


Former East Germany remains economically behind West

 [pewresearch.org/short-reads/2019/11/06/east-germany-has-narrowed-economic-gap-with-west-germany-since-fall-of-communism-but-still-lags](https://www.pewresearch.org/short-reads/2019/11/06/east-germany-has-narrowed-economic-gap-with-west-germany-since-fall-of-communism-but-still-lags)

By John Gramlich



A man stands in front of the Brandenburg Gate in Berlin before the start of the celebrations for the 2018 Day of German Unity; he is holding balloons with the event's slogan — “only with you” — printed on them in German. (Bernd von Jutrczenka/picture alliance via Getty Images)

The fall of the Berlin Wall 30 years ago this week brought far-reaching social and economic changes to communist East Germany, and people on both sides of the former barrier say the changes that have occurred since 1989 have had a positive influence on living standards in their country, according to a [recent Pew Research Center survey](#). But that does not mean the former East and West Germany are on equal economic footing today.

Despite substantial improvements in recent decades, the former East Germany continues to trail the former West Germany on important economic measures ranging from unemployment to productivity, according to an annual German government report on the “status of German unity.” (The most recent version of the report, from September, is [available here in German](#). The 2018 version of the report is [available here in English](#).)

[See also: How the attitudes of West and East Germans compare, 30 years after fall of Berlin Wall](#)

Here is a look at how economic conditions in the former East and West Germany have changed over time, how they compare today and how people in the two areas perceive these differences. All findings are based on data from the German government's 2019 report, as well as the Center's recent survey.

Unemployment is persistently higher in the former East Germany than in the former West. In 2018, the average unemployment rate was 6.9% in the six states of the former East Germany, compared with 4.8% in the 10 states of the former West Germany. (In all economic statistics in this analysis, Berlin is counted in East Germany, even though the city was divided during communism and is not directly comparable to other parts of East Germany.)

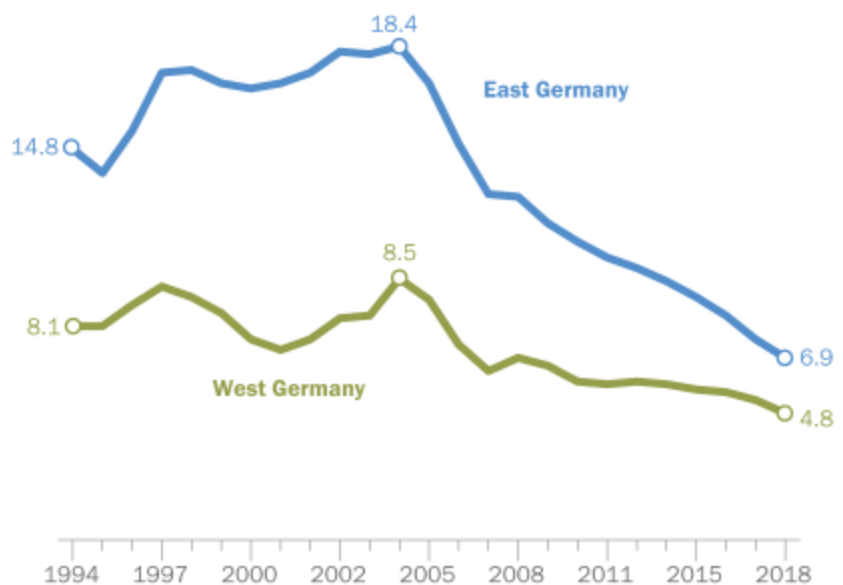
East-West differences in unemployment rates cut across demographic lines including age and gender. Among people ages 15 to 24, for example, the average unemployment rate in the former East Germany was 7.7% in 2018, compared with 4.1% in the former West. And while 7.5% of East Germans ages 55 to 64 were unemployed in 2018, the share was 5.3% among West Germans in the same age range.

Despite these differences, the former East has narrowed the gap with the former West substantially in recent decades. In the early 2000s, the unemployment rate was about 10 percentage points higher in the former East than in the former West – nearly five times the gap in 2018.

People in the former East Germany earn less than their counterparts in the former West. Total compensation, gross wages and salaries, and disposable (or after-tax) income have long been lower in the former East Germany than in the former West, according to the government's report.

Unemployment rate remains higher in former East Germany than in former West, but gap has narrowed

Average annual unemployment rate as a share of civilian labor force



Note: West and East Germany refer to the states comprising the pre-1990 Federal Republic of Germany and former German Democratic Republic, respectively. Berlin included in East Germany.

Source: Bundesministerium für Wirtschaft und Energie, Jahresbericht der Bundesregierung zum Stand der Deutschen Einheit.

