



European Politics Today

THIRD EDITION

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The editors and coauthors of the third edition of *European Politics Today* dedicate this book to the memory of Gabriel A. Almond, a giant in the field of comparative politics and a friend, colleague, and leader.

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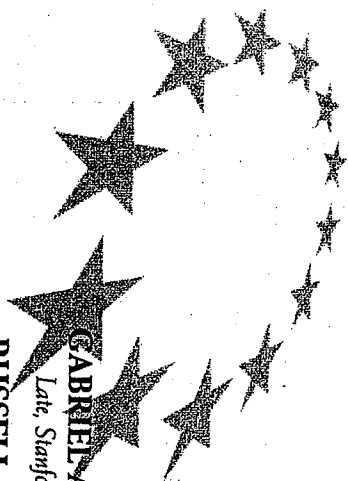
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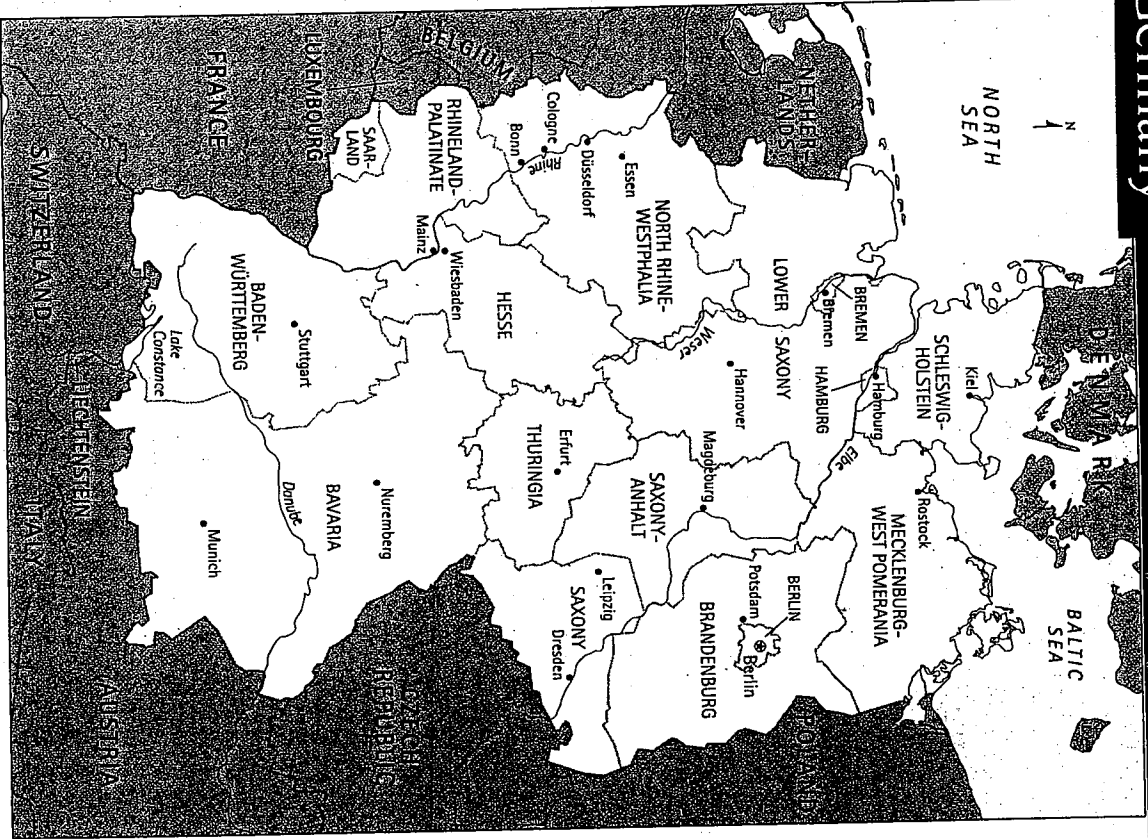
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Chapter 7

Politics in Germany

RUSSELL J. DALTON

Country Bio—Germany

POPULATION: 82.4 Million
 TERRITORY: 137,803 sq. mi
 YEAR OF INDEPENDENCE: 1871
 YEAR OF CURRENT CONSTITUTION: 1949
 HEAD OF STATE: President Horst Köhler
 HEAD OF GOVERNMENT: Chancellor Gerhard Schröder
 LANGUAGE(S): German
 RELIGION: Protestant 34%, Roman Catholic 34%, Muslim 4%, unaffiliated or other 28%

In 2002 German voters selected the government, choosing between continuing the leftist coalition led by *Gerhard Schröder* or changing direction with a new conservative government. On election night the vote projections switched back and forth—much like the U.S. presidential election in 2000.

Schröder's Social Democratic-Green government was returned to power, but the closeness of the election illustrates the uncertainty about which policy courses Germany should follow in the years ahead. The economy continues to stagnate, with GDP growth rates falling below the European average and nearly 4 million workers on the unemployment rolls. There does not appear to be a consensus on the policies that could improve the economy. Germany is struggling to define its international role in the post-Cold War world, and the election illustrated the disagreements among political elites and the public on these roles. Thus the Schröder government retained office, but popular support quickly deteriorated in the public opinion polls.

The elections also reflected the lingering consequences of an even more revolutionary event: with the opening of the Berlin Wall on November 9, 1989, East and West Germany began an amazing process leading toward unification. Since the end of World

War II, Germany was divided between the Federal Republic of Germany (FRG) in the West, and the Communist-led German Democratic Republic (GDR) in the East. In 1989 "people power" protests rose up in revolution against the Communist regime. The East Germans' willingness to take a stand against the state, and the state's unwillingness to suppress its people with force, brought the communist system to its end. The once formidable East German government collapsed almost overnight and all eyes turned West, toward the Federal Republic of Germany as a source of stability and political reform. Protesters who had chanted "we are the people" when opposing the Communist government in October took up the call for unification with a new refrain: "we are one people."

In less than a year, the unimaginable was a reality. Two German states—one democratic and one communist, one with a market economy and one with a socialist planned economy—were united. German unification has reshaped the map of Europe and it has reshaped how we think about Germany and the lessons of German history. In one sense, this change repeats the pattern of Germany's discontinuous political development that has vacillated between authoritarian states and democratic ones. Germany is building a new nation uniting East and West, and this nation has strong democratic roots. However, many of the problems wrought by unification remain unresolved. There are continuing economic inequalities between East and West, and unemployment is much higher in the East. The policy priorities and positions also differ between regions, with the East favoring more extensive social service programs and a limited military role for Germany. Socially and politically, the "wall in the mind" still divides Westerners and Easterners, even if the Berlin Wall has been destroyed.

The major achievement of contemporary German politics is the creation of a unified, free, and democratic Germany in the heart of Europe. This has contributed to the political stability of Europe, and given millions of Eastern Germans their freedom and new opportunities. Now the challenge facing the new government is to maintain the social and

economic vitality of the nation, and build a policy consensus on the reforms to achieve these goals.

CURRENT POLICY CHALLENGES

What political problems do Germans typically read about when they open the daily newspaper or watch their favorite TV newscast—and what political problems preoccupy policymakers in Bonn and Berlin? Often the answer is the same as in most other industrial democracies. News reports analyze the state of the economy, report on crime, and generally track the social and economic health of the nation.

Overshadowing any specific event is a persisting concern about the problems arising from German unification. Unification achieved an important national goal for Germany, brought freedom to the residents of the former German Democratic Republic (GDR), and ended the Cold War conflict. Unification also reflects that old proverbial punishment: "May you get what you wish." Because the economic infrastructure of the East lagged far behind that of the West, severe economic problems resulted from unification. Government agencies and the European Union have invested more than 1,000 billion Euros (€) in the East since unification—raising taxes for all Germans in the process. And still, the nightly news routinely chronicles the continuing economic difficulties in the East, which affect the entire nation (see Box 7.1).

The challenges of unification involve more than economics, however. Different life experiences and different values continue to divide Westerners and Easterners. Indeed, in some ways the psychological gap between the regions has widened since unification. There are growing signs of a "wall in the mind" separating residents in both halves of the country. Even in unified Berlin, Westerners and Easterners read separate newspapers and live separate lives, although they now reside next door to one another.

Another set of concerns involves the general socioeconomic course of the nation. Most Germans agree that their present economic system and social programs need reform—but they cannot agree on the direction the reforms should take. There are mounting concerns that a stagnating economy might threaten the long-term economic

Box 7.1 The Curse of Unification?

Germany's attempt to rebuild its once communist East has been an unmitigated disaster and the massive financial transfers from the West endanger the entire nation's economy, according to a government-commissioned report.

A panel of 13 experts headed by former Hamburg Mayor Klaus von Dohnanyi charged with examining the reconstruction of Germany's eastern states has concluded the estimated €1.25 trillion (\$1.54 trillion) in

well-being of the nation. German firms claim they have difficulty competing in a global marketplace because of government and labor restrictions. German labor costs and benefits are quite high by international standards, without a comparable level of productivity to justify these costs. At the same time, efforts to introduce more competitiveness into the economy or pursue labor reforms are criticized by many as creating an "elbow society" where people will push each other aside in pursuit of personal gain. Thus, Schröder's attempt at structural reform—Agenda 2010—is generally seen as failing to take sufficiently decisive action to address these concerns. Most Germans consider themselves economically well off at the present, thus the proposals for structural reform aimed at long-term changes evoke mixed reactions.

Health, pension, and other social welfare costs are also spiraling upward, but there is little agreement on how to address these problems. As the German population ages, the demands—being placed on the social welfare system will predictably increase. However, debate has not produced clear policy action. In short, the *Sozialstaat* consensus that typified German politics for the latter half of the twentieth century has not carried beyond into the new century.

The challenges of becoming a multicultural nation have also become a new source of political tension. While some argue that "the boat is full" and new immigration should be limited, others claim that continued immigration is essential for Germany's future. Unification has also accentuated the issue of ethnicity in Germany. There are con-

aid has done little to help the economically depressed region.

Perhaps even more worrying, the experts fear the €90 billion spent by the government each year is slowly destroying the economy of western Germany, as growth stagnates and the eastern states fail to revive 14 years after German reunification.

Source: *The Deutsche Welle Report* (April 4, 2004), 62.

tinuing debates about immigration and the policies to address an increasing diverse society. The Schröder government changed citizenship laws in 2000 and reformed immigration legislation in 2002, but the public remains divided on the appropriate policies. Like much of the rest of Europe, Germany is now struggling to address these issues, which is made more difficult because of the legacy of Germany's past.

Finally, Germany's new foreign policy challenges are receiving increased attention. The European Union (EU) is an increasingly visible part of political reporting, and Germans are trying to determine their desired role in an expanding European Union. Germany has been a prime advocate of the expansion of EU membership to Eastern Europe, even though this may dilute Germany's influence within the EU. EU policies such as monetary union and the development of a European currency are creating internal divisions about Germany's relationship to the Union.

In addition, Germany is struggling to define its role in the post-Cold War world. For the first time since World War II, German troops took part in a military action in Kosovo in 1999, and participated in the liberation of Afghanistan in 2001. However, Schröder actively opposed American policy toward Iraq, while still claiming to value the special relationship with the United States. Germany's role in the NATO military alliance and in this changing international context remains a point of policy debate. Despite these ongoing issues, the Federal Republic is one of the most successful and vibrant democracies in the world today. Its political system

is ready to address these challenges, even while it debates the appropriate response to the political transformations in Eastern Europe and increasing unification of East and West Europe. Without a popular consensus on the direction of change, any significant policy advances will be difficult to achieve.

THE HISTORICAL LEGACY

The German historical experience differs considerably from that of most other European democracies. The social and political forces that modernized the rest of Europe came much later in Germany and had a less certain effect. By the nineteenth century when most nations had defined their borders, German territory was still divided among dozens of political units. Although a dominant national culture had evolved in most European states, Germany was torn by sharp religious, regional, and economic divisions. Industrialization generally was the driving force behind the modernization of Europe, but German industrialization came late and did not overturn the old feudal and aristocratic order. German history, even to the present, represents a difficult and protracted process of nation-building.

The Second German Empire

Through a combination of military and diplomatic victories, Otto von Bismarck, the Prussian chancellor, enlarged the territory of Prussia and established a unified Second German Empire in 1871. The empire was an authoritarian state, with only the superficial trappings of a democracy. Political power flowed from the monarch—the *Kaiser*—and the government at times bitterly suppressed potential opposition groups—especially the Roman Catholic Church and the Social Democrats. The government expected little of its citizens: they were to pay their taxes, serve in the army, and keep their mouths shut.

The central government pushed ahead national development during this period. Industrialization finally developed, and German influence in international affairs grew steadily. The force of industrialization was not sufficient to modernize and liberalize society and the political system, however. Economic and political power remained concentrated in the hands of the bureaucracy and tradi-

tional aristocratic elites. Democratic reforms were thwarted by an authoritarian state strong enough to resist the political demands of a weak middle class. The state was supreme; its needs took precedence over those of individuals and society.

Failures of government leadership, coupled with a blindly obedient public, led Germany into World War I (1914–1918). The war devastated the nation. Almost 3 million German soldiers and civilians lost their lives; the economy was strained beyond the breaking point, and the government of the empire collapsed under the weight of its own incapacity to govern. The war ended with Germany defeated and exhausted nation.

The Weimar Republic

In 1919 a popularly elected constitutional assembly established the new democratic system of the *Weimar Republic*. The constitution granted all citizens the right to vote and guaranteed basic human rights. A directly elected parliament and president held political power and political parties became legitimate political actors. Balaclava, the Germans had their first real experience with democracy.

From the outset, however, severe problems plagued the Weimar government. In the Versailles peace treaty following World War I, Germany lost all its overseas colonies and a large amount of its European territory. The treaty further burdened Germany with the moral guilt for the war and large postwar reparations owed to the victorious Allies. A series of radical uprisings threatened the political system. Wartime destruction and the reparations produced continuing economic problems, finally leading to an economic catastrophe in 1923. In less than a year the inflation rate was an unimaginable 26 billion percent! Ironically, the Kaiser's government that had produced these problems was not blamed for these developments. Instead, many people criticized the empire's democratic successor—the Weimar Republic.

The fatal blow came with the Great Depression in 1929. The Depression struck Germany harder than most other European nations or the United States. Almost a third of the labor force became unemployed, and the public was frustrated by the government's inability to deal with the crisis. Political

tensions increased, and parliamentary democracy began to fail. *Adolf Hitler* and his *National Socialist German Workers' Party (the Nazis)* were the major beneficiaries. Their vote share grew from a mere 2 percent in 1928 to 18 percent in 1930 and 33 percent in November 1932. Increasingly, the machinery of the democratic system malfunctioned or was bypassed. In a final attempt to restore political order, President Paul von Hindenburg appointed Hitler chancellor of the Weimar Republic in January 1933. This was democracy's death knell.

Weimar's failure resulted from a mix of factors? The republic's lack of support from political elites and the public was a basic weakness. Democracy depended on an administrative and military elite that often longed for the old authoritarian political system. Elite criticism of Weimar encouraged similar sentiments among the public. Many Germans were not committed to democratic principles. The fledgling state then faced a series of severe economic and political crises. Such strains might have overloaded the ability of any system to govern effectively. These crises further eroded public support for the republic and opened the door to Hitler's authoritarian and nationalistic appeals. The institutional weaknesses of the political system contributed to Weimar's political vulnerability. Finally, most Germans drastically underestimated Hitler's ambitions, intentions, and political abilities. This underestimation, perhaps, was Weimar's greatest failure.

The Third Reich

The Nazis' rise to power reflected a bizarre mixture of ruthless behavior and concern for legal procedures. Hitler called for a new election in March 1933 and then suppressed the opposition parties. Although the Nazis failed to capture an absolute majority of the votes, they used their domination of the parliament to enact legislation granting Hitler dictatorial powers. Democracy was replaced by the new authoritarian "leader state" of the *Third Reich*.

Once entrenched in power, Hitler pursued extremist policies. Social and political groups that might challenge the government were destroyed, taken over by Nazi agents, or co-opted into accepting the Nazi regime. The powers of the police state grew and choked off opposition. Attacks on Jews

and other minorities steadily became more violent. Massive public works projects lessened unemployment, but also built the infrastructure for a wartime economy. The government enlarged and rearmend the military in violation of the Versailles treaty. The Reich's expansionist foreign policy challenged the international peace.

Hitler's unrestrained political ambitions finally plunged Europe into World War II in 1939. After initial victories, a series of military defeats beginning in 1942 led to the total collapse of the Third Reich in May 1945. A total of 60 million lives were lost worldwide in the war, including 6 million European Jews who were murdered in a Nazi campaign of systematic genocide.³ Germany lay in ruins: its industry and transportation systems were destroyed, its cities were rubble, millions were homeless, and even food was scarce. Hitler's grand design for a new German Reich had instead destroyed the nation in a Wagnerian *Götterdämmerung*.

The Occupation Period

The political division of postwar Germany began as foreign troops advanced onto German soil. At the end of the war, the Western Allies—the United States, Britain, and France—controlled Germany's Western zone and the Soviet Union occupied the Eastern zone. This was to be an interim division, but growing frictions between Western and Soviet leaders increased tensions between the regions.

In the West, the Allied military government began a denazification program to remove Nazi officials and sympathizers from the economic, military, and political systems. The occupation authorities incensed new political parties and democratic political institutions began to develop. These authorities also reorganized the economic system along capitalist lines. Currency and market economy reforms in 1948 revitalized the economic system of the Western zone but also deepened East-West divisions.

Political change followed a much different course in the Eastern zone. The new *Socialist Unity Party (SED)* was a mechanism for the Communists to control the political process. Since the Soviets saw capitalism as responsible for the Third Reich, they sought to destroy the capitalist system and construct a new socialist order in its place. By 1948 the

Eastern zone was essentially a copy of the Soviet political and economic systems.

As the political distance between occupation zones widened, the Western allies favored creation of a separate German state in the West. In Bonn, a small university town along the banks of the Rhine, the Germans began to create a new democratic system. In 1948 a Parliamentary Council drafted an interim constitution that was to last until the entire nation was reunited. In May 1949 the state governments in the West agreed on a *Basic Law (Grundgesetz)* that created the Federal Republic of Germany (FRG) or West Germany.

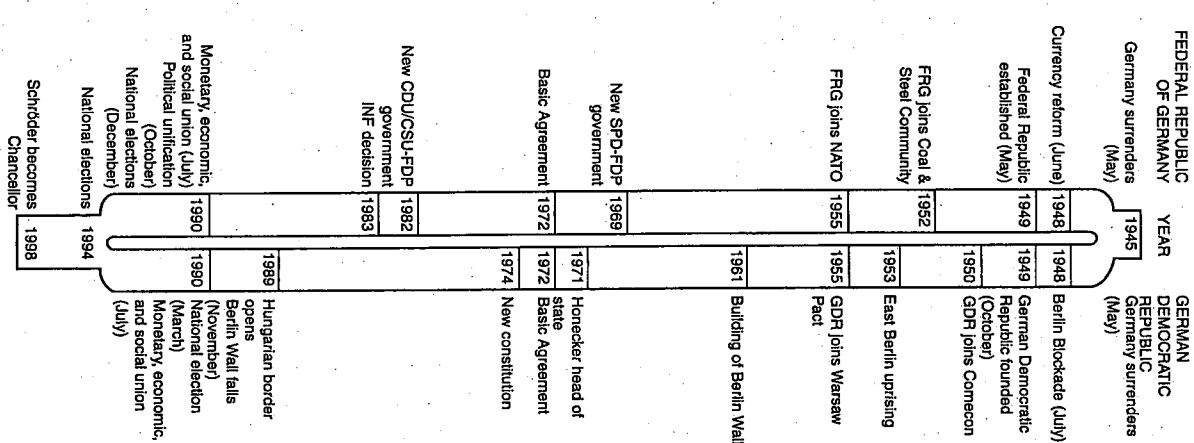
These developments greatly worried the Soviets. The Soviet blockade of Berlin in 1948, for example, was partially an attempt to halt the formation of a separate German state in the West—though it actually strengthened Western resolve. Once it became apparent that the West would follow its own course, preparations began for a separate German state in the East. A week after the formation of the Federal Republic, the People's Congress in the East approved a draft constitution. On October 7, 1949, the German Democratic Republic (GDR), or East Germany, was formed. As in earlier periods of German history, a divided nation was following different paths (see Figure 7.1). It would be more than 40 years before these paths would converge.

