

Learning from Berlin
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“The Third Wave,” a recent report in *The Economist* magazine, is an unusually lucid and comprehensive description of how advances in information computing and communication technology (ICT) have radically altered the world’s economic and social pathways. In this century, most of humanity and their dominant economic activities will reside in urban places. Therefore, whether the opportunities opened by the technologically-induced Third Wave revolution are grasped, and if its dangers are avoided or minimized, will depend upon how cities respond to the ICT induced revolution.

In GG+A’s 44 years of working with decision makers in urban places, we have learned there is no one model of how to best plan, govern, develop and redevelop in changed economic and social realities. To take advantage of the cards of economic and social change that are constantly being dealt, each locality must regularly go through its own two-step process. First, identify and capitalize on the city’s comparative advantages. What historically evolved social and economic assets can empower the community to capture some of the third wave opportunities? Secondly, identify and mitigate the negatives. Implement programs to minimize the ongoing harm created by obsolescence of social and physical capital that that will result from 21st century economic and social dynamics.

The revitalization of Berlin, built on the city’s historic human and physical infrastructure that turned it into one of Europe’s most vibrant places of life-enriching creative energy, offers an example of a metropolitan place retooling its human and physical assets to successfully ride the Third Wave economy.

Until 25 years ago, Berlin was divided between West Germany, the portion of the huge pre-war city that was occupied by American, British and French soldiers after the defeat of Germany in 1945, and the rest of pre-war Berlin and all of East Germany. From 1945 to November 9, 1989, West Berlin was an island within which freedom and market capitalism were supported. The rest of the city was a part of East Germany, ruled by the repressive, Moscow-controlled Deutsche Demokratische Republik or DDR. Only the heroic American airlift, the presence of a large and well equipped American force in West Germany, and the clear message that NATO would defend West Berlin kept the Soviet-backed DDR from taking over the West Berlin they encircled. But after a few years, the difference in relative standards of living and freedom between the walled in area and the DDR led thousands of East Germans to risk their lives to escape into West Berlin. The wall around West Berlin was built by the DDR to keep their citizens from sneaking out to a better life, as the economy and physical infrastructure of East Germany became increasingly obsolete and decrepit.

On a recent trip to Germany, Nina and I spent an hour at “Checkpoint Charlie,” where a small museum memorialized the years before the wall came down. We saw relics including cars,

motorbikes and even a mini submarine all ingeniously equipped to hide East Berliners making a run for freedom. The small museum also memorialized the 44 years that Berlin was divided with pictures and movies from the era, including President Kennedy's famous "Ich Bin Ein Berliner" speech of June 26, 1963.

One foundation of Berlin's road to economic growth, which is now outperforming the rest of Germany, is the rediscovery of its liberal culture of openness that has attracted young innovators from all over the world. During the Nazi era, Berlin housed the headquarters of the Gestapo, and in 1942 it was in the Wannsee district that Heydrich and the other top echelon of the Hitler establishment planned and orchestrated the "final solution" for the extermination of the Jews. But dedication to fascism was an aberration in the longer term socio/political culture of Berlin. Berlin's citizenry were not big supporters in Hitler's election to power; that dishonor fell to voters in Munich, Bavaria and north Germany. Nevertheless, it surprised me, a German born Jew who escaped with his parents in March of 1938, only eight months before Kristallnacht, to find that much in today's Berlin suggests the presence of a very liberal mindset among many of its residents. The guidebooks make much of Berlin's erotic night clubs with a variety of sexual activities; unfortunately for Nina and me, we learned that the action doesn't really get hot until 2:00 a.m., long past our bedtime.

The prevalence of liberal attitudes in Berlin is also reflected in a willingness to become early adopters of art, music, technology and a large spate of new buildings by contemporary super architects. After a great meal at a restaurant in the Sony Center at Potsdam Platz, we walked to the very modern but comfortable and acoustically impressive Symphony Hall to be blown away by the quality of a concert by the Berlin Philharmonic. As Nina's guest at a conference of the International Women's Forum in Berlin, I was able to hear a presentation by Cedrik Neike, Vice President of Advanced Services for Cisco in Europe. Neike credited part of Berlin's economic success with a workplace attitude that does not require innovative employees to be managers in order to be promoted, and the government's policy of providing inexpensive childcare to encourage mothers to stay in the workforce.

The influx of immigrants into Berlin, including many creative young people, could not have been sustained without the existence of a significant oversupply of housing. Please note I did not write good quality housing, because much of the supply consisted of vacant or partially vacant apartment buildings in East Berlin, where the housing stock had been under maintained for decades. These empty units filled up with young immigrants from all over the world who are willing to live in the graffiti covered older buildings of East Berlin because they enjoy the spirit and cheap rents of the place. Whether Berlin's housing will remain low cost could be the subject of another blog, but what is clear is that low rents attracted many of the workers and job creators of the Berlin boom.

One physical advantage that Berlin has capitalized upon is its transportation infrastructure. The city's high tech and other workers do not need to commute to work by car, because the city of a little over 3.4 million today has inherited a transportation infrastructure that can serve approximately 6 million. Both the attraction and success of innovative businesses and industry

also owes much to the city's educational system. In addition to its world class academic and technical colleges and universities, relevant vocational training continues to be a respected part of the Germany's educational options. In 2000, Finland far outshone Germany in international test scores, ringing a wake up bell that has led Germany's vocational and pre-college schools to move beyond memorization to techniques that emphasize training for creativity.

With the support of the German government, which has not stinted in funding the re-building of the former DDR, Berlin has used its comparative advantages to successfully launch high economic and population growth. Whether it can further boost its economic and population trajectory remains to be seen. One sign that sclerosis may be setting in to slow the growth was suggested by the voter turn down of a plan to reuse the now vacant Tempelhoff Airfield, which had been the base used by the Berlin Airlift. I was unable to get the full story of why this large, obviously developable site remains vacant, but the dialog that I heard from native Berliners when I asked about the site reminded me of what one hears so often in NIMBY-filled San Francisco. If the comparative advantages a region uses to launch economic growth are not maintained and burnished, the trajectory of growth will decrease.