

# **The East German Revolution of 1989**

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## Abstract

This thesis analyzes the causes and processes of the East German revolution of 1989. The first half explains the demise of the USSR and its East European allies in terms of their insertion into a changing global environment. A Marxist explanation is given of the economic and social decay of East European 'Communism' in general and of East Germany in particular. The latter state was characterized by two fundamental contradictions. The first was between its economic nationalist form and the developing internationalization of the world economy. The second was between the attractive power of the economically superior West and the GDR's dependence upon the USSR. East Germany's rulers, despite being uniquely grateful for Moscow's 'bear hug', were also tempted to embrace the West. The East German economy became ever more entangled with and dependent upon Western businesses and states. Albeit to a lesser extent than their counterparts in Poland and Hungary, East Germany's rulers found themselves seduced by the superior technologies, commodities, and economic structures of the West. They were torn between loyalty to orthodox Communism and to Moscow, and a tacit awareness of Western economic superiority. This contradiction was compounded when, under Gorbachev, the Kremlin ceased to be identified with Communist orthodoxy.

The second half of the thesis is devoted to the revolution itself. The interaction between the regime's reaction to the developing crisis and the mobilization of protest is examined. Among the questions addressed are why the SED was unable to prevent mass emigration and why the security forces were unable to crush the protests. In the context of a narrative of the protest movement three aspects are given particular attention. The first is the transformation of society. Over the course of some five months of weekly demonstrations in which millions participated, political institutions were transformed as well as other core features of social and political behaviour. Secondly, the importance of conscious deliberation, debate and strategy is emphasized. Detailed consideration is made of how people became conscious of the developing national crisis, how they scented the opportunity to protest, and

how they acted to effect political change. Thirdly, the question of why a divergence developed between the 'Citizens' Movement' and the rest of the movement is addressed. In particular the radicalization of the mass movement is examined, as are the strategies of the Citizens Movement and of the regime. Finally, the history of the overthrow of the forces of the old regime is narrated, culminating in the fall of the Berlin Wall.

## Abbreviations, Acronyms, Glossary and Who's Who

<i>Abgrenzung</i>	Demarcation, separation
<i>Aufbruch</i>	Uprising, departure, awakening
Egon Bahr	Leading SPD member; pioneer of <i>Ostpolitik</i>
BDI	FRG Confederation of Industry
Gerhard Beil	Foreign Trade minister; CC member; former NSDAP member <sup>1</sup>
Berthold Beitz	Chairman of Krupp
BKG	'Workplace combat group'; militia units composed of the more patriotic sections of the workforce
Ibrahim Böhme	SDP leader and IM
Bärbel Bohley	Leading member of NF
Willy Brandt	FRG chancellor 1969-74, and SPD leader
<i>Bund der Vertriebenen</i>	Right-wing organization of Germans from Eastern Europe
CC (ZK)	Central Committee (of the SED)
CDU	FRG conservative party
CDU	GDR bloc party
CM	Citizens' Movement; collective term for the opposition organizations (NF etc.)
CMEA	Council for Mutual Economic Assistance (Comecon)
COCOM	Coordinating Committee for Multilateral Export Controls; NATO-led organization to administer sanctions vs. STEs
Comecon	Association for economic coordination between USSR and allies, including Eastern European STEs, Vietnam, Cuba
CPSU	Communist party of the USSR
CSCE	Conference on Security and Cooperation in Europe
CSSR	Czechoslovak Soviet Socialist Republic

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<sup>1</sup> cf. Kappelt (1981:35).



CSU	A Bavarian arch-conservative party
DA	Democratic <i>Aufbruch</i>
Friedrich Dickel	Interior Minister; CC member
DME	Developed Market Economy
DN (Dj)	Democracy Now
FDGB	State-run workplace-based welfare and trade union type organization, and instrument of labour discipline
FDJ	Mass organization for youth
Hans-Jürgen Fischbeck	Leading member of DN; physicist and clergyman
Werner Fischer	Leading member of IFM
Manfred Gerlach	LDPD leader
<i>Gleichschaltung</i>	Organizational coordination by bringing all into line with those of the central state; regimentation; elimination of opposition (past: <i>gleichgeschaltet</i> )
Wolfgang Herger	Security chief; Politbüro member
Erich Honecker	General Secretary of the SED CC; head of state
IFM	Initiative for Peace and Human Rights
IUG	Initiative for Independent Trade Unions
IM	Unofficial freelance Stasi agent, or, possibly, merely a (knowing) source of information for the Stasi
ISI	Import-substitution industrialization
<i>Junge Welt</i>	Newspaper of the FDJ
<i>KoKo</i>	<i>Kommerzielle Koordinierung</i> ; Schalck's conglomerate combining methods of DME business and the Stasi
<i>Kombinat</i>	Major state-owned enterprise
Egon Krenz	Security chief; Politbüro member
Werner Krolikowski	Politbüro member; deputy chair of Council of Ministers
LDPD	Bloc party
Lieberman reforms	Economic reform experiment in 1960s USSR

Siegfried Lorenz	Politbüro member; Karl-Marx-Stadt district SED chief
Ludwig Mehlhorn	Leading member of DN
Erich Mielke	Head of Stasi; Politbüro member
Günter Mittag	Politbüro member responsible for the economy
Rudi Mittig	Mielke's deputy; CC member
MNC	Multinational Corporation
Ehrhart Neubert	Leading member of DA; clergyman
<i>Neues Deutschland</i>	Newspaper of the SED
NF	New Forum
NIC	Newly Industrializing Country
NÖS	New Economic System
<i>nomenklatura</i>	Functionaries in positions at the apex of Party and State apparati
Sebastian Pflugbeil	Leading member of NF; scientist
Jens Reich	Leading member of NF; scientist
Günter Schabowski	Berlin SED chief; Politbüro member
Alexander Schalck	Stasi colonel; businessman; linkman to Brandt's SPD and later, Strauss's CSU
<i>Schaukelpolitik</i>	Traditional German foreign policy strategy of orienting towards West and Russia alternately
Wolfgang Schnur	DA leader, clergyman, and IM
Friedrich Schorlemmer	Leading member of DA; clergyman
Gerhard Schürer	Chief planner; Candidate member of Politbüro
Reinhard Schult	Leading member of NF
SDP	Social Democratic Party (GDR)
SED	Socialist Unity Party
SOL	Scientific Organization of Labour
SPD	Social Democratic Party (FRG)
<i>Stasi</i>	Gargantuan conglomerated secret service. Its tasks included intelligence and counter-intelligence, industrial espionage, domestic surveillance and

	repression
STE	Soviet-type economy
Willi Stoph	Politbüro member; chair of Council of Ministers; holder of the Iron Cross
Franz-Joseph Strauss	Head of CSU
Swing	An arrangement whereby cheap FRG credits lubricated inter-German trade and helped the GDR cover its debts
<i>Tribüne</i>	Newspaper of the FDGB
TROPF	Tendency of the rate of profit to fall
UL	United Left
Walter Ulbricht	General Secretary of the SED CC; head of state
VM	Valutamark; unit of accounting for inter-CMEA trade
Markus Wolf	Head of Stasi counter-intelligence section until 1987
Otto Wolff von Amerongen	Head of the 'East Committee' of the BDI; businessman
Klaus Wolfram	Leading member of NF
WTA	World Textile Agreement

## Preface

My interest in East Germany developed during several visits in the early and mid-1980s and, in 1987, regular weekly trips to the East during a six-month sojourn in West Berlin. I count myself very fortunate for having been introduced not only to the humourless, droning Stalinists who earned East Germany its nickname as 'the most boring country in the world', but to many others who found ways of shrugging off or challenging the prevailing authoritarianism and cultural conservatism. Having been told by theorists of 'totalitarianism' that resistance was impossible, I was fascinated to encounter lively exponents of 'deviant' behaviour, forms of everyday 'refusal', and political opposition; people who challenged and tested the state's ability to regiment society and crush opposition. There were squatters and punks, hitch-hiking hippies and conscientious objectors and everywhere, satirical political jokes. I was introduced to books, such as Victor Klemperer's 'LTI' and Stefan Heym's 'König David Bericht', which cryptically criticized GDR Stalinism, and were eagerly interpreted as so doing. I was invited to back room exhibitions, where the photographs and artworks either depicted aspects of East Germany's dirty underbelly or wrenched artistic form with a ferocity that expressed, it seemed, a bitter hostility to the SED's conservative aesthetics. Most fascinating of all, I was taken to the 'Environmental Library' in Berlin, where an oppositional spirit, utopian aspirations and critical ideas were kept alive. For these introductions to 'alternative' East Germany I owe my thanks to Bert Konopatsky, Annette Büsse, Susi Menachem and many others.

In August 1989 I moved to Potsdam to take up a teaching post at the *Pädagogische Hochschule* (PH). The PH was steeped in authoritarian traditions. Run until 1965 by a Stalinist and former Nazi, when I arrived it was still a bastion of SED orthodoxy. No sooner had I settled in to a new job and new home than the political climate became truly electrified. My experience of the revolution was of intense interest and involvement combined with frequent astonishment. The combination of keen individual engagement, which demands great clarity of perception, and the abrupt and violent heaving of the social and political terrain,

with its perpetual surprises, has been well put by Régis Debray (1973:99). He describes the personal experience of major political crisis as a 'disturbing, rapid precipitation of a mass of unforeseen events, experienced in uncertainty and confusion; its result remains uncertain.' People who live through a crisis situation, he adds, 'find it at once intensely clear and intensely confused.' For participants and onlookers alike, "Anything might happen" is the general feeling. In other words nothing is certain.'

The joyous, thrilling and fearful experiences of that autumn and winter are too innumerable to list. They included attendance at a meeting organized by New Forum in a Potsdam church in early October. With open publicity still impossible, the organizers had expected that only a hundred or so would come. In fact around four thousand turned up. Even a church was too small for such crowds, so three meetings had to take place, one after the other. In a sense, we became accustomed to dramatic, seemingly 'impossible' events. I recall sitting in a café in the heart of East Berlin when somebody came in and passed the news of Honecker's 'resignation'. The scene was memorable. Amazement etched itself on the faces of all present. Animated exchanges followed, before the motions of café normality continued, almost as if nothing had happened. By this stage ordinary people were beginning to test the possibilities of change. My immediate social environment – the PH – began to lose its rigid conservative atmosphere. Teachers there began to propose small reforms. After some dispute with colleagues, I was able to show the film '1984' to students, a liberty that would have been unthinkable only a few weeks before.

The 'confusion' which Debray identifies as characteristic of a revolutionary situation was, in my experience, very creative in nature. Each day brought new questions and plans for discussion with friends and comrades. What is happening to the regime? Will there be a crackdown? Where is the next vigil, meeting or demonstration? What are these opposition groups and where can we find them? What would your friends say about it, and shall we go and meet them? In their role as discussants, guides to the nature of East German society, and companions in the roller coaster ride through 1989 and 1990, I must thank my friends and comrades of the time. At the PH they included Gabi Horn and

Ellen Ziegler, as well as Madelen, and Ilona Schölz and, on my housing estate, Göran Gnaudschun, Kai and Martin. In East Berlin, the revolution was enjoyed with the companionship above all of Bert Konopatsky, as well as Antje Neubauer, Matti, Andrea and many others. My political activities in Potsdam centred on the Potsdam branch of the United Left. To my comrades there I owe my gratitude (except the one who, according to my Stasi file, was the servant of a different cause). Of the many other members of the organized opposition with whom I became acquainted special mention should be made of Uwe Bastian who, despite the insidious attentions of the Stasi, remained determined in spirit and original in thought. For helping to achieve clarity and to hone our sense of purpose amidst the political turbulence, the discussions amongst my comrades in the *Sozialistische Arbeitergruppe* are unforgettable. Thanks go out to Rosi Nünning, Volkhard Mosler, Werner Halbauer, Gabi Engelhardt, Peggy Strobel and, of course, Med Dale, Simone Käfer and many others in West and East Berlin. Finally, I was grateful for the view from Britain provided by 'revolutionary tourists' in the shape of Kay Phillips and Geoff Brown.

As to the preparation of this thesis itself, I must thank Geoffrey Roberts for supervision in its early years and above all, for helping to ensure that the disruption wreaked by two serious illnesses in succession was treated with consideration by the relevant authorities. During the first stages of the thesis, Geoff Brown was a welcome discussant. On later trips to East Germany I received valuable assistance from and engaged in useful consultations with Uwe Bastian, Steff Konopatsky, Perry Deess and Jonathan Zaitlin.

Most of the information in this thesis derives from secondary literature. For their occasional assistance I am grateful to librarians at the German Historical Institute, the British Library of Political and Economic Science and the British Library in London, at the *Staatsbibliothek* in Berlin, and at the John Rylands University library in Manchester. In addition to secondary literature, this thesis was based upon original data, interviews, and archive sources. The data used included the survey results of the research prepared by of Karl-Dieter Opp *et al*, of the Universities of Hamburg and Leipzig, and that compiled by Carsten Johnson, Wolf-Dieter Eberwein *et al*. at the *Wissenschaftszentrum Berlin*. I am

indebted to both groups of researchers for their generosity in allowing me to use their data. Extensive interviews were conducted with the following people between September 1989 and April 1995. Those between 1989 and 1992 were usually discussions of political and autobiographical questions at which notes were taken.

NAME	YEAR	POSITION / TOWN
Anon.	1990	Employee at Zentral Forschungsinstitut, Berlin
Uwe Bastian	1990-5	Leading member of IUG
Michael Brie	1995	SED reformist, Berlin
Gabi Engelhardt	1995	Member of UL, Karl-Marx-Stadt
Barbara Fuchs	1995	SED member, theatre employee, Berlin
Göran Gnaudschun	1989	Member of 'Antifa' group, Potsdam
Martin Gutzeit	1995	Founder member of the SDP
Gabi Horn	1989-95	Student, Potsdam
Ramona Hübner	1995	Member of UL, Karl-Marx-Stadt
Achim Hürtgen	1990-3	Leading member of IUG
Renate Hürtgen	1990	Leading member of IUG
Mario Kessler	1995	SED dissident, Leipzig
Jens König	1995	Apprentice sailor, Rostock
Steff Konopatsky	1989-95	Member of a 'Citizens' Committee' for the dissolution of the Stasi
Bert Konopatsky	1987-95	Supporter of the Environmental Library
Tina Krone	1995	Leading member of NF
Lily	1990	Berlin SED member, employee in government ministry
Helmut Meier and Rolf Richter	1995	Former senior administrators of the Academy of Social Sciences
Antje Neubauer	1987-95	Apprentice / Student, Berlin
Ollie	1995	Apprentice, Dresden
Petra	1995	Teacher, Berlin

Marianne Pienitz	1995	Psychotherapist, Leipzig
Gerd/Ulrike Poppe	1989	Leading members of IFM and DN respectively
Karl-Heinz Rother	1990	SED dissident, philosopher, Leipzig
Uwe Rottluf	1995	Leading member of Berlin NF
Peggy Strobel	1993	Nurse, Plauen
Hans-Jochen Vogel	1995	Radical priest, Karl-Marx-Stadt
Andrea Vogt	1995	Secretary, Berlin
Klaus Wolfram	1995	Leading member of Berlin NF
Gabi Zekina	1995	Member of the 'Independent Womens Association'
Ellen Ziegler	1989-93	Student, Potsdam

Beyond these formal interviews and discussions, political discussion was conducted with hundreds of other individuals, notably those mentioned at the beginning of this preface, but also Karsten Helbing, Heiko, Sebastian, Kerstin Hailer, Heike Schröder, Karsten Schuster, Ralph Würfel and Katrin Bastian. Many of their comments were recorded in my diary.

In addition to my own modest collection of materials, the archives I used were those of the FDGB on Unter den Linden (now housed in the BA-SAPMO Archiv); the BA-SAPMO Archiv of parties and mass organizations (especially the subsection 'Büro Mittag'; the Havemann Archiv; the 15 Januar Archiv; and the Environmental Library. Thanks to the generosity of Uwe Bastian, Perry Deess, Steff Konopatsky and others I had ample access to copies of Stasi files, both from the Normannenstrasse (usually denoted 'ZAIG' in the text) and the Leipzig headquarters (denoted 'BVfS). Thanks are also due to Hans-Jochen Vogel for copies of Dresden police files.

In its later stages I benefited from Sebastian Budgen's motivation and bibliographical suggestions, and from hours of absorbing discussion with Andrew Wright. Above all, my thanks go to Colin Barker. His consistent encouragement, advice, and interest, not to mention the volumes of comments on previous drafts of chapters six and seven, make him by far the best supervisor I never had. For assistance in writing up I have many more people to thank.



Andrew Wright and Adrian Budd made astute comments on chapter two. Tehmina Boman performed wonders proof-reading several lengthy chapters. Med Dale did likewise. My appreciation also goes to Paul Dave, Alison Lord and Andrew Wright for proof-reading, to Emma for use of her library card, to Sebastian Budgen for printing, to Adi Boman-Behram for his homeopathic wizardry that helped dispel the migraines and flu of the final weeks; and to William Brownings for his insouciance and good humour. Above all, Tehmina Boman's spirit, humour, passion and patience enabled the final months of toil to glide by.

Last but not least, I would like to express my gratitude to the Economic and Social Research Council. Without the ESRC's 'postgraduate training award' from October 1991 to September 1994 I would not have been able to write this thesis at all. The ESRC also granted me an overseas fieldwork award which funded my research in East Germany between July and October 1993. Finally, I am very grateful to the *Deutsche Akademische Austauschdienst* for an overseas fieldwork award which funded research in East Germany from November 1994 until March 1995.

