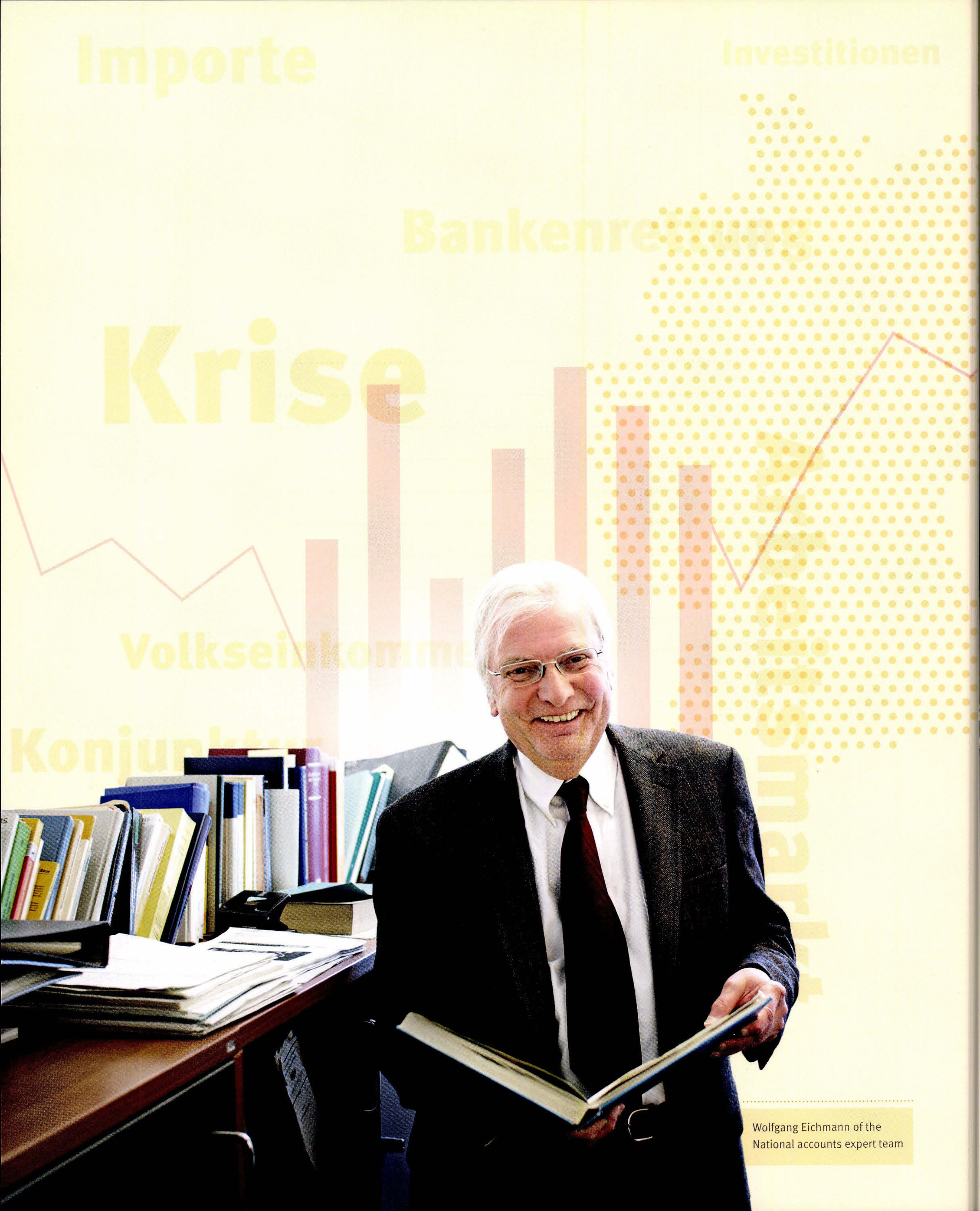


Wolfgang Eichmann of the
National accounts expert team

Stress test passed!

In the midst of a financial crisis official statistical offices are under pressure to reliably gauge the economic situation as it currently is. If we look back at the downturn in the real economy in 2009 it is clear that both the German economy and the national accounts passed the stress test.

In a financial crisis all the economic players face enormous challenges. Their response dictates whether the crisis can be overcome, and how long this will take. Looking back, at the end of 2012 the country had largely recovered from the downturn the real economy suffered in 2009. In 2011 and 2012 the price-adjusted gross domestic product – the central value of national accounts that is used to gauge economic performance – was well above its 2008 pre-crisis level.

From downturn to recovery

With output down a total of 5.1 % over the previous year, in 2009 the German economy recorded its biggest downturn since reporting commenced in 1950. However it was possible to offset this loss in the two years that followed.

Depending heavily on exports, manufacturing was hardest hit by the crisis. In 2009 the price-adjusted gross value added for this sector was down 22.1 % on the previous year. Business service providers that primarily work for manufacturing also felt the brunt of the downturn. In 2009 their gross value added fell 12.3 % compared with 2008, much more than reported by the economy on average. While manufacturing managed to recover just as quickly in the years that followed the same cannot be said for business service providers: despite growth they have yet to reach their 2008 pre-crisis level. While somewhat less dramatic, developments in construction followed a similar pattern to that of manufacturing. Following a downturn of –6.5 % in 2009, construction was on the upswing in the years that followed. Otherwise the financial crisis had limited consequences for all other economic sectors, which are primarily geared towards the domestic market.

If we consider the final use of produced or imported products, the dramatic drop in gross capital formation and exports in the crisis year of 2009 clearly stands out. Gross fixed capital formation alone was down 11.6 % on the previous year. Despite respectable growth rates of 9.8 % and 7.2 % for gross fixed capital formation in 2010 and 2011 respectively, a recent drop of 5.4 % in 2012 has meant that it has still not been possible to re-attain the pre-crisis level. In the year of the crisis exports dropped 12.8 % compared with 2008, with imports also falling off by 8.0 %, which was a slightly smaller decrease. The result was that the balance of imports and exports contributed significantly to the 5.1 % decline in price-adjusted GDP compared with the previous year. However, exports and imports recovered strongly in the years that followed such that the rate for 2012 was well above the pre-crisis level. Therefore foreign trade made a key contribution to the economic recovery.

Experiencing a drop of 4.1 % in 2009, net national income at factor cost also declined to a similar extent as the gross domestic product at current prices, i. e. it was down 4.0 % before adjustment for price changes. While compensation of employees remained virtually stagnant, up +0.3 % over the previous year, property and entrepreneurial income experienced a dramatic decline, down 12.4 % compared with 2008 levels. The gap between the two components of the net national income at factor cost therefore closed somewhat during the economic crisis, before widening again in 2010.

Proving to be extremely robust, the labour market got off lightly on the whole. Even in the crisis year of 2009 the number of employees increased, albeit by a mere 0.1 %. On the other hand, the number of hours employees worked dropped significantly by 3.2 %. This indicates that the German business community did not primarily respond to the economic crisis by letting staff go. Instead businesses often reduced employees' working hours, particularly by introducing short-time working arrangements. The number of hours worked then increased significantly, as did the number of employees, as the real economy recovered between 2010 and 2012. The number of those in employment reached a record high for the sixth time running in 2012, reaching the 41.6 million mark.

The bank rescue measures and the economic stimulus programmes, such as the car scrappage scheme, had their price however. While Germany easily complied with the Maastricht deficit criterion in the pre-crisis years of 2006, 2007 und 2008, it had to breach these undertakings in 2009 (3.1 %) and 2010 (4.1 %). However it managed to once again comply with the Treaty criterion in 2011.

Only minor need for revision

Were the national accounts able to produce up-to-date, reliable data in this problematic environment? The need to revise the data originally calculated indicates that provisional calculations that are particularly difficult in exceptional circumstances were largely replaced by more robust data over time.

Gross domestic product, price-adjusted:
Change over previous year

	Initial estimate	As at: February 2013
2008	+1,3 %	+1,1 %
2009	-5,0 %	-5,1 %
2010	+3,6 %	+4,2 %
2011	+3,0 %	+3,0 %
2012	+0,7 %	+0,7 %

In this difficult situation the Federal Statistical Office quickly provided macroeconomic data which were required for urgent political decision-making processes. In light of the difficult conditions, the subsequent need to revise initial estimates was within acceptable limits. In retrospect it can therefore be said that the national accounts passed the stress test.

An expert look at the financial crisis

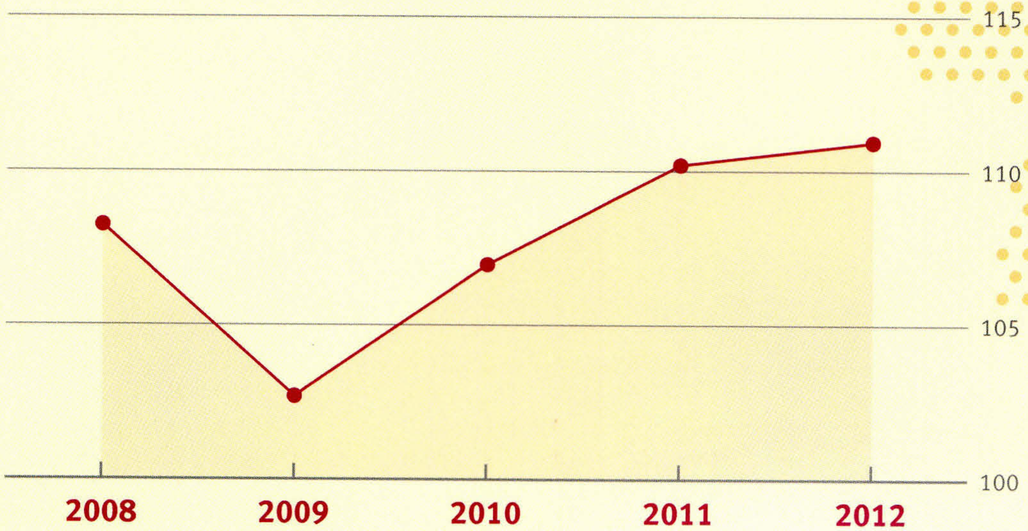
In 2012 the financial crisis was the central topic of the November scientific colloquium which the Federal Statistical Office and the German Statistical Society have been holding annually for over twenty years.

Entitled "Statistics in the Light of the European Banking and Debt Crisis," the colloquium attracted over 200 experts and interested parties who discussed the findings and contribution of official statistics to this important topic.

