

THE SPECIAL WAY OF COHESION IN GERMANY

Edit Knoll-Csete¹

Abstract

All regions differ in their economic structure and in terms of their general conditions for economic growth. Regional policy aims are the balancing economic disadvantages of weaker developed areas, to create equivalent living conditions and more cohesion between the different parts of a country. Regional policy is a special local site policy for supporting establishing companies in the regions. An effectively coordinated and well-targeted regional policy reduces comparable economic backlogs, based on the principle of equal treatment, and is a prerequisite for a balanced development of a country. The German regional policy focuses on supporting structurally underdeveloped regions and municipalities, with its central tools being to compensate the disadvantages, to promote structural transformation and to create competitive jobs due to local economic policies. The single German aid scheme started in January, 2020, with the help of the German Government to bring all forms of aid into a single framework, and by unifying the available aid, extended the catching-up policy from the Eastern Laender (Länder) to the underdeveloped western regions. Thus, thirty years after the establishment of a unified Germany, the domestic regional policy became uniform as well. The state aid addressed to the eastern and western Laender from a separate framework successfully abolished. Germany will finance all underdeveloped regions from one source, the Community Task. The Solidarity Pact finished, and the former Eastern and Western rails finally met. The previous priorities, the development of cross-border regions, infrastructure and support for business establishment and the convergence of economically weaker East German Laender were replaced by new objectives. Restructuring of “carbon regions”-also important in the East-, to improve green energy sources, digitalisation and modernisation have been highlighted. We are witnessing an environmentally friendly regional policy that responds to new global challenges, which implemented through various channels, aligned with EU funding², and coordinated by the Federal Ministry of Economic Affairs and Energy.

Introduction

In many countries around the world, there are cohesion policy efforts and regional programmes to catch up with the more disadvantaged regions, increase competitiveness, make locations more attractive and encourage the deployment of renewable energy sources, based on governmental instruments or cooperation with other countries or international organisations.³ Germany declared the support for regions with structural difficulties in the

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² Germany, where the official EU regions based on the Laender (NUTs) through 47 national programmes, benefits from ESIF funding of EUR 28 billion. This represents an average of 345 euro per person from the EU budget over the period 2014-2020. This page includes visualizations on the planning and implementation of the finances available, the EU payments to Germany and achievements at country level. Total country budget for 2014-2020 were 44 745 077 606 EUR. www.ec.europa.eu/regional_policy/en/atlas/germany/

³These include national cohesion programmes in the G20 countries and socio-economic projects in emerging countries, such as the Brazilian National Regional Ministry (Desenvolvimento Regional/Ministerio Integracao Nacional), the Saudi Arabian “Vision30”, many environmental and cultural projects in Mexico, the Canadian social economic cohesion policy (Impact Assessment Act) or other African continent-wide development agendas, and the EU regional and cohesion policy.

Constitution⁴. The European Union provides the Article 107 2c of the Treaty (former Article 87 of the Treaty on the Functioning of the European Union) for the legal basis for state aid to the former East German Laender. The allocation of aid based on the internal federal regulation (Gemeinschaftsaufgabe⁵) in accordance with the EU standards. Although regional aid is used to support projects to be interpreted sometimes broadly (Saxon-Anhalt IGB venture capital fund, renovation of Gendarmenmarkt Berlin, and support for multifunctional, mainly Islamic religious sites, so-called community meeting sites, i.e. “Begegnungsstätten”). The German public administration and provincial administrative backgrounds behind the projects and their funding⁶ are constantly adapted to the new challenges (Transformation EU, Next Generation EU), professional departments and financial units arose for the allocation of grants and other programmes, accompanied with the establishment of specialised institutions for controlling the use of funding⁷. The provincial ministries for European affairs transformed the associated work areas. New ministries, joint committees and offices have been set up at both: provincial and federal level, supposed to strengthen the synergy of support⁸.

4Art 91a

(1) Der Bund wirkt auf folgenden Gebieten bei der Erfüllung von Aufgaben der Länder mit, wenn diese Aufgaben für die Gesamtheit bedeutsam sind und die Mitwirkung des Bundes zur Verbesserung der Lebensverhältnisse erforderlich ist (Gemeinschaftsaufgaben):

1. Verbesserung der regionalen Wirtschaftsstruktur,
2. Verbesserung der Agrarstruktur und des Küstenschutzes

(2) Durch Bundesgesetz mit Zustimmung des Bundesrates werden die Gemeinschaftsaufgaben sowie Einzelheiten der Koordinierung näher bestimmt.

(3) Der Bund trägt in den Fällen des Absatzes 1 Nr. 1 die Hälfte der Ausgaben in jedem Land. In den Fällen des Absatzes 1 Nr. 2 trägt der Bund mindestens die Hälfte; die Beteiligung ist für alle Länder einheitlich festzusetzen. Das Nähere regelt das Gesetz. Die Bereitstellung der Mittel bleibt der Feststellung in den Haushaltsplänen des Bundes und der Länder vorbehalten.

