Chapter 3

Setting your own wage: The debate surrounding remuneration of Members of Parliament in Germany

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Abstract

This paper examines the debate surrounding the remuneration of Members of Parliament in Germany. It analyzes grey literature, speeches and newspaper articles to shed a light on the debate. With the tool of analytical discourse analysis by Toulmin it scrutinizes the "self-determination should be abolished"-argument, which is very salient in the public discussion on the topic. The underlying arguments are being extracted, described and finally evaluated on their validity. Thereby, three main questions emerge: Does increasing their remuneration really increase a Member of Parliament's utility? Is there really no external control on the determination of Members' of Parliament remuneration? Does higher remuneration for Members of Parliament really increase taxes? All those three questions are answered in the negative by the author. First, the growth in utility resulting from an increase of Members of Parliament remuneration, which is overestimated by the public, can be assumed to be much lower. Second, there is external oversight on the self-determination process provided by the public. Finally, the tax increase as a result of an increase in Members of Parliament remuneration is neglectable.

1 Introduction

> The democratic and rule-of-law principle (Art. 20 German constitution) requires that the decision-making process in Parliament, which leads to a designation of the height of remuneration and the more detailed configuration of financial regulations connected with the status as a member of parliament, is transparent to the citizen and the result is being enacted before the eyes of the public.[1]

The debate about remuneration of German Higher Public Officials (HPOs) has mostly been centered on this one question: Should Members of Parliament (MPs) set their own remuneration? The quote above from the German constitutional court (Bundesverfassungsgericht) seems to have settled the question quite decisively already in 1975. However, despite the clarity of its ruling, the public and parliamentary discussions on this question have not ceased even over thirty years later. Every time, MPs wish to increase their remuneration, there is a public outcry about the height of the remuneration combined with indignation over the procedure of wage determination by parliament itself, also seen in the last debate about the wages of Members of Parliament in 2008.[2]

The German constitution (Grundgesetz) lays down the main principles that should guide the remuneration for the members of parliament in Art. 48 § 3: "The Members of Parliament are entitled to an adequate compensation that secures their independence."[3] The article is short and defined rather vaguely. Particularly two elements leave much space for interpretation: First, there is the "adequate compensation". What does adequate mean: Adequate to the skills of the person, their experience, their responsibilities? Second, the article prescribes the remuneration should "secure their independence". However,

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1 Bundesverfassungsgericht, BVerfGE 40, 296 - Abgeordnetendiäten (Constitutional court ruling - MP diets), 2 BvR 193/74 (Bundesverfassungsgericht 1975) ("Das demokratische und rechtsstaatliche Prinzip (Art. 20 GG) verlangt, daß der Willensbildungsprozeß im Parlament, der zur Festsetzung der Höhe der Entschädigung und zur näheren Ausgestaltung der mit dem Abgeordnetenstatus verbundenen finanziellen Regelungen führt, für den Bürger durchschaubar ist und das Ergebnis vor den Augen der Öffentlichkeit beschlossen wird.").

2 See for instance Sebastian Jost, "Das Schweigen Des Lammert: Warum Sich Die »Bild«-Zeitung Den Präsidenten Des Bundestages Vorgeknöpft Hat (The Silence of Lammert: Why the Newspaper BILD Is Giving a Proper Talking to the President of the German Parliament)," *ZEIT*, April 6, 2006, http://www.zeit.de/2006/15/Lammert.

3 Bundesrepublik Deutschland, *Grundgesetz*, 1949, accessed August 1, 2013, http://dejure.org/gesetze/GG ("Die Abgeordneten haben Anspruch auf eine angemessene, ihre Unabhängigkeit sichernde Entschädigung. Sie haben das Recht der freien Benutzung aller staatlichen Verkehrsmittel. Das Nähere regelt ein Bundesgesetz.").

how much money ensures the MPs' independence: Is a minimum wage enough to secure the independence, or does the income maybe have to be high enough to fulfill nearly all financial wishes of an MP so there is no financial temptation left on earth for them?

There is a strong historic relatedness of the remuneration of German MPs to that of the high civil servants for two reasons: The bureaucracy existed before the parliamentary system and thus the civil servants pay was mirrored on parliament. Moreover, civil servants traditionally have been drastically overrepresented in all German parliaments so far.[4] The MPs initially earned comparatively little in 1949, when the first West German parliament after the war was established. This was strongly connected to the idea that being a MP was just a part time work and therefore the diet was to be seen solely as an expanse allowance, on top of the continued earnings from their main job, rather than as a substitution of a regular income. In practice, however, two developments led to an evolution of that policy: on the one hand, the share of MPs coming from the civil service increased disproportionally since they – in contrast to MPs with jobs from the private sector – continued to receive their full pay and were even promoted despite their absence in their original job. On the other hand, as a result of the professionalization of politics MPs required a longer socialization phase within their parties and tended to remain in parliament for more terms than originally anticipated. As a consequence, parliament subtly increased the remuneration for its MPs, still by coupling it towards the payment scale of civil servants.[5] All fractions of parliament would hand in a bill to raise the remuneration for MPs and there would be a quick unanimous vote in favor of the bill: In one infamous case in the Hessian state parliament in 1973 the entire vote to raise MPs remuneration took only 15 seconds.[6]

The landmark decision of the constitutional court in 1975 acknowledged the necessity of MPs' remuneration to be a full substitution for a former wage, but overthrew the practice of coupling them to the civil service payment scale. Having any form of automatism in setting the remuneration for the MPs was deemed unconstitutional. Instead, parliament has to

4 Hans Ulrich Derlien, "Germany: The Structure and Dynamics of the Reward System for Bureaucratic and Political Élites," in *A Comparative Study of High Public Office* (Sage, 1994), 131 ff; Uwe Andersen and Wichard Woyke, eds., "Abgeordneter (Member of Parliament)," in *Handwörterbuch des politischen Systems der Bundesrepublik Deutschland*, Auflage 5 (Leske und Budrich, 2003), particularly §6, accessed August 2, 2013, http://www.bpb.de/nachschlagen/lexika/handwoerterbuch-politisches-system/40230/abgeordneter?p=all.