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In 2017, the most recent year for which data is available, per-capita disposable income was €19,909 per year in the former East Germany – the equivalent of about \$22,500 based on the average euro-to-dollar exchange rate that year. By comparison, disposable income in the former West Germany was €23,283 a year, or about \$26,300.

Put another way, people in the former East Germany earned 86% the after-tax income of their West German counterparts in 2017. That percentage has changed little in recent years, but is far higher than in 1991, when per-capita disposable income in the former East was only 61% of that in the former West.

The former East Germany trails the former West in productivity. The former East has a much smaller population than the former West (about 16 million people, compared with about 67 million), but its productivity is also lower when adjusted for population differences. Per-capita gross domestic product was €32,108 in the former East German states in 2018, compared with €42,971 in the former West German states. Productivity in the East, in other words, was 75% of productivity in the West on a per-capita basis.

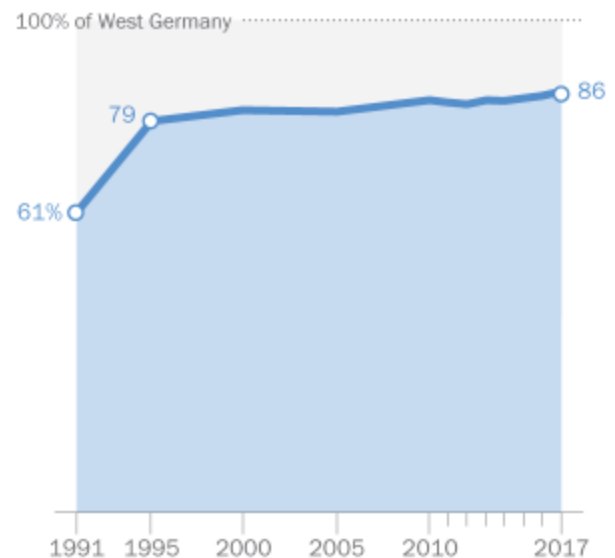
Five of the six states in the former East Germany – with the exception of the city-state of Berlin – had lower per-capita productivity in 2018 than the West German state with the lowest per-capita productivity, Schleswig-Holstein.

The government’s report points to several possible factors for the worse economic conditions in East Germany, including the lack of major companies headquartered there.

“Today, not a single east German company is listed on the DAX-30, the nation’s leading stock exchange index,” the report notes. “And almost no major companies have their headquarters in East Germany. Many East German businesses are part of western German or foreign corporations.”

Disposable income in former East Germany is 86% the level in former West

Annual disposable income per capita in East Germany as a % of West Germany



Note: West and East Germany refer to the states comprising the pre-1990 Federal Republic of Germany and former German Democratic Republic, respectively. Berlin included in East Germany.

Source: Bundesministerium für Wirtschaft und Energie, Jahresbericht der Bundesregierung zum Stand der Deutschen Einheit.

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While its per-capita productivity remains lower than that of West Germany, the former East Germany has made major gains since unification. In 1991, per-capita productivity in the former East was less than half (43%) of productivity in the former West.

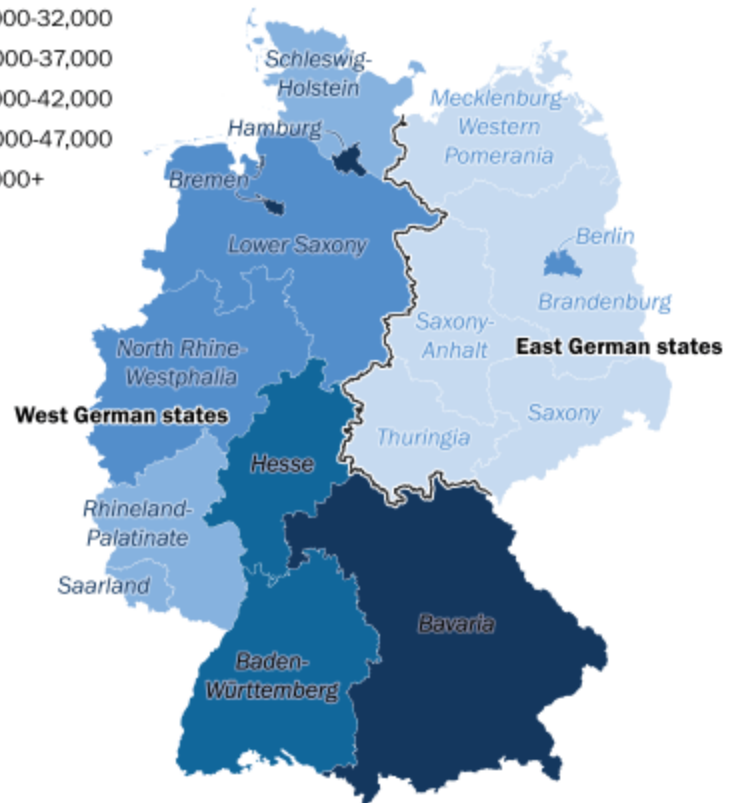
Germans in both areas say living standards in the former East have not yet caught up with those in the former West.