Chaired by Professor Ullrich Heilemann of the University of Leipzig, the colloquium shone a spotlight on the content and background of scientific and official reports on the European banking and debt crisis. The effects on financial and economic statistics, and possible early warning systems and ways to improve reporting were discussed with the group of specialists. Experts from Deutsche Bundesbank, the European Central Bank, economic research institutes, the Federal Ministry of Finance, EUROSTAT, the European statistical office, the Federal Statistical Office and the Council of Economic Experts were speakers at the colloquium. Feedback from the event was extremely positive.

All papers from the colloquium are available at www.destatis.de
In November 2013 the Federal Statistical Office will be collaborating with the German Statistical Society to hold a scientific colloquium on the subject of measuring poverty. It will be chaired by Prof. Ralf Münnich of the University of Trier.

Gross domestic product, price-adjusted
Chain index 2005=100



Scientific colloquium 2012, moderator: Prof. Ullrich Heilemann.
Talks by: Wolfgang Eichmann, Dr. Tobias Knedlik, Dr. Manuel Rupprecht, Prof. Roland Döhrn, Albert Braakmann, Michael Böhl, Dr. Alexandre Makaronidis, Werner Bier, Dr. Bernd Hanke and Prof. Claudia M. Buch

Interview with Dr. Jens Weidmann

President of Deutsche Bundesbank

President Weidmann, the financial market and sovereign debt crisis has garnered a great deal of attention among the general public and policymakers over the last few years. As a result, a stronger focus has been placed on statistics than ever before. Have statistics fulfilled their function, and what data have been especially important?

The crisis has clearly illustrated the analytical and political importance of reliable statistics, particularly for the government sector and the financial system. And this also applies, not least, to central banks. As my predecessor aptly put it: "Monetary policy would be blind without statistics".

The crisis brutally exposed the imbalances and heterogeneities that existed in the euro area. In the field of statistics this led to a "renaissance" in the relevance of national data. Nor is interest confined to macroeconomic figures, which include the national accounts, the financial accounts and the balance of payments statistics. Data that provide us with detailed information on the financial ties between individual enterprises are also growing in importance. In this context, the statistical offices of Europe are making an important contribution by setting up the Euro Group Register.

Certainly, statistical information gaps cannot be made responsible for the financial and sovereign debt crisis. However, we ought to bear in mind that the Greek government deficits were understated for years, and that it was the strong upward revision in 2009 that sparked the government debt crisis. And statistics can help in future to identify potential dangers earlier and more reliably, as well as facilitate initial impact assessments. In this function they are also indispensible both as a cornerstone of macroprudential oversight in Germany and Europe, and in safeguarding the stability of the national and international financial system.

Considerable importance is attached to data on government debt, which the Bundesbank and the Federal Statistical Office compile in close cooperation. How would you describe this working relationship? Given the EU requirements such as the "six pack", are further measures necessary?

Cooperation between the Federal Statistical Office (Destatis) and the Bundesbank on this is very close and very fruitful. The demands placed on public finance statistics at European level have indeed risen sharply in recent years; even penalties are in place for "non-compliance". I agree with this, and the Federal government was right to push for these measures. Germany should therefore meet the requirements entailed. Naturally, it is crucial that government accounting data are supplied and that the integrity of the data collection and processing systems is assured. The great diversity of the accounting systems used in the government sector must not be allowed to stand in the way, and in the final analysis I believe it is up to central government, state governments, local governments and the social security funds to make it possible to collect the relevant data. And there are still gaps in the data; for example, Germany currently does not meet the requirement that data on government trade credit be furnished. The Federal Statistical Office and the Bundesbank have compiled joint proposals for an integrated data collection system that is more closely aligned with European requirements. This is a first step, but there is still a great deal to be done.

Do you see any other information gaps that official statistics will need to close in future?

Changes to the structures of and conditions in the international financial markets give rise to new and often stricter requirements in terms of internationally comparable statistics. Against this background, at the Pittsburgh summit in September 2009 the G20 drew up a 20-point list of recommendations which, amongst other things, underscores the importance

"The crisis brutally exposed the imbalances and heterogeneities that existed in the euro area. In the field of statistics this led to a 'renaissance' in the relevance of national data."

"We feel that, in the past, too much importance has been placed on the timeliness of publication at the expense of information content."

of reliable statistics for residential and commercial property prices. Whereas considerable progress has been made with official statistics in the area of housing prices, much remains to be done where commercial property prices are concerned. In this context I would like to see the difficult conceptual questions as well as the collection and compilation of statistics given a permanent place on the agenda at both the national and the international level.

And do you see a need for a stronger Europeanisation of statistics in the event that the European Commission and the European Central Bank have an even greater say in defining the way forward?

During discussions both within the Governing Council of the ECB and elsewhere, it becomes clear time and again how important statistics are that can be compared across Europe – and even worldwide. They are and will remain a precondition for all empirically founded discussions and decision-making processes. When it comes to further promoting the harmonisation of statistics, the European Commission and the ECB naturally have key roles to play. But because these institutions do not themselves collect statistical data – and for good reason – they have to rely on the expertise of the national data producers, their methodological knowledge and practical experience. In this respect, the institutions concerned, which also bear the costs of providing data, ought to be suitably involved as early and as extensively as possible in decision-making processes; otherwise, costly duplications of work or insufficiently developed or overstretched data collection and processing programs could easily result. To avoid such problems, great importance is placed on the statistics committees that cooperate across Europe, such as the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), and on the careful use of delegated acts.

The experiences of the last few years have shown that statistics are not immune to political influence. How important, in your opinion, are independent statistics?

In my view, independence is key to producing reliable statistical results, and it is vital if statistics are to serve their respective purpose. The results are crucial, not least, to the decisions that are made with regard to monetary policy, the European surveillance procedures for government budgets and, more recently, for macroeconomic imbalances. This gives statistics particular political relevance. For instance, what is the point of tightening European or national fiscal rules if statistics can at the same time be used as a safety valve for releasing the pressure policymakers seek to apply? This is hardly likely to boost confidence in the rules or in the policymakers. And yet experience shows that policy-relevant statistics create incentives to take advantage of the leeway that exists. For this reason it is crucial that statisticians make methodological or ad hoc decisions, free of political influence, which appropriately reflect economic reality. If, in these sensitive areas, the necessary data input cannot be derived from existing accounting systems, the risk remains that statistics – despite being independent – will be reliant on the quality of the primary data supplied. Thus, it is only logical that controls by Eurostat should now be extended to cover the upstream data area, and that the importance of national auditing be emphasised.

Questions concerning the distribution of income and private wealth are again being increasingly discussed. How important are these issues in the Bundesbank's view?

The Bundesbank takes a very keen interest in the financial situation of households because the effectiveness of monetary policy and the stability of the financial markets hinge, amongst other things, on the distribution of wealth and debt. For example, if a large proportion of market participants were credit-constrained, interest rate cuts could, in a worst case scenario, have no effect whatsoever. And let's not forget that the financial crisis originated in the debt of US homeowners. For us, distributions are usually more relevant than averages. That's why it is important to have disaggregated and harmonised data for the euro area as a whole, which we can gear to central banks' specific questions. It is for this reason that the Governing Council of the ECB had a new household survey conducted throughout the euro area, which in Germany complements the important data obtained from the microcensus, the income and expenditure survey and the continuous household budget surveys. On 21 March of this year the Bundesbank published the findings of a survey on the economic situation of households in Germany, which examined the distribution of wealth and debt.

Gross domestic product (GDP) is still the key economic indicator. However, GDP has come in for criticism as a welfare measure. What vision do you have for reporting on welfare that duly considers the economy, quality of life and ecology?

There is no doubt that the GDP and the system of national accounts it is based on has met with severe criticism since the Stiglitz report. Warranted though the criticism may be, however, I consider it important first of all to emphasise that, in the day-to-day business of politics and in the media, this central and multilayered statistical information system is often given less credit than it deserves. The national accounts are a statistical success story. Together they make up an adaptable system with which consideration can also be given to the growing and changing information needs of users from economics, academia, the general public and politics within a consistent and methodologically founded and transparent framework.

Of course, there are also important starting points from which the presentday reporting could be widened and deepened. For example, the wealth concept could be expanded to systematically include human capital and natural – primarily, exhaustible – resources. Above all, the focus would have to be widened. I am thinking here of the important topics of „generational accounting“ and the sustainability of public finances. These make it possible to better capture and understand questions of distribution between different generations and the issue of fiscal sustainability, which is one of vital importance to central banks as well.

The Bundesbank is among the most prominent users of our statistics. What, in your opinion, can we do better?

For decades, German statistics have been synonymous with reliable data. In my opinion, it is particularly important to commit to this tradition when the zeitgeist demands that information be provided more and more quickly, with complete disregard for the resulting quality constraints. These constraints result from a proportion of estimated values that is high out of necessity, and from setting assumptions. So-called experimental data are even becoming fashionable in official statistics nowadays, and they are already being published. The danger here is that the quality for which official data were highly regarded in the past will be watered down and adversely affected. Yet economic policy analyses, forecasts and decisions call for a sound data base that accurately reflects the economic reality.

I would say that especially stringent requirements need to be applied to the key indicators price and short-term statistics. In light of the importance attached to it, the very first report must give a reliable signal. Particularly in the retail sector the reliability of the first report, which has not been consistently satisfactory for some time now, needs to be raised. This is because retail sales are the most important short-term indicator for assessing households' consumption expenditure, which in turn represents the largest component of GDP.

That is why official statisticians face the constant task of working with the reporting parties to achieve a data base that is as complete as possible at the current end of the time series in order to minimise from the outset the need for revision later on. Of course, we have to bear in mind that the stipulated EU-wide reporting dates – which can be highly demanding – pose particular challenges. We feel that, in the past, too much importance has been placed on the timeliness of publication at the expense of information content.

Ultimately, policymakers need to be convinced that high-quality statistics help to prevent errors and misjudgements, but that they come at a price.

