Germany's Post-Reunification Effort to Achieve National Reconciliation: Muddling Through, Routinization, and Policy Failure

Dostal, Jörg Michael

Veröffentlichungsversion / Published Version
Zeitschriftenartikel / journal article

https://doi.org/10.33728/ijkus.2019.28.2.001

International Journal of Korean Unification Studies
Vol. 28, No. 2, 2019, 1-35.

Germany's Post-Reunification Effort to Achieve National Reconciliation: Muddling Through, Routinization, and Policy Failure*

Jörg Michael Dostal

This article reexamines the track record of German unification after three decades. The focus is placed on economic issues, while cultural, social, and geopolitical dimensions are dealt with more briefly. Following the introduction, Section II briefly examines the history of Germany's national division and the East German political events in late 1989 and early 1990 that produced the unification of the two Germanies on 3 October 1990. Sections III to V subsequently discuss the major political and economic events during the Kohl, Schröder, and Merkel Chancellorships, respectively. Section III focuses on the high political and social costs of the initial economic disruption in the East due to the near single-minded focus on the rapid privatization of the former GDR enterprises. In Section IV, the negative feedback of the economic shock is discussed, namely high unemployment, the fiscal crisis of the welfare state, and the demographic collapse in the East. Section V sketches how the Great Recession of 2007-2008, the subsequent Euro currency, and the southern EU states' debt crises collectively crowded out the topic of intra-German reconciliation. The emerging overall picture advanced in Section VI is that a combination of muddling through, routinization (here also termed as "reconciliation by accident"), and policy failure most adequately describes the outcome of Germany's unification experience. Finally, Section VII puts forward some policy suggestions for Korean audiences deriving from the German case. It is argued that the geopolitical situation of the two Koreas is fundamentally different. Thus, South Korea's main focus must be placed on patient inter-Korean engagement, focusing on conflict prevention while also engaging with all relevant external stakeholders.

Keywords: economic unification, German unification, Germany, North Korea, South Korea

---

* Acknowledgments: The author would like to thank Chi Won Choi, Casper Claassen, Luca Felice Frangenberg, Klaus Kirschner, and anonymous reviewers for helpful comments. An earlier version of this article was first presented at the 2019 KINU International Forum on Reconciliation and Cooperation in the Post-Conflict Society, Seoul, October 2, 2019.

I. Introduction

Reviewing three decades of German unification means highlighting that German citizens in the former Western state (the Federal Republic of Germany, or FRG) and the former Eastern state (the German Democratic Republic, or GDR) continue to strongly disagree on whether the unification process should be evaluated as a success, ambivalent experience, or an overall failure. Every native German author on the topic speaks ultimately as a member of a particular age cohort and is influenced by personal memories, past and current political views, and, in the case of the more mature age groups, one's earlier West German or East German citizenship. Very soon, one can certainly expect a flood of new analysis around 3 October 2020, the 30th anniversary of what is termed *Wiedervereinigung* ("reunification") in the German language. In Germany, this event will be celebrated by some and ignored by many. To be sure, the analytical time frame of three decades is long enough to draw certain conclusions from past experiences. By now, one must accept certain outcomes as final results. To put it in the words of the 2001 Nobel Prize for Literature winner V. S. Naipaul: "There could be no going back; there was nothing to go back to. We had become what the world outside had made us; we had to live in the world as it existed."[1]

The current article makes an effort to highlight certain "ideal-typical" approaches and interpretations that are prominent in current-day Germany concerning the unification experience. The author does not necessarily share any of the presented views in their entirety. Instead, the purpose here is to adopt the position of an honest broker in communicating some German experiences to a Korean and perhaps Asian audience. In order to do so, the following order of presentation will be adopted: (I) the period of German division since 1949 and the events of 1989/90 that resulted in the unification on 3 October 1990; (II) the period of the Helmut Kohl Chancellorship concerning post-unification Germany between late 1990 and 1998; (III) the period of the

1 V. S. Naipaul, *A Bend in the River* (New York: Vintage Books, 1979), p. 244.

Gerhard Schröder Chancellorship between 1998 and 2005; (IV) the period of the Angela Merkel Chancellorship since 2005; (V) some conclusions from the German experience; and (VI) potential policy-making lessons for Korean and other non-German audiences. Each section will present a brief account of major events and policy initiatives followed by an evaluation of the outcomes.

II. Germany's Division and the Events of 1989/90

Briefly, the division of Germany into two states belonging to opposite Cold War "blocs" (U.S.-led and Soviet-led) was one of the outcomes of the Second World War. The initial policy of the conservative West German governments toward East Germany since 1949 focused on the principle of non-recognition of the GDR and a "policy of strength" indicating the absence of any official dialogue with the other side. Following the 1969 West German federal election, the newly incoming center-left and reformist government of Social Democratic Chancellor Willy Brandt (the so-called "social-liberal" coalition made up of Social Democrats (SPD) and Liberals (FDP)) started focusing on improving relations with the GDR and the Soviet Union. This strategic initiative was termed the "New Eastern Policy" (Neue Ostpolitik).

The very first protagonist of this new approach was the Social Democratic politician and intra-German "fixer" Egon Bahr (SPD). Bahr's portfolio of activities in the 1960s combined a formal role as spokesman and leading assistant of the then West Berlin mayor Willy Brandt with the informal role of cultivating close relationships with top U.S. and Soviet policy advisers. Bahr termed the new strategic paradigm, indicating political engagement with East Germany, as "change through rapprochement" (*Wandel durch Annäherung*) in a speech delivered in mid-1963.[2] Beyond improving the intra-German relationship, the policy

2 For the full text of the speech, see Egon Bahr, "Wandel durch Annäherung" (paper presented at the Evangelische Akademie Tutzing, July 15, 1963), <https://web.ev-akademie-tutzing.de/cms/fileadmin/content/Die%20Akademie/Geschichte/Wandel/Wandeldurchannaeherung.pdf> (date accessed November 18, 2019).

was also intended to cultivate West Germany's relationship with Poland and the Soviet Union.[3] The Bahr approach, later implemented by Brandt, was successful in the sense that dialogue between the two Germanies as well as the FRG and the Soviet Union continued throughout the 1970s and 1980s in spite of a period of worsening Cold War tensions between the two opposing superpowers.

Regardless of such diplomatic initiatives, however, most West and East Germans did not expect any unification of the two states to occur during their lifetime. In fact, the most popular German word to subsequently describe the events of 1989 and 1990 is "*die Wende*," which translates as "the turning point" (in a political sense) and indicates the sudden miracle-like break-up of the previous fixed state of European and global affairs founded on German division. In order to understand how "the turning point" occurred, one must first focus on global and regional factors. On the global level, the Soviet Union-led alliance of states had run into deep structural economic problems, some of them related to deteriorations in the Soviet Union's balance of trade due to a decline in oil and gas prices in the 1980s that strongly affected the Soviet Union's external revenue.

The appointment of Mikhail S. Gorbachev as General Secretary of the Communist Party of the Soviet Union in 1985 and as first and, as it turned out, last President of the Soviet Union in 1990 resulted in the abandonment of the "Brezhnev Doctrine," namely the Soviet leadership's announcement that it would not hesitate to resort to military force to break up any internal unrest in an aligned country. During the 1980s, the wave of working-class strikes and the rise of an independent trade union movement in Poland already questioned the durability of Eastern European state-socialist regimes. Most of all, the Gorbachev period was characterized by announcements of honesty, transparency, and a renewal of socialism. However, these promises turned sour when what was at the time referred to as the "nationality

3 For details of the "New Eastern Policy," see Jörg Michael Dostal, "Two Koreas, one Germany: Is the German Unification Experience becoming more relevant for today's Koreas?," (Seoul National University Asia Center, Diverse Asia Online Series, vol. 1, no. 2, 2018), <http://diverseasia.snu.ac.kr/?p=1324> (date accessed November 18, 2019).

question" increasingly threatened the viability of the Soviet Union's federalist framework. More and more national independence movements demanded secession from the Union and from Russia as the actual backbone of Soviet statehood.

The dramatic decline of the bargaining position of the Soviet Union vis-à-vis the Western powers opened the door for the events of 1989 and 1990 in the GDR and the other Soviet-aligned Eastern European states. It must be stressed that there still exists no full consensus about what actually occurred in 1989 and 1990. The view of events put forward by today's German government is that a "peaceful revolution" introduced democracy, liberal pluralism, and the rule of law in the East. In turn, the subsequent German unification is understood as the accession of the GDR joining the FRG based on the self-dissolution of the former and the introduction of the societal norms of the latter.[4] In a similar manner, East German events were also described as a "catch-up revolution" based on the GDR society's joining of the economically more developed and culturally more diverse Western way of life. The same author suggested that this particular type of revolution had nothing to offer on its own, stressing a "near-total lack of innovative ideas pointing to the future."[5]

However, such homogenizing narratives continue to be questioned by many of the East German participants in the events of 1989 and 1990

4 Gerhard A. Ritter, "The Social Policy of Unification and Its Consequences for the Transformation of the Economy in the New Eastern States," in *The East German Economy, 1945-2010. Falling Behind or Catching Up?*, eds., Hartmut Berghoff and Uta Andrea Balbier (New York: Cambridge University Press, 2013), pp. 217-31.