## Chapter One: Introduction

Revolutions can be analyzed under three headings: causes, processes, and outcomes. This thesis concentrates on the causes and processes of the East German revolution; its outcome is considered in Dale (1996a) and at greater length in Dale (2001). Chapters two to five address the question 'why did it happen?' The responses given draw heavily upon a Marxist theory of the capitalist world system as developed within and for the Socialist Workers Party, notably by Tony Cliff, Chris Harman, Mike Kidron, Nigel Harris, Mike Haynes, Colin Barker and Alex Callinicos. This theory is not widely known, or where it is known, is often mistakenly reduced to its definition of the USSR as 'state capitalist'. Two chapters are therefore devoted to its explication, as applied to world capitalism in general (chapter two) and to the formation and demise of the 'Soviet-type economies' (STEs) in particular (chapter three).

'The causes of the East European revolutions of 1989', suggests John Rees (1999:30), 'exist in three registers'. The first is the international register, that of the STEs' economic and military competition with DMEs. Although it is common to relate the demise of the former to their failures in international competition, the two sides are normally conceived as independently formed rivals, driven by inherently different dynamics. Competition between them is conceived as external to each. This thesis, by contrast, presents the two sides as *internally related* parts of the same world system.<sup>2</sup> The STEs' declining capacity to compete on the international stage was both cause and consequence of changes in Rees's 'second register', namely 'the internal economic and political decay of the national economies and the Russian empire'. Chapter three discusses the Soviet Bloc as a whole, while the contradictions that shaped the formation and economic decay of the GDR in particular are examined in chapters four and five. Together these chapters provide the historical analysis necessary to understanding the underlying structure of the revolutionary conjuncture of 1989. The contradiction between the GDR's 'national economic' form and the developing internationalization of the world economy is discussed here, as is the

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<sup>2</sup> On internal relations see Ollman (1993).

contradiction between the attractive power of the economically superior West and the GDR's dependence upon the USSR. Because the latter dependence locked East Germany into the STE form, and because that form entailed the centralized fusion of political, economic, and ideological institutions, major reform was invariably a difficult and politically charged process. As the twin of the more prosperous and democratic FRG, the GDR was existentially dependent upon the STE form and thus upon the USSR. This explains why its regime was loath to pioneer major reforms, as in Poland and Hungary in the 1980s, and why similar changes in the USSR under Gorbachev represented such a challenge. The GDR's rulers, despite being singularly grateful for Moscow's 'bear hug', were also tempted to embrace the West. National economic self-interest dictated increasing trade with DMEs and, given the GDR's relative economic decline, burgeoning debt. Its economy became ever more entangled with and dependent upon DMEs, particularly West Germany. Albeit to a lesser extent than their counterparts in Poland and Hungary, East Germany's rulers found themselves seduced by the superior technologies, commodities, and economic structures of the West, not to mention loans and transfers from Bonn. They were increasingly torn between loudly proclaimed loyalties to orthodox Communism and to Moscow, and a tacit awareness of the DMEs' economic superiority. The contradiction was compounded when, under Gorbachev, the Kremlin ceased to be identified with Communist orthodoxy.

The third register identified by Rees is the way in which 'these forces expressed themselves as class struggles and political strategies.' The politics of reform and crisis management were fought out among STE ruling classes. Especially at times of crisis, or *intra-nomenklatura* conflict, extra-bureaucratic classes mobilized too. If the most pertinent and greatest example of the latter was the *Solidarnosc*-led uprising of 1980-1, in East Germany political expressions of popular discontent, including workers' resistance, emigration, and the formation of opposition, grew throughout the 1980s and became thorns in the side of the regime. These movements served as seedbeds from which organized resistance was to spring up in 1989.

Chapters six and seven ask the question 'how did it happen?' The focus shifts from the causes of crisis to the transformation of the 'political opportunity structure' in the summer and early autumn of 1989. The interaction between the regime's reaction to the developing crisis and the mobilization of protest is analyzed in detail. Among the questions addressed are why the SED was unable to prevent mass emigration and why the security forces were unable or unwilling to crush the protests. In the context of a general narrative of the protest movement three aspects are given particular attention. The first is the sheer transformation of society. Formerly, oppositional activity had been systematically suppressed and even 'innocent' forms of self-organization were corralled by state institutions. Critical discussions amongst friends and colleagues could not be aired in public. Over the decades the experience of political impotence had, for most, become a fact of life. The dead weight of habit stifled the awareness that they possessed the capacity to force political change. But over the course of five months of weekly demonstrations in which over five million people participated, many of these shackles, both external and internal, were swept aside.<sup>3</sup> Secondly, the importance of conscious deliberation, debate and strategy is emphasized. Detailed consideration is made of how people became conscious of the developing national crisis, how they scented the opportunity to protest, and how they acted to effect political change. Thirdly, the question of why a divergence developed between the CM and the rest of the movement is addressed. In particular we examine the radicalization of the mass movement, and ask why the CM rejected the possibility of taking power and why the regime began to make overtures to the CM. Finally, the history of the overthrow of the forces of the old regime is narrated, including the fall of Honecker and of the Berlin Wall.

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<sup>3</sup> The figure is from Lohmann (1994:62). It tallies, broadly, with the data in Opp *et al.* (1993) and Eberwein *et al.* (1991).

## Chapter Two: Capitalism

This thesis accounts for East German history, notably the revolution of 1989, in terms of its *capitalist* nature. The term is not used as a shorthand way of referring to the GDR's class divisions, or to the fact that GDR firms engaged in trade. Rather it is based upon a particular (and uncommon) interpretation of the global inter-capital and inter-state systems as integral elements of the capitalist mode of production. This chapter outlines what I consider to be the central aspects of the Marxist theory of capitalism, and of the theory developed by Cliff *et al.* of the capitalist nature of the STEs. It demonstrates some of the vital interconnections between capital's 'laws of motion' and the workings of the inter-state system. It indicates some of the ways in which 'structures of accumulation' can form integrated ensembles, how crisis of one structure or region may affect others, and how the trajectory of each part is conditioned by the 'uneven and combined' development of the whole world system.

Part one highlights the compulsive competition that imparts capitalism with its peculiarly expansive dynamic, and notes its uneven development and crisis tendencies. Part two examines the relationship between capital(s) and the state / states-system. This theoretical preamble prepares the ground for an adumbration, in part three, of the changing nature of capitalism in the twentieth century. Attention is paid to the rise of 'interventionist' states and, in particular, the emergence of 'war economic' forms of capitalism, notably the STEs. Finally, some provisional conclusions concerning the nature of political crisis and conflict in twentieth century global capitalism are tendered. In short, a provisional theoretical framework is laid according to which the development of the East German economy, state and society, as detailed in the subsequent five chapters, is understood. The latter demonstrate how this theoretical conception – of the GDR's capitalist, class-divided, nature, situated under Soviet imperial hegemony and within a wider capitalist world economy – explains the interests, powers and strategic options available to East German collective actors, notably the regime, as well as other relevant forces, including the East German working class and the West German and Soviet regimes.

## PART ONE – Competition and Exploitation

Marx's starting point in analyzing capitalism is objects produced for exchange: commodities. Commodities have two properties: they are exchanged ('exchange values') before being used ('use values'). The latter process is determined by their qualitative aspects; the former by quantitative comparison with other commodities, with 'socially necessary abstract labour time' as the common standard. Each act of social production is validated through external comparison of the abstract labour ('value') that is imputed to its outputs through the process of exchange. Under generalized commodity relations the coordination of the activities of producers occurs 'behind their backs', through exchange. Such interaction is, on the one hand, based upon interdependence – the mutual need of independent producers for one another's products. On the other, it is coercive, with competition forcing all producers to conform to prevailing prices or risk returning from the marketplace with their commodities unsold. The social basis of generalized commodity production is thus a systematic separation whereby interdependent producers assume the form of atomized units governed by relations of competitive antagonism. Governance of this activity is not direct – by custom or planning – but indirect, via the outcome of the relations between the units, between their products.

The imposition of the imperative to value-expansion occurs through competition. As John Weeks puts it (1997:95) the 'purely formal conversion of concrete labour into its opposite becomes a real conversion through the process of competition. Competition among producers of a particular commodity establishes a standard input requirement, which Marx called *socially necessary labour*.' Prices, ultimately, are regulated by socially necessary labour time, as established through the process of competition. Competition is not an addition to the concept of value but immanent in it. As Marx explains (in Callinicos 1978),

since value forms the foundation of capital, and since it therefore necessarily exists only through exchange for *counter value*, it thus necessarily repels itself from itself. A universal capital, one without alien capitals confronting it, with which it exchanges [...] is

therefore a non-thing. The reciprocal repulsion between capitals is already contained in capital as realised exchange value.

Competition is not a phenomenon explicable by reference to products in the sphere of circulation alone. Rather, it is crucially about competition of capitals for an increased share of global surplus value. Competition occurs in the sphere of circulation – to maximize realized surplus value, but its defining location is the realm of production, where the goal is to maximize created surplus value. It is in the latter realm that the second great ‘separation’ that defines capitalism appears, that between the means of production – conceived of as the private property of the capitalist class as a whole – and wage labour.

The *compulsive* aspect of value relations is apparent in the contradictory synergy of competition and exploitation. The process of conversion of use-values into values is coercive. Commodity exchange under capitalist relations occurs only if abstract labour is reduced to the ‘socially necessary’; this reduction is *forced* upon capitals by their relations with one another. Capitals are agglomerations of value *creating more value*; self-expansion, or ‘accumulation’, is their motive force. Each capitalist is driven to maximize its share of global surplus value. This entails maximizing the rate of exploitation. As Barker concludes (Barker/Dale 1999),

Capitalism must be understood as a system with a dual core set of relations: as simultaneously competitive and exploitative accumulation. The heart of the accumulation process is the continuous extraction of surplus labour using ever new methods, a process fuelled by the competitive relations existing among the various centres or units of accumulation, and constantly resisted by those subjected to it.

The compulsive relation between these two processes, competition and exploitation, provides capitalism with its singularly Promethean, rapacious, and crisis-ridden nature.

The law of value regulates ‘anarchically’ through generalized exchange; but this, equally, imposes the necessity of ‘despotism’. In Marx’s words (1930:376), ‘the anarchy of the social division of labour’ and the ‘despotism’ of the

division of labour within firms 'mutually determine one another'. The accumulation of capital entails highly organized processes within an anarchic order; it is, in Bukharin's words (Haynes 1985:40), 'the economics of organised chaos'.<sup>4</sup> The actions of capitalist 'despots', however, are not mechanically determined by the law of value. Although the latter operates 'automatically' as the unconscious outcome of countless relationships, that outcome faces each commodity owner in general (including workers) and each capitalist in particular with the task of adapting to an ever-changing environment, interpreting their position and the direction of economic developments, making and implementing decisions, and developing strategies designed to improve their position. Capitalist relations are thus eminently *political*, in the general sense of being concerned with the exercise and organization of power and the management of conflict within and between organizations. Although any production process requires planning, and economic activity in any class society involves elements of despotism, in capitalism the degree of the socialization of labour and the dynamism of development combine with ever-changing market conditions and the remorseless imperative to raise the rate of exploitation to give a peculiar intensity to the force that impels capitalists to organize and to plan. This applies to the gamut of economic activity, including management and training of the workforce, the labour process, product palette, marketing, budgets, accounting, outputs, inputs, relations with other capitals (including alliances and mergers), and relations with political bodies.

### **Crisis and Unevenness**

The theory of value posits capitalist society's form as characterized by interdependent antagonistic capitals whose relations are governed by competitive exchange (or 'repulsion'). As such it is simultaneously a theory of crisis.<sup>5</sup> Without entering into the details of crisis theory I should note its major points. The fundamental contradiction of accumulation, for Marx (1992:323) is

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<sup>4</sup> Bukharin was describing tendencies to state capitalism in the early 20th century, but the phrase applies to capitalism as such.

<sup>5</sup> As Shaikh puts it (1977:1), for Marx, '*the analysis of reproduction and the analysis of crisis are inseparable.*'



that between the drive to the 'absolute development of the productive forces, without regard to exchange value' and the imperative to 'preserve existing exchange value'. Competition on the basis of the absolute separation of producers from the means of production ensures that a historically unsurpassed proportion of surplus product can and must be ploughed back into advancing productivity. There is a dual contradiction, however, between the methods of accumulation (expanded investment in means of production and labour power), and its goal (profits), and between the interests of individual capitals (in realizing profit) and that of the capitalist class as a whole in maximizing the rate of profit. The interaction of these contradictions underlies capitalism's tendency to crisis, as manifested in the business cycle. Ultimately, for Marx, crisis expresses the forcible reining in of the Promethean means by the Scroogean ends, via the contradiction between the interests of particular capitals and capital-in-general. The key mechanism here is the tendency for the rate of profit to fall (TROPF). The advance of the productive forces (including accumulation of means of production, skills, and science) leads, on the one hand, to higher rates of exploitation and greater potential for further development, and, on the other – thanks to the tendency for investment in labour-saving advances to outpace their capital-saving counterparts – to a tendency towards a rising organic composition of capital. Given that living labour is the source of value, a rising organic composition generates difficulties for valorization. Although for an individual capital, in the short-term, rising productivity (due, for example, to improved technology and the shedding of workers) may lead to enhanced valorization, in the long run it tends to lower profitability in the system as a whole, as constant capital replaces variable. Accumulation tends to increase the technical potential for accelerated accumulation, but at the same time places greater obstacles in the way of actual valorization. The result is TROPF.

Marx also identified a number of countervailing tendencies through which the system evolves means of counteracting the TROPF (Grossmann 1992). Raising productivity is one. It reduces costs directly and, if higher productivity reduces wages relative to total capital, indirectly too. Similar effects are achieved by reducing turnover time, expanding the scale of operations, the emergence of

new, labour-intensive sectors, trade and capital export, and the centralization and internationalization of capital. A longer-term drag on the TROPF is provided by waste expenditure (for example, on bureaucracy or arms). Finally, crises themselves counteract the TROPF. As a rule, each (uncoordinated) round of investments raises productivity but results in oversaturated markets. This leads to lower than anticipated prices and profits, and the devaluation of commodities and capital – as expressed in unsold commodities, hoarded money, and overcapacity. In Mattick's words (1981:64) 'the uncontrollable passion for surplus value [...] drives accumulation beyond the point at which valorization is possible', resulting in overproduction, and, consequently, a revitalization of the factors enabling renewed accumulation, including devaluation, rationalization, and unemployment.

For Marx (1992:323), '[c]rises are always but momentary forcible solutions of the existing contradictions, violent eruptions which act to restore the disrupted equilibrium.' A crisis is not conceived of as an abnormal disequilibrium irrupting into a normal state of equilibrium. As Dobb observes (paraphrased by Shaikh 1978:233), 'within Marxist analysis, a crisis is not to be viewed as a departure from equilibrium; instead, crisis *is* the equilibrating mechanism itself.' 'Throughout the entire remainder of the capitalist cycle the contradictions of capital', as one Soviet economist put it (Day 1981:93) 'create a constant lack of equilibrium.' The law of value, in Shaikh's words (1978:234) implies 'a process of regulation through *constant disequilibrium*, in which prices of production act as centres of gravity of market prices.' Such a system, in which temporary equilibrium requires the destruction of capital through crises, can hardly be described in terms of harmonization and stability.<sup>6</sup>

Accumulation is an inherently and radically *uneven* process. Capitals are, naturally, heterogenous. They operate in different sectors, possess different degrees of mobility, and are organized in different forms. Within industries different units of different sizes possess different organic compositions and

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<sup>6</sup> As Perry Anderson observes (n.d.:6-7), even though Marx, like Smith and Ricardo, tended to see the process of capitalist development on a world scale as 'basically uniform', nevertheless, 'his analysis of the internal dynamics of capitalist development was internally antithetical to theirs. Here the weight of his account fell on the inherent tendency of capitalist accumulation to cyclical dislocation and crisis'.

produce at different levels of productivity. All these factors change, continually and at varying rates. The result is an uneven terrain of competition. Although competition equalizes profit rates across sectors, consider, with Weeks (1982:67), an individual sector,

in which there are capitals of varying efficiencies, enjoying different rates of profit by virtue of selling at different cost-prices. Such a circumstance is by definition inconsistent with equilibrium, since the conditions are present for the expansion of some capitals relative to others.

‘The tendency of the rate of profit to equalize’ between industries, he continues (1982:70), ‘hides a fierce competitive struggle within industries.’ The struggle intensifies in times of low demand, when socially necessary labour time falls to that of the most efficient capitals only (cf. Callinicos 1978:89). Those capitals that produce at lower value will tend to expand *at the expense of* others, a process that becomes especially clear in times of crisis. ‘Far from establishing a harmonious equilibrium’, as Weeks suggests (1997:105),

capitalist competition disrupts, eliminates the weak and challenges the strong, to force upon industry a new standard of efficiency and cost. The movement of capital to equalise profits across industries is the process of generating uneven development: equilibration in exchange (a single price in a market) hides the generation of uneven development in production.

The picture that emerges here is of accumulation as an inherently contradictory and fluctuating process. Given that capitals are connected together within a framework in which the behaviour of each is governed by coercive comparison with that of others, innovation in one centre threatens the viability of extant forms of production elsewhere, the accumulation of value at one moment engenders devaluation at another. It is a radically differentiated yet constantly combined system. Change in one part ramifies, inducing changes in others and to the whole. Diffusion of technology and of economic organization – whether through direct export or ‘creative adaptation’ – occurs in an uneven way. It accentuates as well as lessens differences between capitals, in terms of value

and/or organizational form. Dynamic growth in one period gives way to deep crisis in another, accelerated accumulation in one part coexists with the depths of stagnation elsewhere. Early entrants into particular product lines tend to reap 'first-mover advantages' (Chandler 1990:34). Market leaders gain crucial early experience in product development and distribution, attaining a leading edge in know-how, and 'known-about' (especially in branded products). Pioneers of successful innovations are likely to attract above average profits that, in a virtuous circle, provide the surplus necessary for further innovation. Well-established firms reinforce their position, for example through advertising, or tied contracts (Chandler 1990:599); and their experience helps them to outwit challengers. Challengers face a riskier task. Not only must they match market leaders in efficiency, but have to win market share from them too. However, later entrants may discover advantages too. The ready availability of technology and technique developed, laboriously, by others is one such. Conversely, priority tends to involve the 'sinking of large amounts of investment in complexes of fixed capital that tend to become outdated by technologically newer complexes' such that 'the "burden of the past" for pioneers takes physical shape as immobile blocs of technologically interconnected fixed capital' (Anderson n.d.:22-3).<sup>7</sup>

## **PART TWO – Capitalism and States**

The theory of value in *Capital*, in Engels's words (Cliff 1974:189), 'contains in embryo the whole capitalist form of production, the antagonism between capitalists and wage workers, the industrial reserve army, crises.' In an innovative development of Marx's method in *Capital* – moving from the abstract commodity form towards the concrete reality of capitalism – 'state derivation' theorists have shown that state power can be discerned in that embryo too (Pashukanis 1980; Holloway/Picciotto 1978). Probably the most interesting derivationist argument has been developed by Colin Barker (1998). In the following, I summarize Barker's case.