5 Bundesverfassungsgericht, BVerfGE 40, 296 - Abgeordnetendiäten (Constitutional court ruling - MP diets), 2 BvR 193/74 (Bundesverfassungsgericht 1975).

6 Karl-Heinz Baum, "Einigkeit nach fünfzehn Sekunden (Agreement after fifteen seconds)," *ZEIT*, December 14, 1973, http://www.zeit.de/1973/51/einigkeit-nach-fuenfzehn-sekunden/seite-1.

decide publicly on every change in any part of the remuneration.[7] As a consequence of the ruling, parliament passed a new law regarding the remuneration of MPs in 1977. This law incorporated the courts' view on the decision making process surrounding the remuneration of MPs, but still mentioned the level B6 of the civil servant payment scale, which is the grade for mayors of medium sized cities (50,000 to 100,000 inhabitants), as a point of reference. Later, also judges at federal courts were added as another point of reference.[8]

As a result of the ensuing public indignation following every raise in the remuneration of MPs, parliament tried to outsource its decision to the independent Kissel-Commission in 1993 to determine what a fair remuneration for MPs would be. This commission gave an advice to adjust the remuneration of MPs slightly upwards and the pension rate slightly downwards, by comparing their office to similar professions in the private and public sector in terms of qualifications, responsibilities and workload. However, also this commission strongly emphasized the pivotal role of parliament to determine its MPs' remuneration in public discussion, regardless of the opinion of any third party.[9] The last time MPs raised their remuneration in 2007 again the public outcry was considerable. The German center right, but extremely populist newspaper BILD, which is the most widely read of German newspapers with a circulation of around eleven million copies every day, want even so far as to start a media campaign against the proposal and the President of the German parliament, who had started the debate.[10]

One striking peculiarity about the public debate of the remunerations of HPOs in Germany is that only Members of Parliament are being criticized for their high wages, whereas wages of HPOs in the civil service such as state secretaries, federal judges or even ministers and the chancellor are normally not mentioned in the debate. The brief debate surrounding the remuneration of the chancellor during the hot phase of the 2013 elections constitutes a recent exception. One could simply blame this on the love of the Germans for their bureaucracy and their dislike for politicians more generally, but that would be an oversimplification. The author believes that there are two main other reasons, why the attention in German debate is directed nearly exclusively at the Members of Parliament.

7 Bundesverfassungsgericht, BVerfGE 40, 296 - Abgeordnetendiäten (Constitutional court ruling - MP diets), 2 BvR 193/74 (Bundesverfassungsgericht 1975).

8 Derlien, "Germany".

9 Dr. Otto Rudolf Kissel, *Bericht Und Empfehlungen Der Unabhängigen Kommission Zur Überprüfung Des Abgeordnetenrechts* (Report and Advice of the Independent Commission on the Review of the Law for Members of Parliament) (Berlin: Bundestag, March 6, 1993).

10 Jost, "Das Schweigen Des Lammert".

The first one is the procedure which determines the wages of civil servants. All civil servants are ranked on one payment scale. This payment scale is regularly adjusted to the general wage development of the working population. The remuneration and the ministers, the chancellor and the president are based on that scale (a Minister receives 133% and the Chancellor 166% of the salary of the highest civil servant, the state secretary).[11] So whenever there is a wage increase for all civil servants, the highest civil servants being the Ministers and the Chancellor automatically earn more, too. The same goes for other high-ranking civil servants: Their wages are always coupled to all civil servants' wages. Since this is such an indirect effect it is normally not discussed widely. This effect is amplified by the fact that the wage hike of the few high civil servants including the ministers and the chancellor is overshadowed by the debate surrounding the fiscally crucial decision on the remuneration of the entire federal public sector. The second reason is the complexity and lack of transparency underlying the payment scale of high civil servants. Even though the payment scales are publicly available on the internet and every increase of civil servants' wages is being discussed publicly and broadcasted by the media it is not easy to find out, what high civil servants earn. Due to numerous factors playing into the calculation of the wages for civil servants such as length of employment, number of children, marital status, 13th annual salary and Christmas benefits it is often tedious to determine the actual remuneration of an individual. For ministers and the chancellor, their (reduced) income from their status as Members of Parliaments complicates this calculation even further.

The lack of the debate for the remuneration for the higher civil servants is particularly surprising given the role of the Minister of the Interior in the wage setting process: As the employer of all civil servants she negotiates the wage increases with the union of civil servants and consequently also influences her own wages in that way, too.

Having elaborated on the history of the remuneration of German MPs and discussed the reasons, why high civil servants are not being criticized for their high wages, the paper will now continue with dissecting the argument, which underlies the main criticism of the self-determination of remuneration of MPs. First, the main argument will be analyzed according to the Toulmin model. Thereafter, the Data and Verifiers of the Claim will be expanded and the Warrant will be elaborated upon in the same way, with the intention to shed some light on the underlying arguments. Subsequently, the arguments used in public debate will be scrutinized for their validity and their implications will be evaluated. Finally, the last section will tie the results together and give some concluding remarks.

11 Bundestag, *Bundesministergesetz (Law on Federal Ministers)*, 1971, accessed August 1, 2012, http://www.gesetze-im-internet.de/bming/__11.html.