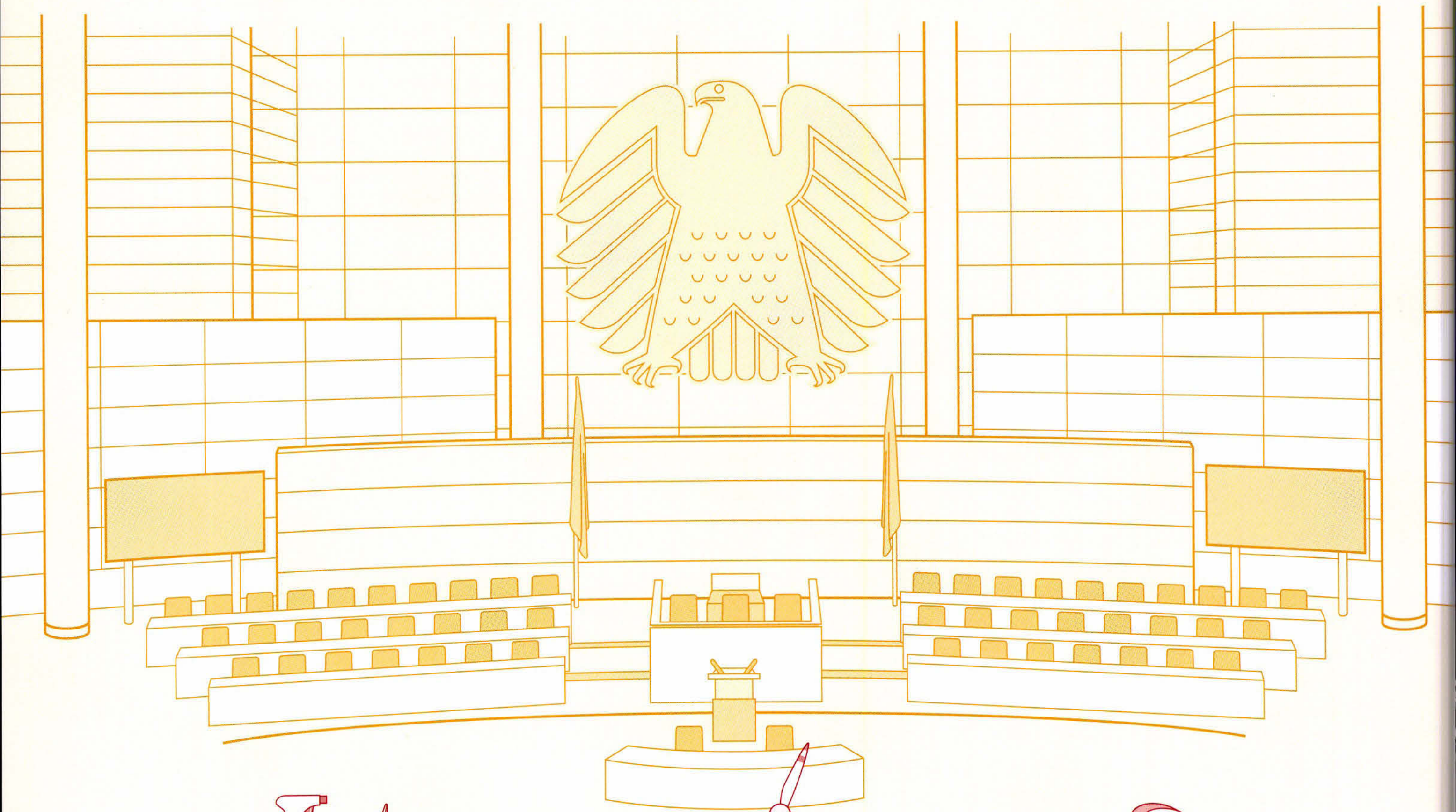
The interview was conducted in writing.

Dr. Jens Weidmann has been the President of the Deutsche Bundesbank in Frankfurt am Main and a member of the Board of Directors of the Bank for International Settlements in Basel since 2011. He has a PhD in economics and previously worked at the International Monetary Fund, was Secretary General of the German Council of Economic Experts and Head of the Department for Economic and Financial Policy at the Federal Chancellery.

The Deutsche Bundesbank is the central bank of the Federal Republic of Germany and part of the European System of Central Banks.

Advice for policy-makers

The data furnished by the Federal Statistical Office are crucial for political, economic and social decision-making processes. Our examples illustrate where and how data and analyses are put to use in policy-making.



1

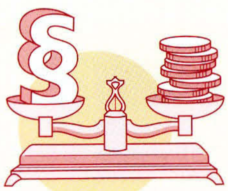
Low pay: Hard facts are needed

When it comes to the issue of low pay political stakeholders heatedly debate what actually constitutes fair pay. Every four years the official structure of earnings survey reveals earnings and differences on the pay slip. The most recent data were presented in 2012.

2

Green Economy: Environmental protection as an economic strength

Environmentally friendly technologies "made in Germany" are gaining a reputation worldwide. Thanks to the environmental-economic surveys of the Federal Statistical Office, a figure can be put on the impact of environmental protection measures and investment on businesses and the economy.



3

Regulatory impact assessment: How tax models help

Before a tax change becomes law, the possible implications for tax-payers, the general population, the Länder and municipalities must be examined. Calculations and models that use the tax statistics of the Federal Statistical Office play a central role here.

1

Low pay: Hard facts are needed

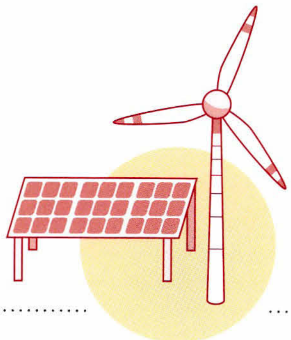
Currently there is much political discourse surrounding the extent and ramifications of low wages and how this issue can be tackled. In their coalition agreement, the political parties that form the Federal Government announced their intention to prevent wage dumping. They are not in favour of a uniform legal minimum wage, however. All the opposition parties, on the other hand, support the introduction of a statutory minimum wage.

The statistical offices assist the political players by actively creating and evaluating reliable data sources. The official structure of earnings survey is particularly useful when addressing the issue of low pay. To this end, detailed information about the gross earnings and employment relationship and personal attributes (such as age, sex and education) of roughly 1.9 million employees are compiled, assessed and published every four years. For 2010, the latest reference year, the statistical offices specifically enhanced the informational content of the survey for policy-makers.

For example, the statistical offices worked in tandem with the Federal Ministry of Labour and Social Affairs to make the information on collective bargaining coverage more nuanced, and a new variable on industry-specific minimum wages was added. The Federal Statistical Office also dedicated the first publication to the topic of low pay. The most important findings of the press conference: in 2010 around 21 % of employees received a low pay, an upward trend of the past decade. A gross hourly wage of 10.36 euros constituted the low pay threshold. Low wages are particularly common in the following branches: taxi services, hairdressers and beauty salons, cleaning companies, restaurants, cafés and bars. 84 % of people in marginal employment, 53 % of individuals without a professional qualification and 31 % of employees at businesses not subject to collective bargaining agreements tended to receive a low wage. The Federal Government used some of the findings in the 2012 Poverty and Wealth Report.

The structure of earnings survey was further refined to act as a source of data on company pension schemes, a key factor in pension policy. For the first time ever information was gathered about deferred compensation, i. e. whether employees invest money out of their own pocket in company pension schemes and how much. A suspicion in the context of low wages was empirically confirmed: only 6 % of low-wage workers took part in deferred compensation – well below the rate for employees receiving a medium income (22 %) or high income (36 %).

Several findings of the structure of earnings survey were incorporated into the Federal Government's 2012 Old Age Security Report. Apart from providing general publications, the Federal Statistical Office also evaluates the data of the structure of earnings survey on behalf of the Federal Ministry of Labour and Social Affairs if data are required at short notice. This mostly happens for topical reasons, such as plans to set a wage floor for certain industries or if parliamentary groups lodge minor or major interpellations with the government on the subject of low pay.



2

Green Economy: Environmental protection as an economic strength

The UN Conference on Sustainable Development held in Rio de Janeiro in June 2012 concluded with an expression of intent for more environmental protection and poverty eradication. In summing up the meeting, the Federal Minister for the Environment stated that while not every goal may have been reached, all 191 countries of the world had agreed on the concept of a 'green economy'.

Yet the issue of growth hung over the political negotiations like the sword of Damocles: is it possible to reconcile the economy and the environment by pursuing a policy of green growth? "Decoupling" is the most important argument as to how economic growth can be aligned with environmental needs. This refers to the concept that targeted investment in eco-efficient and resource-conserving technologies can trigger developments that contribute in equal measure to preventing damage to the environment, conserving non-renewable resources and driving economic growth.

In a 50-page declaration entitled "The Future We Want", the union of states declares its commitment for the first time ever to the concept of a green economy.

At the international level the most interesting issue is currently the question of how to measure green growth. The OECD has taken it upon itself to develop methods in the coming years that will be able to provide a harmonised description of green growth even at the international level.

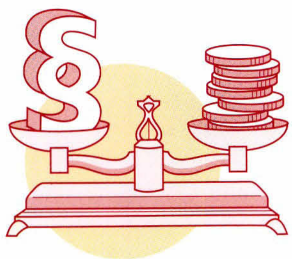
Ever since the mid 1990s, the official statistical bodies in Germany have been conducting surveys that make visible the direct effects that environmental protection measures at the corporate level have on the economy. The environmental-economic surveys identify investment in resource-efficient, green technologies and the resulting outlays among enterprises in industry.

In 2010, businesses channelled over 9% of their overall investment into the purchase of environmentally friendly technologies and systems. Businesses incurred costs of around 18 billion euros for the operation of such environmental protection technology or systems in the same period. This includes outlays for equipment, energy, staff and system maintenance. In addition businesses also incur costs for the regular use of services of municipal and private providers for collection, disposal or the measurement of emissions regarding waste, wastewater or flue gas.

All have long since realised that environmental protection in Germany should not solely be seen as a cost factor, as investment in efficient and environmental technology is also a competitiveness factor in light of rising raw material prices. This has given rise to new markets for German environmental technology: the growing demand for environmental goods and services has been shaping the production structures of the German economy for years and opens up new sales markets and employment opportunities.

This supply side of the new environmental sector is reflected in the statistical survey of green goods, construction and services. Here service providers and producers of environmental technologies report their sales both in Germany and abroad, and the number of persons they employ to achieve the revenues. In doing so the enterprises provide key information about the environment as an economic strength, making it possible to deliver reliable data about the number of people directly employed in environmental protection. Revenues earned in Germany from environmental goods and services exceeded 61 billion euros in 2010. Measured against the total revenue of producers in the environmental sector, this accounts for a 36% share. In 2010 these producers reported having 215,963 employees who were directly involved in the production of their environmental goods.

The findings in the area of environmental outlays and the environmental industry are incorporated into numerous calculations and estimates surrounding the economy and sustainability. One of the most well known national publications in this field is the Report on the Environmental Economy, the latest version of which was released in October 2012.



3

Regulatory impact assessment: How tax models help

Any changes to tax legislation have direct implications for taxes as the main source of income of the state. They also have implications for the financial burden on businesses or individuals who have to pay the particular tax.

