

# Go east, young man? Nein!

*Germany is one now, but an invisible wall of mind and spirit still separates the modern West from the backward East, Josef Joffe argues*

**T**he wall is gone. The wall is back. What crumbled in November 1989, unleashing reunification before anybody could say "two-plus-four" (as the negotiations with the four World War II victors were called), now runs like an invisible line through the old Reich capital and the country.

Item 1: A western Berlin taxi driver twists around in embarrassment when asked to drive to a historic building in eastern Berlin: "Sorry, sir, I don't know where that is. Hardly anybody wants to go over there anymore."

Item 2: "Over there," I want to make a call to western Berlin, a couple of miles away. Before the ancient rotary phone gives up on me, I give up on the permanent busy signal. The ex-socialist phone system still has trouble making connection with the western side; it is easier to call Warsaw.

Item 3: Eastern Germans once more are "escaping" in droves to the West—though the hated *Stasi* (the secret police) is as dead as the "Worker and Peasant State." After the merger last October, the federal authorities no longer keep an official tally. But individual cities do: Essen, an industrial town in the Ruhr Valley, now reports twice as many "immigrants" per month as before unification.

That was not part of the plan. Nor was it part of the plan that Chancellor Helmut Kohl, the golden boy of last December's first all-German elections, would suddenly look like Herbert ("Prosperity is just around the corner") Hoover on the eve of the Great Depression. A week ago, his Christian Democratic Party was virtually wiped out in his home state of Rhineland-Palatinate, where it had ruled for 44 years.

It is a straw in the wind that might yet turn into a gale. Like George Bush, Helmut Kohl had lulled the voters in 1990 with a "read my lips" gambit: no new taxes to finance national unity, as if the bill could be paid out of petty cash. "Petty cash" now runs to \$1 trillion for the next 10 years, according to an International Monetary Fund estimate, and taxes are rising across the board.

That, too, was not part of the plan—hence Kohl's bloody defeat on his own turf. Yet there is more to this tale of two ex-countries than a tax revolt. Germany, in effect, has been redivided into the haves, who resent paying too much, and the have-nots, who think they deserve much more.

And they are both right. Half of eastern Germany may be on the dole by year's end, and in the meantime, some \$60 billion in public money will have gushed eastward. The once almighty deutsche mark is sinking despite towering interest rates, and the budget deficit is reaching Reaganite proportions.

The reason may be as simple—and profound—as the message spelled out by the confused taxi driver and the discon-

nected telephone system. Why *would* anybody go east? In an age of diminishing transportation costs, why would a western German businessman invest in a new plant 150 miles to the east if "over there" means malfunctioning phones, a backward labor force, an ecological wasteland and unsettled property claims? Why not just add to capacity right here to profit from westward-spilling demand? Since reunification, 700,000 new jobs have been created in the booming West.

Eastern Germany, alas, is *not* the Wild West with "gold in them thar hills" and free land for homesteaders—where anybody could start a business without getting entangled in red tape. Try the same in Dresden and Leipzig, and you'd run up against (imported) zoning laws, environmental impact statements and emissaries of western labor unions who

are not interested in the kind of wage differential that would rob their members (in the West) of their jobs. All these accouterments of the paternalist state might work in the prosperous and orderly West, but they are hardly an incentive to invest in the bankrupt East.

True, there are billions of deutsche marks in subsidies and tax breaks. Privatization proceeds fitfully, and, reportedly, 1 million new jobs have sprung up. But look at the *mezzogiorno*, the Italian South. Billions of dollars have been poured into the region over the past 35 years, but labor still migrates northward and Italy is still

two countries: a booming North and a depressed South. Apparently, modern-day entrepreneurs refuse to read the economics textbooks. They don't go where land and labor are relatively plentiful; they put their money where the action (and the infrastructure) is, even if wages and rents are higher in Milan or Munich than in Naples or Leipzig.

**Big Switzerland.** Also, the fatherland isn't what it used to be. You would think that the national euphoria gripping Germany last year might have helped propel the country into emotional and economic fusion. But the grandchildren of those who started World War II in an attempt to gather all Germans in one Reich are pillars of the status quo, anxious to protect what they have and unwilling to put patriotism above the bottom line. Tell an official or executive to "go east, young man," and he is likely to reply with an embarrassed "Nein."

In the end, the invisible wall *will* come down, and "over there" will become "over here"—in 10 years, according to the best estimates. In the meantime, don't expect (or fear) too much from Germany. Enlarged but unsure of itself, strong but self-centered, the new Germany may simply resemble the old: a country that, according to a recent poll, would love nothing more than to live like a colossal Switzerland. ■



Signs of disunity. Unemployment protest in Leipzig