



Research Overview 2018

Max Planck Institute for Social Law and Social Policy



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STRUCTURE

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PREFACE

This brochure provides information about the research activities of the Max Planck Institute for Social Law and Social Policy. It depicts the multifaceted research projects carried out by the Institute's staff members in recent years. We also want to give our readers an insight into the various developments of social law and social policy, and to promote interest in research related to these fields. Our Institute – founded in 1980 under the name Max Planck Institute for Foreign and International Social Law and later renamed Max Planck Institute for Social Law and Social Policy in the course of its enlargement in 2011 – hosts two departments and one Max Planck Fellow Group.

The Department of Foreign and International Social Law, headed by Ulrich Becker, investigates social law as an instrument for the implementation of social policy measures and as a special field of administrative law. The Department of Social Policy, called the Munich Center for the Economics of Aging (MEA), is led by Axel Börsch-Supan and studies demographic change, its social, micro- and macroeconomic implications and the social transformation processes resulting from them. The Max Planck Fellow Group, which is headed by Elisabeth Wacker, focuses on the

transformation of social systems and the participation of persons with disabilities. Even though the different departments of the Institute each pursue their own research programmes, the common interest of their scientists in questions of social policy opens up possibilities for interdisciplinary exchange. This added value has resulted in several joint projects.

The first joint research area is migration. Several projects study the legal, economic and social implications of the huge migration wave into Germany that peaked in 2015. A second joint research area creates a knowledge base for social law and social policy, called SPLASH (Social Policy and LAw SHared data base). It describes the legal and institutional background of social policy, collects macro data characterizing the economic and social environment for social law and social policy, and provides a host of quantitative indicators that can be used in relating social policy outcomes to policy parameters. A third area of collaboration focuses on inclusion and is undertaken together with the Max Planck Fellow Group 'Dis[cover]ability and Indicators for Inclusion'. In this context, the potential of social diversification and corresponding enabling approaches are being explored.

Excellent work facilities as well as the expertise of its staff have made the Institute an internationally recognised centre of research in social law and social policy. It continues to attract researchers from all over the world. The Survey of Health, Aging and Retirement in Europe (SHARE) provides a very large collection of micro data in 28 countries that enables the Institute's researchers to study the interactions among health, economic and social circumstances as demographic change takes its path. It is the largest social science infrastructure created by the EU. The Institute's library offers a unique basis for comparative research in social law and social policy.

The promotion of visiting scholars and the organisation of guest lectures, workshops and conferences, as well as the reception of visiting guests foster both international and interdisciplinary exchange. Besides conducting its own research projects and promoting junior researchers, the Institute strives to communicate its findings on social law and social policy at home and abroad. For this purpose, its staff regularly participates in diverse conferences, workshops and lecture events and also maintains a constant dialogue with politicians

and experts from practice working in ministries, associations and social service institutions. This exchange is important for the Institute's work. In one direction, the exchange takes practice-related issues as an opportunity for further in-depth study or for the reconsideration of scientific hypotheses. In the other direction, the exchange takes research issues of significance in terms of social policy from the abstract research sphere of the Institute to the practical needs of the outside world.

Prof. Dr. Ulrich Becker, LL.M. (EHI),

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I – FOREIGN AND INTERNATIONAL SOCIAL LAW

Ulrich Becker

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1 TASKS AND STRUCTURES

Although the research of the Department of Foreign and International Social Law concentrates on different forms of social benefits, it tries to understand these benefits as a core area of social policy and to analyse the welfare dimension of states and political communities in general.

This overall aim leads to a broad access to knowledge, both concerning the substance as well as the organisation of our research. It is based on a wide concept of social law, avoiding too narrow restrictions to single areas of the welfare state even if this used to be the most common approach, but with an openness to taking in new developments and reflections as far as the welfare state and welfare state research are concerned.

Objectives, Methods and Approaches

As already underlined in the previous activity reports, the Department follows three general guidelines concerning the objective and the methods of its research activities as well as the approaches used.

(1) Social law is regarded as an instrument for the implementation of social policy measures and as a special field of administrative law. It can be identified by a particular social objective. The social objective of these benefits is to help, to support and to protect individuals through the provision of benefits, adjustment for unequal opportunities and compensation for social disadvantages. In substance, it is characterised by a set of general principles: security, solidarity, self-responsibility and accessibility (see Becker et al. (eds.), *Security: A General Principle of Social Security Law in Europe*, 2010).

Understanding it as an instrument of social policy means that legal research has to take into account a

specific functionality of social law and include questions of effectivity in its research design on the one hand. On the other, we are convinced that legal research is particularly suitable for providing precise and complete information on the institutional conditions and particularities of a specific social policy and, therefore, for contributing to a better understanding of social policy.

- Understanding it as a special field of administrative law means using the knowledge of its governing principles and the general rules on administrative actions in order to explain how social administrations work. This also includes normative guidelines, especially those derived from constitutional law.



Director Prof. Dr. Ulrich Becker, LL.M. (EHI)



The staff of the Department of Social Law

(2) As for methods, the Department's research first of all includes interdisciplinary knowledge and interests even when it concentrates on legal questions. Second, the Department puts much emphasis on using a comparative perspective. Comparison is one of the most basic methods of gaining knowledge, and this holds true for every social science discipline. Legal comparison is a way to learn more about existing legal provisions, to discover alternative legal solutions and to identify general principles underlying laws of different jurisdictions.

- By way of comparison, research projects in social law can aim at illustrating the effects of legal interventions by way of single case studies examining particular forms of intervention or particular steering instruments.
- By way of overall studies or macro-comparisons including jurisdictions with different basic normative concepts, they are capable of reflecting

the complexity of welfare state interventions and the interplay between different benefits systems as well as between governmental and societal actions.

(3) Social law is a law of changes. It is aimed at reacting to societal needs. It interacts with societal actions. It tries to give answers to specific social problems, and at the same time it reshapes social relations. Changes in those relations cause challenges to social benefits systems, and those systems have to be adapted in an on-going process. This is why social law is subject to continuous change. Changes, and in particular alterations of laws and other institutions, also create challenges as concerns knowledge about these institutions as updating is, also in this regard, a never-ending necessity. At the same time, changes can be used to better understand the characteristics of social law. An analysis of processes of change can reveal specific core fundamentals as

well as explain how political and legal systems interact. At the beginning of our research activities, we identified three processes of change which still deserve our attention. Of course, they are interrelated and even intertwined with each other, but their identification hints to particular drivers and mechanisms and, at the same time, to the explanation of welfare state developments:

- Europeanisation and internationalisation of social law, which are characterised by the increasing significance of supranational and international provisions. Both lead to an interplay between national levels on the one hand and regional or international levels of government on the other. The outcome for the legal system is: more plurality with more possible conflicts of laws, which are sometimes difficult to solve because of the asymmetric structure of the two different kinds of governmental levels involved: whereas national governments have a comprehensive responsibility for guaranteeing welfare, powers and democratic legitimisation of governmental actions on supra and international levels are restricted. The respective legal outcomes put into a hierarchy of norms lead to the danger of fragmentation and disorder.
- Modernisation of social benefits systems in post-modern times, and in particular in developed countries, which is characterised by adaptation to societal changes, in particular the deployment of new forms of steering and of action, alterations of the ways social benefits are granted and provided, but also by the underlying concepts of the role of governments and the interrelation between the political community and the individual. Comparative studies help to understand these processes. In times of intensified information exchange, a frequently posed question is whether and which national regulatory patterns can be transferred to other countries' social ben-

efits schemes – either because reform needs become similarly manifest in different states in that, say, demographic developments threaten the fundamentals of pay as-you-go risk coverage schemes; or because increasing economic interpenetration and migration calls for a greater convergence of social benefits schemes; or because in the course of societal developments and transformations traditional security options are to be replaced with new forms of security.

- Transformation of social benefits systems in developing countries or emerging nations. Particularly in threshold countries, societal change which is connected to rapid economic growth leads to the necessity of setting up new and more comprehensive social benefits systems that are to contribute to the support and completion of the traditional forms of security.

Organisation of Research

It follows from the observations mentioned above that social law is more and more influenced by European Union law and social policy as well as by international human rights law, and that more and more common principles, in the sense of interjurisdictional general principles, become visible and play an important role. Yet, the responsibility for establishing and managing social benefits systems still rests with the national legislators. They choose between different types of social benefits systems, they decide on the level and the conditions of social benefits at least generally speaking, and they have to look after the actual functioning of benefits systems. Thus, country-specific investigations by no means become obsolete through processes of Europeanisation and internationalisation. This explains why comparison of different jurisdictions remains the methodological instrument of core importance in social law even in an era of renewed globalisation; and it also explains

why it can make sense to organise research carried out by the Department at least partly in the form of so-called country sections.

The research staff of the Department of Social Law observe and analyse developments in social law and social policy in a number of European and non-European countries. Research is, in most cases, country-based and includes further assignments for specific subjects and for the observation of international organisations. This enables us to bring to fruition the essential social, economic and cultural backgrounds necessary to understand law, which may however vary significantly depending on the country.

It goes without saying that owing to its limited size, the Department cannot cover every single development in social law throughout the world. A chief policy in engaging new research staff has been to seek experts on various national social law regimes of particular interest in order to analyse the processes of development and reform. And national jurisdictions which are suitable for

particular comparative projects are chosen on a case-to-case strategy. All the same, staff changes sometimes pose challenges that make it hard to preserve a continuous workflow. The Department tries to cope with this by also following another strategy, namely by enhancing its knowledge of foreign law by including scholars from abroad in individual projects or by conducting projects with foreign cooperation partners.

2 MAIN AREAS OF RESEARCH

2.1 EUROPEANISATION

(1) At the Social Summit for Fair Jobs and Growth in Gothenburg, Sweden, which took place in November 2017, European Union (EU) leaders have solemnly proclaimed the 'European Pillar of Social Rights' (EPSR). The document is interinstitutional, as it is a joint declaration by the European Parliament, the Council and the European Commission. It has been prepared by communications from the European Commission, first presenting a prelim-



inary outline and launching a public consultation in March 2016 (COM[2016] 127 final), then summing up its results and presenting a final proposal in April 2017 (COM[2017] 250 final). According to its authors, the pillar consists of 20 'principles and rights essential for fair and well-functioning labour markets and welfare systems in 21st century Europe' (preamble par. 14), grouped into three categories, namely 'equal opportunities and access to the labour market', 'fair working conditions' and 'social protection and inclusion'.

The EPSR is not based on a legal act in the sense of Art. 288 TFEU. The interinstitutional proclamation may have a binding effect as far as the EU bodies are concerned but it certainly does not create any direct obligations for the EU Member States. This is the reason why the use of the term 'rights' might be at least misleading: on the one hand, the EPSR aims at addressing EU citizens directly; on the other hand, no subjective rights in the sense of enforceable individual legal positions can be derived from the Pillar. The concept of 'social rights' is being used in a merely programmatic way. Such rights try to describe specific tasks of the EU in its function as a complex political community, addressing EU institutions as well as the Member States. In this regard, the EPSR follows an approach which is also pursued by the sometimes comprehensive catalogues of social rights in the national constitutions of most Member States (see Becker *Der europäische soziale Rechtsstaat: Entstehung, Entwicklung und Perspektiven*, in: J. Iliopoulos-Strangas (ed.), *Die Zukunft des Sozialen Rechtsstaates in Europa*, 2015, pp. 101-120). In this sense, the EPSR is a political document: it intends to set up a social policy agenda which is more comprehensive, and also partly more concrete, than the already existing political EU instruments in this field. This agenda needs implementation through binding acts, be it at the European or at the national level. It is important to know that

the EPSR does not widen the powers of the EU in any case. The sharing of competences and legal responsibilities as laid down in the EU treaties has to be observed without allowing for any deviation. It is clear that this also creates a certain danger and some delusions: EU citizens who take the so-called 'booklet' of social rights and read the catalogues of 'rights' may expect much more from it than it can actually guarantee.

As far as the substance of the Pillar is concerned, there is a remarkable mixture of general clauses, ranging from 'Everyone has the right to timely access to affordable, preventive and curative health care of good quality' (No. 16) to quite concrete benefits, e.g. 'Young people have the right to continued education, apprenticeship, traineeship or a job offer of good standing within 4 months of becoming unemployed or leaving education' (No. 4b). The reason for that is twofold. First, the EPSR covers all areas of established welfare state interventions although sometimes with a certain overlap that raises questions regarding the scope of the application of single 'rights'. In particular, it remains open how 'social protection' (No. 12) relates to the specific sections dealing with traditional benefits such as 'unemployment benefits' (No. 13), 'old age income and pensions' (No. 15) or 'long-term care' (No. 18). At the same time, a new wording is being used in order to address minimum subsistence, namely 'minimum income' (No. 14). The European Commission has decided to use this term 'explicitly for the first time, replacing more generic terms such as 'social assistance' or 'sufficient resources' (see SWD [2017] 201 fin., p. 56). Clearly, the idea was to refer to a particular function of social benefits instead of the way in which the provision of benefits is being organised in the Member States.

Second, the EPSR tries to also take up all already existing social policy initiatives, e.g. the 'Youth Guar-

antee' or the recommendation on the active inclusion of people excluded from the labour market, as well as international agreements, e.g. the UN Convention on the Rights of Persons with Disabilities. It is sometimes the combination of general and concrete statements which causes serious doubts. No objection can be raised to the goal of providing support for dependent persons as it is laid down in No. 18 EPSR: 'Everyone has the right to affordable long-term care services of good quality'. But the wording of this 'right' does not end there and it is accompanied by the following sub-phrase: 'in particular home-care and community-based services.' To put emphasis on 'home-care' might still seem

sensible as the distinction between ambulatory and stationary services is basic, and there are good reasons to make an effort to provide dependent persons with the necessary care in their homes. Yet, the reference to 'community-based services' does not make sense to the same extent. It hints at a specific form of administration, although it should be left to the discretion of every legislator to choose the most appropriate way to organise effective benefits systems. This holds especially true if one takes into account the huge varieties and the often existing fragmentation of long-term care benefits systems in EU Member States.

Two particular points deserve attention. The right to a minimum subsistence, the 'minimum income' mentioned above ('Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services'), does not only play a crucial role in guaranteeing human dignity to every EU citizen. Its EU-wide realisation is also a very important condition for the actual freedom to move within the EU without giving room for social benefits-based migration incentives which might jeopardise the whole process of European integration (see Becker, 'Migration und soziale Rechte', ZESAR 2017, pp. 101-108). Therefore, the present process to introduce universal social assistance, where such benefits have not been granted so far, merits support. Yet, its successful completion lies in the hands of the national governments. The power of the EU is restricted to the 'social protection of workers' (Art. 153 par. 1 lit c, par. 2 lit b TFEU), whereas the 'combating of social exclusion' may only lead to the adoption of 'measures designed to encourage cooperation between Member States' (Art. 153 par. 1 lit j, par. 2 lit a TFEU).

The division of powers and the restricted competences of the EU in the field of social policy also



play a role when it comes to the implementation of the 'right' to 'social protection'. This right is designed to protect not only employed earners but also the self-employed: 'Regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection.' Reasons for this are the changes in the labour markets, especially due to digitalisation, and new forms of employment. Again, it should be a common goal to react to these changes in all EU Member States as far as the necessary adaptation of social protection systems is concerned. Yet, it remains not only questionable whether the EU is competent to enact legally binding measures based on Art. 352 TFEU in this respect. It will also be very difficult to formulate an EU directive in such a way that the provisions are clear and detailed enough to lead to enforceable obligations of the Member States on the one hand, and that they are, on the other hand, flexible enough to solve all problems of coverage through, and coordination between, systems without undermining the existing national responsibilities.