FOLLOWING TWO PATHS

Although they had chosen different paths (or had them chosen for them), the two German states faced many of the same challenges in their initial years. Despite the progress made by the late 1940s, the economic picture was bleak on both sides of the border. Unemployment remained high in the West and the average wage earner received a minimal salary. In 1950 almost two-thirds of the West German public felt they had been better off before the war, and severe economic hardships were still common. The situation was even worse in the East.

West Germany was phenomenally successful in meeting this economic challenge.⁴ Relying on a free enterprise system championed by the *Christian Democratic Union (CDU)*, the country experienced sustained and unprecedented economic growth. By

FIGURE 7.1 The Two Paths of Postwar Germany



the early 1950s incomes had reached the prewar level, and growth had just begun. Over the next two decades, per capita wealth nearly tripled, average hourly industrial wages increased nearly fivefold, and average incomes grew nearly sevenfold. By most economic indicators, the West German public in 1970 was several times more affluent than at any previous time in its pre-World War II history. This phenomenal economic growth came to be known as West Germany's *Economic Miracle (Wirtschaftswunder)*.

East Germany experienced its own economic miracle that was almost as impressive. The economic system in the East was based on collectivized agriculture, nationalized industry, and centralized planning.⁵ In the two decades after the formation of the GDR, industrial production increased nearly fivefold and per capita national income grew by nearly equal measure. Although still lagging behind its more affluent relative in the West, the GDR became the model of prosperity among socialist states.

The problem of nation-building posed another challenge. The FRG initially was viewed as a provisional state until both Germans could be reunited. The GDR also struggled to develop its own identity in the shadow of the West, as well as retaining a commitment to eventual reunification. In addition to the problems of division, the occupation authorities retained the right to intervene in the two Germanies even after 1949. Thus both states faced the challenge of defining their identity—as separate states or as parts of a larger Germany—and regaining national sovereignty.

West Germany's first chancellor, *Konrad Adenauer*, steered the nation on a course toward gaining its national sovereignty by integrating the Federal Republic into the Western alliance. The Western powers would grant greater autonomy to West Germany if it was exercised within the framework of an international body. For example, economic redevelopment was channeled through the European Coal and Steel Community and through the European Economic Community. West Germany's military rearmament occurred within the North Atlantic Treaty Organization (NATO).

The Communist regime in the East countered the Federal Republic's integration into the Western

alliance with calls for German unification. And yet, the GDR went about establishing itself as a separate German state. In 1952 the GDR transformed the demarcation line between East and West Germany into a fortified border; this restricted Western access to the East and more importantly limited Easterners' ability to go to the West. The GDR integrated its economy into the Soviet bloc through membership in the Council for Mutual Economic Assistance (COMECON), and it was a charter member of the Warsaw Pact. The Soviet Union recognized the sovereignty of the German Democratic Republic in 1954. The practical and symbolic division of Germany became official with the GDR's construction of the Berlin Wall in August 1961. More than a physical barrier between East and West, it marked the formal existence of two separate German states.

Intra-German relations took a dramatically different course once the *Social Democratic Party (SPD)* won control of West Germany's government after the 1969 elections. The new SPD chancellor, Willy Brandt, proposed a policy toward the East (*Ospoliti*) that accepted the postwar political situation and sought reconciliation with the nations of Eastern Europe, including the GDR. West Germany signed treaties with the Soviet Union and Poland to resolve disagreements dating back to World War II and to establish new economic and political ties. In 1971 Brandt received the Nobel Peace Prize for his actions. The following year the Basic Agreement formalized the relationship between the two Germanies as two states within one German nation. To the East German regime, *Ospoliti* was a mixed blessing. On the one hand, it legitimized the GDR through its recognition by the Federal Republic and the normalization of East-West relations. On the other hand, economic and social exchanges increased East Germans' exposure to Western values and ideas, which many GDR politicians worried would undermine their closed system. The revolution of 1989 seemingly confirmed their fears.

After reconciliation between the two German states, both spent most of the next two decades addressing their internal needs. In the West, the SPD-led government initiated domestic policy reforms in the early 1970s that expanded social services and equalized access to the benefits of the Economic

Miracle. Total social spending nearly doubled between 1969 and 1975. But as global economic problems grew in the mid-1970s, Helmut Schmidt of the SPD became chancellor and directed a retrenchment on domestic policy reforms.

The problems of unrealized reforms and renewed economic difficulties continued into the 1980s. In 1982 the Christian Democrats enticed the *Free Democratic Party (FDP)* to form a new government under the leadership of *Helmut Kohl*, head of the Christian Democratic Union. The new government wanted to restore the Federal Republic's economy while still providing for social needs. Kohl presided over a dramatic improvement in economic conditions. The government also demonstrated its strong commitment to the Western defense alliance by accepting the deployment of new NATO nuclear missiles. The public returned Kohl's coalition to office in the 1987 elections.

During the 1970s, the GDR also adapted to its new international status.⁶ The GDR expanded its international presence through activities ranging from the Olympics to its new membership in the United Nations. Simultaneously, the GDR tried to insulate itself from the Western influences that accompanied Ostpolitik through a policy of demarcation (*Abgrenzung*) from the West. It revised the constitution in 1974 to strengthen the emphasis on a separate, socialist East German state that was no longer tied to the ideal of a unified Germany. Socialism and the fraternal ties to the Soviet Union became the basis of the GDR's national identity.

Worldwide economic recession also buffeted the GDR's economy in the late 1970s. The cost competitiveness of East German products diminished in international markets, and trade deficits with the West grew steadily. Moreover, the consequences of long-delayed investment in the economic infrastructure began to show in a deteriorating highway system, an aging housing stock, and an outdated communications system. Although East Germans heard frequent government reports about the successes of the economy, their living standards displayed a widening gap between official pronouncements and reality.

As East German government officials grappled with their own problems in the 1980s, they were

also disturbed by the winds of change rising in the East. Soviet President Mikhail Gorbachev's reformist policies of *perestroika* and *glasnost* seemed to undermine the pillars on which the East German system was built (see Chapter 9). At one point, an official GDR newspaper even censored news reports from the Soviet Union in order to downplay Gorbachev's reforms. Indeed, the stimulus for political change in East Germany did not come from within, but from the events sweeping across the rest of Eastern Europe.

In early 1989 the first cracks in the Communist system appeared. The Communist government in Poland accepted a series of democratic reforms; the Hungarian Communist Party also endorsed democratic and market reforms. When Hungary opened its border with neutral Austria, a steady stream of East Germans vacationing in Hungary started leaving for the West. East Germans were voting with their feet. Almost 2 percent of the East German population emigrated to the Federal Republic over the next six months. The exodus also stimulated public demonstrations within East Germany against the regime.

As the East German government struggled with this problem, Gorbachev played a crucial role in directing the flow of events. He encouraged the GDR leadership to undertake a process of internal reform with the cautious advice that "life itself punishes those who delay."

Without Soviet support, the end of the old GDR system was inevitable. Rapidly growing public protests increased the pressure on the government, and the continuing exodus to the West brought the East's economy to a near standstill. The government did not govern; it barely existed, struggling from crisis to crisis. In early November the government and the SED Politburo resigned. On the evening of November 9, 1989, a GDR official announced the opening of the border between East and West Berlin. In the former no-man's land of the Berlin Wall, Berliners from East and West joyously celebrated together.

Once the euphoria of the opening of the Berlin Wall had passed, East Germany had to address the question of "what next?" The GDR government initially followed a strategy of damage control, appointing new leaders and attempting to court pub-

lic support. However, the power of the state and the vitality of the economy had already suffered mortal wounds. The only apparent source of stability was a policy of unification with the Federal Republic, and the rush toward German unity began.

In March 1990 the GDR had its first truly free elections since 1932. The Alliance for Germany, which included the eastern branch of the Christian Democrats, won control of the government. Helmut Kohl and Lothar de Maizière, the new GDR leader, both forcefully moved toward unification. An intra-German treaty on July 1 gave the two nations one currency and essentially one economy. The road to complete unification opened when Kohl won Soviet concessions on the terms of unification. On October 3, 1990, after more than four decades of separation, the two German paths again converged.

Unification largely occurred on Western terms. In fact, Easterners sarcastically point out that the only trace of the old regime is the one law kept from the GDR—automobiles can turn right on a red light in the East. Otherwise, the Western political structures, Western interest groups, Western political parties, and Western economic and social systems were simply exported to the East.

Unification was supposed to be the answer to a dream, but during the years that followed it must have occasionally seemed like a nightmare. The Eastern economy collapsed with the end of the GDR; at times unemployment rates in the East exceeded the worst years of the Great Depression. The burden of unification led to inflation and tax increases in the West, and weakened the Western economy. The social strains of unification stimulated violent attacks against foreigners in both halves of Germany. At the end of 1994, Kohl's coalition won a razor-thin majority in national elections.

Tremendous progress had been made by 1998, but many major problems remained. The economy still struggled. Needed reforms in tax laws and social programs were not implemented. When the Germans went to the polls in 1998 they voted for a change and elected a new government headed by Gerhard Schröder. The new coalition government faced many of the same challenges: a stagnant economy, excessive government budget deficits, and growing East-West polarization. The Schröder gov-

ernment made some progress on addressing these challenges—such as a major reform of the tax system and continued investments in the East—but not enough progress. Thus, the closeness of the vote in 2002 signaled of the divisions that exist on how Germany should deal with its current policy challenges. And through the start of 2005, public opinion polls indicated widespread dissatisfaction with the current SPD-led government.

SOCIAL FORCES

Popular accounts of unification sometimes refer to the new Germany as the fourth and richest Reich. The new Germany has about 82 million people, 68 million in the West and 14 million in the East, located in Europe's heartland. The total German economy is the largest in Europe. The combined territory of the new Germany is also large by European standards, although it is small in comparison to the United States—a bit smaller than Montana.

The merger of two nations is more complex than the simple addition of two columns of numbers on a balance sheet, however. Unification creates new strengths, but it also redefines and potentially strains the social system that underlies German society and politics. The merger of East and West holds the potential for reviving some of Germany's traditional social divisions.

Economics

East and West Germany had their own postwar economic miracles, but they followed different courses. In West Germany, economic expansion came in the service and technology sectors, and government employment more than doubled during the latter twentieth century. Employment in the Western industrial sector remained fairly constant over time, and agricultural employment decreased markedly. In contrast, economic expansion in the GDR was concentrated in heavy industry and manufacturing. In the mid-1980s about half of the Eastern economy was in these two areas, and the service-technology sector represented a small share of the economy.

By most economic measures, both societies made dramatic economic advances across the postwar decades. However, these advances also occurred

at different rates in the West and East. In the mid-1980s the West German standard of living ranked among the highest in the world. By comparison, the purchasing power of the average East German's salary amounted to barely half the income of a Westerner. Basic staples were inexpensively priced in the East, but most consumer goods were more expensive and so-called luxury items (color televisions, washing machines, and automobiles) were beyond the reach of the average family. In 1985 about a third of the dwellings in East Germany still lacked their own baths and toilets. GDR residents lived a comfortable life by East European standards, although far short of Western standards.

German unification meant the merger of these two different economies and social systems: the affluent West Germans and their poor cousins from the East; the sophisticated and technologically advanced industries of the West and the aging rust-belt factories of the GDR. At least in the short run, unification worsened the economic problems of the East. By some accounts, Eastern Industrial production fell by two-thirds between 1989 and 1992—worse than the decline during the Great Depression. The government sold Eastern firms, and often the first response by the new owners was to reduce the labor force. Even by 2004, a sixth of the Eastern labor force remained unemployed.

During the unification process politicians claimed that the East would enjoy a modern economic miracle in a few years. This proved overly optimistic. Only massive social payments by the FRG have maintained the living standards in the East. The government also assumed a major role in rebuilding the East's economic infrastructure and encouraging investment in the East. While the personal situation of many Easterners had improved by the early 2000s, many remain pessimistic about economic conditions in the East.⁷ The persisting economic gap between East and West creates a basis for social and political division in the new Germany.

Religion

Religious beliefs have divided Germans ever since the Reformation. Religious polarization gradually declined in the postwar FRG, partly because there were equal numbers of Catholics and Protestants,

and partly because of a conscious attempt to avoid the religious conflicts of the past. Secularization also gradually eroded the public's involvement in the churches. In the East, the Communist government sharply limited the political and social roles of the churches.

German unification has unsettled the delicate religious balance in the new Federal Republic. Catholics comprise 42 percent of the Western public but only 7 percent of the East. Thus, Protestants now slightly outnumber Catholics in unified Germany. There is also a small Muslim community that accounts for about 4 percent of the population. Even more dramatic, most Easterners claim to be nonreligious, which may lead to new challenges to FRG policies that benefit religious interests. A more Protestant and secular electorate should change the policy preferences of the German public on religiously based issues such as abortion and may potentially reshape electoral alliances.

Gender

Gender roles are another source of social differentiation. In the past, the three K's—*Kindergarten* (children), *Kirche* (church), and *Küche* (kitchen)—defined the woman's role, while politics and work were male matters. Attempts to lessen role differences have met with mixed success. The FRG's Basic Law guarantees the equality of the sexes, but the specific legislation to support this guarantee was often lacking. Cultural norms have changed only slowly; cross-national surveys show that West German males are more chauvinist than the average European, and West German women feel less liberated than other Europeans.⁸

The GDR constitution also guaranteed the equality of the sexes, and the government aggressively protected this guarantee. For instance, women's share of seats in the East German People's Congress was nearly twice as high as the percentage of women in the FRG parliament. A larger percentage of Eastern women were employed, although they were underrepresented in the highest level careers. Maternity benefits were more generous in the East, and women had the unlimited right to abortion.

East German women were one of the first groups to suffer from the unification process. East-

ern women lost rights and benefits that they had held under East German law. For instance, the Constitutional Court resolved conflicting versions of the FRG and GDR abortion laws in 1993, which essentially adopted the FRG's more restrictive standards. The GDR provided childcare benefits for working mothers that are not provided by the FRG. The greater expectations of Eastern women moved gender issues higher on the FRG's political agenda, and the government passed new legislation on job discrimination and women's rights in 1994. Most Eastern women feel they are better off today than under the old regime because they have gained new rights and new freedoms that were lacking under the GDR. Yet progress lags behind the expectations of many women.

Minorities

Another new social cleavage involves Germany's growing minority of foreigners.⁹ When West Germany faced a severe labor shortage in the 1960s, it recruited millions of workers from Turkey, Yugoslavia, Italy, Spain, Greece and other less developed countries. German politicians and the public considered this a temporary situation, and the foreigners were called *guest workers* (*Gastarbeiter*). Most of these guest workers worked long enough to acquire skills and some personal savings, and then returned home.

A strange thing happened, however. Germany asked only for workers, but they got human beings. Cultural centers for foreign workers emerged in many cities. Some foreign workers chose to remain in West Germany, and they naturally brought their families to join them. Foreigners brought new ways of life, as well as new hands for factory assembly lines.

From the beginning, the foreign worker population has faced several problems. They are concentrated at the low end of the economic ladder, often doing work that native Germans will not do. Foreigners—especially those from Turkey and other non-European nations—are culturally, socially, and linguistically isolated from mainstream society. The problems of social and cultural isolation are especially difficult for the children of these foreigners. Foreigners also were a target for violence in reaction to the strains of unification, and there is opposition to further immigration.

The nation has struggled with the problem of becoming a multicultural society, but the solutions are still uncertain. The Federal Republic revised the asylum clause in the Basic Law in 1993 (making it closer to U.S. immigration policy), took more decisive action in combating violence, and mobilized the tolerant majority in German society. The Schröder government changed the citizenship laws in 2000 to better integrate foreign-born residents into German society. But the gap between native Germans and Muslim immigrants seems to be widening. Addressing the issues associated with a permanent racial/ethnic minority (roughly 6 percent of the population) will be a continuing feature of German politics.

Regionalism

Regionalism is another potential source of social and political division. Germany is divided into 16 states (*Länder*), 10 states in the West and 6 new states created in the East, including the city-state of Berlin. Many of the *Länder* are distinguished by their own historical traditions and social structure. The language and idioms of speech differentiate residents from the Eastern and Western halves of the nation. And no one would mistake a northern German for a Bavarian from the south—their manners and dialects are too distinct.

The decentralized nature of society and the economy reinforce these regional differences. Economic and cultural activities are dispersed throughout the country rather than concentrated in a single national center. There are more than a dozen regional economic centers, such as Frankfurt, Cologne, Dresden, Düsseldorf, Munich, Leipzig, and Hamburg. The mass media are organized around regional markets, and there are even several competing "national" theaters.

Unification has greatly increased the cultural, economic, and political variations between the various states. Indeed, the economic gap between regions is so large that the constitutional guarantees of equal living standards across states were set aside, and the equalization of financial resources across the states remains a source of political tension. German unification also reinforced the social and cultural differences across regions. It is common to hear

of "a wall in the mind" that separates Westies (Westerners) and Osties (Easterners). Easterners still draw on their separate traditions and experiences when making political decisions, just as Westerners do. In some terms, the gap between the North and South is also widening. Thus, regional considerations remain an important factor in society and politics.

THE INSTITUTIONS AND STRUCTURE OF GOVERNMENT

The Basic Law adopted in 1949 supposedly created a temporary political system to serve the Federal Republic until both halves of Germany could be united. The preamble, for example, stated the intention "to give a new order to political life for a transitional period."

In actuality, the rapid disintegration of East Germany in 1990 led to the incorporation of the GDR into the existing political, legal, and economic systems of the Federal Republic. In September 1990 the Federal Republic and the German Democratic Republic signed a treaty agreeing to unify their two states, and the government amended the Basic Law to accommodate the accession of new states from the East. Thus the political system of the unified Germany functions within the structure of the Basic Law.

When the Parliamentary Council originally framed the Basic Law in 1949, it wanted to construct a stable and effective democratic political system.¹⁰ One objective was to maintain some historical continuity in political institutions. Most Germans were familiar with the workings of a parliamentary system, and the framers wanted a federal structure of government. Another objective was to design a political system to avoid the institutional weaknesses that contributed to the collapse of Weimar democracy. The framers wanted to establish clearer lines of political authority and to create a new system with extensive checks and balances to prevent the usurpation of power that occurred during the Third Reich. Finally, Germany needed institutional limits on extremist and antisystem forces.

The Basic Law is an exceptional example of political engineering—the construction of a political system to achieve specific goals. It creates a parli-

mentary democracy that involves the public, encourages elite political responsibility, disperses political power, and limits the influence of extremists. A description of the FRG's institutions will illustrate how these goals were translated into a new constitutional structure.

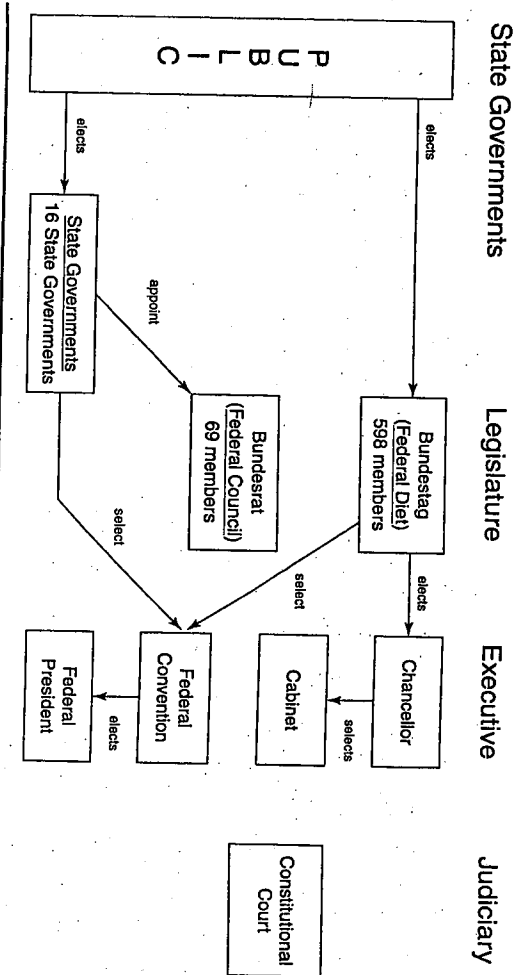
A Federal System

One way to distribute political power and to build checks and balances into a political system is through a federal system of government. The Basic Law created one of the few federal political systems in Europe (see Figure 7.2). Germany is organized into 16 states (Länder). Political power is divided between the federal government (Bund) and the state governments. The federal government has primary policy responsibility in most policy areas. The states, however, have jurisdiction in education, culture, law enforcement, and regional planning. In several other policy areas the states and federal government share responsibility, although federal law takes priority. Furthermore, the states retain residual powers to legislate in areas that the Basic Law does not explicitly assign to the federal government.

