Introduction

German Cities Between Globalization and Unification

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For more than a century, Germany has had a well-balanced system of cities showcasing considerable variety in their social and physical make-up.¹ It has lacked spectacular global cities like New York, Tokyo, or London. Instead, western cities include industrial cities like those in the Rhine-Ruhr Valley and cities shaped by universities and research (Göttingen or Freiburg), media and publishing (Hamburg), culture and high-technology sectors (Munich), banking and finance (Frankfurt/Main), wholesale trade and insurance (Cologne and Düsseldorf), as well as government and administration (Berlin, Bonn, and most state capitals). Dramatic social or economic crises that generate debates about urban decline have not happened. Thanks in part to effective urban governments, no German city has come close to the near-collapse of American rustbelt cities during the early 1980s, or the fiscal meltdown of New York City in the 1970s. Crime has been consistently lower and less violent, and the American racial divide has no equivalent in German cities. East German cities, while more unevenly developed, have been no less stable. East Berlin was the dominant center, linked to the industrial cities in the North (Rostock) and South (Leipzig, Halle, Dresden) by a rather creaky infrastructure.

By the mid-1980s, it became clear that western cities were experiencing a new dynamic, first described as an emerging north-south gap.² Older industrial cities in the north—from Bremen to Duisburg to Dortmund—saw their economies stagnate or contract, while southern cities like Stuttgart and Munich boomed. With hindsight, these shifts marked only the beginning of the dynamic transformations ushered in by the completion of the single European market and the

economics of globalization. Today, these processes have intensified and are reshaping the urban economic, political, and cultural terrain. At the same time, German cities are responding to unification, a distinctly national agenda that has extended the reach of global economic forces *and* of democracy to the East. Theoretically, these are distinct processes, but empirically they interact in myriad ways, reinforcing as well as undermining each other, a point that will be explored more fully below. Moreover, we need to note that cities—far from converging towards a single urban model—continue to focus on purely local agendas and issues.

The emerging literature on globalization has identified the rise of mass migration, the spread of multinational corporations, the growing power of banking and finance, new communication technologies and the closer connectedness of producers and consumers worldwide as its central features.³ These factors are concentrated in global or world cities where business leaders and professionals affiliated with corporate headquarters and financial institutions come together to make decisions about investment and disinvestment, prosperity and decline in places nearby and far away. As political scientist Saskia Sassen put it, cities become the settings for the work of globalization. She also noted the tendency of globalization to deepen social polarization processes as highly-paid professionals and executives develop affluent lifestyles that are beyond the reach of most workers, especially those in the growing informal economy.⁴ In Germany, the cities of Frankfurt am Main and Düsseldorf have a place in this global league, according to sociologist Robin Cohen, with Stuttgart, Hamburg, Munich, and Berlin as likely candidates for admission.⁵

The effects of globalization on cities, and cities' responses to it, are by no means uniform. Urban leaders respond with initiatives and choices that range from an embrace of the opportunities offered by globalism to resistance against its impact, as well as more nuanced strategies in between. This process is shaped by new interests, institutions, and ideas superimposed on existing structures.⁶ Among the new interests are those mobilizing support for an improvement of the "locational quality" (*Standortqualität*) of cities, all in the name of economic development. Specific measures can include the upgrading of transportation hubs, more venues for upscale consumerism and cultural offerings, and the construction of choice residential quarters. As

Standortqualität has become a contested political slogan in recent years, cities have joined the band wagon and invested billions in new cultural centers (Frankfurt am Main), downtown malls (Düsseldorf and Leipzig), and luxury hotels (everywhere). City marketing has become a new growth industry, generating a constant race to attract spectacular events (be they cultural or athletic, preferably with an international flair) that will lure well-heeled tourists, residents, and new employers. As Häußermann and Siebel have demonstrated, this trend is by no means limited to Germany.⁷ Questions about the costs and benefits of such projects are often brushed aside as “provincial and petty.” Among those most likely to raise such questions are advocates for the interests of the losers in the global game: the long-term unemployed or workers in temporary or insecure employment, including many women and foreign migrants. In the past, urban governments regularly allocated modest funding for advocacy and self-help groups representing such interests; lately, as city budgets have grown tighter, these allocations have faced more intense scrutiny.

