

Germany: United, Rich, Unhappy

The timing of new centuries and millennia and the objective division of history into epochs rarely coincide. According to Eric Hobsbawm, the »short« 20th century began in 1914 and ended in 1989.¹ Here, Hobsbawm's definition of 1989 as the threshold of a new epoch is more than just the judgment of a historian made after the event. Whilst only a few contemporaries probably experienced 1914 as the end of an epoch – as the end of the »long« 19th century – 1989 was immediately seen by the whole world as a turning point which divided history into before and after. The following remarks, which are made on the occasion of a new millennium, refer more to the significance and the consequences of 1989 and aim less to assess the entire century, let alone the millennium.

1989 saw the end of the state in Germany known as the GDR and the beginning of German reunification. It is no coincidence that the whole world associates the end of the post-war order not with the electoral victory of Solidarnosc in Poland in the summer of 1989, but with the fall of the Berlin Wall that autumn. The image of the people dancing on the Wall has become the icon of the end of the epoch. German reunification is a sort of miniature edition of that larger process of integration which started to bring the former communist countries in central and eastern Europe into the global market system and the political community of the West. It is a piece of »globalization«, and has brought changes throughout Germany. However, whilst people in the western part of Germany have only experienced or will experience these changes as a very gradual process, the citizens of the former GDR have gone through this process in a very short period – even ahead of the western Germans. German reunification resulted in the normalization of the international status of Germany, a country which had enjoyed only limited sovereignty before 1989. It also created the preconditions for a continuation of European integration into an econo-

mic and monetary community. At the same time – and this is the point at the core of the following remarks – it overrides, distorts and intensifies the country's internal socio-economic development as it experiences a transition from a Golden Age of economic prosperity and social consensus into something which is at most vaguely defined, which due to a lack of precise definitions we might term post-industrial society, second modern age, or knowledge-driven service society.

A German Century

For the western part of Germany, the second half of the 20th century (1949–1989) was a period of good fortune. There was no war, no civil war, no manifest restriction of freedom, no significant inflation, no significant economic crisis. As a result of an extremely dynamic economic development, the western part of Germany had already become the third-largest economic power and the second-largest exporter in the world prior to reunification. People may complain about a lack of competitiveness in Germany, but German firms supply the world with high-grade machinery, telecommunications equipment, cars and chemicals. It can be said with some justification that an average German worker enjoys a higher quality of life than his Japanese equivalent, even though he works 48 days less a year on average, and that an unemployed German has a better life than one of America's working poor. Germany's universities lag behind the top US institutions, but the skills level of its workforce is on average higher than that in the Anglo-Saxon countries. Germany's cities and landscapes are less damaged by industry than those of

1. Eric Hobsbawm, *The Age of Extremes. A History of the World 1914–1991*, Vintage Books 1996.

Japan, and its crime rate is far lower than that of the United States. Hardly anyone emigrates, but hundreds of thousands or millions would like to live and work in Germany – if they were allowed in. Those people who lived in West (or in the last decade in reunified) Germany were, compared with the vast majority of the population of the planet, favored by fortune.

This favorable and exceptional situation is particularly striking if one compares the second half of the century with the first. Anyone who was born just a few years too early in Germany had to experience defeat in two world wars, a failed revolution, two periods of hyperinflation, a severe economic depression, three changes in the political system and, above all, probably the most thorough murderous regime in history – all in the space of the first thirty years of the »short« century. Rarely has a nation's century been so clearly divided into two halves by one year – 1945 – the first of which will for all time overshadow the entire century as

an epoch of mass murder. Germany was not only disproportionately involved in the century of mass murder, it was a leading protagonist. In wars against the rest of the world, it produced wonders of technology and organization which put all earlier wars in the shade. But above all, Germany brought a new dimension to the mass murder of civilians quite *unrelated* to the military campaign. In his economic history of the 20th century, Brad DeLong quoted an estimate of the presumed victims of state-sponsored violence in the 20th century (note: not as part of military action). The top twenty regimes here, according to his estimate, produced more than 155 million victims. DeLong concedes that many of these figures are just rough estimates, and can do no more than indicate the dimensions involved. National Socialist Germany only takes third place on this list, but given the brief duration of National Socialist rule, it proves to be the most murderous regime of a murderous century. Above all, for National Social-

Table 1:
Non-war-related victims of state violence in the 20th century

Regime	Number of victims	Duration
Soviet Union (Communist)	61,900,000	1917–1990
China (Communist)	35,200,000	1949–present
Germany (Nazi Third Reich)	20,900,000	1933–1945
China (Kuomintang)	10,400,000	1928–1949
Japan (Imperial-Fascist)	6,000,000	1936–1945
China (Communist Guerrillas)	3,500,000	1923–1948
Cambodia (Communist)	2,000,000	1975–1979
Turkey (»Young Turks«)	1,900,000	1909–1917
Vietnam (Communist)	1,700,000	1945–present
Korea (Communist)	1,700,000	1948–present
Poland (Communist)	1,600,000	1945–1948
Pakistan (Yahya Khan)	1,500,000	1971
Mexico (Porfiriato)	1,400,000	1900–1920
Yugoslavia (Communist)	1,100,000	1944–1990
Russia (Tsarist)	1,100,000	1900–1917
Turkey (»Ataturk«)	900,000	1918–1923
United Kingdom (Democratic)	800,000	1900–present
Portugal (Fascist)	700,000	1926–1975
Croatia (Fascist)	700,000	1941–1945
Indonesia (Suharto)	600,000	1965–1999

