

A German mood swing

Richard Bernstein/NYT

Wednesday, March 24, 2004

BERLIN Countries experience malaise, as Jimmy Carter once said of the United States (to his political disadvantage), and Germany is quite clearly in that state now. No less a figure than Helmut Schmidt, the former chancellor, said in an interview with the weekly *Die Zeit* last week, "There is almost no area where Germany stands out with its achievements."

Schmidt was accused of undue pessimism by Horst Köhler, the outgoing president of the International Monetary Fund who is almost certainly going to be elected president of Germany in elections in May. But Köhler himself, speaking in the same interview, seemed hardly more optimistic. "German culture, German poets and music are always present," he said. "However, when you talk about the future, about future technology and future knowledge, nobody thinks of Germany first."

That is probably true, though it is also probably true that few think of France or China or even Britain in that vein either. And yet, those countries do not seem to be in quite the despairing mood that Germany is in. Is the difference perhaps, as some have been saying, Germans just enjoy complaining? Or does it run deeper? "Germany is still the No. 1 exporting country in the world; this hasn't changed," Johannes Rau, the country's outgoing president, said a few weeks ago in an interview that caused a great deal of comment. "We don't have any reason to complain."

In a country where unemployment has remained at 10 percent for several years and up to 25 percent in some cities and towns (mostly in the former East) there certainly are, Rau said, people whose lives are very tough. "But," he said, "many people are whining despite having a very high standard of living and a secure source of income, and I don't think that's right." A casual observation of daily life in this country supports Rau's complaint about the all the complaining. Berlin, where the cafés are crowded, Philharmonic Hall is always sold out and parades of large-model cars take place continuously on the opulent Kurfurstendam, does not convey the impression of decline. And yet the mood is bad.

The left-of-center coalition government of Chancellor Gerhard Schröder has about the lowest poll results of any recent chancellor. If an election were held now, the opposition conservatives would win in a landslide. If that does happen in the 2006 elections, Germany could potentially be following the pattern of the United States after the Carter malaise and Britain in the depressing years before Margaret Thatcher in opting for a conservative revolution.

Indeed, the leader of the main conservative party, Angela Merkel, is sometimes called Angela Thatcher or Maggie Merkel, reflecting her advocacy of far great economic reforms than Schröder has been proposing. In the meantime, at least some believe that things are not that terrible, and that the danger is that Germans will succumb to a sort of self-fulfilling prophecy of doom.

There have been the worries, reported in the German press, among the 200,000 to 300,000 German retirees who live in Spain that the reforms - which will entail cuts in pension payments - will make it impossible for them to maintain their condominiums on the Costa del Sol as well as the apartments they have back home.

But if other European countries seem less kvetchy than Germany, it could be that other European countries have less to complain about. There are experts here who contend that, while people sometimes go overboard, the pessimism actually is a reasonable response to an objectively bad situation. "The economic situation is really more of a problem than in other countries because so many shocks have come together," said Hans-Werner Sinn, the director of the Institute for Economic Research in Munich.

Among the shocks: the reunification of the country, which was enormously expensive for the West but has not created an economically viable eastern half; the realization that Germany can't afford the social-welfare spending that has been among its greatest achievements; and, perhaps most lastingly, the fear that with the imminent enlargement of the European Union, a lot of far cheaper countries to the east are going to draw industries and jobs away.

Labor costs in Poland, Sinn said, are one-sixth what they are in Germany, so the labor intensive parts of manufacturing are going to go there, or elsewhere.

In other words, Germans are gloomy because there's a general realization that the formulas that have worked so well for this country in the decades after World War II are not working anymore, and nobody knows exactly what to do. And it is in that mood of semi-paralysis that a conservative revolution seems possible.

It is too early to see if that will happen, and, if it does, it will happen despite a public aversion to Thatcherite reforms. But among experts especially, there is a growing feeling that Germany needs some strong medicine if it is to overcome its difficulties, and strong medicine in Germany would mean something genuinely historic for Europe: a dismantling of the elaborate welfare state in the Continent's biggest and economically most powerful country that would surely reverberate in the other welfare states of Europe.

"Germans have awakened from their dreams of the eternal welfare state," Sinn said, explaining the gloomy national mood, and giving it an objective basis. "They've been confronted with reality, and that is never nice."

The New York Times
Copyright © 2004