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Update on Germany: Shifting Priorities and Overcoming Crises

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DER REICHSTAG, BERLIN



UP-DATE ON GERMANY

I. CONTRACTING THE ATLANTIC-ALLIANCE WHILE GOING GLOBAL
II. TETHERING THE EUROPEAN UNION & STAYING LOCAL
BY
LISA OHM & AUSTIN EIGHAN



SOURCES



- Lisa:
- 10-day seminar held in Bonn, Nuremberg and Berlin, July 2013.
- Visited schools, testing programs, government exchange programs, *Deutsche Welle* studios, museums, historical sites, and met with educators, program administrators, government officials, and historians.



- Austin:
- Started German at the SJU Prep School
- Spent one year at the gymnasium in Melk, Austria
- Studied at Ludwig Maximilian University in Munich 2012-13 with Wayne State program
- Researched German economy in Munich
- Interviewed leaders in government and business Summer 2013

DRIFTEN EU & USA AUSEINANDER?



MAIN POINTS

- More opportunities for educational and cultural exchanges with Germany, but greater competition
- Changing demographics & the changing face of German cities: Berlin
- Changing perceptions of Germans by others as well as by themselves
- Need for continued *Vergangenheitsbewältigung* (dealing with the Nazi past) for both older and younger generations
- Growing need to educate older and younger generations about former GDR
- Germany has a leadership role in the European Union is taking more responsibility internationally.
- German youth has a voice
- There *was* German history before and after 1933





SHIFT OF FOCUS & BUDGET THE ATLANTIC ALLIANCE → GLOBAL

- The good news:
- German skills of U.S. students are up
- Five stable programs: GAAP, PASCH, DAAD, PAD, GI
- Growth of GI in India, Russia, & Brazil. Newest institute in Myanmar
- The not so good news:
- Cuts in German programs in U.S. high schools
- U.S. is Nr. ? in the number of university students who study per year in Germany:
China, Korea, Turkey, Russia, Poland, Bulgaria, Ukraine, Austria, France, GB ,
Italy...
- Very high demand for German from Eastern Europe, Africa, China → budget shifts
 - 4.5 million Poles/45 million are enrolled in German language programs
 - 400,000 U.S. /300 million are enrolled in German language programs

MANUEL BECKER: „*WIR SIND NORMALER GEWORDEN.*“

- 1945-89 *das Wirtschaftswunder* [the economic miracle] but also *das Parteiwunder*
- Post 1945: The long shadow of the Nazi period hung on, but today the Germans see themselves not *only* as perpetrators but also victims
- Post 1989: The wall in the head is still there, but young people are more mobile, more open, better informed, and better networked
- Since the 2006 World Cup in Germany, patriotism is more openly expressed,
- The role of the media in the public sphere has greatly increased.
- Germany once again has become a strong power in Central Europe.
- Youth has a voice



CHANGING PERCEPTIONS FROM OUTSIDE

- Germany the most popular country in the world! BBC Poll May 2013 carried out random interviews with individuals in 21 countries and rated a country's positive or negative influence.

<http://www.bbc.co.uk/news/world-europe-22624104>

- Goethe Institut Poll 2013 Europa-Liste also rated Germany positively
- Peter Watson. *The German Genius: Europe's Third Renaissance, the Second Scientific Revolution, and the Twentieth Century*. HarperCollins, 2010.

DIE DEUTSCHE WELLE WWW.DW.DE

- Changing mission
- Broadcasts in 30 languages
- Provides information, education, and a cultural bridge
- Headquarters in Bonn, studios also in Berlin
- 5000-6000 freelance journalists work with DW
- Trains journalists
- 8600 visitors enrich their programs yearly
- Top-flight programs at all levels for learning German--totally free!
- Government financed but independently managed



BERLIN: LOOKING FORWARD

- The greenest city in Europe: 1/2 million trees, each counted and labeled!
- 500 beekeepers maintain hives atop buildings, produce annually 47 Kilos per city inhabitant of excellent honey because of the variety of flowers
- Start-up's encouraged: 600 fashion (clothing) houses, e-car production.
- A new airport will open in 2014. Tempelhof is too small for the number of annual visitors.
- One of many typical successful family firm in Berlin: KRYOLAN

EINE NEUE MENTALITÄT: BERLIN



Since 2001 the very popular, openly gay Klaus Wovereit, SPD, has been Berlin's *Bürgermeister*. His campaign slogans www.zeig-respekt.de are:

- Be young, be cheeky, be berlin. [*Sei jung, sei frisch, sei berlin!*]
- Berlin: A City for Everyone [*Eine Stadt für alle*]
- I am and Berlin stands behind me. [*Ich bin ... und Berlin steht hinter mir.*]
- No one fits into a drawer. [*Kein Mensch passt in eine Schublade*].
- Berlin: Poor but sexy. [*Berlin: Arm, aber sexy.*]
- It's not so bad to be poor as long as one is sexy. [*Armsein ist nicht so schlimm solange man sexy ist.*]

**YOU ARE LEAVING
THE
AMERICAN SECTOR
SIE VERLASSEN DEN
AMERIKANISCHEN
SEKTOR**

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US ARMY

OVERVIEW OF PRESENTATION

1: Berlin: An Economic Exploration

2: Interstate Financial Support

3: Overview of the German Economy

4: Germany before and during the Economic Crisis

5: The Resiliency of the German Economy

6: Germany's Role in the EU

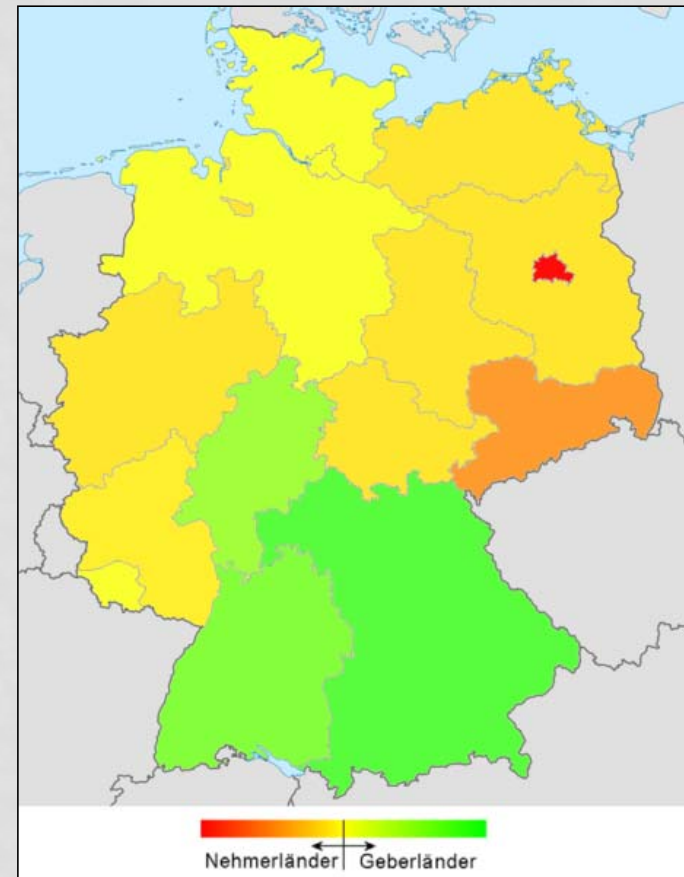
BERLIN

- Berlin: City and State
 - Unemployment
 - 11.7% (Bavaria: 3.7%)
 - Poverty Rate
 - 15.2% (Bavaria: 3.9%)
 - Crime
 - 14,144 (Bavaria: 4,977)
 - Amount of Businesses
 - 1,178 (Bavaria: 7,377)