(2) The outcomes of financial crises are an important issue for research in the Department. Its impact on social rights and the mechanisms used to find a balance between economic pressure and social protection both at European as well as at national level deeply affect the welfare state and give, at the same time, hints on how a European Social Market Economy could and should work, and what the basic principle of security in social law means (see Becker, 'Security from a Legal Perspective', *Rivista del Diritto della Sicurezza Sociale* 3/2015, pp. 515-524). In this context, the role of social law is of particular importance, as has been made clear by Dr. Anastasia Poulou in two articles (see 'Financial Assistance Conditionality and Human Rights Protection: What is the Role of the EU Charter of Fundamental Rights?', *Common Market Law Re-*

view 54/2017, pp. 991-1025; 'The Liability of the EU in the ESM framework', Case Note on Joined Cases C-8/15 P to C 10/15 P *Ledra Advertising and Others v. Commission and ECB*, *Maastricht Journal of European and Comparative Law* 24/2017, pp. 127-139) as well as, in a very fundamental way, in her prize-winning dissertation (*Soziale Unionsgrundrechte und europäische Finanzhilfe: Anwendbarkeit, Gerichtsschutz, Legitimation*, 2017). The reactions of the Greek courts concerning the first wave of cut-backs in pension rights have been analysed and critically assessed from a human rights and constitutional law perspective in another dissertation thesis by Dafni Diliagka (*The Legality of Public Pension Reforms in Times of Financial Crisis: The Case of Greece*, 2017). Moreover, the overall process of crisis-driven reforms of social benefits systems is subject to a project in which researchers from nine EU Member States take part.

Another major focus in research activities was on the failures and the future prospects of the so-called Common European Asylum System (see below, 2.4).

2.2 MODERNISATION

(1) The welfare state continues to be in a phase of adjusting to economic and societal changes. This phase marks the third stage of the development of social law: Following the first phase of seminal achievements in social insurance legislation which was adopted in the 1880s during the Bismarck era, and the second phase of extension of the welfare state particularly between the 1950s and the 1970s, the task is now to find new answers to a changing environment: to new household patterns and new social roles within families; to changes in the labour markets brought about by growing internationalisation and automatisisation; to the outcomes of demographic processes and migration.



Behind the on-going reforms of social benefits systems is, on the one hand, the endeavour for more efficiency and better targeting. In this context, it is not by chance that both in health care and in employment promotion, attempts at quality assurance are becoming more significant. At the same time, the concept of self-responsibility is experiencing a renaissance. One may call the social policy concept behind these developments an investment state policy, and respective reforms are often criticized as being 'neo-liberal'. However, they are by far more complex and differentiated than what those statements make us believe. Looking at the overall range of social state intervention, it is hardly appropriate to speak of an extensive decrease in state responsibility as regards social protection. The activation strategy adopted in employment policy is, rather, highly ambitious and characterised by the endeavour to integrate all employable persons into the labour market.

In family policy, too, the state is now trying to exert a stronger influence on societal processes. It is based on the expectation that the protecting and

supporting state may, in return for his services, expect a certain degree of personal efforts taken on the part of its citizens, as well as some input in order to increase the benefits to society. The emphasis on self-responsibility in the welfare state cannot do without a considerable degree of paternalism, at least if we look at it in the context of the on-going demographic and societal changes. True, it is uncertain how much involvement of the so-called civil society is possible and desirable without this compromising the reliability of necessary social corrections, and how much competition and how many alternatives social benefits systems can take while still continuing to fulfil their functions.

(2) Several of the aforementioned changes have been significant for the research work of the Department.

Social Security and Long-Term Care Dependency: Germany is considered a pioneer in establishing social insurance against the risk of long-term care dependency. Due to this, a large number of guest researchers have visited the Institute

to draw on the expertise available. In this way, the Institute has been considerably involved in the introduction of a similar insurance in Japan by supporting Japanese guests through descriptive publications. However, there exists rather little comparative literature on the legal aspects of long-term care dependency. This gave reason to conduct a project assessing the juridical aspects of long-term care dependency in a comparative analysis including twelve country reports. The focus of the study lies on service provision law, the quality of the services and the measures taken to ensure the independence of the parties involved. The comparative analysis that was published in early 2018 under the title 'Long-Term Care in Europe – A Juridical Approach' reveals different approaches to the implementation of long-term care services across the countries.

Ageing of the Workforce: The ageing of the workforce due to increased life expectancy poses new challenges for the provision of adequate social protection in European welfare states. In cooperation with the Institut de l'Ouest: Droit

et Europe (IODE) of the Université de Rennes 1, the Institute organised and hosted an international and interdisciplinary workshop on 'Longevity and Employment Biographies: The Challenges of Social Protection in Europe'. The project has looked into fundamental issues regarding the modernisation of social security and protection in the working environment in both social and labour law. It comprises national case studies for the purpose of comparison. An edited volume of the revised contributions was published in 2018.

Family: An on-going research interest at the Institute lies in the social law provisions and family policies for lone parent families. In the recent past, the research activities in this field focused on social protection for fragmented families and poverty risks of lone mothers. One of the Institute's contributions was published, among others, in a conference volume in 2016 (Obiol Frances/di Nella [eds.], *Familias monoparentales en transformacion. Monoparentalidades transformadoras*). Moreover, the article 'Addressing Poverty Risks of Lone Mothers in Germany: Social Law Framework





and Labour Market Integration' has been included in the edited volume 'Family Realities in Japan and Germany. Challenges for a Gender-Sensitive Family Policy' (Meier-Grawe/ Motozawa/Schad-Seiffert [eds.], 2018).

Work 4.0: In the context of the digitalisation of the workplace and new forms of work, the challenges for the social security systems are being investigated in a new project on 'The Digital World of Work 4.0 – Challenges for Social Security Systems', which started in January 2017. The project includes topics such as crowd work and work on demand via apps. While research in related labour law is well underway, the social law perspective has rather been neglected. The current research project is aiming to provide responses to the current challenges connected to the platform economy through comparative analysis of social protection of digital workers in Europe, Russia and the US. Apart from that, the project will examine cross-border challenges and possible regulatory options at European and international levels.

2.3 TRANSFORMATION

In emerging countries characterized by rapid economic growth and growing social inequality, the development of social security systems as an instrument of social integration and stabilisation is of fundamental importance. This concerns a process of transformation: from traditional forms of social protection to modern or new forms that are to keep pace with the social, economic and ecological consequences of development.

From a legal perspective, research on transformation in this sense must be centred on exploring both the universal legal order behind social protection and the problems related to its implementation by way of well-functioning social benefits systems.

(1) It is an increasingly important task of the international community to provide normative guidelines, a legal framework based on common values and consisting of universal regulatory models which may ease orientation for national legislators concerning the setup and maintenance of social protection systems. An important part of such systems, naturally, are benefits schemes, and their creation is of core significance in countries that lack such structures. In this regard, the International Labour Organization (ILO) and the norm setting initiated by it in the field of social security continues to deserve attention – and particular attention at that, since its role to contribute on a worldwide basis to the setting of social norms is and continues to be a precarious one in view of the dissimilar pace of development at national level on the one side and that at international level on the other side.

Yet, human rights gain more and more importance also in this regard as they are assumed to be both comprehensive and universal and as social rights form part of international human rights

law. The orientation of the ILO towards the recommendation of social protection floors can also be understood in this context, since it seeks to establish comprehensive social protection that is dissociated from the traditional organisational structures of the developed welfare states, even if this means that such protection can only be developed gradually. Nevertheless, the problem with universal approaches, and also with human rights in this context, is that they need to be implemented within the particular environment of national legal and social norms, and other actual circumstances. Against this background, the project on 'Recommendation on Social Protection Floors: Basic Principles for Innovative Solutions' led by Dr. Tineke Dijkhoff aimed at investigating in how far the ILO recommendations have actually been met by those social protection schemes which were set up in different developing countries and can be regarded as innovative as they do not just follow the traditional social security path. The results were published in a book of the same name in 2018.

(2) Quite obviously, the lack of resources and bureaucratic infrastructures in developing countries limits their possibilities for building up adequate social protection systems in the short range. Yet, even where economic power is growing and where precisely this fast pace of growth is heightening social inequalities and risks, thus representing a possibility and need for state intervention, there are many reasons why the mere adoption of certain models will not readily meet with success. An important reason tends to be the existence of a large informal sector, another is weak governmental structures. Lack of comprehensive formal social protection may be a reason to involve non-governmental organisations in the provision of social benefits. The regulation of these organisations has become an issue of considerable concern as many states try to control their activities in order to restrain potential

political influence from abroad. This does not only interfere with the freedom of associations but also raises the by far more innovative question dealt with by the dissertation project of Jihan Kahssay: In which manner do such restrictions also pose legal problems with regard to social rights?

In the same context, social security in developing and threshold countries has come into the focus of several research projects regarding the state of social security in Africa, in particular the formalisation of social welfare, public participation in African constitutionalism, free movement of persons and access to health care within ECOWAS countries and the responsibilities of Member States and UN agencies for African social protection.

2.4 MIGRATION ISSUES

(1) In December 2014, the Department launched a project on the social protection of asylum-seekers in European countries. The resulting studies were published in *Zeitschrift für ausländisches und internationales Sozialrecht* in 2015, at the same time when Germany had opened the frontiers and taken in a great number of asylum seekers. The results show a patchwork of regulations and provisions across the EU Member States with a wide range of services varying according to type, modality and scope as well as the stage or type of asylum procedure. The so-called refugee crisis and the intensive discussions on the accommodation of refugees have not only provoked a statement on how to react to the challenges (Becker/Kersten, 'Demokratie als optimistische Staatsform', *Neue Zeitschrift für Verwaltungsrecht* 2016, pp. 580-584), but have also lead to an article which, by taking up own scientific findings worked out already during the last century, deals with the fundamental questions at stake (Becker, 'Die Zukunft des europäischen und deutschen Asylrechts', in: Walter/Burgi [eds.], *Die*



Flüchtlingspolitik, der Staat und das Recht, 2017, pp. 55-116). In particular, it raises and answers three questions: Whom to protect? How to protect? Who should be responsible for protection?

(a) As regards the first question, the EU has refined the conditions for protection. Besides the traditional approach as laid down in the Geneva Convention on Refugees, it has introduced subsidiary protection for those individuals who are at a 'real risk of suffering serious harm', including victims of civil wars who were, in terms of the right of residence, in legal limbo before. In a way, this also incorporates the principles of non-refoulement applicable in current human rights law into a more comprehensive right to asylum. We only may ask whether this development goes far enough. Should we not also have to include those who cannot, in their home countries, lead a humane life due to the lack of any means to establish a materially sound basis of existence? And would we not also have to acknowledge a legal responsibility for those who have to flee because of natural disasters if we take into account that

those catastrophes have, with good reason, to be seen as resulting from the existing economic world order?

Both questions have, although raised with all justifications, to be denied as we have to accept some very fundamental elements of a global political community. One reason is that if we linked eligibility for asylum solely to the need for protection, those states that have succeeded in ensuring an adequate standard of life to their citizens would generally have to open their borders. In doing so, they would be held liable for the failure of other states. Not only factually would this be too much to handle. Such an obligation would contradict the basic assumption that all states enjoy autonomy and their own right to existence. The other is that legal and moral responsibilities are different. The current state of the law and its general (international) legislation does not substantiate any state liability for the outcomes of natural disasters or of other crises worldwide. Rather, it leaves room for political and ethical debates on the assumption of further-reaching responsibilities which can only be developed into binding guidelines by way of contractual agreements.

(b) As for the two other questions, it has to be stressed that we should not turn away from the right to asylum as a human right despite its undeniable particularities. First, it is important for every political community to become clear about, and to define, its own and specific responsibility with regard to the accommodation of refugees. Second, international cooperation is necessary in order to shoulder the huge task of reacting in a proper way to major migration flows resulting from civil wars or other existential crises in many parts of the world. In Europe, the European Union has to take a leading role. Despite all difficulties, this also offers an opportunity for the future of European integration, at least if this integration should not only aim at al-

lowing short-term economic advantages for a good number of Member States but at maintaining common constitutional values, in particular the rule of law and the protection of human dignity.

Of course, considerable efforts will be necessary, and it is obvious that serious challenges have to be met. The EU has to speak with one voice as far as its external relations with home countries of refugees and third countries able to provide protection are concerned. Within the EU, external borders need to be controlled effectively and this has to be understood as a common task financed by all Member States together. Conditions for granting the refugee status or subsidiary protection as well as the procedural provisions for those decisions have to be harmonised further, and common standards for the accommodation of refugees have to be developed. This goal will not be attainable without a minimum level of pressure, and not without central decisions on the distribution of those who need protection, combined with appropriate economic incentives. It is true that the Treaty on the Functioning of the EU speaks of 'solidarity' as a basis of the so-called Common Asylum Policy. Nevertheless, we cannot simply expect solidarity to be a given fact. Solidarity needs to be realised by law, be it through solidarity between the members of the European societies or solidarity between the Member States.

(2) In the context of migration issues and in addition to research on the general relation between migration and social rights and the particular relation between the right to free movement within the EU and the granting of social benefits (see 2.1), two new projects were taken up in the reporting period dealing with the reception of crisis migrants across several countries in Africa, Europe and Latin America and with the legal rights and living situations of excluded migrants.

(a) From the study on social protection of asylum seekers in European countries emerged the research project on 'Crisis Migrants', an international collaborative undertaking organised with the University Of California Davis School Of Law (UC Davis). The project, which was initiated in April 2016 examines how national and regional laws deal with the political tension between the pressure to admit crisis migrants and the reluctance to integrate them due to societal concerns. The main interest lies in how the law accommodates crisis migrants by investigating the legal categorisation of crisis migrants, their rights to remain and work in the receiving state and their entitlement to social benefits. The regional contributions cover Africa, Europe and Latin America. The findings will be published in an edited book.

(b) The second project on the challenges of migration is set out as an interdisciplinary study in cooperation with our Department of Social Policy (MEA). The project 'Lost Potentials? The Rights and Lives of the Excluded' is part of the research initiative 'The Challenges of Migration, Integration and Exclusion' of the Max Planck Society. It aims at gaining insights into the legal and political factors that create and solidify mechanisms of exclusion, as well as into the socioeconomic consequences of exclusion for migrants. Taking the migration to Germany since 2012 as a case study, the legal part of the project will provide a systematic analysis of legal statuses and corresponding social rights in order to derive conclusions as to the chances of integration for each group of migrants. The results of this analysis are planned to be published as an article. The results drawn from the legal part of the project will also serve as hypotheses to be tested in the empirical study, which will be conducted by MEA. Together with the conclusion from the legal part, the results from the quantitative study will be used to elaborate alternative policy approaches.

2.5 EMPIRICAL RESEARCH

Over the recent years, the Department has been pursuing its own empirical studies from time to time. Examples are the project on mediation in social jurisdiction (completed in 2011) and the project on 'The Right to Hear a Specific Physician (Section 109 SGG) – Dogmatic Classification of a Controversial Procedural Instrument with regard to Social Court Practice' (Dr. Daniela Schweigler, completed in 2013). A new dissertation project continues this line of research and studies the role and function of intra-administrative appeal proceedings (Widerspruchsverfahren) in social law cases, both in theory and in its actual application (Nina Schubert, see below 3).

Equally, Dr. Sergio Mittlaender adds to the Institute's activity in empirical research through his focus on experimental research in the area of behavioural economics. His projects comprise an experiment investigating the effect of exclusion and inclusion of less skilled individuals on their cooperative behaviour followed by a comparison of inclusion policies. A second experiment building on the prisoners' dilemma game explores the aspect of cooperation as a foundation for community insurance and protection in countries where social security insurance is not yet well-developed.

