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You can lead a horse to water, but you can't (always) make it drink: positive freedom in the aftermath of German unification

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Abstract

This article investigates the degree to which the East Germans have acted on the freedoms they gained after the fall of the German Democratic Republic (GDR). Initially, many observers expected that the East Germans would quickly take advantage of their political, religious, and economic freedoms to become as entrepreneurial, partisan, and religious as their Western counterparts. Over the past decade, however, social scientists have discovered the persistence of 'Leninist legacies,' arguing that the East Europeans' socialization under communism will make them reluctant to act on the before-mentioned freedoms. Contrary to both of these expectations, we find considerable variation in the Easterners' behavior. In the economic sphere, while the Easterners have been willing to engage in legal market activity, they have been reluctant to get involved with gray market activity. In the political realm the elites have embraced partisan politics more thoroughly than have ordinary citizens. Finally, the Easterners have flocked neither to the Catholic and Protestant churches nor to new religious movements like Scientology. These results suggest that the combination of Western rights and Eastern Leninist legacies has created a unique incentive structure in East Germany. The Easterners face a different cost-benefit calculus than do the Westerners and, as a result, at times are less willing to act on their positive freedoms. © 2002 Elsevier Science Ltd. All rights reserved.

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Introduction

The unification of Germany has extended the formal institutions governing the Federal Republic of Germany to the former German Democratic Republic (GDR), introducing East Germans to a number of positive freedoms in their economic, political, and religious lives. Rather than working in state-run enterprises and using a system of centrally-determined prices, individuals now have the freedom to take part in market-oriented activity and exercise entrepreneurial initiative. Rather than being punished for deviating from the communist Socialist Unity Party's (SED's) established position, political parties now have the freedom to develop their own party line on pressing issues. Finally, rather than being denied educational or career opportunities for practicing their faith, the East Germans now have the freedom to follow any religion they choose. At the time of unification, many observers expected that because they were joining the 'ready made (West German) state,' East Germans would quickly come to resemble their Western counterparts (Rose et al., 1993).³ The ready-made-state approach implies that Easterners would take advantage of these freedoms to become as entrepreneurial, partisan, and religious as their Western counterparts.

Over the past decade, however, social scientists have begun to focus on socialist or 'Leninist legacies', arguing that East Europeans' socialization under communism meant that they would respond to liberal democracy and the market differently than the Westerners (Jowitt, 1992; Ekiert and Hanson, 2000). This perspective suggests that a simple change of formal institutions is not enough to cause post-communist citizens to act on the positive freedoms they have received. Extensive opinion surveys have documented East Germans' preferences for social equality and a large government role in the economy (Delhey, 1999; Roller, 1994; Rohrschneider, 1999). As a result, the East Germans may lack initiative or be reluctant to engage in entrepreneurial activity which may lead to greater social inequality. Similarly, studies of East Europeans' attitudes toward political parties reveal a widespread skepticism of partisan politics after decades of communist party dictatorship (Rose, 1995; Rose and Mishler, 1997; Linnemann, 1994: 197). The Easterners may therefore be unwilling to act on their freedom to engage in party politics. Finally, opinion research has documented that after 40 years in an atheist system, the East Germans are far less likely to believe in God than their Western counterparts (Conradt, 1996: 61). Thus, Easterners may be uninterested in taking advantage of religious freedom.

In this article we empirically investigate the degree to which the East Germans have acted on the economic, political, and religious freedoms they received as a result of unification. The perspective that focuses on the transfer of West German formal institutions suggests that Easterners will enthusiastically join markets, parties,

³ Yoder, 1999: 115) argues that this assumption characterizes "much of the scholarly analysis" of united Germany in terms of what would—and should—occur after unification.

and churches. In contrast, the Leninist legacies approach predicts that the Easterners will only reluctantly embrace their right to join these three types of groups. Contrary to both of these expectations, we find considerable variation in the Easterners' willingness to act on their newfound freedoms. In the economic sphere, while the Easterners have been quite willing to engage in legal market activity, they have been reluctant to get involved with gray market activity. In the political realm elites have embraced partisan politics more thoroughly than have ordinary citizens. Finally, the Easterners have flocked neither to the Catholic and Protestant churches nor to new religious movements like Christian Science.

These results suggest that there is no clear-cut relationship between formal institutional change, Leninist attitudinal legacies, and the Germans' adoption of positive freedoms. Instead, we argue, the combination of Western formal institutions and Eastern Leninist legacies have created a unique incentive structure in Germany's five new states. Easterners face a different cost-benefit calculus than do the Westerners and, as a result, at times are less willing to act on their positive freedoms than are the Westerners. To better understand the costs and benefits faced by the Easterners we employ the concept of informal institutions.

We define institutions as rules that are known to members of a group and are enforced through some type of a sanctioning mechanism. We draw a distinction between formal and informal institutions, depending on the enforcement mechanism used. Formal institutions are rules enforced by the state; examples of formal institutions include constitutions, laws, and other public ordinances. In contrast, informal institutions are rules for behavior that are sanctioned by private (non-state) mechanisms such as social norms, market pressure, or electoral competition. While the state cannot explicitly punish individuals who are not entrepreneurial, political elites who shun party politics, or individuals who fail to freely practice a religion, there are non-state mechanisms which can reward or punish these actions. Where the economic, electoral, and/or social mechanisms that reward the Easterners for acting on a positive freedom outweigh those mechanisms that punish the Easterners for acting on that positive freedom, the East Germans are likely to behave like their Western counterparts, regardless of their experiences under socialism. In contrast, where the economic, electoral, and/or social sanctions for acting on a positive freedom outweigh the corresponding benefits of doing so, the Easterners are likely to behave differently than their Western counterparts, despite the presence of identical formal institutions (Table 1).

Table 1
The price of positive freedom

Cost-benefit ratio	Actors' responses	Area applicable
Informal benefits outweigh informal costs	Most act on positive freedom	Official market economy, elite politics
Informal costs outweigh informal benefits	Most don't act on positive freedom	Gray market economy, mass politics, religion

In each of the following sections we discuss both the formal and the informal mechanisms in place in East Germany after the introduction of the market economy, representative democracy, and religious freedom. We explain how these institutions influenced the East Germans' cost-benefit calculations and hence their willingness to act on their new positive freedoms. We then conclude by discussing the broader implications of these findings.

The economic realm: market and gray market activity

With the German Economic, Monetary and Social Union on July 1, 1990, the formal institutions of the GDR's centrally-planned monetary system were completely replaced by the formal institutions of the West German market economy. At first glance, this method of introducing a market economy would appear to solve many of the main problems facing countries making the transition to a market economy: the East Germans received an already-functioning system of property rights, banks, as well as markets for stocks and bonds. However, some scholars suggest that even though these formal institutions are in place, there may be informal conventions that hinder the functioning of market mechanisms: "[I]f individuals have been brought up with norms that eschewed competition and individual initiative... they will be hard put to adjust when the formal rules change [and a market economy is introduced]. Informal constraints, unlike formal rules cannot be changed overnight" (North, 1992: 12). Decades in a socialist system which strongly stressed economic equality seem to have created such informal social norms. Studies that compare the East and West Germans' economic values have found that the East Germans express much stronger support for economic equality than do their Western counterparts, suggesting that they may be unwilling to take advantage of their positive freedom to improve their economic standing through market exchange (Delhey, 1999; Roller, 1994; Rohrschneider, 1999). In the following section we examine whether socialist economic norms have influenced the East Germans' willingness to act on their opportunities to take part in both legal and gray market exchange.