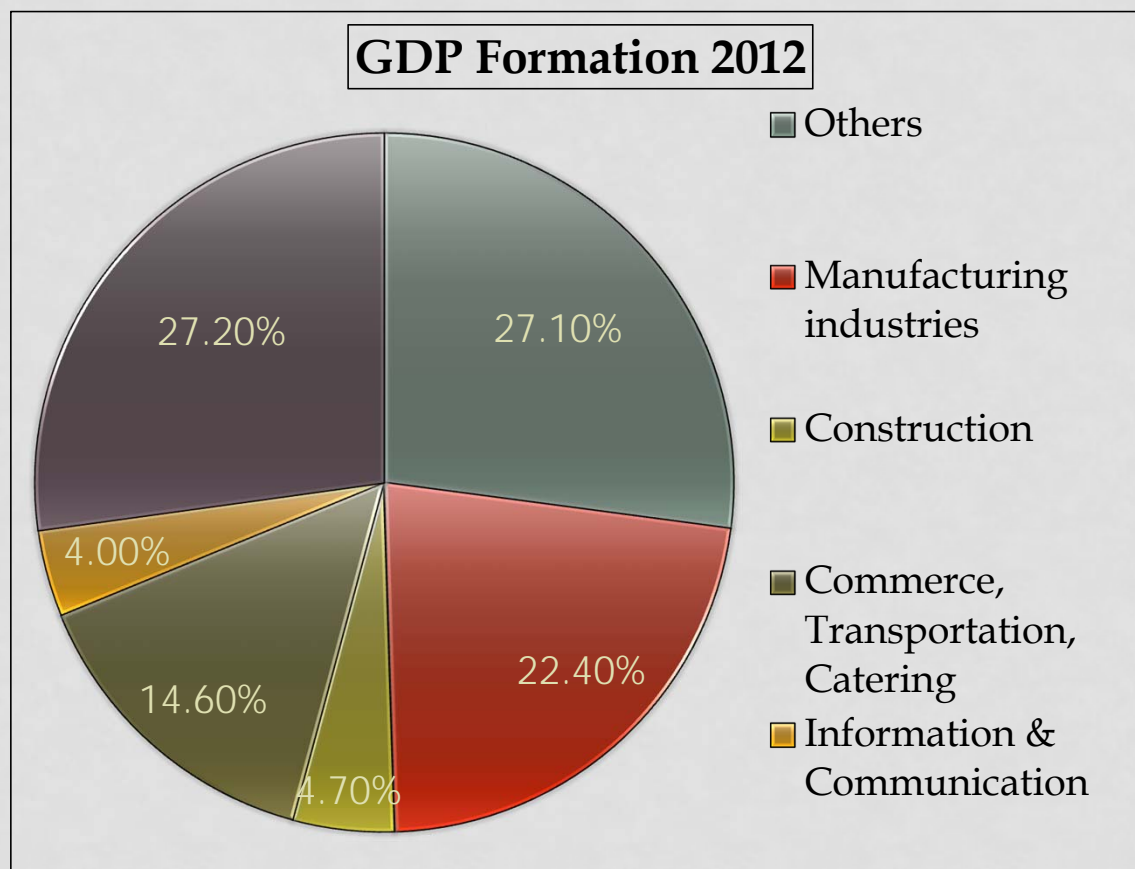
INTERSTATE FINANCIAL SUPPORT

- Inter-state fiscal adjustment or Equalization Payments (*Länderfinanzausgleich*)
- Only 3 states considered “Geber”
 - **Hessen** (€ -1,326.83 mil.)
 - **Baden-Württemberg** (€ -2,694.28 mil.)
 - **Bavaria** (€ -3,904.34 mil.)
- Top 3 “Empfänger”
 - **Berlin** (€ 3,322.71 mil.)
 - **Sachsen** (€ 962.54 mil.)
 - **Sachsen-Anhalt** (€ 547.03 mil.)



BASIC STATISTICS FOR GERMANY (2012)

- Population: 80.5 m.
- Number of companies 3.7 m., 99.6% SME
- Total turnover of all companies (2011): €5.92 trillion
- Government deficit: 0.1% of GDP
- GDP Per Capita: €30,119
- Unemployment Rate: 5.5%
- Population Growth Rate: -0.2%



INTERVIEWS IN MUNICH

- **Wolfgang Achmann**: *Volkhochschule*
Teacher and Artist
- **Hermann Brem**: Former *Bundestag*
Candidate for *Bundnis 90/Die Grünen*
- **Ernst Dohlus**: Former executive of the
Bayerischer Rundfunk
- **Markus Ferber**: Member of the
European Parliament from the CSU
- **Torsten Förster**: Owner of LbT
Language School
- **Oskar Holl**: Professor of European
Ethnology at *Ludwig-Maximilian-Universität*
- **Gerhard Illing**: Macro-economics
professor at *Ludwig-Maximilian-Universität*
- **Manfred Krönauer**: Candidate for
Bundestag and accountant for Allianz
- **Oliver Pamp**: Economist and Economics
professor at *Ludwig-Maximilian-Universität*
- **Dr. Axel Heise**: Association of
independent trade associations

RESEARCH QUESTION

How did the German economy remain so successful after the outbreak of the 2008 global sovereign-debt crisis?