Institutional innovations include new forms of public-private cooperation in local economic development activities. Virtually every city now has a prominent local economic development agency, whether organized as an independent corporation as in Lübeck and Duisburg, or as part of the city government as in most cities. In turn, the agencies have spawned roundtables, partnerships, advisory councils, development associations, and employment initiatives. With limited public resources, these new institutions seek to mobilize entrepreneurs, chambers of commerce, unions, universities, research centers, and other nonprofit organizations for development activities. In some cases these new partnerships extend even beyond city limits in order to define and activate regional economic development potential.⁸ The inclusiveness and democratic legitimacy of these new forums varies greatly. In addition, their efforts to leverage limited public funds to persuade private actors to underwrite some of the costs of social consumption and public goods are not always successful. These forums highlight the role of local actors—public and private—in urban economic development.

This new entrepreneurial outlook has spilled over into city halls. Long targeted by business groups and citizens as slow, inflexible, or unresponsive, city halls have been responding with new ways of

delivering services. Some have opened "Citizen Offices" designed to replace the slow trek through the local bureaucracy with "one-stop shopping" and integrated service bureaus.⁹ Whether fiscal constraints or the pressures of globalization are responsible for such innovations is difficult to pin down. In addition, administrative reforms have become a priority in the push for more streamlined and accountable local structures. The trend toward the reform of local government charters, including the direct election of mayors in most northern and western states, should also be seen in this context. The creation of foreigners councils or parliaments has been another institutional innovation to respond to globalism and increased migration. By focusing on the vulnerability of foreign residents to economic exploitation and social discrimination, these councils expose one of the darker sides of globalism in German cities. Initially seen as a bold experiment, such councils are now mandated by state law in Hessen and North Rhine Westfalia.

In addition to new interests and institutions, ideas have also increased in importance as urban leaders define their place in the global order. Do they see globalization with its emphasis on human capital as a cornucopia of new opportunities for their city? Or do they perceive it instead as a threat to local prosperity and autonomy as hyper-mobile capital and globally oriented professionals see few incentives to invest in their community and its people?¹⁰ Ideas do not necessarily translate into strategies, but they do play a role as urban leaders seek to mobilize for growth and development. City governments in the East must find the framing of ideas that mobilize local actors especially difficult. With little experience in entrepreneurial cultures and hard hit by deindustrialization, ideas that envision future prospects and energize local actors are hard to come by. This may help explain why a number of eastern cities recruited local officials from the west.

Turning to unification and its effects on German cities, we must acknowledge the role of the central state. Launched on the streets of Leipzig and ratified in the conference rooms of Moscow, Washington, Paris, and Warsaw, unification required decisive action by Germany's federal government. With their considerable powers, national decision makers established the regulatory and fiscal framework for unification while the actual implementation occurred

mostly at the local level. In Germany's federal system, cities are embedded in an elaborate system of tax collection and revenue sharing that leaves them financially dependent on the national and state governments, with only limited opportunities to raise their own revenues. A comparison of the revenue structure of two "rustbelt cities," Bochum in Germany and Pittsburgh in the United States, showed that local taxes make up almost 60 percent of Pittsburgh's revenue compared to only 30 percent in Bochum.¹¹ The central state also looms large in the German policy arena. In the area of planning and development, for example, local prerogatives are relatively strong. Even so, city governments must comply with federal policy codified in comprehensive laws like the Development Law Code (*Baugesetzbuch*) of 1986 and its amendments that were designed to respond to the needs of eastern cities. It is not unusual to hear even seasoned local leaders lament the administrative and legal constraints such laws impose on cities. As one urban politician put it recently, "[a] mayor who follows common sense risks having one foot in jail."¹²