5 Jürgen Habermas, *Die nachholende Revolution* (Frankfurt/M.: Suhrkamp, 1990), p. 181. All translations from German sources are by the author. It could be argued, however, that Habermas failed to credit the emergence of the so-called "round tables" (*Runde Tische*), bringing together the representatives of the GDR government and opposition in late 1989 and early 1990 at the GDR-national, regional, and municipal levels for direct talks on all major policymaking issues, as a potentially promising form of deliberative democracy. The round tables increased the number of stakeholders and offered GDR citizens unprecedentedly high levels of transparency. In fact, the current author clearly remembers the GDR's political atmosphere in late 1989 and early 1990, when the old state had lost all authority and no new institutions had yet been formed. During this liminal period everyday life continued as normal, as a short-term realized utopia in which citizens for a brief moment negotiated their affairs as equals.

who still remember the dramatic shifts in political leadership happening between October 1989 and March 1990. In a matter of weeks, sometimes days, the political profile of the GDR protests changed again and again. The starting point was the hope to reform the GDR from within, which included frequent reference to a renewal of socialism. In subsequent stages, especially after the opening of the intra-German border on 9 November 1989, the initial actors and their demands were pushed aside by new actors demanding economic and political equalization with West Germany and the self-dissolution of the GDR. Even in the latter stages, many East Germans still expected that intra-German negotiations were required to equitably agree on terms and conditions of unification. Only weeks before the decisive elections of 18 March 1990, which sealed the political fate of the GDR by handing electoral triumph to the center-right CDU, the opinion polls had suggested that the SPD was on course to win the majority of East German votes. Moreover, many East Germans believed that there would be deliberation about a new German constitution in the event of unification. This debate never happened, however, and a draft constitution written by GDR reformers was shelved without any further discussion in April 1990.[6] The remainder of this section discusses different phases of the 1989 and 1990 events in detail.

Initially, public protests in the GDR were organized and attended by the so-called "civic activists" (*Bürgerbewegte*) who demanded a reformed GDR society based on democracy, human rights, and transparency. This group of activists included only a couple hundred people across the GDR and was under the close supervision of the GDR security services. The protesters did not expect to bring down the state but wanted to reform the GDR society from within. Joining the initially small rallies and demanding the recognition and legalization of civic activist circles by the GDR authorities was an act of genuine courage.

Due to the relative openness of the GDR to external media

6 "Entwurf Verfassung der Deutschen Demokratischen Republik," Arbeitsgruppe "Neue Verfassung der DDR" des Runden Tisches, Berlin, April 1990, <http://www.documentarchiv.de/ddr/1990/ddr-verfassungsentwurf_runder-tisch.html> (date accessed November 18, 2019).

commentary—West German TV was available to most GDR citizens—the civic activists became broadly known to GDR citizens. In parallel, the opening of the "Iron Curtain" in Hungary since 2 May 1989 allowed many GDR citizens to leave their country via Hungary to start a new life in the FRG. Last but not least, the GDR leadership faced a severe economic and political crisis. The tipping point proved to be the 40th anniversary of the GDR's founding on 7 October. Official celebrations became overshadowed by street rallies and skirmishes between protesters and the GDR police force in East Berlin. Subsequently, the leadership of the East German "leading" political force, the Socialist Unity Party (abbreviated SED in German) was exchanged. The new SED leadership quickly decided that they would not use the police or army to attack the protest rallies. Briefly thereafter, the SED's rank-and-file, and especially the party's intellectuals, also started their own street protests demanding reform of GDR socialism.[7]

Broadly speaking, the second stage of events was led by pro-GDR intellectuals advocating for new efforts to create a humanistic socialism. On 4 November 1989, a large rally was organized in the central Alexanderplatz Square in East Berlin during which around one million people listened to speeches of representatives of East German society mostly drawn from the cultural sphere. The speakers overwhelmingly demanded internal renewal of the GDR. This event was followed three weeks later by an appeal by the East German novelist Christa Wolf and other pro-socialist GDR intellectuals titled "For our country" (this meant the GDR), which called for "a socialist alternative to the FRG."[8] However, such reform efforts quickly fell by the wayside due to the shock announcement by a GDR government spokesman, on 9 November, that the borders between East and West Berlin would be immediately opened. Due to this unexpected event, quickly followed by the opening of all intra-German borders, the future of GDR statehood was cast in doubt—not least because Western political actors could now

7 Sabine Pannen, *Wo ein Genosse ist, da ist die Partei! Der innere Zerfall der SED-Parteibasis 1979-1989* (Berlin: Christoph Links Verlag, 2018), pp. 44, 300.

8 "Für unser Land," November 26, 1989, <https://www.ddr89.de/texte/land.html> (date accessed November 18, 2019).

directly engage with eastern events on the ground.

In the third stage of events, the hopes of the GDR intellectuals were crushed. While workers (and peasants) were notionally the ruling social classes of the GDR, they had in reality always been "represented" by the SED as the "leading party," which included a strong overrepresentation of intellectuals. It turned out that the intellectuals, still broadly supportive of socialist ideas, were alienated from many members of the social class on whose behalf they advocated socialism.[9] Once the GDR working class joined the rallies in large numbers, the main rally slogan turned from "We are the people" to "We are one people." This was particularly noticeable in the Leipzig street rallies when, in November 1989, calls for an "end of [socialist] experiments" and the unification of the GDR with the FRG grew louder while leftist groups appeared isolated. This turned out to be the decisive "tipping point" of the events. Those who still favored the reform of the GDR from within would subsequently refer to the rapid shift in rally slogans as the "turning point of the turning point" (*die Wende der Wende*), namely the political demands now became focused on joining the FRG and abandoning GDR culture and identity as quickly as possible.

In the fourth and final stage of events, the public rallies became dominated by the preparation of the first (and last) free GDR national elections in March 1990. Heavily subsidized by West German political funding, the so-called "Alliance for Germany," a right-of-center coalition of the East German Christian Democrats (CDU) with two smaller political groups, and indirectly led by the FRG Chancellor and West German CDU chief Helmut Kohl, easily gained the largest vote share of 48 percent based on the promise of rapid unification after the shortest possible transition period. The Social Democrats were soundly defeated with around 22 percent of the vote while the former GDR state party SED, now renamed the "Party of Democratic Socialism" (PDS), gained a respectable 16 percent. All other political forces, especially the citizens' circles that had organized the initial rallies, failed to make major inroads

9 Mario Keβler, "DDR Historiker – Akteure und Chronisten," *Das Blättchen*, vol. 22, no. 18 (2019), <https://das-blaettchen.de/2019/08/ddr-historiker-%e2%80%93-akteure-und-chronisten-49389.html> (date accessed November 18, 2019).

in the election. In December 1990, two months after unification, the first federal election of unified Germany took place and Kohl defeated the SPD candidate Oskar Lafontaine, who had earlier voiced reservations about the quick speed of unification due to the vast economic differences between the Western and Eastern economies. The next section outlines the major policies that were taken since March and October 1990 and in the remainder of the Kohl Chancellorship until 1998.

III. Unification and Kohl Chancellorship (1990-1998)

Practically all significant path-making decisions concerning the economic and political features of the unification process were introduced under the Kohl government in 1990 and briefly thereafter. The starting point was that "unification" did not mean a political marriage of equals. Rather, the GDR with nearly 17 million citizens "joined" the FRG with around 61 million citizens, giving up all bargaining power in the hope of good treatment by the new authorities. Many critics rejected the term "unification" and instead suggested that the process should be called a "take-over" ("Anschluss" or "*Übernahme*") of the GDR by the FRG. The Western political, economic, and legal systems, national symbols and the de-facto Constitution, the *Grundgesetz*, were expanded to incorporate East Germany.