2 Reconstructing the "Self-determination Should be Abolished" Argument

> Regularly the accusation of self-service is being raised, because no other profession can decide itself on the extent and the structure of its emoluments.[12]

The most salient argument in the German debate is the "self-determination should be abolished"-argument. Important components of this argument are, for instance, visible in the self-justification of the remuneration of the German parliament on its own website.[13] Parts of it also appear in speeches and position papers from all parties, including the bill of the liberal party (FDP) quoted above.[14] The report of the Kissel-Commission mentions this argument as one of the most prevalent one in the German debate, and it is the raison d'être for the commission to begin with.[15] Before engaging to deeply with the structure of the argument it is important to acknowledge one point: Even though the "self-determination should be abolished"-argument is mentioned as the main argument that does not necessarily mean it is the most explicitly mentioned one within the German debate. Also, this does not imply everyone advancing any of the sub-arguments in the debate is trying to argue for an abolishment of the practice of self-determination, although this would often be a logical consequence. The reason why, it has been chosen as the "main"

12 Bundestagsfraktion der FDP et al., *Entwurf eines Achtundzwanzigsten Gesetzes zur Änderung des Abgeordnetengesetzes* (Proposal for a 28th bill to change the law for Members of Parliament), 2008 ("Regelmäßig wird der Vorwurf der Selbstbedienung erhoben, denn kein anderer Berufsstand kann über den Umfang und die Struktur seiner Bezüge selbst entscheiden.").

13 Bundestag, *Das Einkommen - Was sind uns die Abgeordneten wert?* (The income - what are the Members of Parliament worth to us?), July 26, 2010, accessed August 2, 2013, http://webarchiv.bundestag.de/cgi/show.php?fileToLoad=2785&id=1195.

14 For examples see Ralf Göbel, CDU, *Zeit-, inhalts- und wirkungsgleiche Übertragung - Rede zur Besoldungserhöhung (Time-, content- and effect-equal transfer - Speech on the increase of remuneration)* (Berlin, 2008); SPD, *Diäten: Vorstoß von Merz unsensibel (Diets: Proposal of Merz not tactful)*, Press release (Berlin: Sozialdemokratische Partei Deutschland, May 10, 2000); FDP, *FDP für eine Reform der Abgeordnetenentschädigung (FDP for a reform of the remuneration of Members of Parliament)*, Press release (Berlin: Freie Demokratische Partei, June 18, 2007); Volker Beck, GRUENEN, *Anhebung Der Abgeordnetendiäten (Increase of Remuneration for Members of Parliament)* (Berlin, 2007), accessed August 2, 2013, http://www.gruene-bundestag.de/parlament/bundestagsreden/2007/november/anhebung-der-abgeordnetendiaeten_ID_204833.html; Dagmar Enkelman, LINKE, *Rede im Bundestag (Speech in Parliament)* (Berlin, 2007).

15 Kissel, *Bericht und Empfehlungen*.

argument is because it elegantly ties the other components of the argument together in one large, widely ramified whole.

> So far pending adjustments of the remuneration for Members of Parliament have been accompanied by an intense echo in the media. Then there was talk of the politicians as "money-grubbers" and of the "self-service" of parliamentarians. Therefore, the political desire to somehow automatize the adjustment of remuneration has been around for longer.[16]

This argument implies that self-determination of their remuneration in the current form will lead the Members' of Parliament to increase their remuneration to inadequately high levels. Remuneration in this case includes all forms of remuneration of MPs: Their compensation, their lump-sum as well as their pension benefits. "Inadequately high" is intentionally formulated so indecisively in order to incorporate the whole complex shapes of the argument as it is being discussed in public as simplified as possible: "Applied" in the real debate it can mean that the payment would be too high for the amount of work parliamentarians carry out, too high in comparison to the average or even minimum wage or too high for a person receiving social assistance, to mention but a few examples of the different meanings of inadequately high.. It is necessary to formulate the Data so broadly. Otherwise incorporation in the Toulmin structure would be much more complicated and the clarity of the argument would suffer.

The underlying assumption is that MPs should be paid as little remuneration as possible. Another possibility to formulate the Warrant would have been: The Members of Parliament should cost as little as possible. The difference between the two Warrants is marginal, since both have the same outcome. Nonetheless, the decision was taken for the first Warrant since it is formulated negatively and consequently is closer to a possible formulation brought forward by most citizens and political commentators.

As the quote at the beginning of this section highlights, the self-determination of MPs' remuneration is highly criticized. The only consistent reaction to this critique is to change something about the way, MPs determines their wages: Self-determination of

16 Edzard Schmidt-Jortzig, *Suche nach dem Diätenplan* (Search for a diet plan), interview by Jörg Biallas and Alexander Heinrich, Das Parlament, April 22, 2013, accessed August 4, 2013, http://www.das-parlament.de/2013/17/temp/44389045.html ("Bisher sind anstehende Anpassungen der Abgeordneten-Bezüge stets von heftigem Echo in den Medien begleitet worden. Da war dann von den Politikern als "Raffkes" und von "Selbstbedienung" der Parlamentarier die Rede. Deshalb gibt es schon seit längerem den politischen Wunsch, Bezüge-Anpassungen irgendwie zu automatisieren.").

remuneration for Members of Parliament in the current form should be abolished (Claim). This statement is very broadly formulated and does not offer an alternative solution to the determination of remunerations for MPs. This is crucial for the construction of the argument, since this rejective version of the argument is shared by more people, whereas there is wide disagreement on what alternative procedure should be adopted instead. This definition of the Claim also leaves room for what kind of changes are proposed to the procedure, as even incremental changes will lead to an abolishment of the current procedure, followed by the adoption of a new one. Adapted to the Toulmin model the most basic form of the argument looks as follows:

[Data] Self-determination of their remuneration in the current form will lead the Members' of Parliament to increase their remuneration to inadequately high levels.

[Warrant] Members of Parliament should not receive inadequately high levels of remuneration.

[Claim] Self-determination of remuneration for Members of Parliament in the current form should be abolished

In the public debate this argument is mostly not laid out that clearly. It is, therefore, constructed by the author to "make sense" of the German debate. The components are mostly disguised as implicit Claims, Data or Warrants in often over-simplistic arguments. The Data and the Claim are themselves complex arguments. Having laid out the very basic argument there will be now an examination of the subcomponents of it, beginning with the Data. Why is there the prevalent belief in Germany that the procedure, which means MPs determine their own wages, will inevitably lead to wages that are too high?