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<sup>7</sup> Although this is true, Anderson's attempt, drawing on Brenner, to isolate this mechanism as the source of capitalism's uneven development is misguided.

Commodity exchange may appear as if regulated by its own 'economic' laws but it is in fact a social relation that relates the *owners* of commodities to one another. Exchange values are not disembodied economic entities but are incarnated in real things that are owned by real individual or collective proprietors. In *Capital* the first actual person introduced is the owner of commodities, and the first characteristic of such a person is that he can use *force* to impose his will upon his commodity. He takes possession of it, even if 'it' is another human being. Because exchange depends upon the alienability of commodities, ownership must be, in principle at least, absolute, with others excluded from possession. Some sort of rule-governed system of property must exist for generalized exchange to function. As Barker puts it (1998:26), commodity production rests not simply upon a social division of *labour* but also requires a 'social division of *property* which is itself a fundamental condition of its own reproduction as a system of social relations' [italics GD]. The relation of force between owners and their commodities is, normally, based upon a conception of *property right*. As Barker elaborates (1998:26),

For the social process of commodity production and exchange to function, the world of things must be divided up into discrete and delimited parcels of "property," each of which is attached by notions of "right" to particular production units. In other words, commodity production requires, in a fundamental sense, a system of "private property."

In capitalism the whole world of use-values 'is criss-crossed by innumerable property-fences, each in principle labelled "Trespassers Keep Out!" The distinctions between "Mine" and "Thine," "Ours" and "Theirs" must be clear, and in principle inviolable' (Barker 1998:26). Property fences are erected on the principle of mutual recognition amongst commodity owners. This presupposes a practicable notion of *right*. Their exchanges involve consent – the right to buy from and sell to whomsoever they choose. Formally, exchange is 'free and equal'; it is necessarily a 'juridical relation, whose form is the contract' (Marx 1976:178). As Marx continues, the possessors of commodities

must place themselves in relation to one another as persons whose will resides in those objects, and must behave in such a way that each does not appropriate the commodity of the other, and alienate his own, except through an act to which both parties consent.

However, this form of equality is formal only. Equal rights define property relations that govern an unequal distribution of resources. The latter is based upon a social division of labour in which producers relate to one another competitively, on the basis of the systematic separation of each '*from the objects of their need*' (Barker 1998:27). The transgression of property rights is thus an ever-present potential. If the freedom and equality of commodity exchange is to be upheld, and respect for property rights enforced, an apparatus of management and coercion is necessary. In short, property, and therefore exclusion and *force*, are essential to the generalized commodity form. As Barker continues (1998:28),

without the continuous organization of means of violence, the very possibility of the world of "value" relations would dissolve. [...] "Economic" processes demand, as a vital presupposition, the consolidation of a system of "rights" and "freedoms" and a set of means by which they may be maintained.

These tasks, above all the constitution and arbitration of contracts and the enforcement of exclusion (right), require a segment of society, the state, to be 'separated out to act as the universal force that objectifies all particular rights' (Kay/Mott 1982:61). Its juridical tasks in guaranteeing a framework for commodity relations, if nothing else, necessitate military might. As Barker puts it (1990a:47), 'without the continuous organization of means of violence, the very possibility of the world of "value" relations would dissolve.'<sup>8</sup>

Thus far, the argument is common to many derivationist accounts of the state. At this point, however, Barker introduces an intriguing twist. At the most general level, he argues (1998:30),

the necessity and possibility of the state arises from the inability of civil society's members, divided and fragmented as they are by

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<sup>8</sup> Similarly, Peter Burnham concludes (1995:153) that '[t]he "moment of coercion" (the state) is [...] present in every economic act built on the commodification of social relations'.

special and antagonistic interests, to govern themselves directly. The state, in this sense, provides a political analogue to Adam Smith's "hidden hand" or Marx's "law of value." That is, the state develops, in connection with private property, as an integrating and socializing mechanism which is out of the direct control of the members of civil society.

These imperatives gives the state an intimate interest in the *economic* success of its subjects and of their (and its) property. Barker again (1998:30): 'Both to "protect its subjects" and to pursue what it determines to be the "general interest," the state must develop "policies" for the *management* of society.'" In the process the laws of private exchange and property are modified. He continues:

the introduction of the state as guarantor of contract law, and indeed as a formative element in the very constitution of the parties to contracts as free and equal legal subjects, involves the practical introduction into every contractual relation of a "third party." This "third party" itself stands over the contracting parties, ruling and taxing them, giving them legal definition as members of civil society.

The state is not just the guardian of law but has a direct interest in the administration of population, and the defence and augmentation of property; it is obliged to treat civil society, in certain senses, as its own property. Hence, Barker argues (1998:31), the development of states involves 'much more than the development of *civil law*: it is a process of "state-building"'. States do not only supervise, defend, and provide legal frameworks for processes of exploitation, they must also directly exploit their subjects. Therefore, in Barker's words (1998:31), as we develop the concept of the state out of the legal-political exigencies of commodity production,

we find that it is necessary to introduce another, competing, logic, that of state tribute and taxation. Within capitalism, these two forms of surplus extraction [...] are not simply separated and opposed but are each mutually entailed and complementary features of the other.

Finally, if the state is to represent the 'general interest', how is that to be defined? Given the antagonistic structure of civil society, the political definition of the general interest will inevitably be contested. In Barker's words (1998:32),

Given the competitive diversity within society, any given policy will tend to advantage some private interests and hurt others. If the state collects revenues and resources from its subjects, the actual pattern and level of tribute-exaction it follows will have significant consequences for all or some of its subjects. The very existence and activities of such a state, with its various "extra-economic powers," necessarily makes it an object of both fear and desire for its subjects. The *politics* of its control, its steering and its limitation becomes a vital matter for its various subjects. How far can it be lobbied, diverted, persuaded, corrupted, resisted, captured? The relation between state and society becomes, inherently, the object of political struggle.

### **'Consolidated States' and Capitalism**

If Barker demonstrates that the development of generalized commodity relations should *logically* lead to and be enabled by the development of well-armed, 'well-built' constitutional states, the mutual, synergetic reinforcement of such states and capitalist relations over the course of recent centuries provides *historical* confirmation.

Capitalism arose within an already-existing states-system. This had itself been forged through a process of crisis-propelled land-grabbing by feudal lords, which had encouraged a 'self-perpetuating and escalating' dynamic of competitive state-building, or 'political accumulation' (Brenner 1982:38).<sup>9</sup> The modern states-system, although it evolved from the feudal states-system, is very much a product of capitalist development. Conversely, states and inter-state rivalry were central to the formation of capitalism.<sup>10</sup> It was only on the back of 'political' developments that labour power and means of production could

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<sup>9</sup> Although Robert Brenner coined the phrase 'political accumulation', he was careful to point out (1982:40) that 'much of feudal government, feudal "state" building, was about "economics", indeed "accumulation" – the extraction, circulation, redistribution and consumption of peasant-produced wealth.'

<sup>10</sup> There is insufficient space to address this question here. See Harman (1992), Rosenberg (1994), Turner (1999).



become commodified in a systematic and generalized way, and thereby allow the 'automatic' compulsion of market forces to gain sway. When Marx discusses 'primitive accumulation' – the sundering of social productive forces into objectified property on one side and producing but propertyless subjects on the other – he draws attention to the role of states, involved in a global process centring on the (often forcible) expropriation of the English peasantry and also embracing 'the colonies, the national debt, the modern tax system, and the system of protection' as well as the

discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the indigenous population of that continent, the beginnings of the conquest and plunder of India, and the conversion of Africa into a preserve for the commercial hunting of black skins (1976:915).

Inter-state competition spurred the process of primitive accumulation and the rise of new centres of capitalism. The logic of 'political accumulation' became increasingly intertwined with that of capital accumulation; the law of value with geopolitical relations (cf. Callinicos 1990:168). As capitalist relations developed in England, geopolitical competition spurred their development abroad. 'Once the world market had come into being', as von Braunmühl writes (1978:171),

and once the capitalist mode of production was established [in England], the remaining European states were compelled to open up to them on pain of economic stagnation or the loss of the material basis of their authority; where the social preconditions were lacking, this opening up was achieved through the active involvement of the state apparatus.

The early modern European states-system offered a particularly viable framework for the transmission of capitalist relations. As Hall and Ikenberry have suggested (1992:39), it enabled a high degree of competitive *emulation*.<sup>11</sup> Characterized by states in close proximity and in constant geopolitical and

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<sup>11</sup> Emulation, of course, always entails transformation. Just as the reproduction of existing structures over time involves transformation, so too does the reproduction of structures across space. If nothing else, the difference between priority and succession alone means that conditions for the copy are necessarily different to those for the original.

economic competition, success in one form of economic or military organization was rapidly and visibly translated into international competitive advantage, thus compelling other states to follow – or risk obliteration. One example is the imitation of Dutch mercantilism by neighbouring powers that, although primarily intended ‘as the most effective way of attaining their own power objectives’ also had the unintended effect of making them more ‘capitalist in orientation’ (Arrighi 1994:140).<sup>12</sup> The British example was particularly striking. The increasing costs of war-making led to climbing public debt and taxation (Morton 1938). Britain’s ability to absorb these, thanks to its lead in the development of agrarian capitalism, underlay its military success (Tilly 1985:180). Colin Mooers notes that (1991:171):

From 1700 to 1820, a period which saw six major wars, [British] state expenditure on war never outstripped its ability to pay. [...] The systematic way in which debt-repayment overtook military expenditure in the final years of warfare in every conflict in which Britain was involved in the eighteenth century, is truly remarkable. Only a society which was just as systematically generating new sources of wealth could possibly achieve such a pattern. If the English state had become a "permanent war state" in the eighteenth century, as Mann contends, it was because it was sustained and underwritten by the exceptional vitality of capitalism.

From the late 18th century onwards, notes Arrighi (1994:144) geopolitical logic was married to capitalism; ‘territorialism could succeed in its objectives only by "internalizing" capitalist techniques of power.’ It is in part the stimulus of geopolitical competition that underpinned the many state-led attempts to achieve a stronger fiscal and military base by fostering industrialization – even before the ‘industrial revolution’ (cf. Supple 1973). With the industrial revolution and Britain’s continued success on battlefields, states elsewhere were forced to emulate Britain, encouraging the assimilation of technology, railway building, the creation of unified markets, and so forth... or to face extinction.

The rise of capitalism witnessed an astounding development of the power and sophistication of states and the scale and extent of the inter-state system.

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<sup>12</sup> For discussion of the way in which feudal inter-state competition could translate unintentionally into movement towards capitalism, see Mooers (1991:144).

Particularly remarkable was the way in which the centralizing effects of ‘political accumulation’, together with the (spatially) homogenizing logic of capital (the creation of free, albeit administered and territorially circumscribed, markets; unitary legal systems, etc.), gave rise to what Tilly (1993:35) refers to as ‘consolidated states’. These are, typically, ‘large, differentiated, ruling heterogenous territories directly, [and] claiming to impose a unitary fiscal, monetary, judicial, legislative, military and cultural system on its citizens.’ Consolidation, Tilly suggests, accelerated in Europe from the eighteenth century onwards, alongside processes of ‘circumscription’ and ‘control’, whereby the capacity of states to demarcate and shape their territories and the people and social relations within grew dramatically. Bureaucratic apparatus of rule, of surveillance and welfare provision, and all-encompassing legal systems, were constructed. A qualitatively new type of ‘muscular’ state (1993:29) resulted, one which reaches ‘daily – and nightly – into the lives of most of their citizens.’

### **States and Capitals**

As described above, functions performed by states are indispensable to capitalist social relations. They can be summarized as follows. Firstly, states act as ‘third parties’ to commodity exchange. Capitalist states typically administer uniform, standardized legal systems, giving legal form to the relations between capitals and between capital and labour. They enforce law – arbitrating disputes, enforcing contracts, and punishing breaches. They are the constitutors and guarantors of property rights. In this regard, Bob Fine suggests (1984:153), the ‘state is the juridic aspect of capital’. But the role of the state is more than juridic. The juridical role alone requires possession and use of means of violence.

As an intrinsically fragmented social relation, capital depends upon certain forms of *security*. Capitals rely upon stable physical, economic, political and cultural infrastructures for their reproduction, and yet – because at loggerheads, their aims defined by self-interest – they are singularly ill-equipped to establish such structures on their own. Accumulation, indeed, generates instability and undermines the conditions of its own existence. In a

capitalist world, states are obliged to foster conditions adequate to accumulation. As well as providing the legal and political framework for upholding the authority of the market, issuing currency and organizing unified markets, and administering the standardization of time, space, and weight, states erect physical infrastructures. These, generally, increase the mobility of capital and hasten turnover time.<sup>13</sup> States regulate competition, supervise and influence the production and circulation of labour power, and supervise and control industrial and political struggles.<sup>14</sup> They use their 'political' power to influence the global movements of surplus value – taking from one part of the system (if possible, from foreigners) to give to another.

States are evidently no mere 'handmaidens' or 'nightwatchmen'. At one level they are self-supporting structures, engaging in economic activity in their own right. They obtain capital through non-market means, above all taxation backed by force, and redistribute it. They may use their funds to alter the domestic price structure and to provide 'decommodified' welfare and education services. They may socialize credit, write off the losses of fragile firms, give loans at generous interest rates, or intervene to lower interest rates in order to promote an 'underpricing of risk'. They may use their economic and political muscle to force the combination or restructuring of capitals. They may protect trade and subsidize exports, mobilize investment where profit rates are low, and organize and fund R&D. They may even assume the role of capitalist themselves. In Barker's words (1998:32):

The state collects and spends taxes; it recruits and may conscript personnel whom it deploys to its various apparatuses; it pays and may otherwise feed and provide subsistence to its personnel; it purchases and may commandeer land, goods and services; it shapes the supply of currency and, to the degree it borrows, affects the pattern of interest rates; it directly organizes the production of some goods and services; it may subsidize [prices of some products] while equally it may inflate the prices of other products by imposing a variety of taxes at the point of their production and/or sale; it enforces processes of economic "redistribution"

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<sup>13</sup> For turnover time, surplus value and communication networks, see Marx (1959:70-1).

<sup>14</sup> See Dale (1999c).

through a variety of specific policies, from investment promotion to welfare.

These political 'modifications' of the law of value are themselves competitively determined. Surplus value is *created* through the capital circuit as a whole, on the global scale. This fact, notes Barker (1978:28-9), gives the world 'capitalist class as a whole a collective interest in the rate of exploitation of the working class [as a whole]'. However, the *appropriation* of surplus value is by individual competing capitals. These are linked more or less closely to specific states. States, by dint of their dependence on and integration into the global circuit of capital, have an interest in establishing general global conditions for accumulation (including political stability). However, not least due to their close ties to certain capitals, especially those whose operations provide their revenues, they also have particular interests. States compete, against one another, to enhance the share of global surplus value ensnared by capitals with which they are linked. They are obliged to manage social, economic and foreign affairs in ways that are likely to enhance national productivity. Finally, they may be obliged to expand or defend their territory and influence by military means.

The inter-state system mediates commodity relations which are inherently transnational in potential. In Justin Rosenberg's formulation (1994:129), insofar as 'capitalist relations of surplus extraction are organized through a contract of exchange which is defined as "non-political" it becomes possible 'in a way that would have been unthinkable under feudalism, to command and exploit productive labour (and natural resources) located under the jurisdiction of another state.' The implications for the inter-state system are resounding. Each state is imbricated in a *world* society and economy whose movements it can influence but not control. It is not simply that capitalist states exist in relations of interdependence and antagonism to one another, compelling each to stake forceful claims to definite forms of control over territories and the people and things within them. That is true of any states-system. In capitalism, however, as Andrew Wright suggests (1997:12) 'the state's own stability and health are dependent upon social processes beyond its borders [...] Therefore in order to

play the role of the state the national state must strive to burst through its own national character'. States' interests in securing the reproduction of the relations upon which they depend gives them a pressing 'security interest' in international economic competition. This entails intervention not only within but beyond their territories. Not only must they counter challenges from other states; they are themselves compelled to seek influence over property and populations elsewhere. Capitalist states are intrinsically *imperialist* in potential, even if the uneven geographical distribution of power has enabled some – the 'world hegemons' and other Great Powers – to enjoy that potential and deny it to others.

### **Uneven and Combined Development**

Recent centuries have witnessed a world combined ever more intensively into one global system of unevenly distributed power and wealth, with each capital governed by a law of value that measures its productivity more firmly than ever against prevailing global standards. The transmission of the imperative to match productivity elsewhere also occurs, if less directly, through geopolitical competition, as discussed above in the example of the industrial revolution and, below, in that of Soviet industrialization. Geo-political and geo-economic competition together produce tendencies both to the equalization of conditions of production and to their differentiation.

