Ossis and Wessis: A Socioeconomic Analysis of German Reunification

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Introduction

Perhaps the biggest surprise during the post-communist era has been the protracted integration of the Eastern Länder into former West Germany. Perhaps less surprising, but more serious, have been the difficulties arising from the integration of the two cultures. The resulting differences in attitudes and opinions have led to some expected complications, such as the inability of many East Germans to adjust to the capitalist system. They have also led to more insidious problems, such as a reluctance to cooperate due to mutual prejudice. German observers have frequently documented this as the conflict between the so-called Ossis (East Germans) and Wessis (West Germans). (Fulbrook, p. 211; Le Gloannec, p.129; Burke, p. 1; “Divided Still,” p. 3) The perceived differences have manifested themselves in denigratory jokes which often depict the Wessis as arrogant and the Ossis as lazy. (Winkler, p. 107) Although these prejudices may be distortions of the truth, they underlie the actual causes of conflict — the West German misconceptions about the East and the East German notion of government support.

The practical importance of this issue stems not only from the fact that these differences affect everyday business throughout Germany, but also from the fact that they have had an influence on political decisions. This article will attempt to explain exactly how the German psyche and the German economy are linked. The first half will examine how the differing attitudes of Eastern and Western Germans have hindered the rapid integration of the Eastern Länder. The second half will go on to explain some of Germany’s more questionable economic decisions from a sociological perspective.

To understand the implications of current economic events within the context of these social problems, background knowledge of their recent cultural history is required. Therefore, we will first focus on the directions in which the cultures of these two nations headed after World War II.
Historical Formation of Ossis and Wessis

Die Wessis

The story of West Germany after WWII was the story of a nation groping for reconciliation with its past. Ironically, at a time when it was forming a new national identity, most West Germans were rejecting their German heritage. Instead, post-nationalism and cosmopolitanism were the norm, and many West Germans were claiming to be not German but rather European. Consequently, several famed German intellectuals found it convenient to take up permanent residency with their European neighbors. Most notable were Huns-Magnus Enzensberger and Peter Schneider who moved to Italy, and Lothar Baier who moved to France. (Le Gloannec, p. 129)

The result of West Germany's uneasy acceptance of nationhood was a businesslike democratic republic devoid of flag-waving or national celebrations. (Le Gloannec, p. 129)

A later solution to West Germany's identity crisis was pride in the economy, or "deutsche mark nationalism." (Fulbrook, p. 211) With the economic miracle of the 1950s, West Germans finally had something to be proud of. Indeed, the credit given to the West German government formed the foundation for its support. Otherwise the FDR may have suffered the same fate as its democratic predecessor, the Weimar Republic. Even today, the deutsche mark is as much of a symbol of German national identity as the German flag.

A major issue in the early days of the Federal Republic was its claim to be the true successor to the Reich. With the introduction of democracy, it was obvious that the new government was a break with the past. Its claim to be the sole legitimate power in all of Germany could only be justifiable so long as reunification was still possible. Even its constitution stated that "the entire German people are called upon to achieve in free self-determination the unity and freedom of Germany." ("Divided Still," p. 3)

Die Ossis

The East German government had no such problem. The majority of East German leaders had been dissidents during the Nazi regime. They were therefore able to brush aside any responsibility for World War II. Although their claims to be "the better Germany" were predicated upon their more complete break with the Nazi past, theirs was a break from fascism, not nationalism. In fact, much was done on the part of the East German government to foster a national identity. It promoted long-held German traditions, German historical figures like Frederick the Great, and other government propaganda. In effect, East Germany was a continuation of what had been in place prior to Nazi Germany, not so much on the basis of its political system, but on the basis of cultural continuity. Indeed, many observers considered East Germany to be "the more German" of the two. (Le Gloannec, p. 129)

Also in contrast to West Germans, East Germans did not regard the existence of government as a formality — it was their livelihood. By the very nature of communism they were forced into a close relationship with their government. The government provided food, clothing, jobs, education, and training. Choice became something of an illusion, as most of their major life decisions were made for them. Often, successful careers were dictated less by talent and effort than they were by political conformity. Although the East German standard of living could not compare to that of the West, East Germans were free from the fear of failure; they needed only to follow instructions to realize a mediocre existence.