Ever since the West's dense administrative and regulatory framework was extended to the East, eastern urban governments have faced tremendous challenges as they coped simultaneously with the constitutional agenda of democratization, the transition to the western legal system, the protection of local economic assets, and adaptation to the market economy. With the help of western cities that "lent" civil servants and judges, they have managed reasonably well. Financial transfers from the West enabled them to initiate massive urban development and infrastructure projects that, in time, should help energize local economies. For western cities, unification has brought considerable belt tightening. Mandated to contribute to the Fund for German Unity (1990-94) and the Solidarity Pact (1995-), city governments resorted to austere measures that included hiring freezes, reduced investments, and the privatization of services.¹³ But the effects of unification can hardly be expressed in terms of fiscal transfers, budget deficits, or service cuts. For many cities in the West, unification has brought benefits that—though difficult to measure—are quite tangible. Lübeck, Nuremberg, or Braunschweig, for example, formerly cut off from their natural hinterland, can now reconnect ties that had been severed by the Iron Curtain. This is even more true of Berlin, which is poised to become Germany's capital again.

The articles in this issue explore different aspects of the local/national/global nexus in the cities of unified Germany. Migration, a major component of globalization, has changed German cities since the 1960s. National policies with regard to citizenship have attempted to regulate migratory flows, with major consequences for cities. As Barbara Schmitter Heisler shows in "Immigration and German Cities: Exploring National Policies and Local Outcomes," immigrants to Germany include refugees (temporary and permanent), ethnic Germans arriving from the former Communist bloc, and "guestworkers" and their families, many of whom are now permanent residents. About half of the immigrants have made their homes in large cities; thus, responsibility for the administrative and financial management of their varying legal statuses lies with local governments. In some cities immigrants have become a major fiscal burden; more likely to be unemployed than German residents, they draw a disproportionate share of social assistance funds. Local officials often voice concerns that the high concentration of immigrants in the cities' low-rent sections will lead to the emergence of poverty-stricken ghettos. Brett Klopp considers a related problem for immigrant communities: exclusion from the political process. In the case of Frankfurt am Main, this has developed into the absurd scenario in which almost one-third of the population does not enjoy the political rights of citizenship. Klopp's article, "Integration and Political Representation in a Multicultural City" examines two institutional innovations introduced by Frankfurt to provide foreign residents with something approaching a political voice—however muted—in local affairs. Not surprisingly, Klopp finds them a poor substitute for citizenship.

Many urban leaders, ranging from Manfred Rommel (CDU) to Daniel Cohn-Bendit (the Greens) and Barbara John (CDU), favor a less restrictive immigration policy. And as Dietrich Thränhardt shows, in some cities—such as Berlin and Hamburg—officials have found ways to speed up the naturalization of tens of thousands of applicants. "Between State and Market: Local Governments and Immigration" demonstrates the conflict between federal politicians, who deny the reality of immigration, and the local institutions (such as governments, churches, and schools) whose programs seek to integrate immigrants. Market forces further complicate the scenario

for immigrants. During economic downturns, many people tend to see them as an economic burden, a perspective that overlooks the ethical and humanitarian considerations that should be a part of any immigration regime.

Global forces also play a major role in shaping the economic fortunes of German cities. With an East-West gap now superimposed on an existing North-South gap, the national commitment to the “uniformity of living conditions” is severely challenged.¹⁴ While national policies have not abandoned cities, their ability to protect and stimulate urban economies has been weakened. The economic transformation of eastern cities clearly demonstrates this point. With unification these cities acquired the expensive regulatory and administrative framework that evolved in the pre-Wende Federal Republic. Initially this transfer was greeted with enthusiasm and regarded as the precondition for the cities’ modernization along the model of their western counterparts. But as Hartmut Häußermann suggests in “Urban Development in East Germany,” it is more likely that eastern cities will develop along a different path, conditioned by the interplay of western law, urban patterns shaped by forty years of socialism, and economic pressures. Nowhere is this more obvious than in the policy of property restitution that was imposed on the East in the unification treaty. Designed to undo illegal expropriations and confiscations of the Socialist (and to some extent, the Fascist) era, property restitution had the unintended effect of delaying investment in and modernization of real estate, pending the resolution of conflicting ownership claims. In addition, it resulted in a massive transfer of ownership rights to western individuals and international real estate corporations.

