

Thoughts on my repatriation

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As of the 11th of September, It has been a year since my repatriation from Germany. In the first week of that month, I found myself thinking more about my time there even before it dawned on me that this anniversary was approaching. It is now safe to say that the three years I spent there had a lasting impact on me. While the US and Germany are more similar than they are different, particularly when compared to something far more foreign like Japan, There are enough differences in the mode of day-to-day life to warrant my putting some thought regarding them on page.

First a disclaimer is in order. My guess is that some of the differences in how life is conducted in Berlin as opposed to the north-phoenix suburb where I live now is due to Berlin being a proper urban environment; my experience with life in the US has been either in smallish towns or in suburbs. Be that as it may, the places where automobiles are a necessity of life in the US seems to make up a far larger proportion of settled area than in Germany, which is the single largest difference in the mode of life between the two countries.

What's the principle difference between the US and Germany?

In my previous post regarding life in Germany, I talked at some length about the density of the city and how that density made it fairly practical to get by without a car. I still maintain that this is the most pervasive difference in the lifestyles between the two countries. Now that I have become re-familiarized with the American way of transport, I have some words on the comparative merits of the two systems.

When cities are designed around the car, logistics are in general more convenient: There's no waiting for the bus or the train; it's air-conditioned; more spacious; and in the case of routine errands, you can take a lot more back home, which means you don't need to get groceries every other day. However, all these conveniences come at a cost: just about everything is outside of reasonable walking distance, there's a profusion of ugly parking lots, and you have to make a conscious effort to remain physically active – incidental fact of life.

I think that in non-extreme climates, I prefer the European style of urban planning. However, in a place like phoenix, the summers are so harsh that it would be miserable if one were to transplant Berlin onto the valley⁰.

Now... from my first posts following my trip to Germany, I indicated that the urban design and transportation was the principle difference, but there's a close contender which has made itself apparent after spending a year back in the states. It's that proverbial elephant in the room: healthcare, which probably deserves its own section.

Yes, the German healthcare system is better

Having had a kid in Germany, I would say we used the healthcare system quite a bit. The German system is actually vaguely similar to that laid out by the affordable-care act; especially in its intended incarnation, which featured a public option. Essentially, there is a market of 100 subsidized, non-profit insurance providers with minor differences in what they offer. There are also private insurers who work more or less on the same model as those in the US. The cost of insurance from the public system is dependent on salary. When I was employed with Caterwings, the cost was split between myself and the employer, and when I left my job to care for Elliott it was out of pocket at a rate of about €300 a month. This monthly contribution represented by a large margin the majority of the expense we encountered, however there were minor co-pays

¹ even if the Berliners embraced the wonders of air-conditioning.

(about €20) for almost all medical appointments.

I give the above summary of the health-care arrangement as it looks to the end user just because it may not be familiar to a reader from the US. In my judgement regarding which system is better, I try to discount the differences in cost, because in the end somebody has to flip the bill, and I'm pretty sure that in Germany it wasn't us for the most part. That being said, there is one point regarding the pricing in the US system that I'll mention to its discredit: lack of clarity. We had a number of medical procedures in our first year back in the US. Our insurance was a high-deductible one, so all the expenses were out-of-pocket. However, when we got the receipts in the mail we saw that a procedure which cost us \$2,000 would have cost us around \$20,000⁰ if we didn't have insurance. What's worse is that I'm reasonably certain that \$2,000 covered more than the operational cost of the procedure in this case. So that \$20,000 amounts to abject theft. The end conclusion is the following: the main value of insurance to the purchaser is in the deductions negotiated by the insurer and the hospitals in the insurer's "network". The extent of these deductions however are by no means clear when one purchases an insurance plan.

The worst part of our experience with US healthcare involved a situation with my wife, Amanda. We had scheduled a surgery that was meant to prevent something that could have been serious. Leading up to the surgery, no discussion regarding cost was given. When we checked into the hospital, we were informed that it cost a bit more than \$2000, and we had to pay up front. After pushing back a bit, we negotiated a payment plan, but only if we payed half up front. Fortunately we could pay this, but had we not, we would have had to reschedule. Now, I'm of the understanding that there are a lot of people who cannot front that cash without warning. Not allowing such expenses to be financed through some sort of monthly bill I find to be somewhat barbaric, particularly when it's for a preventative treatment for a condition which is life-threatening, and would cost the hospital far more to treat. In our particular case, it was very fortunate that we had the money because it turned out after the fact that the surgery was not preventative, but ...ventative? Bottom line is this: if hospitals are required to take in emergency care patients, they should be required to allow for post-service financing for preventative care when such care has been duly referred by a physician. Also, I'm certain that this sort of thing would not happen in Germany.