Around three-quarters of people in the former East Germany (74%) and around two-thirds of those in the former West (66%) say the East still has not achieved the same living standards as the West, according to the Center's recent survey, which was conducted among representative samples of adults in both areas as part of a [larger study of Europe](#).

People in the former East Germany are also less optimistic than their counterparts in the former West on a variety of measures, including whether children today will grow up to be better off financially than their parents. In the former East, 42% of adults say the next generation will be better off, compared with 50% in the West who say this.

Per-capita GDP is higher in former West German states than in former East German states

Per-capita GDP in 2018 euros



Note: West and East Germany refer to the states comprising the pre-1990 Federal Republic of Germany and former German Democratic Republic, respectively.
Source: Bundesministerium für Wirtschaft und Energie, Jahresbericht der Bundesregierung zum Stand der Deutschen Einheit.

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Majorities in former West and East Germany say East has not yet achieved same living standards as West

% who say East Germany ___ achieved the same standard of living as West Germany since unification



Note: West and East Germany respondents live in pre-1990 Federal Republic of Germany and former German Democratic Republic, respectively.

Source: Spring 2019 Global Attitudes Survey, Q19.

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30 Years United, East Germany Still Trails the West

 [statista.com/chart/19903/economic-differences-between-eastern-and-western-germany](https://www.statista.com/chart/19903/economic-differences-between-eastern-and-western-germany)

By Felix Richter

German Reunification

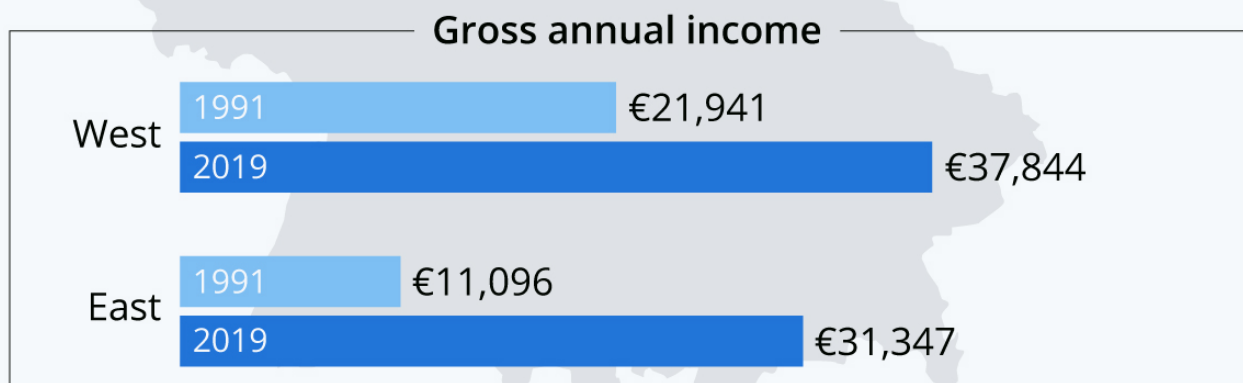
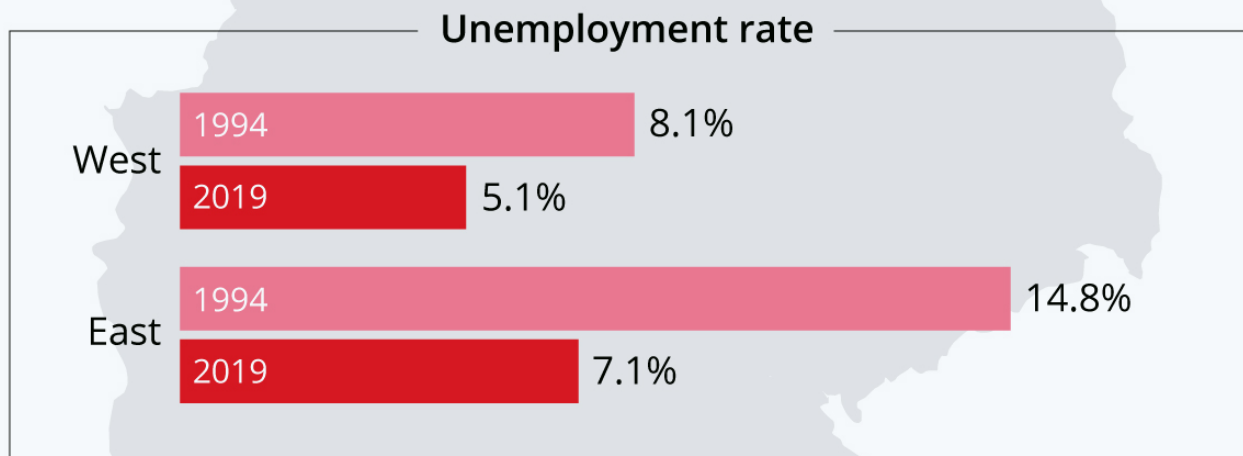
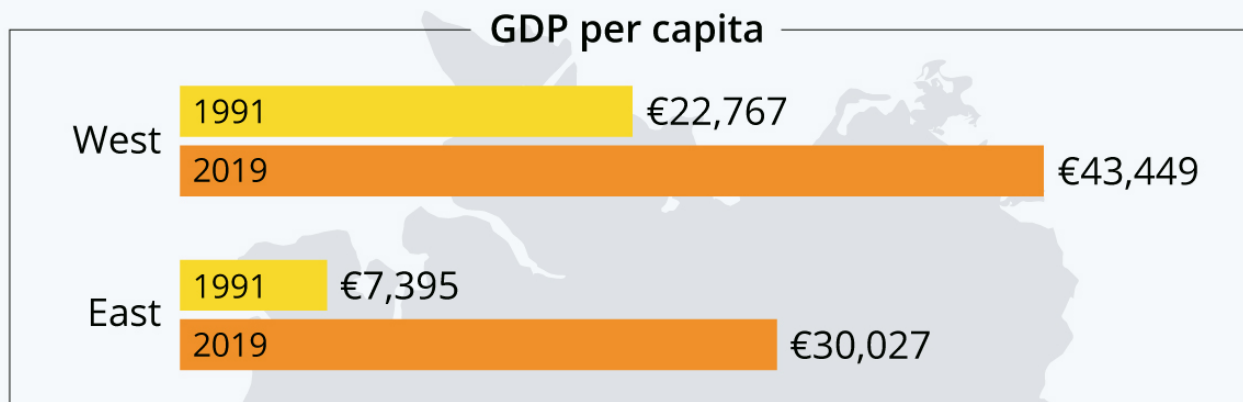
30 years ago, on October 3, 1990, the German reunification process was completed and the communist German Democratic Republic (GDR) became part of the Federal Republic of Germany, marking the birth hour of the Germany we know today.

