

Review:

Jumpstart: the Economic Unification of Germany.

By Gerlinde Sinn and Hans-Werner Sinn, Cambridge, MA: MIT Press. 1992

(Translated from German, 1991) 243 pp. ISBN 0 262 19327 2

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The German Left: Red, Green and beyond. By Andrei S. Markovits and Philip S. Gorski. Oxford: Polity Press. 1993. 303pp. Index. £45.00; ISBN 0 7456 0285 1. Pb.: £13.95; ISBN 0 7456 0286 x.

This book constitutes an ambitious attempt to understand and explain the contemporary German Left, both in its origins in the pre-1989 Federal Republic and in its prospects within a unified Germany. It is extremely well informed, scholarly, pugnaciously polemical, tolerably persuasive and eminently readable. The emphasis of the book is on the German Greens, broadly defined, including Red Army Faction terrorists on the one hand and unaffiliated intellectuals and academics on the other.

The authors are at their scholarly best in placing the Greens, 'the most influential anti-establishment party in Europe, possibly in the industrial capitalist world' in both their international and their German context. For while it is by now fairly easy to understand the rise of a post-industrial Left in general, either with or without a separate party structure, what is much more in need of explication is: Why Germany? Here, too, some groundwork has been done. The greater ideological gap between the generations in Germany has been noted, as has Germany's uniquely threatened position along the fault-line of the Cold War. But Markovits and Gorski are right to emphasize two further factors that account for both the New Left's successes and its failures: the 'de-nationalisation' of politics in the old Federal Republic and the intimate relationship of that republic with its godparent, the United States.

The German New Left was the archetypal representative of the post-nationalist intelligentsia; its defeat in the 1990 election was the nemesis for this posture. It also formed the vanguard of anti-Americanism in the Federal Republic, which gained it, in its heyday, a sizeable following. The anti-Americanism, as well as its Third World romanticism, led in turn to a hatred of Israel and Zionism that in its extreme versions—scrupulously documented here—took on some very ugly forms.

The three best chapters are those in which the authors move from a sometimes over-detailed history of their subjects to an analysis of their mind-sets: 'The world imagined', 'The world desired' and 'The world experienced'. Here they offer a sophisticated picture full of insights. They may, on the other hand, be over-simplifying a little in their claim that the Greens have, in effect, defined the Left agenda in Germany since the 1980s. While there have been times when the Social Democrats (SPD) have been preoccupied with looking over their left shoulder, this seems to be less true of the SPD under Rudolf Scharping as the 1994 elections loom, and it was never consistently true of the trade unions. If, as Markovits and Gorski say, the new, demystified Germany will have to find a *modus vivendi* between the exigencies of democracy and power, the initiative may well pass from the Greens to a more pragmatic SPD.

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Jumpstart: the economic unification of Germany. By Gerline Sinn and Hans-Werner Sinn. Cambridge, MA: MIT Press. 1992. (Translated from German, 1991.) 243pp. Index. £22.50. ISBN 0 262 19327 2.

Published in Germany in late 1991, sold out almost immediately, republished in spring 1992, and now appearing in an English translation, this book has been widely acclaimed as the best work available on German unification. If what the reader wants is a succinct and accurate guide to the economic and legal story of the unification, it can indeed be highly recommended. The political story will of course remain obscure for many years to come and when its full facts emerge they may alter some of the argumentation and conclusion of the work. But the main purpose of the book is not primarily to help the reader to understand what has happened, it is to argue in detail a case for what should have happened and why.

The former DDR's introduction to the capitalist world was to the worst crisis in production and employment in an advanced industrial economy that the history of capitalism can show. The two essential causes of this great crash are, the authors argue, the unresolved question of property ownership which is reflected in the sluggish pace of privatization, and the aggressive

wage policy of German unions. The latter is a *fait accompli*, the German economy must live with the additional unemployment which high wages in a low productivity region will cause. It is all the more necessary, therefore, to tackle the first problem. Discussion of unification at the time focused on problems of cash and conversion rates, and on social questions. It should have focused instead, the authors argue, on capital. Because it did not, the Bundestag voted through the laws on 'national restitution' of property nationalized by the DDR governments (as well as Jewish property confiscated by the Nazi government). Money turned out not to be the problem. The 1:1 conversion rate was not as inappropriate as the Bundesbank claimed; DDR households had cash, and there was no fall in demand in any way commensurate with the collapse in output and employment. The problem was that DDR households had very few other assets apart from a small stock of insurance. It was not they who could buy the 40,000 separate industrial plants which the Treuhand had to privatize, so the 'people's wealth', as the DDR called its capital stock, is being disposed of far too slowly, while giving the citizens no entitlement to it. Worse than that, a myriad claimants from the West, asserting their rights to 'natural restitution' deter investors from buying plants from the Treuhand. These claimants, who often have no qualification to run the business in question, are unlikely to abandon their claims while they are entitled under law to restitution, not only of the property but of its subsequently accumulated capital.

The remedy, for which the authors still argue there is time, would have been to abandon the idea of cash sales and to devise a participation scheme in which securities in the former DDR enterprises would have been provided to DDR citizens. The 'excess' cash balances, converted at less than the 1:1 exchange rate, could, for example, have been turned into long-term securities in the main component of the DDR's national income, its capital stock. There is, of course, an analogy with the West German currency reforms in 1948. It is with the complicated details of these proposals that much of the book deals.

It is fashionable now to argue, as do the authors, that 'the most basic requirement for a market economy is a system of secure, well-defined property rights'. Certainly it is the case that 'national restitution' has made the rights to many properties in the former DDR unclear. But was it not just this present obsession with property rights as the foundation of capitalism which enabled the Bundestag, supported by most of the West German population, to lay its greedy claims on the DDR in the name of efficient capitalist ideology, and in so doing increase the inefficiency and the hardship which has ensued?

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Politics in Eastern Europe. By **George Schöpflin**. Oxford: Blackwell. 1993. 327pp. Index. £40.00; ISBN 0 631 14723 3. Pb.: £12.99; ISBN 0 631 14724 1.

George Schöpflin is Britain's foremost academic authority on Central and Eastern Europe, and this fascinating and very readable book represents the distillation of his many years of study and close personal involvement with the affairs of the region. It is not a book for beginners, nor a conventional textbook. As the author explains, his purpose is analysis rather than narrative, and he does assume a fair amount of familiarity with the basic outlines of twentieth-century history of the region. Thus the book could best be recommended as a complement, rather than an alternative, to Francois Fejto's *History of the peoples' democracies* (1971) and Joseph Rothschild's *Return to diversity* (1989).

The book is nevertheless arranged chronologically, rather than thematically, with chapters on the political traditions of Eastern Europe, the coming to power of the Communists, the experience of Stalinism and de-Stalinization; the post-Stalin era is treated decade by decade in a series of chapters, leading to two final chapters on the end of communist rule and the condition of post-communism. What is distinctive and refreshing about George Schöpflin's approach is the seriousness and depth with which he tackles the period of communist rule and grapples with the vexed question of the contribution of the internal weaknesses of Eastern Europe—as compared with massive external pressure from the Soviet Union—to its