Sociological Contributions to Poor Economic Performance

Opposing Mindsets

These were the stories of East Germany and West Germany before 1989. Since then, "deutsche mark nationalism" and communism have been replaced by colonialism and vassalage. Such was the result of the experiment known as German reunification. Even without recounting the numerous complications which have arisen since then, one could anticipate the reactions that would take place once the two cultures were mixed together. On one side of the Berlin Wall is a country which spent 40
years as capitalism's front line against communism. On the other side is a people who have relied upon the government to solve their problems. To say, then, that the integration of the Eastern Länder into the FRG has resembled a colonist acquisition more than a mutual reunification should come as no surprise.

Many of the current economic problems in the Eastern Länder can be traced to West Germany's colonialist approach to reunification. Maternity leave, child care, education, and health care are just a few of the thriving programs that were disregarded by the West German government. (Fulbrook, p. 211) Reunification could have been a great learning experience, combining the best systems from both sides, but instead it resulted in the wholesale imposition of the West German system on East Germany. Many East Germans consider this the result of arrogance and blind anti-communist prejudice on the part of the West. Such a response is understandable considering that West Germany had been waging war, so to speak, against communism for the past 40 years. Having won the war of ideologies, West Germany had earned the right to dictate the terms of surrender. On the other hand, it would be wrong to think that East Germans were being integrated into the western system against their will; they had precisely such expectations from the beginning. West Germany was merely responding to those expectations. These cries against colonization can now be heard is more the result of disappointment with regard to integration.

From the other perspective, West Germans criticize the Ossis for complaining too much. They see such criticism as ungrateful, particularly in light of the sacrifices they made to support the East Germans. Although East Germans truly have a lot to complain about, one has to wonder how they could ask for more assistance after they have already received nearly DM 1 trillion. A lifetime of communism has no doubt developed a “handout mentality” in the East. It cannot be overstated that the government took care of everything during the GDR regime. One was paid whether one worked or not. Indeed, the largest obstacle impeding economic recovery is this notion of government support. Many East Germans blame the government when things go wrong. If their standard of living is low, it is not because the workers are unproductive; it is because the government is not providing enough jobs or high enough salaries. Before East Germans can compete successfully on the open market, even before they adjust to the capitalist system, they must realize that a higher standard of living can only be achieved through hard work.

Current Status of Reunification

Just prior to reunification, West Germans enjoyed a level of material prosperity, financial stability, and social security unmatched in Europe. So great was their economic power that they virtually dictated the Maastrict criteria for European monetary union. Who would have imagined that they would be struggling to meet these same criteria less than five years later?

Besides raising the national debt to four per cent of GDP, the subsidization of German reunification has led to the worst German recession since 1982. (Mayer, p. 1) Currently, unemployment is at 12 percent and has risen to a staggering 25 percent in some parts of Eastern Germany. Even after seven years, the Eastern Länder produce only 60 percent of what they consume. With the collapse of eastern markets, rapidly rising wage costs, and the resulting lack of investment, the end to this recession appears nowhere in sight.

Particularly hard hit by the recession have been East German males in their 40s and 50s and women of all ages. The fact that these groups have resigned themselves to leave the work force has caused the labor force participation rate in the Eastern Länder to fall from 95 percent to 60 percent while causing an overall unemployment rate of only 17 percent. For older workers, their inability to adapt to the new economic environment has been the main source of their troubles. At the beginning of reunification, East German workers were given three choices: migrate to the West, be retrained by the government, or retire early. Of the 600,000 East Germans who migrated to the West in 1990, few were older than 30. Most older workers took their chances by remaining in the East. Those who opted for government retraining found that they were rarely hired
afterwards. Thus the majority of men in their 40s and 50s, neither able nor willing to adjust to the new system, simply chose to enter into early retirement. This influx of new social dependents placed an even greater burden upon the government. (Karpac, p. 80)