Providing information collated from tax statistics, the Federal Statistical Office supports political and social decision-making processes in many different ways in the assessment of regulatory impact.

All key parameters of the taxation process for all taxpayers are available at the Federal Statistical Office for several major tax types (e. g. wage tax, income tax, VAT or trade tax) and can be used to conduct special analyses. If, for example, the government is considering to change the regulations surrounding tax deductions for commuters, the Federal Statistical Office can provide data about the numbers of taxpayers affected, and the scale of the change, thereby enabling initial estimates about the impact the change will have on tax revenue.

In the event of more sweeping changes to tax law, complex applications must be developed to simulate how tax revenues will change and how the financial burden on taxpayers will be increased or eased. Therefore, whenever tax reform is planned research institutes or the Federal Statistical Office use microdata from the official statistics to perform a microsimulation analysis. This approach was used in 2011, for example, to assess the impact that models proposed by the Federal Government and Niedersachsen to reform local government financing would have on the tax receipts of the municipalities. Here, the Federal Statistical Office collaborated with the Federal Ministry of Finance and the Fraunhofer Institute for Applied Information Technology. The Federal Government's model proposed to abolish trade tax and instead give municipal governments a higher share of VAT revenue plus the right to a municipal premium on income tax and corporate tax.

Several hundred versions of the model with different conditions were computed in total. The results showed that a reform of this nature would reduce the differences in income between municipalities with high tax receipts and those with low tax receipts. It was possible to demonstrate that there would be a slight redistribution between core cities and surrounding communities, depending on the particular design of the model. While the model ultimately was not implemented due to opposition from the national associations of local authorities, the Federal Ministry of Finance did conclude that a model to replace trade tax had never been examined so thoroughly and found to be feasible.

Apart from the Federal Government's model, a model proposed by Niedersachsen to reform local government financing was also analysed. According to this model, the trade tax would be replaced by a municipal corporate tax (the rate of which the municipalities would have the right to establish), municipalities would have a share in the tax on wages and would have the right to establish the levy factor for the municipality's share of income tax.

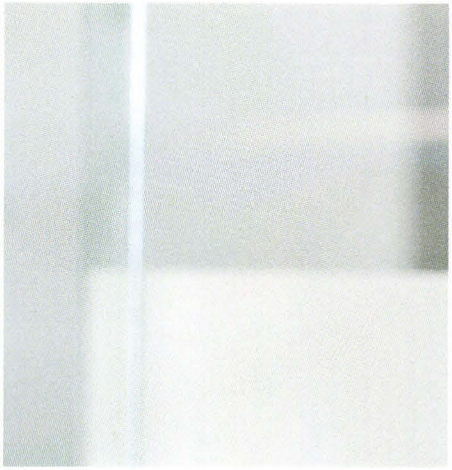
It was possible to identify a version where the burden on the taxpayers would in principle be neutral. According to this model smaller- and medium-sized municipalities that received below-average amounts up to now would have higher tax receipts while municipalities with above-average amounts and over 100,000 inhabitants would have lower tax receipts.

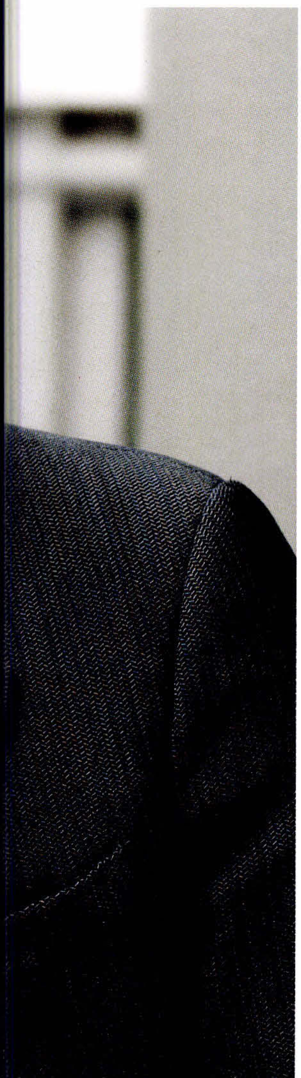
The Federal Statistical Office is currently calculating the impact of the models presented to reform real property tax. Constitutional concerns have been raised about the current real property tax, based on analyses conducted in 1964. The Länder have presented three different reform models: a market-value model, a model that is irrespective of the property value, and a combined model. Under the market-value model, a specified market value based on some site and building data and data from the committees of experts forms the basis for calculating the real property tax. Under the second "value-independent" model, the property tax is levied exclusively on the basis of the area of the site and building, irrespective of their value. The combined model presents a compromise by applying an area-based building component and an area component assessed with the land value rates.

It was a particular challenge to calculate the impact of these models as neither the data of the current real property tax nor any other statistics contain adequate information for complex calculations. For example, information is needed about the height of the building, the market value or the annual rent. From 35 million objects subject to real property tax, the Federal Statistical Office therefore identified roughly 25,000 cases to calculate the property tax based on all three models for municipalities selected at random. All the necessary information for these cases was then compiled by fiscal authority employees who received special training from the Federal Statistical Office. The data are currently being evaluated and analysed at the Federal Statistical Office and the results are expected to be submitted to the Conference of the Ministers of Finance in 2013.

Interview with Dr. Ulrich Schneider

General Manager of the German Federation of Welfare Institutions (Paritätischer Wohlfahrtsverband)





Dr. Schneider, when the topic of poverty is under discussion, hardly anyone gets as much media attention as you do. What's a normal working day like for you?

First and foremost I am a manager. I hold meetings with staff, take care of project planning and finances, particularly fund-raising. We are an umbrella association for over 10,000 member organisations, and provide expertise and broker money – that's the main focus of my job. This also involves presenting and representing the interests of our members in the political arena and in public. Promotional and PR work takes up roughly 20 percent of the 12 hours or so I work a day. Journalists are known for the fact that they never have any time, and that's good because I don't either. If they need a 20-second sentence as a comment for a news programme, then that should only be a matter of three minutes.

The German Federation of Welfare Institutions, or Der Paritätische as it is often called, brought out a poverty atlas with microcensus data in 2009. How did this collaboration with the Federal Statistical Office come about and why was it so important to you to publish regionalised statistics focusing on the issue of poverty?

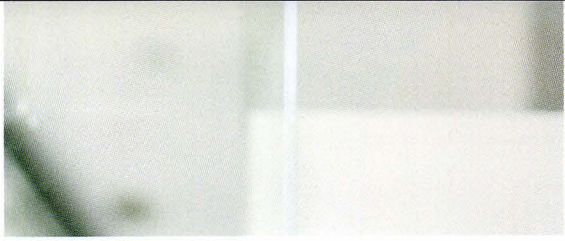
It came about as a result of the good relationship between the Federal Statistical Office and our research centre. Together with the Federal Statistical Office we came up with the idea of regionalising the data. National averages tend to hide poverty. But by narrowing the lens of poverty measurement to the regional level it becomes clear that Germany cannot simply be divided into east and west, as regional income disparities vary widely. We were very lucky that Dr. Martens, the head of our research centre, had the opportunity to visit the Federal Statistical Office. We benefited immensely from this collaboration and I think our different strengths complemented each other well in the creation of the poverty atlas. You have extensive knowledge when it comes to statistics, measuring income and the income divide. We had the opportunity to interpret this information and market it in the media. This started a new tradition at the Paritätische that initially wasn't even planned. We released the third poverty report in December 2012 and can now also track regional trends, which was not possible with the first stock of data.

Who is the publication's target audience?

The aim is to draw policy-makers' attention to problems - in this case to the regional fragmentation and income divide in Germany. Secondly, the report is aimed at the broader public. We want to raise public awareness of the issue in order to create the momentum that is needed to drive political talks forward and lobby successfully. Experts were only our third level of priority as they benefit constantly from your website, amtliche-sozialberichterstattung.de, which is a godsend given the top-quality data it provides.

But other organisations also provide data on poverty. Do the data of the Federal Statistical Office raise the value of a publication?

Yes, definitely. The Federal Statistical Office is one of the most reputable names there is. This is due to a number of factors: Firstly, to the very respectable image the Federal Statistical Office presents to the public. The way data are presented objectively and without any political slant in press releases and at press conferences. The Office only tries to interpret the data to the extent needed to comprehend the information. Secondly, it is unrivalled in terms of data currency. And thirdly, the Federal Statistical Office has the best data. When researching poverty and income there is no better data source than the microcensus and the sample survey of income and expenditure. The microcensus contains enough cases to allow us to



"If you want to communicate with the public you need to translate your message into their language. We need to simplify our language without being misleading, and that is possible. The onus here is onthose who work with data."

explore the issue of poverty in depth. Unfortunately such in-depth analysis is not as easy with the sample survey of income and expenditure as the low number of cases of low-income, lone-parent households makes it impossible to analyse these cases by additional criteria in certain regions. Your data quality, currency and integrity are the traits that set your products apart.

In your book you are sometimes quite critical of the way poverty figures are calculated. Is your attitude to statistics divided?

When it comes to the issue of poverty, yes. This is because statistics present just one way to get closer to real facts. Reality is more than something quantifiable. If I want to measure something I have to make it comparable. And if I want to make it comparable I have to remove the element that makes each individual circumstance special. You should not overburden statistics. Let's take an example of the relative income limit: Göttingen always has a very high poverty rate because so many students live there. However this means these cities are anything but poor – on the contrary they are vigorous cities that look to the future. This appears as income poverty in the statistics, and clearly demonstrates the limits of statistics as income poverty should not be confused with poverty. Statistics cannot fully capture the living situation and the prospects of these young people.

In the presentation of the at-risk-of-poverty rate, you are critical of the fact that it is almost impossible to communicate terms like net equivalent income or median in a comprehensible manner. How can this be remedied in your opinion?

First off we all need to be a bit more aware of the language we use. I often find that scientists and academics, in particular, are less concerned with actual communication and more with the precision of language. A term like net equivalent income does not even have to be used as it is absolutely superfluous when communicating with the public. We also do not need to confuse people by using the word "median". "Average" is perfectly fine. If you want to communicate with the public you need to translate your message into their language. We need to simplify our language without being misleading, and that is possible. The onus here is on those who work with data. On the other hand we need to underpin data with real-life examples. If someone has an income of 700 euros, we need to explain to the public what it means to get by on that amount as a person living alone. Or what it means for a single mother of one child to get by on 1,000 euros per month. In this respect collaboration between both our organisations is productive as we have the opportunity to add life to your data.

For decades we have been hearing that "the gap between the poor and rich is getting bigger and bigger". Do you think people have got used to such statements over time?