5'Das Gesetz wurde von dem Ausschuss 'Verbesserung der regionalen Wirtschaftsstruktur (GRW) angehörnden Bundesminister für Wirtschaft und Energie als Vorsitzender sowie dem Bundesminister der Finanzen und den Wirtschaftsminister und die Wirtschaftsminister (-Senatorinnen) 16. September 2018 in Ausführung des Gesetzes über die Gemeinschaftsaufgabe “Verbesserung der regionalen Wirtschaftsstruktur” vom 6. Oktober 1969 (BGBl. I S. 1861), zuletzt geändert durch Artikel 269 der Verordnung vom 31. August 2015 (BGBl. I S. 1474), den Koordinierungsrahmen ab 17. September 2018 beschlossen und ist mit der Wirkung vom 17. September 2018 in Kraft getreten.

6Based on the division between German ministries, the continuation of negotiations on the EU financial perspective and using EU Funding are in the responsibility of the German Federal Ministry of Foreign Affairs. The German Federal Ministry of Economic and Energy coordinates regional politics. The Ministry of Federal Labour and Social Relations is responsible for funding from the Social Fund. The German Federal Ministry of Agriculture in cooperation with the competent ministries of the Laender coordinates the Agricultural and Rural Development Fund and the Fisheries Fund. However, the implementation of the projects is in the responsibility of the Provincial Ministries. German Federal Ministers regularly consult their provincial colleagues on all-important European Union issues.

7The European Union provides a wide range of financial instruments for projects and programmes. Aid allocated to strict standards, it is based on the principles of transparency and responsibility, and their use is strictly controlled. The basic condition for accessing EU financial instruments is the signing of the grant agreement. The EU's 27 Member States and the European Commission are jointly responsible for the use of EU instruments according to their intended purpose, with a large part of the money being used by the host countries and national authorities responsible for monitoring. More than 76 % of the budget is implemented through partnership cooperation through national and regional authorities under the so-called split management system. All financial operations related to EU funding shall be subject to EU financial management rules. The rules are set out in the EU Financial Regulation and other financial legislation and programme guidelines.

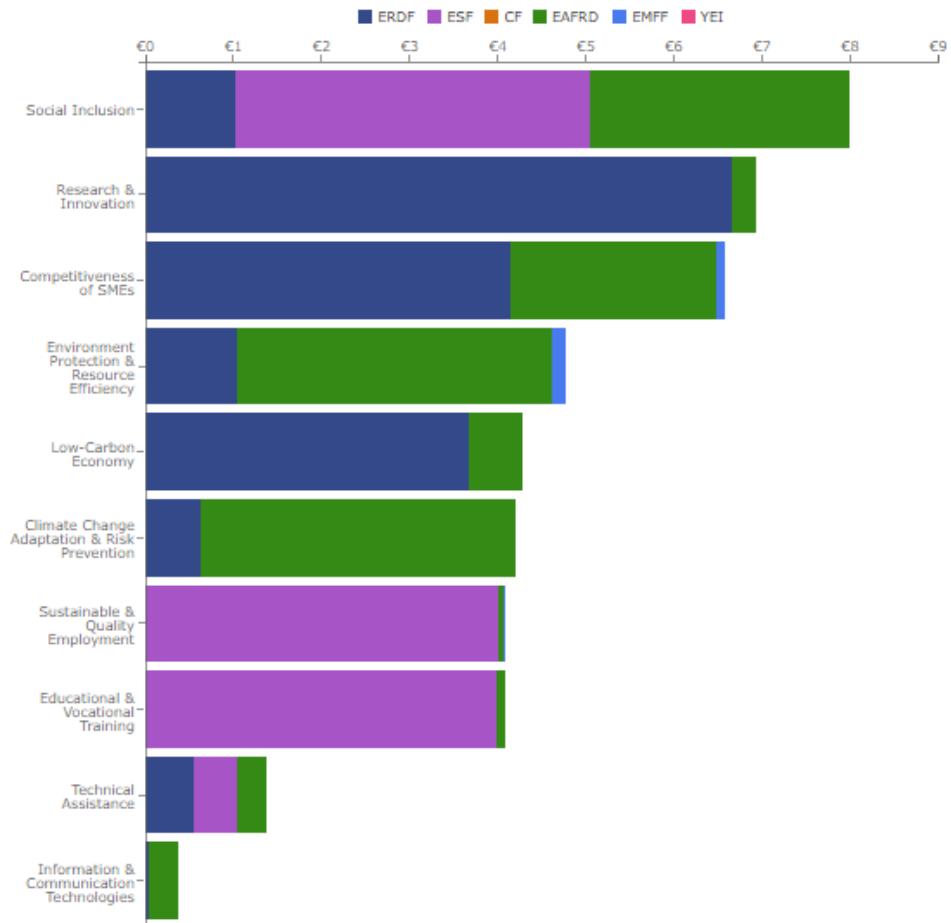
Source: European Commission

8“The strategic management theory states that when analysing their competitive situation, companies will assess the links they can build in relevant markets with other stakeholders, consumers, competitors and fibrates. To achieve synergy, it is essential to ensure that all the necessary resources are ensured and the efficient allocation of the various units, as well as the development of a company organisation whose

ESIF 2014-2020: Total Budget by Theme (daily update): Germany, EUR Billion

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cohesiondata.ec.europa.eu/countries/DE

Prime Minister's Conference

The so-called Prime Minister's Conference of the German Laender plays a prominent role in the regional policy decisions⁹ as well. The German federalism is the most characteristic among the world's countries with her concept of political interdependence¹⁰, the intertwining of all political levels, those take part in the decision making about public spending tasks. It means not only the central political-administrative actors, but at all levels: federal, provincial/regional, and at communal level as well, the decision-makers align the decisions together. Compared to the Constitution, the Laender also play an important role in the

characteristics meet the strategic requirements. The strategy is ultimately classified by corporate results." Attila Chikán: *Economics, Alternative Strategies Economics and Legal Book*, Aula, Budapest, 2008, 455-464.

