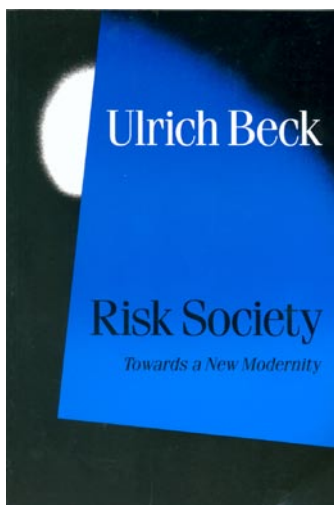
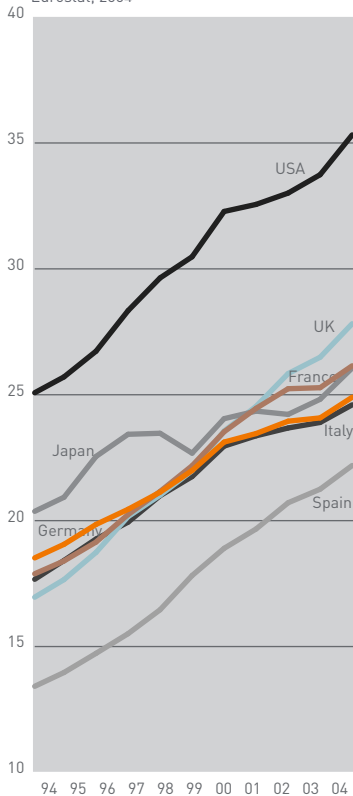


# New German thrift

An over reaction to an inflated sense of risk by Kevin McCullagh

Based on: Bertrand Benoit, 'The crepe crusader', Financial Times, 8 April 2005; and Gerrit Wiesmann, 'The German psyche: High hopes and big disappointments' Financial Times, 8 December 2004. Interviews with: Sabine Reul, Society & Politics Editor of Novo magazine; and Professor Uta Brandes, Köln International School of Design.

**German growth slows**  
GDP per inhabitant (PPS 000s)  
Eurostat, 2004



Germany is the home of 'Risk consciousness' – general sense that we are living in riskier times. In his seminal book 'Risk Society' (1986), the German sociologist argued that industrialisation had made society too complex to be understood.

Not long ago Germany was known as Europe's banker, but the costs of reunification and pressures of Globalisation have brought tougher times. Whereas the French are possessed by 'le plaisir de dépenser' (the passion to spend), as one finance ministry official puts it, Germans live under the curse of the 'Schnäppchaenjäger' – or bargain-hunter.

The number of routes offered by discount airlines has gone from four in 2002 to 300 today. Home to 15 of the continent's 67 budget carriers, Germany is the fastest growing market for no-frills travel in Europe. The country's first discount brothel – the Piggy Bank – opened in Hamburg to wide acclaim and ecstatic reviews last year. 'Geiz ist geil' (meanness is sexy) the slogan coined three years ago by Swiss-born communications guru Jean-Remy von Matt for the Saturn consumer electronics chain, did not just 'legitimise bargain-hunting', as he put it – it also defined the post-2000 zeitgeist for German consumers.

Nowhere is the new German thrift more evident than when shopping for Groceries. Compared with their lavishly stocked French, Italian and British counterparts, German supermarkets tend to be stocked with more basic ranges. At the forefront are the 'hard discounters', like Aldi, Lidl and Plus, whose bare-bone, rock-bottom offerings compete in colourful newspaper inserts every day with such imaginative slogans as 'I want cheap' or 'more for your money – real insane!'. Sabine Reul, Society & Politics Editor of Novo magazine, points out that the discounter success can partly be explained by both the weakness of traditional retail chains and the quality of some of the recent introduced discounters' ranges.

Professor Uta Brandes, of Cologne International School of Design, believes that such a cult of meanness could only happen in Germany. She points out that it is not a trend limited to working class areas in the old East Germany, but has become hip with wealthy youth too. 'Even German MTV presenters started wearing Aldi t-shirts'.

Again, Germany appears to be the exception. In the past four years, the market share of discounters in the country rose from 29 to 36 per cent compared with 13 per cent in France. Europe's largest economy is now home to half the continent's 28,000 discount stores. Germany has the lowest food prices in Europe. Even Wal-Mart, the US discount chain that entered Germany in 1998, has yet to make a profit in the country.

Foodscandals are an almost weekly occurrence. This year, the Bavarian health department warned about an alarming rise in the amount of 'ham

ersatz', a mixture of milk, soy protein, whey and water, contained in German pizzas. In January, Aldi had to recall bottles of mulled wine that had shown a tendency to explode. Last month, police in Laatzen, near Hanover, caught supermarket staff relabelling meat that was past its sell-by date. That same week, the Bild am Sonntag newspaper warned on its front page about rotten eggs being sold as Easter treats under a bright layer of paint. 'With such price pressure reverberating down to the producers, quality is obviously affected,' says Christian Fronczak from Germany's consumer protection agency.

Germany's long period of economic stability has ended. Stagnating incomes, a rising fear of unemployment and the increase in economic migrants from Eastern Europe has fuelled uncertainty. As a result households have drastically reined in spending in the past few years. Private consumption has stagnated since 2001 and retail sales have fallen by about the same amount.

However, economics alone is not to blame.

The share of household budget spent on food has dropped by 13 per cent since 1991 and now stands below that of Belgium, Greece, Spain, France, Italy, Portugal, Finland, Sweden and Iceland. Eating-out budgets have crashed even faster. Germans now spend €684 each in restaurants every year, against €1,005 for the French and €1,896 for the British.

'German politics has really generated a climate of pessimism and anti-consumerism unparalleled

anywhere else' says Reul. Peter Bofinger, one of five academics who advise the government on economic policy, agrees 'There is a sense that life has become fraught with risks,'. 'The management of risk has shifted from the collective – the state, the employer – to the individual. Being German today is like driving a car along a dangerous road with all safety features turned off. One drives slower, which means consuming less and saving more. Nowhere outside Japan has this happened with such intensity.'

Thinking the worst is becoming pervasive, laments Walter Krämer, a professor of economic and social statistics at Dortmund University. 'In Germany, there's a built-in feeling of threat, of insecurity. Because of that fear, people rush headlong into debates about safety and security that stop you from doing other things.' Mr Krämer remembers returning from a holiday in the UK at the height of the BSE crisis in the late nineties. 'Things were nowhere near as bad in Germany but the media coverage here was 10 times what it was in Britain.'

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