

#### First, some background on Germany as a whole



Germany at a Glance - 2 Divided into: 16 States.

Capital: Berlin.

#### **Bicameral Parliament:**

- Federal Council or Bundesrat (69 seats).
- Federal Senate or Bundestag (736 seats).

#### East Germany Was 30% of Germany's Land



#### **East Germany**

Formal English: German Democratic Republic (GDR).

Informal English: East Germany.

In German: Deutsche

Demokratische Republik (DDR).

Existed: 1949 to 1990.

Covered: The area of 6 of the current 16 German states.

#### Germany at a Glance - 1

In German: Deutschland. Population: 84.3 mil. (est) **Land area:** 137,847 sq mi. Chancellor: Olaf Scholz **Government Type: Federal** 

parliamentary republic.

#### The 16 States of Germany

- 1. Baden-Wuerttember 2. Bavaria
- 3. Berlin
- 4. Brandenburg
- 5. Bremen
- 6. Hamburg
- Hesse
   Mecklenburg-West
  - Pomerania
- 9. Lower Saxony 10. N. Rhine-Westphalia
- 11. Rhineland-Palatinat
- 12. Saarland
- 13. Saxony
- 14. Saxony-Anhalt 15. Schleswig-Holstein
- 16. Thuringia



#### **The 16 States of Germany:**

Terrain: Lowlands in north, uplands in center, Bavarian Alps in south.

Highest: Zugspitze 9,718 ft. Land use agriculture: 48%.

Natural Resources: Coal. lignite, natural gas, iron ore, copper, nickel, uranium, potash, salt, timber.

Germany Topography
Northern half of
Germany – including
all of former East
Germany – is
lowlands.
Like its neighbors
Netherlands,
Denmark, and
north Poland.

# **Gross Domestic Product:** Nominal: 2020 est.

- Total \$3.780 trillion (4th).
- Per capita \$45,466 (15th).Purchasing Power Adjusted
- (PPP): 2020 est.
- Total \$4.454 trillion (5th).
- Per capita \$53,571 (15th).

37 Fortune Global 500 companies are headquartered in Germany.



Not one of the 37 is headquartered in former East Germany.

#### **Economy**

- 3 states of North Rhine-Westphalia, Bavaria, and Baden-Württemberg produce 55% of Germany's GDP.
- Military expenditures
  - Germany 1.38% of GDP.
  - United States 3.4% of GDP.

#### **Economy**

Germany is Europe's largest economy. 24% of total EU GDP.

**Currency:** Euro since 1999.

€1 = US\$1.09.







## Composition of GDP by sector:

Agriculture: 1%.

Industry: 31%.Services: 69%.

Public Debt: 64% of GDP.

**USA:** 79% of GDP.

#### Fortune Global 500 - 2022

27 German Companies. Top 10 Are:

Pani	( Company	Industry
8	Volkswagen	Automotive
38	Mercedes-Benz	Automotive
47	Allianz	Insurance
59	BMW	Automotive
62	Deutsche Telekom	Telecoms
99	<b>Deutsche Post/DHL</b>	<b>Transportation</b>
108	Bosch	Automotive
109	BASF	Chemicals
112	E.ON	Electricity
133	Munich Re	Insurance

#### Dependence on Imported Oil & Gas

EU as a whole: Imports 58% of oil and gas consumed.

 Where from?
 2021
 2022

 Russia
 38%
 15%

 Norway
 24%
 31%

 USA
 7%
 15%

#### **Germany Imports as % of use 2021:**

Oil 98% Natural Gas 95%

Population: 84.3 million (Sept 2022 estimate).

Most populous country in

Europe.

Median Age: 47.8.

4th oldest in the world:

#2 Japan: 48.6.

#61 United States: 38.5.

#### Religion (2020 Est.)

**Roman Catholic 27%** 

**Protestant** 24%

Muslim 4%

Other 5%

None 41%

#### **Parliament**

Bundesrat: 69 seats. Appointed by state governments.