Data and Verifiers

In order to understand the Data of the former argument, one has to analyze also this argument in a similar fashion. The Claim, in this new argument, is the same as the Data in the former: Self-determination of their remuneration will lead the Members' of Parliament to increase their remuneration to inadequately high levels. Again, the term "inadequately high" is chosen very generally but was necessary to reflect the broader debate as much as possible. The reason for choosing this phrasing is the underlying assumption that whenever someone is complaining about the high wages of politicians they do not believe, MPs simply get too much money. Rather, they mean to argue that MPs receive too high of a compensation for the work they do, the amount of hours they spend on it, that

the total benefits of MPs are too high in comparison to the average or even the poorer segments of society and so forth. There is a relational and comparing element in nearly all statements of that sort, albeit sometimes implicit. Consequently, the term "inadequately" is necessary to incorporate this notion of comparison to other benchmarks for the height of remuneration in the argument.

As the quote in the beginning of this paper exemplifies, the German constitutional court has made it unequivocally clear with its ruling in 1975, that the MPs have to determine their own wages. Consequently, it is current practice of the MPs to follow that ruling and determine their remuneration in public discussions. At least the practice of self-determination is generally widely known through the parliamentary debates on the topic and the accompanying media coverage. Hence, it does not require further elaboration. In the Toulmin representation of the argument, these Verifiers for this argument are not added to decrease complexity. Therefore, the Data for the argument reads as follows: Members of parliament determine their own remuneration.

> Because nothing will be changed in the system, that continues to smack of self-service. It remains at – in comparison to the common man – exorbitantly high pension benefits without personal contribution.[17]

Mostly, the Warrant, that self-determination of one's remuneration will lead one to increase one's remuneration to inadequately high levels, is normally not mentioned, but implicitly assumed to be a logical and integral result of the Claim. There are at least two potential arguments this Warrant is rooted in, one involving an economic line of reasoning and one involving the results of a lack of control.

First, one of the arguments why the self-determination of remuneration will lead one to set the remuneration to inadequately high levels can simply be seen from an economic point of view. The higher one's remuneration the higher is the utility received from this remuneration. According to one of the economics axioms, humans are utility maximizers. Thus, self-determination will make them set their remuneration higher and higher, until they have reached inadequately high levels. In order to fit the rest of the argument in its absolute formulation of "inadequately high" remuneration, the Toulim scheme looks as follows:

17 Hans Peter Schütz, "Die Rente ist sicher - für Abgeordnete (The pensions are secure - for Members of Parliament)," *Stern*, August 13, 2007, http://www.stern.de/politik/deutschland/diaetendebatte-die-rente-ist-sicher-fuer-abgeordnete-595183.html ("Denn es wird am System, das weithin nach Selbstbedienung schmeckt, nichts geändert. Es bleibt bei - im Vergleich zum Normalbürger - exorbitant hohen Altersbezügen ohne Eigenleistung.").

[Data\Warrant\Data]	Self-determination of one's remuneration to inadequately high levels generates more utility than setting them at adequate levels.
[Data\Warrant\Warrant]	Everyone is striving to maximize utility.
[Data\Warrant\Claim]	Self-determination of one's remuneration will lead one to increase one's remuneration to inadequately high levels.

The other argument advanced to explain the explosion of remunerations as a result of self-determination is related to the lack of control from outside. Normally remuneration, like a wage or a salary, is decided upon by another, external entity: one's boss, a board, an assembly etc. This means, that there is one or several other people participating in the decision to raise the compensation, keeping the individual receiving a wage increase in check. However, when one person or a group of persons can decide on the remuneration herself or themselves, this system of checks is missing and there is no other external influence to counterbalance increases in the remuneration. This is what this alternative argument to the one we have seen before would look like according to the Toulmin model:

[Data\Warrant\Data]	Self-determination of one's remuneration results in a loss of external control over potential increases of the remuneration.
[Data\Warrant\Warrant]	If there is no external control over potential increases of the remuneration, it will lead one to increase one's remuneration to inadequately high levels.
[Data\Warrant\Claim]	Self-determination of one's remuneration will lead one to increase one's remuneration to inadequately high levels.

Having described in depth the different arguments the Data is rooted in, we can now go back the final version of the Data of the original argument according to Toulmin:

[Data\Data]	Members of parliament determine their own remuneration.
[Data\Warrant]	Self-determination of one's remuneration will lead one to increase one's remuneration to inadequately high levels.
[Data\Claim]	Self-determination of their remuneration will lead the Members' of Parliament to increase their remuneration to inadequately high levels.

We have analyzed why self-determination of MPs' remuneration might lead them to set the remuneration levels inadequately high, which provides the basis for the Data of the

main argument in detail. As a next crucial component of the main argument this paper will now proceed to the Warrant. Why should MPs receive as little remuneration as possible?

Warrant

The Warrant of the main argument expects politicians to not earn inadequately much. The question remains, why politicians should earn rather little. It is, surprisingly, rarely discussed extensively and many premises remain implicit. In the latest debate about increasing MPs remuneration in 2007, two main reasons against raising their compensations were particularly prevalent: The first one is based on the idea that MPs are paid from taxes and thus should receive less income. This argument was mostly broad forward by the media and the tax-payers association in Germany. The second one claims that high remuneration will decrease MPs ability to represent a cross-section of society. The main proponents of that argument were the LINKE (left-wing party), which was the only party fundamentally opposing the raise in MPs' remuneration. These two can function, adapted to the Toulmin-model, as two separate arguments coming back to the same Warrant.

