



OBSERVATIONS in GERMANY

February 2010

I was in 6 German cities in mid-January. One of the Germans I met asked me what I had learned this trip. I have been coming to Germany for 44 years, so I have seen and heard a lot, starting with hitchhiking and more recently in lawyers' and businessmen's offices. So, it is hard to find anything new. But still it happens.

1. GERMANY in GENERAL

- a. German weather in December and January can be really miserable. Despite this, Germans do not necessarily shovel their sidewalks. (Certainly not in Berlin.) They also do not wear galoshes.
- b. A possible explanation for (a) – the use of salt to melt ice has apparently been restricted for environmental reasons. I see much greater use of some kind of grit instead.
- c. Christmas is a 2- or 3-day holiday that extends a month, from mid- December to mid- January. Germans who can, spend part of this period at beaches or ski resorts. The weather in the north is too dark, dreary and wet to bear. Do not try to do anything during this period.
- d. English is not just the second language of Germans. Some Germans think it should be the 2nd language of immigrants (after German). Whether they then speak Turkish or Italian or their other, natural ethnically determined language is up to them.
- e. Most Germans do not feel the economic downturn. Their state support is enough. Still there is concern that they will not keep their jobs.
- f. Duesseldorf is a fashion center, in part because a major fashion trade fare is there. This throws off a lot of secondary jobs, such as in the "hospitality" trade.

2. GERMANY-UNITED STATES AND THE WORLD

- a. Germans understand that President Obama has problems. Although they like him more than they liked Bush, the relationship between the US and Germany has not changed much.
- b. Without President Bush to complain about, my contacts did not talk that much about the US. This topic used to "bond" us.
- c. Some Germans commented that democracy may not necessarily be the answer in some countries. [I agree.]
- d. I was surprised at how much influence US legislation has had on German law. I had not known that the whole concept of "corporate compliance" came from our securities and anti-bribery legislation. The head of Siemens' legal department is an American.
- e. Germany has a natural, historical relationship with Russia that Americans do not understand. Energy and alternative energy are frequent topics of conversation. I

mentioned having recently spent a week in Vienna. All the Germans I spoke to reacted with real enthusiasm for Vienna. There was no attempt to compare Berlin or Munich favorably with Vienna.

3. GERMAN POLITICS

- a. There wasn't much said about the new coalition or the various political parties.
- b. German politicians pick politics as a career at an early age. Most German politicians have no experience as business people unless it is as a member of a union. They work their way up through the party ranks. This is impossible for Americans to imagine.
- c. Germans, like Americans, think that, once income has been taxed, what is left should belong to the tax payer.
- d. The reduction in the German VAT rate for hotels effectively raises the cost of a room to business people. The price to them does not drop but less of the price can be deducted, creating a net increase.
- e. Many Germans have no real recollection of communism. Soon World War 2 will be more vivid to them (based on Hollywood movies and history channels?) than life under communism. The German East is viewed with condescending humor. The treat and damage are not taken seriously.
- f. I recently read two accounts of the fall of the wall, including one simply called 1989 (by Sarotte). Dr. Sarotte gives Chancellor Kohl high marks as a negotiator and as a politician who could sense what was possible.

4. EVERYDAY LIFE

- a. There are very few independent bakeries, especially in city centers. The selection they offer is uniform and limited. It is even more limited on weekends.
- b. Almost all German coffee comes from machines that make it by the cup. It is not as good as it was 40 years ago.
- c. A good Italian restaurant is better than all but a really good German restaurant. There are almost no French restaurants. Even with the weak dollar, one can eat lunch at a good restaurant for substantially less than it costs in New York.
- d. Most younger Germans travel, move, walk with ear buds and an iPod, making any interaction difficult. It is the equivalent of working with the door closed. Don't bother me. Some Germans now work with the door open.
- e. Most younger German men wear lots of black. Especially mid-thigh length black coats.
- f. I now know two German couples, one young, one old, who found each other by computer dating.
- g. German men over 40 can start second families. The huge financial burden of paying for college for their new children is borne by the state. Not so in the US.
- h. Some Germans consider teeth bleaching to be a sign of American superficiality. Still, most Germans have much better teeth than the English (famous for bad teeth) and straightening is not unusual. Also, there are lots of tanning salons. I do not see the nail

salons - which have cropped up all over the US. In the US they are all operated by Asians.

