News Item, 24/02/2009, Gütersloh: Germany well positioned for globalization, although shortcomings exist in key policy areas

Comparative study of industrialized countries shows nations with strong democracies and high levels of social justice are more successful in dealing with change

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Compared to other western industrialized nations, Germany is well positioned to address the challenges arising from globalization. In terms of its economic performance and policymaking, however, it significantly lags its Scandinavian neighbors in a number of areas. Those are the findings of the Bertelsmann Stiftung's Sustainable Governance Indicators (SGI) study, which takes a comparative look at how the 30 OECD member states are poised to deal with current and coming challenges.

Carried out in cooperation with a global network of recognized specialists, the study uses 149 indicators to assess the need for and the ability to carry out reforms in those policy fields that are critical for ensuring a nation's long-term viability. The findings reveal, for example, that Germany has a number of critical shortcomings, especially in the areas of employment, business, education and integration.

Issues that are particularly problematic include the country's recent patchwork reform of its healthcare sector, its lack of childcare for infants and toddlers, its high rate of unemployment and the limited educational opportunities it offers immigrants and their children, not to mention its complicated, opaque tax system. At the same time, Germany is a leader

when it comes to environmental protection policies and research and development, even if the participating experts feel considerable untapped potential still exists in these areas. The Scandinavian nations top the list, while Germany can generally be found in the top third of all OECD members for its performance in the areas covered by the indicators.

The participating experts also agree that the key factor determining whether a country can effectively address current and coming globalization-related challenges is not its economic prowess or social conditions, but whether it is adept at the "art of governance." Countries, for example, that are home to strong democracies and that effectively include actors from all social spheres clearly achieve more sustainable political outcomes. The countries at the top of the list, moreover, all perform outstandingly when it comes to governance and policy management issues, something that allows them to respond effectively to the diverse challenges stemming from globalization. "National governments still have an important role to play in the globalized world," says Dr. Gunter Thielen, chairman and CEO of the Bertelsmann Stiftung. "They are still the ones who determine the well-being, or lack thereof, of those they represent."

The findings come to yet another surprising conclusion: "Among OECD member states, it is not primarily economic growth, but good government within a robust democracy that promotes social justice," explains Prof. Wolfgang Merkel from Berlin's Social Science Research Center.

In a special study based on the SGI findings, Merkel assessed levels of social justice using 25 discrete indicators reflecting a number of subject areas, including employment rates, spending on education and social programs, poverty levels among the elderly and discrimination of minorities. The special study shows, for example, that among OECD members, wealthy, highly developed countries such as the United States or Japan do not exhibit higher levels of social justice than economically less developed nations such as Poland.

According to Dr. Leonard Novy, project manager at the Bertelsmann Stiftung, social justice correlates strongly with a well-functioning democracy. "The Scandinavian countries, the Netherlands and New Zealand all top the list when it comes to the robustness of their democracies," he says. "Yet they also post the best results in a number of other areas, including employment, education and environmental protection."

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