⁹The Prime Minister's Conference (MPK) is a self-coordinated committee of the 16 German Laender, which was created to coordinate the joint positions of the Laender at federal level. The conference will address provincial topics that require federal coordination. His classic tasks include the finalisation of state contracts and agreements, financial settlement of the financing of the Laender, and federal broadcasting contracts. Current President (from October 2020) Prime Minister of Berlin, Michael Müller (SPD) The Prime Ministerial Conference decided, for example, to introduce the Covid19-lockdown in November 2020. Lower levels, for example, are provincial ministerial conferences.

¹⁰Scharpf, Fritz W.: *Föderalist muskuloskeletal Reform: Kein Ausweg aus der Politikverflechtungsfalle?*

Kapitel 4, 117-155.

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German legislature. To avoid duplication in the legislation must differ between the federal competences is and the provincial law (Art. 72 GG and Art 31 GG). Although federalism is still an effective instrument of subsidiarity, the municipalities¹¹ have repeatedly suggested that they want to receive support directly from Brussels and not through the often opaque and long channels. The Commission, on the other hand, does not have the necessary apparatus to expand the scope of direct aid or to coordinate and disburse such aid, including control of their use¹².

1. State aid for structurally lagging German regions

The first economic impulse of the German Federal Republic was initiated by the German cabinet's decision of July 3, 1951 (Abgrenzung der Sanierungsgebiete). Between 1954 and 1959, regional aid was limited to loans and investment aid with favourable interest rates, mainly in the form of tax incentives. The origin of today's aid can be traced back to 1959, when economic recovery measures were first taken according to the territorial and point-by-point focus. In 1968, the Federal Ministry of Economic Affairs proposed the improvement of regional economic policy and the creation of a Regional Economic Recovery Act (Gemeinschaftsaufgabe, Verbesserung der Regionalen Wirtschaftsstruktur, GRW) and the coordination of the related structural policies. This task was also enshrined in the German Constitution under the name "Community tasks". The duration of today's planning frameworks is 3-4 years. The GRW focuses on supporting the regional economy, promoting investments that directly increase the competitive delays of companies in the region, improve economic infrastructure and support regional economic initiatives and the necessary regional policy research.

The German federal aid scheme for the German regions with economic and structural difficulties based on the Constitution was launched in 1969¹³ in Article 91¹⁴. The regions with structurally weak economic, demographic and infrastructure problems will receive federal support¹⁵. Its aim was to set up companies that generate economic growth and employ local

11A task that can be solved by a person or community at local level due to specific involvement should not be decided at a higher level (possibly by excluding those involved). "What individual individuals can accomplish by virtue of their own power and abilities shall be excluded from their competences and shall not be entrusted to the community; thus, all that a community organised at a smaller and lower level is able to carry out and perform, passed on to a larger and higher level association of illegality, and at the same time it is a serious sin to overturn the correct order of society, since by virtue of the essence and the inherent power of all social activities it is obliged to subsidise parts of society, but must never decompose or absorb them." (QA 79.) XI. Circular of Pius Quadregesimo anno (1931)

12Around 80 % of the resources are managed by the EU Member States themselves, and EU Member States have their own internal control systems. In addition, to ensure accountability, each country should draw up a financial report, a management statement and a summary of audit reports and controls carried out. The Commission closely monitors the use of EU funds. One of the control tools established for this purpose to prevent fraud and corruption is the so-called Early Recognition and Exclusion System. The database operated under the scheme shall contain information on individuals and organisations convicted of fraud, corruption, or other illegal activities. This instrument will help the EU to exclude economic operators registered for these reasons from public procurement procedures, detect fraud at an early stage and, if necessary, impose sanctions. The Commission agrees with each Member State on eligible public (or equivalent) expenditure to be maintained during the programming period; in addition, it checks compliance in the middle of the programming period (in the evening in 2018) and at the end of 2022. Two institutions specialise in the overall control of funds from the European Union: OLAF: the European Anti-Fraud Office and the National Anti-Fraud Offices (OLAF offices) and ECA: the European Court of Auditors. Source: OLAF

13The Constitutional Amendment was adopted on 6 October 1969 (BGB1. I S. 1861) amended by Decree 269 of 31 August 2015 (BGB1. I S. 1471). The areas designated for the support belong to the 'Koordinierungsausschuss der Gemeinschaftsaufgabe'.