I don't think so. Just the other day, for example, I was talking to my newsagent who told me that from behind the counter he notices how many people have to watch every cent they have. People who played Lotto for years and suddenly don't play their tickets any more. This isn't a unique phenomenon. You truly notice this divergent gap in everyday situations. My newsagent sees it because I pointed it out on TV and as a result he has a clearer picture of reality. By successfully marrying valid data and good communication people take things on board and are able to see the bigger picture and consider their personal situation from another perspective.

New models to measure well-being and quality of life have been proposed in recent years. A study commission on growth, well-being and quality of life has been set up in the Bundestag. How would you rate these activities?

The happiness commission? (laughing). I have mixed opinions. On the one hand I can understand the academic interest in capturing the complexity of real life, and in going from a one-sided resource model to a model that is more true to life and also takes participation and self-fulfilment into consideration. However this new level of complexity can mean you end up trying to nail jelly to the wall. No-one is really self-fulfilled and we return to the adage that "money alone doesn't make you happy". But by doing so you take responsibility away from those who are responsible for income developments in our society. I think that is very dangerous. We live in a society in which money is still the deciding factor that determines lifestyles and the possibility of social participation and self-fulfilment.

Speaking of participation: Your organisation uses a wide array of social networks. How would you describe your experience with these media?

We use a broad media mix. We have our own Web 2.0 – sozialzentrale.de, which is a platform for association members. We've been on Facebook for over a year and were really surprised by how well it works. However before we venture into anything like this, we invest a lot of time in the preparation phase. The first few weeks are planned systematically. If an address gets the reputation for being unresponsive, it will have this reputation forever. You also can't set yourself up like an association or a government agency as nothing will happen if you do. Every message must be personal with subjective impressions to reach out to a wide audience. I maintain my Facebook account personally – it's not a lot of work. If you're in a taxi or train you can always find five minutes to post something. But our most important medium continues to be our magazine – it's part of our core brand. It is a connecting element with a clear "go-to" structure, by which I mean that I go to people, put the magazine in front of them and they have a look inside. With the web it's the other way around: people have to retrieve information.

How do you perceive the Federal Statistical Office from the point of view of the Paritätische? What can we do better?

(Laughs) Nothing that's within your power. The data you have are excellently processed and presented and leaves nothing to be desired. However we would like to see changes in the architecture of data. The sample survey of income and expenditure is used to calculate standard benefit rates. However we do not have a sufficient number of cases and therefore we lack a valid data base for this extremely important calculation, as called for by the Federal Constitutional Court in its ruling in 2010. There are very few cases of households with two adults and two children where the parents are low income earners. I may be exaggerating somewhat but if I then want to see how much these households spent on a child's bicycle, for example, I might only have two cases to choose from. Standard benefit rates are calculated on this basis. But that is not your fault. The data are correct but the Federal Ministry of Labour and Social Affairs applies a questionable methodology in handling these data. It would be better for everyone if we had a broader data base for the low-income sector to specifically address matters related to standard benefit rates. This would really benefit everyone even if it did involve an initial outlay of money.

"Your data quality, currency and integrity are the traits that set your products apart."

Dr. Ulrich Schneider has been the General Manager of the German Federation of Welfare Institutions (Paritätischer Wohlfahrtsverband) in Berlin since 1999. He holds a doctorate in educational science and is the author of the book "Armes Deutschland – Neue Perspektiven für einen anderen Wohlstand" ("Poor Germany – New Prospects for Other Prosperity").

The Paritätischer Wohlfahrtsverband is an umbrella association of over 10,000 independent organisations and institutions in the field of social work and healthcare.

Interviewed by Ilka Willand and Heidrun Stirner.

Where does my money go?

In 2013 roughly 60,000 households in Germany will once again be documenting their income and expenditure. The findings of the sample survey of income and expenditure are representative of living conditions in Germany and are used for administrative and political decisions with far-reaching implications.

A look inside the nation's wallets

As part of the sample survey of income and expenditure, households voluntarily keep a book of household accounts with detailed entries for their total income and expenditure for a period of three months. This book of accounts is at the heart of the income and expenditure sample survey. In addition, the individuals surveyed also supply information about their living conditions, state whether they own consumer durables like a computer, car, mobile phone etc., and indicate their assets and liabilities. In addition, around one in five of all participating households keep a detailed account of their purchases of foods, drinks and tobacco (amount spent and quantities purchased) for an entire month.

A cross-section of households from very diverse social backgrounds take part in the survey, including households of pensioners, persons in employment, unemployed persons, self-employed, farmers, couples with children, single households, multi-generation households and single-parent households. In this way the survey provides a close-to representative snapshot of the living situation of the entire population of Germany. On the basis of the Law on Household Budget Statistics (Gesetz über die Statistik der Wirtschaftsrechnungen privater Haushalte) the extensive data base generated by the survey has allowed us to take a look inside the wallets of the nation's households every five years for the past 50 years. 2013 is another survey year.

Data that are needed

Given that the results of the sample survey of income and expenditure paint a varied picture of living conditions in Germany, they are used to address both socio-political issues and issues dealing with family, economic and taxation policy. The data are an important pillar of the Federal Government's report on poverty and wealth. For example, the standard rates of basic security benefits are determined with the help of the survey findings. Price index calculations, which are central to determining the rate of inflation, are another example. The survey data are mainly used by a variety of federal ministries, Land authorities, institutions of higher education, research centres, organisations and enterprises. In recent years the latter have expressed particular interest in the economic potential of the silver surfers or the baby-boom generation.

Trust is the magic word

The sample survey of income and expenditure is conducted as part of a collaborative effort by the Federal Statistical Office and the statistical offices of the Länder. While the Federal Statistical Office is responsible for technical and organisational preparation work, the statistical offices of the Länder recruit and survey households. The offices work together to develop the advertising campaigns and strategies in order to encourage as many households as possible to take part in the survey.

To find out more and get an idea of what is expected of them, interested households can visit www.evs2013.de. Help, online forms and points of contact are provided to keep the time invested by household members to a minimum. As with the previous survey, in 2013 households also have the option of reporting their individual living situation and household equipment online.

EVS2013

The survey is based on the voluntary participation of households and it is not very easy to attract participants. It is particularly difficult to recruit household groups in the low income bracket with a low level of education, farming households, households of self-employed individuals, foreigners, multi-generation households, or households with more than five members. The recruitment efforts involve building up trust and convincing individuals that their personal data will not be disclosed to third parties. Some are motivated by a small allowance for their efforts, while others benefit personally from a critical examination of their own income and outlays.

Every stakeholder counts

The quality assurance process for the 2013 survey began as soon as the last survey finished (2008). All the statistical offices that took part in the sample survey of income and expenditure provided feedback about their experience in order to identify areas where improvements could be made for the next survey. There is an active exchange of ideas and opinions with user groups, both at user conventions – the last was held in 2011 – or in the form of individual advice. Despite the extensive questionnaires, the priority is to create a survey that requires minimum effort on the part of the participants as otherwise there is a risk that people will drop out of the survey if it is too bothersome. Striking a balance here between user preferences and a burden on households is often akin to a tightrope walk. Furthermore new developments must also be taken into consideration: For example, for the first time ever households in the 2013 survey are asked to furnish data on income from the sale of solar power or expenditure on apps and packages that combine telephone and internet flat rates.

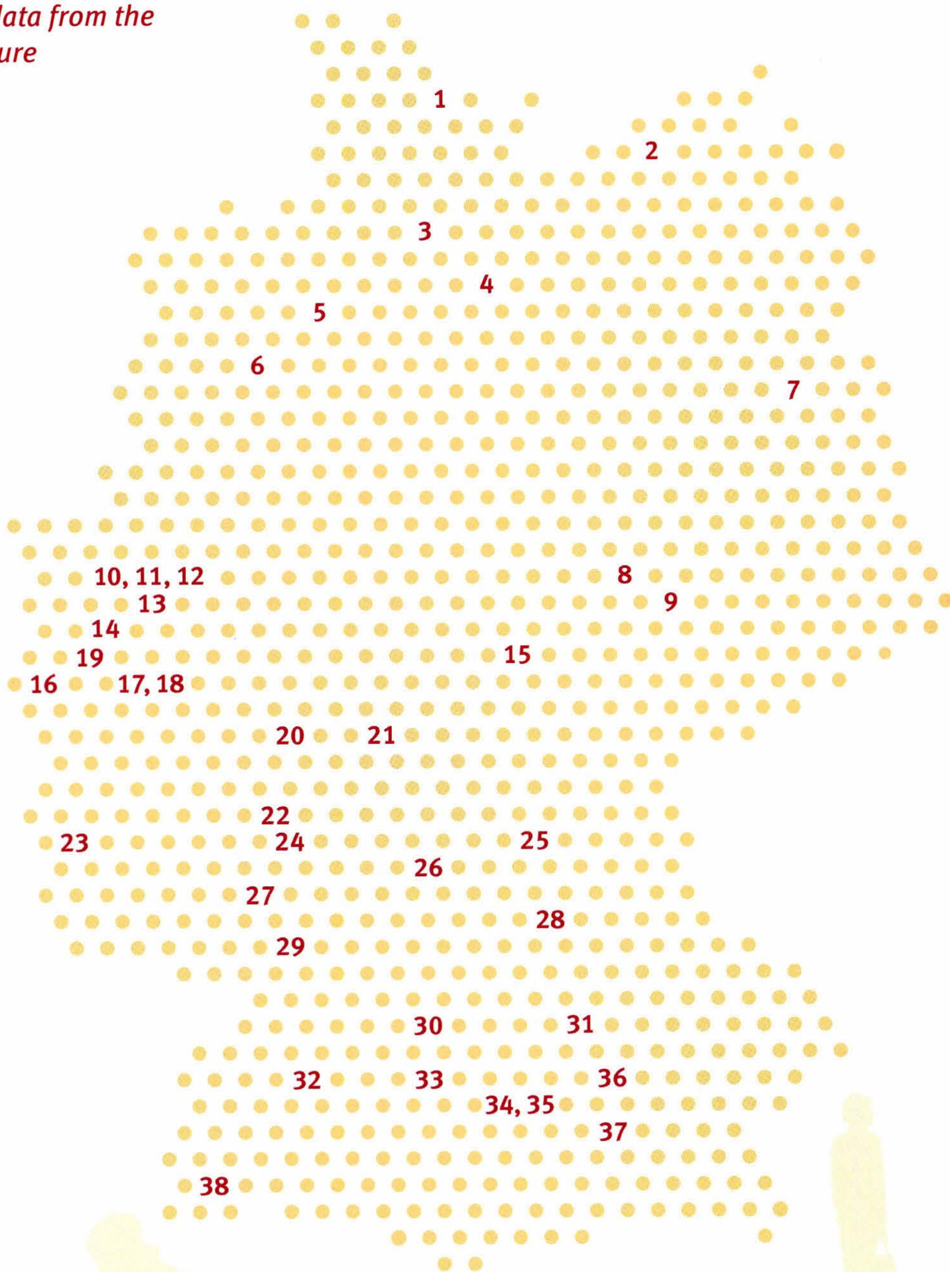
Initial results in autumn 2013

The survey data must be recorded, checked and extrapolated as soon as possible and the results published without delay. Roughly 80 employees at the Federal Statistical Office are recruited and trained to enter the data, and learn how to check the plausibility of the data and correct mistakes. This is the second or third time for some: "The program tells me immediately if the data entered are not plausible" – small wonder considering that over 1,000 plausibility checks are programmed into the software. A highlighted error can be corrected quickly if the error simply refers to a typo. Maybe the entry made by the household is implausible and a request to correct the information is sent directly to the household by way of the Land statistical office. It is worth investing the time and effort in order to obtain high-quality data in the end. Once the data have been entered and the quality assured, the data from the 60,000 or so sample households are extrapolated to all households based on the results of the microcensus. These extrapolated results are then used to create publication tables and anonymised microdata files which can be used by the scientific community. Over the next few pages the research map of the sample survey of income and expenditure gives an insight into the various topics that scientific institutes and organisations are working on with the aid of data from this survey.

