

Relations across the boundaries between the old and the new Länder in Germany after reunification: which side makes more profit?

Some findings in the border area of Hesse, Lower Saxony and Thuringia

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Since the opening of the East-West German boundary on 9 November 1989 and the reunification of the two German states on 3 October 1990 multifarious relations across the former boundaries have been developed. However, these relations are not symmetrical because of the differing social and economic inheritances of the two countries.

The cross-boundary activities which originate on the eastern side are mainly migrations with the following purposes: to work, to go shopping, to go to school, to take up an apprenticeship or to visit a university. The western cross-boundary activities in the Länder concern mainly expansions of the catchment areas of customers and of the market for wholesale trade, the founding of businesses in all sectors of the economy and, less importantly, the building of houses with the consequence of moving to the eastern border area.

These activities have been studied with regard to their positive and negative effects on both sides using the border areas of Hesse, Lower Saxony and Thuringia as examples (Heller, 1993 and 1994; forthcoming). Other forms of relations across the boundaries have not been emphasised, such as the activities of the comparatively small numbers of the following groups:

1. persons who live in the West and work in the East;
2. persons who move from West to East; and
3. persons from the West who take up apprenticeships in the East.

The findings show a suction effect from the better equipped western side to the less well developed eastern side - mainly human labour and the purchase of power go from East to West. But this effect is reduced by state regulations and grants supporting the transformation in the new Länder of Germany (Bundesministerium für Wirtschaft 1991). In this way incentives are given to individuals and concerns in the West to found enterprises in the East. It is mainly individuals and concerns in the western border area who make use of this opportunity.

The elimination of the state frontier has the following positive effects for the western side:

1. Retail and wholesale trade enterprises and service enterprises expand their catchment areas of customers and their markets.
2. Western founders of enterprises get large and relatively cheap land plots in the eastern area.
3. Farmers enlarge their enterprises by leasing land from the former collective farms or by founding new farms on this land.

Positive effects for the eastern side are mainly the following:

1. The foundation of enterprises by individuals and concerns from the western side because of their proximity.
2. The transfer of income by tourists from the West.
3. Cooperation with the nearby western authorities.

Ambivalent effects for the western side:

1. Positive:
 - i) The business world has at its disposal additional manpower because of the immigration and the commuting of (qualified) workers from the East.
 - ii) The workers from the East demand comparatively low wages during the initial period of their employment.

Negative: The local workers acquire rivals on the already narrow labour and housing markets.

2. Positive: Pupils from Thuringia who transfer to schools in the western border area guarantee the continued existence of some of these schools which would otherwise have been abandoned because of the diminishing size of the young local population.

Negative: The pupils of the eastern border area are an additional expense to the schools in the West.

Ambivalent effects for the eastern side:

1. Positive: The emigrations relieve the labour and housing markets.

Negative: The decrease in population affects economic development in the long term.

2. Positive:
 - i) Commuters relieve the labour market on the eastern side;
 - ii) There is an income transfer from West to East as a result of commuting.

Negative:

- i) Loss of (qualified) manpower as a result of commuting;
 - ii) Partial loss of buying power because the commuters spend money in the locality of their work;
 - iii) The willingness to emigrate from the East will increase through contact with the West.
3. Positive: The level of qualification will increase by attendance at schools and places of work in the West.

Negative: As a result of receiving education in the West the willingness to work in the West or to emigrate will increase.

4. Positive: Income through the sale of land to industry and commerce and to private house-building.

Negative:

- i) As a result of land sales, land prices increase putting local applicants for land at a disadvantage;
- ii) Enormous consumption of land because of the rapid establishment of too many and too large new industrial and commercial areas.

5. Positive: The rapid extension of public infrastructure (mainly roads and railways) quickly improves communication possibilities.

Negative: Because of the rapid construction of roads there is the danger of excessive consumption of land.

Negative effect for the western side: An increase in road traffic because of users from the eastern side.

Negative effect for the eastern side: Loss of buying power because many people from the eastern side buy and consume in the western boundary area.

On the whole the western side makes more economic profit than the eastern side. The asymmetrical relations can only be balanced if the labour market, traffic, housing and services of the border areas in Thuringia are improved to the level of the border areas in Hesse and Lower Saxony (Eckey and others, 1991).

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