ism the mass annihilation was not the accepted consequence of a political program, no matter how absurd that program was (as in the disastrous starvation caused by the state in the Soviet Union and China): it was the program itself. And it took place not in a situation of backwardness, underdevelopment and disorganization, but was managed using state-of-the-art industrial technology and administrative organization; it was the responsibility of a nation at the forefront of technology and commerce – and for that reason the century of mass murders will for all time be associated with Germany.

The turning points of the 20th century – 1914, 1945 and 1989 – are »German« years. One can debate who started the war in 1914, but there is no denying that Imperial Germany took the lead in correcting the order of the 19th century by force and thereby drove the world into a war which consigned to the scrapheap all the optimistic assumptions of the 19th century about civilization and progress. The military defeat and partition of Germany in 1945 was the precondition for the establishment of a new bipolar world order, symbolized by the border between the two Germans. The Golden Age of the post-war decades enabled part of humanity to enjoy unparalleled prosperity, but the Golden Age was also overshadowed by the ever-present threat of the destruction of civilization by a nuclear war. The bulk of humanity paid the price of the proxy wars of the superpowers, languishing in poverty, stagnation and political oppression. Finally, 1989 and the fall of the Berlin Wall placed Germany in the forefront of world history for one last time.

When the current position of Germany in Europe and the world is defined, the word »normal« predominates. That cannot imply that a line can now be drawn under the past: the past will not disappear, the terrors of the National Socialist mass destruction have not faded with time; in fact, the more German society is able to describe itself as civilized in the Western sense, the more obscene these terrors become. The past does not die away with those who experienced it, be they perpetrators or victims. The historians' dispute, the Goldhagen debate, the Wehrmacht exhibition and the arguments about compensation for slave laborers show that the debate on coming to terms with Germany's past will not cease or die down. Nor-

malization can therefore only be meant in a more harmless sense: Germany has become a normal Western country whose elite no longer aspires to a separate path and a revision of the world order by force. It may be that one can read fresh ambitions to become a major power into the words of German politicians or the cover stories of news magazines, but this is more a question of form than a genuine project; in any case, the country would not have the resources for such a project, even if it aspired to it. Germany is economically integrated and in a security alliance with most of its nine immediate neighbors; as former Defense Minister Volker Rühle put it, it is »encircled by friends«. In 1999, Germany participated in a war for the first time since 1945 – a rather dubious mark of normalization – but the German involvement in the war in the Balkans was interpreted by its neighbors not as the rebirth of a military monster, but as a sign of a rejection of any separate path, even that of a pacifism legitimized by the past. The war in the Balkans was not a »German war«, and it seems reasonable to hope that the 21st century will not be a »German century«.

Before Reunification: Old and New Social Issues

The second half of the 20th century was a Golden Age for the western part of Germany. A growing economy, (generally) full employment, social security and a dramatically rising standard of living for (almost) everyone resulted in a virtuous circle which – not wholly unjustly – was presented as the »German model«. The core elements of the model were a high (by international standards) level of insurance for workers against the risks of unemployment, illness and lack of income in old age, rapidly rising wages, and a consensus resolution of industrial disputes. The social market economy of the 1950s and 1960s was not an egalitarian economic model, but it did at least give the justified impression that the capitalist market economy (and the inequality inevitably linked with it) was compatible with social justice. The dynamism of the prosperity – the prospect that *everyone* would be able to obtain more and more and better and better consumer goods – meant that the static inequality in the distribution of income and wealth was of rather secondary importance. The participa-

tion of the vast majority of the population in a continuously rising level of consumption was matched on the production side by the participation (albeit subordinate) of a large minority of workers in corporate decision-making processes, either in the form of institutionalized rights of codetermination, or in the form of informal codetermination on the production site, particularly by the skilled workers.

As far as the socio-economic situation in West Germany was concerned, one thing at least was clear when Germany reunified: the Golden Age was over. It is hard to tell where the cut-off point was. The first oil crisis signalled that the epoch of prosperity and social justice would not be indefinite. But a genuine turnaround only came in the early 1980s. The change in government from a social-democrat/liberal to a christian-democrat/liberal coalition did not have the revolutionary dimensions of the neoliberal government takeovers in the United States and Britain, but it too marked a transition: the early 1980s saw the onset of a concentration of income and wealth² – following years when the pattern of distribution of income and wealth in West Germany had slowly but steadily improved.