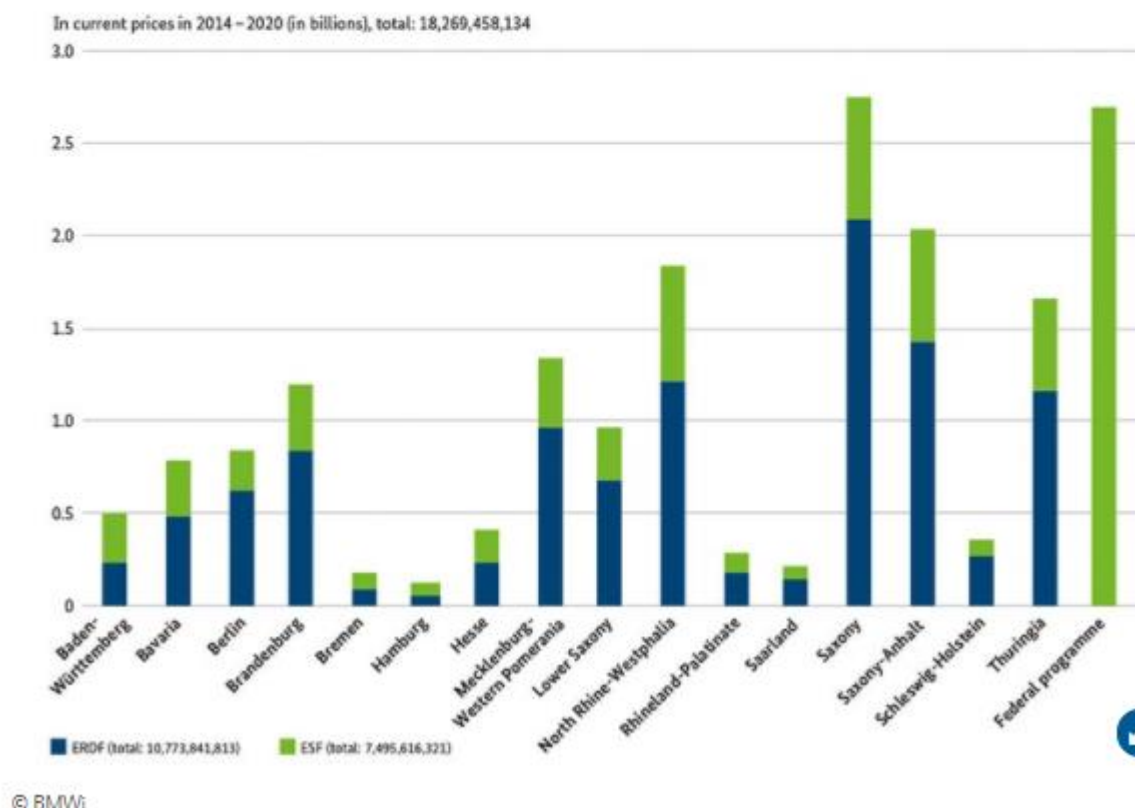
14Grundgesetz für die Bundesrepublik Deutschland Art 91a, b www.gesetze-im-internet.de/gg/BJNR000010949.html

15 www.innovation-strukturwandel.de/files/Karte_Strukturschwache-Regionen.pdf

workers in less attractive regions. At present, 16 out of the 96 officially established regions are included in this category, not only rural areas, but also cities, both East German and West German regions. The range of regions assigned to Community tasks has increased over the years, but the regions that have developed have not yet been excluded from the scope of GRW, so there has often been support for companies that were not justified in terms of economic incentives but were eligible for aid due to disadvantaged regional classifications.