As with the uneven development of capitals, that between regions (or countries) involves the establishment of leadership and its accentuation or loss. Early development of capitalist relations – or, indeed, of a particular industrial sector – tends to beget virtuous circles. These include: the development of social relations of capitalism, above all the separation of producers from the means of production, the backward and forward linkages whereby accumulation in one branch or sector elicits accumulation in nearby centres, a spatially concentrated stock of capital; the development of a trained workforce, of the infrastructures of law, finance, welfare, education and communications, and of a concentrated market and pool of savings which all combine to create advantages of

agglomeration.<sup>15</sup> On the basis of – and contributing to – such regional strength, strong states arise, with the capacity to act in the interests of what David Harvey calls the ‘regional class alliance’ at home and abroad.<sup>16</sup>

Equally, priority may bring disadvantages. An early round of investment in fixed capital, whether steel plants or sewers, risks suffering rapid depreciation – and therefore valorization problems – in the face of more efficient techniques introduced elsewhere. A famous case is the British iron and steel industry (cf. Hobsbawm 1969:189). There, heavy investment in plant quickly become obsolete, thanks to competition from the US and Germany, where relative backwardness had provoked organizational innovations, notably the joint stock company, that enabled greater quantities of capital to be funnelled into large-scale high-tech operations. As the latter example indicates, the evolution of capitalism in different parts of the world system breeds different social forms. Different means of adapting local conditions to the imperatives of international competition evolve. New social agents emerge, and subjugate their societies to the logic of accumulation in ways that undermine Whiggish assumptions of unilinear capitalist development. In Barker’s words (1998:50):

Where in England small capitalist tenant-farmers and manufacturers [...] played a fundamental role in setting [England] on the road to industrial capitalism, [elsewhere and since] other kinds of social figures adapt their positions to play a similar functional part. Bankers, state bureaucrats, military personnel, former "feudal" samurai, Saint-Simonian socialists, nationalists, fascists, communists, Islamic ideologues and others were all [...] to play the role of "capitalist" in different local circumstances.

### **‘Structures of Accumulation’**

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<sup>15</sup> Hirschman (1958) notes how agglomeration allows economies to be reaped through ‘overcoming the "friction of space"’. See also Tickell/Peck (1992).

<sup>16</sup> Harvey’s concept of ‘regional class alliance’ (1982) refers to embedded sets of relations between property owners and others with a stake in existing relations of production. These are loosely organized, essentially through states, as a response to their shared interests in protecting already embodied values and promoting conditions for further accumulation.

There is a sense in which the relations of production and exchange discussed in part one, along with juridical systems, ideologies, and forms of state and international relations, exist in an ensemble. Accumulation depends upon a complex of social relationships over which individual capitals have little or no power. These include 'economic' factors such as the availability of credit and the soundness of money, and social, political and geopolitical factors such as the reliability of the labour force, the stability of foreign governments, and their hospitality to inward investment. One way of addressing the interrelationships between these factors is through David Gordon's concept of 'structures of accumulation' (1980). For Gordon there are thirteen crucial structures:

- (i) 'Corporate structure' – the internal organization of capitals
- (ii) 'the structure of competition' – the nature of the relations of competition and collaboration between capitals
- (iii) 'The structure of the class struggle' – in particular the management of labour relations, the relation of forces between capital and labour
- (iv) 'The structure of the monetary system' – in particular the degree of stability and strength of currency
- (v) 'The structure of the state' – the degree of state stability, the nature of the relation between state and society, etc.

The other eight involve the supply of raw materials and intermediate products, the family, labour market, labour management, consumer demand, finance, and corporate administration. These structures are organized on different but interlinked scales. Thus the Gold Standard, which provided security of value for international flows of capital, operated through national currencies administered by central banks. States are central to most structures of accumulation. Because of the strategic role played by states in shaping structures of accumulation, a certain 'structural interdependence' between capitals and states develops (Harman 1991:13). Thanks to their interlinked historical evolution in particular regions and



in connection with particular states, structures of accumulation tend to evince a more general interdependence.

Although the dynamics of accumulation are explained at heart by the way in which capitalist production relations entail constant pressure to alter the scale, location, tempo, techniques and technologies of the processes of production and circulation, accumulation is also affected by the institutional forms taken by capitals and states.<sup>17</sup> Processes of innovation, learning and creative adaptation do not apply simply to technology and technique. They extend throughout all structures of accumulation: the organization of business, the labour process, labour relations, finance, law, physical infrastructure, welfare, defence, ideology and so forth. Other things being equal, structures that foster accumulation stand a greater chance of being selected (the selection mechanisms being inter-capital and inter-state competition). Structures in one region may bring competitive advantages and be emulated elsewhere. Just as fixed capital investment in a particular plant necessitates a long-term commitment to it and its associated structures of production and circulation, so too the evolution of particular structures of accumulation on the macro level breed interdependencies and the growth of vested interests that generate inertia. Structures of accumulation, however, must evolve. To a certain extent on the world scale, and also for particular states, they tend to go through processes of stable reproduction followed by crisis and restructuring. Particularly when a crisis situation, or a powerful lobby, enables certain structures to be widely interpreted as failing, contestation amongst interested parties occurs over the benefits of retaining, abandoning or altering them. Because states are the authorities that do the most to directly shape structures of accumulation, they play a vital *strategic* role in mediating and participating in battles over what institutional shape those structures should take (cf. Jessop (1990)).

### **PART THREE – The Modern World**

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<sup>17</sup> Gordon's framework, and similar schemes – e.g. Cox (1987), and regulation theory – tend to ignore or misconstrue the basic laws of accumulation and focus to an unwarranted degree on the patterned interactions of the various institutional forms. For critiques, see Brenner/Glick (1991) and Harman (1984:141ff.).

The laws of capital accumulation, the imperialist nature of the evolving states-system, and the uneven and combined development of structures of accumulation are concepts that can be usefully combined to provide a theorized account of modern world history. They explain fundamental trends in the world economy, including that towards the accumulation of capital on the one hand and of the proletariat on the other, the development and sophistication of money, the credit system and legal relations, as well as sectoral change, including the relative decline of agriculture and the relative rise of industry and services. Rather than focusing on these particular trends, or on the development of the productive (and destructive) forces, I shall examine the three phenomena that are most relevant to the rise and fall of the STEs: the expansion and polarization of the world economy; concentration and centralization of capital; and the trend towards state intervention.

At the global level the most notable trend is the sheer expansion of capitalism. The expansion of value is manifested not only in commodification and the accumulation of capital and the proletariat, but spatially too. Capitalism forms as a world system. The drive to accumulate makes for an inherently expansive system, one which strongly tends, at first, to become what Bukharin called 'the conductor in the concerto of economic forms' (1972:260) and, in the long run, to oust other modes of production, as production relations are supplanted by or transmuted into commodity forms. As Marx put it (1973:408), '[t]he tendency to create the *world market* is directly given in the concept of capital itself.'

It might be expected that the interplay of the advantages of priority and backwardness discussed above would lead to positive-sum leapfrogging; that the diverse regions of the world economy would engage in a cumulative upward movement towards higher productivity, accumulation, living standards and so forth. The mechanisms commonly assumed to produce this result are those elaborated by Smith, Ricardo, and neoclassical economics: the spread of the division of labour, the diffusion of technology, and factor mobility – including capital export. Marx, of course, held a version of this view. To a degree it does

capture real phenomena. However capitalism's effects are in general not so benign. At the world level there is greater play for tendencies towards persistent unevenness and polarization, given national differences (e.g. in the value of labour power), and, above all, the role played by states. All the evidence suggests entrenched polarization.<sup>18</sup>

As regards the dispersal of capitalist relations, they did not spread like a contagion. Relations of exchange with West European capitalism, or the development of enclaves of capitalist production, did not necessarily lead to the transformation of a society into capitalism. As in the case of feudal Eastern Europe, trade relations could *shore up* traditional ruling elites, and encourage them to *strengthen* pre-capitalist forms of exploitation.

Where capitalism did take root the disadvantages of backwardness could outweigh any advantages, in a process which Gunnar Myrdal calls 'circular cumulative causation' (Preston 1996:201). The mechanisms of this vicious circle are various. Perhaps the most important is the combination of relatively late development of capitalism with political domination by imperialist states, entailing not only plunder, conquest and the undercutting of local industries, but also the denial or limitation of sovereignty. As a result, 'initial conditions' for catching up could be significantly worsened.

The basic problem facing late developing countries is that funds for accumulation must come essentially from savings out of current consumption of the domestic population. 'And if the level of current livelihood of the population is low, and the political and administrative machine weak,' in Harris's words (1971:140),

then any surplus from this source is likely to be small. If the population is simultaneously growing, what surplus there is may only provide a basis for standing still rather than actually improving the situation. On the other hand, only a very powerful army and police force can snatch the surplus for national investment between the peasant's hand and mouth.

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<sup>18</sup> For summaries of the evidence, see Hoogvelt (1997), Marfleet (1998), Freeman (1999).

Post-colonial states have attempted to pull their economies up by the shoelaces through managing their orientation to the world economy in two basic ways. One was to encourage nationally based enterprises behind protectionist barriers (ISI). ISI, however, faced the problem that low productivity, small markets, small-scale backward industry, limited capital and so forth represented poor conditions for generating industries of the scale and efficiency necessary to break into world markets. As Kidron put it (1974:171), '[t]he minimum cost of entry into the world market is growing every day. The resources from which to fund it in backward countries are not. The relative size of this critical minimum [...] is the nub of the problem of underdevelopment.' To make matters worse, the liberal Great Powers have frequently set out to undermine such development strategies.

An alternative geo-economic policy orientation for late developing states was towards free trade, in the hope that Ricardian comparative advantages would ensue. However, as Anwar Shaikh has shown (1980), comparative advantage in an open system tends to disproportionately benefit those with absolute ('competitive') advantage. Shaikh demonstrates that absolute advantage in one region, instead of leading to mutual benefit, may well lead to chronic trade deficits, capital outflow, chronic debt and 'foreign exchange strangulation' on the part of the 'absolutely disadvantaged' country. It then has little option but to eke out an export position in niche areas of geographically determined competitive advantage. Thus, international free trade produces powerful tendencies generating a spatial mapping of the tendency toward the polarization of poverty and capital onto a widening gap between poor and rich nations. In Shaikh's words (1980:211),

just as Marx derives the concentration and centralization of capitals (and hence their uneven development) from free and unrestricted commerce within a capitalist nation, so too is it possible to derive the phenomena of imperialism from free and unrestricted commerce between capitalist nations.

Although he refers to significant countervailing factors – most obviously capital export – Shaikh’s case that the inherent tendencies of capitalism tend to deepen geographical polarization is a powerful one, and helps explain the common reluctance of less developed countries to embrace free trade.

### **Concentration and Centralization**

Accumulation involves, according to Marx (1930:690), a dialectic of greater competition and greater concentration of the means of production and command over labour into the hands of individual capitals. Increasingly developed forms of competition and credit stimulate the centralization of capital, with less efficient (usually smaller) capitals being destroyed, or absorbed by rivals through merger or takeover.<sup>19</sup> Although in comparison to previous modes of production capitalism begets an astonishing universal devolution of economic *rights*, the opposite applies to economic *power*.

A variety of reasons lie behind capital concentration and centralization in particular periods and for individual businesses. They permit greater growth in the scale of production and distribution, enabling ‘technological economies’ as well as those of size, scope and speed.<sup>20</sup> They enable firms to diversify into unrelated sectors in which potential profit rates seem more promising, or as a means of risk reduction. Horizontal integration enables greater control over output, price and markets. Vertical integration may assure supplies, insure against costs of fluctuating output, and lower other risks associated with dealing with external agents (such as breach of contract). Integration may be simply defensive. ‘[S]ize protects’, as Mike Haynes (1983:74) suggests, ‘it is necessary to be big enough to do the digesting and too big to be digested.’ As the latter quote implies, there is a thin line between defence and offence: centralization ‘protects’ but – at least when ‘horizontal’ – it eliminates competitors.

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<sup>19</sup> Marx, at one point (1989:656), imagines the process continuing until all capital, in a given society, ‘were concentrated into the same hands, whether those of an individual capitalist or of a single capitalist trust’. However, he was aware that competition also underpins countervailing tendencies towards the fragmentation and decentralization of capitals (cf. Grossmann 1992:147; Harvey 1982:140).

<sup>20</sup> On vertical integration as enabling economy of speed (i.e. turnover time) as well as scale, see Alfred Chandler paraphrased in Arrighi (1994:239). By ‘economy of scope’ Chandler (1990) refers to the capacity to use a single set of facilities in a variety of processes of production or distribution.

Secular tendencies towards both increased competition and concentration and centralization modify the dialectic of anarchy and organization. On the 'material' side of things, as the productive forces grow and the division of labour becomes more specialized, we find (Marx 1930:693) 'the progressive transformation of isolated processes of production carried on in rule-of-thumb fashion, into socially combined and scientifically managed processes of production.' Thus the accumulation-driven development of the division of labour begets a trend towards 'rationalization'. On the 'social' side of the same phenomenon, the importance of 'organization' (planning, bargaining) grows, though never escaping the 'anarchic' operation of the law of value on the world scale.<sup>21</sup> The trend towards organization is more marked where capitals approach monopoly (in a sector, national economy, or even world economy).<sup>22</sup>

Concentration and centralization are facilitated by the development of institutions, notably banks, joint stock companies and MNCs, the growth of which has changed the face of capitalism. The invention of limited liability enabled the separation of ownership and control, and the diffusion of risk as a means of encouraging investment.<sup>23</sup> In the process of its socialization, capital becomes depersonalized. In Chris Arthur's words (1998:14), 'the elimination of any idiosyncrasy, which the person of an individual capitalist may introduce, when he is replaced by the corporate person [...] results in a *purer* form of capital.'<sup>24</sup> Capital becomes more obviously a social power based upon the separation of classes rather than simply the property of 'private' individuals. This is why Marx spoke of the joint stock company as representing 'the abolition of capital as private property within the framework of capitalist production itself'

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<sup>21</sup> Even during the heyday of national planning the reality was of the constant jockeying of different interest groups. As Mike Kidron argued (1974:75) at the time, 'internationally the system still forms in the classic capitalist manner – there is no goal, no *a priori* purpose, no fundamental check to the spontaneity of competition. Final authority is dispersed over a number of independent governments, each important enough for its decisions to be crucial to those of all the others yet each taking its decisions independently and privately, and so with inherently unforeseeable consequences.'

<sup>22</sup> Plainly, monopoly is not the same as concentration and centralization, but the latter do tend towards the former.

<sup>23</sup> In Janos Kornai's terms, this attenuation of the absoluteness of capitalist private property 'softens' the 'budget constraint' experienced by capitals.

<sup>24</sup> In the paragraph from which this quote is taken Arthur believes that he is criticizing Marx; in fact he is agreeing with him.

(1959:436); and as 'the *ultimate positing* of capital in the form adequate to it' (1973:657).<sup>25</sup>

These tendencies towards the increasing scope of the practical organization of economic activity and towards the depersonalization of capital underpin the separation of ownership and management. 'Numerous workers collaborating under the command of a unit of capital', wrote Marx (1930:348), 'must have, just like any army, commissioned officers (managers) and non-commissioned officers (foremen, overlookers, etc.) who command during the labour process in the name of capital.' Marx noted that, in the process, 'only the functionary remains, the capitalist disappears from the process of production' (in Chattopadhyay 1994:26), but he was careful to point out that the actions of these 'functionaries' are determined by their firm's capitalist nature. Drawing an analogy with Marx's remark that 'the Prussian estate *inherited* the eldest son', Barker (1998:38) suggests that managers' – and other capitalist functionaries' – 'relation to property is that it *owns them* rather than the reverse.' Reflecting these trends many observers – Hilferding, Veblen, Berle and Means, James Burnham and others – began to comment on the development of a 'corporate' or 'organized' capitalism, emphasizing that growth in the scale and internal division of labour of firms promoted the role of corporate *governance*.<sup>26</sup>

If the trends towards the concentration and socialization of capital were prominent when Marx (not to mention Hilferding and Veblen) were writing, how much more so today. Thus Nigel Harris (1982:349), elaborating on Hilferding's theses on the development of socialized capital and the distancing of ownership from control, has observed that:

In our own day, even the mass of shareholders can be removed altogether; for example, Pension Funds, "owned" by no-one, become owners of enterprises, even of those companies, the employees of which provide the contributions to the Pension Fund concerned.

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<sup>25</sup> This process gives empirical grounding to Marx's sense of private property as the monopoly of means of production by a *particular class*. On the two meanings of 'private property' see part one (above) and Chattopadhyay (1994).

<sup>26</sup> See also Schmitter (1974). There are important countervailing tendencies that tend to 'disorganize' capitalism. These are discussed in chapter three.

The contemporary world has also witnessed the growth of MNCs – which exemplify how the tendency towards centralization combines with a tendency for the locus of competition to shift upward to the world scale<sup>27</sup> – and of international economic engagement by inter-state institutions such as the IMF. The size and scale of operations of modern conglomerates is vast. In a comparison that I explore in chapter three, Simon Clarke observes that (1990:23), ‘[t]he scope and scale of planning in giant corporations like Ford, Toyota, GEC or ICI dwarfs that of most, if not all, of the Soviet ministries.’

These tendencies modify the dialectic of competition and concentration.<sup>28</sup> On the one hand, as capitalism develops, the interrelations between capitals in the various parts of the circulation and production process tend to become increasingly intense and dense; capital – especially in its money form – becomes more mobile, and the frictions of space and time decline. Competition becomes more ‘abstract’, in James Clifton’s phrase (1977:147),

since it is more general or economy-wide in nature. The abstract character is evident in the fact that it is now direct competition among cohesive sums of self-expanding finance that dominates the economic process, rather than competition among producers of soap on the one hand and producers of books on the other.

Brenner and Glick (1991:89) elaborate the same point from a different angle when they write that capitalist development has ‘tended to create the *institutional forms* through which capitalists can mobilize enough abstract capital for entry into any field where producers are achieving a higher-than-average rate of profit.’ These developments establish the basis of more ‘perfect’ competition. Furthermore, the development of capitalism tends to involve a ‘deepening’ of commodification –

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<sup>27</sup> Internationalization frequently involves centralization – e.g. one firm taking over foreign competitors. Thus the scale of competition may expand while the numbers of units involved diminishes.