The first results of the 2013 sample survey of income and expenditure concerning the household equipment and living situations of private households will be available in autumn 2013. Initial information about the income and expenditure structure of households in Germany is expected to be released starting in autumn 2015.

Research map

Current research projects using microdata from the sample survey of income and expenditure



1 Christian Albrechts University of Kiel
Taxation and Transfer Systems

Kiel Institute for the World Economy
Incidence and Projections for Indirect Taxes / Determinants of Energy Consumption

2 Max-Planck Institute, Rostock
Outsourcing of Household Labor, Household Expenditures / Economic Development

University of Rostock
Games of Chance vs. Risky Investments of Private, Households / Demand for Loans

3 Hamburg Institute of International Economics
Insurance Cover of Private Households

Institute for Financial Services, Hamburg
Educational Savings Account: Education as a Provision for the Future

Technical University of Hamburg-Harburg
Energy Price Trends and Land Usage

4 University of Lüneburg
Time, Income, Spending

5 University of Bremen
Investment Decisions of Private Households / Financial Burden of the Statutory Health Insurance System

6 University of Vechta
Age-appropriate Living Environments, Quality of Life

University of Vechta
Retirement Income, Provision for Old Age / Age-appropriate Assistance Systems

7 German Institute for Economic Research-Berlin
Young People's Mobility Patterns, Taxation and Transfer Systems / Oil Taxation / Behaviours in Saving and Spending

DIW econ GmbH, Berlin
Tourism Satellite Accounts

German Aeronautics and Space Research Centre, Berlin
Transport Development and the Environment

Free University of Berlin
Gender Wage Gap

Humboldt University of Berlin
UNICEF Child Wellbeing

Technical University of Berlin
Energy Required for Heating

8 Halle Institute for Economic Research
East-West Comparison of Income and Spending

9 University of Leipzig
Income, Spending, Households

10 Rhine-Westphalia Institute for Economic Research, Essen
Value-added Tax / Health Insurance / Burden of Taxation and Contributions

11 Ruhr University of Bochum
Energy-efficient Cities / Distribution of Basic Needs Assistance on Behalf of the Federal Ministry of Labour and Social Affairs (BMAS)

12 International School of Management, Dortmund
Model Calculation for Citizens' Insurance ,Citizens' Health Insurance

Technical University of Dortmund
Household Expenditure on Energy

13 University of Wuppertal
Time Use, Income and Spending Patterns

14 Hans-Böckler Foundation, Düsseldorf
Assets and Investments of German Households

15 University of Erfurt
Media Usage and Social Change in Everyday Life

16 Institute for Energy and Climate Research, System Analysis and Technology Evaluation, Jülich
Input-Output Table for the Länder and Nordrhein-Westfalen

17 Federal Institute for Research on Building, Urban Affairs and Spatial Development, Bonn
Monitoring the Housing and Real Estate Market

Institute for the Study of Labor,Bonn
Distribution Effects of Taxation

18 FIT Fraunhofer Institut Institute for Applied Information Technology, Sankt-Augustin
Equalisation of Family Burdens / Retirement Income Act

19 Cologne Institute for Economic Research
Social Standards in a Globalised Economy / Social Security and Housing Allowance

Institute for Social Research and Social Policy, Cologne
Social Indicators, Families and Senior Citizens in Hamburg

University of Cologne
Economic Inequality and Poverty / Spending and Standard of Living

20 Justus-Liebig University of Gießen
Spending Patterns of Types of Households and Families

21 University of Fulda
Burden of Individuals Insured under the Statutory Health Insurance System

22 German Institute for Educational Research, Frankfurt am Main
Individual Education Funding and Educational Returns

Johann Wolfgang Goethe University, Frankfurt am Main
Development of Instalment Loans and Consumer Credits

Centre for Economics, Labour and Culture, Frankfurt am Main
Income and Assets in Hessen

23 University of Trier
Conspicuous Consumption East-West Germany

24 Institute for Housing and the Environment, Darmstadt
Social Security of Housing

25 University of Bamberg
Bavarian Social Report

26 Julius Maximilians University of Würzburg
Rhone Biosphere Reserve

27 GESIS Leibniz Institute for Social Sciences, Mannheim
Social Inequality, Spending, Social Exclusion

Centre for European Economic Research, Mannheim
Social Significance of Investment Funds / Saving and Investment

28 Nuremberg University of Applied Sciences
Standard Benefits under Book II of the Social Code

Friedrich-Alexander University of Erlangen-Nuremberg
Measures of Poverty, Regional Differences

Institute for Employment Research, Nuremberg
Spending Poverty, Microanalyses of Basic Needs Assistance under Book II of the Social Code

29 University of Karlsruhe
Transportation and Mobility Behaviour / Mobility Patterns among Young People

30 Baden-Württemberg Cooperative State University Heidenheim
Sales in Insurance Products

31 Catholic University of Eichstätt, Ingolstadt
Bavarian Social Report

32 Tübingen Institute for Applied Economic Research
Distribution of Income and Assets

University of Tübingen
Distribution of Income and Assets

33 University of Ulm
Risk Aversion in Financial and Insurance Markets

34 International Institute for Empirical Social Economics, Stadtbergen
Social Situation in Bavaria, Labour Market

35 University of Augsburg
Riester Pension, Social Security

36 University of Weihenstephan-Triesdorf
Household Budgets in Germany

37 Institute for Economic Research, University of Munich
Effects of Simplifying the Tax System

Technical University of Munich
Effects of Cohorts, Age and Time on Spending

38 Albert-Ludwig University of Freiburg
Old-age Provision, Sustainability of German Economic and Social Policy

Last revised: 02/2013, all research titles have been shortened

Customer Profile: Bloomberg L.P.

Economic and financial data in the high-speed network

Bloomberg L.P. provides critical information to financial and business professionals through a high-speed network of data, news and analytics delivered by more than 15,000 employees from 192 locations around the world. This article shows how the privately held U.S. company transmits data by the Federal Statistics Office to the financial markets, converging with a host of other information that influences the decisions driving the global financial services industry every day.

The company was founded in 1982 by Michael R. Bloomberg, the current Mayor of New York City, who is now in his third term of office. For 20 years, Bloomberg served as chairman and chief executive officer of the company he started with a $10 million severance package from the now defunct Salomon Brothers. His mission: to bring transparency and efficiency to the buyers and sellers of financial instruments from Wall Street to Tokyo, Singapore, Hong Kong, London and the cities of Frankfurt, Dusseldorf, Hamburg, Berlin, Munich, Nuremberg and Stuttgart in Germany.

The news organization has spent the last year building up its German-language service, providing the most market-moving German news and international news of local relevance to German clients in their own language 1. The Deutsche Bloomberg News, or DBN, encompasses 10 editors in Frankfurt, two in Berlin and two in New York.

Today, under the leadership of Chairman Peter T. Grauer, who succeeded Michael Bloomberg in March 2001, and President and CEO Daniel L. Doctoroff, Bloomberg serves more than 315,000 subscribers to the Bloomberg Professional service as well as allows customers through enterprise solutions technology to access, integrate and manage data more efficiently across their organizations. Through Bloomberg Law, Bloomberg Government, Bloomberg New Energy Finance and its BNA unit, the company provides data, news and analytics to decision makers in industries beyond finance.

Bloomberg News, delivered through the Bloomberg Professional service, television, radio, mobile, the Internet and three magazines – Bloomberg Businessweek, Bloomberg Markets and BloombergPursuits – covers the world with more than 2,400 news and multimedia professionals in 146 bureaus across 72 countries.

Each month, Bloomberg reporters, editors and data experts cover a host of economic indicators provided by the Federal Statistics Office, from Gross Domestic Product to consumer prices, producer prices, wholesale prices, exports, retail sales, trade and current account data and labor costs.

Using data obtained from the Genesis website, members of the global data team also update a wide range of indicators on designated pages directly on the Bloomberg terminal, as shown here 2.

The information is eagerly anticipated by Bloomberg clients who, with the help of news and data alerts, then embark on trades on which billions of euros can rest.

"FSO data is central to our economy coverage," says Angela Cullen, German Bureau Chief for Bloomberg News. "As Europe's biggest economy, Germany is one of our most important markets." Cullen oversees a staff of 58 Bloomberg News correspondents based in five German cities: Frankfurt, Berlin, Munich, Dusseldorf and Hamburg.