Bundestag: 736 seats (varies). Elected. 4-year terms. 6 significant parties. 30% women.

#### **Chancellor:**

- Elected by party or coalition with most members in Bundestag.
- Confirmed by president.
- Renewable 4-year term.
- Last Parliament vote was September 26, 2021.

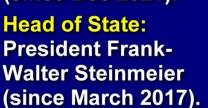
#### **Population Ethnicity**

German: 87%.
Turkish: 2%.
Polish: 1%.
Syrian: 1%.
Other: 9%.

Citizenship by Birth? No.

# Head of Government:

Chancellor Olaf Scholz (since Dec 2021).



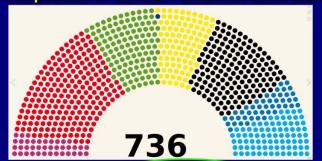




#### **President:**

- Elected by a convention of all members of the Bundestag and an equivalent number of delegates elected by the state parliaments.
- Serves a 5-year term.
- International law & treaties.

#### **Composition of German Parliament Since 2021**



The Left: 39 seats SPD: 206 seats

Greens: 118 seats SSW: 1 seat FDP: 92 seats

CDU: 152 seats CSU: 45 seats AfD: 83 seats

= Ruling Coalition

Flag: Black, red, and gold were colors of Holy Roman Emperor.

Germania: Julius Caesar's name for east of the Rhine.

National holiday: German Unity Day, 3 October (1990).

Reunification.

#### History - 1

1815: After Napoleon's defeat, Congress of Vienna founded the German Confederation: a loose league of 39 sovereign states.

1871: German Empire established. Monarchy.

#### History - 3

1920s: War destroyed
Germany's productive
capacity. Economy tanked.
No hard cash inflows. Could
not make reparations
payments. Germany began to
print money. German mark fell
rapidly in value. Prices rose.

#### History - 5

A loaf of bread in Berlin that cost around 160 Marks at the end of 1922 cost 200,000,000,000 Marks by late 1923. 200 BILLION!
By November 1923, the US dollar = 4,210,500,000,000
German marks! 4 TRILLION!

#### So...

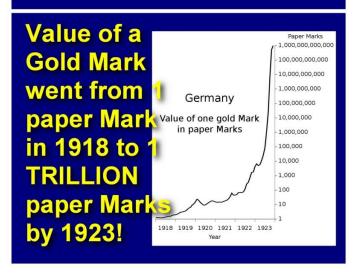
Why did we have an East Germany and a West Germany?
And what happened to them now?

History - 2
1915-1919: WWI. Germany
joins Austria-Hungary, invades
Europe. 2 million German
soldiers killed. Defeat.
1919: Treaty of Versailles.
Monarchy resigns. Germany
becomes a republic. Owes

huge reparations payments.

#### History - 4

1920s: Huge government budget deficits. Deficit was financed by issuing worthless bonds and printing more money, devaluing the mark even more. German people tried to spend marks quickly. Further devaluations.



#### Hyperinflation in Germany – 1923 Loaf of Bread 1922: 160 Marks. Late 1923: 200 Billion Marks!







**5** Million







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10. a. r. k

50 Trillion

500 Billion

Bank Notes in Billions and Trillions!

#### History - 7

1923: French and Belgian troops enter Germany to get reparations payments.

1929: Then the worldwide Great Depression hit Germany. German policy of fiscal austerity and deflation. Unemployment 30% by 1932.

#### History - 9

1941-1944: Hitler's Germany was short on oil, steel, and (most critically) food. Invaded the Soviet Union.

By 1944: Soviets defeat Germany. Germany loses all the territory gained 1939-42.

#### **German WW2 Casualties:**

- 5,300,000 military.
- 500,000 civilians by Allied bombing.
- As many as 2,000,000 civilians killed by Soviets.
- 500,000 Germans killed in Holocaust.

#### History - 6

1920s: Some say Germany deliberately destroyed its economy to pay agreed WWI reparations with worthless currency. Devastating to the people. Shops demanded hard currencies or barter.