Should we change our healthcare system

I often wonder how the ACA would have worked if there were a public option available¹. At any rate, I think that were we to reform our healthcare system by emulating a foreign one, the German system would be a good fit for our national character; I don't see Americans going for a single-payer system. We need choice, and we need an optional private system.

Now if we were to emulate a foreign healthcare system (let's just suppose it's the German one) we also must talk about cost. Germany spent 11% of it's GDP on healthcare costs in 2013. In the USA it was about 16%². You could make the case that even with the tax increases which would be necessary to subsidize a series of non-profits, the total costs may conform more closely with other OECD countries.

Another thing to account for is whether spending less on healthcare would result in a depressing effect on medical research spending, which the US is a leader in. My guess is that it probably would if the government did not take a larger role in medical research funding. I looked around for figures on medical research spending, and while it was difficult to find primary sources of data, the following [article](#) appeared to conform with other estimates found on the web. We are looking at a research spending share of around 70% by industry, which would certainly decrease if most of the nation subscribed to non-profit healthcare providers with price-controls. On the other hand, it's worth noting that the total research spending according

¹ This is the most egregious example, but other surgeries had similar scales of inflation in the case of no insurance. If we had not had our insurance, our total medical expenses this year would have been over \$35,000

² Incidentally, my employer does not provide health insurance benefits, outside of a monthly contribution to an HSA, so I am pretty familiar with how the ACA marketplace is in reality

³ A summary of healthcare expenditures in the US for 2017 can be found [here](#).

to this estimate made up just about 5% of total healthcare costs (or .9% of GDP for the year given in the report), so an overwhelming majority of that extra premium the US is paying on healthcare compared to other countries is not going toward research. If bringing health care costs as a proportion of GDP down to around 11-12% of GDP completely erased industry research spending, government grants could easily make up for it and still make the transition an improvement on balance.

One last thing to mention regarding large programs is taxes. I think there is a point at which taxation could severely hamper entrepreneurship and business activity in general. What is less clear is where that threshold is. I will make the following assertion, however: That threshold is well below what the US takes in as tax revenue. For example, the CIA world factbook indicates that tax revenue in the US is 22% of GDP, including social security revenues. It looks like that is just federal tax revenue, however, and looking around it is probably around 33% when state and local taxes are included. What's Germany's tax revenue? 45% of GDP. It also does not appear that Germany's economy is ruined by this rate of taxation. I'm going to guess that the increase in tax revenue to pay for a more typical healthcare system is not going to cripple the country. While we're at it, we only need to increase tax revenue by 3.5% of GDP to have a balanced budget... To quote Angela Merkel, "Wir schaffen das"

What's better about the US?

Lest the reader get the impression that I'm pining for Deutschland, or for western Europe in general, I am not. I am enjoying myself quite a bit in the US. There are three major reasons I can think of, other than a general hereditary disposition to being chipper (thanks mom): my family is closer, my wife is happier, and my work is exciting.

The first reason is the only one of the three which has little to do with the US except by the coincidence that I happen to be from the US. Keeping in contact with family while overseas was a real pain. A time difference of 7-9 hours is enough to make any phone call impractical except during weekend evenings.

The second reason, my wife being happier, is actually not a coincidence. In Germany, she was somewhat starved for non work-related social interaction. We found the German character to be rather insular. As a result, we it was difficult to cultivate friendships in Berlin; indeed we interacted primarily with expatriates, the largest represented nationality of which was Italian. This social isolation in Berlin contrasts starkly with life in the Phoenix suburb in which we now live. Already Amanda made more than 6 people with whom she sees frequently.

The third reason, my work being exciting, is a huge deal for me. While Germany, being a technically sophisticated manufacturing-based economy, has plenty of professional opportunities which I would find very satisfying, it is still the case that the work I have here is better than what I had in Germany by leaps and bounds. I'm also going out on a limb here: for those with the suitable talents, there are few countries with better opportunities for exciting professions than the US – being in a global empire has its advantages.