In early 1990, an economic trust body (the "*Treuhandanstalt*") was founded by the GDR government to deal with the Eastern enterprise structure, which subsequently, after the victory of the CDU-led center-right election alliance in the GDR-wide elections of March 1990, was tasked to privatize around 8500 state-owned GDR enterprises with more than 4 million employees. One major reason for the victory of the CDU-led election alliance was that the Kohl government had promised before the March election to quickly introduce the West German currency (the DM) in the East. This was considered to be inevitable in order to avoid large-scale migration of Eastern workers to West Germany. Conversely, the introduction of the West German currency also meant that GDR enterprises lost the ability to compete under market conditions with

Western companies due to the much lower labor productivity in the East.[10]

The *Treuhandanstalt* came under the full jurisdiction of the Kohl government once the GDR ceased to exist on 3 October 1990. This, in effect, meant the disappearance of any kind of separate East German institutional veto. Contrary to some other state socialist societies in Eastern Europe and the Soviet Union, there was no pretense to distribute ownership shares of state enterprise among GDR citizens. Instead, GDR firms and industry were supposed to be privatized by the *Treuhandanstalt* as quickly as possible in line with the concepts of economic "shock therapy."[11] In fact, most Eastern enterprises were quickly closed down due to their lower productivity compared to Western companies. The consumer market of the former GDR was flooded with West German products and services crowding out remaining Eastern producers. From mid-1990, unemployment started to grow very quickly. Thus, GDR citizens no longer had time for philosophical debates about an ideal society, but were instead forced to reorganize their personal lives and relationships under the new conditions of a market society. This meant that people's ability to have second thoughts about what was going on was effectively blocked since they quickly became overwhelmed by the dramatic societal transformations.

In terms of describing the major events, one might distinguish in order of importance the policy paradigms informing the economic transition (most important), the policy instruments used to implement these paradigms (second-most important), and the instrument settings of each policy instrument (least important and most easily changeable).[12] The major policy paradigm was to rapidly privatize the

10 Ritter, op. cit., pp. 220-23.

11 Andreas Pickel, "The Jump-Started Economy and the Ready-Made State: A Theoretical Reconsideration of the East German Case," *Comparative Political Studies*, vol. 30, no. 2 (1997), pp. 211-41.

12 For this typology of policy change, see Peter A. Hall, "Policy Paradigms, Social Learning and the State: The Case of Economic Policymaking in Britain," *Comparative Politics*, vol. 25, no. 3 (1993), pp. 275-96.

GDR economy at all costs. The second paradigm was to return real estate and enterprises that had been expropriated by the GDR since the 1950s to their former private owners, or their descendants, who mostly resided in West Germany. This principle of "compulsory return of property titles" extended to all assets that had not been subject to the immediate post-WW2 expropriations of war criminals by the Soviet occupying authorities. A second qualification was that the results of land reform directly after WW2, in 1945 and 1946, namely the expropriation of large landowners and those closely linked with the Nazi regime, were to be respected. Thus, land titles were not in all cases returned to their former owners. Nevertheless, the policy produced an unexpected return of East German assets to West German former owners, or their descendants, who were now reunited with properties that they had never previously expected to reclaim.

The rapid decision-making on the disposal of GDR state enterprise was supposed to inflict the least amount of pain and deliver the quickest possible economic turnaround. In reality, it resulted in a giveaway of assets since many West German corporations purchased potential East German competitors only to close them down.[13] In most cases, a slower speed of privatization would have allowed more adequate preparation of GDR enterprises so that they could survive under market conditions. However, such views were disregarded and the *Treuhandanstalt* implemented quick privatization before being closed down in 1994 to be replaced by three successor bodies with similar missions. This course of events, that had initially been put forward in order to "avoid experiments," ended up as the most radical experiment imaginable.

The outcome of the high-speed privatization process in the former

13 The most high-profile takeover of an Eastern enterprise by a Western competitor in order to "clear the market" was the 1993 fusion of the Eastern "Mitteldeutsche Kali AG" with the Western "Kali and Salz AG" that belongs to the BASF industrial conglomerate. The post-takeover announcement of the closure of the eastern production site in Bischofferode triggered the most visible workers' protests in the East post-unification. 25 years after the event, the 2018 documentary movie "Bischofferode – Das Treuhand-Trauma" concluded that the traumatic experience still remains very much alive in the minds of the protagonists. For the movie, see <https://www.youtube.com/watch?v=NYr5rOkT9Nw> (date accessed November 18, 2019).

GDR was as follows: (1) unprofitable GDR enterprises were quickly closed down triggering high levels of unemployment; (2) an extremely small number of economically promising GDR enterprises were taken over by West German companies (foreign corporate interest was generally discouraged by the West German executives of the *Treuhandanstalt*); (3) many Western takeovers occurred in order to "clear the market," i.e. eastern enterprise was subsequently closed down; (4) a near full-scale deindustrialization of East Germany occurred; and (5) no East German entrepreneurial class emerged due to GDR citizens' lack of initial capital ownership, which collectively made them unable to purchase any assets.[14]

While Chancellor Kohl initially promised "flourishing landscapes," the reality was that East Germany turned into a structurally depressed economic emergency zone comparable to other economically disadvantaged regions in Europe such as the southern parts of Italy. The economic and socio-cultural outcomes were both short-term and long-term. Post-unification, there was a dramatic collapse in the East German fertility rate. At one point in the 1990s, it fell to 0.8, the lowest rate ever recorded in a non-city state during peace times. In addition, more and more East Germans left their regions in order to find employment and life prospects elsewhere. Data covering intra-German mobility between East and West shows that more than 3.6 million East Germans (nearly one in four) left the East for the West between 1991 and 2017. There were also 2.4 million moves in the opposite direction.[15] Overall, East Germany

14 One needs to acknowledge a certain circularity in post-hoc German discussions of GDR enterprise privatization. There is agreement that "shock therapy"—the liberalization of prices, the introduction of the West German currency, and the cuts in subsidies—triggered the collapse of East German industry and resulted in the decline of the Eastern labor force from close to ten million in 1989 to barely six million some years later. However, opinion differs widely on whether alternative policy choices would have delivered better outcomes. See e.g. Helmut Wiesenthal, "German unification and 'Model Deutschland': An adventure in institutional conservatism," *West European Politics*, vol. 26, no. 4 (2003), pp. 37-58, and Wolfgang Streeck, *Re-Forming Capitalism. Institutional Change in the German Political Economy* (Oxford: Oxford University Press, 2009), pp. 210-16.

15 Christian Bangel et al., "East-West Exodus: The Millions Who Left," *Zeit Online*, May 30, 2019, <https://www.zeit.de/politik/deutschland/2019-05/east-west-exodus-

experienced a dramatic demographic decline that became structurally entrenched due to the tendency of younger and better-educated people to leave for good.

The disappointing outcome of the economic transition would have resulted in large-scale social upheaval in the absence of side payments to placate the situation. In order to manage the socio-economic changeover, the existing FRG welfare state and social insurance policies were quickly extended to the East. In a memorable phrase, this policy mix was described as "shock therapy combined with anti-shock guarantees."[16] The most significant immediate measure concerned "short hour" work payments (*Kurzarbeitergeld*), which referred to de facto wages for workers who were either winding down their own workplaces or were actually unemployed. This measure covered at one point around 2 million people in the East. In addition, early retirement policies for workers above the age of 55 (approx. 850,000 people) allowed the older generation to withdraw from the labor market for good. This measure was a very effective way to silence potential dissenters.[17] On the other hand, Western employees newly appointed to leadership positions in the East were offered generous special allowances to top up their pay and to compensate them for their labor mobility.[18]

---

migration-east-germany-demography> (date accessed November 18, 2019).

16 Wiesenthal, op. cit., p. 41.

17 Ritter, op. cit., pp. 223-28.

18 Yana Milev, "Was heiβt hier Transformation? Tatbestände der Verwerfung, Abwicklung und Löschung in Ostdeutschland seit 1989/90. Zum Forschungsprofil des vorliegenden Bandes," in *Entkoppelte Gesellschaft – Ostdeutschland seit 1989/90: TATBESTÄNDE*, eds. Yana Milev and Franz Schultheis (Frankfurt/M.: Peter Lang Verlag, 2019), p. 20. This publication is one of nine published or projected monographs on what the main initiator Yana Milev terms "the social and cultural disappearances in East Germany since 1989/90." Overall, Milev stresses that the "policy of memory" in post-1990 Germany mostly excludes East German academics of the age cohort born between 1945 and 1975. In addition, she highlights the "devaluation of everyday culture and the cultural heritage of the GDR" as an "act of colonial violence." Her effort to research against the grain is enabled by the Zurich University of the Arts and other institutions. It will be interesting to observe to what extent her monumental and dissident "Remembrance of Things Past" will be recognized as a significant contribution to the "policy of memory" in the German media and cultural landscape.