Programming period 2014 – 2020

Indicative allocation of ERDF and ESF funding to the Länder

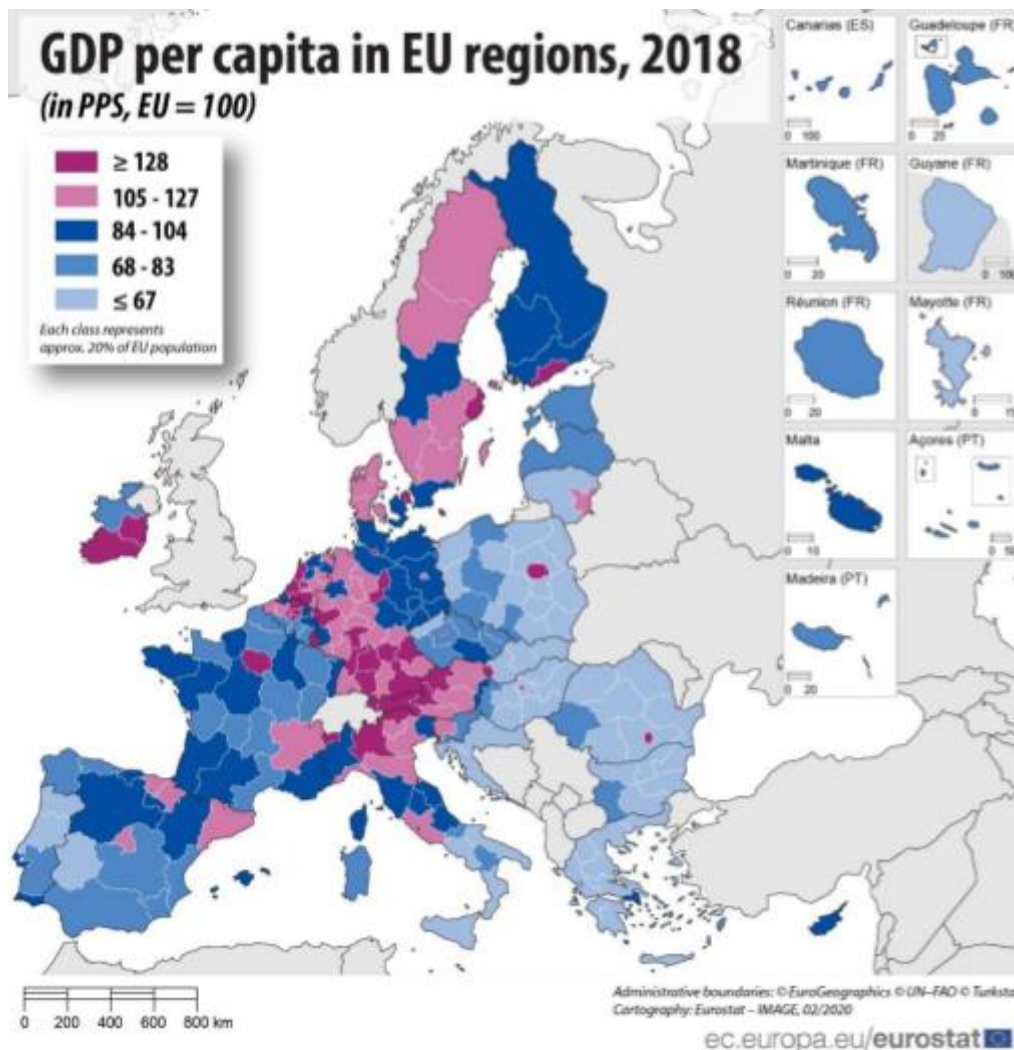


2. Federal funds to support the former East German Länder

At the time of the dissolution of the GDR, many East German companies lost their competitiveness and went bankrupt, destroyed or, during the¹⁶ privatisation of the state asset management company “Treuhändanstalt” (THA), fell into the hands of West German investors for pennies. The result was a rapid growing unemployment in the eastern Länder. To catch up with the new parts of the country, the homelands created a special programme aimed exclusively at supporting the new (former GDR) Länder. Article 107(c) of the EU provides that aid to the economy of certain areas of the Federal Republic, where aid is necessary to offset the economic disadvantages resulting of the unity. Five years after the

¹⁶www.de.wikipedia.org/wiki/Detlev_Rohwedder,

entry into force of the Treaty of Lisbon, this point may be repealed by a decision adopted by the Council on a proposal from the Commission.



The German Unity Fund was launched to eliminate the inequalities arising from the merger of the 2 German Laender. Followed in 1995 by the so-called Solidarity Pact. After thirty years of unity, the Solidarity Pact has provided a total of EUR 251 billion of federal aid to the East German Laender, mainly in the form of infrastructure investments.

German Unity Fund¹⁷ (Fonds „Deutsche Einheit“ 1990-1994) based on the Article 28 of the State Treaty¹⁸ between the German Democratic Republic and the Federal Republic of Germany, provided assistance to the East German Laender, Berlin, Brandenburg, Mecklenburg-Vorpommern, Saxony, Saxony-Anhalt and Thuringia, which received a total of more than 160 billion German Marks (DMs) from the Fund.

¹⁷ Gesetz über die Errichtung eines Fonds „Deutsche Einheit“ www.gesetze-im-internet.de/defg/DEFG.pdf

¹⁸ Gesetz zu dem Vertrag vom 18. Mai 1990 über die Schaffung einer Währungs-, Wirtschafts- und Sozialunion zwischen der Bundesrepublik Deutschland und der Deutschen Demokratischen Republik www.gesetze-im-internet.de/wwsug/BJNR205189990.html

The aim of **the Solidarity Pact I.**¹⁹ (1995-2004) was to mitigate the differences in living standards between old and new Laender, built up on the German Unity Fund. The Federal Consolidation Programme²⁰ (FKPG) was adopted in 1993. It included tax sharing, provincial financing settlement (6.8 billion EUR) and federal supplemental allowances (82 billion EUR) and 24 billion EUR under the Investment Act to support the construction of the East in 1998-2001. Hessen, Baden-Württemberg, Bavaria, North Rhine-Westphalia, and Hamburg contributed to the financing of SP I. and the beneficiaries of the new Laender were Bremen, Saxony, Rhineland-Pfalz, Schleswig-Holstein, and Saarland. The aid was spent on the modernisation of economic infrastructure and the construction of residential buildings.

Solidarity Pact II.²¹ (2005-2019) was funding directly linked to its predecessor²² and provided a long-term financing perspective for the East German Laender in two baskets. During this period, the new Laender received 156 billion EUR, resulting in declining annual funding (105 billion EUR) and underpinning (51 billion EUR). Since 1998, the official federal supporting for the new Laender²³ represented and leaded by high-ranking politician²⁴s, who reports annually on the state about the German unit.

Solidarity contribution²⁵: this special solidarity tax was introduced in 1991 to finance infrastructure developments and projects in the East German Laender after the German Unit in 1990. The tax rate is currently 5.5 % (formerly 7.5 %) of income tax or corporation tax on profits. In 2018, the solidarity contribution increased the federal budget by 18.9 billion EUR. In 2019, revenues of EUR 19.4 billion were planned and EUR 20 billion in 2020. In November 2019, the German Government decided to reduce the solidarity contribution²⁶, which will provide taxpayers with a 90 % reduction starting in 2021. According to the government's decision²⁷, single workers (the taxation of families are subject to special rules) from 2021 onwards are not obliged to pay contributions if they do not earn more than 73 thousand EUR per year (almost 90 % of employees). Only part of those with an annual gross

19Solidarity Pact I: 1995-2004 Federal Supplementary Allocation (SoBEZ) and Financial Compensation Act (Finanzausgleichgesetz) 1998-2001 Investment Promotion Act/Investitionsförderungsgesetz Aufbau Ost)