Nobody wanted Marks.

#### History - 8

1932: Not surprisingly, Nazi Party led by Adolf Hitler won a special election in 1932. He became Chancellor of Germany in January 1933. Mid-1930s-1942: Horrendous reign of German terror in Europe. Holocaust.

#### History - 10

1944-1945: Hitler refused to capitulate until May 1945. Massive Allied bombing wiped out remainder of Germany's productive capacity.

May 1945: Allies defeat Hitler. Surrender.

#### History - 11

Aug 1945: Potsdam
Agreement on Germany:

- Disarmament.
- Demilitarization.
- Germany divided into 4 control zones:

US. Britain. France. Russia.



History - 13
East Germany was under political and military control of the Soviet Union. Sovietstyle planned economy.
Dissent crushed. Police state (Stasi). Soviets took 23% of GNP for reparations. East German economy failed.

History - 15
1950s: Soviet troops
remained in East Germany.
2.6 million flee to West.
1961: East Germany builds
the Berlin Wall to stop them –
shooting those who
attempted to flee.

History - 16

1980s: West German economy boomed. "Economic Miracle".

1980s: East German economy faltered.

- Economic mismanagement.
- Emigration to the West.
- Repressive, undemocratic leadership.

History - 12

1948: US, Britain, France, agree to set up a German state (ie West Germany) combining their three zones. Capital at Bonn. Russia sets up its own state: (East Germany). Capital East Berlin.

History - 14

1954: Western powers give West Germany full independence.

**1955:** Joins NATO.

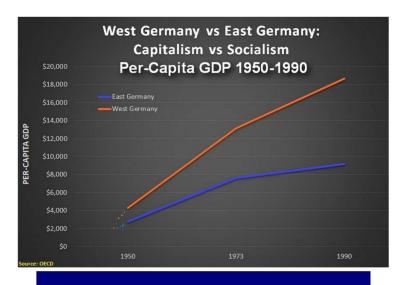
1957: West Germany is a founding member of the European Economic Community (now EU).

#### **Two Germanies 1949-1990**



# A German friend's comments on why the East did not boom:

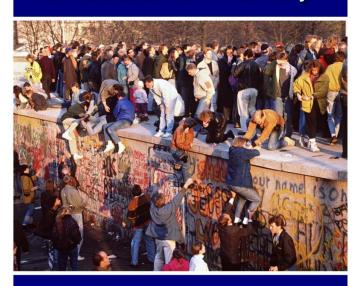
- Brain drain.
- Big companies (eg Deutsche Bank and Siemens) fled Berlin.
- Educated young people fled, but the elderly did not dare.
- Only low paying jobs created.
- East German privatization was sometimes a "sell out" to West.



History - 17

Nov. 9, 1989: East Germans breached Berlin Wall. Nobody stopped them! Began dismantling the wall. Made reunification inevitable. Hundreds of thousands of East Germans crossed the border.

July 1990: Russia agreed to support reunification in exchange for financial aid from W. Germany.



History - 19

**1990:** Enormous issues faced the reunified nation:

- Funding the reunification.
- Modernization of former East Germany.

Almost all East German industries were considered outdated.

Meanwhile, until the end, East Germany continued to publish total LIES about its productivity. Claimed GDP growth in East Germany was much higher than West Germany, USA, or Western Europe!

	East Germany (official)	Soviet Union (official)	West Germany	United States of America	Western Europe
1950	100	100	100	100	100
1960	262	261	219	141	161
1970	401	523	336	212	259
1980	638	850	439	291	347
1989	902	1,107	516	392	426

Fall of the Berlin Wall Nov 9, 1989



History - 18

Oct. 3, 1990: German

Democratic Republic (East)
became part of the Federal
Republic (West), and
Germany became a united
state for first time since 1945.

1991: Vote to move capital from Bonn to Berlin in 1999.

History - 20
West Germany created a company to privatize East German property:

- 8,500 state-owned entities, 4 million workers.
- 6 million acres of forest and agricultural land.
- Vast public housing projects.