Legal market activity in East Germany

Informal institutions, such as legacies eschewing competition, are only one variable among many that may influence the degree to which individuals engage in market exchange; scarcity of resources, for example, may also hinder such an exchange. As a result, it is difficult to analyze whether economic outcomes are the result of informal institutions or other economic constraints. This is particularly true when comparing the economic behavior of the East and West Germans. While all Germans share the same formal institutions governing market activity, the Easterners have quite different resource endowments: unemployment is much higher in the former GDR, the general income level is lower and government spending is much higher.

Despite the Easterners' pronounced preference for economic equality and their

limited resource endowments, the East Germans have shown a strong willingness to embrace entrepreneurial activity. Between 1990 and 1995 approximately 1.3 million firms were founded in East Germany, although 600,000 eventually closed their doors. The *Institut für Mittelstandsforschung* in Bonn estimates the actual number of existing firms by the end of this period was probably closer to 500,000. Even this lower figure, however, indicates a strong degree of entrepreneurial spirit among the Easterners. Today the number of Eastern firms founded since unification exceeds the number of previously state-owned firms and four-fifths of the Eastern industries now have a majority of Eastern owners. Finally, despite the Easterners' lower resource endowments than that of their Western counterparts, the German Chamber of Commerce reports that the Eastern localities now have 80% of the firms that the Western communities do (DIW, 1997; Pohl, 2000).

These statistics do not suggest the presence of informal legacies from the socialist period that cause the East Germans to shy away from market-oriented entrepreneurial activity. Rather than shunning initiative or competition, they have responded enthusiastically to their newfound positive economic freedoms. Empirical research has shown that the economic difficulties and bankruptcies experienced by new Eastern entrepreneurs were due less to anti-competitive informal institutions than to economic factors including a lack of appropriate human capital, high wage costs as a result of salary agreements reached in the wake of unification, and extremely strong competition in some sectors from the already-established West German firms (for example, DIW, 1997). Even in the areas where the East–West differences in entrepreneurs' behavior could be observed, the variance could often be explained by factors other than informal institutions. For example, Eastern entrepreneurs initially made infrequent use of discount bills (*Wechsel and Wechseldiskontkredite*) to finance their businesses, not because their experiences under socialism created informal norms against incurring debts, but because many entrepreneurs were unaware that this financing option was open to them (Mummert, 1995). Thus, despite Easterners' preferences for equality, the Eastern entrepreneurs seem to have little reluctance to get involved in the official market economy or follow market incentives after founding their firms.

Gray market economic activity in East Germany

However, in terms of their involvement in the gray-market or shadow economy, the East Germans do seem to differ from their Western counterparts. By 'gray market' activity we refer to the sales of legal goods and services that take place without following legally-mandated procedures. For example, such activity often occurs when services are provided without the employer paying prevailing wages, taxes or social security contributions, or without providing other legally-required worker benefits and safety measures. Similarly, service providers may lack the necessary licenses or legally-mandated qualifications for the work they are doing. The German term for this type of gray market service provision is *Schwarzarbeit*, literally 'black

Table 2

Demand for *Schwarzarbeit*: How many of your friends or acquaintances do you think have made use of *Schwarzarbeit* at least once?

	West Germans (%)	East Germans (%)
Almost none of them	25.5	56.5
About 1/4 of them	23.2	21.8
About the half of them	18.9	11.8
About 3/4 of them	10.2	2.4
All or almost all	15.7	2.9
I do not know	6.5	4.7

East–West differences statistically significant: 2-tailed $P = 0.0001$; $Z = -7.274$.

work.’ A 1997 survey⁴ of a representative sample of Germans found significant inner-German differences in the intensity of *Schwarzarbeit*: the Easterners reported less gray market work activity than did the Westerners.

Over half of the East Germans surveyed reported that they believed none of their friends or acquaintances had ever made use of the gray market whereas only a quarter of the Westerners agreed with this statement (Table 2). Similarly, significantly fewer Easterners than Westerners had actually done *Schwarzarbeit* themselves or had experienced unsolicited offers to receive gray market services (Table 3a and b). Thus while the East and the West Germans appear relatively equally likely to take advan-

Table 3

Supply of *Schwarzarbeit*

	West Germans (%)	East Germans (%)
<i>a. Honestly, have you ever done Schwarzarbeit?</i>		
Yes	24.5	12.9
No	73.5	85.3
No response	2.0	1.8
<i>b. Has anyone ever made you an unsolicited offer to provide you with a gray market service rather than a legal one?</i>		
Yes, once	9.5	12.4
Yes, repeatedly	32.7	12.4
No, never	56.0	74.7
No response	1.8	0.6

In a., East–West differences statistically significant: 2-tailed $P = 0.0023$; $Z = -3.0515$. In b., East–West differences statistically significant: 2-tailed $P = 0.0015$; $Z = -3.1655$.

⁴ BAC Burda in Munich conducted this telephone survey for the Focus magazine in March, 1997. Seven hundred and ninety-seven West Germans and 170 East Germans were asked to answer questions about *Schwarzarbeit*. We thank the editors of Focus for providing us with the data.

tage of their positive freedom to engage in legal market activity, the Easterners appear much more reluctant to take part in gray market activity.⁵

Given the economic conditions in East Germany, these findings are particularly surprising. First, the comparatively lower income levels in the new German states would lead one to expect that the Easterners would be more willing than the well-off Westerners both to seek and to provide much cheaper gray market services. Second, the considerably higher level of unemployment in East Germany creates the ideal conditions for the provision of gray market services. Unemployed Easterners have plenty of time to offer *Schwarzarbeit* and are likely to have a need for additional income to supplement their unemployment benefits. Third, the Germans must pay high taxes on earned income, making non-taxed work in the shadow economy even more attractive. Fourth, because one of the major problems for the East German companies is the high cost of labor (DIW, 1997), a reliance on gray market labor could increase the competitiveness of some Eastern firms. Nonetheless, the Eastern companies appear reluctant to rely on *Schwarzarbeit* despite its competitive advantages. Finally, the East Germans are no strangers to work in the shadow economy; under communism there existed an extensive gray market economy.

Thus, while economic reasoning would lead one to expect that the demand and supply of *Schwarzarbeit* in East Germany should be actually greater than in West Germany, the situation is exactly the opposite. How can this puzzling outcome be explained? The Leninist legacies perspective suggests that the Easterners' preference for economic equality may have led them to disapprove of gray market work as it involves the creation of an unequal labor market. These kind of norms may raise the informal social costs of *Schwarzarbeit* and limit both the intensity and the range of the shadow economy in Germany's new states. Before making this argument, however, we will investigate some alternative hypotheses.

One factor which might account for the small size of the gray market economy in the former GDR is the Easterners' lack of knowledge about the advantages of the shadow economy. Residents of Germany's new states may not make use of *Schwarzarbeit* because they do not realize that it is a cheaper alternative to services provided in the regular economy. However, the above-mentioned Focus survey suggests that this explanation is not likely. Both the East and the West German respon-

⁵ One possible objection to this conclusion is that the survey data does not provide us with accurate information about gray market activity. Because the survey was conducted by a West German marketing agency, East Germans may have been reluctant to confess to engaging in *Schwarzarbeit*, leading to the practice being underestimated. Such reluctance to discuss controversial topics with survey researchers has indeed been observed among the East Germans in other cases (Mogensen and Kvist, 1995). Unfortunately, it is not possible for us to compare interview responses with actual behavior since gray market activity is by nature unreported in official statistics. Nonetheless, it is unlikely that the observed East–West differences can be attributed to the biases of survey research. Respondents were not told that the survey was about gray market service provision and many other detailed questions on unrelated topics were included in the survey. Items regarding *Schwarzarbeit* were neutrally worded. Finally, significant differences were found not only in terms of people's personal involvement with gray market activity—about which they might have been tempted to lie—but also in terms of unsolicited offers to take part in the shadow economy, offers of which there was less incentive for respondents to conceal.