Back in the days of the social-democrat/liberal coalition, the CDU had already discovered the »new social question« (Heiner Geissler had thus anticipated Tony Blair fairly precisely). The old battle line between workers and employers, as maintained by the social democrats, was, it was argued, overridden by a far more dramatic split between those who formed part of the system as workers or employers, and an underclass of the excluded without any access to the working world and the welfare state. On the Left, both inside and outside the SPD, the term »two-thirds society« was coined. Both concepts define exclusion as the status of a *minority* which had been shut out of an established, functioning and consensus-based majority society. They reflect a new reality for the Federal Republic: mass unemployment and, as a consequence, unemployment as a fate which, for more and more people, was no longer a more or less brief interruption between two periods of employment, but dominated large parts of active life. The »new social question«, or the excluded »one-third«, included not only the »structurally« unemployed, especially younger and older people

who were unable to get a foothold in or had lost contact with the labor market, but also a growing group of people whose problems were covered by neither labor law nor the welfare state: those in precarious, temporary employment or in quasi self-employment, single mothers, large families, foreign workers, people in social ghettos, marginal groups.

The treatment of the social question as a minority issue placed the majority of those in regular employment and with social security cover at least implicitly on the side of the privileged. Their organizations, the trade unions, apparently took little interest in the fate of the excluded and even fought tooth and nail to defend the privileges of their clientele against the claims of the disadvantaged minority. Since the decisive line of battle was defined not as employer against worker or rich against poor, but as the conflict between an excluded minority and a privileged majority of workers and employers, the tensions within this majority society were presented as secondary disharmonies within a generally harmonious community.

It was not until later that attention focused on two parallel developments. Firstly, the involuntary social exclusion of an underclass corresponded to the increasing voluntary self-exclusion of the elites, i. e. the high-earners and the wealthy. This self-exclusion is a consequence of globalization: due to the policy of deregulation since the early 1980s it has become increasingly easy for the possessors of capital and highly-valued skills to transfer their resources across national borders to wherever the yield is highest and the burden smallest. This is just as true of companies as it is of chemists with money to invest or of tax-evading TV stars. The motto of West German social partnership: »We are all in the same boat«, ceased to apply. Firstly, this had an impact in the companies. The »German model« had been a positive-sum game for all those involved; it could have been described as »high wages, high productivity, high profits« (one might add »high skills, high motivation, high quality«). The consensus in the 1970s was that this was the

2. Cf. Richard Hauser, Die Entwicklung der Einkommensverteilung und der Einkommensarmut in den alten und neuen Bundesländern, in: Aus Politik und Zeitgeschichte 18, April 30 1999.

magic formula for the international success of German industry. But if the consensus between employers and workers starts out as something with a limited shelf life, i. e. the implicit social contract should only apply until a combination of productivity and wage costs is found somewhere else in the world which permits even higher profits, then the corporate basis for the consensus is systematically undermined. The employers would no longer need the corporate consensus. The pressure of unemployment then automatically creates the motivation for the workers who continuously face the threat of redundancy, a motivation which previously had to be generated by monetary incentives and participation in corporate decisionmaking. Secondly, the exit option for companies is not only available at any time, but can also be fed into the wage negotiations, which thereby lose their character of a contest between more or less equals (the withdrawal of larger companies from the business associations representing them in wage negotiations and thus their voluntary renunciation of the basis of conflict resolution and consensus formation is only one aspect of a process whereby companies are fundamentally distancing themselves from the community of which, in formal terms, they are still part).

The more significant impact affects the political system. A democratic political order is not based on all citizens sharing the same values and convictions; it rests on a political process in which differing and conflicting interests are talked through and solutions discussed in public. The model of the social market economy started from the assumption that the market alone would not create an acceptable distribution of income and opportunities in life, and that the distribution achieved by the market could be and had to be corrected by government. A prerequisite for social cohesion was that, despite inequalities, all the participants could be convinced that the process was more or less »fair«. The definition of what is regarded as »fair« in different situations is a matter for the political process (in a wider sense, i. e. including collective wage negotiations, mass action, media debates, etc.). But if the earners of high salaries and the owners of large assets no longer need to negotiate, but can always enforce their interests by referring to the exit option and/or can withdraw their resources from common availability, the nature of

the public political process changes too. In the self-referential language of politics, this is described as a »loss of scope for policy-making«. The commonweal of the social partners, who are forced to reach a consensus or to go under, is replaced by a relationship between the blackmailers and the blackmailed (and government and the media react like those being blackmailed and warned not to contact the police) – or a relationship between two groups in society which no longer belong to the same political community. It is the vast majority of people in dependent employment who not only have to bear the burdens of social solidarity (of the welfare state) and thus of social cohesion; and it was also the people in dependent employment who had to pay for the costs of German reunification (whilst companies and the wealthy profited from the tax and depreciation paradise created in eastern Germany). The self-exclusion of the elites creates two communities: a business class of the internationally mobile and a tourist class of the less privileged who continue to be reliant on their state.