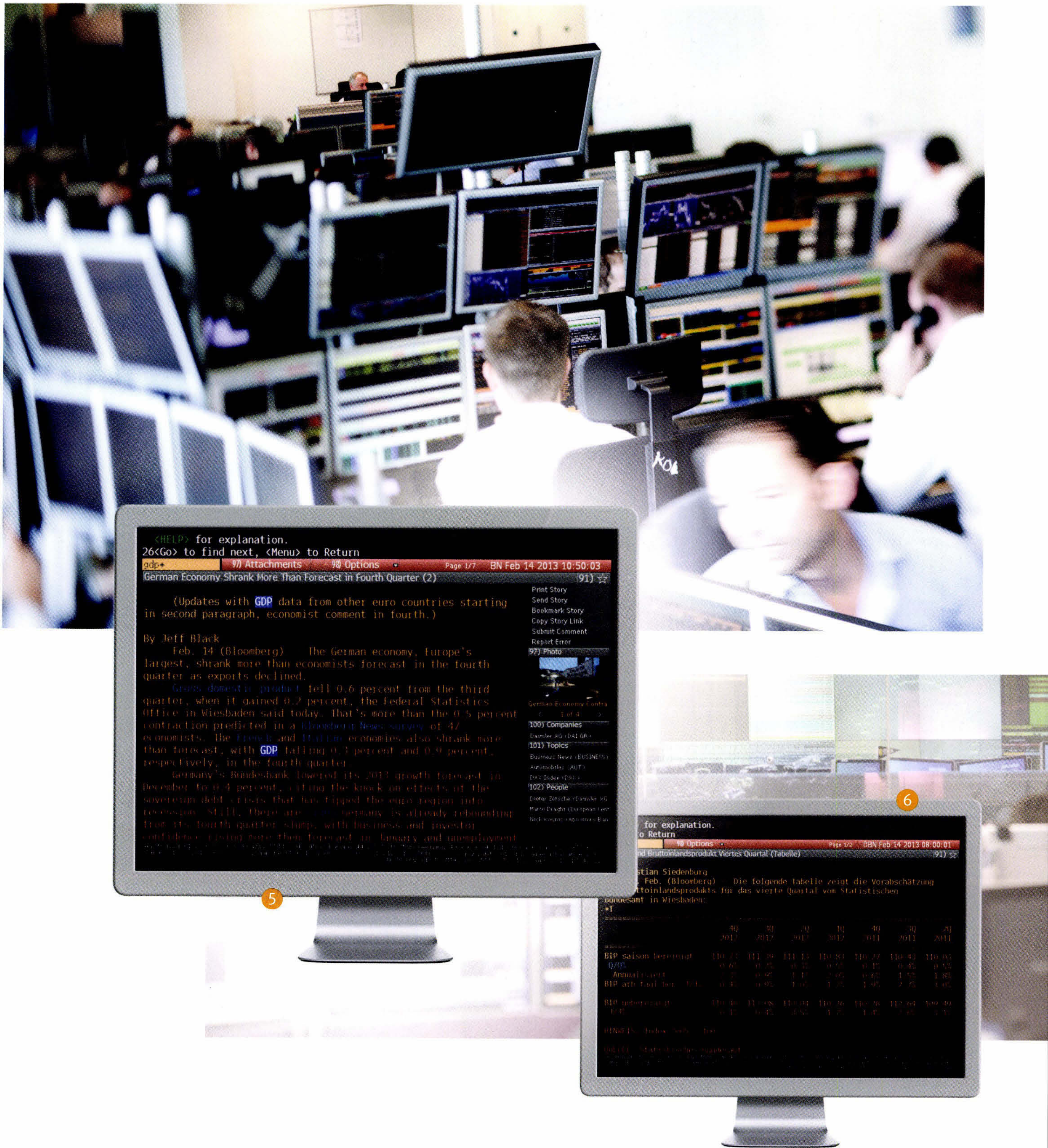
The following two diagrams 3 + 4 illustrate the impact the Federal Statistics Office data can have on global currency markets. The red headline highlighting fourth-quarter GDP sparked an immediate selloff of the euro against the U.S. dollar as demonstrated by the clear dip in the currency graph that subsequently lasted for the entire trading session as more pessimistic data from the euro area ensued.

Bloomberg news stories delivered in German and in English 5 + 6 help clients understand how the data relates to historical developments and how it compares to expectations on the market. The more these diverge, the greater the urge to buy or sell the relevant securities.

As the German economy's resilience to the sovereign debt crisis continues, so too does the interest by international investors in the data provided by the Federal Statistics Office that help them interpret how sustainable that health is.

"FSO data forms the backbone of our German Economic Data calendar," says Mark Evans, Eco Data Team Leader for Bloomberg's News Data team in London. "FSO indicators including CPI, trade and GDP are some of the most-watched variables we report on with nearly 2,000 clients signed up to receive the instant posting of GDP figures each quarter."

"Traders base their decisions on the main numbers delivered in real-time while economists depend on our tables and database of FSO statistics in analyzing the full picture and future trend of the German economy," says Kristian Siedenburg, the news data editor who's responsible for making sure the FSO data gets on the Bloomberg terminal.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German Economy Shrank More Than Forecast in Fourth Quarter (2)
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Submit Comment
Report Error
97) Photo
100) Companies
101) Topics
102) People
(Updates with GDP data from other euro countries starting in second paragraph, economist comment in fourth.)
By Jeff Black
Feb. 14 (Bloomberg) The German economy, Europe's largest, shrank more than economists forecast in the fourth quarter as exports declined.
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DBN Feb 14 2013 08:00:01
nd Bruttoinlandsprodukt Viertes Quartal (Tabelle)
stian Siedenburg
Feb. (Bloomberg) Die folgende Tabelle zeigt die Vorabschätzung
ttoinlandsprodukts für das vierte Quartal vom Statistischen
Bundesamt in Wiesbaden:

Gerhard Fürst Award 2012

As part of their university training young scientists and academics often work with data from official statistical agencies. The Federal Statistical Office has been awarding the Gerhard Fürst Award to outstanding scientific dissertations each year ever since 1999. Four winners were selected in 2012.

Pictured from left to right: Dr. Stephanie Eckman, Saskia Pohl, Dr. Steffen Schnidler, Prof. Walter Müller, Vice-President Dieter Sarreither, Hauke Feil and Prof. Ulrich Heilemann, Chairman of the expert jury

Paths to higher education entrance qualification – paths to higher education?

Do children from unskilled backgrounds have the same tendency to pursue higher education as children from an educated background? Dr. Steffen Schindler examines this question in his doctoral thesis entitled "Paths to Higher Education Entrance Qualification – Paths to Higher Education? A Study of Social Inclusion and Redirection Processes".

In recent decades Germany has introduced new ways for individuals to access higher education. The focus, in particular, has been on areas of vocational training where successful candidates can earn an access to higher education certificate. In examining how this opening up of institutions has helped reduce social inequality on the path to higher education, the sociologist drew on data from the microcensus and statistics of schools and institutions of higher education. The study concluded that while social obstacles to a university entrance qualification have been reduced, young people from unskilled families still tend to pursue higher education far less frequently than young people from an educated background. The majority of the additional individuals who earn an access to higher education certificate do not enter institutions of higher education. Dr. Schindler received the Gerhard Fürst Award from the Federal Statistical Office in 2012 for his doctoral thesis at the University of Mannheim.

Climate-related factors and ozone concentration in Sachsen-Anhalt

Ozone in the atmosphere is primarily known for its useful properties in the upper atmospheric layers where it absorbs harmful UV radiation. In her thesis, "Statistical Analysis of the Impact of Climate-relevant Factors on the Development of Ozone Concentrations at Measuring Stations in Sachsen-Anhalt", Saskia Pohl examined the ozone concentration in the lower atmosphere closer to the ground in which high concentrations are harmful to health. Saskia Pohl completed her Bachelor's thesis at the Magdeburg-Stendal University of Applied Sciences and won the 2012 Gerhard Fürst Award of the Federal Statistical Office in the "Master's/Bachelor's theses" category.

Overcoverage and undercoverage in statistical surveys

In her doctoral thesis, "Errors in Housing Unit Frames and Their Effects on Survey Estimates", Dr. Stephanie Eckman focused on the problems of the undercoverage and overcoverage of households and individuals in statistical surveys. She deals with central mechanisms that can result in such errors and applies methodically complex approaches to reveal a confirmation bias. Data from the United States Census Bureau and data from an independent survey that Dr. Eckman conducted herself as part of the National Survey of Family Growth were the underlying data for her doctoral thesis. Dr. Stephanie Eckman was awarded the 2012 Gerhard Fürst Prize for Young Researchers in the "Doctoral theses" category for the thesis she wrote at the University of Maryland.

Wealth of natural resources in former communist states

Natural resources can be both a blessing and a curse. Since the 1970s there has been the theory that revenues from natural resources make governments independent of the population from a taxation viewpoint. At the same time such revenues facilitate the bribery and corruption of key political groups. While most scientific literature accepts the correlation between revenues from natural resources and authoritarianism, other studies deny any link. In his Bachelor's thesis, "Post-Communism, Wealth of Resources and Authoritarianism: A Possible Correlation? The Resource Curse and Its Consequences for the Democratic Structures of the Former Communist States in Europe and Asia", Hauke Feil deals statistically with the regional influencing factors between revenues from natural resources and authoritarianism. Data from the World Bank's World Development Indicators & Global Development Finance database and data from the Comtrade database of the United Nations Statistics Division were used in the thesis. One conclusion of the work was that contrary to the expectations heard in public debate no correlation could be identified between revenues from natural resources and authoritarianism in post-Soviet countries. The Federal Statistical Office selected Hauke Feil from the University of Bremen as the winner of the Gerhard Fürst Prize for Young Researchers in the "Master's/Bachelor's theses" category.