20 www.dejure.org/BGBI/1993/BGBI._I_S._944

21The SP II is composed of two parts, called Cart I and Cart II.

www.bgbli.de/xaver/bgbli/start.xav#__bgbl__%2F%2F*%5B%40attr_id%3D%27bgbl101s3955.pdf%27%5D__1588951637731

22Performances of the federal government towards the eastern Laender (Leistendes Bundes und die ostdeutschen Länder) www.bundestag.de/resource/blob/550118/10b1d83152ebf4097011e767da171643/WD-4-045-18-pdf-data.pdf

23www.bmwi.de/Redaktion/DE/Dossier/neue-laender.html

24**Beauftragten der Bundesregierung für die neuen Bundesländer**

1998-2002, [Rolf Schwanitz](#) (SPD), Staatsminister im Bundeskanzleramt

2002-2005 [Manfred Stolpe](#) (SPD), Bundesminister für Verkehr, Bau- und Wohnungswesen

2005-2009 [Wolfgang Tiefensee](#) (SPD), Bundesminister für Verkehr, Bau und Stadtentwicklung

Oktober 2009 – März 2011: [Thomas de Maizièrre](#) (CDU), Bundesminister des Innern

März 2011 – Dezember 2013: [Christoph Bergner](#) (CDU), Parlamentarischer Staatssekretär im Bundesministerium des Inneren

Januar 2014 – März 2018: [Iris Gleicke](#) (SPD), Parlamentarische Staatssekretärin beim Bundesminister für Wirtschaft und Energie

März 2018-8. February 2020: [Christian Hirte](#) (CDU), Parliamentary Mr Staatssekretär beim Bundesminister für Wirtschaft und Energie

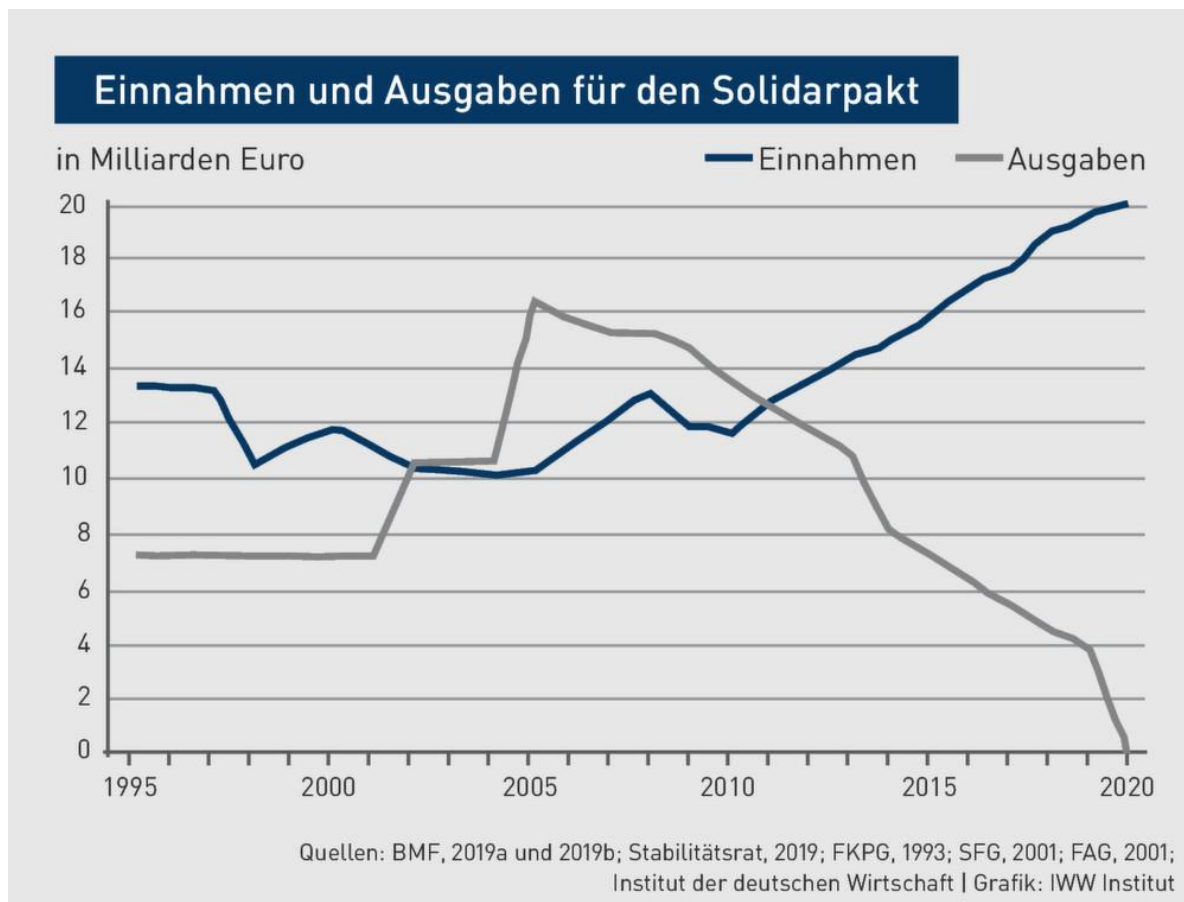
seit 11. February 2020: [Marco Wanderwitz](#) (CDU), Parliamentary Staatssekretär beim Bundesminister für Wirtschaft und Energie

25 Der Ertrag der Finanzmonopole und das Aufkommen der folgenden Steuern stehen dem Bund zu: www.gesetze-im-internet.de/gg/art_106.html,

26 www.focus.de/finanzen/steuern/soli-wird-abgeschafft-so-viel-geld-haben-sie-ab-2021-mehr-in-der-tasche_id_11023230.html

27 www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2019/08/2019-08-21-PM-SoliZuschlag.html

income above this amount should be paid up to a limit of 109 thousand EUR (6.5 % of employees), while those with more income continue to pay a tax of 5.5 per cent²⁸ to the budget.