Despite the fact that Germany has been reunited for 30 years now, a sense of division remains, as the East still trails the West economically and differences in mentality and political views persist. The recent success of the right-wing populist AfD in Eastern Germany was viewed with unease and disbelief in the West, amplifying a tendency of Western Germans to look down on their compatriots from the East, many of whom still feel like second-class citizens. Even though Eastern Germany has had a lurking problem with right-wing extremism for a long time, the rise of the “Alternative für Deutschland” would not have been possible if it weren’t for the persistent structural weakness of the region.

As our chart shows, Eastern Germany has benefitted immensely from the unification, but still trails the Western part of the country in terms of income and GDP per capita, while the unemployment rate remains significantly higher than it is in the West. While the situation certainly has improved compared to the early 1990s, when the gap was much wider, a lot of work is still necessary to erase the structural deficiencies that have now persisted for nearly 30 years.

30 Years United, East Germany Still Trails the West

Selected economic indicators for East and West Germany in 1991 and 2019



Source: Federal Ministry for Economic Affairs and Energy



Description

This chart shows differences in selected economic indicators between Western and Eastern Germany.



How divisions between East and West Germany persist 30 years after reunification

theconversation.com/how-divisions-between-east-and-west-germany-persist-30-years-after-reunification-126297

Gareth Dale



The ghost of the Berlin Wall lives on 30 years after its collapse. It sweeps through the statistics on immigrant populations (higher in the west) and on poverty, pensioners and electoral support for the Left Party *Die Linke* and for far-right parties (all higher in the east). Persistent east-west division intersects with class divides, as well as historical and present forms of institutional racism. This provides the backdrop for the particular success of far-right parties in Germany's eastern provinces.

In the years that followed unification, eastern Germany slipped from being one of the most industrialised regions of Europe to one of the least. Average productivity had long been lower than in the west. In 1945 the zone that became the German Democratic Republic (GDR) was occupied by a weak and war-ravaged superpower, the Soviet Union, which plundered its industries and infrastructure.