Post-unification, East Germans were added to the FRG pension insurance system. Subsequently, some Eastern retirees received relatively high pensions in comparison to West Germans because the GDR employment system had allowed male and particularly female workers to acquire pension contribution records based on full-time work. This sometimes resulted in higher female pensions for Eastern women in comparison to their Western compatriots.[19] In order to manage record unemployment levels among younger and middle-aged workers, benefits were paid for participation in state-organized employment schemes or retraining measures. These public employment policies bought time but failed to create any sustained economic recovery due to the low level of private sector investment in Eastern job creation. No self-supporting economic upturn occurred, and the economic depression in the East became a chronic condition.

On the political plane and with regard to "reconciliation" (or absence of it), the major event was the large-scale removal of the former GDR elite from positions of influence in the post-1990 Eastern political system. Practically all newly created top leadership positions in the East were filled with West Germans—and this mostly continues to be the case at the moment of writing. This sets East Germany apart from the other post-socialist transformation societies in Eastern Europe and the post-Soviet space where former elites usually partially retained their positions of influence, allowing them to play a significant role under the new socio-economic circumstances.

By contrast, East German political, academic, and administrative elites were often forced to leave their positions of influence, without any clear-cut alternative fields of employment being available. Thus, the middle-aged GDR-generation that was fully socialized in the East but

19 However, introducing the Western pension system in the East also produced new gender injustices. In particular, Eastern women who were divorced during GDR times were not offered any equalization measures with regard to their pension prospects, although such measures had previously been in place in West Germany before 1989 (*Lastenausgleich*). Thus, this particular cohort of Eastern female pensioners suffers from disadvantages in comparison to West German women. For more detail on this long-standing policy controversy, see <http://www.verein-ddr-geschiedener-frauen.de/index.html> (date accessed November 18, 2019).

too young to retire lost the most in the transformation process. The main losers were those with political leadership functions, those in sectors that were most decimated due to economic restructuring, and in particular female leadership personnel. On the other hand, elites with specialist knowledge and a lower degree of political exposure fared comparatively better. Yet these groups also faced increasing competition from Western elites.[20] However, the hardest-hit group overall consisted of rank-and-file Eastern workers, i.e. the social group that had initially in many cases been the loudest proponent in favor of rapid economic transition fell victim to that very same process in turn.

Subsequently, the new "post-socialist" East German political class, which had only emerged in late 1989 and early 1990 as an alliance partner of the Kohl-CDU (or the West-SPD), fell victim to the "reappraisal" of the past. It increasingly became apparent that many of those now active in higher-level East German politics had previously cooperated to some extent with the GDR's secret police, the Stasi. One politician after another saw his or her "Stasi file" (secret police file) published. In the early 1990s, this was generally considered sufficient to exclude the person in question from further participation in professional politics. The fact that many of these files were the result of people being pressured to cooperate, in order to qualify for places at university or due to workplace conflicts, was not considered as a remedial factor. Due to this policy of exclusion of "secret police informants," most newly-prominent East German politicians fell by the wayside. Perhaps the only prominent politicians still standing with name recognition in the East turned out to be Angela Merkel and Vera Wollenberger, the former

20 Anne Goedicke, "Fachexperten und Leitungskader: Karrieren von Angehörigen der oberen Dienstklasse der DDR nach der Wende," *Historical Social Research*, vol. 28, no. 1/2 (2003), pp. 247-69. For recent analysis of East German underrepresentation in leadership positions in German society today, see Ronald Gebauer, Axel Salheiser, Lars Vogel, "Bestandsaufnahme Ostdeutscher Eliten 2017," in Deutsche Gesellschaft e. V. [no stated place of publication], ed., *Ostdeutsche Eliten: Träume, Wirklichkeiten und Perspektiven*, pp. 14-33, <https://www.deutsche-gesellschaft-ev.de/images/veranstaltungen/konferenzen-tagungen/2017-pb-ostdeutsche-eliten/Deutsche_Gesellschaft_eV_Broschuere_Ostdeutsche_Eliten.pdf> (date accessed November 18, 2019).

apparently without any record of previous political activism and the latter a prominent victim of Stasi surveillance.

IV. Schröder-Chancellorship 1998-2005

Following the German federal election of 1998, a new center-left coalition government of SPD and Green Party entered office at a moment in time when high levels of unemployment and concern about Germany's future economic competitiveness in world markets—the "globalization shock"—triggered an increasing influence of neoliberal ideas in public discourse. This was particularly evident in the pro-deregulation coverage of economic news on public television and in print newspapers, which back then still held a large share of the public's attention. Because of this situation—a left of center government facing a neoliberal Zeitgeist—the new administration initially suffered from the absence of any clear policy paradigms. Initially, traditional leftists in the government demanded more state intervention at the macroeconomic level in the German and the European Union (EU) contexts. This policy paradigm was advanced by the then German finance minister Oskar Lafontaine suggesting investment in public infrastructure, education, and research to facilitate economic growth (referred to as Euro-Keynesianism).[21]

A somewhat similar idea—located between policy paradigm and policy instrument—was to directly support remaining Eastern enterprise. This policy initiative was termed "industrial growth core" (or "regional growth core") and was supposed to bring together Eastern firms with regional policy actors, civil society, and universities and research bodies in order to facilitate "regional value chains"—by retaining a skilled workforce and by strengthening local research and development capacities. These activities were generally evaluated to

21 Jörg Michael Dostal, "From 'Moderniser' to 'Traditionalist': Oskar Lafontaine and German Social Democracy in the 1990s," *Debatte: Journal of Contemporary Central and Eastern Europe*, vol. 8, no. 1 (2000), pp. 23-37.

enjoy a degree of success.[22] However, the funding levels for "growth core" policies were very modest in comparison to what had been destroyed in terms of the break-up of Eastern industrial enterprise directly after the economic transition.

Because of the dominance of neoliberal ideas in Germany around the end of the millennium, the government of Chancellor Schröder dramatically changed course in 1999 and again in 2003. It began focusing on consolidating the public budget through austerity measures before turning to neoliberal supply-side reform in the labor market and retrenchment of the welfare state. Finally, taxes for employers and the wealthy were cut while the general sales tax—the least progressive tax—was increased. Among these measures, the most dramatic policy change was the 2003 drastic curtailment of unemployment benefits for the long-term unemployed (the so-called "Hartz 4 reforms," named after a Volkswagen personnel manager and then personal friend of Schröder).

This policy shift, which was hitting the high-unemployment East German regions the most, produced the second major policy schism after unification. Subsequently, large-scale street protests occurred in practically all urban centers of Germany. A newly emerging nationwide "anti-Hartz movement" started rallying against the retrenchment of unemployment insurance. These protests, the largest since the events of 1989/1990, underlined that significant popular sectors in East and West now feared social precarity. Many people, including middle-class audiences, felt that the welfare state would not protect them adequately in the event of job loss. As a reaction to the extremely unpopular welfare cuts, the Social Democrats experienced a collapse in their level of electoral support, losing more than half of their former voters. Since 2003, many working-class sectors and the urban poor have either stopped participating in elections or, similar to other European

22 Sonja Kind, Martina Kauffeld-Monz, Michael Nerger, Daniel Thiele, Jan Wessels, Christian von Drachenfels, "Evaluation der Förderinitiative Innovative regionale Wachstumskerne im Rahmen der BMBF-Innovationsinitiative für die Neuen Länder 'Unternehmen Region,'" (Institut für Innovation und Technik, Berlin, 2016), <https://vdivde-it.de/de/publikation/evaluation-der-foerderinitiative-innovative-regionale-wachstumskerne> (date accessed November 18, 2019).

countries, have switched their allegiance to right-wing populist parties.