Table 4
Cost as an incentive for employing *Schwarzarbeit*

	West Germans (%)	East Germans (%)
<i>a. People purchase gray market services because they can save money</i>		
Agree	92	88
Disagree	8	8
I do not know	1	4
<i>b. People purchase gray market services because they would otherwise be too expensive</i>		
Agree	69	61
Disagree	27	34
I do not know	4	5

In a., no significant East–West differences: 2-tailed $P = 0.1584$; $Z = -1.4103$. In b., no significant East–West differences.

dents were overwhelmingly aware of the low cost of gray market services (Table 4a and b).

A second explanation for the low level of *Schwarzarbeit* in East Germany might be that due to the East Germans' comparatively limited experience with the Western system, they do not realize that the likelihood of being detected while working on the gray market is rather low. After decades in an authoritarian system, the Easterners may refrain from such work because they fear being punished. Yet again, the data suggests that this is not the case (Table 5). The majority of the East Germans actually attributed the existence of *Schwarzarbeit* to a lack of state sanctions against the gray market. Even more Easterners (58%) than Westerners (53%) believed this to be the case, although the differences were not statistically significant.

A third possible explanation for the small shadow economy in the five new states is that the East Germans demand less *Schwarzarbeit* because they expect the services to be of poor quality and would prefer to pay more for higher quality work. However, the survey data suggests that this hypothesis also should be rejected; a majority in both halves of Germany believe that gray market services are just as good as services

Table 5
Lack of state sanctions as a cause of *Schwarzarbeit*: People do *Schwarzarbeit* because no action is taken against it

	West Germans (%)	East Germans (%)
Agree	53	58
Disagree	45	38
I do not know	2	4

No significant East–West differences: 2-tailed $P = 0.2863$; $Z = 1.0663$.

Table 6
The quality of gray market services: gray market services are often of lower quality (than regular services)

	West Germans (%)	East Germans (%)
Agree	34	26
Disagree	54	56
I do not know	13	19

East–West differences statistically significant: 2-tailed $P = 0.0181$; $Z = -2.3642$.

provided in the regular economy (Table 6). In fact, the Easterners were significantly more likely than their Western counterparts to believe that *Schwarzarbeit* is of good quality.

Thus conventional economic variables (unemployment, income, high tax and labor costs) cannot account for the small size of the East German shadow economy, nor can ignorance, fear of state sanctions, or concerns about the potentially poor quality of gray market services. Instead, the survey presents some data suggesting that the observed East–West differences can be attributed to the existence of high informal costs of gray market exchange. On the surface, the Easterners are willing to accept less of the practice of *Schwarzarbeit* than their Western counterparts (Table 7). While 59% of the West Germans agreed that the provision of the gray market services was ‘OK’ as long as it was done only from time to time, this percentage fell to 52% in the East. This difference of means was not statistically significant.

However, further investigation of the Eastern attitudes toward *Schwarzarbeit* reveals a striking, and highly significant, difference with respect to the issue of whether the gray market service provision should be severely punished (Table 8). While fewer than half of Western respondents favored severely punishing people who offer services in the shadow economy, almost 70% of the Easterners supported such penalties.⁶ Informal institutions are defined by a willingness to punish those

Table 7
Acceptance of *Schwarzarbeit*: as long as its only done from time to time, gray market service provision is OK

	West Germans (%)	East Germans (%)
Agree	59	52
Disagree	37	45
I do not know	3	3

No significant East–West differences: 2-tailed $P = 0.0960$; $Z = -1.6645$.

⁶ In general the East Germans are much more likely to have post-materialist law-and-order values than the West Germans (Jagodzinski and Kühnel, 1997: 459).

Table 8
Preferred punishment for *Schwarzarbeit*: Gray market service provision should be severely punished

	West Germans (%)	East Germans (%)
Agree	46	68
Disagree	45	22
I do not know	8	10

East–West differences significant: 2-tailed $P = 0.0001$; $Z = -4.4966$.

who do not adhere to certain norms of behavior. Thus, the Easterners' opinion that gray market service provision should be severely punished suggests that the informal social costs of working in the shadow economy in East Germany may be quite high. This finding is in keeping with the Easterners' well-documented preference for equality. Approval of both an official market for work and a gray market with lower pay and working conditions would be inconsistent with a desire for equality.

Further evidence that the Easterners, more so than the Westerners, have a low view of *Schwarzarbeit* can be found by examining Germans' assessments of the social consequences of gray market service provision. More East than West Germans were of the opinion that work in the shadow economy costs the state tax revenues that in turn cause shortfalls elsewhere (Table 9a). Similarly, more Easterners believed that *Schwarzarbeit* had a negative impact on the creation of jobs in the official market economy (Table 9b). While the former difference of opinion was only weakly significant, the latter difference of means was highly significant. In economic terms, the Easterners seem to believe that participation in the shadow economy creates negative externalities. This awareness of the downside to *Schwarzarbeit* likely raises the informal social costs of this type of service provision, reducing both the supply

Table 9
The social costs of *Schwarzarbeit*

	West Germans (%)	East Germans (%)
<i>a. Gray market service provision causes the state to lose tax revenues which will in turn cause shortfalls elsewhere</i>		
Agree	85	91
Disagree	13	6
I do not know	2	3
<i>b. Schwarzarbeit has a negative impact on the creation of regular jobs</i>		
Agree	86	93
Disagree	12	5
I do not know	2	3

In a., East–West differences weakly significant: 2-tailed $P = 0.0960$; $Z = -1.8881$. In b., East–West differences significant: 2-tailed $P = 0.0199$; $Z = -2.3284$.

and demand for it in East Germany. The knowledge that others disapprove of gray market service provision may make the Easterners unwilling to offer or accept such work.

Why the difference between the legal and gray markets?

In terms of the gray market, then, the social norms seem to cause divergent economic behavior across Germany. If the Easterners believe that gray market services hurt job creation, why don't they also believe that competitive economic behavior could hurt weaker firms and drive them out of existence? In other words, why do Leninist legacies reduce the attractiveness of participation in the shadow economy but not in the regular economy? This discrepancy can be explained by examining the conditions under which legal and gray market exchanges occur. In the regular economy, there are formal institutions that protect market participants from opportunistic or dishonest behavior on the part of the other market actors. The Easterners can participate freely in legal market exchanges without having to fear being cheated. The shadow economy, in contrast, offers the participants no such protection; they cannot rely on the state to protect them from those who do not live up to contractual obligations. As a result, gray market activities usually only occur among members of the same social networks, since these actors can instead rely on social sanctions to punish those who do not follow through on the agreements. At the same time, however, people who wish to offer something in exchange are also subject to the norms of their social group. If people belong to a social group that has norms against *Schwarzarbeit*, and the provision of gray market services is only possible among the members of this social group, the practice will be extremely unlikely. In other words, the high informal costs of gray market activity may reduce its intensity. Such appears to be the case in East Germany. In the West, where norms against *Schwarzarbeit* do not appear as strong, people can freely solicit and accept gray market service provision from members of their social group.⁷

In contrast to the shadow economy, most of the activity in the legal market economy occurs among people who are not members of the same social group. Even if

⁷ Another legacy, not of the socialist period, but of the transition to a market economy, may further reduce gray market exchange in East Germany. The impact of informal institutions depends on the size of networks within which they are shared. Thus, the intensity at which exchange takes place depends crucially on the number of actors who fall under the heading of informal institutions of contract fulfillment, i.e. the size of social networks. There is some empirical evidence that suggests the informal networks in East Germany are smaller than those in the Western half of the country. The workplace-based networks that were vitally important to the East Germans during GDR times were destroyed in the transition to a market economy and have only slowly begun to be rebuilt or replaced. Since social relations have entered a state of flux, residents of Germany's five new states have increasingly relied on a 'hard core' of social contacts: their family, a few good friends, and possibly some immediate neighbors. Schwenk (1999: 131) finds that the East Germans not only have a smaller circle of friends, but they also meet less often with them than do the West Germans (Table 10). Therefore, even the actors willing to bear the social sanctions for soliciting *Schwarzarbeit* may have difficulty finding individuals with whom they can enter into gray market transactions.

