

Federation of Industries estimated that GDR productivity is at most 50% of the FRG rate, its infrastructure (transport, communications etc.) is in very bad shape and its environment is in crisis. Dr. Puf remarked: "Our overall impression is that the whole system would have broken down in two or three years". Given this perception of the relative weakness of the GDR, it is understandable that East German workers fear that West German business will essentially take over the economy of the East and, in the course of doing so, scrap a large part of it. When asked how productivity would be raised in the East German economy, Dr. Puf acknowledged that "the quickest way to do it will be to put people out of jobs."

For their part, a sizeable number of West Germans fear the costs of unification to the Federal Republic, a matter which has been left rather undefined. We heard estimates ranging from \$35 to \$100 billion (US) per year over the next several years and were told that the West German Government has insisted all along that these monies will come from a combination of economic growth and borrowing, not tax increases. There are indications that the West German people may not be entirely reassured. We note, for example, that the CDU, the party of rapid unification, recently lost elections in a Länd (state) where it had long held power. As a result, the balance of power in the Bundesrat, the chamber of the German legislature which represents the Länder, and must approve the unification treaties, has shifted from the CDU to the opposition Social Democrats who have, all along, questioned rapid unification.

Notwithstanding these and other concerns, which have led to intense negotiations between the two German governments, virtually everyone to whom we spoke believed that economic union would take place quickly. The reason given was starkly simple: if it did not, the mass migrations from East Germany of the past year, particularly of young skilled workers, would start up once again. Harold Schreiber, Chairman of the Foreign Affairs Committee of the East German Volkskammer (parliament) remarked: "If we take too long with this process, one thing is sure — people will vote with their feet again."

Most Germans acknowledged that the second step in the internal process of unification — political union — was less certain, or at least its timetable was. The dream of some East Germans that the GDR might have a future as a separate state had been shattered by the March 11th elections and the debate about how political union would occur seems to be "last week's snow", to use the expression of West German historian Michael Sturmer. The two German Governments have agreed that political union will take place by using Article 23 of the West German constitution, which provides that new Länder may be admitted to the federation. It is now expected that five East German Länder will be formed and be admitted *en bloc* to the Federal Republic of Germany.