The state governments have a unicameral legislature, normally called a *Landtag*, which is directly elected by popular vote. The party or coalition that controls the legislature selects a minister president to head the state government. Next to the federal chancellor, the minister presidents are among the most powerful political officials in the Federal Republic. The federal government is the major force in the legislation of policy, and the states are primarily responsible for policy administration. The states enforce most of the domestic legislation enacted by the federal government as well as their own regulations. The state governments also oversee the operation of the local governments.

One house of the bicameral federal legislature, the Bundestag, is comprised solely of representatives appointed by the state governments. State government officials also participate in selecting the federal president and the justices of the major federal courts. This federal system decentralizes political power by balancing the power of the state governments against the power of the federal government.

FIGURE 7.2 The Structure of Germany's Federal Government



Parliamentary Government

The central institution of the federal government is the parliament. Parliament is bicameral: the popularly elected *Bundestag* is the primary legislative body; the *Bundesrat* represents the state governments at the federal level.

The Bundestag. The 598 deputies of the Bundestag (Federal Diet) are the only national government officials who can claim to represent the German public directly.¹¹ Deputies are selected in elections that normally occur every four years.

The Bundestag's major function is to enact legislation; all federal laws must receive its approval. The initiative for most legislation, however, lies in the executive branch. Like other modern parliaments, the Bundestag evaluates and amends the government's legislative program. Another important function of the Bundestag is to elect the federal chancellor, who heads the executive branch.

Through a variety of mechanisms, the Bundestag also provides a forum for public debate. Its plenary sessions consider the legislation before the chamber. Debating time is allocated to all party groupings according to their size; both party leaders

and backbenchers normally participate. The Bundestag now televises its sessions, including live broadcasts on the Internet, to expand the public audience for its policy debates.¹²

Scrutinizing the actions of the government is another function of the Bundestag. The most common method of oversight is the "question hour" adopted from the British House of Commons. An individual deputy can submit a written question to a government minister; questions range from broad policy issues to the specific needs of one constituent. Government representatives answer the queries during the question hour, and deputies can raise follow-up questions at that time. Bundestag deputies posed more than 17,000 oral and written questions during the 1998–2002 term of the Bundestag.

The Bundestag also boasts a system of strong legislative committees that strengthen its legislative and oversight roles. These committees provide the legislature with expertise to balance the policy experience of the federal agencies; the committees also conduct investigative hearings in their area of specialization.

The opposition parties normally make greater use of these oversight opportunities; about two-thirds of the questions posed during the 1994–1998

term came from the opposition parties. Rank and file members of the governing parties also use these devices to make their own views known.

Overall, the Bundestag's oversight powers are considerable, especially for a legislature in a parliamentary system. Through committees its members can collect the information needed to understand and question government policymakers. Through question hour and other methods, Bundestag members can raise public issues independent of the government. And through its votes, the Bundestag often prompts the government to revise its legislative proposals to gain passage.

THE BUNDESTAG The second chamber of the parliament, the *Bundesrat* (*Federal Council*), reflects Germany's federal system. The state governments appoint its 69 members to represent their interests. The states normally appoint members of the state cabinet to serve jointly in the Bundesrat; the chamber thus acts as a permanent conference of state ministers. Bundesrat seats are allocated to each state in numbers roughly proportionate to the state's population: from three for the least populous states to six seats for the most. The votes for each state delegation are cast in a block, according to the instructions of the state government.

The Bundesrat's role is to represent state interests. It does this in evaluating legislation, debating government policy, and sharing information between federal and state governments. The Bundesrat is an essential part of the German federal system.

In summary, the parliament mainly reacts to government proposals rather than taking the policy initiative. In comparison to the British House of Commons or the French National Assembly, however, the Bundestag probably exercises more autonomy from the executive branch. Especially if one includes the Bundesrat, the German parliament has more independence and opportunity to revise government proposals. By strengthening the power of the parliament, the Basic Law sought to create a check on executive power. Experience shows that the political system has met this goal.

The Federal Chancellor and Cabinet

A weakness of the Weimar system was the division of executive authority between the president and

the chancellor. The Federal Republic still has a dual executive, but the Basic Law substantially strengthened the formal powers of the *federal chancellor* (*Bundeskanzler*) as the chief executive office. Moreover, the incumbents of this office have dominated the political process and symbolized the federal government by their personalization of power. The chancellor plays such a central role in the political system that some observers describe the German system as a "chancellor democracy."

The chancellor is elected by the Bundestag and is responsible to it for the conduct of the federal government. This situation grants substantial power to the chancellor. He represents a majority of the Bundestag and normally can count on their support for the government's legislative proposals. The chancellor usually heads his own party, directing party strategy and leading the party at elections.

Another source of the chancellor's authority is his control over the Cabinet. The federal government today consists of 13 departments, each headed by a minister. The Cabinet ministers are formally appointed, or dismissed, by the federal president on the recommendation of the chancellor (Bundestag approval is not necessary). The Basic Law also grants the chancellor the power to decide the number of Cabinet ministers and their duties.

The functioning of the federal government follows three principles laid out in the Basic Law. First, the *chancellor principle* says that the chancellor defines government policy. The formal policy guidelines issued by the chancellor are legally binding directives on the Cabinet and the ministries. Thus, in contrast to the British system of shared Cabinet responsibility, the German Cabinet is formally subordinate to the chancellor in policymaking.

The second principle of *ministerial autonomy* gives each minister the authority to direct the ministry's internal workings without Cabinet intervention as long as the policies conform to the government's guidelines. Ministers are responsible for supervising the activities of their departments, guiding their policy planning, and overseeing the administration of policy within their jurisdiction.

The *cabinet principle* is the third organizational guideline. When conflicts arise between departments over jurisdictional or budgetary matters, the Basic Law calls for them to be resolved in the Cabinet. The actual working of the federal government is more fluid than the formal procedures spelled out by the Basic Law. The number and choice of ministries for each party is a major issue in building a multiparty government coalition after each election. Cabinet members also display great independence on policy despite the formal restrictions of the Basic Law. Ministers are appointed because of their expertise in a policy area. In practice, ministers often identify more with their roles as department heads than as agents of the chancellor; their political success is judged by their representation of department interests.

The Cabinet thus serves as a clearinghouse for the business of the federal government. Specific ministers present policy proposals originating in their departments in the hope of gaining government endorsement. The chancellor defines a government program that reflects a consensus of the Cabinet and relies on negotiations and compromise within the Cabinet to maintain this consensus.

The Federal President

Because of the problems associated with the Weimar Republic's divided executive, the Basic Law transformed the office of *federal president* (*Bundespräsident*) into a mostly ceremonial post. The president's official duties involve greeting visiting heads of state, attending official government functions, visiting foreign nations, and similar tasks.¹³ To insulate the office from electoral politics, the president is selected by a Federal Convention composed of all Bundestag deputies and an equal number of representatives chosen by the state legislatures. The president is supposed to remain above partisan politics once elected.

The reduction in the president's formal political role does not mean that an incumbent is uninvolved in the policymaking process. The Basic Law assigns several legal functions to the president, who appoints government and military officials, signs treaties and laws, and possesses the power of pardon. In these instances, however, the chancellor must countersign the actions. The president

also nominates a chancellor to the Bundestag and can dissolve parliament if a government legislative proposal loses a no-confidence vote. In both instances, the Basic Law limits the president's ability to act independently.

Potentially more significant is the constitutional ambiguity over whether the president must honor certain requests from the government. The legal precedent is unclear on whether the president has the constitutional right to veto legislation, to refuse the chancellor's recommendation for Cabinet appointments, or even to reject a request to dissolve the Bundestag. Analysts see these ambiguities as another safety valve built into the Basic Law's elaborate system of checks and balances.

The political importance of the federal president also involves factors that go beyond the articles of the Basic Law. An active, dynamic president can help to shape the political climate of the nation through his speeches and public activities. He is the one political figure who can rightly claim to be above politics and who can work to extend the vision of the nation beyond its everyday concerns. Horst Köhler was elected president in 2004 after serving as Director of the International Monetary Fund.

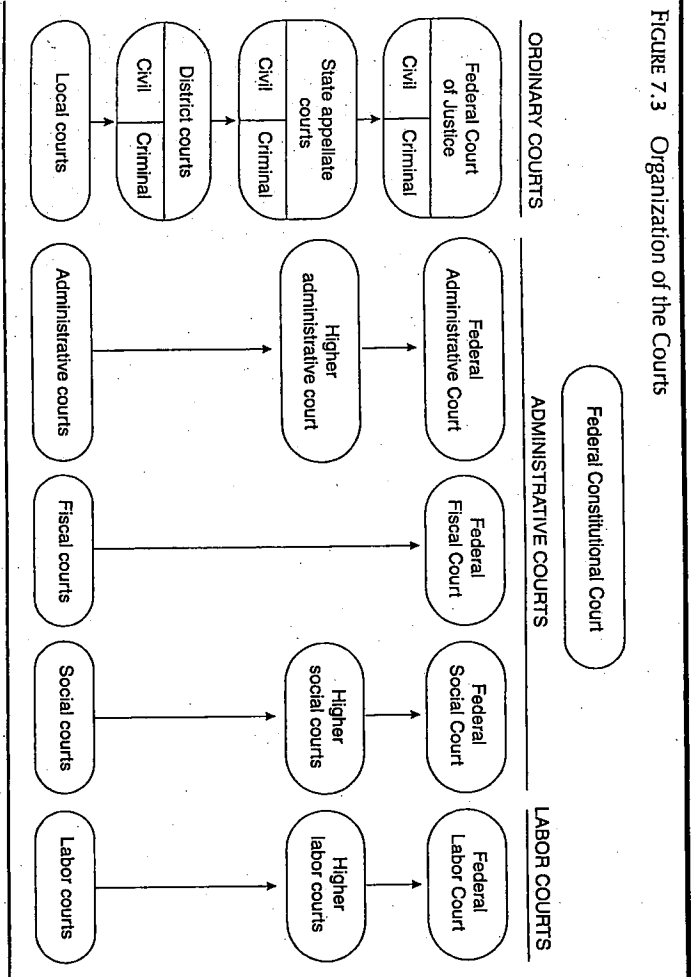
The Judicial System

The ordinary courts for criminal cases and regular legal disputes are integrated into a unitary system (see Figure 7.3). The states administer the three lower levels of the courts. The highest court, the Federal Court of Justice, is at the national level. These courts hear both civil and criminal cases, and all courts apply the same national legal codes.

The administrative courts hear cases in specialized areas. One court deals with administrative complaints against government agencies, one handles tax matters, and another resolves claims involving government social programs. Another court deals with labor-management disputes. Like the rest of the judicial system, these specialized courts are linked into one system including both state and federal courts.

The Basic Law created a third element of the judiciary: an independent *Constitutional Court*. This court reviews the constitutionality of legislation,

FIGURE 7.3 Organization of the Courts



mediates disputes between levels of government, and protects the constitutional and democratic order.¹⁴ This is an innovation for the German legal system because it places one law, the Basic Law, above all others. This also implies limits on the decision-making power of the parliament and the judicial interpretations of lower court judges. Because of the importance of the Constitutional Court, its 16 members are selected in equal numbers by the Bundestag and Bundesrat and can be removed only for abuse of the office.

The Federal Republic's judicial system follows the Roman law tradition that is fundamentally different from the common law Anglo-American system of justice. Rather than relying on precedents from prior cases as in the common law system, the legal process is based on an extensive system of government defined legal codes. The codes define legal principles in the abstract, and specific cases are judged against these standards. The system relies on

a rationalist philosophy that justice is served by following the letter of the law.

The Separation of Powers

One of the Basic Law's secret strengths is avoiding the concentration of power in the hands of any one actor or institution. The framers wanted power to be dispersed, so that extremists or antidemocrats could not overturn the system; democracy would thus be a consensus-building process. Each institution of government has strong powers within its own domain, but a limited ability to force its will on other institutions.

In the relationship between the legislative and executive branches, for instance, the chancellor lacks the discretionary authority to dissolve the legislature and call for new elections, something that is normally found in parliamentary systems. Equally important, the Basic Law limits the legislature's control over the chancellor. In a parliamen-

tary system the legislature normally has the authority to remove a chief executive from office by a simple majority vote. During the Weimar Republic, however, extremist parties used this device to destabilize the democratic system by opposing incumbent chancellors. The Basic Law modified this procedure and created a *constructive no-confidence vote*.¹⁵ In order for the Bundestag to remove a chancellor, it simultaneously must agree on a successor. This ensures continuity in government and an initial majority in support of a new chancellor. It also makes removing an incumbent more difficult: opponents cannot simply disagree with the government—a majority must agree on an alternative. The constructive no-confidence vote has been attempted only twice—and succeeded only once. In 1982 a coalition of parties replaced Chancellor Schmidt with a new chancellor, Helmut Kohl.

The Constitutional Court provides another check on government actions, and it has assumed an important role as the guarantor of citizen rights and protector of the constitution. The distribution of power and policy responsibilities between the federal and state governments is another moderating force within the political process. Even the strong bicameral legislature ensures that multiple interests must agree before government policy can be made. This structure complicates the governing process compared to a unified system such as Britain, the Netherlands, or Sweden. However, democracy is often a complicated process. This system of shared powers and checks and balances has enabled German democracy to grow and flourish.

REMARKING POLITICAL CULTURES

Consider for a minute what the average German must have thought about politics as World War II was ending. Germany's political history was hardly conducive to good democratic citizenship. Under the Kaiser, people were expected to be subjects, not active participants in the political process; this style nurtured feelings of political intolerance. The interlude of the Weimar Republic did little to change these values. The polarization, fragmentation, and outright violence of the Weimar Republic taught people to avoid politics, not to be active partici-

pants. Moreover, democracy eventually failed, and national socialism arose in its place. The Third Reich then raised another generation under an intolerant, authoritarian system.

Because of this historical legacy, the development of the Federal Republic was closely linked to the question of whether its political culture was congruent with its democratic system (see discussion in Chapter 2). Initially, there were widespread fears that West Germany lacked a democratic political culture, thereby making it vulnerable to the same problems that undermined the Weimar Republic. Postwar public opinion polls in the FRG presented a negative image of public beliefs that was probably equally applicable to the East.¹⁶ West Germans were politically detached, acceptant of authority, and intolerant in their political views. A significant minority were unrepentant Nazis, sympathy for many elements of the Nazi ideology was widespread, and anti-Semitic feelings remained commonplace.

Perhaps even more amazing than the Economic Miracle was the transformation of West Germany's political culture in little more than a generation. Confronted by an uncertain public commitment to democracy, the government undertook a massive political reeducation program. The schools, the media, and political organizations were mobilized behind the effort. The citizenry itself also was changing—older generations raised under authoritarian regimes were gradually replaced by younger generations socialized during the postwar democratic era. The successes of a growing economy and a relatively smoothly functioning political system also changed public perceptions. These efforts created a new political culture more consistent with the democratic institutions and process of the Federal Republic.

With unification, Germany confronted another serious cultural question. The Communists tried to create a rival culture in the GDR that would support their state and its socialist economic system. Indeed, the efforts at political education in the East were intense and extensive; they aimed at creating a broad "socialist personality" that included nonpolitical attitudes and behavior.¹⁷ Young people were taught a collective identity with their peers, to nurture a love for the GDR and its socialist brethren, to

accept the guidance of the Socialist Unity Party and to understand history and society from a Marxist-Leninist perspective.

German unification meant the blending of these two different political cultures, and at first the consequences of this mixture were uncertain. Without scientific social science research in the GDR, it was unclear if Easterners had internalized the government's propaganda. Western influences also had flowed eastward, and this may have undermined the GDR regime. Furthermore, the revolutionary political events leading to German unification may have reshaped even long-held political beliefs. What does a Communist think after attending communism's funeral?

Unification thus created a new question: could the FRG assimilate 16 million new citizens with potentially different beliefs about how politics and society should function? The following sections discuss the key elements of German political culture and how they have changed over time.

Nation and State

A core element of the German culture is a strong sense of German identity. A common history, culture, territory, and language created a sense of national community long before Germany was politically united. Germany was the land of Schiller, Goethe, Beethoven, and Wagner, even if the Germans disagreed on political boundaries. The imagery of a single *Voik* binds Germans together despite their social and political differences.

Previous regimes had failed, however, to develop a common political identity to match the German society identity. Succeeding political systems were short lived and were unable to develop a popular consensus on the nature and goals of German politics. Postwar West Germany faced a similar challenge: building a political community in a divided and defeated nation.

In the early 1950s large sectors of the West German public remained committed to the symbols and personalities of previous regimes.¹⁸ Most people felt that the Second Empire or Hitler's prewar Reich represented the best times in German history. Substantial minorities favored a restoration of the monarchy or a one-party state. Almost half the pop-

ulation believed that if it had not been for World War II, Hitler would have been one of Germany's greatest statesmen.

Over the next two decades these ties to earlier regimes gradually weakened, and the bonds to the new institutions and leaders of the Federal Republic steadily grew stronger (see Figure 7.4). The number of citizens who believed that Bundestag deputies represent the public interest doubled between 1951 and 1964; public respect shifted from the personalities of prior regimes to the chancellors of the Federal Republic. By the 1970s an overwhelming majority of the public felt that the present was the best time in German history. West Germans became more politically tolerant, and feelings of anti-Semitism declined sharply. Other opinions displayed a growing esteem for the new political system.¹⁹

Even while Westerners developed a new acceptance of the institutions and symbols of the Federal Republic something was missing, something that touched the spirit of their political feelings. The FRG was a provisional entity, and "Germany" meant

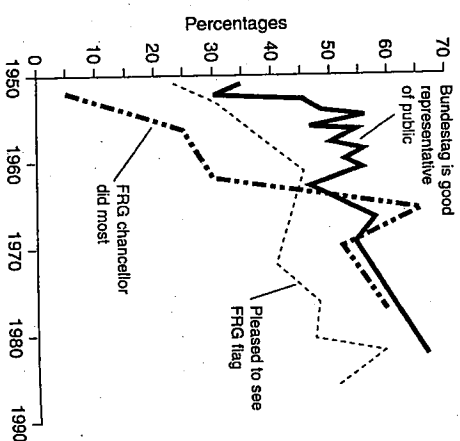


FIGURE 7.4 Increase in Support for the Democratic Regime, 1951-1986

Source: Russell J. Dalton, *Politics in Germany*, 2nd ed. (New York: HarperCollins, 1993), p. 121.

a unified nation. Were citizens of West Germany to think of themselves as Germans, West Germans, or some mix of both? In addition, the trauma of the Third Reich burned a deep scar in the Western psyche, making citizens hesitant to express pride in their nation or a sense of German national identity. Because of this political stigma, the Federal Republic avoided many of the emotional national symbols that are common in other nations. There were few political holidays or memorials; the national anthem was seldom played; and even the anniversary of the founding of the FRG received little public attention. This legacy means that even today Germans are hesitant to openly express pride in the nation (see Box 7.2).