In contrast, most women who lost their jobs after reunification remained unemployed despite their efforts. Under the old system, 90 percent of all women belonged to the work force. (Hagenbuch, p. 54) Not only did they contribute to the East German economy in terms of numbers, but they had also enjoyed a level of equality with men in education, training, and career opportunities to a degree never realized in the West. (Fulbrook, p. 211) They made up 49 percent of those in vocational training, comprised 51 percent of the work force, and 90 percent of them held either vocational or college degrees. (Hagenbuch, p. 55) In fact, the GDR had the highest female literacy rate in the world as recently as 1991. (Goldberg, p. 35) Today, however, they account for 65 percent of Germany's unemployed and are only hired for one in four new jobs. (Hagenbuch, p. 54)

Great Expectations

In the early days of reunification, Chancellor Helmut Kohl had promised "flourishing landscapes" in the East within just a few years. ("Divided Still," p. 3) Never did he imagine that those words would still haunt him a decade later. Chancellor Kohl had many reasons to believe that he could fulfill his promise. At the time, East Germany was considered to be one of the world's ten strongest economies. Its production levels were reportedly 50 percent of West German levels, and its industrial base was the class of Eastern Europe. ("The Reconstruction of Eastern Germany," 1996) It had all the ingredients for recovery, and reunification euphoria besides.

Ironically, Kohl, and indeed all of West Germany, had been victimized by communist propaganda. East Germany was not one of the world's top ten economies; instead it suffered from a dilapidated infrastructure, a polluted environment, an exodus of skilled labor, and a low set of qualification and performance standards. That production was really just 30 percent of West German levels was the least of its problems.

Perhaps more misleading than the false reports was the belief that East Germany's recovery would mimic the economic miracle of the 1950s. Although most West Germans acknowledged what an achievement it was, it provided the only experience with which they could base their expectations. Their other reason for expecting a miracle was East Germany's unique advantage — it had a big brother in the West. Currently, Eastern Germany enjoys federal subsidies totalling 40 percent of its GDP. West Germany, in comparison, had received only 2 percent of its GDP from the Marshall plan. In an era marked by the ultra-rapid industrialization of East Asia, West Germans had no reason to think that it would take a miracle to revitalize the Eastern Länder.

While West Germans may see many similarities between the Ossis of today and the Wessis of 40 years ago, the two situations could hardly be more different. West Germans had the benefit of competitive wages and an undervalued currency, but East Germans suffered from elevated wages and an inflated currency. West Germans started from nothing. East Germans started from less than nothing — not only did they have to rebuild their environment and infrastructure from the ground up, but they also had to repair the damages incurred from forty years of neglect. A further difference between the two is that West Germans were accustomed to rebuilding; they had done the same thing after WWI. East Germans, in contrast, had no experience with rebuilding, nor were they mentally equipped for the change and instability associated with it.

Politically Motivated Economic Decisions

The 1:1 Exchange Rate

As shown in the previous section, sociological factors are largely responsible for the lack of cooperation between the Ossis and Wessis. Equally important has been their negative influence on economic decisions. Indeed, three of Germany's most damaging policies since reunification have been politically moti-
vated. The first of these was the generous exchange of ost marks for deutsche marks. Set at 2:1 for financial assets and liabilities, a 1:1 exchange rate was available for up to 2,000 ost marks for those under fourteen years old, up to 4,000 ost marks for those between fourteen and fifty-eight, and up to 6,000 ost marks for those over fifty-eight.