Table 10
Circles of friends in East and West Germany (1993)

	West (%) (<i>n</i> = 2046)	East (%) (<i>n</i> = 1016)
No friends	14.8	20.8
1 friend	6.5	9.2
2 friends	16.5	20.1
3 friends	17.1	13.0
4 friends	13.0	11.7
5 friends	11.2	8.3
6 friends	5.9	5.4
7 and more friends	15.0	11.6
Mean number of friends ^a	4.77/4.07	4.19/3.32

Source: Schwenk, 1999: 131.

^a The higher value is based solely on respondents who reported to have friends, while the lower value includes also those respondents which reported to have no friends at all. The respondents were asked for friends outside of family connections.

there were anti-competitive norms present within one social network, it does not automatically follow that such norms would be extended to people outside this network. Even if they were, it would be difficult to use social sanctions to punish people outside one's own social group. As a result, the informal social costs for behaving in a competitive way in the regular economy are at best uncertain, whereas the informal economic costs of doing so are both very clear and very high. If the Eastern entrepreneurs do not behave in a competitive way, they will very quickly be forced out of the market or lose their market position.

In the legal market economy, the informal market pressures to behave in an entrepreneurial way outweigh the informal social cost of acting in a competitive fashion, hence the Easterners have been quick to embrace their positive freedom to engage in market exchange. One reason why the social costs of doing so are limited is that such an exchange often occurs outside an individual actor's social group where social sanctions lose their effectiveness. In the gray market economy, however, the Easterners face a different cost-benefit calculus. The presence of strong norms against *Schwarzarbeit* in East Germany, combined with the fact that gray market economic activity usually only occurs among members of the same social group, raise the informal social costs of gray market service provision to the extent that they outweigh any informal economic advantages. Thus the Easterners have embraced their positive freedom to engage in legal market, but not gray market, exchange. Differences in the Easterners' willingness to act on positive freedoms can be observed in the political realm as well.

The political realm: party politics

The unification of the two German states in 1990 extended West Germany's formal political institutions to the former GDR. Overnight, the Easterners found themselves living in a democracy sometimes called the 'party state,' due to the important role played by political parties in shaping public policy (Conradt, 1996: 115; Sontheimer, 1974: 95). Since unification, all the East Germans have had the freedom to join, vote for, or otherwise support the political party of their choice. Parties in the government have had the freedom to engage in as much partisan behavior as they want, including the freedom to develop unique policy stances and to vote together in favor of their preferred legislation. The degree to which the individuals and party caucuses have taken advantage of these positive freedoms, however, has differed during the past decade. While mass party membership has remained low, the elites' willingness to engage in party politics has grown over the years. Berlin offers a social scientist an ideal microcosm in which to compare how the East and West Germans act on their freedom to engage in party politics. Ordinary citizens and politicians once separated by the Iron Curtain are now governed by identical formal political institutions at the local level. In this section, we will describe the place of political parties in the GDR as a whole, the changes that unification brought to East Berlin in particular, and the degree to which the East and West Berliners have acted on their freedom to engage in party politics.

Party politics during the GDR era

Like those of all the other Soviet-bloc states, the constitution of the GDR enshrined 'the leadership of the working class and its Marxist–Leninist party' (Smith, 1969: 246). The SED declared that its leadership extended beyond politics to "ideological, scientific, technical, economic, and cultural" areas (Weber, 1985: 1). The party was organized around the principle of democratic centralism, which according a leading SED member speaking on behalf of the party meant that "the decisions of higher bodies [were] absolutely binding on lower ones... conscious party discipline [was] for all comrades equally binding" (Weber, 1985: 5). People who openly dissented from the party line faced a range of punishments including loss of career or material advantages, imprisonment, or even expulsion from the GDR.

Adherence to the SED party line was also required of the other four GDR-era political parties: the Christian Democrats (CDU), the Liberals (LDPD), the National Democratic Party (NDPD), and the Democratic Farmers Party (DBD). These parties campaigned together as a united National Front and certain percentages of parliamentary seats were reserved for each party. Their subordinate position to the ruling SED was formally spelled out in Article Three of the constitution, which stated that "the National Front... pool[s] all forces of the people for *joint action* for the development of socialist society" (emphasis added, Smith, 1969: 247). The bloc parties were not free to establish their own positions on political issues and could only engage in joint action with the SED. Only on rare occasions—once when the GDR's abortion law was liberalized and once on the question of whether conscientious objectors

could be exempted from military service—did any of the block parties ever try to challenge the SED.

In order to carry out its leading role, the SED required a large organization. The party not only dominated all areas of public life, but it also incorporated a large percentage of the population into its ranks. By the late 1980s, two million of the GDR's 16 million citizens were members of the SED (Childs, 1988: 337), or one in every five adults (Oswald, 1996: 177). Some joined out of a sincere commitment to the party's positions, others joined in order to gain career or material advantage, while still others joined because they felt pressure to do so. Many people who were reluctant to join the SED but under pressure to show their loyalty to the regime joined one of the bloc parties instead. Shortly before the Berlin Wall fell, the bloc parties had almost 500,000 members (Childs, 1988: 337). In the waning years of the GDR, then, approximately 15% of the entire GDR population were members of a political party. This figure considerably eclipsed the percentage of citizens who were members of West Berlin political parties—2.2% (Statistisches Landesamt, 1990). The GDR's constitution also called on the citizens to take an active role in political life. Article 21 admonished citizens to, "Participate... in governing!" (Smith, 1969: 252). Voting for the SED and its allies was compulsory; voter turnout and the National Front's vote totals both approached 100%. Citizens were also strongly encouraged to take part in May Day parades and other shows of support for the ruling parties.

Decades of experience with communist party dictatorship in politics, combined with coerced party membership and political participation in everyday life, left the East Europeans distrustful of political parties (Rose, 1995: 551; Rose and Mishler, 1997). In Germany, some studies found that the East Germans trusted parties less than their Western counterparts (Linnemann, 1994: 197).⁸ The Easterners supported referenda and other aspects of direct democracy (Fuchs et al., 1997; Rohrschneider, 1994), suggesting they preferred to see political decision making taken out of the hands of political parties. Moreover, qualitative studies of the Eastern political elites during the immediate aftermath of the GDR indicated that many were reluctant to form political parties (Baukloh et al., 2001; Naßmacher, 1996: 188); instead they questioned why parties should play an important role (Hager, 1997: 8), favoring consensus decision-making rather than partisan competition (Yoder, 1999: 130–131).