The quest for a national identity also occurred in the East. The GDR claimed to represent the "pure" elements of German history; it portrayed the Federal Republic as the successor to the Third Reich. Most analysts believe that the GDR succeeded in creating at least a sense of resigned loyalty to the regime because of its political and social accomplishments. Thus a 1990 study found that Eastern youth most admired Karl Marx (followed by the first president of the GDR), while Western youth were most likely to name Konrad Adenauer, the first Chancellor of the Federal Republic.²⁰

By the late 1980s, however, the GDR lacked a popular consensus in support of the state.²¹ There were repeated purges against those who might oppose the GDR. The secret police (*Stasi*) kept files

on more than 6 million people; government informers seemed omnipresent, and the Berlin Wall stood as a constant reminder of the nature of the East German state. The government found it necessary to use coercion and the threat of force to sustain itself. Once socialism failed, the basis for a separate East German political identity also evaporated.

Unification began a process by which the German search for a national political identity might finally be resolved. The opening of the Berlin Wall created positive political emotions that were previously lacking. The celebration of unification, and the designation of October 3 as a national holiday, finally gives Germans a positive political experience to celebrate. Germans in East and West remain somewhat hesitant to embrace an emotional attachment to the nation, and Easterners retain a lingering tie to their separate past (see Figure 2.2). Yet, the basic situation has changed. For the first time in over a century, nearly all Germans agree where their borders begin and end. Germany is now a single nation—democratic, free, and looking toward the future.

Democratic Norms and Procedures

A second important element of the political culture involves citizen attitudes toward the system of government. In the early years of West Germany, the rules of democratic politics—majority rule, minority rights, individual liberties, and pluralistic debate—were new ideas that did not fit citizens' experiences.

Box 7.2 Can One Be Proud, and German?

Could anyone imagine a French president or a British prime minister or indeed just about any other world leader refusing to say he was proud of his nationality? Yet this is a contentious statement in Germany because expressions of nationalism are still linked by some to the excessive nationalism of the Third Reich. Thus, when in 2001 the general secretary of the CDU declared: "I am proud to be German," this set off an intense national debate. A Green member of the SPD-Green Cabinet replied that this statement demonstrated the mentality of a right-wing skinhead. Presi-

dent Rau tried to sidestep the issue by declaring that one could be "glad" or "grateful" for being German, but not "proud." Then Chancellor Schröder entered the fray: "I am proud of what people have achieved and our democratic culture. . . . In that sense, I am a German patriot who is proud of his country." It is difficult to imagine such exchanges occurring in Washington, D.C. or Paris.

Source: *The Economist* (March 24, 2001), 62.

To break this pattern, the leaders of the Federal Republic constructed a system that formalized democratic procedures. Citizen participation was encouraged and expected, policymaking became open, and the public gradually learned democratic norms by continued exposure to the new political system. Political leadership provided a generally positive example of competition in a democratic setting. Consequently, a popular consensus slowly developed in support of the democratic political system. By the mid-1960s agreement was nearly unanimous that democracy was the best form of government. More important, the Western public displayed a growing commitment to democratic procedures—a multi-party system, conflict management, minority rights, and representative government.

Political events occasionally have tested the long-term growth in democratic values in West Germany. For instance, during the 1970s a small group of extremists attempted to topple the system through a terrorist campaign.²² In the early 1980s the Kohl government faced a series of violent actions by anarchic and radical ecology groups. In both instances, however, the basic lesson was that the political system could face the onslaughts of political extremists and survive with its basic procedures intact, and without the public losing faith in their democratic process.

The propaganda of the East German government also stressed a democratic creed. In reality, however, the regime tried to create a political culture that was compatible with a communist state and socialist economy. The culture drew on traditional Prussian values of obedience, duty, and loyalty; people were again told that obedience was the responsibility of a good citizen, and support of the state (and the party) was an end in itself. Periodically, political events—the 1953 Berlin uprising, the construction of the Berlin Wall, and the expulsions of political dissidents—reminded East Germans of the gap between the democratic rhetoric of the regime and reality.

One reason the popular revolt may have grown so rapidly in 1989 was that citizens no longer supported the principles of the regime. For instance, studies of young Easteners found that identification with Marxism-Leninism and belief in the in-

evitable victory of socialism dropped off dramatically during the mid-1980s.²³ At the least, the revolutionary changes that swept through East Germany as the Berlin Wall fell nurtured a belief in democracy as the road to political reform. A 1990 public opinion survey found nearly universal support for the basic tenets of democracy among both West and East Germans, and these parallels persisted over the decade.²⁴

The true test of democracy, of course, occurs in the real world. Some initial studies suggested that Easteners' understanding of the democratic creed was limited, or at least different from the West.²⁵ Yet, Eastern orientations toward democracy in 1989 were markedly different from the situation in Germany in 1945. Rather than renaking this aspect of the East German culture, the greater need was to transform Eastern support for democracy into a deeper and richer understanding of the workings of the process and its pragmatic strengths and weaknesses. And now, more than a decade after unification, Easteners have largely demonstrated their commitment to the principles of democracy.

Social Values and the New Politics

Another area of cultural change in West Germany involves a shift in public values produced by the social and economic accomplishments of the nation. Once West Germany addressed traditional social and economic needs, the public broadened their concerns to include a new set of societal goals. New issues such as the environment, women's rights, and increasing citizen participation attracted public attention. In the early 1980s a vibrant peace movement rekindled the debate on West Germany's international role.

Ronald Inglehart introduced a theory of value change to explain the development of these new political orientations in the West.²⁶ He maintains that a person's value priorities reflect the family and societal conditions that prevail early in life. Older generations socialized before World War II lived at least partially under an authoritarian government, experienced long periods of economic hardship, and felt the destructive consequences of war. These older individuals are preoccupied with economic security, law and order, religious values, and a strong national defense—despite the economic and

political advances of postwar Germany. In contrast, because younger generations grew up in a democratic political setting during a period of unprecedented economic prosperity, relative international stability, and now the collapse of the Soviet Empire, they are shifting their attention toward *New Politics* values. These new values emphasize self-expression, personal freedom, social equality, self-fulfillment, and maintaining the quality of life.

Although only a minority of Westerners hold these new values, they represent a "second culture" embedded within the dominant culture of FRG society. These values are even more limited among Easteners. Still, the evidence of political change is apparent. Public interest in New Politics issues has gradually spread beyond its youthful supporters and developed a broader base. Even in the East, many of the early demonstrations for democracy had supporters calling for "*Freiheit und Umwelt*" (freedom and the environment).

Two Peoples in One Nation?

Citizens in the East and West share a common German heritage, but 40 years of separation created cultural differences that now are being integrated into a single national culture.

Because of these different experiences, the broad similarities in many of the political beliefs of Westeners and Easteners are surprising. Easteners and Westeners espouse support for the democratic system, its norms, and institutions. There is also broad acceptance of the principles of the market economy of the West. Thus the Federal Republic's second transition to democracy features an agreement on basic political and economic values that is markedly different from the situation after World War II.

Yet other aspects of cultural norms do differ between regions. For instance, although residents in both the West and East endorse the tenets of democracy, it is harder to reach agreement on how these ideals translate into practical politics. The open, sometimes confrontational style of Western politics is a major adjustment for citizens raised under the closed system of the GDR. In addition, Easteners endorse a broader role for government in providing social services and guiding social development than is found among Westeners.²⁷

There are also signs of a persisting gap in regional identities between East and West. The passage of time and harsh postunification adjustments created a nostalgia for some aspects of the GDR among its former residents. Easteners do not want a return to communism or socialism, but many miss the slower and more predictable style of their former lives. Even while expressing support for Western capitalism, many Easteners have difficulty adjusting to the idea of unemployment and to the competitive pressures of a market-based economy. There is a nostalgic yearning for symbols of these times, ranging from the Trabant automobile to consumer products bearing Eastern labels. The popularity of the recent movie "Goodbye Lenin" is an indication of these sentiments—and a good film for students interested in this phase of German history. In fact, public opinion surveys show that the percentage of Easteners who think of themselves as "East German" rather than "German" grew after unification. Easteners are developing a distinct regional identity that is similar to the feelings of Southerners in the United States.

Unification may have also heightened New Politics conflicts within German society. The GDR had struggled to become a material success, while West Germany was enjoying its postmaterial abundance. Consequently, Easteners give greater weight to goals such as higher living standards, security, hard work, and better living conditions. Most Easteners want first to share in the affluence and consumer society of the West, before they begin to fear the consequences of this affluence. The clash of values within West German society has now been joined by East-West differences.

Germans share a common language, culture, and history—and a common set of ultimate political goals—although the strains of unification may magnify and politicize the differences. The nation's progress in blending these two cultures successfully will strongly affect the course of the new Germany.

POLITICAL LEARNING AND POLITICAL COMMUNICATION

If a congruent political culture helps a political system to endure, as many political experts maintain, then one of the basic functions of the political

process is to create and perpetuate these attitudes. The process of developing the beliefs and values of the public is known as political socialization. Researchers normally view political socialization as a source of continuity in a political system, with one generation transmitting the prevailing political norms to the next. The preceding discussion of political cultures described how socialization produced political change in postwar Germany. Now, German unification creates a need for political re-learning among the citizenry.

Family Influences

During their early years, children have few sources of learning comparable to their parents—normally the major influence in forming basic values. Family discussions can be a rich source of political information and one of the many ways that children internalize their parents' attitudes. Basic values acquired during childhood often persist into adulthood.

In the early postwar years, family socialization did not function smoothly on either side of the German border. Many adults hesitated to discuss politics openly because of the depoliticized environment of the period. Many parents also did not discuss politics with their children for fear that the child would ask: "What did you do under Hitler, Daddy?" Furthermore, parents in West Germany were ill prepared to tell their children how to be good democrats, and Eastern parents were equally uncertain of the new communist system.

The potential for parental socialization grew steadily since the immediate postwar years.²⁸ The frequency of political discussion increased in the West, and family conversations about politics became commonplace. Moreover, young new parents raised under the system of the Federal Republic could pass on democratic norms and party attachments held for a lifetime. The family also played an important role in the socialization process of the GDR. Family ties were especially close in the East, and most young people claimed to share their parents' political opinions. The family also provided one of the few settings where people could openly discuss their beliefs, a private sphere where individuals could be free of the watchful eyes of others.

Here one could express praise—or doubt—about the state.

Despite the growing socialization role of the family, both Germanies have experienced a widening generation gap in recent years. Youth in the West are more liberal than their parents, more oriented toward noneconomic goals, more positive about their role in the political process, and more likely to challenge prevailing social norms.²⁹ East German youth are also a product of their times; an autonomous peace movement and other counterculture groups flourished as part of the youth culture of the 1980s. The youthful faces of the first refugees exiting through Hungary or the democracy protests in Leipzig and East Berlin highlighted the importance of the youth culture within East Germany. Clearly, young people's values and goals are changing, often putting them in conflict with their elders.

Education

After World War II the FRG government enlisted the school system to reeducate the young into accepting democratic norms. Instruction aimed at developing a formal commitment to the institutions and procedures of the Federal Republic. Civics classes stressed the benefits of the democratic system, drawing sharp contrasts with the communist model. The educational system helped to remake the West German political culture.

Growing public support for the FRG's political system gradually made this program of formalized political education redundant. The content of civics instruction changed to emphasize an understanding of the dynamics of the democratic process—interest representation, conflict resolution, minority rights, and the methods of citizen influence. The present system tries to prepare students for their adult roles as political participants.

In the East, the school system also played an essential role in the political education program, although the content was very different. The schools tried to create a socialist personality that encompassed a devotion to communist principles, a love of the GDR, and participation in state-sponsored activities. Yet again, the rhetoric of education conflicted with reality. Government publications claimed that "education for peace is the overriding

principle underlying classroom practice in all schools." However, paramilitary training was compulsory for ninth and tenth graders. The textbooks told students that the GDR endorsed personal freedom, but then they started from their school buses at the barbed wire strung along the border. Many young people accepted the rhetoric of the regime, but the education efforts remained incomplete.

The GDR used several other methods of political education. A cornerstone of the GDR's socialization efforts was a system of government-supervised youth groups. Nearly all primary school students enrolled in the Pioneers, a youth organization that combined normal social activities—similar to those in the Boy Scouts or Girl Scouts in the United States—with a heavy dose of political education. At age 14, about three-fourths of the young graduated into membership in the Free German Youth (FDJ) group. The FDJ was a training and recruiting ground for the future leadership of East Germany. The politicization of social life even extended to sports. Like other communist states, the GDR staged mass sporting events that included an opportunity for political indoctrination, and used the Olympic medal count as a measure of the GDR's societal progress. In summary, most aspects of social, economic, and political relations came under the direction of party and state institutions. From a school's selection of texts for first grade readers to the speeches at a sports awards banquet, the values of the regime touched everyday life.

Social Stratification Another important effect of education involves its consequences for the social stratification of society, which differs in basic ways between West and East. The secondary school system in the West has three distinct tracks. One track provides a general education that normally leads to vocational training and working-class occupations. A second track mixes vocational and academic training. Most graduates from this program are employed in lower middle-class occupations. A third track focuses on academic training at a Gymnasium (an academic high school) in preparation for university education.

These educational tracks reinforce social status differences within society. Students are di-

rected into one track after only four to six years of primary schooling, based on their school record, parental preferences, and teacher evaluations. At this early age family influences are still a major factor in the child's development. This means that most children assigned to the academic track come from middle-class families, and most students in the vocational track are from working-class families. Sharp distinctions separate the three tracks. Students attend different schools, minimizing social contact. The curricula of the three tracks are so different that once a student is assigned, he or she would find it difficult to transfer between tracks. The Gymnasias are more generously financed and recruit the best-qualified teachers. Every student who graduates from a Gymnasium is guaranteed admission to a university, where tuition is free.

There have been numerous attempts to reform West Germany's educational system to lessen its class bias, which determines children's educational future at an early age and produces inequalities in the content of education.³⁰ There is a clear tendency for middle-class children to benefit under the tracked educational system. Some states have a single comprehensive secondary school that all students may attend, but only about 10 percent of Western secondary school students are enrolled in these schools. Reformers have been more successful in expanding access to the universities. In the early 1950s only 6 percent of college-aged youths pursued higher education; today this figure is over 30 percent. The FRG's educational system retains an elitist accent, though it is now less obvious.

The socialist ideology of the GDR led to a different educational structure. Ten-year comprehensive polytechnical schools formed the core of the educational system. Students from different social backgrounds, and with different academic abilities, attended the same school—much like the structure of public education in the United States. The schools emphasized practical career training, with a heavy dose of technical and applied courses in the later years. Those with special academic abilities could apply to the extended secondary school during their twelfth year, which led to a university education.

The differences between the educational systems of the two states illustrate the practical problems posed by German unity.³² Beyond the important differences in the content of education, the West lags in equalizing access to higher education. The Western educational system perpetuates social inequality and thus conflicts with the stated social goals of the Federal Republic. In contrast, the formal structure of the GDR's comprehensive schools was closer to the educational system of other European democracies, such as Britain or France, and was less elitist than the FRG's educational system. The unification treaty called for the gradual extension of the Western educational structure to the East, but the dissolution of comprehensive schools has generated dissatisfaction among Easterners. Ironically, unification is leading to new pressures for liberal reform within the Federal Republic's educational system.

Mass Media

The mass media have a long history in Germany: the world's first newspaper and first television service both appeared on German soil. Under previous regimes, however, political authorities frequently censored or manipulated the media. National socialism showed what a potent socialization force the media could be, especially when placed in the wrong hands.

The mass media of the Federal Republic were developed with the legacy of Nazi propaganda in mind.³² After the war the Allied occupation forces licensed only newspapers and journalists who were free of Nazi ties. The Basic Law also guaranteed freedom of the press and the absence of censorship. There were two consequences of this pattern of press development. First, this created a new journalistic tradition, committed to democratic norms, objectivity, and political neutrality. This marked a clear departure from past journalistic practices, and it contributed to the remaking of the political culture.

A second consequence is the regionalization of the media. The Federal Republic lacks an established national press like that of Britain or France. Instead, each region or large city has one or more newspapers that circulate primarily within that locale. Of the several hundred daily newspapers, only a few—such as the *Frankfurter Allgemeine Zeitung*, *Welt*, *Süd-*

deutsche Zeitung, or *Frankfurter Rundschau*—have a national following.

The electronic media in the Federal Republic also follow a pattern of regional decentralization. Even in this age of new electronic media, public corporations organized at the state or regional levels manage the public television and radio networks. These public broadcasting networks still are the major German media sources. To ensure independence from commercial pressures, the public media are financed mostly by taxes assessed on owners of radio and television sets.

The mass media are a primary source of information for the public and a communications link between elites and the public. The higher quality newspapers devote substantial attention to domestic and international reporting, although the largest circulation newspaper, *Bild Zeitung*, sells papers through sensationalist stories. The public television networks are strongly committed to political programming; about one-third of their programs deal with social or political issues. The most important development is the expansion of privately owned cable and satellite television stations. Today, most German households receive these stations. This development steadily erodes the government's control of the electronic media and pressures public stations to devote more attention to consumer preferences. Many analysts see these new media offerings as expanding the citizen's choice and the diversity of information, but others worry that the quality of German broadcasting will suffer as a result.

Public opinion surveys show that Germans have a voracious appetite for the political information provided by the mass media. A 2001 survey found that 59 percent of the public claimed to read news in the newspaper on a daily basis, 56 percent listened to news on the radio daily, and 68 percent said they watched television news programs daily.³³ These high levels of usage indicate that Germans are attentive media users and well informed on the flow of political events.

CITIZEN PARTICIPATION

Developing public understanding and acceptance of democratic rules was an important accomplishment for the Federal Republic in the post-World

War II period. At first, however, the public did not participate in the new process; they acted like political spectators who were following a soccer match from the grandstand. German history in the early twentieth century certainly had not been conducive to developing widespread public involvement in politics. The final step in remaking the political culture was to involve citizens in the process—to have them come onto the field and participate.

From the start, both German states tried to engage their citizens to participate in politics, although with different expectations about the citizen's appropriate role. The democratic procedures of West Germany induced many people to become at least minimally involved in politics. Turnout in national elections was uniformly high. Westerners became well informed about the democratic system and developed an interest in political matters. After continued experience with the democratic system, people began to internalize their role as participants. Most Westerners thought their participation could influence the political process—people believed that democracy worked.³⁴

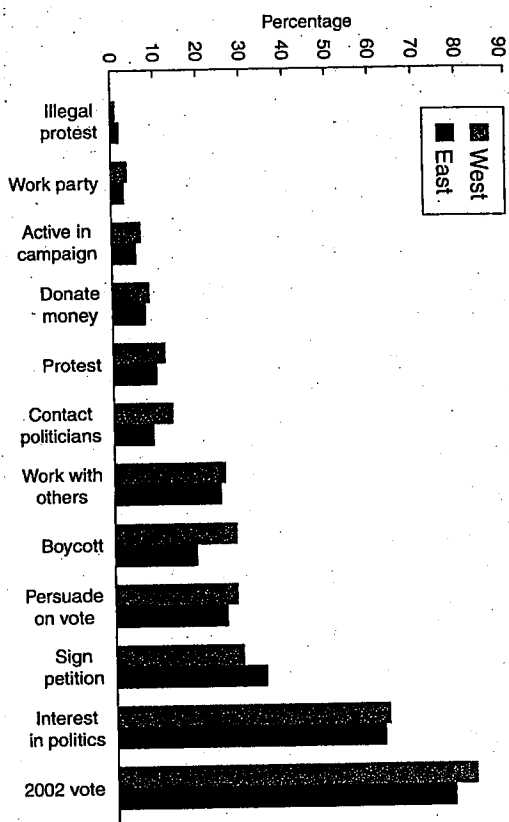
Changing perceptions of politics led to a dramatic increase in involvement. In the 1950s almost two-thirds of the West German public never discussed politics; today about three-quarters claim they talk about politics regularly. This expansion in citizen interest created a participatory revolution in the Federal Republic, as involvement in campaign activities and political organizations increased. Perhaps the most dramatic evidence of rising participation levels has been the growth of *citizen action groups* (*Bürgerinitiativen*). Citizens interested in a specific issue form a group to articulate their political demands and influence decision makers. These groups often resort to petitions, protests, and other direct-action methods to dramatize their cause and mobilize public support. Parents organize for school reform, homeowners become involved in urban redevelopment projects, taxpayers complain about the delivery of government services, or residents protest the environmental conditions in their locale. These groups expand the means of citizen influence significantly beyond the infrequent and indirect methods of campaigns and elections.