Tax-payers Money Should Not be Wasted

> The plans of the big coalition, to increase the diets for Members of Parliament for another roughly six percent, are simply excessive. The last lavish increase of nearly ten percent dates back only a few months. [...] An increase of around 1,150 Euro or 16.4% within only two years is, in light of the promises of spending cuts by the big coalition, sheer mockery.[18]

A considerable portion of the population in Germany believes, it is inherently bad that MPs receive high remunerations. The tax-payers association of Germany, which exposes waste of money by any organization (partly) financed by taxes in its annual report, is an embodiment of that attitude. The logic behind this way of thinking is based on a neo-liberal argument: The more the government has to spend on wages, including the ones for

18 Bund der Steuerzahler, *Pläne zur Diätenerhöhung gehören in den Papierkorb (Plans of an increase of diets belong in the trash can)*, Press release (Berlin: Bund der Steuerzahler (Tax payers association), June 5, 2008, accessed August 1, 2013, http://www.steuerzahler.de/Plaene-zur-Diaetenerhoehung-gehoeren-in-den-Papierkorb/7704c480/index.html ("Die Pläne der Großen Koalition, die Diäten der Bundestagsabgeordneten um weitere rund sechs Prozent zu erhöhen, sind völlig überzogen. Die letzte üppige, fast zehnprozentige Erhöhung liegt erst wenige Monate zurück. [...] Ein Anstieg um 1.150 Euro oder 16,4 Prozent innerhalb von nur zwei Jahren ist angesichts des Sparversprechens der Großen Koalition blanker Hohn.").

MPs, the higher it has to tax its citizens in order to compensate for the increased spending. Since less taxes, according to this argument, increase the freedom of the citizens to do with that money what they please, taxes should be kept at a low level. In Toulmin the Data of this argument is that high wages of MPs result in high taxes for the public. The Warrant is that the state should tax its citizens as little as possible. The Claim is hence that the Members of Parliament should not be paid inadequately high.

[Warrant\Data]	Inadequately high levels of remuneration for Members of Parliament will increase governmental spending.
[Warrant\Warrant]	Government should not increase its spending.
[Warrant\Claim]	Members of Parliament should not receive inadequately high levels of remuneration.

The Data for this argument is straightforward: Having higher remuneration for Members of Parliament will lead to a general raise in governmental spending, no matter how high, since they are paid from governmental funds.

Whether government should or should not increase its spending is a more controversial Claim and thus requires some Backing. It is, again, rooted in the neo-liberal ideology that the state should spend less, so it would have to tax people less and people could gain freedom by being able to decide what to do with their own money by themselves. This argument is brought forward most fiercely by the German Tax payers Association, but also the FDP (liberal party) and the Bavarian section of the CDU (Christian democrats), the CSU. The two parties regularly promote their view with the very popular sentence "more net [income] from the gross [income]".[19] Systematized in Toulmin the argument looks as follows:

[Warrant\Warrant\Data]	Increased spending will result in less freedom for the citizens as a consequence of higher taxation
[Warrant\ Warrant\Warrant]	Government should not decrease its citizens' freedom as a consequence of higher taxation.
[Warrant\Warrant\Claim]	Government should not increase its spending.

The more money the state is taking from the citizens through taxation the less money the people will have to spend on their own. This limits the citizens' freedom to decide on

19 See for instance Cordula Eubel, "Weniger Netto vom Brutto (Less net income from the gross income)," *Tagesspiegel*, May 7, 2010, http://www.tagesspiegel.de/politik/krankenkassenbeitraege-weniger-netto-vom-brutto/1875724.html; RPO, "CSU will Steuerzahler um fünf Milliarden Euro entlasten (CSU wants introduce tax relief of 5 billion Euros)," *Rheinische Post*, July 11, 2011, http://www.rp-online.de/politik/deutschland/csu-will-steuerzahler-um-fuenf-milliarden-euro-entlasten-1.2291256.

their own what to do with their own money. The government should always try to increase its citizens' freedom and consequently it should tax them as little as possible. Therefore, the state should spend as little as possible in order to leave as much money at the people as possible. This is, of course, a reduced version of the complex underlying argument. To explain the neo-liberal thought process, in which this argument is rooted, is beyond the scope of this paper: The argument, as far laid out as it is here, however, provides already the necessary depth for the evaluation at some later stage.

Having laid out the one of the possible Warrants, surrounding the connection to taxation and governmental spending with MPs' remuneration, this paper now proceeds to the other argument that explains how not compensating MPs inadequately high will decrease parliament's ability to represent all people.

High Remuneration will Lead to Less Representativeness of MPs

> Time and time again I am being addressed about the topic of an increase of diets. I do not only understand the indignation, I share it! This new bill to increase diets is audacious and impudent! Even more so given the poverty trends in our country! This bill one can only reject![20]

The Claim, that remunerating MPs inadequately high leads to decadence and disconnection form the "common man" is often brought forward by the LINKE (left-wing party), as one can see in the quote by MP Tackmann, and populist newspapers, such as the aforementioned BILD.[21]

This argument connects the high remunerations with lack of representativeness of MPs of the society at large. The notion of representativeness can refer to the distance between the MP and the electorate she is supposed to represent. Having a higher income is assumed to result in a different life-style. This, consequently, could mean that the MP

20 Dr. Kirsten Tackmann, "Aufruf zur Vernunft: Diätenerhöhung im Bundestag ablehnen! (Call for reason: Reject the increase of diets in the German parliament!)," Personal Website of Ms. Tackmann, May 13, 2008, accessed August 2, 2013, http://kirsten-tackmann.de/aufruf-zur-vernunft-diatenerhohung-im-bundestag-ablehnen/ ("Immer wieder werde ich auf das Thema Diätenerhöhung angesprochen. Ich verstehe die Empörung bei vielen nicht nur, ich teile sie! Dieser erneute Antrag auf Diätenerhöhung ist dreist und unverschämt! Erst recht angesichts der Armutsentwicklung in unserem Land! Diesen Antrag kann man nur ablehnen!").

21 See for instance Dirk Hoeren, "Renten-Skandal | Diese Luxus-Pensionen Sollen Jetzt Abgeschafft Werden (Pension Scandal | Those Luxury Pensions Shall Be Abolished)," *BILD*, March 19, 2006, http://www.bild.de/news/aktuell/news/luxus-pension-abschaffung-229684.bild.html.

has a different opinion than the average of his or her electorate due to the changed living conditions. Spelled out in Toulmin, the argument would be written in such a way:

[Warrant\Data]	Inadequately high levels of remuneration for Members of Parliament will prevent them to represent a cross section of society.
[Warrant\Warrant]	Members of Parliament should represent a cross-section of society.
[Warrant\Claim]	Members of Parliament should not receive inadequately high levels of remuneration.