This is true of the second development described here: the situation of the majority of dependent employed who are (still) covered by welfare insurance. On the one hand, the owners of capital and the high earners are withdrawing their resources from the commonweal; the tax base is shrinking. Taxes on capital have been declining ever since the 1960s, whilst taxes on labor have kept increasing.³ On the other hand, more and more people end up – occasionally voluntarily, but mostly involuntarily – in a situation in which they are unable to pay any more welfare contributions and, sometimes, taxes. In statistical terms, this relationship is expressed in the displacement of regular jobs subject to social insurance contributions by precarious jobs and by open or concealed unemployment. The majority of workers (still) insured for welfare run the risk of *firstly* becoming a minority themselves, which *secondly* has to finance the welfare benefits for a growing proportion of the population out of its incomes, whilst *thirdly* the assets of capital owners or higher earners are withdrawn from the system. Those in dependent employment then also have to bear the

3. Cf. Dani Rodrik, *Has Globalization Gone Too Far?* Washington, Institute for International Economics 1997, p. 65.

costs of unemployment (for example) in more than just financial terms: they also bear all the risks resulting from rationalization and relocation by companies and, assuming they actually retain their jobs, the increasing burdens deriving from the systematic »downsizing« of companies. It has therefore proved impossible to reduce the social tensions of the pre-reunification Federal Republic to the problem of the exclusion of a minority (the »one-third«). And the »old social question« of conflict between workers and employers, which appeared to have been consigned to the past in the decades of the Golden Age, flared up again during the 1980s and 1990s.

Competitiveness and Social Environment

People in Germany have come to believe that prosperity, social achievements and consensus in society are under threat. Two opposing stances have crystallized out of this: on the one hand, those who think that Germany has become uncompetitive stress that the country »is living beyond its means« and needs »to tighten its belt«. In intensified global competition, the nation's prosperity is threatened by other, better equipped countries. If it proves impossible to make Germany »fit for globalization«, the country is at risk of »being relegated to the second division«. This criticism refers both to objective data, which basically reflect the costs of commercial activity, and to collective dispositions. In nominal terms, wage costs are the highest in the world and are negotiated inflexibly at sector level rather than in line with the performance of the individual company. Nominal corporate taxation and the public-sector share of GDP are high, there are too many rules and regulations, education and training take too long, training fails to meet the needs of companies – etc. As far as the collective dispositions are concerned, a too tightly meshed welfare net rewards free-riders, inertia, inflexibility and immobility whilst penalizing performance, risk-taking and entrepreneurial vigour.

The economic substance of this line of criticism is at best threadbare: national economies do not compete like private-sector companies in an international competition which needs to be seen as a zero-sum game – and if they did, Germany would

hardly be on the losing side, since there are at least no indications of declining terms of trade which would reflect a deterioration in the sectoral economic structure in the international comparison. The corporate taxes actually paid in Germany are, according to the OECD, below the average for industrial countries, including Britain and the United States, the level of wages needs to be seen in relation to labor productivity, the level and length of training needs to be considered in an international comparison. The German economy has continued to grow during the last twenty years; it is richer today than at the beginning of the 1980s. There is no empirical proof that the Germans are living »beyond their means« and need »to tighten their belts«. The phrase which keeps cropping up, that the retention of the welfare state, let alone its expansion, is impossible, since there is »no wealth left to redistribute« is daft: due to the concentration of incomes and property, there is more wealth *and* more poverty than in the late 1970s, i. e. there is both more wealth to be redistributed and more demand for redistribution. The limits of redistributive justice are, in the present conditions, determined not by the absolute volume of available wealth, but by the amount its owners are prepared to leave in the country.

The second critical stance is more difficult to define, since it is articulated from very different points of view and often in a very disconnected fashion, e.g. by the churches, by what remains of the intellectual Left, or by traditional advocates of the welfare state in the trade unions or the SPD. Their underlying motivation is not the concern that Germany's economy is too inefficient, but the social cohesion of the commonwealth. Social integration – and particularly the integration into society of the younger generation – cannot be achieved by the market, it is based on shared convictions and traditions handed on from one generation to the next. Phenomena like rising adolescent crime, extreme right-wing violence, disenchantment with politics and political parties, declining membership of churches and clubs, the abuse of welfare benefits, increasingly materialistic and selfish values, falling numbers of children and the precarious state of the nuclear family can be interpreted as symptoms of a gradual erosion of the common foundations of German society. This development is being accelerated by the far-

reaching expectations of flexibility imposed on the workers due to »globalization«, which cuts down to a minimum the amount of time and space available for common use. The reduction of collective arrangements – e. g. of working hours – and of welfare protection is pulverizing those communities – families, clubs, trade unions, friends, neighborhoods – on which social integration ultimately rests. The welfare state, it can be argued, not only protects the individuals from the risks of the market; under capitalist conditions, it is also the precondition for a sphere of community to be formed and maintained beyond the market, without which social integration would be at risk. A precondition for the welfare state is the nation state as a framework of institutionalized solidarity. If, under the pressure of globalization, both the competences of the nation state are eroded and the welfare state is reduced, the question of what glue is to hold our society together is both topical and justified.

