

In the peak years of the crisis, GDP fell considerably while employment continued to grow. Public finances also took their toll with a rise in expenditure and falling revenue. Indicators started to improve in 2011. By 2013, GDP, employment and public revenue were above the pre-crisis level. Household disposable income also performed moderately well during the period.

Macro and aggregate statistics, Germany 2007-2013

Cumulative percentage change between 2007 and 2013 (2007 = 0)

	GDP	Employment rate	Public expenditure	Public revenue	HDI
2008	1	2	0	0	0
2009	-5	2	5	-3	2
2010	-1	3	5	-3	3
2011	3	5	5	1	1
2012	3	6	4	3	-
2013	3	6	4	3	-

Note: GDP: Gross domestic product by volume; Employment: employment rate of working-age population; Public expenditure: does not include general economic, commercial and labour affairs; Public revenue: only includes taxes and social contributions; HDI: mean household disposable income.

Source: OECD data from National Accounts Statistics, Labour Force Surveys and Income Distribution Database (IDD).

Tax-benefit measures implemented in Germany between 2008 and 2013 were limited in comparison to other countries, as a large reform programme (including the Hartz labour market reform) was implemented previously to the crisis (OECD, 2007a). In 2009, family, housing and social assistance benefit amounts were raised above inflation. In 2011, long-term unemployment benefits were reduced as transition measures to soften the 2002-2005 unemployment benefit reforms were phased out. VAT rates were not increased, but were increased just before (in 2007, the standard rate rose from 16 to 19%). Pensions are indexed based on wage development and a sustainability factor, throughout the period indexation was lower than inflation.

Overall, simulation results suggest that tax-benefit measures had a slightly positive impact on family incomes, mainly due to tax cuts to families earning between 1 and 2 times the average wage. Measures had a negative impact for families in long-term unemployment as the full scale of the unemployment benefit reform took place.

Simulated effects of tax-benefit reforms on family disposable income, Germany 2007-2013

Cumulate and annual percentage change of simulated family disposable income (2007 = 0)

	Total	Months in unemployment						% of AW										Pensions	VAT
		0-12	13-24	25-36	37-48	49-60	0-20	21-40	41-60	61-80	81-100	101-120	121-140	141-160	161-180	181-200			
Total	1	5	18	-9	2	2	2	3	3	3	4	5	5	5	5	4	(-)i	.	
Taxes	1	0	0	0	0	0	0	0	1	1	2	3	4	4	3	4	.	.	
Benefits	0	5	18	-9	2	2	2	3	2	3	2	2	1	1	1	0	(-)i	.	
2008	-1	-1	-2	-2	-2	-2	-1	-2	-2	-1	0	0	0	0	0	1	(-)i	.	
2009	3	4	3	4	4	4	4	4	4	4	2	2	1	1	1	1	.	.	
2010	0	1	-2	-2	-2	-2	-2	-1	-1	-1	1	2	3	3	3	2	(+)i	.	
2011	-3	-1	21	12	-2	-2	-2	-2	-2	-1	-1	-1	0	0	0	0	(-)i	.	
2012	1	-1	2	2	2	2	2	2	2	0	0	0	0	0	0	0	(-)i	.	
2013	1	1	1	1	1	1	1	2	2	2	2	2	1	1	1	1	.	.	

Note: See Read Me.

Source: OECD Tax Benefit Model, OECD VAT database, MISSOC (2015).