The fear that inadequately high remunerations of MPs will somehow make them move away from the common man is based on the assumption, that having more money to spend will not only influence their financial situation, but eventually change the attitude, experiences and world-view of MPs. The Warrant, that Members of Parliament should represent a cross-section of society is based on the concept of a representative democracy. Ideally, every citizen of such a democracy should be represented equally, with regards to as many features as possible. This would ensure that MPs know and feel the concerns of every citizen and which solutions to those concerns the citizens would prefer. Therefore, so the argument goes, MPs should not receive inadequately high levels of remuneration.

After having completed the reconstruction of the argument on why the current practice of self-determination will lead to inadequately high remuneration for MPs in its entirety, two versions of the argument will be presented below. Those two arguments represent two most likely (out of possible four) combinations of the argument in its entirety. They will serve to tie all the sub-arguments together in a coherent whole and provide overview for the ensuing evaluation of the arguments.

Figure 3.1 The Self-Determination Argument (Version 1)

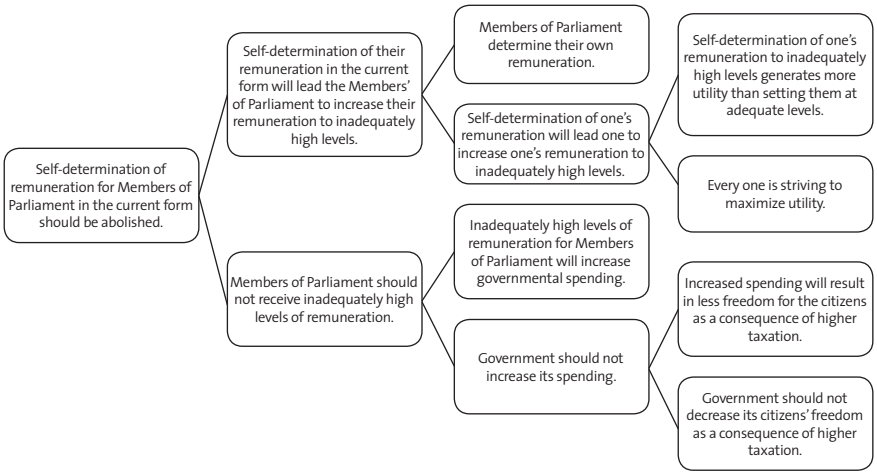
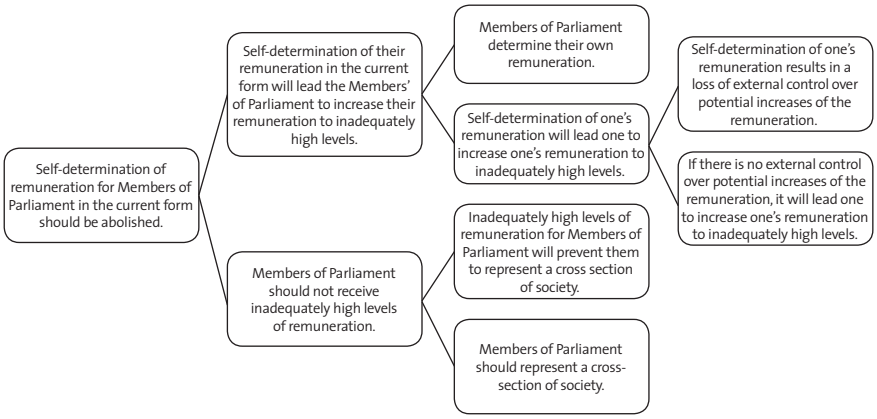


Figure 3.2 The Self-Determination Argument (Version 2)



3 Evaluating the Self-Determination Argument

The arguments above present the two most likely combinations of the whole argument for an abolishment of the practice of self-determination of MPs' remuneration. The paper will now evaluate those arguments and scrutinize especially three premises: the weak connection between the MPs' remuneration and their utility, the actual existence of external control and the little influence it has on taxation.

Does Increasing their Remuneration really Increase a Member of Parliament's Utility?

> there all citizens' representatives are at one with each other when it is about stuffing more money into their pockets, how do they want to tell this the people, who do not even make 7 euro an hour[22]

The argument, exemplified above with a representative online comment under a newspaper article, develops as follows: Since having higher levels of remuneration is increasing utility, MPs will attempt to raise their benefits inadequately high because that way they, as a group, can increase their utility also. There is, though, one major flaw in this argument: By focusing exclusively on money as a possibility to increase utility it overlooks the decreasing effects, raising the remuneration can have on MPs utility. Additionally, the increase of utility of MPs remuneration might be overestimated. The latter point will be examined first before going into the negative effects of raising MPs remuneration on their utility.

The argument claims that an increase in remuneration for MPs to inadequately high levels will lead to an increase in utility. For the sake of the argument we assume that to be true for a moment. Not mentioned is the height of the increase in utility an increase in remuneration will bring. This relationship between an increase in remuneration and an increase in utility, however, is very important. As the quote above points out, opponents of the self-determination of wages assume that a high level of increase in remuneration will result in a high level of increase in benefit for the MPs. The author, however, believes

22 Typical online comment on newspaper article: speedyjost, "selbstbedienungsladen (self-service shop)," Comment on newspaper article, *Focus*, August 24, 2012, http://www.focus.de/politik/deutschland/bundestag-abgeordnete-erhoehen-ihre-diaeten_aid_643817.html ("da sind sich alle bürgervertreter einig wenn es darum geht noch mehr geld in ihre taschen zu stopfen,wie wollen sie das den menschen erzählen,die nicht mal 7 euro in der stunde bekommen").