DEFINITIONS

Resiliency

- The ability of a state's economy to return to or exceed its previous economic

Success

- Unemployment rate
- GDP per capita
- Balance of trade
- Consumer confidence

THE STATE OF THE SUCCESS: UNEMPLOYMENT

GERMANY UNEMPLOYMENT RATE
Percentage of the Labor Force



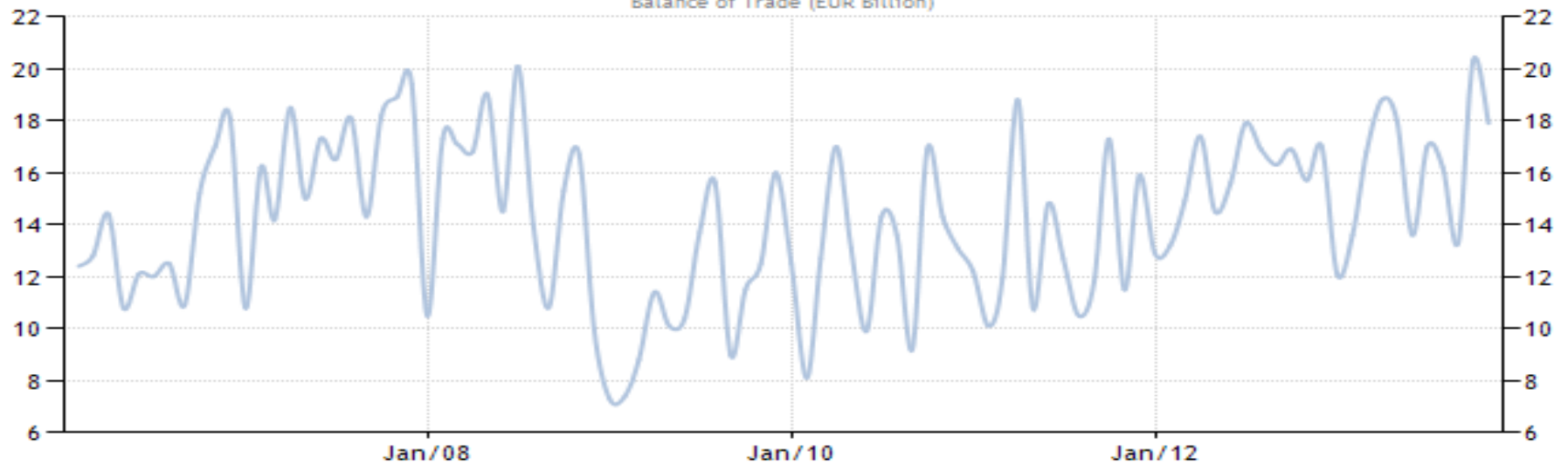
SOURCE: WWW.TRADINGECONOMICS.COM | DEUTSCHE BUNDESBANK

THE STATE OF THE SUCCESS: GDP



THE STATE OF SUCCESS: BALANCE OF TRADE

GERMANY BALANCE OF TRADE
Balance of Trade (EUR Billion)



SOURCE: WWW.TRADINGECONOMICS.COM | FEDERAL STATISTICAL OFFICE

THE STATE OF SUCCESS: CONSUMER CONFIDENCE

GERMANY CONSUMER CONFIDENCE



SOURCE: WWW.TRADINGECONOMICS.COM | GFK GROUP

HYPOTHESES

1. The stability and strength demonstrated by the Mittelstand played the most significant part in allowing Germany's economy resiliency to flourish following the 2008 Sovereign Debt Crisis.
2. The economic reforms within Agenda 2010 played the most significant part in allowing Germany's economy resiliency to flourish following the 2008 Sovereign Debt Crisis.
3. Germany's National Endowment played the most significant part in allowing Germany's economy resiliency to flourish following the 2008 Sovereign Debt Crisis.

CASE STUDY 1: THE MIGHTY *MITTELSTAND* AND THE DYNAMIC *DUALE AUSBILDUNGSSYSTEM*

- What is a *Mittelstand*?
 - The “backbone” of the German Economy



- Micon, a Manufacturing Firm



CASE STUDY 2: AGENDA 2010: THE REFORMS THAT SHELTERED A NATION



Kurzarbeit

- 60% of Full Time Wage
- 40% Subsidized by Gov.

Hartz I - IV

- Improving employment services and policy measures
- Activating the unemployed
- Fostering employment demand by deregulating the labor market
- Pension Reform

CASE STUDY 3: GERMANY'S NATIONAL ENDOWMENT

- Germany's Collective Memory
 - "While historians have long argued for a history that respects the *pastness* of the past, we remain prone to interpreting historical events from what sociologists call the '*presentist*' perspective." -Patrick O'Callaghan
- German *Sonderweg*
 - Manifest Destiny
 - *Kulturerbe*
- *Solidaritätszuschlag*
 - *Länderfinanzausgleich*



PRIME EXAMPLE

Unification (1871)

- German Unity formed from numerous principalities

Reunification (1990)

- Infrastructural Challenges between East and West

Modern-Day Germany

- *Solidaritätszuschlag*

WHAT IS THE EUROPEAN UNION AND HOW DOES GERMANY FIT IN?