Under the GDR system, political involvement was widely encouraged, but people could only be active in ways that reinforced their allegiance to the state. For example, elections were not measures of popular representation but offered the Communist leadership an opportunity to educate the public politically. More than 90 percent of the electorate cast ballots, and the government parties always won nearly all the votes. People were expected to participate in government-approved unions, social groups (such as the Free German Youth or the German Women's Union), and quasi-public bodies such as parent-teacher organizations. However, participation was not a method for citizens to influence the government but for the government to influence its citizens.

Although they draw on much different experiences, Germans from both the East and West have been socialized into a pattern of high political involvement (see Figure 7.5). Voting levels in national elections are among the highest of any European democracy. Over 80 percent of Westerners turned out at the polls in the 2002 Bundestag elections, as well as 78 percent of voters from the East. This turnout level is high by American standards, but it has declined from the nearly 90 percent voting in West German elections of the 1980s. High turnout partially reflects the belief that voting is part of a citizen's duty. In addition, the electoral system encourages turnout: elections are held on Sunday when everyone is free to vote; voter registration lists are constantly updated by the government; and the ballot is always simple—there are at most two votes to cast.

Beyond the act of voting, many Germans participate in other aspects of politics. Data from a survey conducted in 2002 illustrate the participation patterns of Easterners and Westerners (see again Figure 7.5). Almost a third of the public in West and East have signed a petition within the previous year, and a quarter have boycotted some product on political grounds. These are high levels by cross-national standards (see Chapter 2). After the tumult of the GDR's collapse and the transition to democracy, political participation has decreased in the East. This underscores the point that the Western public is integrated into the democratic process, while Easterners are still learning to be democratic and participatory citizens.

FIGURE 7.5 Participation Levels in West and East Germany



Source: 2002 Comparative Study of Electoral Systems Survey, Germany and 2002 European Social Survey, Germany. Berlin residents are excluded from East/West comparison; vote turnout is from government statistics.

There is also an interesting comparison between working with political parties and citizen-action groups. A significant proportion of Westerners (4 percent) and Easterners (3 percent) said they had worked for a political party during the 2002 election, and nearly twice as many had participated in the campaign or donated money. Yet, participation in a legal demonstration or working with others on a community problem is much more common among both Westerners and Easterners. This indicates the expansion of political involvement to new modes of action.

Thus, the traditional characterization of the German citizen as quiescent and uninvolved is no longer appropriate in either the West or the East. Participation has increased dramatically over the past 50 years, and the public is now involved in a wide range of political activities. The spectators have become participants.

POLITICS AT THE ELITE LEVEL³⁵

The Federal Republic is a representative democracy. Above the populace is a group of a few thousand political elite who manage the actual workings of the political system. Elite members, such as party leaders and parliamentary deputies, are directly responsible to the public through elections. Civil servants and judges are appointed to represent the public interest, and they are at least indirectly responsible to the citizenry. Leaders of interest groups and political associations participate in the policy process as representatives of their specific clientele groups. Although the group of politically influential elites is readily identifiable, they do not constitute a homogeneous elite class. Rather, elites in the Federal Republic represent the diverse interests in German society. Often there is as much heterogeneity in policy preferences among the political elites as there is among the public.

Paths to the Top

Individuals may take numerous pathways to elite positions. Party elites may have exceptional political abilities; administrative elites are initially recruited because of their formal training and bureaucratic skills; and interest group leaders are selected for their ability to represent their group.

One feature of elite recruitment that differs from American politics is the long apprenticeship period that precedes entry into the top elite stratum. Candidates for national or even state political office normally have a long background of party work and officeholding at the local level. Similarly, senior civil servants spend nearly all their adult lives working for the government. The biography of the present chancellor, Gerhard Schröder, is a typical example of a long political career (see Box 7.3). Not all political careers are as illustrious as Schröder's, but they often are as long.

A long apprenticeship means that political elites have extensive experience before attaining a position of real power. Elites also share a common basis of experience built up from interacting over many years. National politicians know each other from working together at the state or local level; the paths of civil servants frequently cross during their long careers. These experiences develop a sense of trust and responsibility in elite interactions. For instance, members of a chancellor's Cabinet are normally drawn from party elites with extensive experience in state or federal government. Seldom can top business leaders or popular personalities use their

outside success to attain a position of political power quickly. This also contributes to the cohesion of elite politics.

The prerequisites for elite positions in the GDR—loyalty to the Socialist Unity Party and its communist ideology—conflicted with the values of the Federal Republic. Consequently, most governmental elites from the old GDR regime left office by choice or expulsion. Thus, the initial political leadership in the East was heavily drawn from the ranks of church leaders, dissident intellectuals, low-level Eastern officials, and Western politicians. Gradually a new class of political elites is developing in the East, trained under the democratic institutions of the Federal Republic.

Elites in East and West also differ in many of their policy priorities. For instance, Eastern elites are more likely to emphasize the need for greater social and economic equality, social security, and the integration of foreigners.³⁶ Creating a new political consensus is one of the challenges of unification.

INTEREST GROUPS

Interest groups are an integral part of the German political process, even more so than in the United States. Some specific interests may be favored more than others, but interest groups are generally welcomed as necessary participants in the political process.

German interest groups are connected to the government more closely than groups in the United States. Doctors, lawyers, and other self-employed

Box 7.3 Schröder's Political Career

Born in 1944, Gerhard Schröder is part of the new generation of German political leaders raised after World War II. When he was 19 years old, he joined the Social Democratic Party and became active in its youth organization. He attended night school to earn admission to the university, and worked as he studied for his law degree. In 1978 he became the national chairman of the Young Socialists, and two years later was elected to the Bundestag. He gained notoriety in his initial

parliamentary speech when he became the first deputy to ever address the Bundestag without wearing a necktie. According to a well-known story, after a late night of drinking in Bonn he stopped outside the chancellor's residence to shout, "I want in there!" He became Minister-President of Lower Saxony in 1990. In 1998 he fulfilled his earlier wish, gaining entry into the Chancellorship by winning the Bundestag elections as the head of the SPD-Green coalition.

professionals belong to professional associations that are established by law and receive government authorization of their professional activities, making them quasi-public bodies. These associations, which date back to the medieval guilds, enforce professional rules of conduct.

The German system of formally involving interest groups in the policy process reaches further. Administrative law requires that government officials contact groups when formulating new policies that may affect their interests. These consultations ensure that the government can benefit from the expertise of interest group representatives. Other legislation gives interest groups a formal advisory role in the management of public broadcasting, or in other elements of policy administration.

In some instances the pattern of interest group activity approaches the act of governance. For example, when the government recognized the need for structural reform in the steel industry, it assembled interest group representatives from the affected sectors to discuss and negotiate a common plan. Group officials attempted to reach a consensus on the necessary changes, and then implemented the agreements, sometimes with the official sanction of the government.

This cooperation between government and interest groups is described as *neocorporatism*, a general pattern having the following characteristics:³⁷

- Social interests are organized into virtually compulsory organizations.
- A single association represents each social sector.
- These associations are hierarchically structured.
- Associations are accepted as formal representatives by the government.
- Associations may participate directly in the policy process.

Policy decisions are reached in discussions and negotiations among the relevant association and the government—then the agreements are implemented by government action.

This neocorporatist pattern solidifies the role of interest groups in the policy process. Governments feel that they are responding to public demands when they consult with these groups, and the members of interest groups depend on the organization

to have their views heard. Thus, the leaders of the major interest groups are important actors in the policy process. Neocorporatist relations also lessen political conflict: for instance, strike levels and political strife tend to be lower in neocorporatist systems.

Another major advantage of neocorporatism is that it makes for efficient government; the involved interest groups can negotiate on policy without the pressures of public debate and partisan conflict. However, efficient government is not necessarily the best government, especially in a democracy. Decisions are reached in conference groups or advisory commissions, outside of the representative institutions of government decision making. The "relevant" interest groups are involved, but this assumes that all relevant interests are organized, and that only organized interests are relevant. Decisions affecting the entire public are often made through private negotiations, as democratically elected representative institutions—state governments and the Bundestag—are sidestepped, and interest groups deal directly with government agencies. Consequently, interest groups play a less active role in electoral politics as they concentrate their efforts on direct contact with government agencies.

Although interest groups come in many shapes and sizes, we focus our attention on the large associations that represent the major socioeconomic forces in society. These associations normally have a national organization, a so-called *peak association*, that speaks for its members.

Business

Two major organizations represent business and industrial interests within the political process. The *Federation of German Industry (BDI)* is the peak association for 35 separate industrial groupings. The BDI-affiliated associations represent nearly every major industrial firm, forming a united front that enables industry to speak with authority on matters affecting their interests.

The *Confederation of German Employers' Associations (BDA)* includes an even larger number of business organizations. Virtually every large or medium-sized employer in the nation is affiliated with one of the 68 employer and professional associations of the BDA.

Although the two organizations have overlapping membership, they have different roles within the political process. The BDI represents business on national political matters. Its officials participate in government advisory committees and planning groups, presenting the view of business to government officials and Cabinet ministers.

In contrast, the BDA represents business on labor and social issues. The individual employer associations negotiate with the labor unions over employment contracts. At the national level, the BDA represents business on legislation dealing with social security, labor legislation, and social services. It also nominates business representatives for a variety of government committees, ranging from the media supervisory boards to social security committees.

Business interests have a long history of close relations with the Christian Democrats and conservative politicians. Companies and their top management provide significant financial support for the Christian Democrats, and many Bundestag deputies have strong ties to business. Yet both Social Democrats and Christian Democrats readily accept the legitimate role of business interests within the policy process.

Labor

The *German Federation of Trade Unions (DGB)* is the peak association that incorporates eight separate unions—spanning a range from the metalworking and building trades to the chemical industry and the postal system—into a single organizational structure.³⁸ The DGB represents more than 7 million workers. However, union membership has declined and today barely a third of the labor force belongs to a union. This membership includes many industrial workers and an even larger percentage of government employees.

As a political organization, the DGB has close ties to the Social Democratic Party, although there is no formal institutional bond between the two. Most SPD deputies in the Bundestag are members of a union, and about one-tenth are former labor union officials. The DGB represents the interests of labor in government conference groups and Bundestag committees. The large mass membership of the DGB also makes union campaign support and

the union vote an essential part of the SPD's electoral base.

In spite of their differing interests, business and unions have shown an unusual ability to work together. The Economic Miracle was possible because labor and management implicitly agreed that the first priority was economic growth, from which both sides would prosper. Work time lost through strikes and work stoppages has been consistently lower in the Federal Republic than in most other Western European nations.

This cooperation is encouraged by joint participation of business and union representatives in government committees and planning groups. Cooperation also extends into industrial decision making through *codetermination (Mitbestimmung)*, a federal policy that requires half of the board of directors in large companies to be elected by the employees. The system was first applied to the coal, iron, and steel industries in 1951; a 1976 law extended a modified form to large corporations in other fields. When codetermination was introduced, there were dire forecasts that it would destroy German industry. The system generally has been successful, however, in fostering better labor-management relations and thereby strengthening the economy. The Social Democrats also favor codetermination because it introduces democratic principles into the economic system.

Religious Interests

Religious associations are the third major organized interest in German politics. Rather than being separated from politics, as in the United States, church and state are closely related. The churches are subject to the rules of the state, and in return they receive formal representation and support from the government.

The churches are financed mainly through a church tax collected by the government. The government adds a surcharge (about 10 percent) to an employee's income tax, and the government transfers this amount to the employee's church. A taxpayer can officially decline to pay that tax, but social norms discourage this step. Similarly, Catholic primary schools in several states receive government funding, and the churches accept government

subsidies to support their social programs and aid to the needy.

In addition to this financial support, the churches are often directly involved in the policy process. Church appointees regularly sit on government planning committees that deal with education, social services, and family affairs. By law, the churches participate on the supervisory boards of the public radio and television networks. Members of the Protestant and Catholic clergy occasionally serve in political offices, as Bundestag deputies or as state government officials.

Although the Catholic and Protestant churches receive the same formal representation by the government, the two churches differ in their political styles. The Catholic Church has close ties to the Christian Democrats, and at least implicitly encourages its members to support these parties and their conservative policies. The Catholic hierarchy is not hesitant to lobby the government on legislation dealing with social or moral issues. With its abundant resources and tightly structured organization, the Catholic Church often wields an influential role in policymaking.

The Protestant Church is a loose association of mostly Lutheran churches spread across Germany. The pattern of the church's political involvement varies with the preferences of local pastors and bishops and their respective congregations. In the West, the Protestant churches have minimized their involvement in partisan politics, although they are seen as favoring the Social Democrats. Protestant groups also work through their formal representation on government committees or function as individual lobbying organizations.

The Protestant Church in the GDR played a more significant political role because it was one of the few organizations that retained its autonomy from the state. Churches were meeting places for people who wanted to discuss freely the social and moral aspects of contemporary issues. As the East German revolution gathered force in 1989, churches in Leipzig, East Berlin, and other cities granted sanctuary for citizens' groups. Weekly services acted as a rallying point for opposition to the regime. Religion was not the opiate of the people, as Marx had feared, but one of the forces that swept the Communists from power.

Despite their institutionalized role in the Federal Republic's formal system of interest group representation, the influence of both the Catholic and Protestant churches has gradually waned over the past several decades. Declining church attendance in both West and East marks a steady secularization of German society. About one-tenth of Westerners claim to be nonreligious, as are nearly half the residents in the East. The gradual secularization of German society suggests that the churches' popular base will continue its slow erosion.

New Politics Movement

In recent years, a new set of political groups has emerged as part of the New Politics movement. Challenging business, labor, religion, agriculture, and other established socioeconomic interests, these new organizations have focused their efforts on the lifestyle and quality-of-life issues facing Germany.³⁹ Environmental groups are the most visible part of the movement. Following the flowering of environmental interests in the 1970s, antinuclear groups popped up like mushrooms around nuclear power facilities, local environmental action groups proliferated, and new national organizations formed. Another part of the New Politics network has been the women's movement. That movement developed a dualistic strategy for improving the status of women: changing the consciousness of women and reforming the laws. A variety of associations and self-help groups at the local level nurture the personal development of women, while other organizations focus on national policymaking.

These New Politics groups have distinct issue interests and their own organizations, but they are also parts of a common movement unified by their shared interest in the quality of life for individuals, whether it is the quality of the natural environment, the protection of human rights, or peace in an uncertain world. They draw their members from the same social base: young, better-educated, and middle-class citizens. These groups also are more likely to use unconventional political tactics, such as protests and demonstrations.

The New Politics movement does not wield the influence of the established interest groups, although their membership now exceeds the size of

the formal membership in the political parties. These groups have become important and contentious actors in the political process. Moreover, the reconciliation of women's legislation in the united Germany and the resolution of the East's nearly catastrophic environmental problems are likely to keep these concerns near the top of the political agenda.

THE PARTY SYSTEM

The party system presents one of the clearest examples of the different political histories of the FRG and the GDR. Following World War II, the Western Allies created a democratic, competitive party system as part of the new political process in the West. The Allies licensed a diverse set of parties that were free of Nazi ties and committed to democratic procedures. The Basic Law further required that parties support the constitutional order and democratic methods of the Federal Republic. Because of these provisions, the FRG developed a strong system of competitive party politics that was a mainstay of the new democratic order. Elections focused on the competition between the conservative Christian Democrats and the leftist Social Democrats, with the small Free Democratic Party often holding the balance of power. Elections were meaningful: control of the government shifted between the left and right as a function of election outcomes. When New Politics issues entered the political agenda in the 1980s, a new political party, the Greens, emerged to represent these concerns. And in the late 1980s, a small extreme-right party, the *Republikaner (REP)*, formed as an advocate of nationalist policies and antiforeign propaganda.⁴⁰ However, this party has failed to win seats in the Bundestag.

Although the GDR ostensibly had a multiparty system and elections, this presented only the illusion of democracy—the Socialist Unity Party (SED) firmly held political power. In advance of an election, the SED would assemble a National Front list of candidates that would include representatives from the other parties and various social groups. The SED decided the members of this list and each party's allocation of parliamentary seats before the poll. Thus, the elections in the East were largely symbolic acts.

When the GDR collapsed, its party system was drawn into this void. Support for the SED plummeted, and the party distanced itself from its own history by changing its name to the *Party of Democratic Socialism (PDS)*. Many anti-government opposition groups tried to develop into parties in order to compete in the March 1990 elections. Other new political parties represented interests ranging from the Beer Drinkers Union to a women's party. Very soon, however, the West German parties usurped the electoral process, taking over the financing, tactics, organization, and substance of the campaign. The consolidation of the Western and Eastern party system was essentially completed with the 1990 Bundestag election. Today the party system of the new Germany largely represents an extension of the Western system to the East.

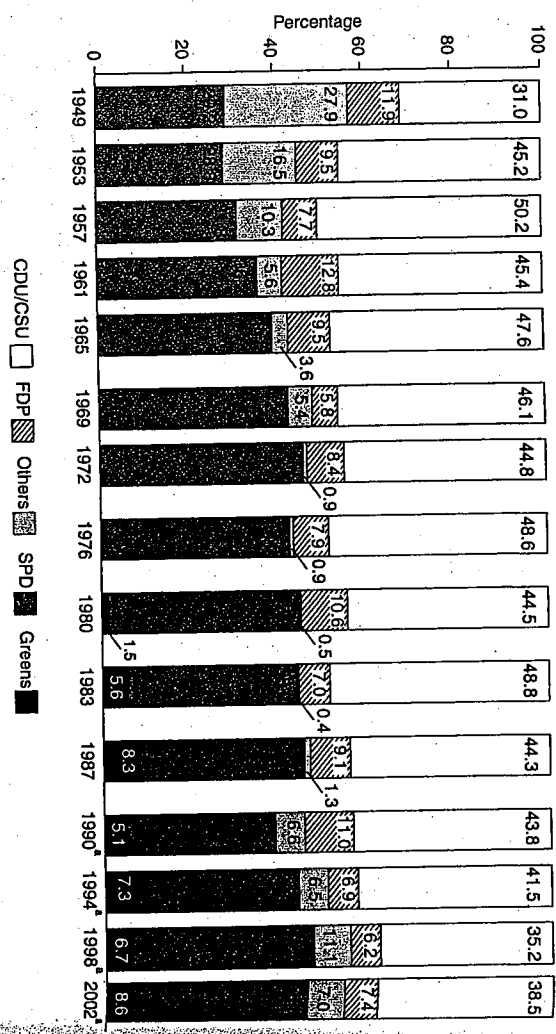
Christian Democrats

The creation of the Christian Democratic Union (CDU) in postwar West Germany signified a sharp break with the tradition of German political parties. The CDU was founded by a mixed group of Catholics and Protestants, businesspeople and trade unionists, conservatives and liberals. Rather than representing narrow special interests, the party wanted to appeal to a broad segment of society in order to gain government power. The party's unifying principle was to reconstruct West Germany along Christian and humanitarian lines. Konrad Adenauer, the party leader, developed the CDU into a conservative-oriented catchall party (*Volkspartei*)—a sharp contrast to the fragmented ideological parties of Weimar. This strategy succeeded: within a single decade the CDU emerged as the largest party, capturing 40 to 50 percent of the popular vote (see Figure 7.6).

The CDU operates in all states except Bavaria, where it allies itself with the *Christian Social Union (CSU)*, whose basic political philosophy is more conservative than the CDU. These two parties generally function as one in national politics (CDU/CSU), forming a single parliamentary group in the Bundestag and campaigning together in national elections.

The CDU/CSU's early voting strength allowed the party to control the government, first under the

FIGURE 7.6 Shares of the Party Vote (Second Vote), 1949–2002



*1990–2002 percentages combine results from Western and Eastern Germany.

leadership of Adenauer (1949–1963) and then under Ludwig Erhard (1963–1966), as shown in Table 7.1. In 1966, however, the party lost the support of its coalition partner, the Free Democrats, and formed a Grand Coalition with the Social Democrats. Following the 1969 election, the Social Democrats and Free Democrats formed a new government coalition; for the first time in the history of the Federal Republic, the CDU/CSU became the opposition party.