<sup>28</sup> Marx (Day 1981:32) writes that: ‘[i]n practical life we find not only competition, monopoly and the antagonism between them, but also the synthesis of the two, which is not a formula, but a movement. Monopoly produces competition, competition produces monopoly. [...] If the monopolists restrict their mutual competition by means of partial associations [...] competition becomes [more desperate] between the monopolists of different nations. The synthesis is of such a character that monopoly can only maintain itself by continually entering into the struggle of competition.’



with ever increasing spheres of life brought under the actual or 'shadow' sway of the laws of capital.<sup>29</sup>

On the other hand, the tendency to concentration, compounded by state intervention, muddies the operation of the law of value. Centralization and cartelization (or other forms of collaboration and tacit collusion) enable a greater degree of calculability (of transaction and other costs). This becomes ever more vital to those many sectors that have seen a secular growth in the ratio of fixed to circulating capital. Investments in fixed capital, with their long turnover times, makes depreciation a greater hazard. Risk avoidance becomes the name of the game.<sup>30</sup> As Hilferding showed (1981:164 and *passim*), cartelization provided an organizational means of allowing capitals to overcome problems of price fluctuation and to charge artificially high domestic prices thanks to tariff protection. Huge corporations producing specialized goods may 'make' prices as well as 'take' them. In the contemporary world, MNCs engage in discriminatory and transfer pricing. Profits are thereby siphoned from other branches – the extra profit reaped derives not from surplus value creamed from the process of production and circulation but is *tribute* – a tax on consumers. These phenomena, in Kornai's phrase (1986:46-7), generate a 'trend' towards 'softening of the capitalist firm's the budget constraint.' Summing up post-war contributions to this case, Kornai (1986:47) concludes that:

The growth of a firm depends not only on its success in atomistic markets but also on its power: the pressure it can put on its business partners, the relations it has with banks and, last but not least, the extent to which it can influence state decisions, taxes, subsidies and government orders.<sup>31</sup>

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<sup>29</sup> For shadow subsumption see Murray (1998).

<sup>30</sup> J. K. Galbraith (1979:103-119) has developed a powerful (albeit one-sided) case that risk avoidance is central to modern capitalism. Risk avoidance, moreover, is central to the rationale of planning. Significantly, Daniel Bell's prognosis of the 'Coming Post-Industrial Society' (1973) envisaged its core characteristic as 'the conscious, planned advance of technological change, and therefore the reduction of indeterminacy about the economic future' through the 'management of organized complexity'.

<sup>31</sup> On post-war cartelization and other forms of 'private protectionism' and market-managing agreements, see Strange (1996).

## State Intervention

The final trend to be considered is that towards intensive state involvement in economic activity. Although capitalism evinces an emphatic, secular tendency towards the institutional separation of economic and political power there are, equally, strong tendencies towards heightened state involvement in economic activity (see table 2.1) and even, in particular periods and regions, to the institutional fusion of political and economic power. The point was reached and passed this century where the growth in size of capitals meant that the realm of ‘despotism’ could feasibly coincide with entire national economies.<sup>32</sup>

Table 2.1 Government spending as percentage of GDP (average of fourteen DMEs; from *The Economist* 20.9.97).

1870	1913	1920	1960	1980	1990	1996
8.3	9.1	15.4	28.5	43.3	46.1	47.1

The trend towards state intervention is linked to four major phenomena. Firstly, as the production process becomes more sophisticated, the provision of physical infrastructure and the equipping and management of the workforce tends to become more complex and more essential. With technological advance workers create more surplus value. Their education and training, and their supply and security, become more important. Insofar as states take responsibility for ensuring these attributes, their role grows in importance. In the long run the rising value of labour-power tends to coincide with (objective, relative) class polarization, and with the emergence of an increasingly educated, confident, skilled, concentrated, and urban working class. This has underpinned social movements, both industrial and political, which have striven to widen and politicize the public sphere, thus forcing states to take on a continued – usually greater – role in domestic political management (cf. Rueschemeyer *et al.* 1992; Mann 1993).

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<sup>32</sup> This was most obviously the case in the USSR where, to quote Trotsky (1972b:43), ‘the Soviet government occupies in relation to the whole [national economy] the position which a capitalist occupies in relation to a single enterprise.’

A second factor is the transformation of state-capital relations that accompanies the evolution of competition and concentration. The latter leads to enormous aggregations of economic power that find it practicable to back up indirect pressure upon government with direct links – all major firms now have connections to one or other government office or department. Conversely, state bureaucracies interfere in the internal affairs of firms, organize international trade,<sup>33</sup> and administer the rules of competition.<sup>34</sup> Moreover, increasing technical interdependence between capitals tends to elicit state intervention, particularly in the management of crisis. As capitals grow more concentrated, crisis in one firm or sector may seriously destabilize reproduction of the whole. Banks, states and inter-state organizations tend to become directly involved in the management of crisis. State borrowing becomes a major factor in the mechanism of accumulation. It may rise easily during booms on the expectation of further prosperity, but also tends to rise or stick during slumps, under the pressure to shore up existing values and maintain social stability.

Thirdly, the dialectic of ever-extending technical interdependence and intensifying social competition maps onto the world scale, provoking intensified management by states. Historically, the internationalization of capital simultaneously involved its nationalization. The upshot is, as Neil Smith argues (1990:142), a hierarchy of nationally based laws of value, more or less integrated within an international law of value. The sluice gates are operated by states; these organize the relations between national economy and world economy. Various strategies may be deployed. Protectionism, for example, enables the law of value to be modified in its impact upon the national economy. As policy it may be primarily geared to raising revenue, it may be geared to protecting ‘infant industries’, or to enable monopolization and rationalization (Harris 1972:33). The latter strategy, as Hilferding argued (1981:310), by imposing tribute on domestic consumers, may facilitate an offensive on the international market.<sup>35</sup>

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<sup>33</sup> In the 1980s about a quarter of world trade was countertrade (in effect, barter) (Zon 1994:254).

<sup>34</sup> Interestingly, in the case of monopolies, states may attempt to impose adherence to the rules of competition upon private companies.

<sup>35</sup> Protectionism, ‘once a defensive weapon of the weak has become an offensive weapon in the hands of the powerful.’

State subsidies to capital — i.e. the redistribution from taxpayer to business — enable costs in certain sectors to be ‘artificially’ lowered. Subsidies, in a variety of forms, have blossomed over this century.<sup>36</sup>

State intervention has altered the nature of the whole world system. In turn, that changing environment has affected the nature of states, including their relations to civil society and to one another. For example, states’ attempts in the early 1930s to displace the pain of deflation (through ‘beggar thy neighbour’ devaluations) helped to hasten, generalize and deepen the world crisis (Kindleberger 1973). In turn, this induced a breakdown in international exchange relations and a fragmentation of the world economy into relatively autarkic patches. States took control of currency flows, and protectionist barriers were raised in an attempt to shut out the fluctuations of world prices and secure domestic markets for domestic firms.<sup>37</sup> Direct state intervention became the norm permanently (not just in times of war). The trend was greatest in weaker areas of the world economy: Mussolini’s Italy, Peron’s Argentina, Brazil, and later, Nehru’s India, Syria, Iraq, Egypt and Algeria. Ideologies of economic nationalism and state control (‘socialism’, Keynesianism, fascism, etc.) blossomed. A qualified form of statism became embedded in the international political economy of the post-war world, as exemplified in the Bretton Woods settlement (Brett 1985). The ever-changing matrices of world competition impose shifting pressures on national economies: prices fluctuate, strategic alliances change, arms competition intensifies. Their component parts present a kaleidoscope of converging and diverging interests. Generally, at the international level, the management of competition has become intensely politicized, with competitive interests directly reproduced within the state apparatus. This is especially so in times of crisis when ‘each section of capital seeks to identify the "general interest" with its own particular interests’ (Holloway/Picciotto 1977:97). As Gerd Hardach writes (1987:434),

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<sup>36</sup> 1. Direct subsidies to prop up domestic industry; 2. Direct subsidies to attract capital; 3. Hidden subsidies to support capital — in particular, relief from taxation.

<sup>37</sup> Note that high degrees of protectionism may seem to be the acts of individual firms and states, but should be understood as the outcome of the interrelations of the whole. Note too that even the USA, as late as 1965, was highly autarkic, with imports at only 3.1% of GDP (Brenner 1998:92).

In twentieth-century organised capitalism, bargaining is partially transferred from the market place to administrative centres, nationally and internationally: corporations bargain for privileges and subsidies, capital and labour bargain for collective wage schemes, governments bargain for influence in international institutions and programmes.

The age of 'globalization' has altered the nature of the trend towards state intervention. On the one hand, internationalization has spawned considerable pressures that promote privatization and the divestment by states of strong controls over currency and other capital flows. On the other hand, pressures towards state intervention remain powerful. As suggested above, states are inherently international, not simply by dint of mutual relations, but because they depend upon and are threaded into the transnational circuits of economic life. As those circuits intensify and interpenetrate across borders, states are drawn into not weaker but denser interconnections and experience, if anything, *greater* pressure to exercise influence in the interests of accumulation in general, and of nationally-linked capitals in particular. As Bill Warren has observed (1972), increasing economic interdependence, because it makes for 'greater uncertainty and new problems of economic control, forces the national States to become ever *more* active in their internal economies and their external economic relations', even as their room for manoeuvre vis-à-vis MNCs narrows. With intensified internationalization of the circuits of capital, according to Stopford and Strange (1991), 'the rivalry between states and the rivalry between firms for a secure place in the world economy has become much fiercer, much more intense.' As a result, they argue, the relationships between firms and governments have tended to grow closer, as the latter 'have come to realise their increased dependence on the scarce resources controlled by firms.' With the post-war internationalization of the world economy, competitive pressures have forced states to dismantle 'state capitalist' modes of intervention, especially where these take the form national monopolies, and yet maintain other interventionist methods as well as seeking new ones.

The fourth factor is uneven and combined development. Just as innovations in the pooling of capital through banking and the joint stock company enabled US and German capitals to match and outmatch their British rivals, later industrializing economies such as Russia and Japan saw the state used as a lever for instituting land reform, marshalling resources, and concentrating capital. Following the mid-century waves of decolonization, many more countries attempted to follow suit. The NICs witnessed widespread state planning and ownership of key industries and government manipulation of currencies, trade and prices. Under the aegis of repressive regimes, state officials were often directly involved in the running of business, and promulgated conformist ideologies that stressed the need for hard work and deferred gratification. As Harris notes (1987:145), the growth of NICs of this type, including Indonesia, South Korea, Taiwan, and Brazil has been 'just as much a triumph of state capitalism as [were] the achievements of the first Five Year Plans in the Soviet Union or the People's Republic of China.' In all these cases, as well as in many less industrialized Third World countries, states supervised the drive to 'catch up' with DMEs, the protection or even insulation of domestic capital from the world market, and acted as 'binding agents' between the ('political') interests of stability and security and the ('economic') interests of accumulation, as well as repressing workers' struggles and other social movements.

The fifth factor, and that which has done most to promote the *fusion* of states and capital, is war and militarism. The two world wars in particular elicited comprehensive changes in the relation of states to capitals. The First World War, in Trotsky's words, 'severed' the world economy 'at its roots' (Day 1981:50). Maximum production and its coordination to serve the needs of war could best be achieved through state control. The states of the warring countries actively intervened in the control of labour. They organized the supply of raw materials and foodstuffs, and ordered factories to produce certain goods. They organized key sectors directly, such as coal, railways and arms. If necessary private firms were confiscated. Such phenomena prompted Bukharin (1987:155) to argue that war had forced 'the bourgeoisie to adopt a new form of capitalism, to place production and distribution under state power'. This new phase, he

argued (Day 1981:35), involved the conversion of national economies into 'state-capitalist trusts', 'new Leviathan[s] beside which the fantasy of Thomas Hobbes appears as a child's toy.' Although Bukharin overemphasized the tendency towards the generalization of the war-economic form, his insight – that this form could become established *even in times of peace* – was profound.

The same trend reached new heights during the Second World War. By 1943 the state was responsible for 90% of all investment in the US. The British state's share of GNP soared to 75% (Gough 1975:58). Following the war, defence outlays of the major economies remained relatively high. The arms economy became permanent. Although Washington's 'open door imperialism' was largely aimed at prising open the world market, and involved opposition to at least the more extreme examples of state intervention elsewhere, the strategy itself entailed a massive degree of the same. Washington's efforts 'became totally enmeshed in attempts to reform, shore up or recreate an entire social system threatened by collapse and rebellion' (MacKenzie 1983:53, paraphrasing Kolko and Kolko). The Cold War profoundly affected American and Soviet economic activity and that of the other players involved. It involved massive investment in defence at the expense of investment in civilian goods, and militarized societies to greater or lesser degrees. It necessitated aid and diplomacy in the interests of maintaining allies. It motivated the space race, not only in regard to the development of delivery systems but also to enhancing the nation's 'prestige', in a geopolitical equivalent of 'brand name' development. With global arms spending remaining at historically unsurpassed levels, confounding hopes of post-1989 'peace dividends', it is not far fetched to speak, with Anthony McGrew (1989), of modern capitalism being characterized by 'embedded militarism'.

## **State Capitalism in the USSR**

The five factors examined above interrelate in different ways. 1930s Germany, for example, experienced the effects of world economic crisis particularly starkly. Major German capitalists came to promote the amelioration of domestic devaluation through ensnaring the productive potential of adjoining parts of Central and Eastern Europe.<sup>38</sup> Extending German domination in the region initially occurred 'peacefully', but ultimately depended upon military power. Military build up, in turn, accelerated the tendency towards direct state intervention that had already begun (under Brüning) with exchange and price controls. Under Hitler, market allocation was replaced to a great extent by 'planned' state direction.

Similar structures were instituted in the USSR from the late 1920s.<sup>39</sup> With the failure of the mass movements that flared worldwide in the decade following 1917, the Bolshevik project lay in ruins. Military invasion and capital flight combined with civil war to wreck the economy and unleash slaughter, mainly through disease, upon the population. The social base of the revolution – the militant workers' movement – was decimated and demoralized, drastically attenuating the socialist character of the State and CPSU. The CPSU began to distance itself from socialism, with the elevation of *national* development as its main priority. These developments reacted back onto the international level, with the (Moscow-based) Comintern encouraging fraternal Communist parties to subordinate themselves to Russia's national interests. As Harris explains (1978:271-3),

To secure the survival of Russia as an independent national entity in a world dominated by advanced concentrations of capital [...], the Bolsheviks had to build the material basis of national independence, an independent economy. [However, the] accumulation of capital in conditions of national backwardness imposes a division of labour independently of the wishes of the participants, the more so, the more urgent the need to accumulate, – in Russia's case, in order to catch up with its foreign rivals. [...]

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<sup>38</sup> Sohn-Rethel (1987:49) notes that sections of German business and government were already advocating capital centralization by means of annexation – 'the violent overthrow of the post-war Central European order' – in 1932.

<sup>39</sup> For a comparison between Germany and the USSR, see Temin (1991).



Regardless of the aspirations of the new State, its behaviour would be shaped by the historically appropriate task – accumulation.

The logic of ‘socialism in one country’ was to commit the CPSU to reestablishing the very social relations to whose overthrow it had been pledged.

Inherited backwardness, war and socialist revolution had produced an extremely adverse set of circumstances for capital accumulation. Even when, by the late 1920s, the economic dislocations caused by war had largely been overcome, the rate of surplus extraction was still extremely low. The success of the producing classes in gaining control of land and bringing to power a party opposed to exploitation had resulted in a high rate of producers’ consumption and a relative equalization of incomes. This resulted in an extremely low savings ratio. The scarcity of investable surplus was exacerbated by the absence of foreign capital that had been of such central importance to accumulation under Tsarism. Conditions were extremely poor, and getting poorer, for accumulation. The bleak prospect was of slipping yet further behind rivals and succumbing, ultimately, to the impoverishing logic of indebtedness and foreign exchange strangulation (as described above). The CPSU had been swept to power by social movements that had since dissolved away, but whose legacy was a land unfit for accumulation. This unsustainable contradiction underlay the explosive crisis period of 1927-9.

By the late 1920s the holders of state power were in an extremely tight corner. The regime was internally divided, its room for manoeuvre in the economic sphere tightly constrained. It was beset by problems – including the resurgence of workers’ struggles. Unconfident, lacking any clear idea as to how to surmount its fundamental contradictions, government policy was reduced to reacting to dire problems with short-term solutions. The regime’s base became increasingly demoralized. The USSR displayed in 1927-9 all the symptoms of a revolutionary situation. And indeed, a revolution (‘from above’) did take place.<sup>40</sup>

‘Stalin’s revolution’ was not intended. In Reiman’s words (Gluckstein 1994:215), ‘[i]t is doubtful that Stalin consciously intended to create the social and

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<sup>40</sup> For similar views on this point cf. Cliff (1974); also Tucker (1977), Reiman (1987), Rutland (1985:75,82), Fitzpatrick (1984).

state system so inseparably associated with his name'. Rather, dominant sections of the *nomenklatura* became convinced of the need to respond to foreign military and economic rivalry. The process happened in a haphazard manner. The growing conviction of key sections of the state apparatus that industrialization was required at any cost explains the resort to forced procurements of grain in 1927-8, and the intensification of repression in the face of massive peasant resistance. The urgency of the task was intensified by the war scare that followed Britain's abrogation of trade agreements in 1927. Stalin's faction used war paranoia initially to subdue political rivals and, later, to intensify the *nomenklatura's* domination over society and justify the strategy of forced industrialization. As the government's strategy hardened around a strategy of industrialization regardless of the human cost, state repression was intensified. Policy became driven by the need to finance industrialization by raising the level of investable surplus. To do so required imposing state control over production. This entailed massive social change. As Reiman concludes (1987:50), '[t]he extraordinary measures enacted in response to the economic crisis began to change the pattern of economic and social relations'.