The dividing line of economic development between regions was the East-West German border. On this basis, the Solidarity Pact (1995-2019) led to the convergence of the former Eastern regions. The planned phasing-out of the solidarity contribution in 2020 became a new timetable due to the economic crisis caused by the Corona virus. The government decided that, under certain conditions and for certain income groups, a solidarity tax on income would continue. The FDP (the Party of Free Democrats)²⁹ filed a constitutional complaint against this decision.

According to a study³⁰ by Initiative Neue Soziale Marktwirtschaft GmbH (INSM), the solidarity contribution for a quarter of a century financed not only the reconstruction of East Germany, but also provided additional playground for the federal budget. Between 1995 and 2019, the federal government received 87 billion EUR more revenue than did issue on

²⁸Gesetz zur Rückführung des Solidaritätszuschlags

www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze_Gesetzesvorhaben/Abteilungen/Abteilung_IV/19_Legislaturperiode/Gesetze_Verordnungen/2019-12-12-Soli-Rueckfuehrung-G/0-Gesetz.html

²⁹The complaint is based on the fact, that, with the Solidarity Pact being terminated, there is no legal basis for the collection of solidarity contributions

³⁰www.insm.de/fileadmin/in-sm-dms/text/kampagne/steuern-senken-jetzt/Soli/20200127_Gutachten_Soli-Reform_IW.pdf

projects financed by the Solidarity Pact. As the solidarity contribution remains unchanged for the highest earnings (3.7 %), this affects around 2.2 million people. In addition, nearly 6 million persons are still required to pay the contribution. These include more than 500 companies who continue to pay solidarity contributions in the form of corporation tax. According to the opponents of the contribution, the abolition of this tax would lead to a stronger economic dynamic.

Analysing the current level of development of each region, on the basis of economic and unemployment indicators in recent years, it has been established that the development of the German regions is not divided by the East-West border, but that there are also less developed and economically strong districts in all parts of the country. The former West German territories also need support, while there are East German territories that can compete economically with the most advanced German regions. For these reasons, the German Parliament decided to finish the Solidarity Pact (2019.12.31) and included all German regions uniformly within the scope of Community Tasks. The law for Increasing of Regional Economic Structure (1969/2015/GRW³¹) got amend and extend uniformly to all Laender.

Since first of January 2020, businesses and structurally weak regions can apply uniformly for more than 20 federal programmes³², with 2.5 billion EUR per year, of which 1.3 billion EUR is available for underdeveloped regions. The focus of the support programme were the coal exit (decarbonisation), digitalisation and broadband internet, research, and development, improving infrastructure, adapting to demographic change, supporting businesses and training professionals.

In 2019 and early 2020, one of the most important topics of domestic policy in Germany was the cessation of coal mining, which also has a significant impact on the regions. The Laender of North Rhine-Westphalia, Saxony, Saxony-Anhalt, and Brandenburg are involved in this issue. The adoption of the Coal Execution Act (Gesetz zum Kohleausstieg)³³ was postponed from January 2020, but the decision was postponed, probably influenced by the installation of a new coal mine in Datteln, near Dortmund-Ems Canal in May 2020. Datteln 4 is the only one new coal power settled in Western Europe. Despite widespread opposition and society, it began operating on 30 May 2020. It was a clear political decision without any necessarily to cover the energy supply. The inhabitants of the regions of coal mining are repeatedly trying to raise awareness of the environment and the importance of the early cessation of coal mining. Due to the high degree of electrification of mines, the workforce employed here is not significant. The development of regions should be boosted by green energy projects, infrastructure development and digitisation.

³¹‘Das Gesetz wurde von dem Ausschuss’Verbesserung der regionalen Wirtschaftsstruktur (GrW) angehörnden Bundesminister für Wirtschaft und Energie als Vorsitzender sowie dem Bundesminister der Finanzen und den Wirtschaftsminister und die Wirtschaftsminister (-Senatorinnen) 16. September 2018 in Ausführung des Gesetzes über die Gemeinschaftsaufgabe “Verbesserung der regionalen Wirtschaftsstruktur” vom 6. Oktober 1969 (BGBl. I S. 1861), zuletzt geändert durch Artikel 269 der Verordnung vom 31. August 2015 (BGBl. I S. 1474), den Koordinierungsrahmen ab 17. September 2018 beschlossen und ist mit der Wirkung vom 17. September 2018 in Kraft getreten.