that the relationship is much weaker for two reasons. The first one is the decreasing marginal benefits of income. It is generally accepted and proven in empirical studies that a quantitatively equal increase in income will increase utility less for a top earner than it does for someone earning minimum wage. To put it bluntly, having an increase of monthly income by 100 € will provide more utility for someone on social welfare than it does for a multi-millionaire. MPs already earn quite a lot compared to the average German employee (their alimentation alone provides them with enough income to belong to the top 10% of earners, on top of that they receive another tax-free lump-sum plus potential compensation for any work outside of parliament).[23] Therefore one can assume that an increase of MPs remuneration will seem like a higher increase of utility for most citizens than it does for the MPs themselves. When MPs increased their remuneration by only 4.7% in 2008 and 4.5% in 2009 after years of wage restraint from their point of view, the public saw increases of first 330 € and then 329 € of monthly income for MPs in two years.[24]

The second reason is that there are sources of utility other than income. It is reasonable to assume that most MPs are less driven by the alimentation, which the office of an MP is attached to, and more by other factors, such as wanting to change society for the better, receiving attention or having power. That means, that the utility MPs derive from additional remuneration will not have the same effect on the overall composition of a MP's utility since the remuneration has less of a share in total utility than it does for other citizens.

Of course, those two reasons can only explain why most citizens can be expected to overemphasize the effect an increase in remuneration for MPs really has. This, in consequence, has the effect, that every increase of remuneration for MPs is met with huge public outcries. The other point is that increasing the remuneration for MPs to inadequately high levels does not only increase utility, but might also decrease a MP's utility. The next section will deal exactly with this effect.

Is There Really no External Control on the Determination of Members of Parliament's Remuneration?

Even if the MPs were inclined to increase their own remuneration endlessly, there would be one obstacle: Every parliamentarian's mandate is based upon the consent of the electorate to his or her actions. If the people do not agree with the measures introduced or backed

23 Bundesregierung, *Lebenslagen in Deutschland - Der 3. Armuts- und Reichtumsbericht der Bundesregierung (Circumstances of life in Germany - The 3rd Poverty- and Wealth report of the government)* (Berlin, August 7, 2008); Bundestag, "Das Einkommen."

24 Uta Martensen, "Das Dilemma mit der Diät (The dilemma with the diet)," *Das Parlament* no. 47 (2007), Main page.

by their representative they have the opportunity to vote her out of office. This means that in the long run their utility might actually decrease and outweigh the benefits of an increased utility in the short run as a consequence of higher remuneration. In Germany, as a result of the special role of the state party lists in elections for parliament, this effect might be less direct. A former MP can be re-elected into office without receiving a majority or even a significant amount of votes in their district by having received a secure spot on the party list in her state. Therefore, the influence of voters might not be as direct as it is, for instance, in US elections. The general effect, however, remains the same, albeit relayed and potentially weakened through inner-party processes. Thus, there exists some external control also in the practice of self-determination of MPs' remuneration, contrary to one of the arguments discussed above.

As a consequence of the influence of voters on the election, the MPs will not raise their wages endlessly due to the negative reaction of the voters of such attempts. This is even more important if one looks at the increased amount of career politicians. The constitutional court has noticed this trend in its decision in 1975 already and since then this development has been ever increasing in scope due to the progressing professionalization of politics in general.[25] Career politicians have a different path to politics than politicians used to have: In the 50's and 60's people interested in politics were taking over the responsibility of serving their political beliefs by taking over a seat in parliament and keeping it for one, maybe two legislative terms. After that they dropped out of parliament and tried to continue their former profession outside of politics again.

Unlike those former politicians the new generation of career politicians has a different view on their political career: For them their political career becomes their primary career. They join the party at a young age and slowly work their way to the political top. They begin with low party positions in their district and state and offices in city or state parliaments. Only once they have proven themselves in those positions they receive an opportunity to run for the federal parliament.[26] Once being in the parliament career politicians try to stay in the parliament as long as possible for two reasons: First, their career goal is reached and consequently it is only logical for them to occupy their preferred position for as long period of time as possible. Apart from the mostly ceremonial position of the German President, all of the highest offices in the German government such as the parliamentary state secretary, minister and chancellor, are normally filled by current MPs, so there are

25 Bundesverfassungsgericht, BVerfGE 40, 296 - Abgeordnetendiäten (Constitutional court ruling - MP diets), 2 BvR 193/74 (Bundesverfassungsgericht 1975).

26 Andersen and Woyke, "Abgeordneter," particularly §6.

opportunities to advance one's career while remaining MP. Second, the pensions for MPs can become rather generous over time. For every year, that the MP remains in office, she will receive 2.5% of her remuneration paid out as pensions after reaching the mandatory pension age of 67. This means, however, that the MP has to stay in parliament for quite a long time in order to reach the highest amount of pensions, which is 67.5% of the current remuneration. Whereas a MP who has had served for at least 27 years in the Bundestag will receive this full pension[27] (which means with the compensation of 7669 € a monthly income of 5140 €), a parliamentarian which only stayed for one legislative term of four years receives only 10% of the normal wage (which means approximately 767 €). Consequently, if a politician manages to stay in the German federal parliament for long enough she will receive a quite generous pension for the rest of her life. Additionally most of them receive regular pensions from the public pension scheme since they have also earned money in their professional careers next to or before they assumed office. MPs for only one legislative term or less are not in the same comfortable position: Their retirement will be sweetened by the extra pensions they receive each month, but they still definitely need additional pension benefits from other sources.

As laid out earlier, in order to stay in parliament for as long as possible an MP is bound to the voters' opinions about her. Therefore it becomes increasingly unlikely for a MP whose goal is it to remain in office for as long as possible to agree to vote in favor of unpopular bills because that endangers her seat in the next elections. Since the decision to raise MPs' remuneration is extremely unpopular in Germany, MPs with such an intention will have a disincentive to vote in favor of proposals to raise MPs' remuneration. Therefore, the negative public response to the self-determination of MPs' remuneration to inadequately high levels will have a strong corrective function to the potential utility gains discussed above.