Apart from that, the Institute hosts and maintains SPLASH (Social Policy and LAw SHared database; formerly PERFAR, Population Europe Research Finder and Archive). This data portal launched in January 2015 allows users to explore the linkages between policies and population developments by offering a broad collection of policies related to population developments throughout Europe, a catalogue with links to socio-economic and demographic data, and an online repository for related research results. Researchers at the Institute use

SPLASH as a tool for the systematic analysis of social benefits schemes and the identification and coding of relevant indicators, thereby combining qualitative and quantitative methods.

2.6 HEALTH LAW

The Department has always been following a number of projects on health law issues – be it different doctoral projects (e.g. Ilona Vilaclara, *Kooperative Kostensteuerung in der Versorgung mit medizinischen Hilfsmitteln*, 2015, or: Julia Peterlini, see below 3), be it a scientific commentary on the German statutory health insurance system (Becker/Kingreen [eds.], *SGB V, Kommentar*, 5th edition 2017) or a comparative project on the right to health in emerging countries.

From 2010 to 2014, a project on personalised medicine has laid the organisational and topical fundament for a small health law unit within the Department. The interdisciplinary exchange on ethical, economic and legal questions concerning stratifications and individualisation of medical treatments within the framework of the cooperative project on 'Individualised Health Care' has led to new research questions. One is how innovative methods can be introduced to the public health system by way of 'managed entry agreements'. Another project addresses the question of how to coordinate access of pharmaceuticals on the one hand, and of medical products on the other if both are combined, e.g. if a specific use of a pharmaceutical depends on a specific diagnostic tool (Becker/v. Hardenberg, 'Companion Diagnostics in der GKV', *Medizinrecht* 2016, pp. 104-109).

The Department also takes part in a joint project on demand planning concerning ambulatory medical care within the German statutory health insurance. The statutory instruments laying down

relevant factors such as the number of physicians, the different groups of physicians and the design of planning areas have yet to be adopted by the Joint Federal Committee (Gemeinsamer Bundesausschuss). Part of this care research study is to analyse the legal framework and the legal validity of possible innovative approaches.

3 PROMOTION OF JUNIOR RESEARCHERS

Doctoral Research

The promotion of junior researchers is assigned a special rank among the activities of the Department. This applies both to university teaching and to the mentoring of doctoral candidates, who are furnished with excellent working conditions at the Institute. The latter are, as a rule which enjoys some exceptions, brought together in doctoral groups. A doctoral group is a group of four or more doctoral candidates who are engaged in specific dissertation projects within the overall frame of a more or less broad principal topic to start out from. A group of this sort may be joined by doctoral students who work on separate, topically different research projects. The aim of such cooperation in the context of a doctoral group is to create an intensive exchange of views on common methodological foundations as well as on issues relating to academic work procedures and individual thematic problems. In this way, these groups are designed like small, informally organised graduate schools.

During the early stages, the general, theoretical and methodological principles are provided, along with the basics of social law as well as the essentials of academic work procedures including issues of form and content. This includes the methodology of comparison, the peculiarities of

social law, and the significance of social policy for the development of social law. At a later stage, the focus usually lies on the respective projects, both with regard to conceptional questions and to individual problems that might occur in the course of the research process.

The work of a new doctoral group is launched in a brief retreat of one or two days. Regular meetings at the Institute are organised in order for the group members to keep updated on their progress. These activities are sometimes rounded off by workshops, organised by the group members themselves or by other institutions, with doctoral students from other universities for the purpose of discussing their theses within a larger circle of junior researchers, thus also becoming familiar with other work styles.

From 2015 to 2018 four doctoral groups as well as five individual projects were supervised at the Institute. In 2015 a new group started research on the 'Enforcement of Social Rights' investigating various aspects of the implementation of social rights. The group comprises comparative projects as well as empirical research. The second doctoral group on 'The Triangular Benefit Delivery Relationship in Social Law' started in 2007 and continues with two remaining projects taking a comparative approach towards the topic. Another doctoral group formed in 2012 focuses on 'Social Law as a Specific Field of Administrative Law'. The members address social law issues in connection with problems inherent to general administrative law. As for the fourth group dealing with 'Social Security and Long-Term Care Dependency', which started in 2010, the final project was published in 2016.

Thematically independent dissertations include research papers on the legality of public pension reforms, the regulation of non-profit service pro-

viders, health promotion and disease prevention policies, the post-licensing evaluation of pharmaceuticals and the history of social insurance.

Lectures and Courses

The director of the Department of Social Law holds seminars each term at the Faculty of Law at Ludwig Maximilian University Munich. He teaches Social Law on a regular basis within the framework of different elective courses (Labour and Social Law; Health Law). In this context, he participates in the preparation and correction of written examinations. He also regularly acts as an examiner in the First State Exam in Law. Moreover, the director regularly holds visiting professorships, e.g. in Belgium, Brazil and Japan.

Several staff members of the Department have also been employed at the Faculty of Law at Ludwig Maximilian University Munich as session leaders of study groups and as correctors. The participation of Department members in academic

teaching is to serve both the promotion of young scientists as well as to contribute to the training of legal scholars with expert knowledge in social law.

4 OTHER ACTIVITIES

Transfer of Knowledge and Counselling

Besides conducting its own research projects and promoting junior researchers, the Institute also strives to communicate its findings on German, European and international social law at home and abroad, especially by participating in diverse conferences, workshops and lecture events. This very often also involves exchanges with experts from practice working at ministries, associations and social benefits institutions, as well as with politicians. In this way, the Institute also enables its staff to take practice-related issues as an opportunity for further in-depth study or for the reconsideration of hypotheses.



At the same time, the exchange serves to offer counselling in a broad sense. This service constitutes an important opportunity for the Department to convey the contents of its research and to make it available for practical application. This is true both for involvement in the preparation of legislative measures in Germany (e.g. in connection with the reform of old age pensions – 'Rentendialog' – in the context of work-level discussions at the federal ministry involved) and for talks with foreign members of the public service or researchers who visit the Institute in order to learn about the developments in social law.

A Meeting Place for Dialogue

The Institute enables scholars to conduct social law and social policy research in a first-rate environment whose resources are unrivalled inside and outside Germany. One significant factor in this context is its library, which holds the largest collection of literature on social law and social policy worldwide. These work facilities as well as the expertise of its staff have made the Institute an internationally recognised centre for social law studies and a meeting place for researchers interested in social law and social policy. This again attracts many guest scholars from Germany and abroad.

Publications

The findings of scholars employed by the Institute are not only published in German and foreign scientific journals. The Institute also offers its own channels for social law publications. It publishes the *Zeitschrift für ausländisches und internationales Arbeits- und Sozialrecht* (ZIAS), its own journal for foreign and international labour and social law. In addition, the Institute puts out two serials entitled *Studien aus dem Max-Planck-Institut für Sozialrecht und Sozialpolitik* (formerly: *Studien aus dem Max-Planck-Institut für ausländisches und in-*

ternationales Sozialrecht) and *Schriftenreihe für internationales und vergleichendes Sozialrecht*. The Institute's former *working papers series* has been renamed and is now published under the title *Working Papers Law*. A new series of working papers called *Social Law Reports* was launched in 2015 in order to publish reports on the development of national social laws worldwide. Worth mentioning also is the series *Schriften zum Sozialrecht* (Nomos Verlag, Baden-Baden), a monograph series on German and European social law edited by a large group of (initially) German professors of social law and initiated by the director of the Department under the title *Schriften zum deutschen und europäischen Sozialrecht*. It has meanwhile established itself as one of the most widespread series for monographs and, particularly, dissertations related to social law in Germany.

II – SOCIAL POLICY THE MUNICH CENTER FOR THE ECONOMICS OF AGING (MEA)

Axel Börsch-Supan

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This overview sets out MEA's mission (Subsection 1.1) and the organizational structure that harnesses the combination of analytical work and data collection characteristic for MEA (Subsection 1.2). Subsection 1.3 summarizes the main achievements in the three recent years. It is structured by the analytical and infrastructural research units that make up MEA. In addition, we briefly describe the support for junior researchers and summarize our public policy advice and media impact. A research outlook concludes this overview (Subsection 1.4).

1 MISSION

Demographic change is one of the grand challenges of the 21st century. Its sheer dimension is historically without precedence: the number of older individuals in relation to the number of young and middle-aged individuals will double in almost all European countries and the US, and will increase even faster in Asia. The implications for our social systems (public and private pensions, health care, long-term care, and in a broader sense also social cohesion and intergenerational exchange) are complex and require formal analyses to be correctly understood. While social, economic and health care reforms have addressed some of the implied challenges, backlashes have also occurred and are an important subject for analysis.

Against this background, MEA was founded to help evaluate, anticipate and accompany the micro- and macroeconomic aspects of this historical demographic change. MEA's mission is to develop and administer models that predict the underlying developments and provide a scientific framework to analyze policy measures that strengthen the positive and mitigate the negative aspects of these developments. Empirical work is central. MEA's models are based on German, European and global data. They are to a signifi-

cant extent collected by MEA itself. In this sense, MEA resembles more the Max Planck Institutes in the natural sciences than their sister Institutes in the human sciences section since MEA builds up a large research infrastructure for data on aging – SHARE, the Survey of Health, Ageing and Retirement in Europe – and uses it for its analytical research. Models at MEA that use these data include overlapping generation models on the macroeconomic level, simulation models of the dynamics of pay-as-you-go pension systems and microeconomic models of economic, health and social behavior.

While the work at MEA is primarily targeted at scientific publications, its mission includes communicating its research results to the policy commu-



Director Prof. Axel Börsch-Supan, Ph.D.

nity and the public at large, including substantial efforts of scientific consulting for governments in Germany, in the European Union and elsewhere, the OECD, the WHO and the World Bank.

A central research strategy of MEA is to exploit the international variation in policies and historical experiences in order to better understand the effects of social and labor market policies geared at addressing demographic change. This is why MEA is designing SHARE as an international research infrastructure, although it is a major enterprise which takes up about two thirds of MEA's human resources, and why MEA is a member of so many international research networks. This strategy has given MEA great international visibility.

As MEA's name suggests, the Center's core analytical work is geared to economics. Interdisciplinary collaboration, however, with empirical sociology, cognitive psychology and epidemiology has grown extensively since MEA was first founded. Cooperation with the social law department adds depth to MEA's institutional modelling. The huge immigration wave of 2015 and the increase in immigration since have brought new challenges that MEA and the social law department are addressing jointly. MEA also undertakes methodological research to accompany its various data collection efforts, especially in SHARE. MEA and SHARE have intensified cooperation with the field of biology of aging by finishing the largest collection of Dried Blood Spots (DBS) which promises new insights into the social determinants of chronic diseases, especially diabetes, cognitive decline and dementia.

2 STRUCTURE

MEA is structured into four research units: Social Policy and Old-Age Provision, Macro Implications of Demographic Change, Health Econometrics, and SHARE.

The research unit **Social Policy and Old-Age Provision** is the closest to actual policy, especially to public pension policy in Germany. We study the reform process towards a demographically more stable multi-pillar public pension system and its recent backlashes in Germany. We use a detailed simulation model (MEA-Pensim) to analyze policy reforms of the German public pension system. We also exploit multiple data sets, many of which are collected by MEA (e.g. SAVE, SHARE and the record matched SHARE-RV data) to monitor households' reactions to pension reforms, for example in terms of expectation formation, retirement behavior, adaptation of savings behavior, and the prospect of future pension adequacy.

A second pillar of this research unit is our work on international comparisons. We exploit the SHARE data to study retirement behavior, especially the interaction between work and health. MEA has also taken the lead of the International Social Security project, formerly led by Jon Gruber and David Wise, together with Courtney Coile, under the auspices of the National Bureau of Economic Research (NBER) in Cambridge, Mass., USA.

In its recent theoretical and econometric work, researchers study the advantages and dangers of so-called flexible retirement reforms which have received much prominence in order to spare politicians the hard decision to increase retirement ages – unsuccessfully, as we will argue below.

The research unit **Macro Implications of Demographic Change** has undergone a major change

towards migration analysis in responding to the huge immigration wave in 2015. We have started several new projects including an effort to collect data among documented and undocumented migrants. The free movement of persons within the EU and the refugee influx made Germany the second most important immigration country within the OECD after the USA (OECD Migration Outlook 2017). MEA's work concentrates on the question in which dimensions the demographic change associated with the recent immigration will impact the social systems. This depends on who is actually immigrating; whether these immigrants can be integrated into the labor market and social security systems; how long they want and will be able to stay; and how this interacts with the complex legal system of immigration in Germany. The latter question is tackled together with our Institute's Department of Social Law.

The unit continues to construct dynamic general equilibrium models. This work centers on the con-

sequences of demographic change for growth, capital accumulation and returns on investment, international capital movements, consumer demand and productivity as a function of social policies. Our main work horses are several variants of overlapping generation models which are calibrated to historical data of the three major European economies – France, Germany and Italy – with their strong variation in demography and social policy. Our recent work has introduced elements from behavioral economics into these models such as households that are myopic, time-inconsistent and procrastinating. This has far-reaching implications for pension policy and welfare analyses.

The third analytic research unit is devoted to Health Econometrics. It adds health and life expectancy to the abstract figures of modern economics. Key economic decisions taken by individuals, such as labor force participation and savings behavior, depend on their health status – just as, vice-versa, people's economic and social status will influence



The staff of the Munich Center for the Economics of Aging (MEA)

their health and longevity. This correlation is based on numerous – partly self-reinforcing, partly countervailing – mechanisms such as the effect of education on health behavior; the potentially rationing effect of the health care system and its financing in particular the design of insurance systems; the design of the workplace with a view to occupational health and ergonomics; the effect of serious illness on performance ability, often already experienced by school children; and the effect of the general macroeconomic environment on long-term health outcomes.

Measuring and identifying the importance of these mechanisms in each individual case with its life circumstances constitutes a difficult empirical task which is supported by SHARE, especially its life histories, and other data sources. Specific projects on which we are currently working include the effects of retirement on health and cognitive abilities, and the long-term effects of fertility and labor market choices on parental health. Their analyses are difficult due to the various selection effects in observed populations. Hence, our focus is on exploiting specific 'historical experiments' and advancing econometric methods which permit a clean identification of causal effects.

SHARE, the 'Survey of Health, Ageing and Retirement in Europe', is a major investment into a research infrastructure by MEA. As already emphasized, this makes MEA very different from other Max Planck Institutes in the Human Sciences Section. SHARE is the counterpart of the US Health and Retirement Study (HRS) but now encompasses 28 European countries rather than one single country. One of the major achievements was the extension of this sample to all 26 Continental European Union member countries plus Israel and Switzerland. SHARE's objective is to provide a sound scientific basis for empirical analyses in the

research units on social policy, macro implications and health econometrics.

SHARE uses strictly harmonized methods to collect data on health, economic status and social integration of persons aged 50+ in a large sample of more than 80,000 individuals. The focus is on the interdependence of these characteristics. SHARE is based on (a) an extensive thematic and multidisciplinary scope with measurements that are as objective as possible, (b) longitudinality, and (c) strict cross-national comparability with ex-ante harmonized survey tools and methods. This setup enables the users of SHARE at MEA and in the worldwide research community to perform comparative analyses of the causes for, and the effects of, social, economic and health-related developments in the course of demographic change on an international scale.