The political and social transformation of these years involved an extreme projection of political power into the economic realm (especially with the collectivization of the peasantry). Collectivization expropriated peasants of any significant independent means of production. An agriculture that had hitherto consisted largely of petty production – involving market relations but a considerable element of self-sufficiency – was, within a matter of years, subjugated under a single many-headed landlord. This was no feudal fusion of economics and politics. Rather, it involved a distinctly capitalist moment: the sundering of property from proletariat. The peasantry was thrust *en masse* onto the labour market (or into the Gulag). Whereas in 1928 individual peasant farmers comprised over 75% of the population, by 1939 their number had slumped to 2.6% (Rutland 1985:86). This enabled the proportion of 'workers and employees' to rocket from 18% to almost 50% in the same period (Chattopadhyay 1994:158), enabling the USSR's share of world industrial output

to soar from 4 to 19 per cent (Chandler 1990:4). This was a surge of a scale not even approached by Germany and Japan, not to mention other DMEs.

What explains such an astonishing expansion drive? Essentially, as Bornstein contends (1966-7), 'one need simply point to the desire of a totalitarian regime to mobilize the economy for rapid development and to maintain and enhance its internal and external power.' But this 'desire', as Cliff (1964) and Kornai (1992:160-1) have argued, is the product of geopolitical competition in an uneven and combined world order. The Soviet ruling class – typically for 'late arrivers' – became dominated by an oppressive awareness of having fallen behind more developed rivals; their impatience to catch-up was reinforced by military and defence considerations. The entire Soviet economy was driven by the imperative of matching foreign capital and military force. Thus, the same historical transformation that 'married the state and capital' (Haynes 1985:110) simultaneously 'completed the subordination of the Soviet economy to the world economy'. Initially at least, the key form of competition was military – the arms race of the 1930s between the USSR and, most obviously, Germany and, later, the USA. To compete with Great Powers entailed matching their productivity. As Nigel Harris puts it (1983:170),

The arms race becomes a powerful factor defining the entirety of domestic activity – the more so, the more backward a country is. For the Soviet Union, contesting world supremacy with the most powerful single national State, the United States, from a position of relative economic weakness, the imperative becomes very powerful indeed, shaping all other subsidiary decisions down to how much investment should be devoted to agriculture.

Military competition from a position of backwardness during an epoch of autarchy stamped the USSR with its characteristic 'war economic' form – relative autarchy, a high degree of industrial concentration, an emphasis on heavy industry, and a high savings ratio.<sup>41</sup>

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<sup>41</sup> Lange (1969:171) wrote that the STE 'can be described as *sui generis* war economy', characterized by the mobilization of all resources towards one basic purpose, the centralization of the disposal of resources to avoid leakages to non-essential purposes, allocation by administrative decision, extensive use of political incentives and ideological appeals to increase productivity, and so forth. For earlier comparisons of state capitalism and war economy see Bukharin (1982), Cliff (1964).

The trend to close-knit relations or even fusion between states and capitals was not 'freely chosen' by state leaders, but was strongly determined by the environment: the stage of development of productive forces; geopolitical competition; uneven development; and the dynamics of class struggle.<sup>42</sup> The USSR marked the most extreme example of this trend. Its war-economic form was no historical digression, but the result of a peculiar condensation of those secular trends and specific conjunctures that saw the period from 1914 to the 1950s witness a breakdown in world trade and great leaps forward for direct and indirect state intervention. It could pioneer the trend because, as Harman points out (1988:8), in Russia 'the already weak forces of private capital had been smashed in the aftermath of 1917', and because, as in Germany under Hitler, the state's repressive apparatus was being exercised to the full in the demolition of the workers' movement and civil society.

As regards the GDR, it belonged to what Winiecki (1986) describes as 'Soviet-type economies'. These were capitalist. The central mode of surplus extraction was the exploitation of (urban and rural) workers by the *nomenklatura*. Wage labour was, essentially, free.<sup>43</sup> Most evinced a high level of state ownership of industry, although for many (such as Vietnam) its level was comparable with supposedly 'market capitalist' counterparts (such as Malaysia). The Eastern European STEs, including East Germany, arose upon autarkic, étatiste foundations that were laid during the Great Depression and under Nazi occupation (Harman 1988, Gross 1997). Ideologically, as Harris has shown (1971a), the main features of 'Communism' were similar to corporate conservatism, notably the strong emphasis on national, corporate and social

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<sup>42</sup> This is particularly worth stating given the prevalent assumption in the literature on globalization that 'national' and state-led development strategies were 'freely chosen', whereas subsequent neo-liberal structures of accumulation are determined by global market forces. See, for example, Strange (1996:75).

<sup>43</sup> This is not the place to enter the debate over the question of free wage labour in the STEs. For that, see e.g. Callinicos (1981) and Haynes (n.d.). Suffice it to say here that a considerable degree of labour mobility existed in the post-war STEs. For example, as Aganbegyan describes (in Chattopadhyay 1994:135) '[e]very worker in the USSR can leave his job at two weeks' notice. He then has the unrestricted right to compete for other jobs.' In East Germany labour contracts were very similar to those in DMEs. Although firing workers was usually, in practice, difficult, the pattern of wages and bonuses was essentially determined by demand, as in DMEs under full employment (cf. Zander 1974).

security, class harmony, the common interest of all in the *status quo*, nationalism, and meritocracy.<sup>44</sup>

#### **PART FOUR – Political Crisis and Conflict**

Capitalism, like any other mode of production may be conceived as an evolving differentiated totality. In capitalism, however, each of these characteristics – change, unevenness, and totality – is particularly pronounced. It is an especially dynamic system, and extraordinarily uneven across space and time. Its totalizing imperative tends towards the subordination of all aspects of society and all nooks and crannies of the planet under the logic of capital. It is a system marked by intensive inter- and intra-class struggle. In Shaikh's words (1990a:75),

capitalism as a form of social organization pits each element against the other in a generalized climate of conflict: capitalist against worker in the labour process, worker against worker in the competition for jobs, capitalist against capitalist in the battle for market position and sales, and nation against nation in the world market. Like the class struggle, these other conflicts also periodically erupt into acute and open combat between the participants, whether it be the battles of strikers against scabs, or capitalists against their rivals, or even of world wars between one set of capitalist nations and another.

And it is a system that is, in Harvey's words (1982:103), 'inherently unstable and crisis-prone'.<sup>45</sup> 'The insatiable quest on the part of capitalists to appropriate surplus value', he continues, 'impels perpetual revolutions in the productive forces. But these revolutions create conditions that are inconsistent with the further accumulation of capital and the reproduction of class relations.' The result is crisis. Although each individual crisis may, Harvey continues, 'be resolved through a radical re-structuring of productive forces and social

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<sup>44</sup> See also Moore (1956:416); Ray (1996:54).

<sup>45</sup> In the following, the term crisis is used loosely to designate rough, tense, troubled, fraught periods of history. For more differentiated analysis of the various modes and tempi of crisis, see Gramsci (1971), Day (1981) and Hay (1995).

relations, the underlying source of conflict is never eliminated. New contradictions arise which generate ever more general forms of crisis.'

In every aspect of capitalist development, rhythms of reproduction and crisis, of stability and instability, of order and conflict can be perceived. Economies go through cycles of boom and slump. They experience longer-term fluctuations, for instance in the pace of growth of GDP or prices. Industrial relations witness periods of relative 'industrial peace' when struggle is dampened and contained, punctuated by strike waves and what David Gordon (1980:13) calls 'spreading brushfires' of militancy. As society changes, the vitality of certain forms of organization, or the stability of certain forms of behaviour, is undermined. Organizational change tends to concentrate in periods of crisis. Crises form, in Debray's phrase (1973:99), 'strategic points' in historical time; they are "epoch-making" events in the sense that they mark the culmination of one process and the beginning of another.' Crisis situations bring underlying contradictions to the awareness of collective political actors and, perhaps, of wider populations too. They seem to demand some sort of change – whether this be interpreted in terms of restructuring and reorganization or wholesale change. They are moments of disruption but also of transition and transformation.

Politics and international relations go through periods of crisis followed by some form of 'settlement' and either relative stability or what Gramsci (1971) terms 'catastrophic equilibrium'. Those political forces that succeed in bringing a crisis period to a settlement tend to dominate the ensuing period until new contradictions come to the fore.<sup>46</sup> Political crises unfold in the form of dramatic narratives in which *events* are central. If social structures may be described, with Sahlins (1987), as 'historical objects' that exist through events, then structural transformations pivot on what William Sewell (1996:844) terms 'historical events'. An historical event is defined as '(i) a ramified sequence of occurrences that (ii) is recognized as notable by contemporaries, and that (iii) results in a durable transformation of structures.' 'Rupture' at a local scale or in one sphere

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<sup>46</sup> As Therborn puts it (1980:201) (unconsciously borrowing from Poulantzas), '[a] realignment which resolves one particular crisis is frozen into the structure of the polity as a pack of solid ice; in a new crisis, however, this tends to crack up and melt away.'

may well remain localized if stability reigns at higher levels and/or in other spheres. But if the latter are themselves in crisis, with the dominant powers' repertoires of crisis management facing exhaustion, a local 'rupture' may trigger cascades, (or 'cumulations') of crises in other spheres and at higher scales (Tilly 1985:610; Hay 1996:108). A mere 'rupture' becomes a 'historical event', for Sewell (1996:843), 'when it touches off a chain of occurrences that durably transforms previous structures and practices.' Historical events operate at particular scales, dislocating and rearticulating structures. They interconnect with other events in different spheres or regions of society.

Crisis in one sphere or one region affects the whole system. The crisis of capitals, as Harvey describes (1982:311), may begin as 'private' affairs, with the bankruptcies of individual firms and the stockpiling of unsold commodities but quickly ramifies into wider social spheres through unemployment, the diminished circulation of revenues, and so on. Economic crisis may simultaneously spill over into ideological crisis.<sup>47</sup> Economic crisis and restructuring interrelate with the policy and organization of states. Most obviously, as Burnham puts it (1995:150), 'capitalist crisis confronts the national state in terms of declining national productivity and fiscal crisis.'<sup>48</sup> Economic and/or fiscal crisis in one major territory may provoke domestic political crisis and economic restructuring which, in turn, impact upon the world economy and international relations. The condition of one sphere may promote a similar state in others. To take an example from European history, Charles Maier (1987:179) has observed that,

The notable eras of European stabilization – the generation after Utrecht, for example, or the half-century after Vienna – have been periods of class equilibrium and international compromise

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<sup>47</sup> In capitalism, to borrow Habermas's (unfortunately mechanical) example (1973:47), '[e]conomic crisis is immediately transformed into social crisis; for, in unmasking the opposition of social classes, it provides a practical critique of the ideology of the market's pretension to be free of power.'

<sup>48</sup> Harvey's description of (1982:153) fiscal crisis as 'the means whereby the discipline of capital can ultimately be imposed on any state apparatus that remains within the orbit of capitalist relations of production' is pertinent, given the discussion above of the 'shadow subsumption' of state policy under the logic of accumulation.

simultaneously. The configurations of power amongst states tend to second those within societies.<sup>49</sup>

The contribution of Marxist crisis theory to theorizing modern world history is not confined to explicating the interaction of different elements of the system within the 'conjunctural' dimension of 'historical events'. It is the 'structuring' of 'conjunctural' crisis that forms the core of Marxist literature on the subject. One famous example is Gramsci's conception of 'organic crisis', in which, as paraphrased by Callinicos (1989:94), 'the underlying contradictions "mature", forcing the ruling class to struggle to "cure" them, or at least to limit their effects, faced with the constant threat of "social disintegration", or even revolution, if it fails.' More generally, the workings of and obstacles to the TROPF powerfully condition the course of world history. The deliberate and unintended attempts by capitals and states to bolster countervailing tendencies to the TROPF affect the world system, often in unpredictable ways. For example, as Grossmann observes (1992:133), attempts to restore profitability impel capitalists towards 'recasting trade relations on the world market (international cartels, cheaper sources of raw material supply and so on).' In the case of the Great Depression of the late nineteenth century, falling profitability provoked a widespread shift towards capital centralization and protectionism. War, followed by the Depression of the 1930s, provoked a further global shift towards autarky and étatism. In tackling these issues, David Harvey (1985:156), following Lenin, emphasizes the interpenetration of economic crisis with 'economic, political and military struggles between nation states.' For Harvey, capitalism continually evades and overcomes obstacles through various forms of 'spatial fix' (1985:156). In the long run it is also punctuated by

intense "switching crises", cataclysmic moments that reshape the whole geography of capital accumulation, break down rigid spatial structures and regional class alliances, even undermine the power of state formations and reconstitute them all in a new geographic configuration that can better accommodate the powerful

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<sup>49</sup> Maier's insight is similar to that developed by Trotsky (1972a), *viz.*, that periods of instability tend to affect the economy, international relations, and politics, as well as industrial relations, each being part of a differentiated ensemble.



expansionary, conflictual and technological dynamic of  
[accumulation]

If the word 'expansionary' is disregarded, this quote may read as a prediction of the dissolution of the Soviet imperium. Harvey, however, was probably thinking of war as the classic example of a 'switching crisis'. Imperialist war, as Lenin and Bukharin argued, develops on the basis of contradictions between dynamically uneven accumulation on the global scale and its organization under the auspices of national (or imperial) polities. Lenin perceived that wars parallel economic crises in the sense that they temporarily resolve disequilibria of power, through alleviating disproportionalities of geopolitical hegemony. Wars redistribute surplus. They shift the burdens of devaluation onto losers and protect the accumulated value of victors. Moreover, as Grossmann observes (1992:50), by offsetting the TROPF they provide a means of 'prolonging the existence of the capitalist system as a whole'.

### **The Politics of Crisis**

Crises in whatever form put the spotlight on states, as the organizations that assume overall responsibility for the management of inter-capital relations, the management of population, property and territory, as well as their own inter-relations. Whatever the source of crisis, states are obliged to at least attempt to develop strategies for crisis management. Bourgeois democracies – with their institutionalized and regularized regime changes, and at least token incorporation of the masses into the political process – seem particularly well adapted to the task, but it may nonetheless raise difficult, if not intractable problems. As Habermas observes (1976), crisis management may simply lead to the displacement of difficulties from one site to another. For example, arms spending connected to the suppression of a border dispute may catalyze a wider arms race; easing credit to enable competing demands to be funded may fuel inflation and, in turn, economic instability. Generally, the repercussions of crises tend to breed instability. Economic crises illuminate and exacerbate uneven relations of power and wealth. Some property owners gain at the expense of

others. Savers see their futures evaporate and workers lose their jobs. Acrimony amongst ruling classes intensifies. Major crises spawn intra-ruling class disputes over strategy, which themselves provoke revelations of mismanagement and corruption. In such conditions, the potential for serious political conflict grows. Rulers' visible weakness, together with the fact that future trajectories are less certain, elicits the raising of political questions throughout society. Challengers may organize, both within and without the polity. The 'political opportunity structure' alters.

At such times, writes Rosa Luxemburg (1970:186) 'when the social foundations and the walls of class society are shaken and subjected to a constant process of disarrangement' even a 'partial little conflict between labor and capital' can 'grow into a general explosion'. This in turn may intensify the splits and confusion amongst the ruling class, and can turn a smouldering 'passive' crisis into an 'open' one. Luxemburg's analysis was pioneering in that it drew attention to the uneven pattern of workers' struggle. As Cronin (1979:11) remarks, 'strikes tend to fluctuate together in all industries, to cluster and bunch up in several, relatively short, periods of time.' Industrial struggle proceeds through irregularly alternating periods on the one hand of relative stability or 'pacification of class conflict' and on the other of 'resurgence of class conflict.' A similar argument applies to social movements in general. Tilly (1995:25) identifies a 'jagged rhythm' of collective action. Tilly, Tarrow (1994) and others show that mass protest movements tend to come in 'bursts' – phases

of heightened conflict and contention across the social system that include: a rapid diffusion of collective action from more mobilized to less mobilized sectors; a quickened pace of innovation in the forms of contention; new or transformed collective action frames; [...] and sequences of intensified interaction between challengers and authorities which can end in reform, repression and sometimes revolution' (Tarrow 1994:154).

These are, moreover, 'major watersheds of social and political change,' and are frequently international in scope. New ideas are born, along with innovations in the repertoire of collective action. Such situations tend to be 'crucibles' in which

new protest movements emerge. If they provoke a 'cascade' of crisis symptoms, the result can be a conflagration of popular consciousness of crisis, mass social movements, and concomitant transformations of collective identities.<sup>50</sup>

### The Drama of Crisis

Crisis involves lived experience, and – at least the acute, 'open', politicized sort – takes *dramatic* form. Crises are moments when 'alternativity' expands. As Barker (1996:13), paraphrasing Shanin, explains,

quite long periods of time pass when life appears bound to cycles of simple reproduction. Fundamental change seems improbable, the dominant images in society are of repetition and stability, and what [Shanin] nicely terms "the alternativity of history" is low. Then, relatively occasionally but often suddenly, there occurs an "axial" stage,

in which established institutions are rocked, habits are broken, common sense stereotypes overturned, all bets are off. 'In such moments, "alternativity" grows dramatically and the room for political creativity and choice expands. The outcome of such "axial" situations may then set the pattern of society for a whole succeeding period.'

Debray (1973) has made an imaginative attempt to convey the dramatic nature of political crisis in theoretical terms. He depicts crisis situations as characterized by a special 'density', because the fate of 'what is at stake' is determined within a peculiarly 'condensed' period of time, and because human agency is decisive (1973:113). Crisis 'sums up a complex past, and prefigures a period still to come.' There is a 'sudden contraction of past and future times into the present'. In crises the relationship between objective and subjective, Debray argues (1973:113), metamorphoses in strange ways. In his phrase crises are 'objectively over-determined, while subjectively indeterminate'. The underlying structural contradictions which precipitate crisis become highlighted, and indeed may carry the aura of inevitability, but equally striking is the role of 'agency' as

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<sup>50</sup> On the different *scales* of class consciousness, see Gramsci (1971:181).

the crucial factor in determining which of many possible roads is taken. 'One mistake, one false step, one error that would not normally matter at all, may become irreparable in a time of crisis', he asserts (1973:114-5), 'because it occurs in the place and at the time the condensation is happening.'