Although the exchange rate was initially advantageous to East Germans, they quickly learned that while wealth grew in value in the East, so did debt. This was most noticeable in the sale of East German businesses by Treuhand, the government agency created to manage the privatization of Eastern Germany. A company which might have cost it millions of ost marks to shut down before the exchange now cost it millions of deutsche marks. A second, more damaging, effect of the exchange rate was that East German goods became overpriced and uncompetitive. Its main export market, central Europe, was now lost. The third effect of the exchange rate was to allow pent-up Eastern demand to drive up prices on most consumer goods. The resulting inflation decreased investment in Germany and slowed growth. Afterwards, East Germans were back where they started; only now they had to face West German prices with East German salaries. The 1:1 exchange rate therefore increased the cost of living instead of raising the standard of living.

Germany had several practical reasons for wanting to unify its currency so quickly. Most important among these was to lower transfer costs from East to West. However, the symbolic significance of monetary union should not be underestimated. The deutsche mark for West Germany was what it meant to be German. Lacking historical pride or nationalism, the deutsche mark was the one thing that prevented West Germans from simply being “European.” Accordingly, East Germans could not be truly integrated into the republic unless they too used the deutsche mark. A 6:1 exchange rate would have been an equal trade, but the 1:1 exchange rate was a gift. It was a gesture intended to ingratiate the East Germans towards Kohl’s Christian Democratic Party. Instead, its symbolic value was probably never grasped in the East, and its long-term effects only fueled further alienation.

Wage Parity

The second politically motivated decision in question arose partly from the standard-of-living disparity just mentioned. Instead of waiting for market influences to improve East German salaries, the government decided to mandate wage parity between East and West. Increasing wages faster than productivity gains, the government effectively priced East German labor out of the low-skill manufacturing market they needed.

Initially, the move was motivated by fears that East Germans would migrate westward to look for higher paying work. Not only would this further deplete skilled labor in this region, but it would also increase the competition for jobs in an already strained western job market. Perhaps more importantly, many West Germans frustrated by the reunification process felt just as uneasy about living side-by-side with East Germans as they did about competing with them for jobs.

The willingness of the government to perform acts of kindness, even against its better judgment, is known in German politics as moralpolitik. (Martes, p. 1) Moralpolitik also played a role in the government’s decision to mandate wage parity between East and West. Realizing that it had just raised the cost of living, the government felt it necessary to prevent the standard of living in the East from actually falling. As a member of the powerful metalworkers’ union, IG Metall argued, Eastern pay might be up to 70 percent of Western levels, “but a yogurt costs the same wherever you buy it. You can’t let people starve.” (“A Bottomless Pit?” p. 6)

Privatization

The third major economic policy to be politically tainted was the privatization process. To accommodate Eastern interests, Treuhand wanted to maintain as many existing jobs in the Eastern Länder as possible. To accommodate Western interests, it was receptive to Westerners’ claims to confiscated properties in the East. By neither did it do what was in the interests of the economy.

The effect of sustaining Eastern jobs was to put a greater tax burden on the West. Many
Eastern industries were obsolete, so it was more expensive to keep them in operation than it would have been to shut them down and pay unemployment compensation. Consider the examples of MTW and Volkswerft. The two shipyards were handed over to Bremer Vulcan in 1992 along with DM 2.5 million in subsidies. Recognizing the futility of the venture, Bremer Vulcan made no efforts to revive the shipyards; they used the funds to improve their Western operations instead. The German government, after learning of the misappropriation, decided to regain controlling interest of the two companies. The expected cost of reprivatization is now an additional DM 1 billion. ("Division of Labor," p. 12)

The economic situation in the Eastern Länder was also damaged by Treuhand's policy of honoring land titles held before WWII. By seriously considering West German claims to confiscated property in the East, Treuhand created confusion concerning property ownership. As a result, many outside interests were dissuaded from making investments there. Eastern German companies were especially hurt by this situation, for the uncertainty about their land ownership made it nearly impossible to use their property as collateral for obtaining loans.

Sociological Consequences of Reunification

The effect of the prolonged recovery has been disillusionment for both sides. The reaction of the West has been characterized by a loss of faith in their sociopolitical system, while those in the East have almost become nostalgic towards the former communist system. The common reaction of both is to blame the other side for their problems.