The micro data of SHARE are complemented by the institutional and context data provided by a new joint project with this Institute's other Department of Social Law: the Social Policy and Law SHared database (SPLASH). This data base includes quantitative and qualitative institutional information about the welfare states in Europe. SPLASH is designed to help researchers to perform policy analyses with SHARE and other micro data, especially to perform comparative analyses of social policies over space and time.

Analytical research and data collection are tightly linked in MEA as can be seen by the matrix (Figure 1.1 on the following page) which indicates the number of projects in each research unit and the data sources used. 'Survey Methodology' refers to the methodological research mainly done by the SHARE unit, and 'Ageing and Society' to projects that span across the four research units described above. The migrants' database and SPLASH are still under construction.

Figure 1.1 shows how important MEA's data collection is for its analytical work, especially SHARE, on which almost half of all projects rely. For instance, the research unit 'Social Policy' has worked on a total of 44 research projects. 17 of these projects use SHARE data, 15 projects use the SAVE panel that was discontinued in 2014, 22 projects employ external data, e.g. the German Socio-Economic Panel, and the 12 projects using 'other MEA data or infrastructures' mainly refer to the 'MEA-Pensim' simulation model. The research unit 'Macro Implications' uses SHARE for calibration. We expect in-

tensive use of the SPLASH policy database once the life histories of Wave 7 will be released.

Currently, MEA employs 46 members including the director and administrative staff. The combination of data collection tasks and analytical research makes for a complex and challenging organization. Data collection with its professional and routine tasks requires a strict organization and long-term experienced staff, while analytical research demands spontaneity, lots of freedom and a high turnover of fresh minds.

		thereof using					
	Number of projects			Migrants	SPLASH	other MEA data + infrastructures	external data
<i>Social Policy</i>	44	17 39%	15 34%	0 0%	0 0%	12 27%	22 50%
<i>Macro Implications</i>	21	8 38%	1 5%	2 10%	0 0%	9 43%	9 43%
<i>Health Econometrics</i>	33	17 52%	1 3%	0 0%	0 0%	0 0%	17 52%
<i>Survey Methodology</i>	17	13 76%	0 0%	0 0%	0 0%	0 0%	4 24%
<i>Aging & Society</i>	7	2 29%	0 0%	0 0%	0 0%	0 0%	5 71%
All areas	122	57 47%	17 14%	2 2%	0 0%	21 17%	57 47%

* projects may use several data sources, hence row percentages do not add up to 100%.

External data are often used in combination with MEA data, e.g. combined analyses of SHARE and HRS or ELSA.

Figure 1.1: Number of Projects in Each Research Unit and Data Sources Used

3 MAIN ACHIEVEMENTS

3.1 SOCIAL POLICY AND OLD-AGE PROVISION

As described above, this unit mainly analyses pensions, social security and old-age provision in Germany, Europe and the world.

(a) Pension Policy in Germany

MEA-Pensim continues to be a central work horse of research of the social policy unit. It is the only non-government pension simulation model that allows for the simulation of the future development of the German public pension system. MEA-Pensim takes into account the current population structure and allows for different alternative demographic and labor market scenarios in the future. Despite the complexity of the model it is easy to handle so that reform options that are being discussed can be implemented in the model and their consequences be analyzed at relatively short notice.

In the past, MEA-Pensim has been continually updated with respect to changes in the underlying model parameters. For instance, we considered the large migration inflow into Germany for the future development of the labor market and its consequences for the pension system and updated the population forecast in accordance with the German Federal Statistical Office. We also included the pension reforms in 2014 and their impact on the labor force participation and pension claiming behavior. We ran various simulations related to the reform discussions in the context of the 'Dialog Alterssicherung' – a round table of pension experts that met regularly during 2016 with German Labor Minister Andrea Nahles. The results were published very timely in the *ifo Schnelldienst* in September 2016 (Börsch-Supan et al., 2016) and picked up prominently in the public media.

Outcomes from MEA-Pensim entered various other projects, for example the pension gap projections (Börsch-Supan et al., 2016, *MEA Discussion Paper* 02-2016) where we estimated the effect of the recent pension reforms on individuals' future pension income and the risk of old-age poverty. We estimated how individuals can fill the emerging pension gap based on their current wealth, income and savings behavior. The results were part of an expertise for the German Council of Economic Advisors (Börsch-Supan et al. 2016, 15 Years of the Riester Pension Scheme – Taking Stock, *MEA Discussion Paper* 06-2016).

A hallmark of this research unit is the combination of policy consulting and academic research. MEA's Social Policy Unit has continuously been an important consultant for pension reforms independent of the governing coalition. After a consultancy project on flexible pathways to retirement, conducted for the German Ministry of Finance at the end of 2014, a scientific paper was presented at the 65th Economic Policy Panel Meeting in Malta and accepted for publication in *Economic Policy* (Börsch-Supan et al., 2017). We compared the effects of flexible retirement rules – including the abolition of earnings tests – in various OECD countries using a synthetic control group approach in order to identify causal effects of such reforms on total labor supply. The results were sobering. In most countries, flexibility meant less total working hours since more relatively young workers reduced their working hours before statutory retirement age than relatively older workers continued to supply labor after statutory retirement age. Figure 1.2 shows the results of a so-called Synthetic Control Model which compares the actual outcome of flexibility reforms in six countries measured as total hours of labor supply by men aged 55-64 and the counterfactual without a reform. Except for Belgium, all reforms resulted in a decrease of labor supply, and even in Belgium, the increase appears to be temporary.

Another subject where government consulting and academic research were cross-fertilizing each other was the uptake of private and occupational saving instruments as a response to the declining replacement rate of public pensions. We analyzed the recent reforms in Sweden and the UK in generating higher old-age incomes with a focus on both the uptake and the governance of supplementary funded pension pillars. Part of the work was consultation for the German Ministry for Economic Affairs and the German Ministry of Labor and Social Affairs. It also resulted in several academic studies on procrastination and financial illiteracy, see below.

(b) The International Social Security Project

The Unit for Social Policy and Old-Age Provision is also the lead and German participant in the International Social Security Project (ISSP), formerly led by David Wise and Jon Gruber, now led by Axel Börsch-Supan and Courtney Coile. The ISSP focuses, among others, on an analysis of the striking reversal of labor force participation among older men and, overlayed by the secular increase, also of women. Phase 8 of the project ruled out most of the potential macroeconomic causes, such as the increases in productivity and better health. The current Phase 9 computes time series of in-

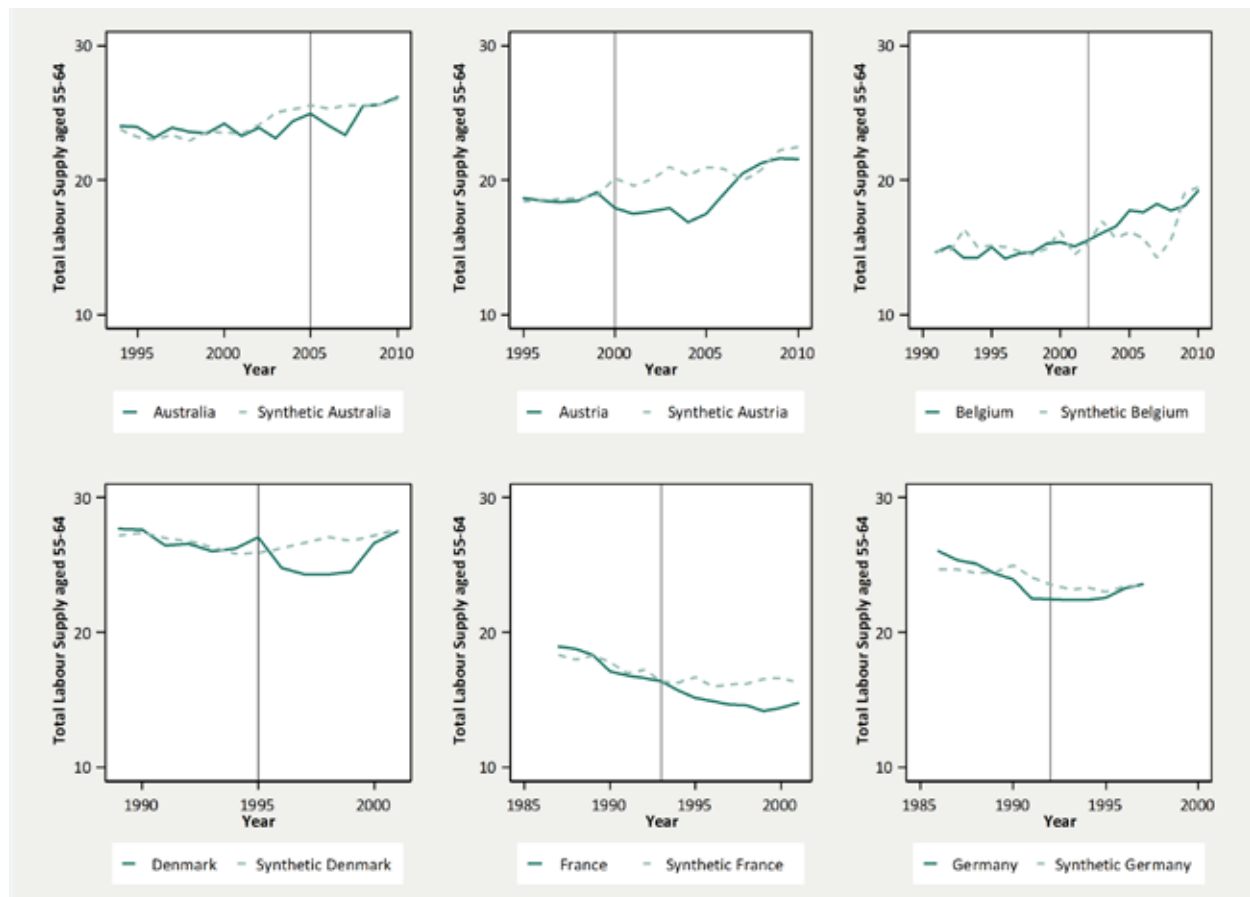


Figure 1.2: Results of Flexibility Reforms in Six Countries

centive variables akin to the cross-sectional analysis in Phase 1 of the project. These variables will be used for micro-estimation in Phase 10, largely based on SHARE data. MEA is now delivering not only the German contribution to the project but also the summary papers for Volumes 9 and 10. This work is funded jointly by the US Social Security Administration and the Sloan Foundation.

(c) Financial Planning and Transparency

In addition to the many projects based on established MEA infrastructures (MEA-Pensim, SAVE and SHARE), researchers in the Social Policy research unit followed a major data collection effort during 2016 and 2017 to better understand how to increase pension transparency. The introduction of multi-pillar pension systems has made financial planning for old age much more complex. The annual financial statements that pension providers send to their clients are not standardized and often unintelligible for normal households. This project develops an app that provides an internally consistent overview of future pension claims from all state, occupational and private pension contracts. We cooperate with researchers from Frankfurt University and several financial service companies which provide pseudonymized account and transaction data.

(d) Health, Disability and Retirement Behavior

Some work of the unit overlaps with the research unit on health econometrics. Most prominently, this includes our work on disability which is part of the NBER's Disability Research Center (DRC), funded by the US Social Security Administration. The first part of this work juxtaposes health measures of work disability (WD) with the uptake of disability insurance (DI) benefits in the US and Europe. It is based on an internationally harmonized data set assembled from SHARE, ELSA (English Longitudinal Study of Ageing) and HRS. Particular

attention is given to life-time health using life history data from SHARE and ELSA plus comparable early childhood and life-course data from HRS. We find that while our large set of health measures explains a substantial share of the within-country variation in WD and DI, this is not the case for the variation across countries. Rather, most of the variation between countries is explained by differences in DI policies.

The second part of this project evaluates the effectiveness of DI benefit programs in delivering protection by following people's health and financial well-being after the take-up of DI benefits. Again, we take advantage of internationally harmonized panel data and the differences across DI programs in Europe and the United States, as well as their changes over time. We use several econometric approaches to account for the potential endogeneity of DI enrollment and sample selectivity. We find that self-reported health stabilizes after DI benefit receipt. Mental health improves more for DI benefit recipients than non-recipients relative to the beginning of DI benefit receipt. This effect is stronger in countries with more generous DI systems. The effects on objective health measures are positive but largely insignificant.

The Social Policy research unit uses SHARE data also regarding other health-related domains. For example, an investigation of the long-term health consequences of recessions on health and the mediating effects of leaving the labor market early were published in *Social Science and Medicine* (Antonova et al., 2017). MEA researchers also used the record-linked SHARE-RV on various occasions, for example, to identify those workers who benefit from the early retirement pathway 'retirement at 63' that was established in 2014. The results were statistically and politically quite significant: beneficiaries of the reform are not the underprivileged as claimed by the government

– they actually have a higher average net household income and are significantly healthier than their longer working counterparts (Börsch-Supan et al., 2015).

Publications by the research unit appeared in *Economic Policy*, the *Journal of Pension Economics and Finance*, the *Journal of Economic Surveys*, and the *Journal of Consumer Affairs*, among others.

3.2 MACRO IMPLICATIONS OF DEMOGRAPHIC CHANGE

This unit has undergone a major change in response to the huge immigration wave in 2015. While the macro unit continued its core focus on aging based on MEA's computational general equilibrium models, the second research area that has focused on age and productivity is in the process of being phased out while financial resources have been shifted towards research on migration and integration.

(a) Age and Productivity

One research project provided insights into the relationship between age and productivity of work teams in a truck assembly plant (Börsch-Supan & Weiss, 2016, *Journal of the Economics of Ageing*). Moreover, a paper on the second application using big data on productivity in a financial services provider was published as a *MEA Working Paper*. Neither study found evidence that productivity declines up to the age of 65, using high-powered econometric approaches to take care of the many selection effects that have marred earlier measurements of the age-productivity profile. Both studies point out that experience is playing a crucial role, either in avoiding mistakes that result in high costs in the truck assembly plant or in compensating for the decline in physical and cognitive abilities in more

complex tasks typical for the insurance industry. However, the extent to which this is the case depends on the work context and content.

(b) Migration and Integration

The new research area on migration and integration has successfully acquired additional funding for two data collection projects and completed the first smaller study on Syrian migrants in Bavaria in 2017. The research area also integrates several pre-existing projects of individual researchers at the Institute. One project analyzed differences in subjective well-being between older migrants and natives in Europe using SHARE data; the paper was recently published in the *Journal of Immigrant and Minority Health*. It is described in more detail in Section 3.4 on SHARE. Two projects analyzed ethnic differences regarding vocational degrees in Germany and educational choices and were published in leading journals (*Social Science Research* and the *British Journal of Sociology of Education*).

(c) Labor Supply

The macro group has continued its core focus on aging and its threat for pension systems, but added aspects of time-inconsistent behavior and its implications.

MEA's computational general equilibrium model was expanded in order to include a more refined depiction of modern pension systems that no longer include just a typical defined benefit/defined contribution pay-as-you-go system (DB/DC PAYG) but, instead, reflect the move to more hybrid PAYG systems. Moreover, labor supply behavior was better modeled to include fully endogenous decisions regarding separate decisions on (a) claiming benefits, (b) exiting the labor force (extensive margin of labor) and (c) the number of hours supplied to the market (intensive margin).

This gave origin to two main projects that have been developed. The first project focuses on the effects of flexibility reforms and the abolition of earnings tests on claiming and exit ages of individuals. The project provided evidence that abolishing an earnings test as part of a 'flexibility reform' creates more labor supply but at the same time reduces the average claiming age when adjustments of benefits to claiming age remain less than actuarial, thereby worsening rather than improving the sustainability of public pension systems. This project was published as a *MEA Discussion Paper*.