In parallel, the leftist opposition party, the PDS, also increasingly gained electoral support by assuming the role of advocate of Eastern interests and defender of welfare state principles. One core group of SPD members deriving from the trade union and social policy wing decided to split from the Schröder-SPD in protest against the chancellor's welfare retrenchments and later, in 2007, unified with the PDS to form a new political party named "The Left" (Die Linke). Due to this development, the PDS ceased to be a predominantly Eastern regional party and also gained parliamentary representation in some West German regional parliaments. In the East, the PDS represented social milieus that considered unification as biased in favor of Western interests. However, PDS supporters were not simply protesting: most backing came from groups with higher educational levels, sometimes above-average earnings, and from public sector employees with managerial responsibilities.[23] In other words, the PDS enjoyed more support from middle-class rather than working-class audiences and continued to represent cohorts of the GDR "state class" that had been employed in

23 Here, the analytical difference between "narrow" and "broad" definitions of "employees with managerial responsibilities" (*Führungskräfte*) is the crucial factor. While the post-1990 leadership of eastern public sector institutions—ministries, administrative bodies, and the legal system—was exclusively recruited from a pool of West German applicants, this was not necessarily the case in other sectors such as business or cultural fields. Applying a broader definition of employees with "managerial responsibilities," namely one that includes the self-employed, small business leaders, high-ranking public sector, and white-collar employees (*Angestellte mit Leitungsfunktionen*), highlights the fact that East Germans still held a significant share of eastern managerial positions. However, this group of "lower leaders" also faced severe competition from West Germans. In the first 20 years after unification, the eastern share of representation in such eastern managerial roles constantly declined while the West German share went up. This helps to understand the tendency of eastern "lower leaders" during this period to support the PDS (since 2007 "The Left"). See Peter Krause, Jan Goebel, Martin Kroh, Gert G. Wagner, "20 Jahre Wiedervereinigung: Wie weit Ost-und Westdeutschland zusammengerückt sind," *DIW Berlin Wochenbericht*, 44, 2010, p. 4, <https://www.diw.de/documents/publikationen/73/diw_01.c.363221.de/10-44-1.pdf> (date accessed November 18, 2019).

supervisory capacities in the former GDR.[24]

In electoral terms, the PDS peaked in 2001, gaining a 48 percent vote share in the eastern part of Germany's capital Berlin (and 23 percent across the city), following the former center-right city government's collapse due to corruption scandals. However, this electoral success, which allowed the PDS to join a regional coalition government with the SPD in Berlin, also proved to be a Pyrrhic victory. In fact, the PDS politicians' support of public housing privatization and cuts in public sector wages, which were undertaken in order to balance the regional budget, meant that the party lost nearly half of their electoral support in the subsequent 2006 elections. Entering government meant that the PDS started to become a "normal" party in the sense of disappointing their voters in a manner that was comparable with the example of the Schröder-SPD.

V. Merkel Chancellorship Since 2005

Due to the unpopular "Hartz reforms," the "red-green" government was voted out of office in early federal elections in 2005. Since then, Chancellor Merkel of the center-right CDU has governed Germany in "grand coalitions" with the SPD (2005-2009, 2013-2017, and since 2018), while there was a single center-right coalition of Christian Democrats with the market-liberal FDP party between 2009 and 2013. It is fair to stress that the Merkel-led administrations have not focused much on the special economic conditions in East Germany. Nor has Merkel's eastern biographical background had any noticeable effect on the conduct of public policy. Instead, the government was preoccupied with various emergency measures in reaction to the global financial crisis starting in 2007. In 2008 and 2009, Commerzbank, a major German bank that had just taken over Dresdner Bank, another major German bank, asked to be bailed out by public emergency funds. After a partial state takeover of Commerzbank, subsequent policies of the Merkel government were

24 Inka Jörs, *Postsozialistische Parteien: Polnische SLD und ostdeutsche PDS im Vergleich* (Wiesbaden: Verlag für Sozialwissenschaften, 2006), pp. 79-81.

dubbed the "banking rescue." This new-style crisis management by the state was soon, in 2010, followed by what was termed the "Greece rescue," which turned into some larger "rescues" of several Euro currency member countries experiencing large-scale budget deficits.[25]

In reaction to the Greek bailout, intended to avoid a default of Greece on its debt mostly held by other euro currency member countries, the creditor states, primarily Germany, demanded severe austerity measures such as privatizing public enterprise and welfare cost-cutting. Subsequently, these measures were also applied in some other countries hit by economic crises such as Portugal, Ireland, and Spain. The subsequent retrenchment shared features of the earlier East German post-unification policies. However, the rather surprising outcome of these contradictory activities, principally concerned with managing the southern states' debt problem in a way that avoided short-term losses for creditors, was the emergence of a new Eurozone policy of "monetary Keynesianism."[26]

In particular, in order to avoid a default of southern EU states, the European Central Bank introduced zero-interest policies (and, since 2014, negative interest rates in some instances) that served to allow the southern states to continue carrying high nominal debt levels. At the same time, creditor countries, namely Germany, experienced economic stimulus due to the fact that capital savings became unattractive. The zero-interest policies forced savers to invest their capital in assets other than government bonds or bank deposits. This triggered rapid stock market gains and a housing price bubble, which in turn resulted in a

25 For a brief summary, see Nicholas Busse, "Kurze Geschichte der Euro-Rettung," *Frankfurter Allgemeine Zeitung*, August 31, 2011, <https://www.faz.net/aktuell/wirtschaft/konjunktur/euro-krise-kurze-geschichte-der-euro-rettung-11128868.html> (date accessed November 18, 2019).

26 The term highlights the fact that most economic gains are realized by those investing in the stock market or real estate (the so-called asset price inflation). On the other hand, cuts in public services and public infrastructure investment might occur in parallel. This is certainly true in the case of the southern EU states. Thus, "monetary Keynesianism" fundamentally differs from the "Euro-Keynesianism" advanced by traditional social democrats at the turn of the millennium and, in fact, might dramatically increase social inequality.

construction boom and an expansion of the real economy.

Turning back to the economic situation in East Germany, the policies of the German government since 2007 have produced various complementary and overall expansionist outcomes. Directly after the outbreak of the global financial crisis, traditional countercyclical policy instruments at the national level were reintroduced, namely workers received grants from the government in the case of crisis-triggered cuts in working hours in order to retain their skills. In addition, a financial incentive was introduced for people to purchase new cars and dispose of old ones. However, more significant were the subsequent monetary stimulus measures deriving from the EU level and sketched in the previous paragraph. Finally, German labor unions became more assertive in recent years in demanding wage increases that directly increased peoples' purchasing power and stimulated the economy.

Looking specifically at East Germany, it should be acknowledged that more recent years have been characterized by some degree of structural economic recovery. This was due for two reasons. First, the negative feedback from the structural decline in the East had already worked itself through the system. It simply could not get any worse any longer. The extremely low birth rates after 1990 produced much smaller age cohorts in the education system and the labor market, while the extremely high levels of outward migration from the East to the West (estimated to amount to at least two million former GDR citizens leaving the East for good) nominally decreased unemployment in regions that had already lost large shares of their economically active population.

Second, the recovery and economic upturn in the East is mostly limited to some urban centers and the areas around the national capital of Berlin where "regional growth cores" have resulted in the rise of new enterprise, although still with rather modest shares of industrial employment. These areas have also profited from improvements in public infrastructure and the recovery and sometime boom in real estate prices. However, since many assets are owned by West Germans or foreign investors, this does not necessarily mean that East Germans actually share in the economic recovery.

Briefly summing up the Eastern socio-economic situation three

decades after unification, all major indicators suggest that there will never be any full economic equalization with the West. The economic structure in the East continues to be based on small-scale companies, while an industry with global competitiveness and research and development capacities is largely absent. Employees in the East are much less likely to be covered by collective wage setting procedures (*Tarifbindung*) that involve unions and employer associations. In 1998, 76 percent of western and 63 percent of eastern employees were covered by collective wage bargaining, indicating adequate and stable wages, while this share had declined in 2018 to 56 percent and 45 percent, respectively.[27]

In 2018, the productivity of East German workers was still a third lower in comparison to West Germans, due to the predominance of small companies and lower levels of capital stock per workplace. In terms of the intra-German wage gap, Eastern full-time wages (*Vollzeitentgelte*) are currently still around 22 percent lower in comparison to Western wages. Moreover, unemployment levels in the East remained in mid-2018 with 7.4 percent, substantially higher in comparison to the Western level of 5.2 percent, while these levels had been at 20.4 percent and 10.8 percent in June 2005 during the peak of the post-unification employment crisis.[28] Overall, the demographic decline in the East has reduced the size of the cohort of people who are of working age. On the other hand, the West German labor pool has been growing substantially due to sizable intra-German, EU, and global migration flows. Partially due to such underlying demographic changes, most projections assume that economic differences between the eastern and western parts of Germany are likely to once again increase in the future.

As for the representation of East Germans in leadership positions in the unified country, one inquiry in 2010 highlighted that no top-30 stock

27 See WSI-Tarifarchiv, <https://www.boeckler.de/wsi-tarifarchiv_2257.htm> (date accessed November 18, 2019).

28 Uwe Blien, Van Phan thi Hong, Ludwig von Auer, Sebastian Weinand, "Wächst die Kluft zwischen den Regionen?," *IAB Forum*, September 4, 2019, <https://www.iab-forum.de/waechst-die-kluft-zwischen-den-regionen/> (date accessed November 18, 2019).

market listed German company (*DAX-Unternehmen*) was led by an East German, while only three out of 88 university presidents were from the East. Only one out of 213 generals in the armed forces had East German roots (a female medical services general).[29] In 2019, this situation had not changed in any significant manner. According to a former high profile East German CDU politician, the Federal Republic does not employ a single ambassador of East German origin, while there is also no Eastern university president employed in the East. In turn, 80 percent of employees in Eastern state ministries are from the West, and similar figures also apply to Eastern university personnel. In an appearance on an East German TV show, a retired CDU politician argued, to applause from the audience, that "this cannot go on, this is against the Constitution."[30] To sum up, the prospects of young people born in the East after unification to ever gain access to the higher ranks of administrative and economic sectors are still lower than those of their Western-born fellow citizens.