In the early 1980s the strains of a weak economy increased public support for the party and its conservative economic program. In 1982 the Christian Democrats and the Free Democrats formed a new conservative government through the first successful constructive no-confidence vote that elected Helmut Kohl as chancellor. Public support for Kohl's policies returned the governing coalition to power following the 1983 and 1987 elections.

The collapse of the GDR in 1989 provided a historic opportunity for the CDU and Kohl. While others looked on the events with wonder or uncertainty, Kohl quickly embraced the idea of closer ties between the two Germanies. Thus, when the March 1990 GDR election became a referendum in support of German unification, the Christian Democrats were assured of victory because of the party's early commitment to German union. Kohl emerged victorious from the 1990 Bundestag elections, but his government struggled with the policy challenges produced by German unification. The governing coalition lost more than 50 seats in the 1994 elections, but Kohl retained a slim majority. By the 1998 elections, the accumulation of 16 years of governing and the special challenges of unification had taken their toll on the party and Helmut Kohl. Many Germans looked for a change. The CDU/CSU fared poorly in the election, especially in the Eastern Länder that were frustrated by their persisting

TABLE 7.1 Composition of Coalition Governments

Date Formed	Source of Change	Coalition Partners ^a	Chancellor
September 1949	Election	CDU/CSU, FDP, DP	Adenauer (CDU)
October 1953	Election	CDU/CSU, FDP, DP, G	Adenauer (CDU)
October 1957	Election	CDU/CSU, DP	Adenauer (CDU)
November 1961	Election	CDU/CSU, FDP	Adenauer (CDU)
October 1963	Chancellor retirement	CDU/CSU, FDP	Erhard (CDU)
October 1965	Election	CDU/CSU, FDP	Erhard (CDU)
December 1966	Coalition change	CDU/CSU, SPD	Kiesinger (CDU)
October 1969	Election	SPD, FDP	Brandt (SPD)
December 1972	Election	SPD, FDP	Brandt (SPD)
May 1974	Chancellor retirement	SPD, FDP	Schmidt (SPD)
December 1976	Election	SPD, FDP	Schmidt (SPD)
November 1980	Election	SPD, FDP	Schmidt (SPD)
October 1982	Constructive no-confidence	CDU/CSU, FDP	Schmidt (SPD)
March 1983	Election	CDU/CSU, FDP	Kohl (CDU)
January 1987	Election	CDU/CSU, FDP	Kohl (CDU)
December 1990	Election	CDU/CSU, FDP	Kohl (CDU)
October 1994	Election	CDU/CSU, FDP	Kohl (CDU)
September 1998	Election	SPD, Greens	Schröder (SPD)
September 2002	Election	SPD, Greens	Schröder (SPD)

^aCDU: Christian Democratic Union; CSU: Christian Social Union; DP: German Party; FDP: Free Democratic Party; G: All-German Bloc Federation of Expellees and Displaced Persons; SPD: Social Democratic Party.

second-class status. The CDU's poor showing in the election was a rebuke to Kohl and he resigned the party leadership.

The CDU made some gains after the election and seemed poised to win several state elections in 1999 and 2000—and then lightning struck. Investigations showed that Kohl had accepted illegal campaign contributions while he was chancellor. Kohl's allies within the CDU were forced to resign, and the party's electoral fortunes suffered. To change its popular image, in 1999 the CDU selected a party leader who was nearly the opposite of Kohl: Angela Merkel (an Easterner, a relative newcomer to politics, a Ph.D. in physics, and a woman).

The CDU/CSU chose Edmund Stoiber, the head of the Christian Social Union, as its chancellor candidate in 2002. Stoiber's campaign stressed the struggling German economy and under his leadership the CDU/CSU gained the same vote share as the Social Democrats and nearly as many seats in the Bundestag (see Figure 7.7). Although an SPD-

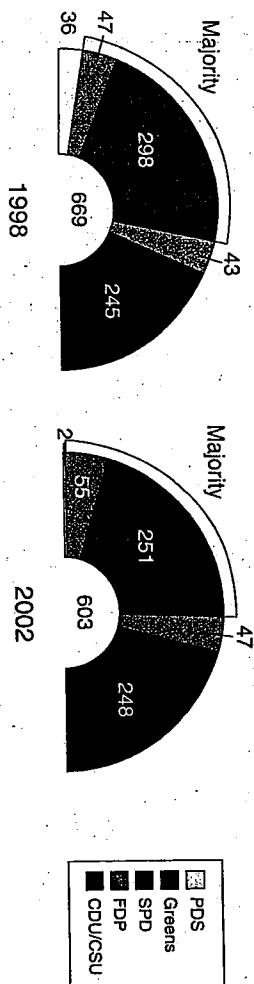
led coalition retained control of the government, the CDU/CSU reemerged from the election as a renewed force in German politics. It has led the SPD in the polls since 2002 and is demonstrating its influence in the Bundestag and state politics.

Social Democrats

The postwar Social Democratic Party (SPD) in West Germany was constructed along the lines of the SPD in the Weimar Republic—an ideological party, primarily representing the interests of unions and the working class.⁴¹ In the early postwar years the Social Democrats espoused strict Marxist doctrine and consistently opposed Adenauer's Western-oriented foreign policy. The SPD's image of the nation's future was radically different from that of Adenauer and the Christian Democrats.

The SPD's poor performance in early elections (see again Figure 7.6) generated internal pressures for the party to broaden its electoral appeal. At the 1959 Godesberg party conference, the party

Figure 7.7 The Distribution of Bundestag Seats in 1998 and 2002



renounced its Marxist economic policies and generally moved toward the center on domestic and foreign policies. The party continued to represent working-class interests, but by shedding its ideological banner the SPD hoped to attract new support from the middle class. The SPD transformed itself into a progressive catchall party that could compete with the Christian Democrats.

An SPD breakthrough finally came in 1966 with the formation of the Grand Coalition (see again Table 7.1). By sharing government control with the CDU/CSU, the Social Democrats alleviated lingering public uneasiness about the party's integrity and ability to govern. Political support for the party also grew as the SPD played an active part in resolving the nation's problems.

Following the 1969 election, a new Social Democrat-Free Democrat government formed with Willy Brandt (SPD) as chancellor. After a period of economic recession, Helmut Schmidt replaced Brandt as chancellor in 1974, and the SPD turned its attention toward the faltering economy. Although the SPD retained government control in the 1976 and 1980 elections, these were trying times for the party. The SPD and the Free Democrats frequently disagreed on economic policy and political divisions developed within the SPD. For example, many young middle-class SPD members opposed nuclear energy and large-scale economic development projects that were favored by the unions.

These policy tensions eventually led to the breakup of the SPD-led government in 1982. Once

again in opposition, the SPD faced an identity crisis. In one election they tried to appeal to centrist voters, in the next election to leftist/Green voters—but neither strategy succeeded. In 1990 the SPD campaign was overtaken by events in the East.

Perhaps no one (except perhaps the Communists) was more surprised than the SPD by the course of events in the GDR in 1989–1990. The SPD had been normalizing relations with the SED as a basis of intra-German cooperation, only to see the SED ousted by the citizenry. The Social Democrats were ambivalent about German unification and stood by quietly as Kohl spoke of a single German *Waterland* to crowds of applauding East Germans. The party's poor performance in the 1990 national elections reflected its inability either to lead or to follow the course of the unification process. Frustrated by the course of German politics and the economy after unification, the public came to the brink of voting the SPD into office in 1994, and then pulled back.

In the spring of 1998 the Social Democrats selected Gerhard Schröder to be their chancellor candidate. Representing the moderate wing of the party, Schröder attracted former CDU/CSU and Free Democrat voters who were disenchanted with the government's performance. The SPD made broad gains in the 1998 election and formed a new coalition government with the environmental Green Party. Schröder pursued a middle course, balancing the centrist and leftist views existing within the governing coalition. For instance, over-

due reductions in tax rates and government spending were paired with a new environmental tax advocated by the Greens. The government allowed German troops to play an active role in Kosovo and Afghanistan, while mandating the phasing out of nuclear power.

As the 2002 election approached, however, the German economy was struggling and the SPD-led government was behind in the polls. Schröder deflected criticism of his economic policy and opposed American policy toward Iraq to gain new votes from Easterners and erode the voter base of the PDS. This strategy succeeded, and the SPD-Green government was returned to office with a narrow majority (see Figure 7.7).

The SPD now faces a growing need for economic and social reforms in a nation divided on these issues—including deep divisions within the governing coalition. It has suffered a series of losses in state elections, indicating the public's dissatisfaction with the government's policies so far.

Free Democratic Party

Although the Free Democratic Party (FDP) is far smaller than the two major parties, it has often wielded considerable political influence. Government control in a multiparty, parliamentary system normally requires a coalition of parties, and the FDP often held enough seats to have a pivotal role in forming the government.

The FDP—created to continue the liberal tradition from the prewar party system—was initially a strong advocate of private enterprise and drew its support from the Protestant middle class and farmers. Its economic policies made the FDP a natural ally of the CDU/CSU (see again Table 7.1). In the mid-1960s the Free Democrats emphasized their liberal foreign and social programs, opening the way for the SPD-FDP coalition that began in 1969. Worsening economic conditions in the early 1980s led to a new coalition with the CDU/CSU that began in October 1982.

The FDP has generally acted as a moderating influence, limiting the leftist leanings of the SPD and the conservative tendencies of the CDU/CSU. This places the party in a precarious position, however,

because if it allies itself too closely with either major party it may lose its political identity. The party struggled with this problem for the past several elections.

In January 2001 Guido Westerwelle won the party leadership; his goal is to return the FDP to a role in the national government. The party fared well in early pre-election polls in 2002, and was seen as the clearest advocate for many of the economic and social reforms that many analysts favored. However, internal party divisions harmed the party's standing in 2002, and its poor showing kept the conservative CDU/CSU-FDP coalition from winning the election. Now the party needs to address its internal divisions and decide the future program of the party.

The Greens

Environmental issues began to attract public attention in the 1970s, and the established parties generally were unresponsive to environmental concerns. The environmental movement therefore developed its own party representative: the Greens.⁴² The party addresses a broad range of New Politics issues: opposition to nuclear energy and Germany's military policies, commitment to environmental protection, support for women's rights, and further democratization of society. The Greens initially differed so markedly from the established parties that one Green leader described them as the "antiparty party."

The party won its first representation in the Bundestag in 1983, becoming the first new party to enter parliament since the 1950s. Using the legislature as a political forum, the Greens campaigned vigorously for an alternative view of politics, seeking much stronger measures to protect the environment and showing staunch opposition to the government's nuclear power program. The Greens also added a bit of color and spontaneity to the normally staid procedures of the political system. The typical dress for Green deputies was jeans and a sweater, rather than the traditional business attire of the established parties; their desks in parliament of ten sprouted flowers, rather than folders of official-looking documents. The party's loose and open internal structure stood in sharp contrast to the

hierarchical and bureaucratized structure of the established parties. Despite initial concerns about the impact of the Greens on the governmental system, most analysts now agree that the party brought necessary attention to political viewpoints that previously were overlooked.

German unification caught the Greens unprepared. The Western Greens opposed the simple eastward extension of the FRG's economic and political systems. Moreover, to stress their opposition to the fusion of both Germanies, the Western Greens refused to form an electoral alliance with the Eastern Greens in the 1990 elections. The Eastern Greens/Alliance '90 won enough votes to enter the new Bundestag in 1990, but the Western Greens fell under the 5 percent threshold and did not win any parliamentary seats on their own. The Greens' unconventional politics had caught up with them. After the 1990 election loss, the Greens charted a more moderate course for the party. Their commitment to the environment and an alternative agenda remained, but they tempered the unconventional style and structure of the party. The party reentered the Bundestag in 1994.

By 1996 the moderates had won control of the Green Party and asked voters to support a new Red-Green coalition of SPD and the Greens. This Red-Green coalition received a majority in the election, and for the first time the Greens became part of the national government. It is difficult to be an outsider when one is inside of the establishment, however. The anti-party party struggled to balance its unconventional policies against the new responsibilities of governing—and has steadily given up its unconventional style. For instance, the party supported military intervention into Kosovo, despite its pacifist traditions; it supported tax reform that lowered the highest rates in exchange for a new environmental tax. It pressed for the abolition of nuclear power, but agreed to wait 30 years for this to happen. In the 2002 campaign, the anti-elitist Greens ran a campaign heavily based on the personal appeal of their leader, Joschka Fischer. The Greens' success in 2002 is what returned the Schröder government to power. The Greens have become a conventional party in terms of their style, now pursuing unconventional and reformist policies.

Communists to the Party of Democratic Socialism

The Communists were one of the first political parties to form in postwar Germany, and the party's history reflects the two paths Germany followed. In the West, the Communist Party (KPD) suffered because of its identification with the Soviet Union and the GDR. The party garnered a shrinking sliver of the vote in the early elections, and then in 1956 the Constitutional Court banned the party because of its undemocratic principles. A reconstituted party began contesting elections again in 1969 but never attracted a significant following.

The situation was obviously different in the East. As World War II was ending, Walter Ulbricht returned to Berlin from exile in Moscow; he reorganized the Communist Party in the Soviet military zone. In 1946 the Soviets forced a merger of the Eastern KPD and SPD into a new Socialist Unity Party of Germany (SED), which became the ruling institution in the East. The SED controlled the government apparatus and the electoral process; party agents were integrated into the military command structure; the party supervised the infamous state security police (*Stasi*); and party membership was a prerequisite to positions of authority and influence. The state controlled East German society, and the SED controlled the state.

In 1989 the SED's power collapsed along with the East German regime. Party membership plummeted, and local party units abolished themselves. The omnipotent party suddenly seemed impotent. To save the party from complete dissolution and to enable it to compete in the new democratic environment in the East, the party changed its name in February 1990 and became the Party of Democratic Socialism (PDS). The old party guard was ousted from positions of authority, and new moderates took over the leadership.

The PDS has campaigned as the representative of those who opposed the economic and social course of German unity. In the 1990 Bundestag elections the PDS won 11 percent of the Eastern vote, although it captured only 2 percent of the national vote. The PDS shared in the proportional distribution of Bundestag seats in the 1994 and 1998

elections (see the following discussion of the electoral system).

The future role of the PDS is uncertain following the 2002 election. The party holds only two seats in the Bundestag and gained less than 5 percent of the national vote. The PDS suffered partly because of internal party divisions and partly because the SPD consciously sought the support of former PDS voters in the East. Although the PDS is still very active in state and local politics in the East, the lack of national standing will limit the party's influence and the lack of effective leaders may weaken the party in the future.

THE ELECTORAL SYSTEM

The framers of the Basic Law had two goals in mind when they designed the electoral system. One was to create a *proportional representation (PR)* system—a system that allocates legislative seats based on a party's percentage of the popular vote. If a party receives 10 percent of the popular vote, it should receive 10 percent of the Bundestag seats. Other individuals saw advantages in the system of single-member districts used in Britain and the United States. They thought that this system would avoid the fragmentation of the Weimar party system and ensure some accountability between an electoral district and its representative.

To satisfy both objectives, the FRG created a mixed electoral system. On one part of the ballot citizens vote for a candidate to represent their district. The candidate with the most votes in each district is elected to parliament.

On a second part of the ballot voters select a party. These second votes are added nationwide to determine each party's share of the popular vote. A party's proportion of the second vote determines its total representation in the Bundestag. Each party receives additional seats so that its percentage of the combined candidate and party seats equals its percentage of the second votes. These additional seats are distributed according to lists prepared by the state parties before the election. Half of the Bundestag members are elected as district representatives and half as party representatives.⁴³

One major exception to this PR system is the 5-percent clause, which stipulates that a party must win at least 5 percent of the national vote (or three district seats) to share in the distribution of party-list seats.⁴⁴ The law is designed to withhold representation from the type of small extremist parties that plagued the Weimar Republic. In practice, however, the 5-percent clause handicaps all minor parties and contributes to the development of a few large parties.

This mixed system has several consequences for electoral politics. The party-list system gives party leaders substantial influence on who will be elected to parliament by the placement of candidates on the list. The PR system also ensures fair representation for the smaller parties. The FDP, for example, has won only one direct candidate mandate since 1957, and yet it receives Bundestag seats based on its national share of the vote. In contrast, Britain's district-only system discriminates against small parties; in 2001 the British Liberal Democrats won 18.3 percent of the national vote but only 7.8 percent of the parliamentary seats. The German two-vote system also affects campaign strategies. Although most voters cast both their ballots for the same party, the FDP traditionally encourages supporters of its larger coalition partner to "lend" their second votes to the Free Democrats. In recent federal elections these split ballots kept the FDP above the 5-percent hurdle. Perhaps because of its mixed features, variations of the German electoral system have been used in the new democracies of Hungary and Russia; Italy, Japan, and New Zealand introduced versions of this system in the early 1990s.

The Electoral Connection

One of the essential functions of political parties in a democracy is interest representation. Elections provide individuals and social groups with an opportunity to select political elites who share their views. In turn, this choice leads to the representation of voter interests in the policy process because a party must be responsive to its electoral coalition if it wants to retain its support.

The ideological and policy differences among parties are reflected in the patterns of support across social groups. Social differences in voting have

TABLE 7.2 Electoral Coalitions of the Parties in the 2002 Federal Elections

	SPD	Greens	CDU/CSU	FDP	Total Public
Region					
West	78.3	89.0	85.3	81.0	80.9
East	21.7	11.0	14.7	19.0	19.1
Occupation					
Worker	34.4	17.1	22.3	21.1	27.1
Self-employed	6.4	18.3	19.5	23.7	13.8
White collar/government	59.2	64.1	58.2	55.3	59.1
Education					
Primary	41.0	22.5	34.3	31.7	35.3
Secondary	36.5	21.6	37.4	35.4	35.4
Advanced	22.5	55.9	28.3	32.9	29.4
Religion					
Catholic	29.3	35.6	47.2	21.2	35.3
Protestant	41.8	33.9	38.1	44.7	36.4
Other, none	28.9	30.5	14.7	34.1	28.3
Size of town					
less than 5,000	31.7	28.0	31.3	28.9	30.8
5,000-20,000	22.2	26.3	27.2	25.3	24.7
20,000-100,000	20.6	15.3	21.2	27.7	20.5
more than 100,000	25.5	30.5	20.2	18.1	24.0
Age					
Under 40	36.1	46.6	32.5	39.3	37.2
40-59	32.5	32.2	32.0	35.7	32.0
60 and over	31.4	21.2	35.5	25.0	30.8
Gender					
Male	46.1	52.5	48.1	49.4	47.9
Female	53.9	47.5	51.9	50.6	52.1

Source: September 16-20, 2002 German Election Study, conducted by the Forschungsguppe Wahlen for the *Zweite Deutsche Fernsehstudie* (weighted N=1277). Some percentages do not total 100 because of rounding or missing cases. Dieter Roth provided access to these data.

gradually narrowed in the Federal Republic and unification has added several million new voters and partially changed the composition of the electorate. Still, the voting patterns for the combined German electorate in 2002 reflect the traditional social divisions in German society and politics (see Table 7.2).⁴⁵

The SPD's electoral coalition draws more voters from the liberal sectors of society, with greater support from workers, the less-educated, and Protestants. The party's strength is concentrated in central and north Germany, especially in the cities; the SPD gained significantly among Eastern voters in 2002.

The CDU/CSU's base is almost the reverse of the SPD's voters: a large share of CDU/CSU voters comes from the middle class, seniors, and residents of rural areas and small towns. Catholic voters also give disproportionate support to the party.

The Greens have a very distinct electoral base heavily drawn from groups that support New Politics movements: the new middle class, the better educated, and urban voters. Even more striking are the age differences in party support: many (46.6 percent) Green voters are under 40, though this is down markedly from previous elections. In 2002 the Greens' voter balance became more like the

electorate overall, perhaps indicating its less distinctive image as a result of its more conventional image and reliance on Fischer's personality as an attraction for voters.