In contrast, the Federal Republic of Germany (FRG) was pulled into the US sphere, with its much larger markets. It benefited from immigration flows – including from the GDR – and from self-reinforcing logics of agglomeration, whereby increased investments attract further capital and skilled workers, and so on in a virtuous circle.

Transparent, research-based, written by experts – and always free.

The GDR also suffered from the general crises of the Soviet bloc. The Soviet system that took shape in 1928 had enabled Russia, an abysmally poor society, to industrialise rapidly during the interwar era. But with globalisation from the 1960s onward, Soviet bloc enterprises were handicapped by their weaker ability to internationalise sales and operations. In the 1980s, crisis hit the region and the Soviet bloc's trade networks collapsed.

Economic divide

On unification, the conservative government of Helmut Kohl set the exchange rate of the Ostmark to the Deutschmark at 1:1 – a 300-400% increase in the value of the Ostmark. Profitability for eastern firms could be maintained only if costs were reduced accordingly, but this was impossible given that all other input prices and overheads were themselves subject to the revaluation. No enterprise could withstand that shock unaided.

The Kohl government of the early 1990s adopted a blasé attitude to deindustrialisation in the east. It set up an agency, the *Treuhandanstalt* (nicknamed the “Handover Agency”) that oversaw the fire-sale privatisation of eastern enterprises and land – including the sacrifice of perfectly viable firms. The sell-off was accompanied by legal and illegal corruption and was heavily tilted to the interests of western businesses.



Bundesarchiv, Bild 183-1990-0923-015
Foto: Uhlemann, Thomas | 23. September 1990

Helmut Kohl oversaw German reunification. [Wikipedia / Bundesarchiv / Thomas Uhlemann, CC BY-SA](#)

Beneath the German flag-waving, the pickings of unification were taken by the largely western rich. Overall, only 5% of *Treuhandanstalt* businesses were sold to easterners, 85% to westerners. Germany's economic divide resumed, with senior management and the bulk of high-value activities located in the west.

The “great handover” combined with agglomeration logics to ensure that Germany's western states attracted the bulk of capital and skilled migrants – this expanded local markets and, in turn, attracted further investment and immigration. Meanwhile, the declining regions of the east experienced emigration and stagnation, depopulated ghost towns and the wholesale demolition of housing.

Stuttering attempts to close the gap

The German government attempted to counter this east-west divide in two main ways but both also reinforced underlying differences. One was the construction of the east as a low-wage territory and neoliberal testing ground. In a bid to attract investment, employers were encouraged to experiment with practices that the stronger trade unions in the west would block. National collective bargaining agreements were ripped up in the east. This

undermined workers' strength and morale throughout Germany, but the extremes were in the east, particularly in Saxony, which suffers Germany's highest rate of circumvention of collective agreements.

The other was state expenditure. "Solidarity" transfers of wealth from west to east were very substantial. This helped salaries and per capita GDP in the former east rise to around 80% of the west in the early 2000s. But the gap has stuck at roughly that level ever since, and is predicted to continue or even widen.

West-east transfers are rather like giving fish to someone after taking their fishing rod. Because most of the east's assets were appropriated by western interests, much of Germany's transfer spending goes from western taxpayers to the east, then boomerangs back in the shape of rent and profits. To this extent, the transfer is from western workers to western proprietors, recycled through eastern infrastructure projects and welfare recipients.

Second-class status

Inequality and poverty are relevant to the higher levels of racism found in the east. So too are the recurring crises and insecurity that have wracked eastern Germany since unification, and the global slowdown that followed the 2008 financial crisis.

However, reference to regional socioeconomic cleavages and crises only takes us so far. After all, the right-wing, nationalist Alternative for Germany (AfD) party receives strong support in low-unemployment Zwickau (in Saxony). It polls better in the wealthy western states (Bavaria, Baden-Wurttemberg) than in the poorer Ruhr. Its support is, according to several studies, stronger among higher income earners and the self-employed than blue-collar workers, with fear of economic decline and alienation a strong psychological factor.



An AfD rally titled 'protect borders, provide social security', in Erfurt, a town formerly in East Germany.
EPA/Martin Schutt

A key piece of this puzzle is found in the tangles of nation and immigration. In 1990, eastern Germans voted for FRG citizenship. In economic terms, as we've seen, something closer to annexation was the outcome. In political terms the hope was for full and rapid equality. "We are one people" was the chant on the streets as 1989 passed to 1990.

But politically, too, East Germans have experienced a form of annexation. Sweeping transformations were rammed through with little reference to public opinion or even parliament. Unification itself was accomplished by fiat, under the "annexation" paragraph of the federal constitution.