Members of the Budget team

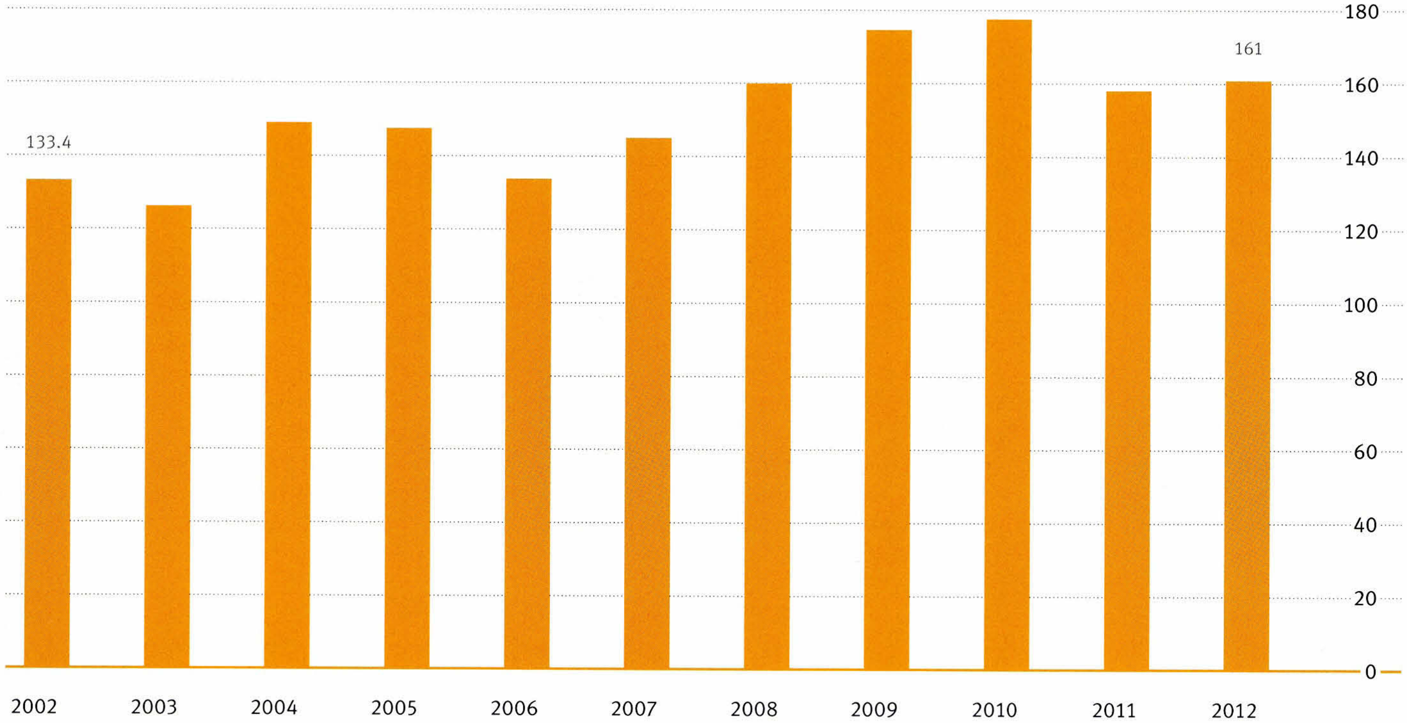
Budget

The Federal Statistical Office is a higher federal authority within the area of responsibility of the Federal Ministry of the Interior. Its budget of roughly 161 million euros in 2012 accounted for 2.9 % of the total budget of the Federal Ministry of the Interior

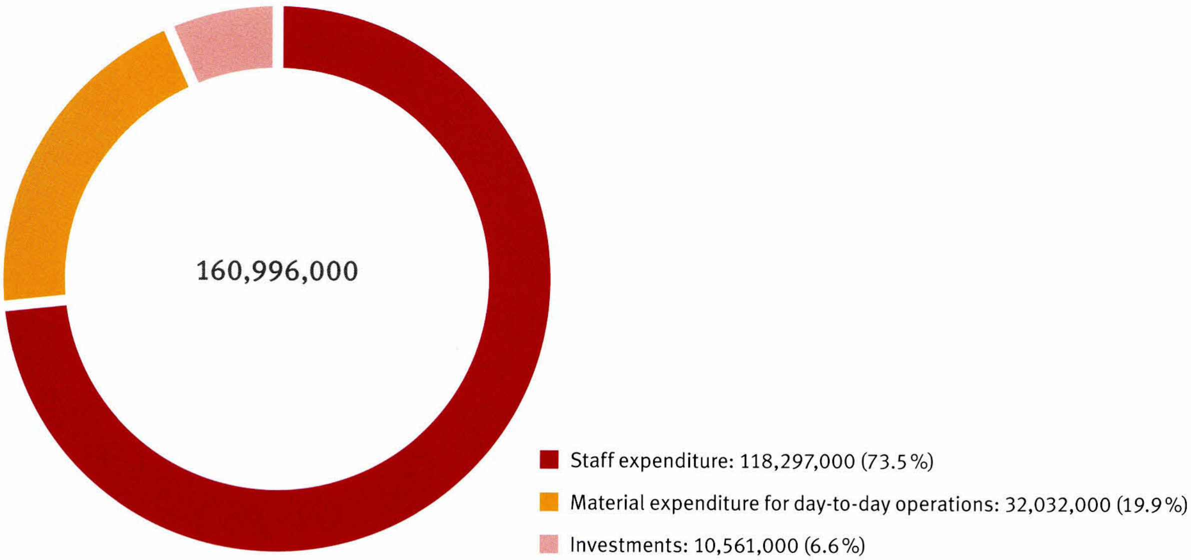
Despite the growing use of information technology, the collection and preparation of statistics and the dissemination of results are labour-intensive activities, and staff need to meet increasing requirements. Labour is therefore the biggest cost factor, with human resources accounting for roughly 73 % of the budgeted expenditure of the Federal Statistical Office in 2012. Material costs for day-to-day operations accounted for around 20 %, while a further 6.5 % of the 2012 budget was channelled into investments in information technology and the ongoing modernisation of the office building in Wiesbaden.

Roughly 161 million euros in funding were appropriated to the Federal Statistical Office in the 2012 financial plan. Additional savings of 7.2 million euros had to be made during the year to contribute to the global reduction in expenditures of the Federal Ministry of the Interior.

Budget of the Federal Statistical Office, in million euros



Budgeted expenditure of the Federal Statistical Office in 2012, in euro
Share in percent



Staff

Stricter requirements for data production and knowledge sharing are changing the working environment at the Federal Statistical Office. Staff members are actively involved in these processes of change by delivering regular feedback to management, for instance.

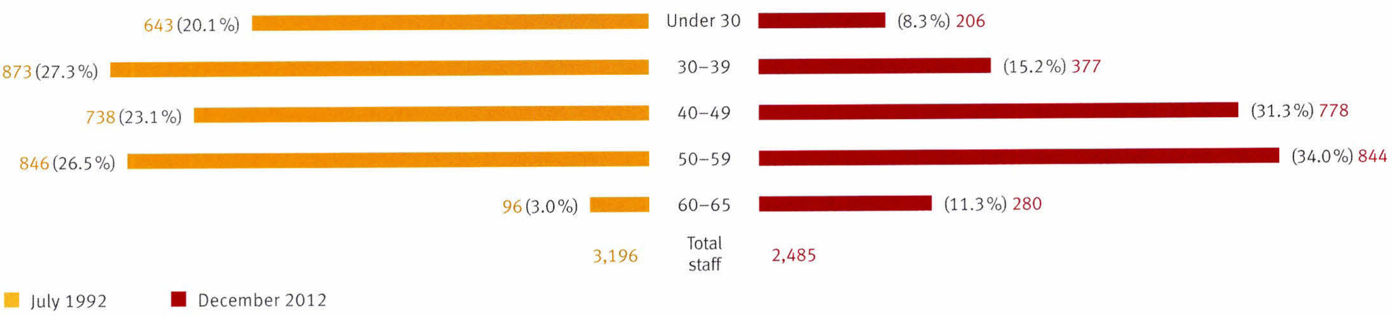
"Focus on management" was the motto of the 2011/2012 upward feedback at the Federal Statistical Office. All members of staff had the opportunity to give their managers anonymous feedback in the form of a questionnaire. In future, upward feedback will be given regularly every four years and is part of the Human Resources Development Concept. In addition to staff appraisal interviews, staff surveys and other forms of feedback, upward feedback is a key instrument to motivate staff and enhance and refine the management culture at the Federal Statistical Office.

As part of the upward feedback, managers receive feedback on their personal cooperation, team-leading ability and their approach to communicating information and making decisions. They receive a report of the summarised results and help to analyse and interpret the data. Afterwards the managers sit down with their staff to develop ideas in order to improve collaboration within the team and thereby optimise work processes.

An aging workforce and stricter requirements for statistics production have changed the personnel structure in recent years. Staff need to meet new requirements as new technologies and knowledge-sharing merge, and as a result of work structures that increasingly go beyond defined organisational units. The staff headcount has been reduced by a good 22 % in the past 20 years. For a number of years, the Federal Statistical Office has been assigned methodological-analytical tasks that increasingly require scientific skills and competencies. The Federal Statistical Office is therefore gradually adapting the job structure to these changing tasks, thereby increasing the level of staff qualification. As a result the percentage of staff in the higher service at the Federal Statistical Office has almost doubled in the past 20 years from around 10 % to roughly 19 % of total staff.

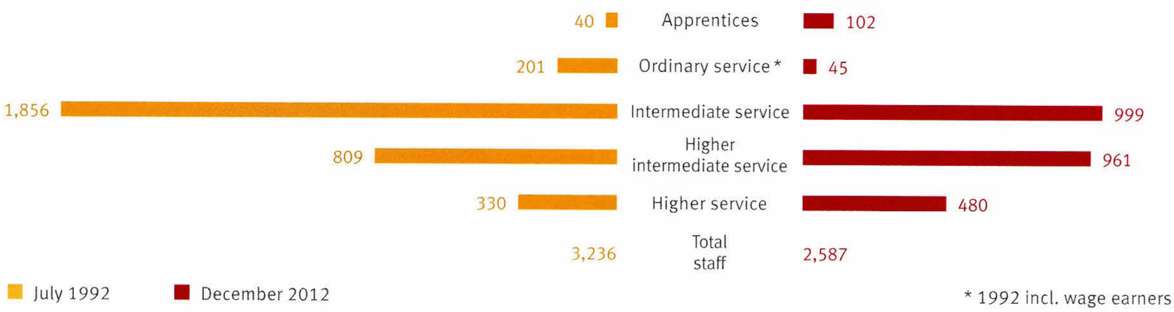
Change processes are implemented in tandem with the staff, opportunities for staff skill development are created and the care of employees is ensured – and in this way the strategic goals for the employees are formulated. For example, the Advanced Training Programme now includes seminars that deal with knowledge transfer in an information society. In 2012 the social affairs and health management unit organised "stress and burnout" events which give staff pointers on how to better deal with the consequences of higher workloads.

Staff members by age group in a 20-year comparison
(excluding apprentices)



HR development officers at the Federal Statistical Office

Staff members by class of service in a 20-year comparison



Senior Management

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President and Federal Returning Officer

Dieter Sarreither
Vice-President and Deputy Federal Returning Officer

Jürgen Chlumsky
Administration, Administrative Cost Measurement

Dr. Roland Gnoss
Business Register, Earnings, Industry, Services

Sibylle von Oppeln-Bronikowski
Strategy and Planning, International Relations, Research and Communication

Dr. Sabine Bechtold
Population, Census, Finance and Taxes

Beate Glitza
Information Technology, Mathematical-Statistical Methods

Hannelore Pöschl
Agriculture, Environment, Foreign Trade

Irmtraud Beuerlein
National Accounts, Labour Market, Prices

Karl Müller
Health, Social Statistics, Education, Households, Head of Bonn Branch Office

As at: March 2013

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