The second project concentrated on defining a unified framework for retirement decisions which enables us to compare and evaluate pension reforms considering both direct and backlash effects in a life-course setting. This unified framework is then used to analyze the sustainability of various pension systems in light of the incentives created by recent pension reforms on individuals' retirement decisions and their savings and consumption behavior. This project was published as a *MEA Discussion Paper* at the end of 2017.

(d) Macroeconomics of Time-Inconsistent Behavior

Another line of research started with a project on social security and public insurance that was published in the *Handbook of Population Economics* (2017). The handbook chapter provides a thorough analysis and depiction of the main debates in aging economics and macroeconomic effects, and moreover adds an analysis of the impact of the existence of time-inconsistent individuals on the macroeconomy. This laid ground to further research time-inconsistent decisions in a more deep and concrete analysis. The follow-up project focusses on several aspects of pension economics when the assumptions of time-consistency do

not hold using – to our knowledge – the first multi-country model of procrastinating households. The focus is on the interaction between the share of procrastinators in a country, the speed and extent of population aging, and the size of an existing DB PAYG pension system. The paper originated by this project was presented in the Asian Development Bank Institute and Asian Growth Research Institute Workshop and has been published in the *Review of Development Economics*.

Further projects are ongoing regarding retirement and savings decisions of time-inconsistent individuals. One of these projects examines, empirically and theoretically, retirement expectations and actual retirement behavior in conjunction with savings behavior and old age poverty, comparing both time-consistent and time-inconsistent individuals. SHARE data will be a source for the empirical analysis that is being undertaken. Another project examines, using the overlapping generations' (OLG) model with hyperbolic agents, labor supply differences between time-consistent and time-inconsistent individuals at young ages. This idea is further extended to evaluate this difference in the light of reform proposals for pension systems.

3.3 HEALTH ECONOMETRICS

The focus of the research unit is on applying and advancing state-of-the-art statistical and econometric methods to applied questions with focus on health and labor economics. Both topics already enjoy significant policy interest, which is to become even greater in light of the challenges posed by a rapidly changing nature of the labor market, the need for life-long learning, and an aging society. In most of our work, we combine empirical questions with theoretical contributions in terms of novel identification strategies or advances in econometric modelling.

(a) Causal Effects of Fertility on Mothers' Economic Outcomes

A perfect example of this is the development of an improved strategy to study the causal effect of fertility on mothers' economic outcomes, such as labor market participation (Farbmacher et al., 2017, *Journal of Applied Econometrics*). A simple comparison between mothers with different numbers of children does not deliver a causal effect, as mothers differ also in other, potentially unobservable dimensions, e.g. preferences for careers, which could drive the observed relation between fertility and employment. Therefore, most papers use instrumental variable (IV) techniques.

One commonly employed instrument is the birth of twins. A twin birth has often been interpreted as a natural experiment which randomly increases some mothers' number of children, in-

dependent of their unobserved preferences. Our work however, questions if having twins is really a random event. In particular, dizygotic (fraternal) twinning depends on, for example, maternal age, height, weight, race, and the use of fertility treatments, such as in-vitro fertilization (IVF). On the other hand, monozygotic (identical) twin births are considered a random event. Figure 1.3 illustrates the argument.

The figure shows trends in twinning rates by maternal age and twin types in Sweden. The overall rate remains fairly constant between 1950 and 1980 but increases thereafter. While the steady but mild rise in the twin rate of younger mothers from 1980 onwards can be attributed to delayed child bearing, the steep increase in the twin rate of older mothers since 1990 mainly follows the availability of in-vitro fertilization. As a consequence, dizygotic (fraternal) twins became much more

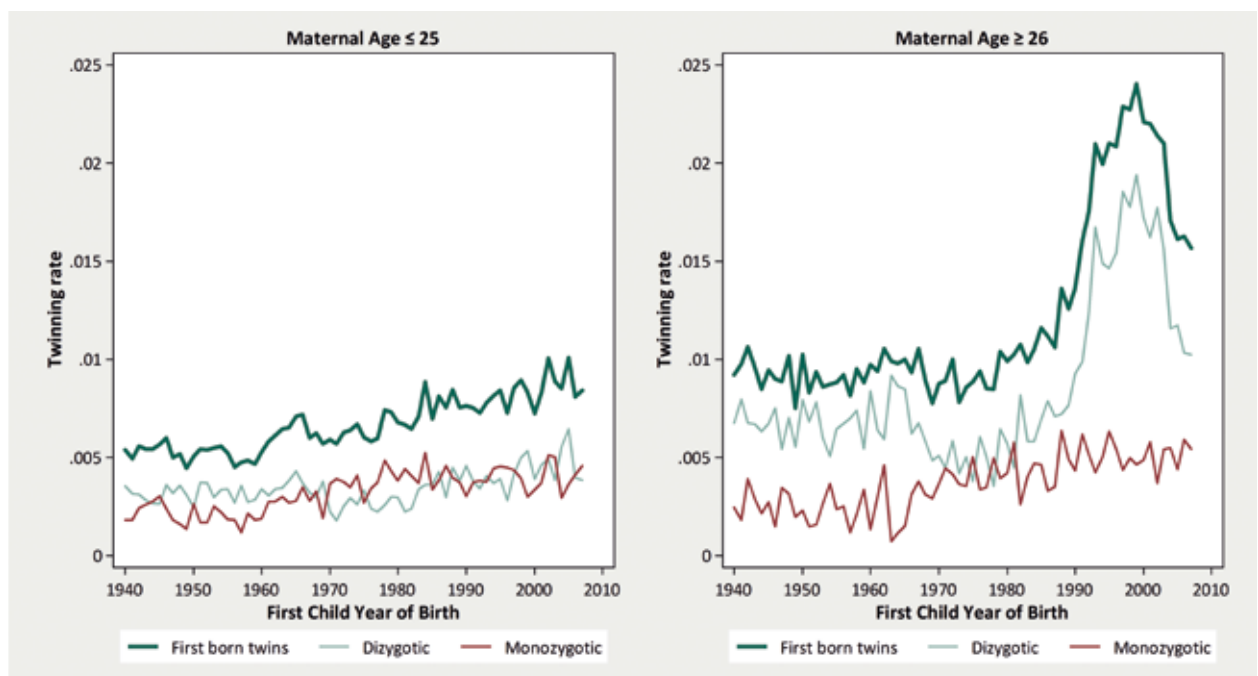


Figure 1.3: Frequency of Twin Births

common. This threatens the use of twin births as a natural experiment, which relies on twin birth occurring randomly in the population. The trends are estimated from Swedish register data covering the whole population.

We construct a new instrument which corrects for the selection bias introduced by dizygotic twins, although monozygotic twinning is usually unobserved in survey and administrative datasets. Using administrative data from Sweden, we show that the usual twin instrument (which includes both types of twins) is related to observed and unobserved determinants of economic outcomes, while our new instrument is not.

In our applications we find that the classical twin instrument underestimates the negative effect of fertility on labor income. This finding is in line with the observation that high earners are more likely to delay childbearing and hence have a higher risk to get dizygotic twins.

(b) Demand for Health Services

A second methodological advancement considers the estimation of the demand for health services (Bach et al., 2017, *Econometrics and Statistics*). This is a major field of application of count data regression, since the observed outcome variables of interest only take on non-negative integer values, for instance the number of visits to a doctor or hospital stays.

Studies in this discipline of health economics aim at assessing the impact of health-related, socio-economic or insurance-related characteristics on individuals' demand for health care. The predominant regression techniques for modelling health service demand are entirely parametric, for example, the Poisson, negative binomial, zero-inflated, and hurdle regression models. Being

typically estimated by maximum likelihood, these models incorporate potentially restrictive assumptions which may prevent the analysis of heterogeneous effects. Heterogeneous effects are prevalent in many economic settings.

As the functional form between outcomes and regressors is unknown a priori, we propose a semi-parametric negative binomial count data model based on the local likelihood approach and generalized product kernels, and apply the estimator to model the demand for health care. The local likelihood framework allows us to leave unspecified the functional form of the conditional mean, while still exploiting basic assumptions in the count data literature (e.g., non-negativity). The generalized product kernels allow us to simultaneously model discrete and continuous regressors, which reduces the curse of dimensionality and increases the applicability as many regressors in the model of the demand for health care are discrete.

We illustrate our estimator in a simulation study and analyze data from the Oregon Health Insurance Experiment. The results from the Oregon health experiment data favor the use of the local likelihood method in estimating the demand for health care. Our local likelihood negative binomial model has been found to be superior to its parametric alternative in terms of in-sample model fit. Moreover, the local likelihood negative binomial model was able to reveal heterogeneity of the intent-to-treat effect according to the individual level of income. The detected patterns are in line with economic intuition and the institutional settings, which suggest that the intent-to-treat effect reasonably differs according to individuals' eligibility. Using the parametric negative binomial model, the heterogeneity in the data would have been missed.

(c) Early Childhood Investments

As a third topic, we consider how early childhood investments influence adult outcomes (Guber, 2016, *MEA Discussion Paper* 07-2016). Experimental evidence demonstrates that early childhood interventions at school entry age are followed by huge benefits later in life. However, there exist few studies that exploit naturally occurring interventions and that are able to look at long-term effects.

We study forced right-hand writing of left-handers, called switching from now on, as a case where parents invest in their children at an early age. We analyze the long-run consequences on labor market outcomes in adulthood and investigate a set of potential channels, ranging from human capital accumulation to cognitive and non-cognitive skills. Forced right-hand writing is motivated by stigma against left-handedness which varies by cohort. To address potential selection bias, we employ a difference-in-differences approach, exploiting the variation in switching across cohorts and handedness. In effect, cohort trends of the outcome variables of right-handers, who were never switched, are used as a counterfactual for left-handers, thus allowing for a time-constant difference between left- and right handers.

Left-handers are a particularly interesting population for an early childhood intervention, as they also significantly differ from right-handers with respect to cognitive and non-cognitive skills caused by different brain structures. Recent literature finds that, on average, left-handers experience deficits in skills and human capital accumulation when compared to right-handers. Whether switching increases or compensates for such innate deficits is highly informative for other early childhood interventions which also target vulnerable populations. Surprisingly, we find that switched left-handers perform equally well or even better than

right-handers in terms of labor market outcomes and human capital accumulation, while non-switched left-handers exhibit the previously documented deficits of lefties. These findings are consistent with switching as a compensatory investment for the innate deficits of left-handers.

3.4 SURVEY OF HEALTH, AGEING AND RETIREMENT IN EUROPE (SHARE)

SHARE is by far the largest research unit of MEA and combines infrastructural work to collect and disseminate data, survey methodological research, substantive research in domains covering economics, health and sociology, and policy support for the European Commission, the OECD and other international organizations.

(a) Infrastructure Development

The years 2015 to 2017 were characterized by an exceptional expansion both in terms of SHARE's scientific breadth and the number of countries involved:

- In Wave 6, carried out in 2015, Dried Blood Spots (DBS) were collected in most SHARE countries. The DBS samples are being analysed with regard to biomarkers that are shown to be related to (i) the ageing process, (ii) to age-related diseases as well as (iii) to diseases highly influenced by life style and social environment such as cardiovascular diseases or diabetes.
- In Wave 7, carried out in 2017, full coverage of the EU was achieved by including 8 new countries at once in SHARE, on proposal of the European Commission. Thus, pan-European research on effects of our ageing societies and their implications can be extended to all EU countries.

- In Wave 7, retrospective data on life histories were collected in combination with the traditional panel approach of SHARE. This extended the life history data collected in Wave 3 by including all new countries and all refreshment samples which were added since then thus giving a detailed picture of the current status of individuals in the complete EU with a view across their entire life courses.
- The project of linking survey and administrative data within the German subsample was expanded to eight additional countries: Austria, Estonia, Luxemburg, the Netherlands, the province of Girona in Spain, Belgium, Finland and Denmark.

The six SHARE departments at MEA work in close cooperation to respond to these demanding innovations. The fieldwork for the exceptional and unprecedented DBS data collection in Wave 6 was closely monitored and extensively managed by the department **SHARE Operations**, producing 19 fortnightly reports sent to over 130 scientists and survey agency colleagues across Europe. Furthermore, in order to prepare all survey agency representatives for the challenging seventh wave, the department SHARE operations prepared and conducted six two-day Train-the-Trainer sessions during which a total of about 340 people received in-depth, hands-on training. As a result, SHARE life-history data and SHARE panel data were, in Wave 7, collected in 39 country-specific languages (among them seven bi-lingual and two tri-lingual instruments).

To enable the fast integration of eight new countries into the data processing routines, the department **SHARE Data Base Management (DBM)** revised and improved all programs – from raw data extraction, data checks and corrections to the scientific release programs. In parallel, DBM updated the scientific released data of SHARE, improved the user friendliness of the data, and enabled the inclusion

of essential information about the children of the panel members, facilitating research on family related issues such as intergenerational support.

Team members of the newly founded department **SHARE Survey Methodology** coordinated the Wave 6 DBS data collection, including the evaluation of laboratory validation studies and field results, the preparation and distribution of all to the participating SHARE countries as well as the selection of an appropriate way to having the DBS samples sent to the central biobank in Denmark. The department Survey Methodology also coordinated the sampling process and documentation of the gross sample files, which in Wave 7 in particular guaranteed the consistent and uniform sampling quality across all the newly included countries.

In close cooperation with the department of SHARE Survey Methodology, the **SHARE Germany country team** implemented in Wave 6 and 7 a response stimulating program in the German SHARE sub-study, which serves as a testbed for the other SHARE countries. The program implements a variety of motivational measures that addresses the heterogeneity of the SHARE panel members, especially its large age range.

The variety of communication materials used in the response stimulating program was designed by the PR team of the department **SHARE European Relations and International Management**. This department consists of three main pillars: SHARE-ERIC governance/funding, SHARE-ERIC legal affairs/research ethics and SHARE-ERIC PR. The PR team of this department implemented a comprehensive PR strategy, including press conferences, newsletters for different target groups, and a modernized website. The legal affairs/research ethics team of this department addressed all legal and ethical challenges related to the collection of the Dried Blood Spots in 19 countries in

Wave 6, and set up the contracts of the SHARE Biobank. Based on this unique experience, the team provided a synopsis of policy rules for collecting biomarkers in social surveys in Europe which provide a useful resource for other researchers.

The SHARE-ERIC governance/funding team secures the long-term sustainability for SHARE in view of political developments on the European and national level, together with the department **SHARE Financial Affairs**. SHARE's unique value has been widely recognized by funders. The project is supported through grants from the German Federal Ministry of Education and Research (BMBF) and the Max Planck Society for the international coordination of SHARE in Munich; from the European Commission's Horizon 2020 framework program for the international coordination of SHARE taking place outside Germany (SHAREDEV3 grant n°: 676536); through a cluster project with other social science research infrastructures (SERISS grant n°654221); from the DG Employment, Social Affairs & Inclusion within the Modernization of Social Protection Systems Unit's program ('Extending the coverage of the SHARE survey to all Member States with a minimum sample size', VS 2016-0135); and from the US-American Institutes of Health for the sub-projects 'Enhancing the comparability of SHARE with HRS and ELSA' (R01AG052527) and 'Bio-medical and socio-economic precursors of cognitive decline in SHARE' (R01AG056329). All grant applications were coordinated by the SHARE Financial Affairs department, which after grant attribution also operates as administrator and financial coordinator for all grants. In addition, the department gives administrative support to SHARE countries (Croatia, Greece, Spain and Poland) that receive part of their national funding from EU structural funds or other public institutions.