The FDP's voter base in 2002 illustrates the party's new electoral appeal. The FDP voters include new young voters; the party also increased its vote share beyond its traditional base among Protestant members of the middle class. In addition, the FDP was more successful in 2002 in appealing to Eastern voters.

The incorporation of the new voters from the East is still producing strains within the German party system. The SPD's appeal to Easters will give them a new voice within the government, but the losses for the PDS may leave other views unrepresented. At the same time, the Greens and FDP have become distinctly Western parties in their voter appeal. The 2002 results suggest that East-West political divisions are continuing.

Party Government

Political parties in Germany deserve special emphasis because they are such important actors in the political process, perhaps even more important than in most other European democracies. Some observers describe the political system as government for the parties, by the parties, and of the parties.

The Basic Law is unusual because it specifically refers to political parties (the American Constitution does not). Because the German Empire and the Third Reich suppressed political parties, the Basic Law guarantees their legitimacy and their right to exist—if they accept the principles of democratic government. Parties are also designated as the primary institutions of representative democracy. They act as intermediaries between the public and the government and function as means for citizen input on policy preferences. The Basic Law takes the additional step of assigning an educational function to the parties, directing them to "take part in forming the political will of the people." In other words, the parties should take the lead and not just respond to public opinion.

The centrality of parties in the political process appears in several ways. There are no direct pri-

maries that would allow the public to select party representatives in Bundestag elections. Instead, district candidates are nominated by a small group of official party members or by a committee appointed by the membership. Party-list candidates are selected at state party conventions. Thus, the leadership has discretion in selecting list candidates and their ordering on the list. This power can be used to reward faithful party supporters and discipline party mavericks; placement near the top of a party list virtually ensures election, and low placement carries little chance of a Bundestag seat.

The dominance of party is also evident throughout the election process. Most voters view the candidates merely as party representatives rather than as independent political figures. Even the district candidates are elected primarily because of their party ties. Bundestag state and European election campaigns are financed by the government with the parties receiving public funds for each vote they get. Again, government funding and access to public media are allocated to the parties, not the individual candidates. Government funding for the parties also continues between elections, to help them perform their informational and educational functions as prescribed in the Basic Law.

Within the Bundestag, the parties are even more influential. Organizationally, the Bundestag is structured around party groups (*Fraktion*) rather than individual deputies. The important legislative posts and committee assignments are restricted to members of a party *Fraktion*. The size of a *Fraktion* determines its representation on legislative committees, its share of committee chairs, and its participation in the executive bodies of the legislature. Government funds for legislative and administrative support are distributed to the *Fraktion*, not to the deputies.

Because of these forces, the cohesion of parties within the Bundestag is exceptionally high. Parties caucus before major legislation to decide the party position, and most legislative votes follow strict party lines. This is partially a consequence of a parliamentary system and partially a sign of the pervasive influence parties have throughout the political process.

THE POLICY PROCESS

The policymaking process may begin from any part of society—an interest group, a political leader, an individual citizen, or a government official. Because these elements interact in making public policy, it is difficult to trace the true genesis of any policy idea. Moreover, once a new policy is proposed, other interest groups come into play and become active in amending, supporting, or opposing the policy.

The pattern of interaction among policy actors varies with time and policy issues. One set of groups is most active on labor issues, and they use the methods of influence that are most successful for their cause. A very different set of interests may assert themselves on defense policy and use far different methods of influence. This variety makes it difficult to describe policymaking as a single process, although the institutional framework for enacting policy is relatively uniform in all policy areas.

The growing importance of the European Union has also changed the policymaking process for its member states (see Chapter 12).⁴⁶ Now policies made in Brussels often take precedence over German legislation. Laws passed by the German government must conform to EU standards in many areas. The European Court of Justice also has the power to overturn laws passed by the German government. Thus policymaking is no longer a solely national process.

This section describes the various arenas in which policy actors compete within the German political process, and clarifies the balance of power between the institutions of the German government.

Policy Initiation

Most issues reach the formal policy agenda through the executive branch. One reason for this predominance is that the Cabinet and the ministries manage the affairs of government. They are responsible for preparing the budget, formulating revenue proposals, administering existing policies, and the other routine activities of government. The nature of a parliamentary democracy further strengthens the policymaking influence of the chancellor and the Cabinet. The chancellor acts as the primary policy

spokesperson for the government and for a majority of the Bundestag deputies. In speeches, interviews, and formal policy declarations, he sets the policy agenda for the government. It is the responsibility of the chancellor and Cabinet to propose new legislation to implement the government's policy promises. Interest groups realize the importance of the executive branch, and they generally work with the federal ministries—rather than Bundestag deputies—when they seek new legislation.

This focus on the executive branch means that the Cabinet proposes about two-thirds of the legislation considered by the Bundestag. Thirty members of the Bundestag may jointly introduce a bill, but only about 20 percent of legislative proposals begin in this manner. Most of the Bundestag's own proposals involve private-member bills or minor issues. State governments also can propose legislation in the Bundestag, but they do so infrequently.

The Cabinet attempts to follow a consensual decision-making style in establishing the government's policy program. Ministers seldom propose legislation that is not expected to receive Cabinet support. The chancellor has a crucial part in ensuring this consensus. The chancellor's office coordinates the legislative proposals drafted by the various ministries. If the chancellor feels that a bill conflicts with the government's stated objectives, he may ask that the proposal be withdrawn or returned to the ministry for restudy and redrafting. If a conflict on policy arises between two ministries, the chancellor may mediate the dispute. Alternatively, interministerial negotiations may resolve the differences. Only in extreme cases is the chancellor unable to resolve such problems; when such stalemates occur, policy conflicts are referred to the full Cabinet.

In Cabinet deliberations the chancellor also has a major part. The chancellor is a fulcrum, balancing conflicting interests to reach a compromise that the government as a whole can support. His leadership position gives him substantial influence as he negotiates with Cabinet members. Very seldom does a majority of the Cabinet oppose the chancellor. When the chancellor and Cabinet agree on a legislative proposal, they occupy a dominant position in the legislative process. Because the Cab-

inet also represents the majority in the Bundestag, most of its initiatives are eventually enacted into law. In the twelfth Bundestag (1994–1998), more than 90 percent of the government's proposals became law; in contrast, about 30 percent of the proposals introduced by Bundestag members became law. The government's legislative position is further strengthened by provisions in the Basic Law that limit the Bundestag's authority in fiscal matters. The parliament can revise or amend most legislative proposals. It cannot, however, alter the spending or taxation levels of legislation proposed by the Cabinet. Parliament cannot even reallocate expenditures in the budget without the approval of the finance minister and the Cabinet.

Legislating Policy

When the Cabinet approves a legislative proposal, the government sends it to the Bundestag for review (see Figure 7.8). After receiving the Bundestag's comments, the Cabinet formally transmits the government's proposal to the Bundestag. The bill receives a first reading, which places it on the agenda of the chamber, and it is assigned to the appropriate committee.

Much of the Bundestag's work takes place in these specialized committees. The committee structure generally follows the divisions of the federal ministries, such as transportation, defense, labor, or agriculture. Because bills are referred to the committee early in the legislative process, committees have real potential for reviewing and amending their content. Committees evaluate proposals, consult with interest groups, and then submit a revised proposal to the full Bundestag. Research staffs are small, but committees also use investigative hearings. Government and interest group representatives testify on pending legislation, and committee members themselves often have expertise in their designated policy area. Most committees hold their meetings behind closed doors. The committee system thus provides an opportunity for frank discussions of proposals and negotiations among the parties before legislation reaches the floor of the Bundestag.

When a committee reports a bill, the full Bundestag examines it and discusses any proposed revisions. At this point in the legislative process, how-

ever, political positions already are well established. Leaders in the governing parties participated in the initial formulation of the legislation. The parties have caucused to decide their official position. Major revisions during the second and third readings are infrequent; the government generally is assured of the passage of its proposals as reported out of committee.

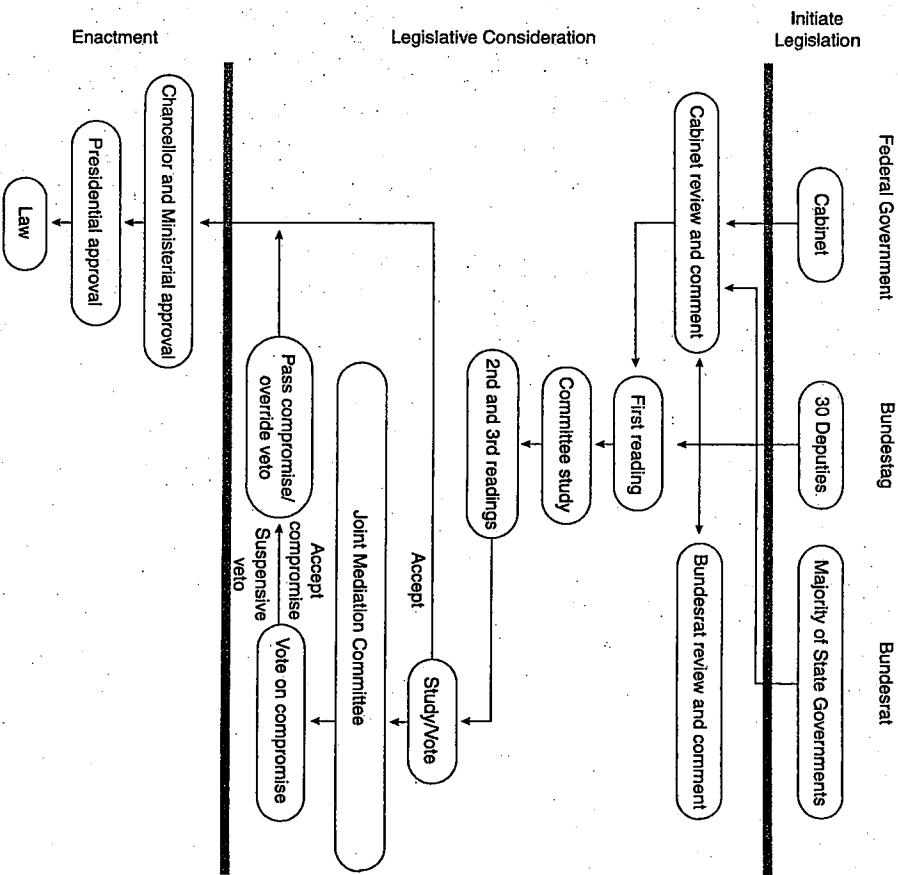
Bundestag debate on the merits of government proposals is thus mostly symbolic. It allows the parties to present their views to the public. The successful parties explain the merits of the new legislation and advertise their efforts to their supporters. The opposition parties place their objections in the public record. Although these debates seldom influence the outcome of a vote, they are nevertheless an important part of the Bundestag's information function.

A bill that passes the Bundestag is transmitted to the Bundestag. The Bundestag represents the state governments in the federal policy process. The legislative authority of the Bundestag equals the Bundestag in areas where the states share concurrent powers with the federal government or administer federal policies. In these areas the approval of the Bundestag is necessary for a bill to become law. In the remaining policy areas that do not involve the states directly, such as defense or foreign affairs, Bundestag approval of legislation is not essential. About two-thirds of legislative proposals now require Bundestag approval.

The sharing of legislative power between the state and federal governments has mixed political consequences. State leaders can adapt legislation to local and regional needs through their influence on policymaking. This division of power also provides another check in the system of checks and balances. With strong state governments, it is less likely that one leader or group could control the political process by usurping the national government.

The Bundestag's voting procedures give disproportionate weight to the smaller states: states representing only a third of the population control half the votes in the Bundestag. Thus, the Bundestag cannot claim the same popular legitimacy as the proportionally represented and directly elected Bundestag. The Bundestag voting system may encourage

FIGURE 7.8 The Legislative Process



parochialism by the states. The states vote as a bloc; therefore, they view policy from the perspective of the state, rather than the national interest or party positions. The different electoral bases of the Bundestag and Bundestag make such tensions over policy an inevitable part of the legislative process.

During most of the 1990s and into the 2000s, different party coalitions controlled the Bundestag and the Bundestag. In one sense, this division

strengthened the power of the legislature because the federal government had to negotiate with the opposition in the Bundestag, especially on the sensitive issues of German union. But divided government also prevented necessary new legislation in a variety of areas.

As in the Bundestag, much of the Bundestag's work is done in specialized committees where bills are scrutinized for both their policy content and

their administrative implications for the states. After committee review, a bill is submitted to the full Bundestag. If the Bundestag approves of the measure, it transmits the bill to the chancellor for his signature. If the Bundestag objects to the Bundestag's bill, the representatives of both bodies meet in a joint mediation committee and attempt to resolve their differences.

The mediation committee submits its recommendation to both legislative bodies for their approval. If the proposal involves the state governments, the Bundestag may cast an absolute veto and prevent the bill from becoming a law. In the remaining policy areas, the Bundestag can cast only a suspensive veto. If the Bundestag approves of a measure, it may override a suspensive veto and forward the proposal to the chancellor. The final step in the process is the promulgation of the law by the federal president.

Throughout the legislative process, the executive branch is omnipresent. After transmitting the government's proposal to the Bundestag, the federal ministers work in support of the bill. Ministry representatives testify before Bundestag and Bundestag committees to present their position. Cabinet ministers lobby committee members and influential members of parliament. Ministers may propose amendments or negotiate policy compromises to resolve issues that arise during parliamentary deliberations. Government representatives may also attend meetings of the joint mediation committee between the Bundestag and Bundestag; no other nonparliamentary participants are allowed. The government frequently makes compromises and accepts amendments proposed in the legislature. The executive branch, however, retains a dominant influence on the policy process.

Policy Administration

In another attempt to diffuse political power, the Basic Law assigned the administrative responsibility for most domestic policies to the state governments. As one indicator of the states' central administrative role, the states employ more civil servants than the federal and local governments combined.

Because of the delegation of administrative responsibilities, federal legislation normally is fairly

detailed to ensure that the actual application of a law matches the government's intent. Federal agencies may also supervise state agencies, and in cases of dispute they may apply sanctions or seek judicial review.

Despite this oversight by the federal government, the states retain discretion in applying most federal legislation. In part, they do so because the federal government lacks the resources to follow state actions closely. Federal control of the states also requires Bundestag support, where claims for states' rights receive a sympathetic hearing. This decentralization of political authority provides additional flexibility for the political system.

Judicial Review

As in the United States, legislation in Germany is subject to judicial review. The Constitutional Court has the authority to evaluate the constitutionality of legislation and to void laws that violate the provisions of the Basic Law.⁴⁷

Constitutional issues are brought before the court by one of three methods. The most common involves constitutional complaints filed by individual citizens. Citizens may appeal directly to the court when they feel that their constitutional rights were violated by a government action. More than 90 percent of the cases presented to the court arise from citizens' complaints. Moreover, cases can be filed without paying court costs and without a lawyer. The court is thus like an ombudsman, assuring the average citizen that his or her fundamental rights are protected by the Basic Law and the court.

The Constitutional Court also hears cases based on "concrete" and "abstract" principles of judicial review. Concrete review involves actual court cases that raise constitutional issues and are referred by a lower court judge to the Constitutional Court. In an abstract review the court rules on legislation as a legal principle, without reference to an actual case. The federal government, a state government, or one-third of the Bundestag deputies can request review of a law. This procedure is sometimes used by groups that fail to block a bill during the legislative process. In recent years various groups have challenged the constitutionality of the unification treaty with the GDR (upheld), abortion

reform law (overturned), the involvement of German troops in UN peacekeeping roles (upheld), the new citizenship law (upheld), and several other important pieces of legislation. Over the last two decades, the court received an average of two or three such referrals a year.⁴⁸ Judicial review in the abstract expands the constitutional protection of the Basic Law. This directly involves the court in the policy process and may politicize the court as another agent of policymaking.

POLICY PERFORMANCE

By most standards, the two Germanies could both boast of their positive records of government performance. The Federal Republic's economic advances in the 1950s and early 1960s were truly phenomenal, and the progress in the East was nearly as remarkable. By the 1980s West Germany had one of the strongest economies in the world and its living standard was among the highest of any nation. Other government policies improved the educational system, increased workers' participation in industrial management, extended social services, and improved environmental quality.

Although economic and social development in the East lagged that of the West, the GDR had its own impressive record of policy accomplishments. East Germany developed a network of social programs, some of which were even more extensive than in the West. The GDR was the economic miracle of the Eastern bloc and the strongest economy in COMECON. Despite this progress, the political and social systems in the East crumbled when the opportunity for change became apparent. Now, a unified Germany faces the challenges of maintaining the advances in the West and improving conditions in the East.

At this point, the outcomes are still uncertain. The integration of two different welfare systems, two different legal systems, two different military systems and two different social systems cannot simply be resolved by the decision to unify. Perhaps the best forecasts we can make for the future are based on the present policy programs and outputs of the Federal Republic, since these systems have been gradually extended to the East. Then after discussing the Fed-

eral Republic's policy record, we can consider the major policy challenges facing the nation.

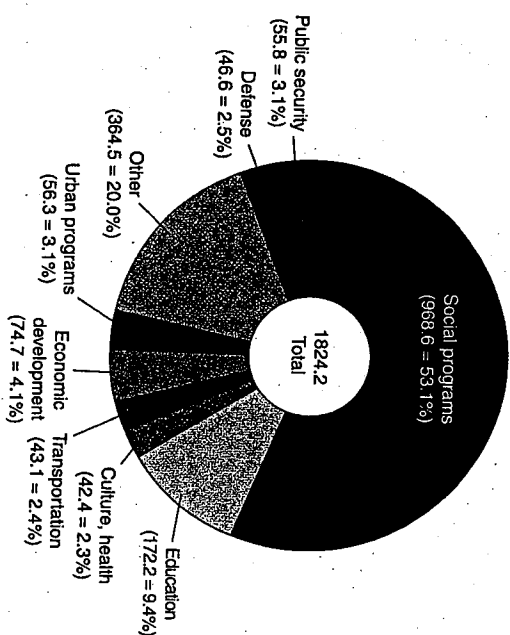
The Federal Republic's Policy Record

For Americans who hear politicians rail against "big government" in the United States, the size of the German government gives greater meaning to this term. Over the past half century the scope of German government has increased both in total public spending and in new policy responsibilities. Today, government spending accounts for almost half of the total economy, the federal government manages many economic enterprises, and government regulations touch many areas of the economy and society. Germans are much more likely than Americans to consider that the state is responsible for addressing social needs and to support government policy activity. In summary, total public expenditures—federal, state, local, and the social security system—have increased from less than 15 billion Euro (€) in 1950 to 269 € billion in 1975, and over 987 € billion for a united Germany in 2002, which is nearly 50 percent of the gross domestic product.

It is difficult, however, to describe the activities of government in precise terms of revenue and budgets. A major complicating factor is Germany's extensive network of social services. Social security programs are the largest part of public expenditures; however, they are managed in insurance programs that are separate from the government's normal budget.

Another complicating factor is Germany's federal system. The Basic Law distributes policy responsibilities among the three levels of government. Local authorities provide utilities (electricity, gas, and water), operate the hospitals and public recreation facilities, and administer youth and social assistance programs. The states manage educational and cultural policies. They also hold primary responsibility for public security and the administration of justice. The federal government's responsibilities include foreign policy and defense, transportation, and communications. Consequently, public expenditures are distributed fairly evenly over the three levels of government. In 2003 the federal budget's share was 28.3

FIGURE 7.9 The Distribution of Total Public Expenditures, 1998^a



^aIn DM billions.

Source: Statistisches Jahrbuch für die Bundesrepublik Deutschland 2001, p. 506.

percent, the state governments spent 25.9 percent, and the local governments spent 25.9 percent.