Jürgen Habermas has described the development sketched out above using the concepts of »network« and »social environment« as two competing forms of coordination of social activity.⁴ Networks – here we can say: markets – are anonymous systems of relationships in which the actors take decisions on a decentralized and rational basis and which stabilize themselves via the efficiency of their results. Social environments, on the other hand, coordinate the actions of individuals via solidarity, shared traditions and common beliefs. The development of Europe since the High Middle Ages can, according to Habermas, be described as a succession of processes of opening and closure, in which discrete social environments open themselves up to overarching networks, and then close again at a higher level as a new social environment with an expanded horizon. The transition from the local to the dynastic and then the national identity, for example, can be regarded as one such succession of openings and closures. The Industrial Revolution in England was a particularly dramatic phase in this development – Habermas refers to Karl Polanyi's analysis – as, for the first time in history, it destroyed the traditional basis of social relations and left it to the market to provide people, i. e. labor, with a living. This »revolution of the rich against the poor« (Polanyi) meant that the underclasses were deprived of their social

environment and robbed not only of the material basis for their existence, but also of all other social recognition and solidarity. Since the Industrial Revolution in England treated the majority of the country's population like the population of a colonized country, it created, according to Polanyi, an untenable social situation and sparked off the reactions – by the state, the aristocracy and the rising workers' movement – which tried to rein in the dynamism of the market.⁵ The long-term result of this uncoordinated counter-movement, which derived from very different interests, was the welfare state. The current »revolution of the rich against the poor« known as globalization is trying – albeit in a less dramatic form than in the age of the Industrial Revolution – to prune back protection in the form of the welfare and the nation state, i. e. to force people to abandon their traditional forms of coordination of social activity by subjecting them to the conditions of the market. However, there is at present no sign of an opposing movement which might close the recent opening at a higher level.⁶

The welfare state removed some of the pressure of market-imposed flexibility and mobility from the employees and thus gave them a chance to form and maintain social environments. The working-class structure of the traditional industrial society is an example of this: through shared values, beliefs and traditions, as embodied in »class-based« institutions like clubs, trade unions, education or political parties, the social environment reconciled people with their collective fate of industrial labor – the prospect of spending a whole life doing hard physical work for little pay. It fulfilled an integrational social responsibility which the market (via wages) could not achieve on its own. It helped to impart values, beliefs and traditions to the next generation. In order to exist, it needed both a minimum of stability, i. e. stable working and living conditions, a certain degree of job security and a limitation of social mobility both

4. Jürgen Habermas, *Die postnationale Konstellation und die Zukunft der Demokratie*, in: idem, *Die postnationale Konstellation. Politische Essays*, Frankfurt am Main 1999, p. 125 f.

5. Cf. Karl Polanyi, *The Great Transformation*, 1944.

6. According to Habermas, the recent opening process, called »globalization«, can lead to a new »closure« on the European level.

downwards and upwards, as well as a minimum of equality, permitting the interpretation of the individual situation as part of a collective fate (generally the same income level, the same working hours, etc.). Beyond the social structure of industrial workers in the narrower sense, the welfare state can be regarded as a complement of the collective fate of those in dependent employment. For it to function, there must be a predictable biography of those paying in and those drawing benefits, stable life-long employment, interrupted only by temporary exceptions, the nuclear family with its rigid division of labor between the sexes, and the raising of children, who then also go on to have similarly stable jobs.

Those who focus their criticism on Germany's lack of competitiveness are implicitly or explicitly demanding the renunciation of stable social environments in favor of greater reliance on markets. They assume that the integrational functions of social environments can be replaced either by growing individual opportunities or by the pressure of the market, by the threat of exclusion/repression or by the mass-media simulation of social environments (represented by TV stars, racing drivers and princesses). The advocates of the welfare state, on the other hand, defend not only existing privileges, such as the right to government assistance when removing tattoos, but also stable social environments and thus the chance to form an identity and to pass it on to the next generation, a chance which is particularly important for anyone who can expect but little recompense from the market for his/her work.⁷ If there is nothing to underpin social integration and socialization in the form of at least partially stable social environments, then there will be a growing danger – particularly in Germany – that more and more people who have little chance on the market will attempt to confirm their *ethnic* identity by violence, by beating foreigners up with baseball bats. By destroying social structures and solidarity-based interrelationships, the neoliberal-inspired modernization creates the mob which obtains by force that which it is denied by society.⁸ It should be noted that social disintegration is not a spectator sport:⁹ the mud which is thrown up on the pitch will not fail to hit those who see themselves as the beneficiaries of modernization and imagine that they are well away from the scrum.

The concern about the possible loss of social cohesion, due to the threat from an expansion of market relations, is not a typically German phenomenon. The American communitarians were driven by a similar motivation, but the majority of them arrived at a result – the rejection of liberal universalism in favor of specific, discrete communities – which threw out the baby of political liberalism along with the bath water of neoliberalism. Communitarian undertones can also be heard in the Anglo-Saxon version of social democratic politics, the »Third Way«. What is specific to Germany is the fact that the conflict between the market and the social environment is overarched, intensified and altered by the regional tension between eastern and western Germany. The special history of German reunification means that eastern Germany is virtually a laboratory in which we can observe the experiment of modernization as called for by the neoliberals.