An important prerequisite for the far-reaching harmonization of the SHARE study is the centrally

conducted procurement process, in contrast to most other cross-European surveys where this is done de-centrally. The department SHARE Financial Affairs carried out the procurement for Wave 7 in 23 European countries in the SHARE-ERIC, while closely following the procurement process in all other SHARE countries, and restructured, together with the department SHARE European Relations and International Management, the central SHARE-ERIC procurement into a modern and highly effective process.

(b) User Uptake and Publications

This large infrastructural effort has paid off. As measured by user uptake, published scientific articles and policy reports, the impact of SHARE continues to increase at an ever faster pace. From 2015 to 2017 SHARE has almost doubled its users. At the end of 2017 SHARE had almost 8,000 registered users from all over the world and from a broad range of organisations and disciplines (see <http://www.share-project.org/share-publications/user-publications-statistics.html>). The increasing rate of new users reflects the potential of the data which grows with the number of available waves (see Figure 1.4).

SHARE is currently used in 77 countries (36 European, 6 North and Central American, 5 South American, 5 African, 23 Asian, and 2 Oceanian). The largest user groups (see Figure 1.5) are located in Germany, followed by the Netherlands and the United States as second and third largest user groups. It is remarkable that two non-SHARE countries (US and UK) are among the heaviest user nations of the SHARE data. 55% of users are affiliated to a university, 38% to non-university research institutes, and 5% to policy- and other institutions, among them the European Commission as single-largest user and several central banks.

SHARE has led to a large number of fundamental and application-oriented research results (see Figure 1.6). By the end of 2017, SHARE has generated about 2000 publications, again surpassing what could be expected when comparing SHARE to e.g. the US sister study HRS after having run for a similar time. Publications include contributions to leading international journals such as the *American Economic Review*, the *American Journal of Public Health*, *British Journal of Psychiatry*, *Demography*, *Economic Journal*, *Economic Policy*, the *European Journal of Public Health*, the *European Sociological Review*, the *Gerontologist*, *Health Affairs*, *Health Psychology*, the *International Journal of Epidemiology*, the *Journal of Economic Perspectives*, the *Journal of Epidemiology and Community Health*, the *Journal of Health Economics*, the *Journal of Marriage and Family*, *Lancet*, *Occupational and Environmental Medicine*, *Proceedings of the National Academy of Sciences of the United States of*

America, the *Review of Economics and Statistics*, and *Social Science & Medicine*, many of them by MEA researchers. The multidisciplinary study of individual and population ageing has become a top scientific field in Europe, not least due to the rich multidisciplinary data provided by SHARE.

(c) Scientific Achievements by the SHARE Staff

All members of the departments SHARE Operations, SHARE Survey Methodology and all PhD students in the department Data Base Management submitted scientific papers to peer-reviewed journals. Moreover, several dissertations were completed by SHARE staff. A selection of some scientific papers from the SHARE teams is:

- Franzese, Fabio (2015): 'Slipping into Poverty: Effects on Mental and Physical Health', In: Börsch-Supan, Axel; Kneip, Thorsten; Litwin,

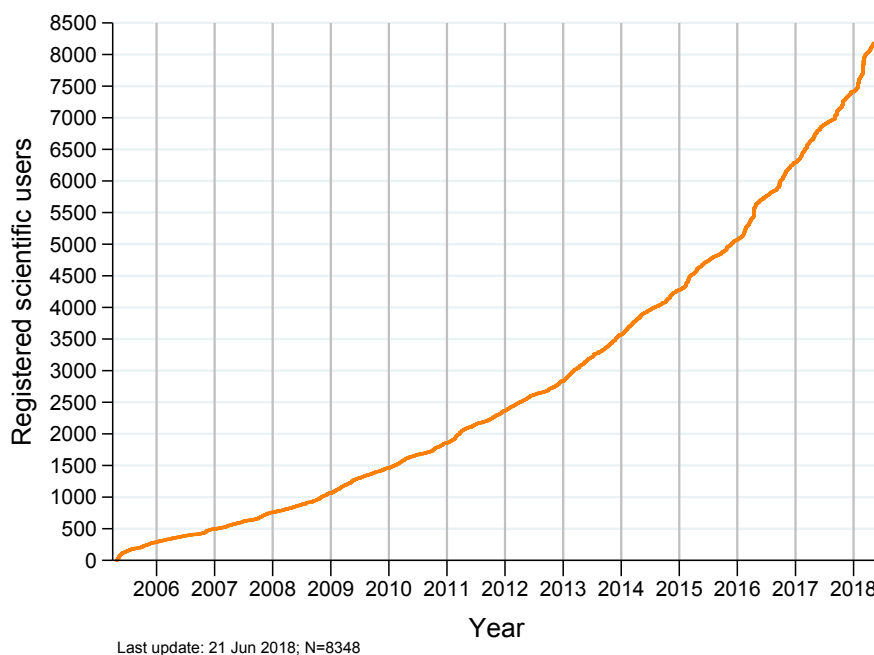


Figure 1.4: Increase in SHARE Registrations

Howard; Myck, Michał; Weber, Guglielmo, *Ageing in Europe – Supporting Policies for an Inclusive Society*, De Gruyter, pp. 139-148

- Sand, Gregor, and Stefan Gruber (2016): 'Differences in Subjective Well-Being Between Older Migrants and Natives in Europe'. In: *Journal of Immigrant and Minority Health*, online first, DOI: 10.1007/s10903-016-0537-5, pp. 1-8.
- Schuller, Karin (2017): 'Trends in Ethnic Inequality in the Attainment of Vocational Degrees: A Cohort Study in Germany'. In: *British Journal of Sociology of Education*, online first, DOI: 10.1080/0142569.
- Wagner, Melanie, and Martina Brandt (2017): 'Long-term Care Provision and the Well-Being of Spousal Caregivers: An Analysis of 138 European Regions'. In: *The Journals of Gerontology*

gy: Series B: Psychological Sciences and Social Sciences, 73 (4), pp. e24-e34.

- Pettinicchi, Yuri, and Baptiste Massenot (2018): 'Can Firms See Into the Future? Survey Evidence from Germany'. In: *Journal of Economic Behavior & Organization* Organization, 145 (C), pp. 66-75
- Olderbak, Sally G.; Malter, Frederic; Wolf, Pedro; Jones, Daniel N.; Figueredo, Antonio José (2017): 'Predicting Romantic Interest at Zero Acquaintance: Evidence of Sex Differences in Trait Perception but Not in Predictors of Interest'. In: *European Journal of Personality*, 31 (1), pp. 42-62.
- Weiss, Luzia; Sakshaug, Joe W.; Börsch-Supan, Axel (2018): 'Collection of Biomeasures in a Cross-National Setting: Experiences in SHARE'.

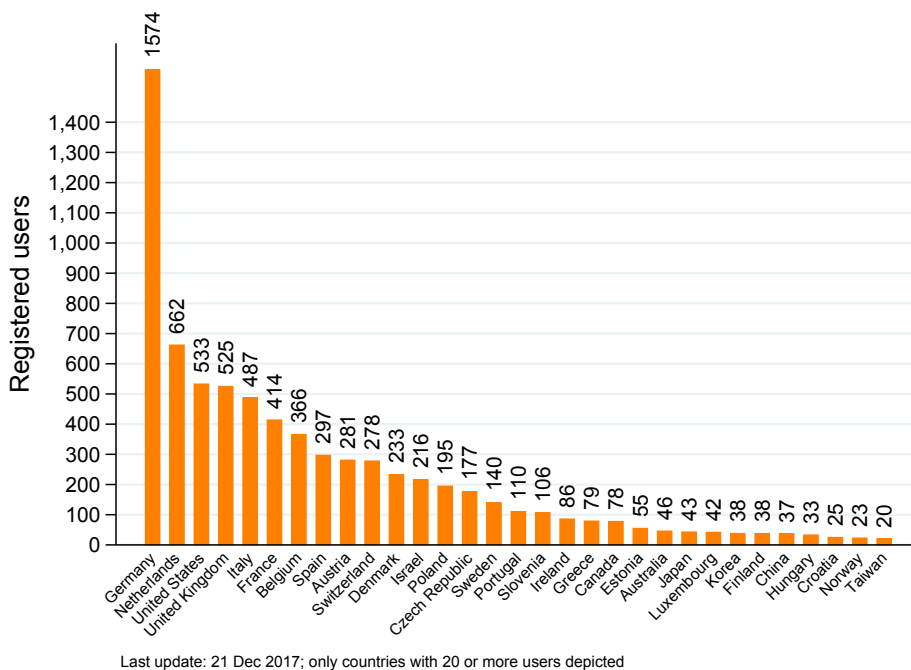


Figure 1.5: Number of SHARE Registrations by Country

In: Johnson, Timothy P; Pennell, Beth-Ellen; Stoop, Ineke A.L.; Dorer, Brita, *Advances in Comparative Survey Methods: Multinational, Multiregional and Multicultural Contexts (3MC)*, John Wiley & Sons, Inc, Hoboken, NJ.

(d) Research Based on SHARE Data

The SHARE data receive widespread attention; more than two new publications based on SHARE data are published every week. The following examples may show the breadth and quality of successful SHARE-based research by us and by users from all over the world:

- In response to demographic ageing and its consequences, European governments have started to raise pension ages beyond 65. However, recent studies using SHARE data have shown that this can put pressure on specific groups of

men and women who are working under unfavourable conditions. Whereas voluntarily continued working is already quite common among high-skilled workers and people in good mental and physical health, this is different for persons working in elementary occupations with physical strain (Wahrendorf et al., 2017, *Journal of Population Ageing*). Moreover, mental health and cognitive abilities can improve or deteriorate after a person retires, depending on the working circumstances before the retirement. For example: retiring from their work simply meant a relief for blue-collar workers who experienced a deterioration of working conditions during the European economic crisis, and their mental health improved after retirement (Belloni, Meschi and Pasini, 2016, *Health Economics*). This effect was not found for white-collar workers or for people who retired before the economic crisis.

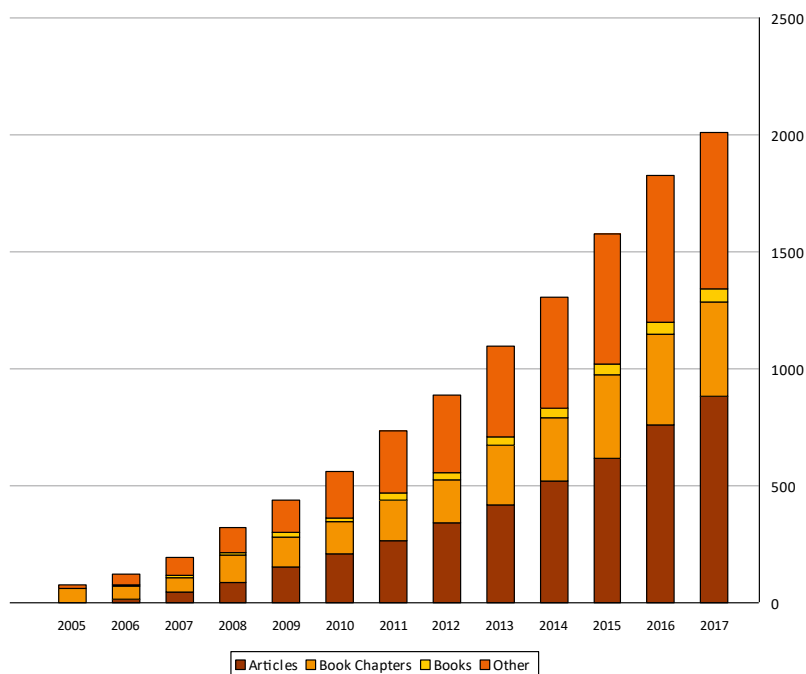


Figure 1.6: Cumulated Number of Publications Using SHARE

The long-term effects of retirement on cognitive abilities also differ markedly between those who retire as soon as possible and those who instead retire as late as possible (Celidoni, Dal Bianco and Weber, 2017, *Journal of Health Economics*). For the former, there are no adverse effects of retirement over and above the natural decline associated with ageing. For the latter, retirement has negative effects that cumulate over time and reinforce the age-related decline. Hence, the international variation of the SHARE data show that retirement policies must take into account the difference in occupation and work circumstances rather than extend working life in a general way. These analyses required policy variation across countries; they could not have been done without data such as provided by SHARE.

- Many migrants have lived in European countries for a long time and have become an integral part of society. But how does it feel to grow old in a country you were not born in? The migrant population included in SHARE mostly migrated a long time ago and can shed light on this question. The data show a significant subjective well-being gap between migrants and non-migrants: Compared to natives, older migrants have lower levels of subjective well-being (Sand and Gruber, 2016, *Journal of Immigrant and Minority Health*). At the individual level, these differences decrease with increasing age. Other relevant factors for reducing the immigrant-native gap in well-being are holding of citizenship of the country of residence as well as a secure financial situation.

Existing studies have found that subjective well-being is not just influenced by individual factors but also by the institutional context of the destination country. The results illustrate that there are large variations concerning the size of the immigrant-native gap across coun-

tries. While there is no significant difference in subjective well-being between migrants and natives in Spain and Italy, it is largest in Denmark and the Netherlands. Using the Migrant Integration Policy Index (MIPEX), Sand and Gruber point out that the divergence between countries is associated with their family reunion policies. In countries with restrictive policies the subjective well-being gap is larger than in countries with open policies. This is illustrated in Figure 1.7:

The slope of the graph clearly shows a positive association: The immigrant-native gap is comparably large in countries with rather restrictive family reunion policies and smaller among countries with more open family reunion policies.

Sand and Gruber's work compares migrants into one SHARE country from another SHARE country and natives in that country of origin. This shows the value of strictly harmonized international data such as collected in SHARE.

- A special feature of SHARE is the inclusion of retrospective biographies (SHARELIFE). They contribute significantly to the understanding of long-term consequences of childhood conditions. For example, a report by UNICEF in 2012 states that 'failure to protect children from poverty is one of the most costly mistakes a society can make.' According to the organization, child poverty reduces the skills and productivity within a society, causes lower levels of health and educational achievement, increases the likelihood of unemployment and welfare dependence and contributes to the loss of social cohesion. This is a worrying perspective, considering that child poverty is a growing problem even in Europe. However, researchers using the SHARELIFE data on individual trajectories found out that child poverty is not a predestina-

tion to unfavourable living conditions in adulthood and old age. It can be compensated in particular by good education, which has a big impact on the socioeconomic situation across the life-span (Pakpahan, Hoffmann and Kröger, 2017, *Advances in Life Course Research*).

In contrast, this finding is not true for health. SHARELIFE respondents who reported health problems during their childhood were more likely to rate their health as poor at the time of the interviews – there was no compensatory effect found during adulthood. The importance of childhood, especially concerning the health conditions must be recognized. However, children growing up in unfavourable socioeconomic conditions are not doomed to keep on living the same way until old age – if they receive adequate support.