Though much can be said about the plight of the Ossis, one cannot help but be sympathetic towards the Wessis. Once members of one of the strongest economies in the world, they must now contend with high unemployment, slow economic growth, a rising national debt, and, perhaps most disconcerting, ingratitude from the East. So much of their national identity is tied to pride in their economy that wavering belief in their sociopolitical system is not surprising. Now even European monetary union is in jeopardy, and many West Germans are reexamining their basic assumptions about government and economics.

The rationale for blame in the West is that the economy was doing well before West Germans took on the burden of supporting the East. They cite their many sacrifices for the East, the most important of which have come directly from their own tax money. What they have tended to ignore, however, was the growing unemployment, slower rate of economic growth, aging population, rise in industrial disputes, and increasing voter dissatisfaction that were all present even before reunification. (Fulbrook, p. 211) They have also tended to ignore the fact that reunification did not have to be a charitable operation; that it turned out to be so is the result of squandered opportunities and not the inherent inferiority of East Germany. For instance, low labor costs in the East combined with high growth rates could actually have been a boon to the West German economy. Modern manufacturing plants such as the one built by Opel in Eisenach and the ones built by Volkswagon in Mosel and Chemnitz exemplify the potential of developing the Eastern region. Despite claims of East German laziness, these plants are among the most competitive in the world. ("Division of Labor," p. 12)

Blame in the East for the slow recovery arises from the ingrained dependence of many Eastern Germans on the government. Even after all the help they have received, many still feel that the government could be doing more. Such claims naturally originate from comparisons with their former government. The fact that the current system does not match up to their standard of comparison can explain how so many Easterners have become nostalgic towards their past. Even those who had difficult lives under the former regime have been able to recall positive moments from their past: "The very fact that life was hard meant we had good human relations. You need a spare part for your car so you need friends, you need them to survive. Now it's each for himself," said Rudolf Rudicke, a retired professor of linguistics at Leipzig University. (Schwarz, p. 29) Bettina Loser, a lecturer also at Leipzig University, voices opinions held by many in the East: "Values are forced on us, money values we don't want. We can't stop talking about money
because the rents have gone through the roof and we all fear for our jobs because the Wessis come and say we don’t know anything, but they really just want the jobs.” (Schwarz, p. 21)

Although the effects of political and economic changes on the Ossis have been the main concern of this article, the complete turnaround in culture should not be ignored. Consider how great a role the GDR played in the social organization of East German life. Government functions, parades, ceremonies, and youth organizations formed the basis around which East German social life revolved. As Pastor Freidrich Schorlemmer states, “Every town had its dance groups, circuses, music schools, theaters; everyone could take part. Now we have seven TV channels.” (Schwarz, p. 29)

Statements such as this illustrate a basic assumption in the West regarding the superiority of their lifestyle. West German economics, politics, and values have been imported wholesale into the East without considering the merits of the existing systems. Though in many ways the new government was simply responding to Eastern expectations, it misinterpreted those expectations to mean complete integration when the only thing that East Germans truly desired was material prosperity. The irony of reunification is that the Ossis feel less control now than they did under the dictatorship — although when they were given orders before, at least the orders were coming from countrymen. This sentiment has caused the East to accuse the West of colonization. Indeed, many in the West react to the Ossis like second-class citizens. Those Wessis living in the East have been known to purposely avoid associating with the Ossis by shopping at their own stores, eating at their own restaurants, and socializing at their own taverns. Bengt Kosterman, the director of the Swedish Export Council, notes further that West German businessmen take the same attitude toward their East German business partners. (Smith, p. 23)

In addition, Klaus Gysi, a former GDR ambassador, predicts that the East will always remain "a second-rate region for workers and peasants, like Sicily. There are transitional measures, welfare, artificial jobs for the moment. But in the long run nothing: no real production. If we’re lucky we may learn to be managers of other peoples’ companies.” (Schwarz, p. 29)

Besides having to deal with the present situation, the Ossis must now learn to reinterpret their past. If the past is not the history of class struggles against the elite, what is it? They must also learn how to deal with the Western accounts of the Third Reich and responsibility for World War II. Lastly, how are they to interpret the past 40 years? Without doubt the Stasi witch-hunt has pitted neighbor against neighbor. Eastern Germans are just now beginning to learn the full extent of their surveillance by this GDR government agency. Anti-Stasi suspicion has been an unfortunate consequence for Eastern Germany. At a time when their leadership skills are most needed, former government employees have been forced to hide those ties or fade to the background. Whether or not sentiments in the former GDR allow this pool of talent to come forward may indeed dictate the progress of the Eastern Länder.