If further evidence of the unintended effects of the central state’s policies in eastern cities is needed, it can be found in the economic troubles urban governments and their populations now experience. National policies aimed at establishing parity in the wages of eastern and western workers have contributed to massive deindustrialization, saddling urban governments with high unemployment rates and stagnant tax revenues. The Treuhand’s approach to privatization of the GDR’s economic assets resulted in further deindustrialization. Eva Kolinsky’s article, “In Search of a Future: Leipzig Since the Wende,” reveals how Treuhand policies decimated the industrial

infrastructure. Kolinsky shows that job losses were not compensated by new employment generated by other national policies, namely subsidies for infrastructure modernization and tax incentives for private real estate investment. Moreover, the immediate exposure of fledgling industries to the harsh winds of global competition led to further losses for Leipzig's economic infrastructure. While these policies have had similar effects in other cities (such as Berlin), one cannot help but note the cruel irony of dashed hopes in a city whose people did so much to topple the GDR state and its tattered economy. As Kolinsky reminds us, Leipzig's fortunes were repeatedly derailed by a hostile state—during the Nazi era as well as under communism. Leipzigers have discovered that even a benevolent state may be unable to secure a brighter future.

In "The New Berlin," Elizabeth Strom and Margit Mayer also expose the unintended and contradictory effects of central state policies for small businesses, manufacturing, and families seeking moderately priced housing. The interests of these constituencies were marginalized by national and international business leaders, real estate conglomerates, and developers promoting their visions of Berlin as a global city. The authors raise unsettling questions about the vision of the new Berlin pursued by local and federal policy makers. Although some of the more extravagant and bizarre plans have been shelved, one is left with the prospect of an elegant government ghetto supported by a futuristic infrastructure that serves to isolate the institutions of democracy from its citizens. Will the new capital represent and express the ideals of Germany's first stable democracy?¹⁵ Strom and Mayer imply that such a vision has already lost out in the wheeling and dealing of federal, local, and corporate officials. Berlin may provide an especially dramatic example of globally-oriented economic interests seeking to impose their vision of the new capital in close alliance with at least some segments of the local state.

As developers and city officials wrangle about the shape of the new Berlin, the old Berlin always lurks just below the surface. Current plans for the construction of a Holocaust Memorial have generated local, national, and international debates. As the successive layers of the city's history compete for the attention of those guiding its development, the Nazi era lies at the center of the debate. This is not limited to Berlin of course. All German cities have seen debates

and efforts “to come to terms with the past,” and especially their Nazi past. Gavriel Rosenfeld, in “Architecture and the Memory of Nazism in Postwar Munich,” pursues a new direction by questioning the role of architecture in these debates. How were different architectural perspectives used in the postwar era to privilege or marginalize the Nazi past in local memory? His choice of Munich for a case study is more than apt. Singled out by the Nazis as “the capital of the movement” and “the capital of German art,” the city was deeply entangled in the Nazi era. It is not surprising that after 1945 proponents of both traditionalist and modernist perspectives competed to reshape the city in line with their historical and political symbols. If it is true that memory is preserved through contestation, one can only welcome the often-vehement debates about architectural competitions and the choices they have produced in Munich and elsewhere.

The contested terrain of architectural traditions in Munich is just one example suggesting that local and particularistic factors will survive in the era of globalism. German cities are not becoming variants on a single theme. Instead, they respond to local factors in some domains even as they are integrated into global networks in others. Hamburg’s debate about administrative reform offers another case in point. As Germany’s most affluent city (and long defined as the “door to the world”), Hamburg has strong ties to the global economy. But as Patricia Petersen shows in “The Never-ending Story of District Reform in Hamburg,” the protracted debate extending over more than two decades about the organization of administrative institutions was a purely local event. Hamburg, like Berlin and Bremen, is both a state and a city. The reform proposals—which were to clarify the respective responsibilities of district offices, elected district assemblies, and the *Senat*—touched directly on the distribution of power between these institutions. But this matter was never at the center of the debate. Instead, discussions revolved around the language of administrative law and the goal of preserving a rational and unitary system of district administration. The tensions inherent in this statist logic are evident in the curious position of the heads of Hamburg’s district offices. Chosen by the (elected) district assembly, they are formally appointed by the *Senat*. To succeed in their jobs, they must blend experience in administration with sensitivity to district politics and loyalty to the governing party. This combination of traits exemplifies

the “party book administrator,” the peculiarly German approach to marrying a statist tradition with democratic principles.¹⁶