Westerners were appointed to most positions of power in the east, including senior civil service posts, professorships, and the top jobs in industry and the armed forces. East Germans were plunged into a quasi-immigrant position. They had left their Heimat behind and found themselves in a strange country. Their social furniture was suddenly upended. Their cultural capital (certificates, knowledge, etc) was devalued. Experiences of disorientation and dislocation were ubiquitous. East Germans, in journalist Toralf Staud's words, "emigrated while remaining rooted to the spot".

The analogy is loose, given that easterners did not face racism. Nonetheless, the perception of second-class status was hard to avoid. Perhaps, they thought, we are not "one people"?

Scapegoating immigrants

Grievances at discrimination can translate into a desire to rebuke elites and central government. And to some extent the Left Party *Die Linke* is the beneficiary. But where labour institutions and solidarities are weak, as in much of the east, non-German immigrants can be scapegoated.



Die Linke supporters in Dresden, formerly in East Germany. EPA-EFE/Filip Singer

Labour and immigration policies pre-1989 explain the east-west distinction here. In the FRG, racism and sexism were dominant ideologies in the postwar decades. There was appalling discrimination meted out to economic immigrants and asylum seekers. But rapid economic growth combined with the sluggish rise in women entering the workforce from the 1960s through the 1980s meant immigrants were recruited on a substantial scale. Decade after decade, they fought for their livelihoods, made friends with colleagues and neighbours and won their integration from below. Bigotry was pushed back.

The GDR experienced the reverse. The official ideology was egalitarian and, on the face of things, anti-racist and anti-sexist. Women entered the workforce during boom times. But few immigrants arrived and those that did come were subject to brutal state discrimination and segregation. Few were permitted to settle, and the post-1989 economic collapse ensured the picture did not change. Trade unions were banned, and solidarity in workplaces centred on the (invariably white, German) work team.


Given that contact with immigrants generally undermines xenophobia, far-right parties are enjoying success in areas of low immigration, especially the east. Against expectations, the AfD receives strong support from some immigrants, but of a specific category: the German-heritage “late re-settlers” from Russia and Eastern Europe.

Many of these trends exist in Germany’s western states too, including the rise of the AfD. There is also a longstanding distrust of mainstream politicians and institutions. This is nourished by a perception that elites have feathered their nests and dumped the consequences of unification and economic crisis on the rest. The west has also experienced a rise in poverty – indeed, the east-west poverty gap is actually lower now than ten years ago.

Similarly, an “overwhelming majority” of people in Germany, according to a recent Eurobarometer report, hold that income inequality is excessive. So, together with anti-racist activism in East and West alike, the potential for a politics that cuts across “ethnic” divisions is clear.



How West and East German views compare 30 years after fall of Berlin Wall

 [pewresearch.org/short-reads/2019/10/18/how-the-attitudes-of-west-and-east-germans-compare-30-years-after-fall-of-berlin-wall](https://www.pewresearch.org/short-reads/2019/10/18/how-the-attitudes-of-west-and-east-germans-compare-30-years-after-fall-of-berlin-wall)

By John Gramlich



A gap in the Berlin Wall on Nov. 11, 1989. (Patrick Piel/Gamma-Rapho via Getty Images)

Three decades after the fall of the Berlin Wall, people in former West and East Germany overwhelmingly say the unification of their country was a positive development, according to a [new Pew Research Center survey](#). Large majorities in both areas say the changes that have unfolded in Germany since 1989 have had a good influence on living standards, health care and national pride, and most also see improvements in areas including family values, spiritual values and law and order.

On a personal level, too, Germans are happier with their lives, according to the survey, which was conducted in spring 2019 among representative samples of adults in the pre-1990 Federal Republic of Germany (West Germany) and former German Democratic Republic (East Germany). Majorities in both areas now place themselves at 7 or higher on a 10-point “ladder” of life satisfaction, where 10 represents the best possible life. When Pew Research Center asked the life satisfaction question in 1991 and 2009, no more than roughly half in either area placed themselves in this top tier. The increase has been especially dramatic in the former East, where the share who rate their lives at 7 or higher has almost quadrupled from just 15% in 1991 to 59% this year.

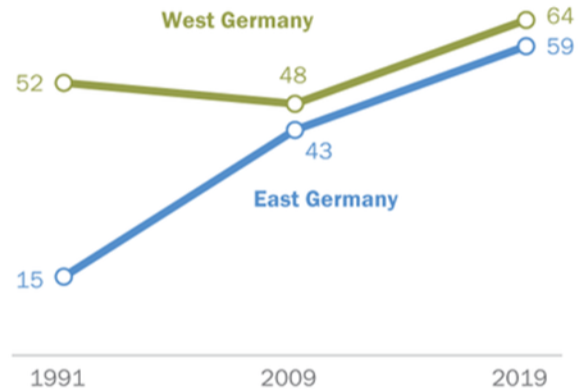
Despite widespread positive sentiments among Germans about the changes of the past 30 years, the perspectives of those in the former West and East still differ in some notable ways. Here is a look at some of the areas where these differences are most pronounced.