»Ostalgia« and Ties to the West

With hindsight, German reunification is often associated with a missed opportunity: reunification was an unexpected shock, a national state of emergency, one of the few opportunities to make a fresh start. Yet we did not even see a new national anthem, let alone a new constitution. The »system« of the old Federal Republic was, as many people lament today, simply imposed on the former GDR in its entirety. There was, however, never any possibility of welding a *synthesis* out of eastern and western German elements. The GDR had – particularly in the eyes of its former citizens – mismanaged itself so badly that there was literally nothing which could have been rescued to survive reunification, apart from the signal with the little green man at pedestrian crossings. The rejection

7. According to Richard Sennett, the winners of globalization, too, are increasingly unable to deduct from their biography some kind of identity and pass it to their children. Cf. Richard Sennett, *The Corrosion of Character*, New York 1998.

8. In her famous study on totalitarian rule, Hannah Arendt describes the dissolution of social structures and the creation of an »un-embedded« underclass as a precondition of the success of totalitarian movement and governments.

9. Dani Rodrik, op. cit., p. 7.

of the GDR by its citizens seemed to be total. It ranged from destroyed memorials and renamed streets to the hawking of medals and other symbols of the state as junk and the refusal to eat local agricultural produce. Since nothing could be saved from the GDR, everything from pension insurance to the sex shop had to be imported from the Federal Republic. The reverse side of the collapse of the GDR was the absolute confirmation of the Federal Republic.

Even if the GDR itself left nothing worth keeping, surely the opposition to the state could present experiences which should have found expression in the political structure of the reunited Germany? But the opposition was split into a minority (if one goes by the electoral results of Alliance '90, a party allied to the Greens, a minority beneath the five per cent threshold) which still thought there was a chance to rescue the GDR as a state, to liberate socialism of its perversions, or to opt for »third ways« between socialism and capitalism, and a majority, which intuitively and realistically understood that there was no room for third ways of this type. The masses fleeing via Hungary to West Germany or threatening to flee to the West did not want any new experiments, they wanted a higher standard of living. The GDR did not collapse because it was a state based on injustice, but because it was unable to offer its citizens the quantity and quality of consumer goods which was the norm in the Federal Republic. And the peaceful revolution, an uprising of consumers who were prevented from consuming by their state, had little to offer towards a synthesis.

The second association linked to reunification is that of disaster avoided. The collapse of the GDR itself threatened to take a disastrous turn: as the old GDR elite was no longer in a position to suppress the opposition by force, a power vacuum developed after autumn 1989 in which the basic functions of the state threatened to collapse (expressed, for example, in the loss of authority of the police force). There was a danger that a state of lawlessness would emerge with a high potential for violence, exacerbated by an out-of-control mass emigration to the West. Government felt a pressure to fill the developing vacuum *quickly*, and this could only be done by installing the structures which were available, rather than those which were best thought-out. In the eyes of those involved, there

was no time available in 1989 and 1990 to proceed other than by »taking over« – with the approval of a majority in both East and West.

Reunification in the form of a take-over probably prevented the sort of disaster that comes when states fall apart – as could and can be observed in various places on the edges of the former Soviet Union. Instead, it unleashed a different sort of disaster: for the vast majority of eastern Germans, reunification was equivalent to the total collapse of their social environment. In a socialist economy of shortages, social activity was coordinated via the authority of social environments, and this by definition outweighed any coordination via the market. Elements of social cohesion, spontaneous cooperation and improvised creativity existed not in the socialist system but in the gaps it left, and particularly in the (frequently interrupted) manufacturing process. Perhaps the social environment of many GDR citizens, those who were neither integrated into the party hierarchy nor close to the (church-based) opposition, can be described as a specific form of working-class social structure which had long been on the way out in the West (Wolfgang Engler talks of the »workingish society«). Whilst the official rhetoric about the workers as the ruling class acted as the threadbare figleaf of party rule, the coordination of manufacturing, which socialist planning was unable to achieve, was actually ensured to a large extent by cooperation between the workers themselves. In this environment, it was possible for egalitarian forms of communication to emerge on the basis of shared beliefs and values (which were not the prescribed beliefs and values of the socialist state), forms of communication which Wolfgang Engler described as follows: »No-one was to be worse off than anyone else, and better off only to the extent that this did not arouse the justified envy of the environment (...) Everyone looked enviously at those above himself, and full of genuine sympathy at those beneath, always aiming to alleviate serious differences, if possible to equal them out, even if this meant giving up one's own advantages«.¹⁰

The uprising of the workers as consumers signified the opening up of a more or less closed social environment, the replacement of specific and per-