Formal institutions and informal costs in Berlin after unification

The extension of the Basic Law from West to East Germany at unification completely changed the formal political institutions in East Berlin. Article 21 allows all Germans to 'freely establish' or join any political party they choose, as long as it works within the democratic constitutional order. These parties in turn are free to advocate and, if elected, vote for and implement distinct programs. Article 21 does

⁸ Other studies indicated that neither the East nor the West Germans had a high level of trust in parties (Fuchs et al., 1997).

not include any penalties for not establishing, joining, or working with a political party. There are, however, considerably different informal costs to those who choose not to affiliate with a political party. For ordinary citizens, remaining non-partisan is costless; they may still vote for whomever they choose and they can influence policy through interest groups, protest groups, or other forms of participation. They may also completely abstain from any form of political activity without penalty. In contrast, there are informal costs to individuals who do join parties—both in financial terms (dues) and in terms of the time commitment membership involves. Furthermore, like participation in gray market service provision or in a religious organization, membership in a political party entails informal social costs in that it must be justified to friends and family members who continue to harbor suspicion of political parties.

For those who want to run for or hold public office, however, the situation is very different. While the East Germans may be skeptical of political parties, Berlin's electoral system requires candidates for local office to run either on a party list or as part of a *Wählergemeinschaft* (a non-partisan electoral list). The latter option, combined with the fact that parties are free to place non-members on their party lists, means that formally politicians are not required to join a party to run for office or get elected. Informally, however, members of parties have many advantages. Parties are more likely to place members than non-members on their electoral lists and parties are likely to have more resources and name recognition than local lists, increasing the probability that that parties will win more votes in municipal elections. Thus political elites pay a much greater price for not exercising their positive freedom to join a party than does the average individual.

Once individual Eastern politicians have been elected—whether on a party list or as part of a *Wählergemeinschaft*—they must decide whether to exercise their positive freedom to engage in partisan decision making. Should they go their own way when votes are taken in local legislatures or be disciplined and vote with their party or electoral list? Berlin's formal local government institutions do not stipulate state punishment of those caucuses that fail to vote as disciplined blocs. However, they do provide three key incentives for all caucuses to vote together when votes are taken in Berlin's legislative assemblies. First, politicians in Berlin are elected via a proportional representation system that allows voters to vote only for political parties. Voters have little incentive to vote for a party whose caucus does not stand together once elected, because they cannot predict what that party will do in office. Knowing this, party members should be unlikely to nominate candidates who have consistently gone against their party in the past. Faced with this threat, elected officials who want to continue their political career are likely to vote with their caucus. Second, Berlin's local government is a form of parliamentary government where a five member executive is chosen by the legislative assembly, in proportion to the latter's partisan composition. Each executive is allotted a portfolio of administrative departments to direct and oversee. If a legislative caucus cannot stand together, its executive may see his departments taken away from him; he might even be voted out of office and replaced by a candidate more agreeable to other parties. Both possibilities will cause a party to lose influence and make it difficult for it to make decisions in the interest of its

constituents. Finally, legislative committees also allow politicians to influence local policy in favor of their constituents. To do this, however, a party’s representative on a given committee must represent the party’s position. Similarly, if individual committee members do not have the backing of their own parties, they will not be taken seriously by the rest of the committee. Without discipline, therefore, a party’s ability to influence policy through district committees is limited, again reducing its attractiveness to the voters. If a party and its individual members hope to influence local policy, exercise executive control, and be reelected, they must stand together when votes are taken. Thus, political elites in East Berlin have much stronger informal incentives to take advantage of the freedom to engage in party politics than do ordinary citizens.

Party politics in post-unification Berlin

To what degree have the East German elites and masses acted upon these positive political freedoms in the past decade? Below we examine the evidence from Berlin. At the mass level, fewer Easterners have acted on the freedom to join a political party than their Western counterparts (Fig. 1). For example, while the West Berlin branches of the Christian Democrats (CDU) and Social Democrats (SPD) had a combined total membership of over 30,000 members in 1999, the East Berlin branches of these parties had a mere 5320 members (Statistisches Landesamt, 2000a). Even after controlling for the smaller size of the East Berlin population, a huge difference remains. The East Berlin electorate is 66% of the size of the West’s; if the Easterners and the Westerners joined parties at the same rate, the Eastern *Volksparteien* would together have 19,800 members.

The only party in East Berlin to rival Western levels of membership is the suc-

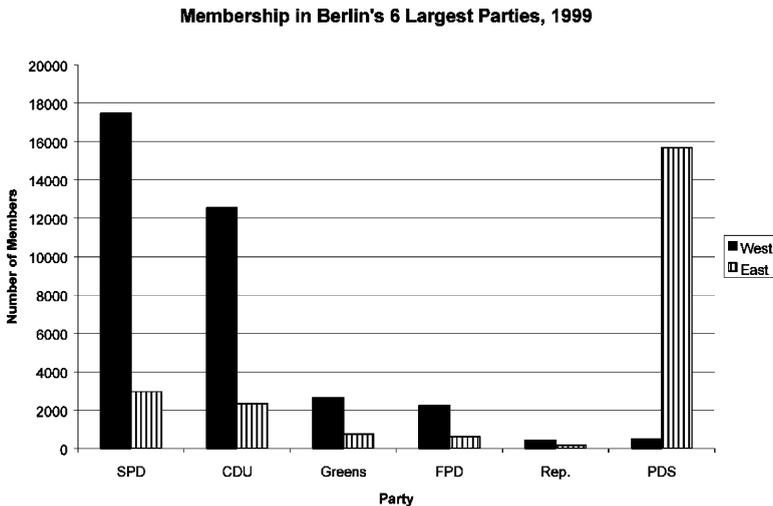


Fig. 1. Source: Statistisches Landesamt, 2000a.

cessor to the SED, the Party of Democratic Socialism (PDS); in fact, its size is proportionally larger than that of the CDU or the SPD in the West. However, its large size is the residual effect of its mass GDR-era membership. All SED members were automatically rolled over to become PDS members; individuals who wanted to leave the party had to actually file a request to withdraw from the PDS (Oswald, 1996: 177). Thousands of East Berliners went to the trouble of doing this—the party's membership shrunk by almost two-thirds between 1990 and 1999, from 42,000 to 15,680 (Statistisches Landesamt, 2000a). Today it is not clear whether the people who remained PDS members are on the roster because they desired to exercise their positive freedom to join a party or because they have not done the paperwork to withdraw from a party in which they were no longer active. Regardless of the status of these older members, the party has had difficulty attracting new members since unification, indicating that the PDS like the other parties is having difficulty inspiring East Berliners to act on their positive freedom to join a political party (Ibid.; Bastian, 1995: 101). The CDU, a former bloc party, has had similar problems, losing 45% of its membership over the past decade. Given the East Germans' negative experiences with coerced or strongly encouraged party membership and political participation during the GDR era, individual decisions to withdraw or abstain from political parties are likely met with understanding from friends and relatives. In East Germany, the decision to neither become a church member nor join a political party raises few eyebrows. The costs for political elites, however, have proved considerably higher.

As the GDR began to crumble, the GDR opposition formed roundtables and other non-partisan coalitions of grass-roots organizations due to their strong mistrust of parties. Members of the East German opposition in Berlin and elsewhere steadfastly tried to avoid turning them into parties (Baukloh et al., 2001). This decision had huge electoral costs for GDR-era dissidents, however, as they were soundly defeated by candidates running on West German party labels. Candidates affiliated with Western parties had many advantages including more resources, access to expertise, and name recognition. Even in Berlin's local elections where non-partisan electoral lists had an easier time making themselves known, well over 90% of victorious candidates in local elections between 1992 and 1999 have belonged to Berlin's six major political parties (Statistisches Landesamt, 2000b). By the end of the 1990s—despite their negative experiences with parties during the GDR era—most of Berlin's local, state, national, and European level candidates exercised their positive freedom to join and campaign as a members of a major political party; the alternative was just too costly at the ballot box.