Thoughts on Caterwings

Caterwings was the firm I worked for in Germany until I took the primary role in raising my new-born son, Elliott. I suppose enough time has transpired since my employment with the firm that it is appropriate to write some thoughts on my time there, as not all of it is flattering. One thing ought to be made clear from the get-go, however – I really appreciated my time there, and to the extent I was able to, I thought I did some good work.

Caterwings is an online catering platform. They are essentially a middle-man between caterers and consumers (mostly corporate clients). Their principle investor is, or at least was ⁰ a large startup incubator of dubious repute called Rocket Internet. Rocket's strategy in Berlin appeared to be similar to a lot of tech startups in the city: find a business model which has been shown to work in the US, repurpose existing software assets

¹ I'm not sure what their funding situation is now

to that business (in the case of Caterwings, repurpose poorly), find some recent business school graduate to “own” the startup who likely has no idea what technical expertise is necessary to run an internet-based firm.

In Caterwing’s case, the maintainers of the website was a team team employed by Rocket. Caterwing’s role was just marketing, sales and operations. It so happened that the website was not really suitable for the our business purposes which meant that only a small fraction of orders were done through it, whereas almost all orders were processed by the sales team, who conducted their business on the phone, and who processed orders manually. This was a bit of a problem from a business perspective, since our firm’s revenue source was exclusively from a small commission on sales. This only made financial sense with a highly automated and scaleable sales mechanism. But alas, getting the website to perform its chief duty was not a priority of Rocket’s, and the management of Caterwings didn’t know the first thing about who to hire to build a functional online platform.

So what was the apparent strategy of Caterwing’s? It was to just hire a bunch of newly graduated business majors, and put them on sales calls. The No.1 priority was to increase gross revenue regardless of profitability. The underlying assumption was that all that mattered was to increase the valuation of the firm, and at the time, the rules of thumb regarding valuation were weighted heavily on gross revenue and rather lightly on processes, intellectual property, and net income. So long as that valuation scheme was true, then yes the firm’s strategy made sense, but the second that absurd spell was lifted, Caterwings would have had a negative net value in my opinion.

My role in this circus was that of a business intelligence analyst. Technically I was the business intelligence manager, and my department was of size 1. What that meant was that it was my job to compile financial reports on a regular basis, and manage the data-warehouse. However, since I was the only one who had any experience with programming for the majority of my time there, I in fact spent most of my time doing what I could to automate certain business processes. That ended up being a lot of fun. I had no idea what I was doing, but managed to make some valuable mechanisms work.

Miscellaneous comments

Those are the big items I had in mind to write about. There are other small things to reflect on.

The bakeries in Germany are indeed a cut above what exist here in Anthem. There *are* very fine bakeries in the US, but they’re not as commonplace as they are in Germany.

It was a great pleasure to be in Berlin during the Euro Cup and the World Cup. The city buzzed with the attention of spectators at every corner pub (and just about every corner had a watering-hole or a späti).

I adored the pizzeria just a 5 minute walk away from our flat. A perfectly baked pizza for € 6 which is done in 5 minutes is a beautiful thing. Just as with bakeries, good pizzerias can be found in the US, but they are not the norm. Also, the wood-fired pizzerias in the US usually don’t capture how much of a casual affair the Italian style of Pizza is meant to be. Pizza is supposed to be simple, cheap, and quick to cook – no more than 2 minutes in the oven. It is one of the finer things in life.

Germany, or at least Berlin, is still very much a cash economy. I found this to be very strange, particularly in the case of Taxis. Imagine this: suppose you are a taxi driver, whose main strategy is to pick up people from an international airport in the capital of the largest economy in Europe. You’d expect there’d be a lot of foreigners, wouldn’t you? You’d expect that some would come from countries that did not have the Euro. There’s also this wonderfully convenient method for payment called a credit card, whose use is almost universal, and can handle transactions in most currencies. Imagine now, that you decide to insist on cash as the medium of payment. What’s wrong with you?

My stay in Germany was a very transformative time. I think back on it a lot. It’s where I had my first non-academic work experience. I still keep up whatever skills I acquired with the Language. My first son was born there. I am very glad I got the opportunity to go.

