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Umverteilungspolitik am Anfang?

Walther Otremba, Berlin

Abstract

There has been a shift in the public debate in Germany: following years of structural reform, aspects of redistribution of wealth and equality of income have become more important. However, this focus on social justice ignores the facts about the development of incomes in Germany. It also underestimates the negative effects of redistribution on incentives for economic activity. Instead of engaging in debates about redistribution of wealth, we should be reducing the pressures, particularly on the middle classes and on top performers. A policy for growth is essential. German economic policy should not be deflected from its course.

JEL-Classification: E60

Die Schuldenbremse im Finanzausgleich - Eine alternative Budgetregel für die Bundesländer

Max Groneck und Robert C. Plachta, Köln

Abstract

Existing rules of debt limitation in the German fiscal federalism are insufficient. The minimal condition to a new national fiscal rule requires adherence to the Maastricht criteria. This paper analyses existing reform proposals discussed in the Föderalismuskommission II and proposes a new rule. The natural debt brake in the fiscal equalization simply considers new indebtedness in the fiscal power of the Länder. Two goals are achieved: The substitution of missing tax revenue by new debt will be moderated and at the same time a reduction of debt will be awarded.

JEL Klassifikation: E62, H61, H72, H74

Wirtschaftspoliotisches Forum

Sicherung privater Investitionen – ein geeignetes Instrument der Entwicklungshilfe?

Peter Egger's paper provides a synthesis of findings with regard to the impact of bilateral as well as multilateral means of protection of cross-border direct investments in less developed countries and, in turn, on their economic growth. In particular, I focus on the role of bilateral investment treaties and multilateral agreements such as the GATS in this regard. Previous empirical work identifies a significant positive

impact of bilateral investment treaties on FDI. It suggests a similar impact of the GATS on FDI. I argue that these agreements contribute significantly to economic growth in less developed economies and countries in transition by spurring technology transfers through multinational activity of the developed countries in other economies.

Andreas Freytag and Sebastian Voll emphasize the important role of adequate institutions both for investment and development. The question is, whether investment guarantees as insurance for political risks in the recipient country support economic development or not. Actually, the German Federal Republic is the leading warrantor for FDI-insurances on the world, but the benefiting countries are not the LDC's. Using these warranties as an instrument of development policy in the future is content of actual political discussion. They argue that, in case of economies with weak domestic institutions, investment guarantees could provide disincentives for politicians in the target country to establish rule of law and good governance. On the other hand, investment guarantees could foster development by providing additional access to FDI, especially in emerging market economies with sufficient and improving institutional quality.

Philipp Harms points out while foreign direct investment (FDI) flows to developing countries and emerging markets have increased substantially in recent years, many low-income countries are still shunned by multinational firms. One of the key causes for this observation is the poor quality of institutions and an often precarious political environment in these countries. Given the benefits of FDI for host country productivity and income levels, it could thus be argued that protecting the security of property rights is an effective way of enhancing growth and prosperity in poor countries. While I agree with this point of view, I argue that "traditional" forms of development aid can substantially contribute to an improved investment climate in developing countries. This argument is based on the notion that insecure property rights reflect distributional conflicts in the host country population, and that appropriate development support can shift agents' distributional interests in favor of foreign firms

JEL-Classification: F21; F23, F35, O16, O19, O43

Freiheit für Arbeitskräfte und Dienstleistungen in der EU - Protektion in Deutschland?

Hans H. Glismann und Klaus Schrader, Kiel

Abstract

It is analysed whether the EU's Eastern Enlargement has been an obstacle to further European integration. Does the Enlargement provoke protectionist policies in core member countries, such as Germany? The paper deals with the institutional settings pertaining to labour supply and trade in services within the Union. It is shown that

Germany is one of the two EU 15 countries still denying free access of new member countries to its labour market. In addition, Germany has been pushing for protection regarding trade in services. Statistics indicate that German protection and EU free trade have made the UK a winner in the game of labour migration.

JEL-Classification: F 15, F 16, J 38

Die Hoffnung auf eine schnelle Reformdividende - direkte Erwartungseffekte institutioneller Reformen

Friedrich Heinemann, Peter Westerheide und Waldemar Rotfuß, Mannheim

Abstract

The Hope for Immediate Dividends: Direct Expectation Effects of Institutional Reforms

Immediate effects of institutional reforms on growth and employment are highly important for political agents who frequently have short time horizons. Positive effects of expectations are a suitable transmission channel for a fast success of economic reforms. We analyse whether economic reforms have such an immediate impact on consumer confidence and business climate. We evaluate three case studies, which are supplemented by an additional econometric country panel analysis. Although we find some evidence for positive effects of reforms on business climate, we also detect that consumers tend to react with higher caution and growing insecurity. Our contribution discusses how policy makers should react on these findings.

JEL-Classification: E65, E21, E66