Once elected, however, Berlin politicians have had the opportunity to stick with their party and promote a partisan platform or go their own way when legislative votes were taken. Their biographies suggest that they might opt for the latter option.⁹

⁹ The following section is drawn from interviews conducted with Berlin's local politicians between 1996 and 1998. I conducted 92 personal interviews with local executives in 21 of Berlin's 23 districts, and interviewed one member of each party in seven representative legislatures. The legislatures varied in terms of their location in Berlin and the partisanship of their executives. I asked a battery of standardized

People who today have the willingness and ability to run for public office, and a clean enough slate to be elected, spent the pre-unification period either avoiding political life or not becoming too closely associated with the SED and its allies. Some contemporary East Berlin politicians never joined any political party during the GDR era, even though this decision may have harmed their careers or their access to scarce resources. Politicians in this category often stressed their unwillingness to follow the communist party line as the reason they refused to join a political party under the former regime (Wittig, 1998). Other Eastern officials currently holding office did indeed join the SED or one of the other block parties but avoided taking leadership positions or holding public office before 1989. Politicians who were party members during the GDR era but who still are eligible to run for office today either refused to toe their party's line in the past or never became too closely associated with their party (Federlein, 1997).

Politicians' recollections of decision making in the early 1990s indicate a small role for parties and a large role for cross-party consensus, as would be expected from politicians with such life experiences. One member of an East Berlin assembly reminisced that in the period immediately after unification it was fairly common for politicians from all caucuses to join in proposing legislation (Thierfeld, 1997). In contrast, field research conducted toward the end of the decade indicated that Berlin's party caucuses started to become more disciplined, mainly due to politicians' first hand experience with the informal costs of low discipline. The before-mentioned politician continued her remarks by lamenting that the climate among the parties was becoming increasingly chilly due to growing policy disagreements among party caucuses (Thierfeld, 1997). An Eastern caucus leader remarked that while he had initially opposed party discipline, he had come to realize that if his caucus did not act unified it would lose both credibility and important votes. He complained that budget proposals his party had made were defeated because members of his caucus had not stood behind their own party when votes were taken (van der Meer, 1997). A Western civil servant who regularly attended Eastern legislative meetings also observed this learning process and the accompanying increase in discipline. He argued that the latter was simply a 'matter of experience' as political elites realized that in order to realize their legislative agendas they needed to practice party discipline (Merken, 1997).

Over the past decade, then, the qualitative evidence indicated that political elites have begun to learn the informal costs of not engaging in partisan politics (Yoder, 1999). Undisciplined caucuses have difficulty passing legislation favorable to their constituents and cannot develop a profile with which to attract voters. Thus, politicians, despite their initial skepticism of parties, have begun to rely more and more on disciplined partisan decision making. The informal costs of not acting on this positive freedom have simply been too high.

questions in each interview in order to systematically compare the answers given by Easterners and Westerners from all party families about what role parties played in the district legislature. The interview questionnaire, and a list of interviewees are available from the author.

The degree to which the Easterners and the Westerners take advantage of the parties' freedom to develop distinctive policies can also be measured quantitatively by comparing the way Berlin's party caucuses voted in local legislatures between 1996 and 1998 (Fig. 2).¹⁰ Given the Eastern elites' initial desire for consensus, the results show a high degree of similarity between the Eastern and the Western elites' willingness to embrace partisan decision making. While all party families represented in East Berlin had lower rates of discipline than their Western counterparts, none of these differences were statistically significant. West Berlin Social Democrats and Christian Democrats voted as united blocs in 100% of the votes studied and in the Eastern half of the city these percentages were 92% and 80% respectively. The Western Green caucuses voted together 97.5% of the time whereas their Eastern Alliance 90 counterparts voted as a bloc in 80% of the votes observed. A comparison of Figs. 1 and 2 indicates that Eastern and Western elites are much closer in their expression of positive freedoms than are members of the mass public.

As with party membership, the PDS occupies a unique position as its caucuses voted together only 48% of the time. According to our theory, the PDS should fail to exercise its positive freedom to develop partisan stances if the informal costs of doing so are lower than for other parties. What is it about the PDS's situation that might lower such costs? Informal electoral incentives for discipline suggest that voters may abandon their party for a more predictable one or one that is united enough to pass policies favorable to its constituents. This mechanism may have had less of an influence on the PDS than on the other parties, however. PDS voters may be less likely to punish their party for its lack of discipline. They may either be loyal former high-ranking SED members unlikely to switch their allegiance to a Western party

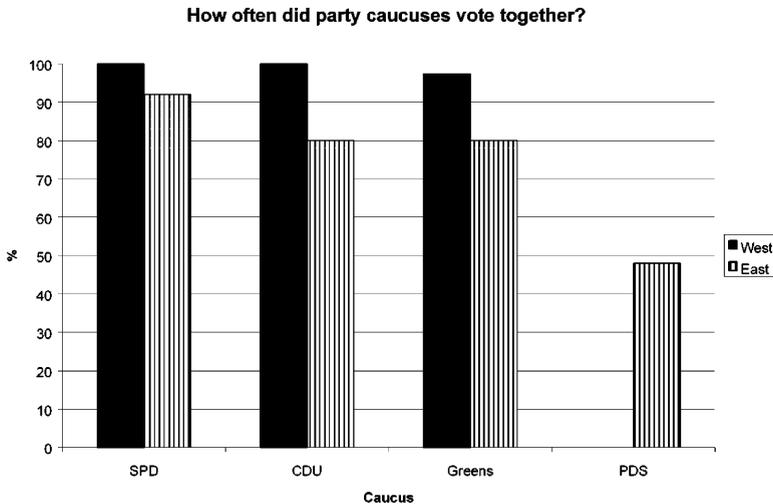


Fig. 2. Source: Davidson-Schmich, 2000.

¹⁰ Data collection and measurement are explained in Davidson-Schmich, 2000.

or protest voters uninterested in the PDS's actual behavior in government or its ability to approve policies. Their failure in the latter regard actually may be an electoral asset - rather than blaming PDS caucuses' failure to pass legislation because of the a lack of discipline, voters may attribute it to the West German system of government in place, increasing the attractiveness of this opposition party.

Thus at the mass level, where the costs of not acting on the positive freedom to join a party are low, the Easterners have not often exercised this freedom. At the elite level, however, where the electoral costs for not practicing party politics are high, the Eastern politicians, especially those outside the PDS, have been much more likely than their fellow citizens to join and work within a political party.

The religious realm: the East German membership in churches and new religious movements¹¹

Unification dramatically changed not only the economic and political situation in East Germany but also the formal institutions governing religious activity. After more than two generations of state-promoted secularization, citizens of the former East Germany are now free to participate in the religion of their choosing. Just as the Easterners have not flocked to political parties since unification, so too have they avoided organized religion. In this section, in order to explain the continued secularization of East Germany, we will describe church-state relations before and after unification as well as the changing costs and benefits of church membership.