History - 21 In 3 decades, direct spending by central German government <u>US\$2 TRILLION</u>.

- 65% of that in social benefits: welfare, pensions, unemployment pay.
- 35% infrastructure, roads, business investment.

Funding the \$2+ Trillion Cost

7.5% income tax surcharge for individuals and companies.

Solidaritätszuschlaggesetz "solidarity surcharge".

Rate dropped to 5.5%.

Initially was for only 1991-1992. But continued through 2020.

Mostly phased out starting 2021.

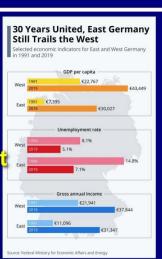
Has led to West German resentment toward East Germans.

As of 2019:

East GDP is 69% of West.

East unemployment 40% higher.

West income 21% higher.





#### History - 22

Plus Germany gave Eastern Germans one Deutsch Mark for one nearly worthless Ostmark. Cost another \$100 Billion.





**Ostmarks** 

Now, 30 Years Later: States of former East Germany still lag behind West Germany with lower wages and higher unemployment. Plus more than 2 million more people have left the East and not returned (talent drain).

## Former East Germany Two Parts to Our Visit

- 1. Famous cities south of Berlin: Dresden, Meissen, Leipzig, Erfurt, Wartburg, Weimar. Drive from Berlin or Frankfurt.
- 2. Potsdam just outside former East Berlin.

  Train or boat from Berlin.

  Map next slide...

#### Dresden

- Capital of Saxony.
- Pop 560,000.
- On River Elbe.
- WWII bombing destroyed the entire city center.























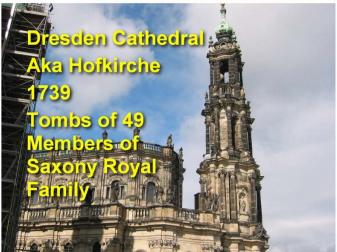




















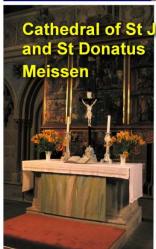










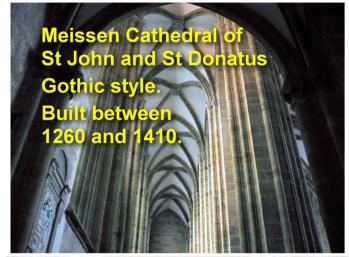






#### Meissen

- Pop 25,000.
- 16 miles from Dresden.
- On Elbe River.
- Famous for Meissen porcelain (still made).
- Started 1710. First highquality porcelain produced outside the Orient.





#### Meissen Porzellan-Stiftung Meissen Porcelain Museum

















#### Leipzig

- Pop 600,000.
- Largest in Saxony.
- On White Elster River.
- Trade center since the Holy Roman Empire.
- Historical center for music.
- Named "Most Liveable City in Germany".



















































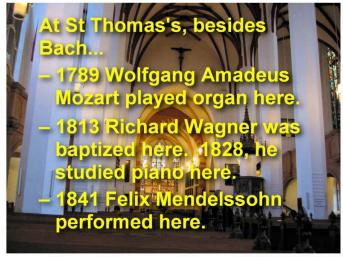




# Bach wrote over 1000 known compositions.



Vocal music includes cantatas, motets, masses, Magnificats, Passions, oratorios, chorales, songs and arias. Instrumental music includes concertos, suites, sonatas, fugues, and other works for organ, harpsichord, lute, violin, viola da gamba, cello, flute, chamber ensemble and orchestra.