- i. There are large parts of many German cities without charm. The ugliest buildings, built in the 15 years after the war, are being torn down. But there are also horrible buildings built during the next 15 years (1965-90). The old charm of uniqueness (shops not found in every town) is gone.
 - j. The non-ethnic German population is more obvious in Germany than is the immigrant population in the US. In Germany it is mostly Turkish. In the US, it is from many different parts of the world.
 - k. New German windows are amazing examples of technology. Do not expect any American hotel to have windows with such noise isolating capacities. Or to open.
5. GERMAN BUSINESS – LAW - ECONOMICS
- a. US style private equity has eliminated some jobs, but it has also given good managers a chance to make real money, with bonuses and equity participation they would not otherwise have. PE also permitted new management to fire employees. This was socially much more difficult to do when management was based in the same town as the workers.
 - b. The sale and lease-back of municipal assets (never a good idea) has produced unhappy results. And no proceeds to show for it. The proceeds were spent on operating expenses.
 - c. When one large German plant moves into a town, it may hire away workers from another German plant in the area. This happened when BMW moved into South Carolina. It took workers from the German fabric plant close by. An advantage of the Mercedes plant in Tuscaloosa, Alabama is its proximity to the University of Alabama.
 - d. German clients more and more select their German legal services provider by a request for bids. This commoditizes the services, making them less personal and evaluated mainly based on what can be measured. Do they do this with their doctors?
 - e. German accounting firms are beginning to form their own law firms again. This is the second time they have done this. Americans do not understand combining law and accounting in the same firm.
 - f. The mid-sized or at least not UK/US dominated German law firms have done better over the last year or two. Some of them are now supporting their UK colleagues. Older German partners at some of the biggest Anglo firms are being forced out or demoted.
 - g. The practice of law firms is often significantly made up of energy-related work – production, distribution and alternative forms.
 - h. Banks are not lending. They do not pass along the lower cost of borrowing to their customers. Many banks are controlled by politicians. They mainly want to avoid announcing losses.
 - i. The GDP in Germany may sink and still be healthy because the population is sinking. The GDP is only one measurement of the health of a society. It is a crude measurement of

the country's ability to create good jobs, wealth and security for its citizens and influence abroad. Without economic strength, Germany could not have been reunited. It BOUGHT reunification.

- j. Joschke Fischer has sharply expanded his advisory firm. He is tied to the Nabucco gas pipeline.

6. TRANSPORTATION

- a. Lufthansa is a reflection of the German economy. Germans export machinery that requires highly technical support delivered quickly. The support comes from all over Germany, not just one or two cities. Germany also exports whole plants and construction projects. German companies produce highly specialized chemicals all over the world. Management needs quick access to these foreign locations.
- b. German lawyers travel a LOT, mainly within Germany but also to London and Paris. Other countries have only a few commercial/decision making centers. Germany has about 15 cities that count as decision centers and many small towns and villages where important decisions are made. When I began practicing in Germany (1979), matters in other German cities were often handled by German lawyers from other law firms located there.
- c. The cheap airlines, Air Berlin and GermanWings are just fine.
- d. It is a LONG walk from the Schoenefeld Airport train station to the airport. But generally speaking, getting to the airport using public transportation (Frankfurt, Duesseldorf, Berlin, Hamburg, etc.) is cheap, reliable and convenient.
- e. It is possible to have your train/subway tickets checked 3 times in 24 hours.
- f. Very few well-dressed Germans use the U-bahn or S-bahn. I suspect they all drive to work and can inexpensively park in their buildings. Some do ride bikes, but mostly on weekends.
- g. Germans do not seem to smoke as much as before, but more than Americans. I noticed this especially on train platforms, where all the smokers stand inside a yellow painted box.
- h. I sometimes saw groups of 7-12 teenage boys hanging out in train stations or roaming through towns. I don't notice this in the US. One explanation – Americans get drivers licenses at an earlier age. We also do not have public transportation which enables these kids to assemble and roam.
- i. Also in the train stations I noticed some anti-social behavior, but it was not violent and was tolerated, perhaps because there were lots of police present.
- j. When talking on their cell phone (Handy) on trains, Germans are as loud as Americans.
- k. As a final train-related remark (I traveled a lot by train), ordinary Germans were consistently ready to help, often in English (despite my sticking to German). But when in a hurry to find the track for my train, the DB information agent told me to first get a numbered ticket. No one else was in the queue, but still no answer without a ticket.