Figure 7.9 describes the activities of government, combining public spending by local, state, and federal governments, as well as the expenditures of the social insurance systems in 1998. Public spending on social programs alone amounted to DM 968.6 billion, more than was spent on all other government programs combined. Because of these extensive social programs, analysts often describe the Federal Republic as a welfare state, or more precisely a social services state. A compulsory social insurance system includes nationwide health care, accident insurance, unemployment compensation, and retirement benefits. Other programs provide financial assistance for the needy and individuals who cannot support themselves. Finally, additional programs spread the benefits of the Economic Miracle regardless of need. For instance, the government provides financial assistance to all families with children and has special tax-free savings plans and

other savings incentives for the average wage earner. The unemployment program is a typical example of the range of benefits available (see Box 7.4). For much of the history of West Germany, politicians competed to extend the coverage and benefits of such programs. Despite efforts by the CDU government in the 1980s to scale back the scope of government activity, the basic structure of the welfare state has endured.

Unification has put this system (and the federal budget) to a new test. Unemployment, welfare and health benefits for the East provided basic social needs during the difficult economic times following unification. However, this came at a cost of several hundred billion Deutschmarks (now Euros). This places new strains on the political consensus in support of these social programs, as well as the government's ability to provide these benefits (see following discussion).

The federal government is, of course, involved in a range of other policy activities. Education, for

Box 7.4 German Unemployment Benefits

An unemployed worker receives insurance payments that provide up to 67 percent of normal pay (60 percent for unmarried workers or those without children) for up to a year. After a year, unemployment assistance continues at a reduced rate for a period depending on one's age. The government pays the social insurance

contributions of individuals who are unemployed, and government labor offices help the unemployed worker find new employment or obtain retraining for a new job. If the worker locates a job in another city, the program partially reimburses travel and moving expenses.

example, is an important concern of all three levels of government, accounting for about one-tenth of all public spending (see again Figure 7.9). The federal government is also deeply involved in communications and transportation. Much of the electronic media, television, and radio, are owned or managed by the government. The federal government also owns and operates the railway system.

In recent years the government's policy agenda has expanded to include some new issues: environmental protection is the most visible example. Several indicators of air and water quality show real improvements in recent decades, and Germany has an ambitious recycling program. The SPD-Green government developed stronger policies for environmental protection, such as phasing out nuclear power and programs to limit global warming.

Defense and foreign relations are another important activity of government. More than for most other European nations, the FRG's economy and security system are based on international interdependence. The Federal Republic's economy depends heavily on exports and foreign trade; in the mid-1990s over one-fourth of the Western labor force produced goods for export, a percentage much higher than that for most other industrial economies.

The FRG's international economic orientation has made the nation's membership in the *European Union (EU)* a cornerstone of its economic policy. The FRG was an initial advocate of the EU and has benefitted considerably from its EU membership. Free access to a large European market was essential to the success of the Economic Miracle, and it is a continuing basis of the FRG's export-oriented economy. Germany's integration into the EU has gradually grown over recent decades, most recently illus-

trated by the currency shift from the Deutschmark (DM) to the EURO (€) in 2002. At the same time, participation in EU decision making gives the Federal Republic an opportunity to influence the course of European political development.

The Federal Republic is also integrated into the Western military alliance through its membership in the North Atlantic Treaty Organization. Among the Europeans, the Federal Republic makes the largest personnel and financial contribution to NATO forces, and the German public supports the NATO alliance. In the post-Cold War world, however, the threats to Germany's national security no longer come from the Warsaw Pact in the East. This has led to a reduction in overall defense spending to less than 3 percent of total public spending.

Public expenditures show the policy efforts of the government, but the actual results of this spending are more difficult to assess. Most indicators of policy performance suggest that the Federal Republic has been relatively successful in achieving its policy goals. Standards of living have improved dramatically, and health statistics show similar improvement. Although localized shortages of housing still appear in the West, overall housing conditions have steadily improved. Even in new policy areas such as energy and the environment, the government has made real progress. The opinions of the public reflect these policy advances (see Table 7.3). In 1998 most Westerners were satisfied with most aspects of life that might be linked to government performance: housing, living standards, work, income, social security, environmental quality, and public security.⁴⁹ Easterners are not as positive about their circumstances, but their evaluations have improved during the 1990s. By 1998, the gap between East and

TABLE 7.3 Satisfaction with Life Areas

Area	Westerners	Easterners
Housing	90%	82%
Work	88	86
Living standard	84	75
Leisure	83	73
Health	80	76
Household income	77	63
Social security	70	56
Environment	64	61
Physical security	58	41
Average	77	68

Source: 1998 Socioeconomic Panel; this survey is available from the Zentralarchiv für empirische Sozialforschung, University of Cologne. Table entries are the percent satisfied with each area.

West has narrowed, but there are still considerable differences separating the two regions.

Paying the Costs

The generous benefits of government programs are not, of course, due to government largesse. The taxes and financial contributions of individuals and corporations provide the funds for these programs. Therefore, large government outlays inevitably mean an equally large collection of revenues by the government. These revenues are the real source of government programs.

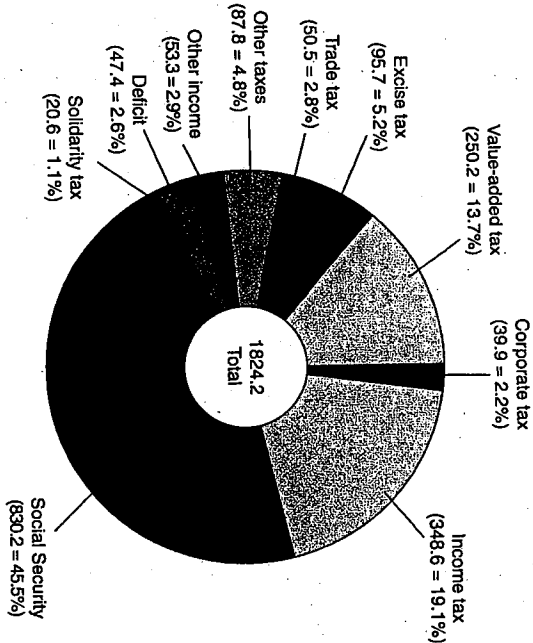
Three different types of revenue provide the bulk of the resources for public policy programs.⁵⁰ Contributions to the social security system represent the largest source of public revenues (see Figure 7.10). The health, unemployment, disability, retirement, and other social security funds are primarily self-financed by employer and employee contributions. For example, contributions to the pension plan amount to about 19.5 percent of a worker's gross monthly wages; health insurance is 14 percent of wages; unemployment is 6.5 percent; and long-term disability premiums are 1.7 percent. The various insurance contributions combined account for more than a third of the average worker's income, which is divided between contributions from the worker and from the employer.

The next most important source of public revenues is direct taxes—that is, taxes that are directly assessed by the government and paid to a government office. One of the largest portions of public revenues comes from a personal income tax that the federal, state, and local governments share. The rate of personal taxation rises with income level, from a base of 15 percent to a maximum of 42 percent. The 2000 tax reforms significantly reduced tax rates, but these rates are still significantly higher than in the United States. The German government taxes corporate profits at a lower rate than personal income to encourage businesses to reinvest their profits in further growth, and the corporate rates were also reduced in the 2000 reform.

The third major source of government revenues is indirect taxes. Like sales and excise taxes, indirect taxes are based on the use of income rather than wages and profits. The most common and lucrative indirect tax is the *value-added tax (VAT)*—a charge that is added at every stage in the manufacturing process and increases the value of a product. The standard VAT is 16 percent for most goods, with lower rates for basic commodities such as food or books. Other indirect taxes include customs duties, liquor, and tobacco taxes. In 1999 the government introduced a new energy tax on the use of electricity and other energy sources. This tax creates incentives for energy savings and provides an alternative source of government revenue. Altogether, indirect taxes account for about two-fifths of all public revenues. Indirect taxes—one of the secrets to the dramatic growth of government revenues—are normally “hidden” in the price of an item, rather than explicitly listed as a tax. In this way people are not reminded that they are paying taxes every time they purchase a product; it is also easier for policymakers to raise indirect taxes without evoking public awareness and opposition. Revenues from indirect taxes automatically rise with inflation, too. Indirect taxes are regressive, however; they weigh more heavily on low-income families because a larger share of their income goes for consumer goods.

The average German obviously has deep pockets to fund the extensive variety of public policy programs; U.S. taxation levels look quite modest by comparison. The marginal tax rate for the average

FIGURE 7.10 The Sources of Public Revenues, 1998 (in DM billions)



Source: Statistisches Jahrbuch für die Bundesrepublik Deutschland 1999, pp. 486, 487, 508.

German worker, including taxes and social security contributions, is over 50 percent, compared with a marginal rate in America of about 40 percent.

Even with these various revenue sources, public expenditures repeatedly have exceeded public revenues in recent years. To finance this deficit, the government draws on another source of "revenue"—loans and public borrowing—to maintain the level of government services. The costs of unification inevitably increased the flow of red ink. A full accounting of public spending would show deficits averaging more than 50 billion Euros a year since union.

The German taxpayer seems to contribute an excessive amount to the public coffers, and Germans are no more eager than other nationalities to pay taxes. Thus, one of the major policy accomplishments of the Schröder government was new legislation in 2000 that broadly reduced income and corporate taxes. Still, the question is not how much citizens pay, but

how much value is returned for their payments. In addition to normal government activities, Germans are protected against sickness, unemployment, and disability; government pension plans furnish livable retirement incomes. Moreover, the majority of the public expects the government to take an active role in providing for the needs of society and its citizens.

ADDRESSING THE POLICY CHALLENGES

The last decade has been a time of tremendous policy change and innovation for the Federal Republic as it has adjusted to its new domestic and foreign policy circumstances. While a government faces policy needs in many areas, two themes dominate the current political debate. The first is to accommodate the remaining problems flowing from German unification. The second is to reform the German

economic and social systems. This section outlines the challenges the government faces in both areas.

The Problems of Unification

As we noted at the outset of this chapter, one of the major policy challenges facing contemporary Germany flows from the unification of East and West. Given the GDR's apparent policy accomplishments, most observers were surprised by the sudden and dramatic collapse of the East German economic and social systems in the wake of the November 1989 revolution. During the first half of 1990, for instance, the gross national product of the GDR decreased by nearly 5 percent, unemployment skyrocketed, and industrial production fell off by nearly 60 percent.⁵¹

The most immediate economic challenge after unification was the need to rebuild the economy of the East, integrating Eastern workers and companies into the social market economy of the West. The GDR economy looked strong in the sheltered environment of the Socialist economic bloc, but it could not compete in a global marketplace. The GDR's impressive growth statistics and production figures often papered over a decaying economic infrastructure and outdated manufacturing facilities. Similarly, the GDR was heavily dependent on trade with other COMECON nations. When COMECON ended with the collapse of communism in Eastern Europe, a major portion of the GDR's economy was destroyed.

The Currency Union in July 1990 was an experience in "cold turkey capitalism"—overnight the Eastern economy had to accept the economic standards of the Federal Republic. Even with salaries one-third lower in the East, productivity was still out of balance. Matching the Western economy against that of the East was like racing a Porsche against the GDR's antiquated two-cylinder Trabant—a race in which the outcome is foreordained.

The FRG took several steps to rebuild the economy of the East and then raise it to Western standards. The government-directed Trust Agency (*Treuhandanstalt*) privatized the 8,000 plus firms that the GDR government had owned. All of these firms were sold off or closed by 1994, when the Treuhand itself was disbanded. However, privatization did not

generate the capital for investment and disputes about property ownership further slowed the pace of development. The sale of the GDR's economic infrastructure generated a net loss for the nation.

The economic by-products of German unification affected other policy areas as well. The high levels of unemployment created great demands on the FRG's social welfare programs. Unemployed Eastern workers drew unemployment compensation, retaining benefits, and relocation allowances. The Federal Republic also assumed the pensions and health insurance benefits of Easterners. The government also spent massive amounts: from rebuilding the highway and railway systems of the East, to upgrading the telephone system to international standards, to moving the capital from Bonn to Berlin. In 1991, for example, the combined payments to the new Länder from official sources amounted to DM 113 billion (almost DM 7,000 per capita); this was more than twice Poland's per capita disposable income for the same year.⁵² Government statistics for 1999 showed that the net payments to the East had increased to DM 140 billion. All Germans still pay an extra "solidarity surcharge" on their income tax that funds part of the investment in the East.

Economic progress is being made. Recent economic growth rates in the East often exceed those in the Western states by a comfortable margin. However, the East-West gap is still wide. Unemployment rates in the East are still more than double the rates in the West, and even after years of investment, productivity in the East still lags markedly behind the West. Although standards of living in the East have rapidly improved since the early 1990s, they remain significantly below Western standards. Furthermore, the gap will continue. Even if the economy in the Eastern states grows at double the rate of the West, it will take decades for full equality to be reached.

German unification also creates new challenges for noneconomic policy areas. For example, the GDR had model environmental laws, but these laws were not enforced. Consequently, many areas of the East resembled an environmentalist's nightmare: untreated toxic wastes from industry were dumped into rivers, emissions from power plants poisoned the air,

and many cities lacked sewage treatment plants. The unification treaty called for raising the environmental quality of the East to Western standards—a difficult and expensive task. The price tag that is required to correct the GDR's environmental legacy competes against economic development projects for government funding. Thus, unification intensified the political debate on the trade-offs between economic development and environmental protection.

Agenda 2010

The *Wirtschaftsplan* (Economic Miracle) is a central part of the Federal Republic's modern history—but these miraculous times are now in the distant past. Contemporary Germany faces a series of new problems as its economy and social programs must compete in the modern world.

For instance, business interests repeatedly criticize the uncompetitiveness of the German economy in a globalized economic system. Labor costs are higher than in many other European nations, and dramatically higher than labor costs in Eastern Europe and other regions. The generous benefits that create liberal social services programs come at a cost in terms of employee contributions and regulations on employment. Other regulations impede the creation of new jobs or temporary employment. Thus German firms have been slow to produce new job positions, productivity is stagnating, and Germany is losing its competitive position in the global economy.

A related issue is the economic viability of Germany's social service programs. The changing demographic mix of the population—a rapidly aging population—means that the demand for health care and pension benefits will steadily increase over time, but there are fewer employed workers to contribute to these social insurance systems. For instance, in the 1950s there were roughly 4 employees for every person receiving a pension; by 2010 there will be less than 2 employees for every pensioner. Similar demographic and economic issues face Germany's other social programs. Public debates about these problems have grown in the past several years—as economic growth has slowed and unemployment rates remain unacceptably high. Germany, once had one of the highest living standards in Europe; now it falls below the average of other West European nations.

The Schröder government commissioned a series of studies and blue-ribbon commissions to formulate policy reforms, but it has been unable to develop a consensus on what actions are needed. Business interests want to reduce government taxes and regulations on businesses, while labor unions oppose a reduction in these hard-won benefits of the past. There is also disagreement between the SPD and Greens within the government. There is little willingness to compromise between contending forces, so the problems persist.

In 2004 the Schröder government enacted a new reform program known as "Agenda 2010." The reforms are a three-pronged effort to revitalize the economy. One set of measures reforms the labor market by easing employment rules, reducing the nonwage labor costs, and reforming the unemployment system. A second set of measures reforms the pension and health care systems by reducing benefits. The third reforms were to continue the restructuring of the tax system begun during Schröder's first term.

While these reforms have moved in the right direction, many critics claim they are too little, too late. The Schröder reforms are far short of what the CDU/CSU and FDP advocated in the 2002 election. Because Germany remains an affluent nation, few are willing to make hard choices that might lead to more fundamental reforms, which many economists claim are needed. The struggle to modernize the German economy is likely to continue for the years ahead.

A New World Role

Paralleling its domestic policy challenges, the new Germany is redefining its international identity and its foreign policy goals. The Federal Republic has linked its role in international politics to its participation in the NATO alliance and the European Union. Both relationships are changing as a result of German unity.

In mid-1990 Gorbachev agreed to continued German membership in NATO in return for concessions on the reduction of combined German troop levels; the definition of the GDR territory as a nuclear-free zone; and Germany's continued abstention from the development or use of atomic, biological, and chemical weapons. With unification, Germany became a fully sovereign nation and now seeks its own role in international affairs.

The new Germany will likely play a different military and strategic role as a result of these agreements and the changing international context. NATO existed as a bulwark of the Western defense against the Soviet threat; the decline of this threat will lessen the military role of the alliance. Moreover, Germany wants to be an active advocate for peace within Europe, developing its role as a bridge between East and West. The Federal Republic was thus one of the strongest proponents of the recent expansion of EU membership to several East European nations.

The new Germany is also assuming a larger responsibility in international disputes outside the NATO region. In 1993 the Constitutional Court interpreted the Basic Law to allow German troops to serve outside of Europe as part of international peacekeeping activities—as they did in Somalia, the Balkans, and Afghanistan.

At the same time, Schröder's vocal opposition to U.S. policy toward Iraq demonstrated a new independence in Germany's foreign policy, and has been a source of tension in U.S.-German relations. Germany is now increasingly likely to exercise an independent foreign policy, within a framework of partnership with its allies.

Unification is also reshaping the Federal Republic's relationship to the European Union.⁵³ The new Germany outweighs the other EU members in both its population and gross national product; thus, the parity that underlies the consensual nature of the Union will change. Moreover, Germany will have to walk a narrow line between being too active and too inactive in EU affairs. Some economic partners worry that Germany will attempt to dominate the European Union, pursuing its own national interests more aggressively. Other nations worry that Germany will turn its attentions eastward, diminishing its commitment and involvement in the EU's ambitious plans for the future.

Germany has attempted to address these fears: working to expand the powers of the EU, developing a common European currency (the Euro) and other integrationist policies, and expanding the Union's membership to other European states. Worries about German goals and commitments remain, however. At the least, it is clear that a united Germany will approach the process of European inte-

gration based on a different calculus than that which guided its actions for the previous 40 years.

AFTER THE REVOLUTION

Revolutions are unsettling both to the participants and the spectators. Such is the case with the German revolution of 1989. Easterners realized their hopes for freedom, but they also have seen their everyday lives change before their eyes, sometimes in distressing ways. Westerners saw their hopes for German union and a new peace in Europe answered, but at a substantial political and economic cost to the nation. The Federal Republic is now forging a new social and political identity that will shape its domestic and international policies. Many Germans on both sides of the former border are hopeful, but still uncertain, of what the future holds for their nation. The Federal Republic's neighbors wonder what role the new Germany will play in European and international affairs. Addressing these questions will test the strength of the Federal Republic and its new residents in the East.

Unification has clearly presented new social, political, and economic challenges for the nation. One cannot merge two such different systems without experiencing problems. However, these strains were magnified by the inability or unwillingness of elites to state the problems honestly and to deal with them in a forthright manner. Even as voters were turning Kohl out of office in 1998, they differed on the new direction they wanted the government to follow. The nation must reforge the social and political consensus that was a foundation for the Federal Republic's past accomplishments.

Once this has been accomplished, Germans finally may be able to answer the question of their national identity. Unification has created a new German state linked to Western political values and social norms. Equally important, unity was achieved through a peaceful revolution (and the power of the DM), not blood and iron. The trials of the unification process are testing the public's commitment to these values. The government's ability to show citizens in the East that democracy and the social market economy can improve the quality of their lives may be necessary to solidify their democratic aspirations. If the revolution succeeds, this aspect of the German question may finally be answered.

Key Terms

Konrad Adenauer	constructive no-confidence vote	German Democratic Republic (GDR)	Ospolitik
Basic Law (<i>Grundgesetz</i>)	Economic Miracle (<i>Wirtschaftswunder</i>)	German Federation of Trade Unions (DGB)	Party of Democratic Socialism (PDS)
Bundesrat	Christian Democratic Union (CDU)	the Greens	peak association representation (PR)
Bundestag	Christian Social Union (CSU)	guest workers (<i>Gastarbeiter</i>)	Republikaner (REP)
citizen action groups (<i>Bürgerinitiativen</i>)	codetermination (<i>Mitbestimmung</i>)	Adolf Hitler	Gerhard Schröder
Federation of German Employers' Associations (BDA)	Constitutional Court	Kaiser	Social Democratic Party (SPD)
		Helmut Kohl	Socialist Unity Party (SED)
		National Socialist German Workers' Party (the Nazis)	Third Reich
		neocorporatism	value-added tax (VAT)
		New Politics	Weimar Republic

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