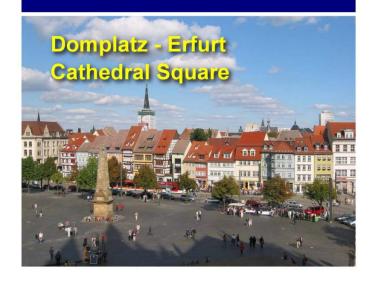


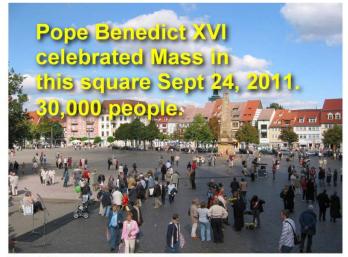




#### **Erfurt**

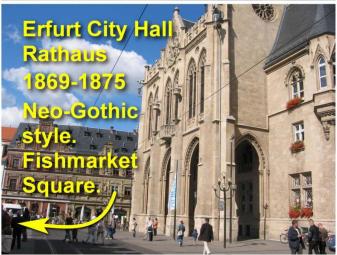
- Pop 220,000.
- State of Thuringia.
- On Gera River.
- Martin Luther, founder of the Protestant Reformation, studied and preached here.

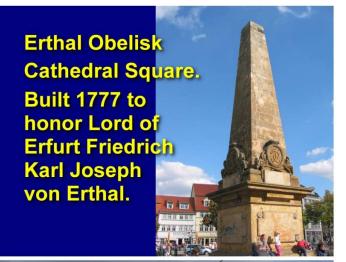






















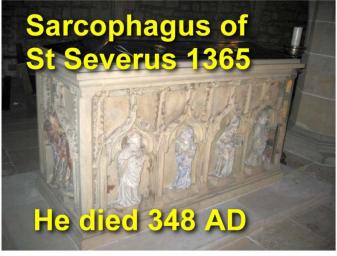


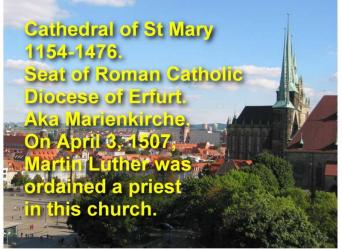


















#### Martin Luther 1483-1546

German professor of theology, priest, author, monk. Ordained Catholic priest. Rejected many Catholic teachings.



Opposed indulgences and buying salvation. Excommunicated. Began "Reformation" – Protestantism. Married a former nun.





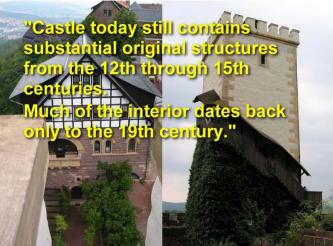


#### Wartburg Castle



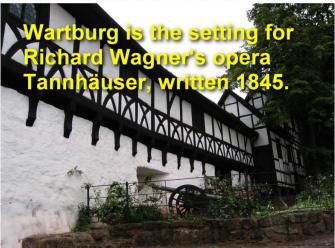
- UNESCO site.
- Construction started 1067.
- On a 1,350 ft precipice.
- Overlooking town of Eisenach.
- Martin Luther translated New Testament into German here.

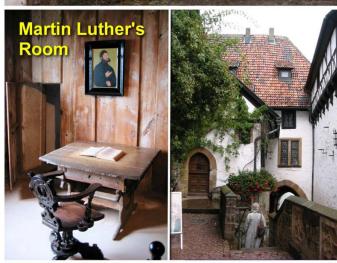












#### Weimar

- Pop 65,000.
- Historical cultural center:
  - Base of writers Johann von Goethe and Friedrich Schiller
  - Composer Franz Liszt.
  - Architects Wassily Kandinsky,
     Paul Klee, and Walter Gropius –
     "Bauhaus movement".
- Constitution of Germany after WWI signed here – "Weimar Republic".