VI. Evaluating Germany's Unification Experience Since 1990

In this section, three ideal-typical patterns of policymaking in the unification process will be briefly sketched, namely (1) "muddling through;" (2) routinization policies that could also be described as "reconciliation by accident;" and (3) policy failure in the sense of lasting disappointment with the outcomes of unification. As for muddling through, the most significant observation is that there never was an explicit effort to develop reconciliation policies as a separate field of policy-making. Instead, unification was considered as the addition of the East to the West in the sense of adapting the former to the latter. This was well-put in the spontaneous coinage, in 1990, of the new West

29 Peter Krause et al., op. cit.

30 These numbers derive from Peter-Michael Diestel, the CDU interior minister of the transitional GDR government between March and October 1990, and were voiced on MDR television on September 6, 2019, see <https://www.mdr.de/riverboat/riverboat-gesamt-avplus-590.html> (minutes 30:04-31:02) (date accessed November 18, 2019).

German word of "*Beitrittsgebiet*" which means "joining-up area" or "accession territory." This Western term clarified that Easterners had joined the West on the understanding that Western rules would apply without any further follow-up negotiations between the two sides. As already indicated above, unification was considered as a socio-economic managerial task, expected to be conducted in a fairly limited period of time, and delivering an equalization of living conditions in both parts of Germany. Many sections of East German society were, in fact, willing to trust the new authorities: "They felt that they did belong to and wished for the quickest possible joining-up (*Anschluss*) with the Federal Republic; they extended respect and confidence to the Western state's citizenry."[31]

However, the path-making decisions taken by West German elites at the beginning of the process in 1990 have failed to produce many of the desired outcomes—especially when judged from the Eastern perspective. Thus, recent analysts have correctly stressed that "agreement can only be reached between equals" and that "feelings of having been cheated" continue to circulate widely in the East.[32] Moreover, the theme of "demographic decline" in Germany's East, since the turn of the millennium, triggers a "deficit-demographic decline-disaster feedback loop."[33] This conveniently conceals from critical analysis the political role of the *Treuhandanstalt*, which turned Eastern public assets into Western-owned private assets. On the other hand, a lot of Westerners still believe that Eastern grievances were settled a long time ago. "In principle, one does not really know what actually happened [in the East] during the 1990s. One knows the buzzwords, but it seems a very exhausted topic."[34] Many Westerners also think that they

31 Wolfgang Engler, *Die Ostdeutschen als Avantgarde* (Berlin: Aufbau Verlag, 2000), p. 28.

32 Andreas Willisch, "Über den Osten sprechen: Wege aus der Desaster-Rhetorik," *tageszeitung (taz)*, September 8, 2019, <https://taz.de/Ueber-den-Osten-sprechen/!5621559/> (date accessed November 18, 2019).

33 *Ibid.*

34 Anja Maier [Interview with Marcus Böick], "Historiker über die Treuhand: Es gab Proteste, Streiks, Drohbriefe," *tageszeitung (taz)*, July 15, 2018, <https://taz.de/Historiker-ueber-die-Treuhand/!5517592/> (date accessed November 18, 2019).

contributed to the unification process by paying higher taxes and by accepting that many state-led public infrastructure activities were focusing on the eastern part of the country while the relative quality of public infrastructure in the western regions stagnated or experienced decline.

Turning to the second category of policy routinization and "reconciliation by accident," one might stress that the rapid transition from Eastern to Western political structures succeeded in avoiding a "power vacuum." There was no instance of sustained resistance on the part of Eastern elites rejecting the new structures. The East Germans were quickly split into different groups of "winners" and "losers" of the unification process. For some time, many Easterners were not sure to which side they would ultimately belong. Moreover, the emerging market economy quickly imposed a new kind of discipline on people's everyday behavior and made them focus on complex new challenges concerning (un)employment, social security, and health and safety. This was very effective in crowding out efforts by Eastern elites to retain institutions of collective self-representation in order to extract concessions from West German elites.

The exception from this general observation was, to the surprise of many observers, the political comeback of the PDS as a new kind of East German people's party in the 1990s and again after 2003 due to the protests against the welfare retrenchment policies of the Schröder-SPD. As a result of this development, a divided party system developed in which the "Western" smaller parties, namely the Greens and the Liberals (FDP), were much less visible in the East and mostly absent from regional parliaments, while the Eastern party system (the one prevalent in the five Eastern regional states of the unified country) was characterized by three medium-sized parties, the CDU, SPD, and PDS, competing for primacy.

In more recent times, since the 2013 foundation of the rightist Alternative for Germany (AfD), the party system has again undergone major restructuring. The AfD's foundation was initially advanced by those rejecting the Merkel government's euro currency policies and bailout of southern EU countries. Since 2015, however, the AfD has

mostly focused on opposing the chancellor's policy to open Germany's borders for high numbers of refugees and migrants. At present, the AfD has gained entry to all 16 regional German parliaments and is also the strongest opposition party at the federal level. Initially mostly rooted in the West, the AfD's subsequent rise has been particularly pronounced in the East. Many eastern rural areas have turned into AfD electoral strongholds, while the party scores below average in eastern urban centers that are economically more prosperous.[35] The AfD is now the second-largest party in terms of electoral support in all of the five Eastern regional parliaments. At the same time, levels of support for CDU, SPD, and especially the Left Party (former PDS) have all declined in recent times, pointing to the emergence of a four-party system in the East.

In the past, the German political system demonstrated a remarkable ability to integrate "extreme" wing parties. It transformed them over time into "normal" parties, in the sense of making them join regional and sometimes national coalition governments. This was the case with regard to the Greens in the 1980s, the PDS in the 2000s, and it remains to be seen whether or not the AfD is going to proceed along a similar trajectory. In any case, German political parties and especially their sets of professional politicians share interests concerning the current generous taxpayer-financed funding for their political work and party-affiliated educational foundations. This system of party funding, shared amongst all parties with a parliamentary presence, has over time incorporated the Greens and the PDS (and currently the AfD) into the unified Germany's political system, which points to routinization as a process of "reconciliation by accident."

Finally, there remains the issue of policy failure concerning unification. Of course, truth is very much in the eye of the beholder. However, it is beyond a reasonable doubt that most East Germans, as a group, continue to express less satisfaction and more grievances

35 Larissa Deppisch, Andreas Klärner, Torsten Osigus, "Ist die AfD in ländlichen Räumen besonders erfolgreich?," (Institut für Demokratie und Zivilgesellschaft, Jena, June 12, 2019), pp. 83-85, <https://www.idz-jena.de/fileadmin/user_upload/PDFS_WsD5/Text_Deppisch_Kl%C3%A4rner_Osigus.pdf> (date accessed November 18, 2019).

concerning the outcomes of unification. They are also more critical in evaluating the current-day policymaking of federal and regional governments and the way in which the democratic system in Germany functions.[36] It is clear that along all crucial dimensions, such as judging the economic situation, the degree of equalization of living conditions between western and eastern regions, or regarding new major political conflicts such as the Merkel government's handling of the refugee and migration issues, East Germans voice higher degrees of dissatisfaction.

Crucially, East Germans, as a group, continue to experience structural disadvantages compared to West Germans with regard to salary levels and personal wealth, property ownership, and the likelihood to inherit wealth. Moreover, they have faced structural pressures either to migrate to the West on a permanent basis or to regularly commute from eastern to western regions in order to earn a living. Some analysts describe East German long-term experiences with unification outcomes in terms of "cultural colonialism."[37] They stress "biographical devaluation" due to East Germans' collapse of previous social status and social rights, followed by collective discrimination in the labor market and the legal system of the unified country. Based on longitudinal opinion polls, a cohort of former GDR citizens born between 1945 and 1975 is held to have suffered the most severe negative long-term consequences of unification, including long-term dislocation from the labor market and a high likelihood of facing old age without adequate pension provisions.[38]

---

36 Survey questions on satisfaction with the functioning of democracy in Germany revealed that 49.5 percent of West Germans and 35.6 percent of East Germans stated that they were "very satisfied" or "pretty satisfied." A majority in both parts of Germany stated that they were "less satisfied" or "not at all satisfied." See Frank Decker, Volker Best, Sandra Fischer, Anne Küppers, "Vertrauen in Demokratie: Wie zufrieden sind die Menschen in Deutschland mit Regierung, Staat und Politik?," Friedrich-Ebert-Stiftung, Bonn, 2019, pp. 30-32, <http://library.fes.de/pdf-files/fes/15621-20190822.pdf> (date accessed November 18, 2019).