Crises are climactic periods in which underlying contradictions seem to crystallize. They irrupt into the routine. In such periods the relations of social forces are illuminated through their dramatic interactions. 'This mutual discovery', Debray continues (1973:121), 'reveals to each of the forces involved its own identity, by revealing to it the resistance and nature of the opposing force.' The boundaries establishing allies and opponents appear more clearly. The possibility, urgency and indeterminacy of change make for fertile soil for political entrepreneurs to set about creating or galvanizing collective actors. The consciousness of crisis, in Burckhardt's phrase (1943:269),

flashes like an electric spark over hundreds of miles and the most diverse peoples, who, for the rest, hardly know of each other's existence. The message goes through the air, and, in the one thing that counts all men are suddenly of one mind, even if only in a blind conviction: *Things must change*.

As Colin Hay (following d'Hart and Habermas) emphasizes (1996:89), crises are 'discursively mediated'. They are not simply reflections of objective contradictions but are experienced and interpreted in different ways. Contending actors propose different interpretations of the crisis (why and how it is occurring) and propose different strategies to its resolution, different alternative trajectories. Proffered strategies are fought over. Outcomes are often presented in retrospect as inevitable but rarely seem so at the time. Rather, crisis is experienced, typically, as radically indeterminate. For, Debray contends (1973:110), it is the product of 'a unique fusion of contradictions, in which the [fundamental] contradiction itself becomes determined by a welter of elements of all kinds, which bring it to its breaking-point.' When crisis arrives it 'upsets all our plans and prearranged strategies, catching up on them from behind'. It is clear that vital changes in direction, historical leaps or sidesteps are about to occur, but

which way, or whether movement will stall into 'catastrophic equilibrium' is still very open. Political leaders (1973:110),

get the sense that their hand is being forced, because a crisis pushes them into making choices, following lines, making certain breaks that they deplore. Crises, with their actor-victims, never radiate glory, never appear as great historical necessities. [...] The epic only comes into being in retrospect.

## **Conclusion**

Undoubtedly there are aspects of this discussion of crisis that are transhistorical in nature. For example, pre-capitalist political philosophers were familiar with and interested in the crises that marked passages between regimes of 'democracy, oligarchy and tyranny', and between 'servitude and liberty' (cf. Aristotle 1981; Machiavelli 1970). Nevertheless, certain aspects have arisen with the development of capitalism. One such is the regularity and frequency of economic crisis. Under European feudalism major ('general') crises occurred roughly every two centuries and were limited in geographical extent. Under capitalism, by contrast, periodic crises occur roughly every seven to twelve years. 'General' crises have occurred several times each century, and these are increasingly global in extent. A second feature of capitalist crisis is the systematic way in which modern 'muscular' states attempt to manage the repercussions of economic crisis. Finally, the role of agency in general and of mass participation in particular has matured. As Callinicos observes (1989:229), a secular shift has occurred in the balance 'between the role played by structural contradictions and conscious human agency in resolving organic crises', which 'has shifted from the former to the latter in the course of the past 1,500 years.' With the rise and expansion of capitalism over the course of the last 500 years, this movement has accelerated sharply.

The final chapters of this thesis examine the role of collective actors – notably the SED leadership, the 'Citizens' Movement', and the 'crowds' – in the events of 1989. To understand why these actors behaved in the way they did, however, the development of East German society, notably the class

contradictions between *nomenklatura* and working class and between East German capital and its foreign competitors, must be explored. To begin with, in chapter three, the stage is set with an investigation into the peculiar nature of the STEs, their situation within an evolving geo-economic and geopolitical environment, and the causes of their systemic crisis the became manifest in the 1980s.

## Chapter Three: Expansion and Crisis of the STEs

If chapter two discussed the dynamics of global capitalism at, on the whole, a high level of abstraction, this chapter homes in on post-war Eastern Europe. The rise and fall of the STEs, notably the USSR itself, forms the backdrop against which the history of East Germany must be placed. The revolution of 1989 was one component in a wider revolutionary process that, arguably, began in Gdansk in 1980 and concluded in Moscow in 1991.

The chapter begins with an examination of the geopolitical post-war settlement, which was frozen into place during the Cold War competition of the late 1940s. It investigates the strengths and weaknesses of the war-economic structures of accumulation which were imposed, in their 'STE' version, throughout the USSR's imperial domain. The characteristic features of the STE form were, economically, an unusually high degree of domestic monopolization and state ownership of industry, and state control of international economic exchange, and, politically, the extraordinary degree to which structures of accumulation were bound together under highly centralized, dictatorial command. It was a social form that proved relatively well adapted to organizing the conditions for capital accumulation in late developing economies during a relatively autarkic stage in world capitalist development. However, structures that emerged in response to these circumstances became obstacles to accumulation as conditions altered. STEs were forced to reform and adapt to domestic and international change. Due to the USSR's experience of relative economic and geopolitical success, due to the tight-knit interdependence of STE structures of accumulation (in particular the politicized nature of economic restructuring), and due to their relative insularity, the STEs' basic structures proved difficult to reform. The chapter concludes with a discussion of the symptoms of terminal crisis that afflicted the Soviet Bloc from the early 1980s, including relative economic decline, Polish Communism's Pyrrhic victory over *Solidarnosc*, and Moscow's inability to subjugate Afghanistan.

## Cold War and Bloc Formation

The outcome of World War Two reinforced the distinctive 'war economic' structures of the USSR. Obviously, the sheer fact of its triumph over a far more advanced power attested to the potency of Soviet-type structures of accumulation. Moreover, geopolitical manoeuvring occurred in such a way as to promote their replication in the conquered territories of Eastern Europe.

On the basis of closer historical links and shared structures of accumulation, the Western allies established particularly close bonds even before the end of the war (Kolko 1990:23). With victory new antagonisms emerged. These were expressed, notably, through disputes over the spoils of war. The war had seen the US leap to global economic and military preeminence. Washington's geo-economic and geopolitical strategy shifted away from isolationism and towards an external offensive aimed at forging an Atlantic-based world economy and political alliance. As Kees van der Pijl argues (1984:28), the vision was of the US as core of an Atlantic corporate liberal bloc, exerting hegemony over the defeated European powers. For its part, the USSR had massively extended its regional sway. The conquest of Eastern Europe, and the likelihood of a neutral or friendly Germany, brought the promise of a strategic 'buffer zone' as well as economic benefits.

Despite broad agreement at Yalta, Tehran and Potsdam, the aspirations of the victors tended to clash. Each side feared that an undesirably large portion of Europe might swing under the influence of the other. As Binns puts it (1983:21):

From the American rulers' side their exclusion from eastern Europe (and then from China) was not something that they had fought a war for. From the Russian side too, the reemergence of an anti-Russian alliance of America, western Europe, and, worst of all, a reinvigorated and rearmed west Germany, was something that their whole wartime politics had been devised to prevent.

Exacerbated by fears of instability and economic crisis, the consequence was a sequence of 'security dilemmas' (Parrish 1997), in which the – entirely rational



– fear of losing recently-gained influence or territory to the other side prompted each to interpret the other’s actions as offensive, and to react accordingly. For instance, when a speech by Stalin referred, in a conventional and vague manner, to the danger of renewed war, a senior American official, George Kennan, interpreted the words as a declaration of hostile intent (Ascherson 1998).

The crucial turning points towards Cold War were the Marshall Plan and the (concurrent) tightening of Soviet hegemony over Czechoslovakia. Marshall Plan aid was designed, primarily, to weld together an Atlantic alliance and temper the autarkic instincts of the European powers; secondarily, to avert domestic slump; and only as a subordinate, even tentative, aim, to undermine Soviet rule in Eastern Europe.<sup>51</sup> The USSR quite understandably took this third aim most seriously. It responded by denying Eastern Europe access to Marshall aid, establishing the Cominform, and consolidating its hold on Eastern Europe (a process which included the *Gleichschaltung* of the German Soviet Zone).<sup>52</sup>

The Cold War thus began with the uneven slicing of the post-war world order. On the one hand, the Western powers swung yet further into the US orbit, bringing vital markets for its flagging (and demobilizing) economy. With Western Europe bound to the US, an Atlantic economy formed. As van der Pijl suggests (1984:28), the Atlantic economy formed the backbone of a series of US hegemonic offensives: it was ‘the essential axis along which the internationalization of US capital, the generalization of its most advanced mode of accumulation, as well as the restructuration of class relations it presumed, took shape.’ Using its economic and military prowess, the US pried influence from the European powers, and buttressed its global preeminence through networks of military alliances (NATO, CENTO, SEATO).

Against that, the USSR’s hegemony was geographically delimited and based largely upon military prowess alone – its blocking of Marshall aid to

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<sup>51</sup> The three aims were not, of course, distinct. As one senior US official put it (Armstrong *et al.* 1991): ‘If these areas are allowed to spiral downwards into economic anarchy, then at best they will drop out of the United States’ orbit and try an independent nationalistic policy; at worst they will swing into the Russian orbit. We will then face the world alone. What will be the cost, in dollars and cents of our armaments and our economic isolation? I do not see how we could possibly avoid a depression far greater than that of 1929-32 and crushing taxes to pay for the direct commitments we should be forced to make around the world’.

<sup>52</sup> An additional factor contributing to these decisions was the vehemence with which the US imposed its interests upon Italy (cf. Binns 1983).

Eastern Europe symbolized its economic weakness as much as political and military strength. Many of the USSR's newly-gained dominions were backward in world terms yet more advanced than their conqueror. They could only be maintained as 'allies', ultimately, by direct political incorporation into the Soviet-ruled 'bloc'. The curious result was a weak imperium, its regional hegemony being virtually wedded to the war-economic structures of its satellites.

### **War-Economic Structures**

The Kremlin's goals were determined by the need to maintain military parity with its advanced rivals. In Joseph Berliner's words (1988:162):

[I]f we are to capture faithfully the aims of the Soviet and Chinese elite then we must accord first place to military defence, and derivatively to heavy industry, as the aim of economic development. [...] the military and heavy industry attainments of the advanced capitalist countries are the principal goal towards which development has been directed.

In part, the priority given to heavy industry accorded with world trends of the period, in part it reflected modern military dependence upon metal and chemicals. Although these priorities applied primarily to the USSR, they were transposed onto its allies. Thus, in the GDR, according to a top economic functionary (in Villain 1990:90), 'military-political considerations were a decisive factor in the emphasis on the development of heavy industry', which was strongly promoted from the early 1950s onwards (despite the GDR's traditional, resource-related weakness in that sector). Economic policy favoured the producer goods sector, for example by means of the slanting of the price mechanism to keep prices for producer goods artificially low. In the USSR the share of consumer goods branches in total production declined sharply after the introduction of the Five-Year-Plans (Table 3.1).

Table 3.1 Share of consumer goods branches in total production, USSR (per cent, from Flaherty (1992:125)).

1928	1940	1950	1960	1970	1980	1986
60.5	38.8	31.2	27.5	26.6	26.2	24.7

Similarly, in East Germany the growth rate of producer goods steadily outpaced that of consumer goods (Table 3.2).

Table 3.2 Growth rates of producer and consumer goods sectors, GDR (per cent, from Winiecki (1988:41)).

	1960-5	1965-70	1970-5	1975-80
Producer	37	41	39	29
Consumer	27	25	33	23

As Kuron and Modzelewski (1969) observe, the goal of production in STEs was not, fundamentally, the profit of each particular enterprise but the appropriation of surplus product on the national scale. It was above all the Party's task to organize the binding of each individual economic unit (and each element of society) into the national whole.<sup>53</sup> A key aspect here was the management of labour. This task encompassed the provision of subsidized basic consumer goods to assure at least minimal welfare; the atomization of the working class and denial of independent representation of workers' interests; and the promotion of a siege atmosphere and military-style campaigns, which were intended to achieve greater sacrifice from the workforce. In short, the Party acted as a 'binding agent' which strove to lash various social groups and institutions into a national corporate unity. The purpose was the remorseless subordination of society to the goal of accumulation, together with its necessary conditions of social and political stability.

Macroeconomic structures were bent to the same ends. A combination of 'taut plans' and 'soft budget constraint' encouraged investment, especially in producer industries. Plans were not drawn up according to the procedure of

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<sup>53</sup> See also Lockwood (1998, chapter five).

assessing actual economic activity, followed by a projection of possible growth rates to form the basis for setting targets. Rather, the reverse was the case: high targets were set, especially in the producer goods and military sectors, with the aim of forcing up growth rates (Filtzer 1986:40). Ultimately, targets were determined by the imperative of matching the scale of production and level of technology of rivals. In Harman's words (1984:112) 'The scale of resources going to each investment project is determined, not by what the national economy can sustain, but by what international competition demands.'<sup>54</sup> In Berliner's words, (1988:161), there are numerous 'pieces of evidence to show that the concrete targets of the [Soviet] Five Year Plans were drawn up with the image of the capitalist countries prominently in view.'

If taut planning acted as a *positive* factor encouraging investment, a *permissive* factor was that state ownership of enterprise involved the socialization of surplus appropriation which therefore 'softened' a firm's 'budget constraint'. This meant, in Janos Kornai's words (1986:24), that '*nothing keeps the firm from investment*. Investment risk has ceased.' Firms need not fear liquidation if they made investment mistakes, hence the restraints upon expansion were limited and 'investment hunger' prevailed. As Kornai puts it (1992:163), generalized soft budget constraint encouraged the 'animal spirits' of capital. In consequence, high rates of investment were characteristic of the STEs. In the 1960s, for example, Paul Gregory (1970:144) found that investment as a proportion of GNP compared favourably with a basket of DMEs, including high-investors such as Japan, West Germany and Norway. The STEs scored 27.8%, the latter only 22.9%.

Although these mechanisms operated through the despotic centring of economic power, national 'planning' was itself a competitive process. Competition characterized the relationships between the various STEs, between central planners and managers, between managers and workers, and between workers on the labour market.<sup>55</sup> The planning process centred on competitive

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<sup>54</sup> Subsidiary causes of taut planning were (i) the attempt by planners to compensate for the fact that managers hoarded inputs in the expectation of difficult targets; (ii) the fact that plans were developed at different organizational levels, with the careers of plan-setting officials at each level dependent upon the success of subsidiary layers. This resulted in the amplification of high targets (cf. Berliner 1988).

<sup>55</sup> See Gerschenkron (1962:286), Lockwood (1998).

*bargaining* (Przeworski 1991:142; Fernandez 1997:121); it was 'characterised by negotiations and disputes that [were] fraught with conflict and plagued with departmental selfishness, which result[ed] from the individual bureaucratic interests of the state bodies and from the scarcity of available means' (Hamel/Leipold 1987:283). On the ministerial, sectoral, and enterprise levels, competition for inputs occurred in three key areas: on the labour market; over the allocation of investment resources (notably by currying favour with officials during the process of 'plan-bargaining'); and between buying firms for inputs from sellers (especially in the 'grey' markets of inter-enterprise barter). Planning was reactive, not *ex ante*. In Eugene Zaleski's words (in Bideleux 1985:142) '[w]hat actually exists [in STEs] as in any centrally administered economy, is an endless number of plans, constantly evolving, which are coordinated *ex post*'. In the USSR plans were constantly readjusted, often dramatically (Wilhelm 1979). In East Germany the plan was overhauled four times in 1951-4; the 1956-60 plan only became law in December 1957 and was discontinued in 1959; the 1959-65 plan was discarded in 1962; the 1964-70 plan only became law in 1967 and was revamped in 1968 ... and so on (Zwass 1984; Bentley 1984). The STE may thus be conceived, in Patrick Flaherty's phrase (1992:120,130), as a conjunction of 'plan anarchy' and 'laissez faire corporatism', where a command-administrative centre strove to mobilize 'a confederacy of competing and colluding economic subunits' behind an overarching accumulation strategy.

### **Crisis, Inflexibility and Waste**

The 'tautness' of planning, resting on the contradiction between aim of matching DMEs and the reality of relative backwardness, gave distinctive forms to the overaccumulation and disproportions that characterize the business cycle, and to the nature of inefficiency and waste.<sup>56</sup>

'[T]he drive for maximum economic growth and the great emphasis on the preferential growth of producer goods (in which military goods play an

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<sup>56</sup> The latter terms are notoriously hard to define. Their use here does not include non-productive expenditure such as arms spending and luxury consumption of the *nomenklatura*.

important role)', as Jan Adam explains (1979:xvii), is a strategy which entailed 'stepping up the investment ratio to a level which can be rightfully called over-investment.' At that level barriers to growth occurred. The symptoms included some or all of the following: exacerbated shortages of raw materials, capital goods or labour; debt and balance of payments difficulties; severe disruptions in the process of economic coordination; and consumer goods shortages (which may provoke open popular discontent). In response to signals of impending crisis, planners were forced to put many projects on hold, in order to free resources for priority investments (usually those in the capital goods sector). Severe bottlenecks resulted, as enterprises and retail outlets suffered from the absence of allocated goods. Once prioritized projects began production, however, more resources were released, and economic downturn gave way to boom. In turn, plan targets were forced up, and the cycle continued.<sup>57</sup> Shortages were not merely a symptom of the apex of the business cycle, but were endemic. They resulted from the combination of three characteristics of STEs: investment hunger, the weakness of restructuring mechanisms, and the bias towards production with relatively little regard to cost. Managers coped with shortages, supply problems and the resulting climate of uncertainty in four ways. One was the attempt to compensate for irregular supplies through 'campaign' techniques (notably 'storming'). These, however, tended to lower the quality of output, thus worsening problems for buyers. Second, with comparatively little need to worry about the relation of costs to revenues, managers were able to counter unrealizable targets and unreliable supplies by disguising figures, inflating requirements, and hoarding resources (raw materials, components, workers).<sup>58</sup> However, hoarding workers exacerbated the generalized labour shortage which was such an enduring obstacle to attempts to raise rates of exploitation. '[L]ike the two arms of a nutcracker', as Cliff puts it (1964:262), high output targets combined with unreliable or insufficient supplies,

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<sup>57</sup> For a full explanation of the STE crisis cycle see Harman (1976).