- A remarkable finding, which the SHARE data are showing over and over, is the importance of social networks for health and well-being after retirement. Social capital (for example the size of one's social network and frequency of contacts) has a strong positive association with people's self-perceived health in SHARE, especially social relations with people outside the closest 'inner circle' (Arezzo and C. Giudici, 2017, *Social Indicators Research*). Social networks can even compensate for having children, in old age. The SHARE data show that on average ten percent of the generation over 50 years in Europe have no children, although variation is large between countries (from less than six percent in Israel and the Czech Republic to over 15 percent in Switzerland). This percentage is expected to generally increase. And children are important: they provide most of the care and help to elderly

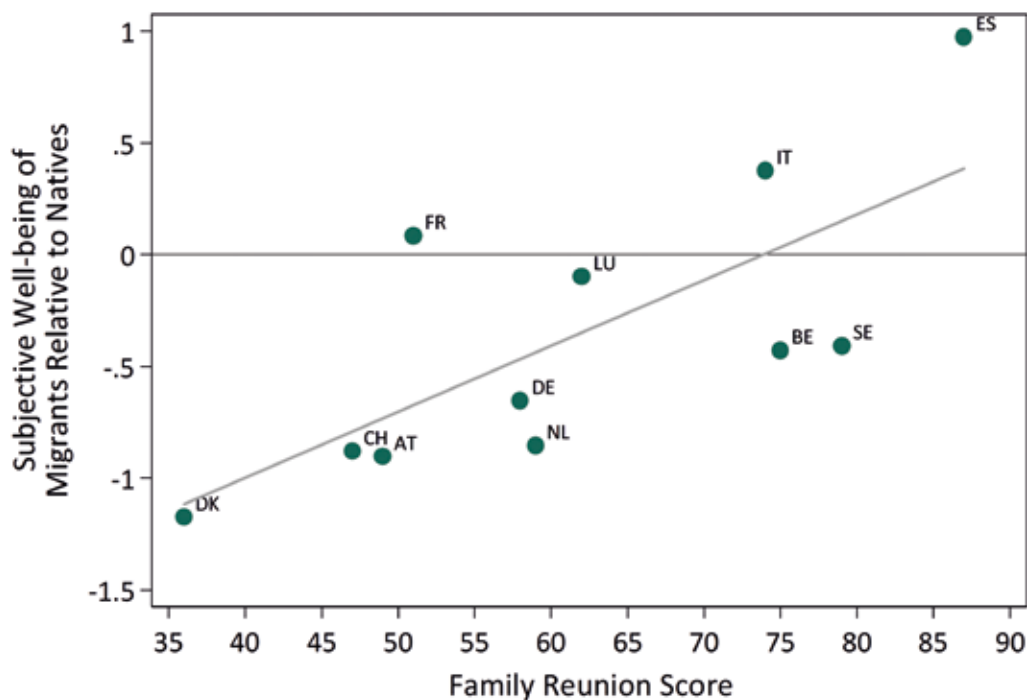


Figure 1.7: Wellbeing and Integration Policies

persons. In addition, childless people more often live without a partner. Still, SHARE data show that childless elderly people receive enough help and support from friends, neighbours and other family members, as long as intensive care is not needed, and their quality of life is not lower (Brandt and Deindl, 2016, *Ageing and Society*).

These findings show the importance to study the subject of loneliness among elderly people. Especially the least wealthy experience the highest risk of loneliness (Niedzwiedz et al., 2016, *Preventive Medicine*). This can be compensated by social activities, but precisely social participation is much less common among the poorest, often due to the lack of financial resources. Increasing social participation among the least wealthy may fight inequalities in loneliness among older people in Europe, as SHARE data suggest. Again, it is the international comparability of the SHARE data which makes these analyses possible.

(e) Policy Relevance

SHARE is an important instrument for the European Commission, especially for economic and social benchmarking exercises as part of the European Semester. For example the European Commission's Directorate-General for Economic and Financial Affairs (DG ECFIN) used the SHARE data to add detail to its long-term projections of pension and health care expenditures; the Directorate-General for Health and Food Safety (DG SANTE) uses SHARE data for computing health-adjusted life expectancies in Europe; and the Directorate-General for Social Affairs and Inclusion (DG EMPL) uses SHARE data to shed light on precarious employment histories and their implications for old-age poverty. SHARE is currently the only EU-wide data source to study pension claims and access to social protection among the self-employed and workers without long-term contracts. Consequently,

SHARE provides much-needed input for the '*Pension Adequacy Report*' of the Commission.

Furthermore, SHARE has been intensely used by other international organisations, such as the Organisation for Economic Cooperation and Development (e.g. '*Preventing Ageing Unequally*', OECD 2017, Paris), the World Health Organization (e.g. '*World Report on Ageing and Health*', WHO, 2015, Geneva) and the World Bank (e.g. '*Reducing the Burden of Care in Estonia*', World Bank Group, 2017).

3.5 PUBLIC POLICY ADVICE

The years 2015-2017 have been particularly intense in policy advice at the German Federal level. We advised in parallel the German president, the office of the Chancellor, the Council of Economic Advisors, the Ministry for Economic Affairs, the Ministry of Finance, the Ministry of Labor and Social Affairs, and the Ministry of the Interior. The intensity was partially due to the large migration wave in 2015 and its implications for the social security systems in Germany, and partially due to an attempt by the grand coalition to close the remaining gaps in making the German public pension system at the same time more sustainable and ascertain pension adequacy. Some of this advisory work was formal and resulted in expertises and subsequent scientific papers as described e.g. in Subsection 3.1. In addition, there were many informal meetings, many of them relating to public pension sustainability (with the Federal Ministry of Finance) and others relating to the '*Dialogue Old-Age Provision*' (initiated by the Federal Minister of Labour and Social Affairs).

Besides dealing with the implications of the large migration wave, topics comprised more flexibility in choosing the pension claiming age including a partial abolition of the strict German earnings test,

strengthening the occupational and private pillars of old-age provision in order to close the remaining public pension gap, here especially learning from the Swedish and recent UK experiences, and combatting old-age poverty among the self-employed, work disabled and the long-term unemployed.

All MEA research units provided input to Axel Börsch-Supan in his function as one of the nine members of the Expert Council on Demography ('Expertenrat Demografie'), instituted by the German Federal Government. This body meets regularly at the Federal Ministry of the Interior in order to analyze the ramifications of demographic change.

We have developed several models which project the implications of abolishing the earnings test in Germany while pension benefits are still not actuarially delated to the claiming age. The related academic work has been described in Subsections 3.1 and 3.2. We have been in intense contact with the Ministry of Finance to demonstrate that the negative implications on the claiming age predicted by our model may outweigh the positive effects of higher labor force participation by older individuals.

MEA has also been successful in providing help for evidence-based policy making on the international level, often based on the SHARE data as described in Subsection 3.4. This work was particularly tailored for the European Commission, specifically the Directorate General for Employment, Social Affairs and Inclusion (DG EMPL). SHARE is also intensely used by the Organisation for Economic Cooperation and Development (OECD) and the World Health Organisation (WHO).

Axel Börsch-Supan was a member of the Global Council on Aging and the Global Council on Social Security advising the World Economic Forum. He is a member of the Aging Societies Network (ASN)

which is financed by the MacArthur and the Hartford Foundations. This network aims 'to help the [US American] nation prepare for the challenges and opportunities posed by an aging society.' He prepared a report on the implications of the recent productivity slowdown on pension adequacy and financial sustainability for the Peterson Institute for International Economics.

All of these public policy consulting activities have resulted in *MEA Discussion Papers*. Most of the Germany-related activities produced academic publications in German-speaking journals. The international work was published in journals such as *Economic Policy* and *Journal of Economic Surveys*. Some of these studies precipitated a large media echo, especially on old-age poverty and the recent pension reform package.

3.6 PROMOTION OF YOUNG RESEARCHERS

MEA takes great efforts to promote young researchers. We have developed a sophisticated strategy which encompasses several stages. An important part of our strategy is that we give all researchers, pre- or post-docs, full labor market contracts and involve them from the beginning in the analytical and applied projects of the Institute. This differs from many other Max Planck Institutes.

Some Ph.D. students in economics are supervised by MEA's director in his function as professor of the Technical University of Munich, but most Ph.D. students at MEA have a supervisor at different universities.

We have established a two-pillar mentoring program for both junior and post-doctoral researchers. During the very first weeks at MEA, each junior researcher is assigned to a more senior researcher who acts as

a mentor during the entire doctorate. Additionally, we have initiated a program to involve internationally recognized researchers to support the advancement of our team. Dissertations are usually tightly linked with one or several projects at MEA. From the very beginning, all researchers present their work periodically in our weekly MEA Seminar. Once a year, we all retreat for a couple of days to a quiet location to discuss and reflect on our research and to foster interaction between research units.

In order to improve their research skills, we encourage our researchers to make use of the many courses offered at Munich's two universities (Departments of Economics, Social Sciences, and Statistics). In addition to these course programs, we have set up a MEA Course Program 'Empirical Methods', which is tailored to the needs of the MEA researchers. We also co-organize the weekly research workshop 'Empirical Economics', together with the faculty from the Economics Department of Ludwig Maximilian University Munich (LMU), a further possibility for our researchers to meet other researchers, learn about related research and how to discuss academic issues.

Beyond Munich, we encourage our researchers to take part in courses that are offered elsewhere, prompt them to present their work at international conferences and workshops and encourage them to visit other researchers abroad. In turn, we have a guest program in which guests are explicitly prompted to interact with the young researchers and comment on their research. We also host interneers from other universities and research institutes who perform as part of their dissertation work autonomous research projects at MEA and interact with MEA researchers.

The success of our strategy is documented, e.g., in best dissertation prizes, best paper prizes, and the excellent placements of researchers who

leave MEA. We are also proud that MEA has a balanced gender composition, has become more diverse with regard to its team members' nationalities and offers a family-friendly environment for young fathers and mothers.

4 RESEARCH OUTLOOK

MEA as part of the Max Planck Society has a finite life which currently is slated to end in 2022. With the retirement of the director – a rule of the Max Planck Society – MEA will have to close down. We are currently working on alternative institutional arrangements to continue MEA's work past 2022, especially since SHARE's contract includes 10 waves of data collection which will last until 2024. This is reflected in our research outlook which extends beyond 2022.

4.1 SOCIAL POLICY AND OLD-AGE PROVISION

The reform agenda in Germany is still uncompleted, and there are new challenges at the horizon. As just mentioned, Germany still has a very rigid retirement regime with little flexibility; some of this flexibility is even backwards-oriented. Retirement and saving behavior under non-neutral pension policy and non-neoclassical preferences will therefore be part of our future agenda. Moreover, the recent increase of precarious jobs (self-employed, gig economy) poses new challenges to the access to social protection at older ages. The social policy trade-off between flexible labor markets and social policy coverage at older ages is an under-researched field in Europe. In this context, it remains to be seen whether the government will pursue new avenues in pension policy. The Social Policy Unit will therefore keep monitoring Germany pension policies, commenting on the

ups and downs of the pension reform process, and accompanying this process with new empirical and theoretical models of labor supply and savings behavior.

This work will become especially interesting in Germany during the coming decade. The baby boom is particularly sharp and pronounced in Germany due to the postponement of births during the hunger years 1945-1949 after World War II. The coming decade will thus be a historically unique chance to observe a very sharp increase in retirement events with a much larger impact on pensions, health care and economic growth than in other countries. MEA with its analytical tools is well equipped to benefit from this unique setting.

The Social Policy research unit has started to put more emphasis on international comparisons and econometric analyses. One step was to hire two international post-docs with micro econometric expertise, another step to assume the leadership in the well-known International Social Security project of the NBER. This comparative work will increasingly be based on the SHARE data and data from associated aging surveys such as HRS, ELSA, JSTAR (Japanese Study of Aging and Retirement) and CHARLS (China Health and Retirement Longitudinal Study). We will focus on comparative analyses of retirement and saving behavior in Europe, the US, Japan and China, exploiting the network of international researchers that has been formed through these surveys. We are particularly interested in how individuals react to the pension reforms which are gradually phased in in many countries. How are expectations about retirement and pension income updated and how does this vary within and between countries? What is the role of information and in particular pension communication for individuals' reactions to changing institutions? Who reacts to reforms? And which consequences does this have for future inequality?

4.2 MACRO IMPLICATIONS OF DEMOGRAPHIC CHANGE

The macro group now has two distinctive directions: migration & integration and macroeconomic modelling. The **migration & integration group** will be further expanded to tackle the pressing research questions posed by the recent wave of immigration. The main research questions will be: Which migrants will continue to seek Germany as a destination? Can these migrants sufficiently be integrated into the labor market such that they will profit from Germany's social security systems or will they become precarious workers unprotected by this system? And, how long will they stay?

Since official and research data solely look at regular immigrants, we will focus our data collection efforts and complement the 2017 survey on Syrian migrants with comparable data on irregular migrants using sampling techniques for hidden populations. This project will be the first large-scale survey on this population in Germany.

Using the data collected at MEA and other sources, our research will be structured along the three core questions. With respect to the selectivity and potentials of the new immigrants, our contribution will be a more inclusive description with regard to labor market potentials. To that end, extensive tests have already been developed in cooperation with the German Institute for Educational Quality Improvement (IQB) and will be added to the survey. Concerning the second question, we will especially focus on the structural integration of migrants into the education and labor markets. We will put special emphasis on frictions in language acquisition since language is crucial not just for structural but also for cultural, social and emotional integration. Regarding the question on how long the new migrants will be able and want to stay in Germany, we distinguish two dimensions. In collaboration

with the social law department we already started analyzing the complex legal provisions. These, among other things like conditions in the country of origin, will shape the second dimension: the expectations of migrants. We will refine tailored survey instruments to collect information on expectations to stay or re-migrate. The individual's expectations are likely to play a pivotal role for receiving country-specific activities that in turn help integration.

The **macroeconomics group** will further develop its OLG model in three directions. First, regarding our new strand of research on time-inconsistent decision making, we will construct a model of endogenous retirement decisions for time-inconsistent individuals. It models jointly the decision to claim a pension, to remain in or exit from the labor market (extensive margin of labor supply) and how many hours of labor will be supplied (intensive margin). This will open new perspectives on the efficacy of flexible retirement policies and their implications for pension sustainability. Such models are much more complex when preferences are time-inconsistent than in the neo-classical case. Equilibria may not exist or may not be unique, not even partial equilibria for a given wage and interest rate. We will calibrate these models with the help of SHARE data to several European countries.

A second expansion concerns education choices. Initial research will address how education can hinder the negative effects of demographic change; focus will be on the impacts of incentives on endogenous education decisions. This initial model will then be expanded to include a dynamic approach on the relation between human capital, technology and growth, following on group member's earlier work on development economics.

A third line of work concerns monetary policy and aging, following up on some initial work on this topic. The main point of analysis will be on the

question whether and how inflationary pressures emerge (or not!) as a function of the pension system's characteristics in a rapidly aging population.

4.3 HEALTH ECONOMETRICS

Technological developments in the last years, especially the increasing digitalization of many areas of life, have generated data on human behavior in size and quality that have never been seen before. While on the one hand these datasets enable new insights and allow addressing new research questions, they on the other hand impose new methodological challenges. Machine learning is therefore an increasingly important toolkit. Future projects will focus on a particular machine learning technique: the Least Absolute Selection and Shrinkage Estimator (Lasso). This technique is particularly promising in economic applications as its selection part simplifies the interpretation of complex models. In our future research we will contribute to the literature by enhancing the theoretical properties of such estimation procedures and also by applying these methods to a variety of applications in economics.

A first application is the use of genetic variants as instrumental variables to draw causal inference on the effect of health on socioeconomic outcomes. More and more surveys nowadays collect a variety of biomarker and even genetic information. For instance, the US HRS has now genotyped almost 20,000 respondents. SHARE Wave 6 includes biomarkers of an even greater number of individuals. A fundamental problem in studies using genetic variants as instrumental variables is that these not only affect the exposure but also have a direct effect on the outcome. To overcome this problem, we propose an estimation procedure based on the Lasso, which allows causal estimation even if some of the instruments are invalid.