37 Ulrich Busch, "Über Postdemokratie und kulturelle Kolonisierung," *Das Blättchen*, vol. 22, no. 7 (2019), <https://das-blaettchen.de/2019/03/ueber-postdemokratie-und-kulturelle-kolonialisierung-47822.html> (date accessed November 18, 2019).

38 Milev, op. cit., pp. 23-31.

One might conclude that the rapid economic transformation in East Germany in the 1990s produced the subsequent decline of the former West German "Rhenish capitalism" since the turn of the millennium—away from its earlier consensus-oriented and welfarist features and toward a more market-liberal, deregulated, and politically much less stable system.[39]

VII. What Policy Lessons Can Be Drawn from the German Experience for the Korean Case?

This paper has deliberately sought to avoid mixing up the German and Korean cases in the previous sections. Instead, an effort has been made to faithfully report various voices on the outcomes of German unification from which Korean audiences might draw their own conclusions. Each nation is divided (and unified) in its own unique ways. Starting with the most obvious point, the geopolitical background facilitating Korea's national division is completely different from the German case. In 1989, one of the major external actors, the Soviet Union, had entered an existential crisis that was deep enough to trigger the decision of (some) Soviet leaders to give up on the results of the outcome of the Second World War. To put it in the words of former U.S. Secretary of State Condoleezza Rice, "the Soviets were so confused that they no longer knew what their interests happened to be."[40] Short of the appearance of an East Asian Gorbachev, such a window of opportunity

39 For changes in the economic structure of German capitalism around the turn of the millennium, see Wolfgang Streeck, "Nach dem Korporatismus: Neue Eliten, neue Konflikte," (Working Paper 05/4, Max Planck Institute for the Study of Societies, Cologne, 2005) <http://www.mpifg.de/pu/workpap/wp05-4/wp05-4.html> (date accessed November 18, 2019). For recent political repercussions, see Jörg Michael Dostal, "The German Federal Election of 2017: How the Wedge Issue of Refugees and Migration Took the Shine of Chancellor Merkel and Transformed the Party System," *The Political Quarterly*, vol. 88, no. 4 (2017), pp. 589-602.

40 Spiegel interview with Condoleezza Rice, "Es ging um den Jackpot," *Der Spiegel*, September 27, 2010, <https://www.spiegel.de/spiegel/print/d-73989791.html> (date accessed November 18, 2019).

appears rather unlikely in the Korean context. Some might argue that one could always hope that North Korea (the DPRK) might collapse at some future point due to internal economic problems or political disturbances. Yet these expectations, which were entertained in South Korea under the previous presidency of Park Geun-hye, also appear not very likely. To paraphrase Rice, countries in the proximity of the DPRK might still happen to "know what their interests are."

Thus, rather than speculating about geopolitical scenarios, it might be more useful to reconsider the patient long-term strategy of West German politicians, such as Social Democrat Egon Bahr. His initiatives were based on the policy paradigms of "change through rapprochement" and the "policy of small steps." Since the 1970s, such visionary activities helped the two Germanies to first re-engage and then remain in close dialogue during all the remaining episodes of the Cold War. The intra-German policies also allowed for the reopening of cultural flows, thus avoiding further alienation of the two populations from each other. In the shadow of the great powers, the two German states started engaging in mutual cooperation in the economic field while also increasing political dialogue at the elite level.

From the current South Korean perspective, such policies are still to be achieved at some future point. Only patient long-term efforts in this respect vis-à-vis the North might deliver substantial outcomes. After all, the behavior of the North is mostly determined by tactical considerations regarding the country's interaction with the great powers, namely China and the U.S. Moreover, South Korea is also under the influence of external actors. All past Southern efforts at inter-Korean dialogue followed a cyclical "stop-and-go" and "on-again, off-again" pattern. They were quickly interrupted or collapsed altogether "due to North Korean provocations." It must be understood, however, that the two Koreas always share a mutual interest to avoid escalation toward armed conflict on the Korean Peninsula. Such a scenario could plausibly arise due to external factors and would only deliver large-scale destruction to the Korean people on both sides of the border.

What is to be done? First, one should simply acknowledge the deep divisions between the two Koreas in all spheres and the degree of

alienation that many members of the younger generation in South Korea feel when the "national question" is discussed. The much longer period of strict separation in comparison to Germany, the extreme differences in terms of economic development, and the absence of convenient ways of communication across the inter-Korean border—the ability of most East Germans to watch West German TV helped them to follow what happened on the other side—all constitute objective barriers against quick progress.[41] One might argue, of course, that South Korean culture could potentially exercise a similar "pull" on the imagination of North Koreans comparable to the West German media's role before 1989. However, the capacity of South Korean culture to accommodate outsiders, including North Koreans, is very much in doubt. In particular, the fairly poor South Korean track record with regard to integrating refugees from the North suggests that the country is still one of the most closed societies in comparison with other OECD democracies.

Thus, raising the attractiveness of the South Korean societal model, by expanding welfare provisions and strengthening solidarity, and by reorganizing the education system to make it truly inclusive, could strengthen the "soft power" of the South in the medium and long term. After all, one of the reasons for the good image of West Germany in the East pre-1989 was the view that the Western state's "social market economy" had managed to civilize capitalism. By contrast, South Korea's hypercompetitive culture fails to provide incentives to extend solidarity to newcomers, and any negative feedback of Northern refugees regarding their southern experiences is likely to find its way back to Northern publics. One of the easiest ways for South Korea to create a better image is to immediately improve the treatment of North Korean refugees.

Furthermore, advancing consistent policies of Southern engagement with Northern audiences must now become a permanent part of the policymaking agenda. This concerns all kinds of inter-Korean exchanges, no matter how difficult and no matter how one-sided they

41 For recent analysis of the economic gap between the two Koreas, see Jong-Wha Lee, Warwick J. McKibbin, "Korean Unification: Economic Adjustments under German Assumptions," *Asian Economic Policy Review*, vol. 14, no. 2 (2019), pp. 262-81.

might appear at present. Thus, South Korea should make all efforts to expand exchanges and engagement and should push hard for it—even if the Northern authorities impose many preconditions on such projects. Bringing together "epistemic communities" of Northern and Southern background, namely from sectors such as the arts, education, and youth is the practical meaning of the "policy of small steps" and of "change through rapprochement," as earlier put forward by Egon Bahr and other West German politicians.

The timeframe for such efforts might concern decades to come and miracles should not be expected (although they might still occur). To be sure, many advocates of traditional "maximum pressure" strategies will criticize consistent inter-Korean engagement policies originating from the Southern side as a "surrender." Unfortunately, the current style of South Korean politics, based on standoffs rather than dialogue between "conservatives" and "liberals," short-termism, and winner-takes-all principles, is a poor framework to deliver consistency in policymaking. Yet in reducing the danger of conflict escalation on the Korean peninsula, inter-Korean engagement is, in fact, practical and applied patriotism. It is reasonable on the grounds that all other strategies are worse.

Last, the German case holds many crucial lessons regarding reconciliation efforts in the event of Korean unification. Yet these lessons will have to be studied only in the unlikely event of basic changes in Korea's geopolitical environment. Thus, the current task is avoiding further deterioration first and foremost—rather than to engage in wishful thinking. This means keeping inter-Korean channels of communication open, no matter how the external context will develop. In addition, South Korea must consistently engage with all the external stakeholders and veto players in order to preemptively stop any drift toward standoffs and mutual war threats.

■ **Article Received: 10/21** ■ **Reviewed:11/11** ■ **Revised:11/18** ■ **Accepted:12/10**

Bibliography

Arbeitsgruppe "Neue Verfassung der DDR" des Runden Tisches. "Entwurf Verfassung der Deutschen Demokratischen Republik," Berlin, April 1990, <http://www.documentarchiv.de/ddr/1990/ddr-verfassungsentwurf_runder-tisch.html> (date accessed November 18, 2019).

Bahr, Egon. "Wandel durch Annäherung." Paper presented at Evangelische Akademie, Tutzing, July 15, 1963, <https://web.ev-akademie-tutzing.de/cms/fileadmin/content/Die%20Akademie/Geschichte/Wandel/Wandeldurchannaeherung.pdf> (date accessed November 18, 2019).

Bangel, Christian et al. "East-West Exodus: The Millions Who Left," *Zeit Online*, May 30, 2019, <https://www.zeit.de/politik/deutschland/2019-05/east-west-exodus-migration-east-germany-demography> (date accessed November 18, 2019).

Bischofferode – Das Treuhand-Trauma. Movie by Dirk Schneider for "Mitteldeutscher Rundfunk" (MDR), 2018, <https://www.youtube.com/watch?v=NYr5rOkT9Nw> (date accessed November 18, 2019).