People in the former West are more satisfied than those in the former East with the way things are going in their country today, including the performance of Germany’s democracy. Around six-in-ten adults in former West Germany (61%) are satisfied with the way things are going in Germany, compared with 37% who are dissatisfied. Opinion is more evenly divided in former East Germany, where 50% are satisfied and 47% are not.

When it comes to the way Germany’s democracy is working, around two-thirds of those in the former West (66%) are satisfied, compared with a narrower 55% majority among those in the former East.

Majorities in former West, East Germany now rate their life satisfaction highly

% who rate their lives at a 7 or higher on 10-point ladder of life satisfaction

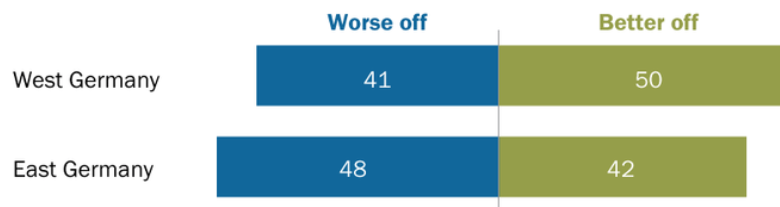


Note: West and East Germany respondents live in pre-1990 Federal Republic of Germany and former German Democratic Republic, respectively. To measure respondents’ well-being, we used the Cantril Ladder question that asks where respondents place themselves on the “ladder of life” with a scale from 0 to 10. The question wording is: “Here is a ladder representing the ‘ladder of life.’ Let’s suppose the top of the ladder represents the best possible life for you and the bottom, the worst possible life for you. On which step of the ladder do you feel you personally stand at the present time?”
Source: Spring 2019 Global Attitudes Survey. Q1.

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West Germans more optimistic than those in former East about financial prospects of next generation

% who say children today will be ___ financially than their parents



Note: West and East Germany respondents live in pre-1990 Federal Republic of Germany and former German Democratic Republic, respectively.
Source: Spring 2019 Global Attitudes Survey. Q4.

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On a variety of measures, those in the former West are more optimistic about the future than their counterparts in the former East. More in the former West say they are optimistic than pessimistic when it comes to the education system (57% optimistic vs. 41% pessimistic) and how the nation’s political system works (53% vs. 45%). In the former East, people tend to be more pessimistic than optimistic in both of these areas.

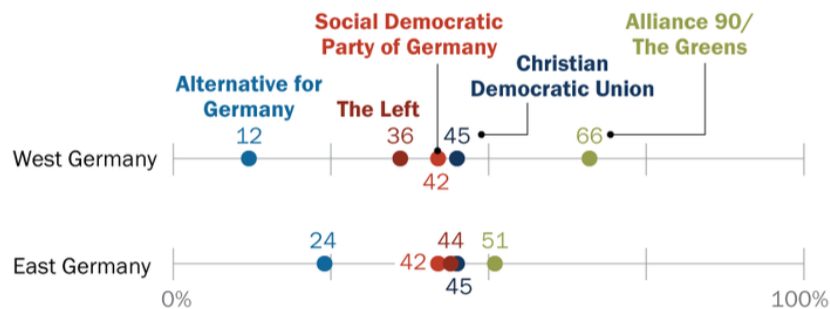
People in the former West are also more likely than those in the former East (50% vs. 42%) to say children today will be better off financially than their parents when they grow up.

Attitudes toward the EU are more positive in the former West than in the former East.

Germans are generally pro-European Union, but the share of adults who have a favorable view of the EU is higher in the former West than in the former East (72% vs. 59%). Similarly, three-quarters of those in the former West say Germany’s membership in the EU is a good thing, compared with 62% of those in the former East.

How people in former West and East Germany see the country’s political parties

% who have a favorable opinion of ...



Note: West and East Germany respondents live in pre-1990 Federal Republic of Germany and former German Democratic Republic, respectively.

Source: Spring 2019 Global Attitudes Survey. Q9GERa-e.

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People living in the former East are twice as likely as those in the former West to have a favorable opinion of the country’s right-wing populist party, Alternative for Germany (AfD). While its nationwide favorability remains relatively low, AfD has made electoral gains recently, particularly in the former East. In Pew Research Center’s new survey, 24% of adults in the East express a favorable view of AfD, compared with 12% of those in the former West.