³²Six federal ministries coordinate the programmes: the Federal Ministry of Economic and Energy (BMWi), the Federal Ministry of Interior (BMI), the Federal Ministry of Agriculture and Food (BMEL), the Federal Ministry of Family, Elderly, Women and Youth (BMFSFJ), the Federal Ministry of Training and Research (BMBF) and the Ministry of Public Transport and Digital Infrastructure (BMVI).

www.bmw.de/Redaktion/DE/Downloads/G/gesamtdeutsches-foerdersystem.pdf?__blob=publicationFile&v=16

³³www.dip21.bundestag.de/dip21/btd/19/173/1917342.pdf

The German “coal exit law” was finally levied on 3 July 2020. The legislation gives the green light for the gradual shutdown of coal-fired power stations. The last coal plant will be operated until 2038. The federal government agreed end of August 2020 on brown coal plants³⁴. The agreement of 27 August covers 90 million EUR will be earmarked for environmental protection. Further 40 billion EUR will be allocated by the end of 2038 for almost sixty projects, mainly for structural transformation. Further 26 billion EUR can be used for concrete projects and 14 billion EUR will be paid through financial aid.

Summary

Thirty years after political unity, the regional East-West dividing lines appears as well. The program has also been successfully settled and the rural development convergence policy in Germany has become united too. According to the German Unity Report³⁵, which was completed in September 2020, the construction of the eastern part of the country was a slow process, but it is still an economic success story. Wages and pensions have increased, economic growth has doubled since 1990, unemployment has declined. The standard of living in the East Germans continued to approach the level of people living in the West German Laender, but it is still not the same level. The wage gap still exists, currently earning an average of 15 percent less for those who start their job activity in an eastern land. In 2017, the overall economic power in the eastern regions represented 73 % of the population in the western region. Several sociological disadvantages were associated with the adoption of the Western German socio-economic and currency system as “one to one”. The East German families suddenly started again from the beginning, their careers were broken, their jobs destroyed, they had to live from unemployment benefits and became to be social cases. Great disillusionment followed the first euphoria, while West German families could continue normal lifestyles queasily undisturbed, but the Eastern families' life became quite destroyed. The top positions of many companies were filled with West German managers, and almost all the high-ranking officials of the ministries came from the West Germans. The East Germans did not have a chance to control and influence the changes of their new life. They did not get the chance to interfere with the shaping of their future, which further reduced their motivation and led to sympathising society with extremist parties. (Researches of the Leibnitz Institute) According to several polls conducted in the meantime, this step also stopped an elite formation in the east. According to a survey by the University of Leipzig in early 2018, for example, at the beginning of 2018, only 5 percent of the East German managers were employed in the 196 German stock exchange (DAX)-listed companies. The difference between the economic structures of the two parts of the country has not been eliminated; the labour productivity ratio is different in the East, where workers still produce 90-95 percent less per hour than in the West. (Three years ago, Eastern workers achieved 30 percent of the western level.) If we look at cities, the productivity of East German cities is 70-75 percent of the West German towns. The DAX firms are not in a hurry to relocate their headquarters to the eastern cities, thus unfortunately the East German cities are losing several revenues, development, and qualified workers. The German administration is still characterised by many commuting to Berlin. The families are working there but are not permanently relocating to the German capital. To date, a significant part of the German GDI has migrated to Western

³⁴Sustainable structural transformation in the pursuit of coal exit www.bmu.de/pressemitteilung/bmu-foerdert-neue-kompetenzzentren-in-ostdeutschen-kohleregionen/, www.zeit.de/news/2020-08/27/marathonlauf-fuer-strukturwandel-in-kohleregionen-gestartet, m.boersen-zeitung.de/dpa-meldung/2020-08-27/1321166/strukturwandel-in-cohleregionen-konkrete-project-auf-weg-gebracht, <unk>

³⁵Jahresbericht der Bundesregierung zum Stand der Deutschen Einheit 2020
www.dip21.bundestag.de/dip21/btd/19/225/1922580.pdf

German regions, and this is where a significant proportion of the amount of research and development is spent. However, it is also worth highlighting success stories such as the Teltow-Fläming Region around Berlin and the Tesla Gigafactory Berlin-Brandenburg

The German Unity Report found out, that with the time the East-West attitude changed and now focuses on the differences between the cities and the countryside. First this is true, but it should be noted that the eastern Länder have still not reached the level of economic development of the western Länder, and unfortunately, they do not start with the same chances of fighting for the investors. But the Solidarity Pact opened the way for another debate and offered the opportunity for the German Government to develop a third generation of Solidarity Pact to aid economically weak regions throughout Germany. Marco Wanderwitz³⁶ (CDU/CSU), a government commissioner responsible for Eastern German policy and Matthias Platzeck (former Prime Minister of Brandenburg), the President of the Commission proposed to establish the European Transformation and German Unity's Future-Centrum, which will coordinate and present the action that permanently eliminates inequality between West and East Germany. From all this, it can be concluded that they no longer wish to concentrate prioritised on the eastern counties. The former GDR regions must themselves test their projects for state aid, make their sites more attractive for business investors and have to improve individual creativity and find a way to receive more support from other funding, like from the EU funds³⁷.

³⁶Abschlussbericht der Kommission "30 Jahre Friedliche Revolution und Deutsche Einheit"

www.deutschland-ist-eins-vieles.de/kommission/

³⁷ The European Commission just opened the 14th edition of the flagship REGIOSTARS awards competition that rewards each year the best projects financed under Cohesion policy www.ec.europa.eu/commission/presscorner/detail/en/ip_20_2528