10. Wolfgang Engler, DIE Ostdeutschen. Kunde von einem verlorenen Land, Berlin 1999, S. 211.

sonal cooperative relations by impersonal market relations, as part of which the worker himself came to be valued solely in terms of his market value. It was at once an act of emancipation and the destruction of the existing basis for individual orientation. This caused varying reactions. The most impressive was the refusal to demographically reproduce, the fall in the birth rate of more than 50%, the scale of which recalled instances of colonization and enslavement. The citizens of the failed GDR did overnight what the citizens of the Federal Republic had needed forty years to do: a change in generative behaviour as a consequence of the dissolution of stable social environments. Many citizens of the former GDR responded to the loss of their social identity with the aggressive confirmation of their ethnic identity. The pogroms against foreigners were unleashed in eastern Germany. Of course, the wave of murders of the early 1990s cannot be ascribed solely to the citizens of the new eastern Germany. There were murderous attacks in Solingen and Moelln as well, two small western German towns. But the latter were terrorist acts. Pogroms with mass participation in front of the television cameras were restricted to the east of the country. A third, more harmless reaction came later: the transfiguration (dubbed »Ostalgia«) of the old GDR, i. e. not of the state itself, but of the social environments which the former state had had to leave niches for. It is reflected in a new cult for old products, a new closing off (e. g. against incomers from the west) and in votes for the PDS, the former communist party.

Even though the impact of German reunification on the day-to-day life of the western Germans was restricted to marginal changes in the general economic position, there was a parallel political movement in the west of the country too, which may only have been characteristic of an intellectual minority, but which did influence the political culture of the whole of Germany. The response to reunification of western German intellectuals on the Left in particular was a fairly emphatic confirmation that the Federal Republic of Germany was founded on its ties with the West. In the field of foreign policy, the Western ties were cited as an argument against any possibility of a separate German route; but of far greater significance were the political values associated with these Western ties,

which many regarded as a counterweight to the extreme nationalist undertones which could be read into the slogan shouted at eastern German demonstrations: »We are *one* people« (which had replaced the insubordinate »We are *the* people«). Just recall Habermas's stressing of constitutional patriotism, which was now wheeled out again as the identity-forming basis of a civilized community as a counterweight to the newly respectable ethnic-nationalist basis of identity. With this – it is fair to say, late – discovery of the Federal Republic's Western ties, the western German Left in particular (but not only the Left) endeavored to lend a more overarching dimension of a social environment to the democracy of the Federal Republic – a democracy which had previously tended to be viewed or criticized in functional terms. The sympathy of the nation with the values set out in the constitution was supposed to reflect a treasure chest of shared beliefs and traditions which represented more than a basis of republican consensus-formation legitimized by processes and outcomes, i. e. which actually constituted a social environment arching over local, origin-based, ethnic and personal ties.

East and West: the Gates to Paradise

Those people, still GDR citizens, who streamed into the Federal Republic in 1989 in their stone-washed jeans, a fashion of yesteryear, and their cars from the year before that, presented the West Germans with part of their own past, the days of the 1950s, when people were collectively poorer and more equal, consumer opportunities were still discoveries, abroad was a long way away and certainties had not been torn apart in the cultural storm of the 1968 generation. But the Federal Republic itself was standing on the threshold of the 1990s, and the Golden Age of the 1950s was no more than a distant memory. The tragedy of the citizens of the former GDR was that they gained admittance to the consumer paradise of the Federal Republic when it had long since ceased to be a paradise for many people – and that they entered it as a collective of already disadvantaged people.

If there is an economic myth surrounding the foundation of the Federal Republic, it was the forty marks handed to each individual when the

monetary reform took place in 1948/49. Of course, this did not affect the distribution of fixed assets, but it did create the impression of a largely equal start and was able to form the basis of a comparatively strong social consensus. However, this economic myth became less convincing to people as the initial situation of (apparently) equal opportunities was transformed into more manifest inequality (and thus the group of »heirs« increased in number – the West Germans enjoyed the historic privilege of being able to accumulate and hand on wealth for forty years without war or inflation). The equivalent economic myth of German reunification was the monetary reform of 1990 and the one-to-one exchange rate of the GDR mark to the D-mark, i. e. the citizens of the GDR were able to join the Federal Republic with an exchange of their assets (or at least part of their assets) from an internationally worthless to a highly valued currency. The one-to-one exchange rate created formal equality between the old and the new citizens – and sealed the fate of the GDR economy and its jobs. The citizens of the new Länder were and remain doubly disadvantaged: their accession to the Federal Republic integrated a people without heirs. And it integrated a people who had lost their source of earnings. The mass unemployment seen in the West for years (but which went hand in hand with an increase in employment until 1990) rolled across the east of Germany like an enormous wave. On top of the internal inequalities in the Federal Republic there came a regional imbalance in respective positions which would inevitably undermine the binding nature of the economic myth of monetary union very quickly.