This collection of articles, which introduces only a few of the many issues affecting German cities, demonstrates that cities are in the process of being remade by forces both global and national. It would be wrong to infer, however, that these forces have turned city administrators and citizens into passive spectators. To the contrary, the evidence clearly suggests that administrators as well as citizens attempt to shape and/or deflect national and global effects on the local level. Equally important, purely local issues continue to surface that demand the attention of policy makers and citizens. Searching for new ideas, responding to new interests, and inventing new institutions, local political actors are challenged as never before. Oddly, scholars on this side of the Atlantic have not paid much attention to urban Germany, favoring case studies of British and, occasionally, French cities.¹⁷ The articles in this issue are intended to begin the process of filling this gap.

Notes

1. Heinz-Jürgen Bremm and Peter Ache, “International Changes and the Single European Market: Impacts on the Spatial Structure of Germany,” *Urban Studies*, vol. 30, no. 6 (June 1993), pp. 995 ff.
2. Hartmut Häußermann and Walter Siebel, *Neue Urbanität* (Frankfurt am Main, 1987), pp. 53 ff.
3. Ash Amin and Nigel Thrift provide a good synthesis of this literature. Compare “Living in the Global,” Ash Amin and Nigel Thrift, eds., *Globalization, Institutions, and Regional Development in Europe* (Oxford, 1994), pp. 1-19.
4. Saskia Sassen, “Cities and Communities in the Global Economy,” *American Behavioral Scientist*, vol. 39, no. 5 (March/April 1996), pp. 633-634.
5. Robin Cohen, *Global Diasporas* (Seattle, WA, 1997), p. 166.
6. Susan E. Clarke and Gary L. Gaile, “Local Politics in a Global Era: Thinking Locally, Acting Globally,” *Globalization and the Changing U.S. City*, *The Annals*, vol. 561 (Thousand Oaks, 1997), p. 29.
7. Hartmut Häußermann and Walter Siebel, *Festivalisierung der Stadtpolitik*, Leviathan Sonderheft 13 (Opladen, 1993).

8. In North Rhine Westfalia, for example, a 1990 state law mandates regional development councils to encourage cities and their surrounding regions to develop coordinated development strategies. Compare Rolf G. Heinze, Helmut Voelzkow and Josef Hilbert, *Strukturwandel und Strukturpolitik in Nordrhein-Westfalen* (Opladen, 1992), pp. 86-93.
9. "Das neue Rastatter Bürgeramt," *Der Städtetag*, vol. 47, no. 3 (March 1994), p. 226-227.
10. Clarke and Gaile, pp. 31-32.
11. Jutta A. Helm, "Dollars and Marks: Fiscal Capacity and Government Spending in Two Cities," paper presented at the Annual Meeting of the American Political Science Association in San Francisco, CA, August 29-September 1, 1996.
12. Rolf Böhme, *Beeilt euch zu handeln, bevor es zu spät ist zu bereuen*. (Freiburg, 1997), p. 78.
13. For more detailed information consult the annual Gemeindefinanzbericht in the March issues of *Der Städtetag*. Hanns Karrenberg and Engelbert Münstermann published the "Gemeindefinanzbericht 1996" with the alarmist subtitle "Urban Finances '96—At a Dead End." In *Der Städtetag*, vol. 49, no. 3 (March 1996), pp. 119-211.
14. This commitment is enshrined in the Basic Law, Article 72.
15. Helga Grebing, *Was geht uns Berlin an?* (Göttingen, 1995).
16. Gordon Smith, *Democracy in West Germany*, 3rd ed. (New York, NY, 1986), p. 72.
17. A search of the PAIS International and First Search data bases for the period 1990-1997 yielded eight articles on European cities in journals published in the United States. A search of *Urban Affairs Review*—probably the premier journal for urbanists in the United States—turned up 10 additional articles on European cities between 1990 and 1997. Most of these focus on a comparison of cities in the U.S. and the U.K. One article examines a German city. For books and monographs, the picture is not much brighter.