Church–state relations in the GDR era

Because the SED sought to play a leading role in all aspects of GDR life and to preserve its monopoly on power against any and all challenges, the relationship between Germany's historically powerful Protestant and Catholic churches and the East German government was tense from the inception of the GDR. This continuing relationship was mainly shaped by ideological trends within the communist party government, changing as the SED altered its strategies for legitimizing single-party rule. With the creation of a separate East German state after World War II, the SED first tried systematically to eliminate religion from society altogether. The party clashed with the Protestant church primarily over the issue of education and child rearing. The SED viewed religion as egocentric individualism stemming from the bourgeois-capitalist past; the regime declared religion incompatible with its goal of developing a 'socialist personality' (Müller, 1997). This conflict came to a head over the issue of how to initiate young people into their adult responsibilities; the government ultimately created a secular *Jugendweihe* as an alternative to a religious confirmation (Pollack, 1994: 129–136). Further, those who openly practiced their reli-

¹¹ By churches we mean Germany's two largest denominations, the Catholic and Protestant religions. For the term new religious movements, see Barker, 1993.

gion—for example choosing confirmation rather than the *Jugendweihe*—were often punished with career and educational disadvantages. Like the established churches, new religious movements were also subject to repression. In 1950 the Jehovah's witnesses were banned from the GDR after a spectacular show trial. The same happened later to Christian Scientists and Pentacostals. Instead of allowing these groups, the SED tried to promote its own idealized new socialist society and worldview among the population. However, the state did not constantly seek out an open confrontation with the church and new religious movements. Much more often it pursued the goal of banning religion from public discourse and confining it to the private sphere.

The SED's attempts to exclude religion from the East German life ultimately proved successful. Over the four decades the SED was in power, the Protestant and Catholic churches lost approximately two-thirds of their members. At the time the GDR was founded, 81% of the population belonged to the Protestant church and 11% was Catholic. When the regime fell in 1989, this vast majority had dwindled to only about 30% of the population; 25% of GDR citizens were members of the Protestant church and approximately 4% were Catholic (Pollack, 1994: 373–445).

As the population became more secularized, the attitude of the SED regime toward religion changed and church-state relations became less confrontational. The regime's concessions toward religious organizations beginning in the late 1970s were also due to foreign and domestic pressure, as well as to a more conciliatory attitude on the part of the Protestant Church. In 1969 the eight Protestant churches in the GDR formally separated from the West German church and formed their own federation, the BEK (Bund der Evangelischen Kirche in der DDR). Later they called themselves 'Church in Socialism,' vowing to work within socialism and not challenge the premises of the regime. The Catholic church pursued an apolitical strategy, focusing primarily on parish life. In the late 1970s, the East German government signed the Helsinki Accords, promising to respect human rights, including the freedom of religion. Reformist movements, sheltered by the Protestant church, began to call on the regime to disarm and respect the environment.

The fate of the Church of Latter Day Saints illustrates how this newfound openness came to benefit new religious movements. In 1985 the East German Mormons were allowed to build their own temple in Freiberg, Saxony, using considerable financial resources from the church's US headquarters. The SED had long opposed the temple, fearing it would become a center of missionary activity. The regime's change of heart was driven by two considerations. First, the growing economic problems forced the regime to look for sources of hard currency and, second, the SED hoped that promoting Mormonism might weaken the Protestant church and its opposition groups by providing a pro-regime religious alternative. The GDR government promoted the building of the temple as an example of how religion could work constructively within socialism. The communist-backed newspaper, *Neues Deutschland*, contrasted the Mormons with the Protestant church and its members, "The Latter Day Saints are by no means 'drop-outs' from society, rather they are positive and optimistic in both thought and deed.... Their church is not open to anyone who is looking for a sheltered place from which to launch opposition..." (October 29, 1998). Finally, the

regime used the building of the temple to score points abroad, showing religious tolerance and openness to ideas from the other side of the Iron Curtain. In general, however, new religious movements did not gain much ground in the GDR. They remained officially banned by the regime and, according to an SED investigation, had only 215,000 members and a similar number of sympathizers by the time the Wall fell (Fincke, 1994: 217).

Expectations at the time of unification

With the collapse of socialism and the introduction of religious freedom, many observers expected a dramatic increase in membership in both the Protestant and Catholic churches. Freed at last from state repression, it was believed, the Easterners would take advantage of the positive freedom to return to the organized religions to which they had historically belonged. Increased church membership was also expected because the Protestant church had played a role in organizing resistance to the communist regime. While claims that the peaceful unification of Germany was due to a ‘Protestant Revolution’ (Neubert, 1990) might have been exaggerated (Pollack, 1993), the church’s role in the transformation to democracy seemed likely to make a return to the church attractive to the East Germans. Thus former GDR appeared fertile ground for organized religions, like Protestantism and Catholicism, to take root.

‘New religious movements’, such as Scientology and the Jehovah’s witnesses, also saw East Germany as a land of opportunity (Barker, 1997). They believed that the end of socialism would lead to an intellectual and spiritual vacuum that their movements could fill. This expectation was based on two premises. First, they believed that after four decades of repression, the GDR population had developed a psychological predisposition for hierarchy, order, and clearly-defined structures. New religious movements were prepared to offer these features to the East Germans. The German newsmagazine *Der Spiegel* predicted that young people would stream, “out of the communist party youth group, into the next religious movement” (Mun statt Marx, 1990: 97). The church was also equally concerned about the attractiveness of the sects and cults, warning of a coming “Invasion of the Soul Snatchers” (Gandow, 1990). Second, the new religious movements expected that the sweeping changes in all aspects of the Eastern life brought by unification would disorient residents of the new states and force them to look for guidance in life. It was assumed the new religious movements would provide people with exactly such guidance in a time of transition.

Church and new religious movement membership in East Germany

The adoption of the FRG’s formal institutions meant that the rules governing religion were significantly changed in 1990. The Basic Law guaranteed religious freedom (Article 4) and outlawed any form of discrimination on the basis of religion (Article 3, Paragraph 3). Further, the legal status of the Catholic and Protestant Churches were upgraded to semi-public institutions. However, despite the newly

found freedom of religion and the upgraded status of the mainline churches, the above expectations proved to be completely inaccurate. After unification, the churches did not experience a large increase in membership nor could the new religious movements establish extensive organizations in East Germany. Further, the expected wave of support for the Protestant church did not appear and the Easterners did not show any psychological affinity for the hierarchical guidance the new religious movements offered.

In the wake of unification there was a massive exodus from the Protestant and Catholic churches which reached a high point in 1992 when 100,000 East Germans left the Protestant church. This figure represented 2.7% of the church's members, almost the same rate at which the East Germans left the church during the heaviest SED repression in the late 1950s. The trends vis-à-vis the Catholic church followed a similar pattern; in 1992 it lost 1.8% of its membership or 14,000 people (Hartmann and Pollack, 1998: 27). This leads us to ask the question: Why did not more East Germans take advantage of the positive freedom to join religious organizations after unification?

When asked why they withdrew from the church, most East Germans cited the high financial cost of church membership (Engelhardt et al., 1997). As semi-public institutions, the Catholic and Protestant churches were able to have their members' dues deducted from their paychecks along with other payroll taxes. Thus, while the East Germans have the positive freedom to join the church, acting on this freedom entails financial costs that many Easterners are not willing to pay. Not acting on their positive freedom, however, is economically costless.

But the monetary costs were not the only reason for the exodus from the established churches. Former dissidents, who had previously only been able to criticize the SED regime through the church, suddenly had a range of opportunities for political participation outside the church. The church was suddenly confronted with the fact that the church-related political groups, such as human rights, peace, women's, environmental, and third world organizations moved out from under the church umbrella and formed independent organizations. As a result of the introduction of the positive freedom to form voluntary groups, organized religion had to compete for members with a range of other interest groups. The church lost the special status it had enjoyed during GDR times as the only place dissidents could meet within a repressive system. Unification has therefore meant that one of the main benefits to church membership has disappeared.