7. PHILOSOPHY

- a. The comparison of the US and Germany has long been that Americans see a glass as half full and Germans as half empty. But when a German sees a glass and it is physically half full, it may in fact be "full." Filling a glass beyond the half way point is considered gauche. [For some beverages this is true in the US, mainly wine.] So as with all things, it is a matter of definition.
- b. German companies put a high premium on social peace among the staff. Possibly this is because firing anyone is so difficult and expensive. As a result, they tolerate incompetence and laziness which would get most (perhaps not all) workers fired in the US. (The incompetent army doctor who recently shot 43 other soldiers at a Texas military base is an American example of someone who should have been weeded out but wasn't, probably for fear of being called politically incorrect.)
- c. Societies are a balance of economic and social needs, not just one or the other. They are also a balance of companies and governments (both non-market hierarchies) and markets (where supply and demand dictate price), but the market is still affected by state imposed rules and subsidies.

8. HUMOR in BUSINESS.

Humor is a sensitive subject. I heard some funny jokes (in German) during the trip. So my comment here is not to make a judgment about the relative value of German humor, but instead to make observations about different sorts of humor and the role humor plays in business. For a non-German "take" on German humor, visit <http://www.german-jokes.com/>

While in Germany, one of my contacts (a German who has lived in London for 8 years) gave me the book, "Watching the English." It is a long, thoughtful book by a British anthropologist, but it is intended for a large audience. The author writes:

Most English workers...are immensely proud of our sense of humor. In a survey...experienced...British businessmen perceived the business climate in [the UK] to be more light-hearted and humorous than in any other country in Europe, except Ireland.... Only the Spanish even came close to matching us, and the poor Germans got the lowest humor-score of all, reflecting the popular stereotype in [the UK] that Germans have absolutely no sense of humor. ...

While I would not go this far, I do find it much easier to find British humor funny.¹ German Carnival humor is almost totally incomprehensible. The reliance on regional dialect doesn't help make the humor accessible.

¹ While in the UK, my wife and I once watched a show on TV showing snippets of the "top 100 humorists". Many were Americans, but a majority were Brits. Anne and I found all but a few to be very funny. And

German humor tends to be more direct, less ironic and more bathroom-oriented than American or British. I recently commented to a German on US use of non-sequeturs in humor. He had to look up the term “non-sequetur” and sent me the Wikipedia entries. The English entry is devoted solely to humor. The German entry is devoted solely to philosophy and logic. This seems to prove my point.

Even if Germans and Americans do have similar senses of humor – which I doubt - it is difficult for many of us to tell a joke in our own language, let alone in another language. A joke is a bit like a “Redewendung.” If you don’t get the words precisely right, it may be interesting but it is not a joke. Intonation and emphasis are also important. So, while a German may be able to tell a funny story in English, it is very rare that one can tell a joke. Many jokes are also a bit edgy and use words which may or may not be acceptable, depending on the company.

The importance of this is that Americans expect to hear jokes and to intersperse humor in their business discussions. An American giving a speech usually starts with a joke, even an old one. A German speaker never does. References to Goethe and the 30 Years’ War are more likely. US business negotiations normally begin with something lighthearted. This is a form of bonding.²

Why is this worth mentioning? Because business negotiations often get tense, at least if they are serious. There are always money issues. Humor and the personal ties it creates helps the parties get over this tension. Germans’ seriousness and lack of (effective) humor in the lead up to these negotiations and during them can put a strain on them that Americans and Brits and Americans don’t encounter or can get over more easily. Germans have to rely more on their reputations for top products, reliability and high ethics. Not a bad combination of characteristics, to be sure.

At the other extreme is the old-style (perhaps not so old) American salesman, who makes joke after joke, drinks too much, is too loud and knows very little about his product.

As a final observation, Germans (and visitors) are being exposed to a new group of non-German, German comedians – people who are not ethnic German but who were born in Germany and

those we did not find funny were – to us – more like the broad, vaudeville type comics which we sometimes see on German TV. Almost like with the rock bands of the 1970’s, American humor has been strongly influenced by British humor, such as Oscar Wild, Peter Sellers, Peter Cook and Dudley Moore, and Monty Python.

² One reason why women are often less than welcome in US business meetings is that American businessmen often tell jokes with sexual content. George H.W. Bush is famous for liking to tell dirty jokes so long as they were not too dirty and there were no women present.

speaking (what sounds to me like) fluent German, even dialects, as well as Turkish or Indian. As an American, I find this very interesting and a good sign

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