Views of two main centrist parties in Germany, the Christian Democratic Union (CDU) and the Social Democratic Party (SPD), are roughly the same in the former West and East Germany. Among adults in both the former West and East, 45% have a favorable view of the CDU, while 42% have a favorable opinion of the SPD.

Around two-thirds of adults in former West Germany (66%) have a favorable opinion of Alliance 90/The Greens, compared with 51% of those in the former East. Meanwhile, those in the former East are more likely than those in the former West (44% vs. 36%) to have a favorable view of The Left party, a successor to the Communist Party in the former German Democratic Republic. People in former West Germany are more likely than those in the former East not to offer an opinion on The Left.

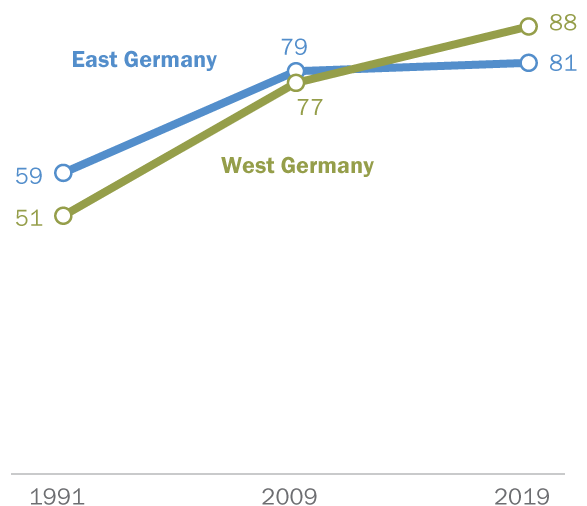
Those in former East Germany hold more negative views toward certain minority groups than people in the former West. Majorities in both areas see Muslims and Jews favorably, but those living in the former East are 14 percentage points more likely than their Western counterparts to have an unfavorable view of Muslims (36% vs. 22%) and about twice as likely to have an unfavorable view of Jews (12% vs. 5%).

Views of another minority group – Roma – are decidedly more negative in both areas, but people in the former East are again more likely than those in the former West to express an unfavorable opinion (48% vs. 35%).

Over the long term, there have been some notable changes in views toward minority groups in both areas. In 1991, for example, around a quarter of those living in former West Germany (27%) expressed an unfavorable view toward Jews – about twice the share expressing that view in the former East (12%). Since then, views toward Jews have become much more favorable in both areas – especially in former West Germany, where around nine-in-ten (88%) now hold a favorable opinion, up from around half (51%) in 1991.

Attitudes toward Jews have become much more favorable in Germany since 1991, especially in former West

% who have a favorable opinion of Jews in their country



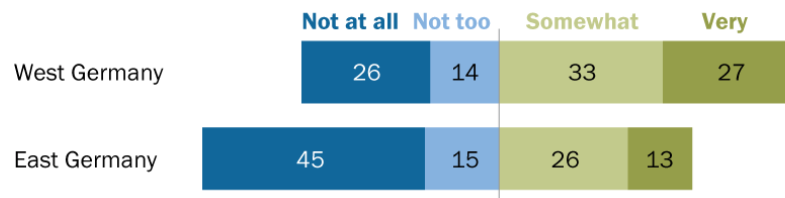
Note: West and East Germany respondents live in the pre-1990 Federal Republic of Germany and former German Democratic Republic, respectively.

Source: Spring 2019 Global Attitudes Survey. Q48a.

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Those living in former West and East Germany differ over importance of religion in their lives

% who say religion is ___ important in their lives



Note: West and East Germany respondents live in pre-1990 Federal Republic of Germany and former German Democratic Republic, respectively.
Source: Spring 2019 Global Attitudes Survey. Q85.

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Religion is more important to people in the former West than those in the former East. Six-in-ten adults in former West Germany say religion is *very* or *somewhat* important in their lives, whereas an identical share of those in former East Germany say religion is *not too* or *not at all* important. This includes 45% of those in the former East who say religion is *not at all* important in their lives.

Similarly, a majority of adults in the former West (56%) agree with the statement “God plays an important role in my life,” while nearly three-quarters of those in the former East (72%) *disagree* with this statement.

While fewer than half of people in both areas agree with the statement “Prayer is an important part of my daily life,” those in the former West are more likely to agree with it than those in the former East (42% vs. 25%).

See [full topline results](#) and [methodology](#).

Correction (Nov. 5, 2019): A previous version of this post mischaracterized differences in the attitudes of people in the former West and East Germany about the financial prospects of the next generation.