The debate about the raise of MPs' remuneration, which was flaring up the last time in 2008, shows this fact very clearly. When the governing coalition wanted to continue to align MPs' remuneration to the salary of civil servants as proposed by the Kissel-Commission, the public outcry that followed eventually prompted the CDU (Christian democrats) and the SPD (social democrats) to withdraw their proposal. Another example is the reaction of MPs to a proposal from the year 2000: In speeches in parliament several politicians explicitly mentioned the reluctance of most other MPs to publicly speak in favor of a raise because they were afraid of the public outrage.[28]

27 Martensen, "Dilemma."

28 Bundestag, *Stenographischer Bericht 127, Sitzung* (Stenographic protocoll of the 127th session) (Berlin, 2000).

The result of the debate in 2007 surrounding the last raise highlights the restraining effect of the public reaction, too. In the end the remuneration was increased by 4.7% in 2008 and 4.5% in 2009: This is a significant increase of nearly 9.5% in two years and exceeds many pay rises in the private sector. Then again, there had been no raise in the MP's remuneration since 2003. Distributed over this long period of time, then, the raise was rather lagging behind the development of the average wages, as it is often claimed by MPs favoring an increase.[29] Apparently, many MPs were reluctant to engage in a more outspoken pro-raise stance. Thus the public constraint played an important role in the decision of how much the remuneration should be increased.

As these examples show, there was a considerable restraining influence of the public response to proposals promoting an increase of MPs' remuneration. That is exactly why the constitutional court required from MPs having to debate about their own remuneration in public: It works as a strong constraint on the increase. Therefore, there is some external influence on determination of MPs' remuneration, after all. It might not come in form of a boss or a board, but it comes in form the sovereign itself, the people. This might be an extraordinary form of external control when it comes to determining remuneration, but apparently a functioning one nonetheless.

Does Higher Remuneration for Members of Parliament Really Increase Taxes?

Another argument against the self-setting of wages is the increase in spending and consequently increases in taxation. Proponents argue that they are concerned with the amount of tax money that would be spent on the inadequately high levels of remuneration of MPs and that this money should rather remain with the citizens to increase individual freedom: "Increased spending will result in less freedom for the citizens as a consequence of higher taxation". The wording was chosen rather neutrally, whereas in the actual debate the argument would rather go as follows: The high wages of MPs are a waste of tax-payers money, as some participants in the debate hint at.[30] The argument loses its power when one looks at the amount of money the German tax-payer actually has to pay for their MPs. The German parliament indicates that the German parliamentarians cost each citizen only

29 See for instance: SPD, "FAQ der SPD Fraktion (FAQ of the SPD fraction)," *FAQ - Häufig gestellte Fragen und Antworten*, 2013, accessed August 4, 2013, http://www.spdfraktion.de/service/faq.

30 Bund der Steuerzahler, *Diätenreform-Pläne enttäuschen (Plans to reform diets disappoint)*, Press release (Berlin: Bund der Steuerzahler, Tax payers association), June 11, 2007, accessed August 1, 2013, http://www.steuerzahler.de/Diaetenreform-Plaene-enttaeuschen/8216c482/index.html.

0.68 € per year,[31] a rather negligible amount. The German parliament can be expected to be rather biased in this discussion. This number is certainly true but it has to be examined carefully. Most importantly, it only includes the remuneration of the contemporary MPs and thus excludes all the retirement payments to former MPs. For an honest discussion, it is necessary to count those in together with the current remunerations. Moreover, they are indexed to current MPs' remuneration. When talking about in- or decreasing the remuneration for MPs, the pension benefits of former MPs in- and decrease with them.

Recalculating the amount each citizen has to pay in taxes for each current and former MP the number looks different. Nonetheless, it is still rather small. A ballpark estimate would put it into the range of 2 € per year.[32] Seeing this number makes it quite clear, though, that even halving the remuneration for MPs is going to reduce the amount of money for each tax-payer for only 1 € a year. Evidently, the argument, that inadequately high remuneration will reduce freedom by increasing taxation is rather weak in the form discussed here.

4 Conclusion

After all, one can see that the argument presented in its entirety has a few shortcomings: It does not provide a very solid ground for the abolishment of the self-determination of wages. The utility gain through increased remuneration that is often being brought up in the debate might not be as big as is often expected. Also, it is counterbalanced by the oversight of the public, which will prevent MPs to increase their remuneration to inadequately high levels, just as the constitutional court predicted. The experience of the last rounds of increases of the remuneration for MPs has shown that it was right in so far as the compensation has not exploded, which contradicts the argument brought forward in the public debate. The last main flaw lies in the tax-increase argument: a drastic decrease in the Members of Parliament's remuneration would not provide the individual citizens with noticeably more money and thus more freedom.

31 G. Mayntz, "Was sind uns die Abgeordneten wert? (What are the Members of Parliament worth to us?)," *Bundestag*, July 26, 2010, http://webarchiv.bundestag.de/cgi/show.php?fileToLoad=2785&id=1195.

32 In order to prove the low effect on taxes the recalculation will use high multipliers for the retirees. So let us assume that the money spent on the remuneration for former Members of Parliament is twice as high as the sum for current ones. This results in a tripling of the 68 cents, which roughly equates to 2 €.

Since some of the underlying premises are questionable or outright incorrect, the argument as a whole cannot be sustained. It cannot be used in any of the ways presented here to make a good case for the abolishment of self-determination of MPs' remuneration, as it is being brought forward by many citizens and political commentators. Their criticism, among others directed at abolishing the self-determination, ironically is the reason why self-determination can work and, according to the constitutional court, is the only practice that is in line with the German constitution.

There are caveats, though. Only because the argument, as it has been depicted in this paper, does not hold true does not mean that every sub-argument scrutinized does not hold true either. The aim of this paper was simply to shed some light on the debate, explore the underlying arguments leading to certain claims, making them explicit and then evaluating them. This was just one stream of an argument in a seemingly endless sea of debate. There are more arguments out there. It is up to future research to take on more arguments so that, eventually, we can have a more sensible and less ideological debate, not only on the remuneration of MPs in Germany, but hopefully also on other political issues.