Germany’s Future

The possibility which Germany now faces is that of having two German nations in one German state. Although the two parties may be legally and politically joined, their differences in culture, wages, standards of living, attitudes, and opinions may make them no more of a single nation now than they were in 1989. Precedent already exists for similar situations. Culturally speaking, regions such as Tibet and Bavaria have remained noticeably different from the rest of their countries for decades. Regions such as Mississippi and Sicily have remained economic anomalies in their respective countries for just as long. To say, then, that the mere coexistence of these two regions will inevitably lead to social harmony would be unjustified. There is no reason why their division cannot go on indefinitely.

With respect to a united Germany, even modest estimates place its ideological unification at a generation or more. The antagonism between the two sides may have been fostered during the Cold War, but the events of the past eight years may have made their discord run even deeper. Recall that the Germans had been separated initially against their will. Although government propaganda may have stated otherwise, East and West Germans never consid-
ered each other to be enemies. Rather, they understood the Cold War as a battle between capitalism and communism, democracy versus autocracy, NATO versus the East Bloc. However, now that they have been made to work together, East Germans see West Germans as arrogant and unsympathetic, and West Germans see East Germans as whining and lazy. The difficulties resulting from reunification have therefore brought out the worst from both sides.

One has to wonder, then, whether the two sides would be so antagonistic had there been a smoother transition. Obviously, West Germans could not claim that the Ossis were lazy if they had enacted a speedy turnaround. East Germans likewise could not claim that the Wessis were unsympathetic if there were no difficulties with which to sympathize. What this comes down to is "Which came first?" Did the economic difficulties aggravate minor differences in perception, or did the differences in perception prevent an efficient outcome? Without fear of equivocation, the answer is both. Examples such as the productive auto plants in the East and moralpolitik in the West show that the notion of the Ossis and Wessis may in fact be a myth. Denigratory jokes and other symptoms of prejudice have seemingly evolved in the attempts of Germans to identify the causes of their current crisis. Although the differences between Ossis and Wessis are real, the present situation has not come about as the result of arrogance or laziness. It has, however, stemmed partly from their differences, and more directly from their lack of cooperation. The Wessis have had trouble cooperating with the Ossis partly because they have confused the East German situation with their own situation in the 1950s. The Ossis have had trouble cooperating because many do not see cooperation as a part of their job. They instead see their economic recovery as a one-sided affair, with the government being solely responsible for their economic well being. Until both sides can overcome their preconceived notions of how reunification should work, neither will see the desired outcome. That cooperation is central to their future success is agreed to by Ulrich Kasparick, head of the Magdeburg branch of Friedrich-Ebert Stiftung: "Germany may be unable to undertake any significant initiative, domestic or foreign, until a more unified national consciousness is in place."

The question being raised here seems to be not "How long will it take?" but "Will it ever happen?" The answers to both of these questions have already been answered by Eastern Germany's youth. Having always followed the latest in West German fashion and music, the younger generation of Eastern Germany is already receptive to Western culture and lifestyles. For many of them, the past eight years have been a time of excitement. Whereas the world once consisted of either the East Bloc or the inaccessible capitalist West, the youth of Eastern Germany now enjoy access to all of Europe. More importantly, the range of opportunities now available is believed by many of them to be the greatest thing that has happened to them during their lifetimes. Considering that this group of open-minded individuals will be running the Eastern German economy just when the upgrade of their infrastructure is to be completed, the true German reunification may be less than a generation away.
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