Blien, Uwe, Van Phan thi Hong, Ludwig von Auer, Sebastian Weinand. "Wächst die Kluft zwischen den Regionen?," *IAB-Forum*, September 4, Institut für Arbeitsmarkt- und Berufsforschung, Nuremberg, 2019, <https://www.iab-forum.de/waechst-die-kluft-zwischen-den-regionen/> (date accessed November 18, 2019).

Busch, Ulrich. "Über Postdemokratie und kulturelle Kolonisierung," *Das Blättchen*, vol. 22, no. 7 (2019), <https://das-blaettchen.de/2019/03/ueber-postdemokratie-und-kulturelle-kolonialisierung-47822.html> (date accessed November 18, 2019).

Busse, Nicholas. "Kurze Geschichte der Euro-Rettung," *Frankfurter Allgemeine Zeitung*, August 31, 2011, <https://www.faz.net/aktuell/wirtschaft/konjunktur/euro-krise-kurze-geschichte-der-euro-rettung-11128868.html> (date accessed November 18, 2019).

Decker, Frank, Volker Best, Sandra Fischer, Anne Küppers. "Vertrauen in Demokratie. Wie zufrieden sind die Menschen in Deutschland mit Regierung, Staat und Politik?," Friedrich-Ebert-Stiftung, Bonn, 2019, <http://library.fes.de/pdf-files/fes/15621-20190822.pdf> (date accessed November 18, 2019).

Deppisch, Larissa, Andreas Klärner, Torsten Osigus. "Ist die AfD in ländlichen

Räumen besonders erfolgreich?," Institut für Demokratie und Zivilgesellschaft, Jena, June 12, 2019, <https://www.idzjena.de/fileadmin/user_upload/PDFS_WsD5/Text_Deppisch_Kl%C3%A4rner_Osigus.pdf> (date accessed November 18, 2019).

ddr89.de. "Für unser Land," November 26, 1989, <https://www.ddr89.de/texte/land.htmlhttps://www.ddr89.de/texte/land.html> (date accessed November 18, 2019).

Dostal, Jörg Michael. "From 'Moderniser' to 'Traditionalist': Oskar Lafontaine and German Social Democracy in the 1990s," *Debatte: Journal of Contemporary Central and Eastern Europe*, vol. 8, no. 1 (2000): 23-37.

_____. "The German Federal Election of 2017: How the Wedge Issue of Refugees and Migration Took the Shine of Chancellor Merkel and Transformed the Party System," *The Political Quarterly*, vol. 88, no. 4 (2017): 589-602.

_____. "Two Koreas, one Germany: Is the German Unification Experience becoming more relevant for today's Koreas?," Seoul National University Asia Center, Diverse Asia Online Series, vol. 1, no. 2 (2018), <http://diverseasia.snu.ac.kr/?p=1324> (date accessed November 18, 2019).

Engler, Wolfgang. *Die Ostdeutschen als Avantgarde*. Berlin: Aufbau Verlag, 2000.

Gebauer, Ronald, Axel Salheiser, Lars Vogel. "Bestandsaufnahme Ostdeutscher Eliten 2017," in Deutsche Gesellschaft e. V. [no stated place of publication], *Ostdeutsche Eliten: Träume, Wirklichkeiten und Perspektiven*, pp.14-33, <https://www.deutsche-gesellschaft-ev.de/images/veranstaltungen/konferenzen-tagungen/2017-pb-ostdeutsche-eliten/Deutsche _Gesellschaft_eV_Broschuere_Ostdeutsche_Eliten.pdf> (date accessed November 18, 2019).

Goedicke, Anne. "Fachexperten und Leitungskader: Karrieren von Angehörigen der oberen Dienstklasse der DDR nach der Wende," *Historical Social Research*, vol. 28, no. 1/2 (2003): 247-69.

Habermas, Jürgen. Die nachholende Revolution. Frankfurt/M.: Suhrkamp, 1990.

Hall, Peter A. "Policy Paradigms, Social Learning and the State: The Case of Economic Policymaking in Britain," *Comparative Politics*, vol. 25, no. 3 (1993): 275-96.

Jörs, Inka. *Postsozialistische Parteien: Polnische SLD und ostdeutsche PDS im Vergleich*. Wiesbaden: Verlag für Sozialwissenschaften, 2006.

Keβler, Mario. "DDR Historiker – Akteure und Chronisten," Das Blättchen, vol. 22, no. 18 (2019), <https://das-blaettchen.de/2019/08/ddr-historiker-

%e2%80%93-akteure-und-chronisten-49389.html> (date accessed November 18, 2019).

Kind, Sonja, Martina Kauffeld-Monz, Michael Nerger, Daniel Thiele, Jan Wessels, Christian von Drachenfels. "Evaluation der Förderinitiative Innovative regionale Wachstumskerne im Rahmen der BMBF-Innovationsinitiative für die Neuen Länder 'Unternehmen Region,'" Institut für Innovation und Technik, Berlin, 2016, <https://vdivde-it.de/de/publikation/evaluation-der-foerderinitiative-innovative-regionale-wachstumskerne> (date accessed November 18, 2019).

Krause, Peter, Jan Goebel, Martin Kroh, Gert G. Wagner. "20 Jahre Wiedervereinigung: Wie weit Ost- und Westdeutschland zusammengerückt sind," DIW Berlin Wochenbericht, 44, 2010, <https://www.diw.de/documents/publikationen/73/diw_01.c.363221.de/10-44-1.pdf> (date accessed November 18, 2019).

Lee, Jong-Wha, Warwick J. McKibbin. "Korean Unification: Economic Adjustments under German Assumptions," *Asian Economic Policy Review*, vol. 14, no. 2 (2019): 262-81.

Maier, Anja. "Historiker über die Treuhand: Es gab Proteste, Streiks, Drohbriefe." *tageszeitung (taz)*, July 15, 2018, <https://taz.de/Historiker-ueber-die-Treuhand/!5517592/> (date accessed November 18, 2019).

Milev, Yana. "Was heiβt hier Transformation? Tatbestände der Verwerfung, Abwicklung und Löschung in Ostdeutschland seit 1989/90. Zum Forschungsprofil des vorliegenden Bandes," in *Entkoppelte Gesellschaft – Ostdeutschland seit 1989/90: TATBESTÄNDE*, edited by Yana Milev and Franz Schultheis. Frankfurt/M.: Peter Lang Verlag, 2019.

Naipaul, V. S. *A Bend in the River*. New York: Vintage Books, 1979.

Pannen, Sabine. *Wo ein Genosse ist, da ist die Partei! Der innere Zerfall der SED-Parteibasis 1979-1989*. Berlin: Christoph Links Verlag, 2018.

Pickel, Andreas. "The Jump-Started Economy and the Ready-Made State: A Theoretical Reconsideration of the East German Case," *Comparative Political Studies*, vol. 30, no. 2 (1997): 211-41.

Ritter, Gerhard A. "The Social Policy of Unification and Its Consequences for the Transformation of the Economy in the New Eastern States." In *The East German Economy, 1945-2010. Falling Behind or Catching Up*?, eds., Hartmut Berghoff and Uta Andrea Balbier. New York: Cambridge University Press, 2013.

Spiegel. Interview with Condoleezza Rice, "Es ging um den Jackpot." September 27,

2010, <https://www.spiegel.de/spiegel/print/d-73989791.html> (date accessed November 18, 2019).

Streeck, Wolfgang. "Nach dem Korporatismus: Neue Eliten, neue Konflikte." Working Paper 05/4, Max Planck Institute for the Study of Societies, Cologne, 2005, <http://www.mpifg.de/pu/workpap/wp05-4/wp05-4.html> (date accessed November 18, 2019).

----------. *Re-Forming Capitalism. Institutional Change in the German Political Economy*. Oxford: Oxford University Press, 2009.

Verein der in der DDR geschiedenen Frauen. Website. <http://www.verein-ddr-geschiedener-frauen.de/index.html> (date accessed November 18, 2019).

Wiesenthal, Helmut. "German unification and 'Model Deutschland': An adventure in institutional conservatism," *West European Politics*, vol. 26, no. 4 (2003): 37-58.

Willisch, Andreas. "Über den Osten sprechen: Wege aus der Desaster-Rhetorik," *tageszeitung (taz)*, September 8, 2019, <https://taz.de/Ueber-den-Osten-sprechen/!5621559/> (date accessed November 18, 2019).

Wirtschafts- und Sozialwissenschaftliches Institut (WSI). WSI-Tarifarchiv, <https://www.boeckler.de/wsi-tarifarchiv_2257.htm> (date accessed November 18, 2019).