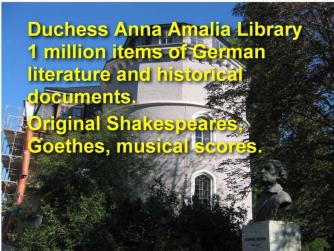


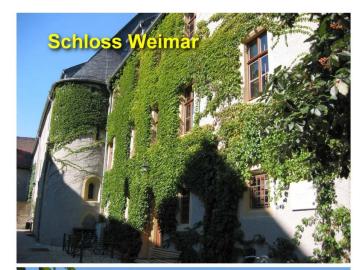




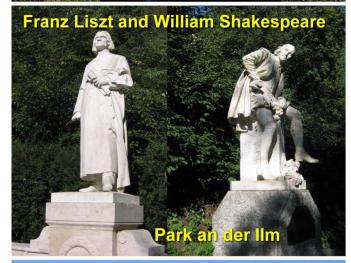


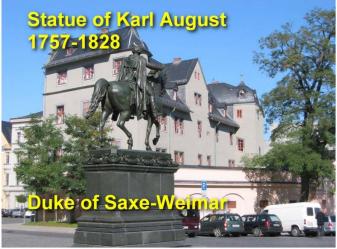


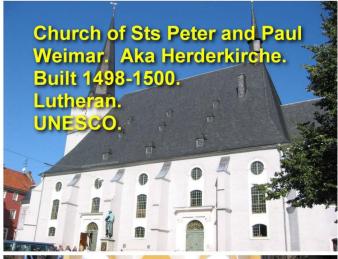


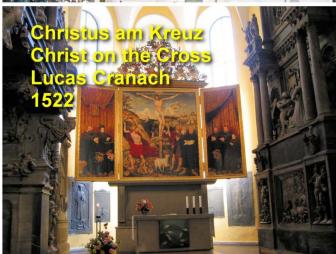






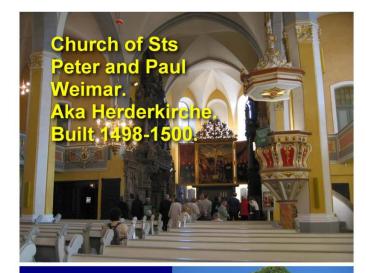




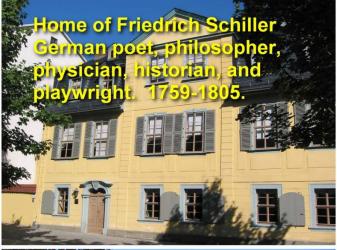




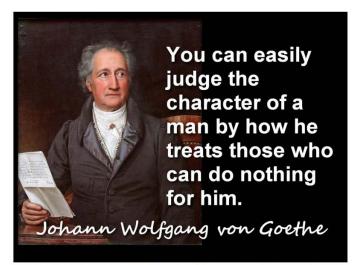


















#### **Potsdam**

# Day-trip add-on to Berlin visit. Just a quick train ride.

- 40 minutes on S-Bahn S7 train to Potsdam Hauptbahnhof.
- Several trains each hour.

Or you can go by boat.

Potsdam's parks and palaces

Potsdam's parks and palaces are UNESCO World Heritage.

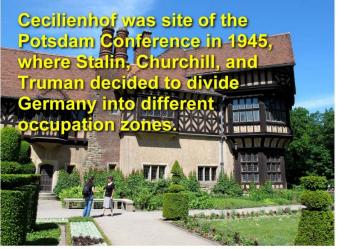


# Potsdam: Sanssouci Palace and Ornate Royal Park.

- Built 1774 by the King of Prussia.
- Rococo.
- Styled after Versailles.
- 700 acres of gardens, terraces, fountains.

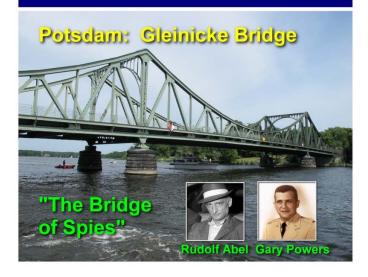






# Glienicke Bridge (Glienicker Brücke)

- Mysterious Cold War site.
- Spans the Havel River.
- Built 1904-1907.
- Connected Soviet
   Potsdam in the east with
   US-occupied West Berlin.







# Checkpoint to exchange captured Cold War spies and secret agents.

- 1962: Trade Rudolf Abel for Francis Gary Powers.
- Many others.
- 2015 film by S. Spielberg.