Even though the West Germans also must make payroll tax contributions to the church and have other avenues for political participation, almost 80% of the West German population is a member of the Catholic or Protestant church. While only 12% of Westerners are not church members, this figure skyrockets to 70% in the Eastern half of the country (Statistisches Jahrbuch, 1996: 98). Studies measuring belief in God and agreement with the principles of Christianity confirm that the East Germans are much more secular than the Westerners (Engelhardt et al., 1997: 306). An East German who decides to join a church is making a decision that goes against the tide of a 40-year trend towards secularization and declining societal status of the church. Furthermore, while one can withdraw from the church anonymously (by

filling out a form), joining the church is a very public act involving baptism and being introduced to the congregation. A study by Hartmann and Pollack (1998) of the minority who joined the church after unification found that those who joined were often forced to justify their actions to skeptical friends and family. In East Germany where church membership was the exception rather than the rule, the decision to act on one's positive freedom to join a church has much higher informal social costs than it does in the West, where it is withdrawing from the church that carries heavy social costs.

The fall of the Wall and the introduction of a positive religious freedom also altered the situation facing new religious movements. After 1989, previously banned religious groups such as the Jehovah's witnesses and Christian Scientists were legalized. As the Wall fell, Scientologists flocked to the border and began to distribute L. Ron Hubbard's *Dianetics* to the Easterners. Shortly thereafter Hare Krishnas and members of other new religious movements could be found not only in Berlin but also in small villages in the GDR, offering citizens entertainment, vegetarian food, and literature about their organizations. The introduction of religious freedom, free travel, and permission to undertake missionary activity in East Germany created a 'free religious market' in which many different new religious movements competed.

Despite their best efforts, however, these groups were unable to win over many recruits and thus failed to build up extensive organizations in the five new states. The Hare Krishnas were forced to close their largest Eastern temple (in Weimar) due to low attendance. Similarly, the transcendental meditationists, who began offering adult education classes in 1993, were forced to cancel classes because of low enrollments.¹²

The unexpected failure of the new religious movements can be explained by examining what function these groups fulfilled in West Germany and asking whether this role could be easily extended to East Germany (Eiben and Viehöver, 1993; Beckford, 1985). In the West, the new religious movements were often founded in explicit opposition to established religions. On the one hand, the founders of many Christian groups such as the Pentecostals argued that the established church has moved away from true Christianity and that their brand of spirituality was closer to its true meaning. On the other hand, some groups openly challenged Christianity itself, drawing a distinction between organized religion and spirituality and arguing in favor of the latter. In other words, for these groups to be attractive, they must have an established religious tradition that they can oppose with their radical religious views. As a result of the legacy of forty years of secularization in the GDR, however, this background is missing in East Germany, meaning that the appeals of these groups ring hollow.¹³

¹² Unfortunately, it is not possible to obtain accurate membership figures for the new religious movements after unification. They are not legally required to report any membership figures and their own data is usually inflated. The transcendental meditationists, for example, count everyone who attends one of their adult education classes as an adherent of their religion.

¹³ The high degree of secularity in East Germany does not mean that there is nothing there that the new religious moments can challenge in order to mobilize membership. As Schluchter (1996) observes, there is a distinctly petty bourgeois East German 'mentality.' Many East Germans value achievement,

A further reason for the failure of new religious movements may lie in Inglehart's conception of post-materialism (Inglehart, 1977). Since the East Germans are experiencing high levels of unemployment and job insecurity, they may be much more concerned with meeting their material needs than in acting on the post-material values represented by the new religious movements (Barker, 1997: 45). Again, this would imply that the cultural opposition offered by the new religious movements does not offer many benefits in the post-communist context.

Thus not acting on the positive freedom to join new religious movements has essentially no cost for the Easterners. Unlike the Westerners who choose to withdraw from religious life, the Easterners do not face social sanctions from devout friends or family members, and, unlike the Eastern entrepreneurs and political elites, individuals face no financial or electoral mechanisms that raise the costs of failing to act on a positive freedom. In contrast, there are many informal mechanisms which raise the costs to people who do act on their positive freedom to join a new religious movement. First, entering into a group explicitly designed to challenge the mainstream culture complicates the Easterners' task of adopting to Germany's Western-dominated system. Second, among the secularized, materialist Easterners the decision to join a post-materialist spiritual group is likely met with suspicion by friends and relatives. Like the decision to join a political party or engage in *Schwarzarbeit*, joining a new religious movement has very high informal social costs.

Conclusion

In sum, the East Germans have acted on their newly found positive freedoms in different degrees across the economic, political, and religious realms. Citizens of the former GDR have been quick to take advantage of free market entrepreneurial opportunities and the Eastern politicians have slowly but surely begun to embrace party politics, but by and large most East German citizens have not been quick to act on their new freedoms to join a political or religious organization or to engage in gray market exchange. We have argued that the variance in the Easterners' willingness to embrace their positive freedoms can be explained by examining the informal (non-state) mechanisms that reward or sanction individuals for acting or not acting on the positive freedoms they gained at unification.

If the Eastern entrepreneurs exercise their positive freedom in the legal market economy they will benefit economically, whereas not exercising this positive freedom will quickly lead to high financial costs. While many Easterners may still hold Leninist norms against competition, entrepreneurial exchange often occurs among people who are not members of the same social group, weakening the sanctioning power of social norms. In the gray market, however, the situation is quite different. Exchange usually occurs only within the same social group. In East Germany, where

order, cleanliness, and security as well as a strict division between the private and the public sphere. New religious movements could offer a haven to those Easterners who do not share the prevailing mentality.

there appear to be social norms against *Schwarzarbeit*, acting on the positive freedom to offer or receive gray market service provision seems to have high social costs that outweigh the economic benefits such exchange can offer.

In the political realm there are also differences in the Easterners' willingness to embrace their newly found freedoms. The East Germans are today much less likely than their Western counterparts to join a political party. In a society where many people are skeptical of political parties, the informal social costs of staying out of a party are quite low while joining requires not only having to justify the decision to others but also time and money. Just as holding on to anti-competitive norms is costly for the East German entrepreneurs, so is holding on to anti-party sentiment for political elites. The likelihood of being elected is much higher with a partisan affiliation and once the Eastern elites are in office it is difficult for them to influence policy or get reelected if they are not part of a disciplined caucus. The available evidence suggests that party discipline is on the rise in East Berlin.

Membership in the Protestant and Catholic churches as in the new religious movements is quite similar to party membership. Individual Easterners face few informal costs if they do not join an organized religion. Where most members of a community are highly secular, there is little social cost to not getting involved with religious activity whereas the decision to join a mainstream church or new religious movement must be justified to skeptical friends and family. Furthermore, membership in the semi-public churches also entails high financial costs.

These findings are significant to the study of post-communism for two reasons. First, we show that simply changing formal institutions and extending positive freedoms to former GDR citizens is not enough to guarantee that individuals will act on these freedoms in all realms. This observation does not imply, however, that the introduction of such freedoms has no influence whatsoever on individual behavior or that Leninist-era attitudinal legacies are determinate. Instead, people's responses depend in a large part on the ways in which contemporary informal (non-state) enforcement mechanisms function. This leads us to our second conclusion. Our results indicate that the degree to which GDR-era attitudinal legacies constrain actors' behavior ten years after unification is not only due to what happened prior to 1989 but also due to the informal mechanisms that today reward or punish individuals from taking advantage of their positive freedoms.

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