OVERVIEW OF EU GOALS

- Goals:

- Common Theme: *Collective*
-

- 1) Single Market

- 1) Common Currency
- 2) Bundling of Goods

- 2) Free Movement

- 1) Tariff-free
- 2) Travel, Study, and Work

- 3) Common Standards

- 1) Health
- 2) Environmental
- 3) Quality

- 4) Maintain Sovereignty

- 1) Ratify Decisions
- 2) International Treaties

- 5) Maintain Efficiency in Decision Making

- 1) Treaty of Paris (1952)

OVERVIEW OF EU STRUCTURE

- Composition:
 - 28 Member States
 - 7 Institutions
- 4 Central Governance bodies:
 - The Council of the European Union
 - European Council
 - European Parliament
 - European Commission



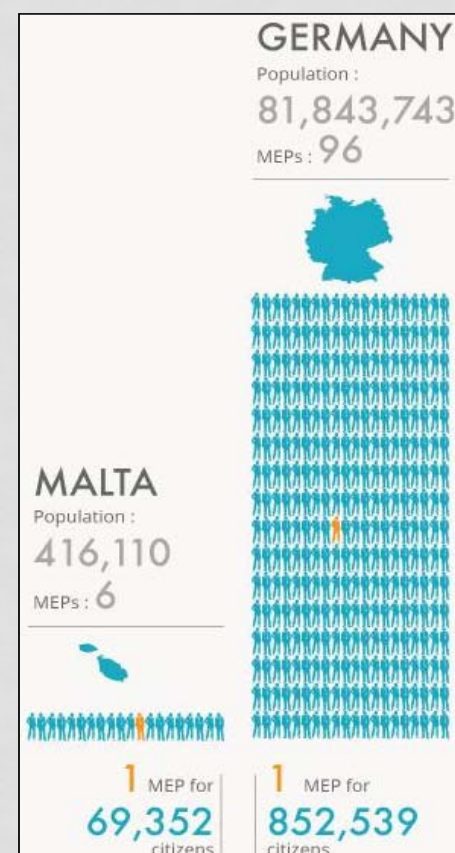
EU GOVERNANCE

- **EU Parliament**
 - Debate and pass European laws with Council
 - Scrutinize EU institutions
 - Debate and adopt EU's budget with Council
- **Council of the European Union**
 - Made up of national ministers appointed per specific field
 - i.e. Minister of Agriculture
 - Pass EU laws
 - Approves annual EU budget
 - Signs agreements between EU and other countries
 - Develop EU's foreign defense policies
- **European Council**
 - National Leaders
 - Meet 4 times a year
 - No power to pass laws, only set priorities and general direction
- **European Commission**
 - 28 appointed commissioners from each country
 - Propose new laws to Parliament and Council
 - Allocate funding from budget
 - Enforce EU law
 - Represent EU internationally

GERMANY'S ROLE IN THE EU

SHARE OF TOTAL GDP AND POPULATION IN THE EUROPEAN UNION 2012				
	GDP (in EUR billion)	Share of Total GDP (EU-28)	Population (in million)	Share of Total Population (EU-28)
Germany	2,666	21%	80	16%
France	2,032	16%	66	13%
UK	1,930	15%	64	13%
Spain	1,029	8%	47	9%
Netherlands	599	5%	17	3%
Poland	381	3%	39	8%
Czech Rep.	153	1%	11	2%
Slovak Rep.	71	1%	5	1%
EU-28	12,968		505	
Eurozone	9,484	73%	331	66%
USA	12,644		314	
China	6,374		1,354	
Japan	4,640		128	

Source: Federal Statistical Office, Eurostat, US Census Bureau, Japanese Statistics Bureau 2013



GERMANY'S ROLE IN THE EU

- Economic Strength = Political Influence
- Foreign Minister Radek Sikorski of Poland:
 - "I fear German power less than I am beginning to fear German inactivity."
- 2008 Sovereign Debt Crisis
 - Austerity over Stimulus
 - German - Greek Relationship



FINAL REMARKS

- Not a rift, nor a drift, but global interests are pulling Germany elsewhere
- Germany is making the world feel more welcome
- U.S. needs to actively pursue the German-American friendship

Es geht nur über Menschen...



THE EU IS LIKE A BICYCLE: ONE NEEDS TO KEEP PEDALING OR IT WILL TIP OVER. ~MARK LEONARD