A second application of the Lasso is to improve predictions on health care costs and utilization. Models of the determinants of individuals' health care costs can, for example, be used to set capitation payments to providers or to balance the risk structure between the statutory health insurers in Germany, so-called 'Risikostrukturausgleich' (RSA). There exist several 'competing' morbidity descriptive systems which vary in their complexity and precision in which they describe the true underlying health diseases. Insurance companies collect a huge amount of very detailed diagnosis data. Using all these diagnoses and their interactions to predict health care costs or utilization is impossible with standard regression techniques as the number of potential predictors is too large. In future research, we will apply the Lasso to determine a payment scheme that provides better predictions of expected future health care costs than the current RSA.

Another machine learning technique is trees and random forests. We plan to use these tools in at least two applications. The first concerns a recent strand of literature interested in the causal consequences of poor financial circumstances. So far, this literature has focused on outcomes related to cognition and decision-making and has found mixed evidence on whether poor financial circumstances can have detrimental effects. Using a tree algorithm adapted to the estimation of treatment effects, we plan to study heterogeneity in the effects of poor financial circumstances on cognition and decision-making, based on experimental data and data from the HRS. In the second application, we improve existing test procedures that are able to refute the validity of instrumental variables in the local average treatment effect framework.

4.4 SURVEY OF HEALTH, AGEING AND RETIREMENT IN EUROPE (SHARE)

SHARE will remain the most labor-intensive data collection project with more than 30 scientists working on SHARE in Munich. MEA and the SHARE network have developed a 10-wave plan until 2024 for data collection and research. It addresses the most urgent issues as demographic change proceeds:

Wave 7: Life histories were collected in Wave 7, which ended in October 2017. They were also collected for the eight new countries that were added to SHARE in this wave, thus covering the full EU, Israel and Switzerland. We will now construct context data which permits policy and other analyses, the SPLASH database ('Social Policy and LAw SHared database'). While SHARE provides micro data at the individual level, the SPLASH database allows users to gain access to macro and contextual data, e.g. with regard to political, economic and societal environments. Moreover, SPLASH will provide access to indicators related to the population 50+ based on SHARE data. SPLASH will collect quantitative indicators as research by the SHARE community produces them; in addition, the Social Law Department will provide qualitative data on rules and regulations.

Wave 8 (2019-20) will include, in addition to the regular core panel instrument, four add-ons:

- An extension of the **cognitive function** module by adding further tests in tight coordination with the US HRS. This addition is a precursor for the in-depth measurement of cognitive impairment planned for Wave 9.
- A **time expenditure** module, measuring how much time people over 50 years spent on dif-

ferent activities and keeping track of changes in their time expenditure, after retirement or after changes in their living situation or health.

- Collection of physical activity data using **accelerometry**. The objective accelerometer measures facilitate the comparison across countries and permit adjustments of self-reported measures of activity. Furthermore, it can reliably measure sleep patterns and sedentary behaviour, which is currently considered a major determinant of health and mobility in old age.
- A **saving regrets** module, asking panel members of 65 and older whether they regret the savings paths they have taken earlier in life and which saving choices they would have made on hindsight. This will shed light on the question whether old age provision interventions like 'opting out' and similar nudges are justified.
- The longitudinal version of the **social network** module which tracks changes in respondents' social networks over time. The longitudinality of this module will enable cohort analyses of network changes as individuals age.

Wave 9 (2021-22) will include the in-depth measurement of cognition and mild, moderate and severe cognitive impairment, following the **Harmonized Cognition Assessment Protocol** (HCAP) developed by the US HRS. The in-depth measurement, financed by a large grant of the US National Institute on Aging, will be devoted to two distinctive aspects:

- the decline of cognition at relatively early ages (age 50-70) and its relation to concurrent activities (e.g., work for pay, volunteer work, help for family and friends, physical activity), and
 - the onset of dementia at later ages and its relation to early life characteristics, especially education and parental socio-economic status. This feature is important in the light of the large expected increase in the prevalence of Morbus Alzheimer and similar severe cognitive impairments
- Wave 10** (2023-24) will be devoted to the **retirement of the baby boom** since during those years the peak baby-boom cohorts of the participating SHARE countries will have entered the retirement window. Topics will include how health and well-being will change in the years immediately before and after retirement, how consumption and time use will adapt to the respondents' new financial and social situation after retirement, and which level and distribution of living standards will emerge from the combination of private and public pension resources.
- DBS analyses:** The Dried Blood Spot samples that were collected in Wave 6 (2015) will be analysed in two laboratories: at the Staten Serum Institute (SSI) in Copenhagen, Denmark, and at the Department of Laboratory Medicine of the University of Washington (UW) in Seattle, USA. Specific contracts have been drawn up with these laboratories. The selection, shipment, analyses and linkage of the results is tracked and coordinated centrally at MEA.
- SHARE Research** by the team in Munich will continue despite the highly demanding infrastructural workload. The time expenditure and accelerometer add-ons were initiated by members of the team and will be pursued by them as substantive research projects after the data collection. Ongoing research projects using SHARE data include: panel attrition and survey nonresponse and their effects on substantive results; obesity as an important health threat in aging societies in Europe; health

inequalities in Europe; the use of paradata to improve data quality; a comprehensive program studying interviewer behaviour and interviewer effects; the use of statistical machines for translation verification; the interrelation among workplace training, self-efficacy beliefs and early retirement decisions.

III –

MAX PLANCK FELLOW GROUP: DIS[COVER]ABILITY & INDICATORS FOR INCLUSION

Elisabeth Wacker

The contemporary understanding of impairment and disability is changing. This is evident both from the public discourse and from concrete action programmes in the field of social policy and social law. The view of persons with disabilities that is oriented towards negative differences (inability to perform, deviation from a fictitious normality) and which is accompanied by measures of provident care, is receding into the background. It is increasingly being replaced by discourses and programmes aimed at recognising the rights and (cap)abilities of all, as well as at the equal participation in service provision. Persons with disabilities play a central role in this respect in that they are experienced in issues revolving around disability (experts in their own cause), and at the same time in that their disadvantage (e.g. restricted access to the Internet in the case of a visual impairment), which may lead to disability (e.g. in relation to communication and information), is to be prevented or minimised. This development has opened up new tasks in reporting, in the organisation of support measures and on social agendas as a whole.

This is also shown in the current Participation Report (2016) of the German Federal Government and is in line with the requirements of the UN Convention on the Rights of Persons with Disabilities. In general, it is a matter of uncovering obstructive contexts and discovering and shaping framework conditions that create equal opportunities for persons with disabilities. In practice, this transformation is also shaped by a stronger self-representation of persons with disabilities themselves (in the scientific field in the context of Disability Studies). It demands attention to the right of persons with disabilities to self-determination and to participation. This is expressed in the legislation in the form of equal treatment laws designed to avert discrimination, as well as in the new federal legislation on participation and equal

opportunities, which is intended to shape self-determination claims and benefits for participation and equal opportunities.

This new trend is enriched by awareness for the fact that having an impairment does not make people equal, as persons facing disabilities are at the same time different in ethnicity, gender, religion or belief, age, educational background, life experience, origin and many other characteristics of diversity. Persons with disabilities are often only seen in terms of their common denominator, i.e. the risk of being disadvantaged on grounds of their impairment. However, it is already the moment at which impairment occurs in the course of a person's life that makes a very significant difference.



Prof. Dr. Elisabeth Wacker, Head of the Fellow Group

This differentiated approach to disability and impairment issues also reveals that it is not enough to measure disability solely in terms of official or medical findings (recognised and attested disability and/or diagnoses), but that it is instead a matter of realising life opportunities, life conditions and life quality in a differentiated and personal way. It is clear that a different kind of attention needs to be paid in this context, for example to the effect of statutory regulations, the design of municipal developments, the renewal of everyday language or the customization of statistical recording. This means that systems change along with the awareness of new social positionings, which are often described by the concept of inclusion, the latter of which is intended to permeate all of societal life (vision of an inclusive society). Unequal treatment on grounds of disability is thus to be rooted out by creating fair access to opportunities for all and by reducing various kinds of barriers in a broad approach (e.g. through a concept of Universal Design). It is not so much a question of prohibiting unequal treatment as of ensuring equal, i.e. fair opportunities and access for all people, irrespective of their specific characteristics, in all fields of social action (education and qualifications, professional life, income, health care, housing, participation in clubs and societies, public mobility, security and protection, public goods and services, etc.).

This background is the driving force behind the research of the Fellowship and its objective to observe, analyse and evaluate developments from a scientific perspective. A systematic reflection on the basis of clear statements is also necessary in view of the high political pressure in the context of constantly increasing numbers of potential beneficiaries and the associated rise in expenses within the framework of required and expected social benefits. In the German-speaking countries, comprehensive participatory research

that evaluates these consequences of demographic change and conceptual objectives is hardly established. A particular challenge for adequate research is also posed by the necessity for a multiplicity of perspectives and the related intersectionality. At the same time, this task seems to be worthwhile and inevitable, especially in the field of social policy and social law.

This being the focus research area of the Max Planck Institute for Social Law and Social Policy in Munich, it has been put in the best possible place to be dealt with. Awareness Raising and Disability Mainstreaming are to be intensified on the whole, but their practicability and implementation paths are still in development or largely open. New competence-oriented attitudes as well as ongoing and fundamental attention to concerns and requirements in connection with impairments and disadvantages must therefore be established. Monitoring for progress in participation is also an open desideratum and an essential task for the future, even if the areas of action are specified in the form of benefits groups in Section 5 of the German Federal Participation Act (BTHG):



Dr. Katharina Crepaz and Dr. Eva Nachtschatt



In order for persons to participate in life in society, the following are provided:

- medical rehabilitation services
- benefits for participation in working life
- maintenance securing the livelihood and other supplementary services
- services and benefits for participation in education
- social inclusion benefits

The aim is to improve living conditions, prevent exclusionary experiences and guarantee tailored and appropriate support. How this can be achieved is to be explored, tested and, if necessary, modified within the framework of the gradual implementation of the BTHG.

Open questions start out with an analysis of the current situation in all fields of social action and with reference to existing measures in the area of integration assistance. They continue with the

issue of identifying and quantifying needs and requirements in terms of participation services (according to quality and costs). Previous planning and redesigning must increasingly and systematically incorporate the heterogeneous perspectives of persons with disability experience. Hardly any experience or, even rarer, routines can be found in this field. The far-reaching mandate for change is still in its infancy.

The Fellow Group's questions are therefore located between legal soundings and political declarations of intent in a largely non-systematically mapped domain. From a scientific perspective, field studies and panoramic studies are suitable for exploring this area, since the range of tasks involved in apprehending the present and future situation concerning the self-determination and participation of persons with disabilities in Germany and Europe encompasses a full 360 degrees and therefore requires a comprehensive review as well as transdisciplinary discourses. In this con-

text, the interrelationships between existing definitions and their forms in surveys, statistics and legal regulations must be respected, as well as future socio-political and legal developments, which should be taken into account from the outset. According to the European Union, the Mainstreaming Disability tool is one of the European Union's most important instruments for promoting equal opportunities for persons with disabilities. Accordingly, it is also laid down in EU action plans as well as in German federal, state and municipal action plans. If such principles were to be established, it is hoped that the phase of insularisation of inclusion efforts would be overcome within the framework of numerous but isolated small-scale model projects. This could succeed especially if an exclusive treatment of inclusion for persons with disabilities was no longer in the foreground.

This is a controversial issue, particularly in the German-speaking countries and especially in schools, and distorts the focus on general rights and concerns for all people. For equality concerns are to

become a comprehensive strategy, e.g. in legislative procedures, in the design of technology, which should be accessible and useful to as many people as possible, in the execution of scientific projects and research questions, but also in the redefinition of normality expectations and deviations.

Specifically, the Fellowship is pursuing a 'twin track approach' under its common overarching topic of 'Dis[cover]ability and Indicators for Inclusion' (see illustration): On the one hand, according to the concept of 'empowerment', the focus is on needs specific to the impairment and/or disability and, in this regard, on adequate work within the framework of socio-political and welfare-state approaches in order to increase individual opportunities for participation (subproject I). On the other hand, with reference to the 'Disability Mainstreaming' approach, the focus is on the socio-material barriers faced by people with disabilities in contemporary society (e.g. lack of accessibility to public spaces, communication barriers, prejudices and disparate attitudes). This shall

Fellowship: Dis[cover]ability & Indicators for Inclusion		
Twin Track Approach		
Target Dimensions	Participation and Empowerment	Disability Mainstreaming
Focus	The focus is on people with disabilities and their experiences of disability; prerequisites for the establishment and increase of participation opportunities are identified	General social barriers caused by the orientation towards the "unimpaired" physical norm and associated concepts of (cap)ability
Realisation	Subproject I: Comparison of political participation of persons with disabilities; regional policy-making processes as low-threshold participation contexts?	Subproject II: Opportunities and limits to inclusion efforts in work organizations; conception of an "inclusive organization"

Thematic Structure of the Fellowship

lead to the identification of social spaces for action and approaches that put to the test, with a view to dealing with impairments and disabilities, institutions such as the education and economic system, which often have a tendency to segregate or exclude (subproject II). Eva Nachtschatt joined the Fellow Group in October 2017. Her doctoral thesis deals with legal capacity in the sense of legal agency in chosen legal areas, e.g. legal transactions and medical treatment. The thesis is a legal comparison between the legal systems in Austria, Germany and Australia (New South Wales). Legal capacity is one basic condition of legal acting. It encompasses legal standing and legal agency. The term legal capacity offers a broad meaning and impacts in all aspects of life. Legal participation is an elementary need for an inclusive society (subproject III).

In both areas of focus – life situations of individual actors and the analysis of societal framework conditions – the research-programmatic movement towards a concept of 'dis[cover]abilities' is important in order to counteract the still prevailing deficiency perspective on impairments and disabilities and to develop meaningful indicators for opportunities of self-determined realisation of participation and autonomy. In doing so, the Fellowship represents a harmonious continuation of the objectives and yields of the previous Fellowship (2010-2015) that dealt with 'Changing Social Systems and Participation in the Event of Disability', namely by way of a programme for the qualification of young researchers within the framework of a fundamental examination of inclusion issues in the light of the UN Convention on the Rights of Persons with Disabilities. Theoretically and methodologically, questions of (international) inequality research, life situation research, as well as transdisciplinary approaches to intersectionality, disability, diversity and gender studies were addressed. In addition to publications, presentations, academic conferences and workshops, the first Fellowship has so far

produced an assistant professor and several doctorates, and three postdoctoral theses have been initiated. The research results have been incorporated into the federal reporting on participation, the federal legislation regarding participation and into many other fields of science, politics and practice.

Subproject I termed 'Political Participation of Persons with Disabilities' of the second Fellowship deals with the socio-political and welfare state framework conditions and their influence on political participation opportunities at different governance levels (local, regional, national, European) in the EU multi-level system. The comparative project particularly focuses on a comparison of participation opportunities at the regional level, where an articulation of interests and exertion of influence on the policy making process can take place at a low-threshold level.

Subproject II termed 'On the Way to an Inclusive Organisation? Opportunities and Limits of Inclusion Efforts in Work Organisations' examines, in the sense of a 'Disability Mainstreaming perspective', the extent to which organizational inclusion can be conceptually conceived, measured and promoted in work organisations of the first labour market – i.e. in exclusive settings *per se*.

Subproject III termed 'Legal capacity in the field of Adult Guardianship Laws'. The structure of legal capacity systems show diverse forms, e.g. legal capacity to contract or the capacity to give consent to medical treatment. Legal capacity, as a legal concept or a legal construction, must be distinguished from the mental capacity as a basic human ability. The term capacity can easily become ambiguous in a legal context. Persons with disabilities are meant not to be able to legally participate. Nevertheless these persons might take part in legally relevant decisions, while taking into account a person's wishes and the decision making abilities.

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