In addition, the effect of national reunification was socially disintegrational for various reasons. The fact that socialism had managed the economy so badly resulted in an ideological transfiguration of the market and of capitalist virtues – flexibility, risk-taking, initiative, greed. The mortally wounded socialism thus also infected its hostile brother, the Western welfare state. The ignominious collapse of socialism in Europe was not the reason why neoliberal business representatives and professors of economics merrily called for the dismantling of the welfare state, but it did assist their efforts. Quite apart from the fact that the burdens of reunification were also unfairly shared out in the west of Germany – they were mainly borne by the

workers, whose insurance funds were plundered – the collapse of socialism seemed to remove an emotional barrier which, at least in the Federal Republic, had prevented over-enthusiastic public celebrations of capitalist dynamism and inequality. Following the collapse of socialism, there was a fresh wave of calls to roll up the welfare safety net. One cannot help suspecting that the reality of the welfare state in the Federal Republic, or its acceptance by the elites, was partly the result of the fact that, across the border, there was a second German state which claimed to represent a more just social system. It was as though there had been a minimum standard of living for workers in West Germany until 1989 – defined by the standard of living in the GDR, which had to be exceeded. This lower threshold had now gone.

The social situation of post-reunification has prevented solidarity between the disadvantaged in the west and east of Germany. The eastern Germans define their situation less in welfare terms and more in terms of social environment: their collective background is the experience of the GDR, which no-one is entitled to comment on if he did not live there until the bitter end. These experiences cannot become part of the shared heritage of the reunited country, because they are based on a conscious self-exclusion. Disadvantage in eastern Germany is the fate of a collective; in western Germany, it is an individual problem.

German Society and the Left

It is one of the notorious ironies of history that it was in the 1960s, a period of unprecedented prosperity and relative (perceived) social justice in the old Federal Republic, that a Marxist-inspired fundamental opposition emerged whose most extreme practitioners did not shrink from terrorism. The drama of the political action in the 1960s and early 1970s was in striking contrast to a social situation which – at least in an international and historical comparison – can be viewed as an era of harmony. Today, by contrast, genuinely left-wing positions have virtually disappeared in the far more divided German society of the late 1990s. And the reunited Germany is a socially divided nation; the fault-lines are deeper and sharper than they were in the old Federal Republic, let alone in the failed

GDR. To summarize: (1) There is an east-west conflict within the country – between a poorer east, a country without heirlooms and jobs, and a class-divided, but generally wealthier west. (2) Since at least the early 1980s there has been a process of concentration of income and property in West Germany and simultaneously (3) the exclusion of an underclass of the unemployed and the working poor; this corresponds to (4) the self-exclusion of the elites and (5) the increasing burden on the worker (still) in regular employment who has to bear the costs of social insurance, unemployment and poverty, as well as the risks and burdens of economic restructuring.

The outstanding feature in the political sphere at the end of this century is the fact that, despite the heightened »objective« social conflicts, the political Left seems to have disappeared. Trade unions and traditional social democracy have gone on the defensive. The modernizers of social democracy, using slogans like the Third Way or the New Centre, have basically given up viewing the inequalities that are now appearing again as a »political challenge«; by confirming – resignedly or cheerfully – that redistributive justice is not an issue under the given conditions, they have departed from the core of social democratic and left-wing identity. What remains is an intellectual Left of individuals inside and outside the political parties and trade unions which often tends, out of disappointment over the way the world is going, to renounce any sense of political reality.

The weakness or the lack of a left-wing project reflects the peculiar lack of alternatives in the present system. Along with the socialism of the Eastern bloc, the idea that a different system than the present one is conceivable has collapsed. Criticism of capitalism seems to have been left to the Vatican and the Taliban. Francis Fukuyama, whose argument that history had come to an end was ridiculed at the time, has been proved right in a certain sense, even if the triumphant undertone with which he celebrated the victory of market economics and democracy was misplaced. It is this paralyzing lack of alternatives that makes it so difficult – even on the occasion of a new millennium – to point to prospects which are more than the continuation or acceleration of what is already in place. It is probably correct to presume that the future will bring the dissolution of protected

spheres which currently still shelter us to some extent from the impositions of the market. In the past, we made a large number of implicit economic decisions, without always having to act as calculating market actors. The choice of our place of residence, our life-long partner, our way of life, our circle of friends, the number of children, etc. is, at least in the majority of cases, not yet determined solely by economic factors – but an increasingly unrestricted market could force us to become the all-embracing and exclusive economic actors which we theoretically always were. This would mean that no space and time would remain in which social identities could be formed to be passed on to the next generation. What we currently interpret as manifestations of the disappearance of social cohesion might then prove not to be a deviation from the norm (whatever that norm might be), but to be the norm itself.

The »terror of economics« is not that we have to make a large number of decisions in terms of costs and benefits, but that economics is threatening to force its logic on society as a whole. Under these conditions, a political project of the Left which endeavored to retain or even expand spheres offering protection from the market would gain plausibility. In the past, the Left perceived itself as the avant-garde of modernization. Therefore its ambiguous perception of capitalism, which was fundamentally rejected, but at the same time, because of its enormous creativity, seen as the precondition for the emergence of a socialist society. This historical and philosophical optimism has been disproved by the 20th century – by two world wars, the denial of civilization in the holocaust, and the miserable failure of socialism in the Eastern bloc. Today, it would be right to take the view that the ability of people to live together is a finite resource – and therefore one which must be conserved – and to make it into a political program. ◀