<sup>58</sup> In turn, a veritable industry existed to track down hidden production reserves in the hope of promoting 'leaner' production, with more efficient resource utilization and lower turnover times. In East Germany the institution responsible employed around 150,000 (Völker 1995:72).

press upon the managers to cheat, cover up production potentialities, inflate equipment and supply needs, play safe, and in general act conservatively. This leads to wastage, and hence lack of supplies and increased pressures from above [...] and so on in a vicious circle.

Third, supply problems could be partially remedied through semi-official horizontal barter relationships with other enterprises. Fourth, as Winiecki writes (1989a:73), enterprises (and ministries) tried 'to minimize the risk of non-execution of plan targets by producing internally as large a part of intermediate inputs as possible.' This tendency to 'DIY economics' – what Winiecki (1989b:366) calls 'import substitution on the micro-level' and Cliff (1964:245) calls 'departmentalism' – was a powerful obstacle to vertical disintegration, as semi-autarky was reproduced at the ministerial and enterprise level. Each ministry or conglomerate tended to become a separate empire, producing most of its own component parts while others produced similar parts at similarly small production volumes (Filtzer 1992:27). The benefits of an inter-enterprise division of labour were thereby reduced. Large enterprises often produced on a surprisingly small scale, with relatively unsophisticated technology and unspecialized labour. This exacerbated the phenomenon of underspecialization which was in any case a characteristic of import substitution (on the macro-level). In a vicious circle, DIY economics amplified the tendency to input-intensive production which, in turn, exacerbated the climate of shortage and the imperative to minimize dependence on unreliable supplies by resort to DIY. In a related vicious circle, underspecialization entailed the production of a very wide range of products with correspondingly short production runs. Such products entailed high costs with low technology, and sold to small markets. Returns were therefore too low to fund the scale of investment that could provide a way out of the vicious circle. DIY economics could, moreover, gain strength as STEs became more complex. As Berliner explains (1988:282),

as a consequence of technological advance, products contain many more components manufactured by other enterprises. Ministry and enterprise are therefore more vulnerable to the deficiencies of the supply system and have stronger motivation to produce their own principal components and supplies.

Finally, the structures erected in the 1930s were biased towards 'extensive' growth – to mobilizing (rather than economizing on) resources. In Kornai's explanation (1992:181-2) this was essentially because STEs arose 'in backward, slow-growing countries that make poor use of their resources from the extensive point of view.' In such conditions, the opportunities for extending the utilization of resources are numerous. These include: increasing the workforce, the length of the working week, and the area cultivated and mined; and whipping up a 'war consciousness' which 'demands mobilization of all able-bodied men and all material resources'. The same incentive structure that encouraged the use of resources was permissive of resource squandering. As Winiecki puts it (1988:4), 'incentives to execute and exceed plan targets were positively correlated with volume or value of production, but were not at the same time negatively correlated with production costs.' The pricing system, geared to maximizing output growth, also encouraged resource waste by breaking the connection between prices and production costs and, in particular, by setting low prices for raw materials, energy and labour (Cliff 1964:230-255). Thus in the mid-1980s the USSR was able to produce a national income of between half and two-thirds that of the US, but in doing so used 1.6 times more materials, 2.1 times more energy, and twice as many freight shipments (Filtzer 1994:206).

### **STE Successes**

The sources of inefficiency mentioned in the previous section, notably organizational autarky, hoarding, inter-enterprise barter, and the sacrifice of quality for output, but also the corruption that flourished along the joints between politics and business, were not in themselves causes of the STEs' ultimate failure. As classic symptoms of the war-economic form, they abounded in rapidly growing war economies such as the US in the 1940s (Berliner 1988:286; Kemp 1990:101). Despite the irrationalities involved, the war-economic form evinced awesome strengths for the USSR, too. High levels of capital concentration within a command framework meant that many of the



uncertainties that hinder investment under laissez faire conditions were abolished, and production maximized. As Alec Nove put it (1975:74), 'with all its defects the system had an overwhelming advantage: that of enabling the leadership to concentrate resources on its priorities, without being deflected by considerations of profitability, private-enterprise interests, or the pressure of public opinion.' Similarly, Berliner argues (1988:246) that war-economic structures

enabled the Soviet government to generate very high rates of investment, to manage the transfer of unparalleled millions of workers from agriculture to industry, and to attain an impressive rate of economic and industrial growth during the first 35 years of the plan period.

The USSR proved able to match the German military, tank for tank; to conquer and plunder most of Eastern Europe; and to reign for half a century as the planet's second military power, with allies across four continents and a permanent seat on the UN Security Council.

For most of the six decades of Stalinism the gap – in per capita output – between the USSR and Western economies narrowed. It is only in the final two that the picture changed. As a percentage of Europe's GNP the USSR's share, as estimated by Paul Bairoch (1976:302), soared from 15% in 1929 to 20% 1950 and 33% in 1975. Eastern Europe's growth was impressive, too, particularly in the immediate post-war years (Chawluk 1988:415).

Histories of the early period of Soviet industrialization, notably Stephen Kotkin's study of Magnitogorsk (1995), give a flavour of the astonishing, and breathtakingly brutal, achievement behind these figures. Kotkin describes the transformation of a remote rural landscape as an advanced steelworks, modelled on gigantic American ones, was stamped out of the ground. In a madcap scramble, and amidst squalid conditions, a city arose, and with it the 'socialist achievements' of colossal factories, brick houses, streets, schools, and the occasional health centre. One can see how this process, in its terrible grandeur, might have impressed eyewitnesses – notably the young Erich Honecker who

worked there in the 1930s. Honecker, and others like him, went on to reorganize Eastern Europe according to a similar formula of iron discipline and practical anarchy.<sup>59</sup>

The STEs' achieved competitive success not only in erecting (and reconstructing) basic industrial plant but – astonishingly for backward countries – in highly sophisticated areas such as space, nuclear and military technologies. Remarkable advance was achieved, not only through import and emulation of technology and technique, but also through indigenous invention and innovation (Haynes 1987:12; Berliner 1988:201-5; Kornai 1992:183). Far from merely augmenting the extraction of absolute surplus value (as those who understand the STEs as *simply* systems of 'extensive accumulation' sometimes assume), output growth consistently outpaced increases in total working time (Fernandez 1997:309). It is worth recalling that, before 1989, the formidable success of the STEs was widely recognized. For example, even as late as 1985, in a generally hostile account of Soviet planning, Peter Rutland could write (1985:236) that 'in certain respects the USSR no doubt still represents the shape of things to come.'

### **Crisis and Change**

As noted in chapter two, structures that promote rapid accumulation in one period – and in so doing change the nature of the world system – may later become fetters. In the case of the STEs changes occurred, both internal and external, that served to undermine their viability.

First, 'advantages of backwardness' tended to lessen as the STEs developed. The technology gap with Western economies shrank. So too did labour surpluses – generated when rapid industrialization compels rural depopulation.<sup>60</sup> The latter, moreover, placed limits upon 'extensive' accumulation. As labour surpluses dwindled and as rivals' productivity

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<sup>59</sup> Such people may have been particularly suited to governing in times of crisis, war and post-war reconstruction. As Robin Okey has observed (1982:192), 'their Stalinist heritage attuned them to the curious mix of messianism, cynicism and brutalization which characterized overwrought times.'

<sup>60</sup> In addition, the impetus of reconstruction, which enables quick and easy growth in war-damaged

advanced, the imperative to restructure grew. Harris sums up the problem (1983:176): '[t]he blunt instrument of the State and a monopoly of power, so effective, if so cruel, in bludgeoning crude output out of an obdurate nature, [became] a powerful obstacle to growth'. Reformed structures were required to encourage efficiency rather than gross output, and to allow greater flexibility to meet the changing conditions of global competition.

Restructuring of the various structures of accumulation (including economic structure, technology and technique, and the labour process) was, of course, a regular component of economic and social change in STEs as in any other capitalist economy. Major technological and sectoral changes were regularly implemented when decision makers, often reacting directly to changes in the world economy, became convinced of the need for rapid adjustment. Recurrent campaigns 'sought to "catch up with and surpass" established Western practice' which concentrated on 'selected "leading links" or "structure-determining tasks" or "seminal processes"' (Bideleux 1985:154). Labour processes were rationalized, incentive structures were adapted to encourage quality rather than quantity, and limited experiments delegated greater initiative to enterprise managements, encouraged profit-seeking behaviour, and introduced market mechanisms. In 1960s USSR, for example, an overhaul of the system of planning was attempted, with the introduction of electronic data processing, a reduction in the number of prescribed plan indicators, and premiums placed on the efficiency of resource and equipment utilization and quality of output (Nove *et al.* (1992)). Even a regime that is generally perceived as conservative – the USSR under Brezhnev – was marked by its commitment, according to Timothy Lukes and Carl Boggs (1982:116), to 'rationalization of the bureaucratic system – that is, creating a slightly more open, diversified, and particularly more *efficient* political economy without simultaneously setting into motion social forces that would undermine Party-state hegemony.'

However, restructuring of STEs was a particularly complicated procedure. The very mechanisms that enabled firms to invest without fear also weakened the imperative of producing at globally competitive costs, with the continual

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economies, waned in the 1950s.

restructuring that that demands. With highly monopolized domestic economies where the authorities were reluctant to allow inefficient firms to fold (as this would have undermined the overall strategy of industrialization and the need to maintain military parity), and state monopolies of foreign trade, enterprises were able to produce with relatively little regard for comparative productivity.<sup>61</sup>

Relative isolation from external economic stimuli and a low propensity to restructure (see below) exacerbated the aforementioned problems of underspecialization and resource squandering. The same phenomena also enabled the STEs economic structure to maintain an entrenched bias towards heavy industries. From the viewpoint of Great Power competition this may well have made sense, but from the viewpoint of the world market it was increasingly irrational. For one thing, the bias to heavy industry entailed relative neglect of the service sector (notably telecommunications), which, in the long run, served to undermine the secondary industrial (and military) sectors too. For another, the trend in the world economy of the 1970s and 1980s was away from industries where vertical relations predominate (steel, cement, bulk chemicals) and towards those for which the concentration of production is relatively less important, and flexible, horizontal links between units more essential (electrical engineering, fine chemicals, toolmaking and computing) (Winiecki 1986:325).

Such difficulties in restructuring point to the problematic nature of the crisis mechanism in STEs. In 'market capitalist' crisis, values are reduced through bankruptcies, and capital is reallocated to areas of higher profitability. Meanwhile, unemployment reduces labour costs, which helps to raise exploitation rates, and to restore profitability by lubricating the process of restructuring. Nevertheless, restructuring is rarely easy. As Harman and Zebrowski put it (1988:14),

It can lead to bitter clashes between those managers who press for it and those who see their positions threatened. Each side will endeavour to use personal influence [...] to win over key figures

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<sup>61</sup> The same factors also tended to brake the process of technology diffusion. For example, the GDR introduced the oxygen process in steel casting twenty-one years after its invention, while the figures for Spain, the USSR and France are eleven, eight and four respectively (Poznanski 1987:162).

within the firm. As a result, changes to the top management of major firms can often resemble military coups[.]

With high degrees of capital concentration, states (and banks) tend to do their utmost to brake or at least manage the slide into crisis, and in the process strategic clashes arise which may reverberate throughout business and politics. In the STEs the politicization of crisis management took an extreme form. There was no simple mechanism for bankrupting inefficient enterprises. In highly monopolistic sectors, where an enterprise's existence was practically guaranteed by the state, enterprises faced less pressure to innovate and to amortize. For this reason, and for reasons connected to the 'shortage economy' (see above), crises produced a relatively small reserve army of labour, or none whatsoever. More importantly, because economic strategy was highly politicized, with the various structures of accumulation tightly bound together into an organic whole, major restructuring became an operation fraught with difficulty, and tended to coincide with major (and often seismic) socio-political turning-points.

Examples of the intertwining of economic restructuring and political (and international) crisis were seen in the USSR in 1928-32, East Germany in 1947-52, 1953, and 1956, Hungary in 1953-5, Poland in 1956-7, Yugoslavia in the mid-1960s and Czechoslovakia in 1963-8. 'In each case', as Harman and Zebrowski note (1988:15), 'these attempts ran into political obstacles – and resulted in greater or lesser political convulsions.' At such times, clashes between Party leaders reverberated throughout the apparati of political and social control, sowing confusion amongst loyalists and encouraging dissenters to mobilize behind alternative strategies. As Harman wrote in 1970 (in Harman/Zebrowski 1988:16):

The reforming bureaucracy cannot take control without immobilising its enemies, who normally control the police apparatus. It therefore begins to demand for itself the right to organise within the party and looks for allies to back it up. At a certain point the reforming bureaucracy calls in certain intermediate strata (intellectuals, journalists, students) [...] But this permits, even encourages, extra-bureaucratic classes (above all the workers) to mobilise[.]<sup>62</sup>

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<sup>62</sup> See also Kagarlitsky (1989).

The latter sentence refers to several occasions (1953, 1956, and 1968), in which splits in the *nomenklatura* sparked mass mobilizations that came near to overthrowing entire regimes, and shook the Soviet system to its foundations.<sup>63</sup>

### **Contradictions of Authoritarian Rule**

A second set of problems which increasingly acted as a brake upon economic development were associated with the element of the productive forces that is commonly known as 'human resources'.

Steep ascent industrialization was based upon maximizing production through centralized mobilization of resources together with a repressive strategy designed to yoke a muzzled workforce to the defence and accumulation of the national capital. In short, as Khristian Rakovsky wrote in 1930 (1981:33), Stalin's strategy was an attempt to 'jump directly to super-American tempos – by putting pressure on the working class'. Although indubitably effective, high-pressure repression also resulted in serious inefficiencies and growing contradictions. For example, stressed and maltreated workers tended to produce shoddy goods, which then dislocated production further down the line, frustrated consumers, and disrupted the assumptions of planners.

As the STEs developed, and significant sections of the production process became more skilled, workforces changed. In the USSR, writes Callinicos (1991:47), '[t]he manual working class became an increasingly stable, self-reproducing group, no longer recruited from peasant immigrants and possessing rising levels of skill and education'. Meanwhile, the white-collar working class expanded more rapidly still. Cities, especially large ones, grew swiftly. Rising levels of personal consumption characterized the European STEs from the 1960s. Already strongly positioned in terms of 'tacit power' on the shop floor, workers tended to become more discerning and demanding. In Kolakowski's words (1971:58), the less the working class 'feels to be violently torn out of its "natural" condition, the more adapted to industrial life, the more educated, the more open

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<sup>63</sup> For 1953 see Dale (1996b); for 1956 see Fryer (1986); for 1968 see Harman (1988).

to the variety of life, the greater its ability to develop a class consciousness and to resist exploitation.' Such social changes, Callinicos argues (1991:47), 'created a literate and sophisticated population impatient with the lies, distortions and platitudes served up by the official media.'

Many of the reforms in STEs in the postwar period attempted to address the problem of an alienated workforce. To win their motivation, to elicit their complicity in taking responsibility for efficient, high quality production, increasingly skilled and powerful groups of workers had to be spared the worst depredations of Stalinism and, if possible, given a greater stake in the production process. Thus, Khrushchev's reforms reduced levels of direct political coercion of labour in favour of a more supple framework of economic incentives (Filtzer 1992). A similar rationale lay behind various attempts to implement corporatist 'social contracts' in the East European STEs. Similarly, attempts were made to give managers and 'intellectuals' a degree of security that had been absent in the pre-war USSR. Such groups require scope to take initiative, to experiment and innovate. Intellectual labour in particular demands a free flow of information and the liberation of research from dogma (Löwenthal 1976:86-94; Loeser 1982:119). In response to such imperatives, periodic cultural liberalizations occurred, as did a gradual and partial shift from militaristic administrative methods towards a framework in which the rule of law played a greater role.<sup>64</sup>

Attempts to reform, however, sat astride a deep contradiction. As Rueschemeyer *et al.* have shown (1992), ruling classes that depend upon repressive methods of labour control are typically the fiercest opponents of the formal inclusion into the polity of the lower orders. The greater the depoliticization of the immediate process of surplus extraction, the simpler it is for ruling classes to permit formal incorporation of the working class. The strict institutional separation of economics and politics means that political rights are those that are confined to the merely political sphere. Rueschemeyer *et al.* (1992:295) go on to suggest that STE rulers are in an analogous position to labour-repressive landowners. They control the means of production only by

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<sup>64</sup> In STEs the state bureaucracy overrode the competition of private interests to an unusual extent; the balance between command and legality was weighted to the former. But legal relations did tend to develop over time.

dint of their overall control of society – including overall political control of the labour process – via their ownership of the state. Even formal political inclusion of workers therefore posed a direct threat to STE rulers' economic power. Moreover, with all sections of society continually whipped by centralized authorities towards the aim of accumulation, criticism in one section of society could readily generalize, and quickly become criticism of the state, Party and/or Party leadership. As Cliff put it (1964:319),

the fact that the state is the repository of all the means of production, is the centre of educational and cultural organisation, means that all criticism, of whatever aspect of the system, tends to concentrate towards the centre. Hence state capitalism by its very nature, unlike capitalism based on private property, excludes the possibility of wide, even if only formal, political democracy. Where the state is the repository of the means of production, political democracy cannot be separated from economic democracy.

STE rulers faced a dilemma. The greater the success of industrialization, the more numerous, geographically concentrated and cultured grew the working class. They depended upon the cooperation (motivation, morale, and enthusiasm) of workers, who, along with sections of the middle classes, tended to press for civil liberties and expanded political participation. Yet they presided over (and existed through) structures that precluded the classic bourgeois means of containing these demands, i.e. formal democracy and civil liberties. This problem caused the STEs to suffer peculiarly aggravated forms of the tensions which all governments face, between political and cultural liberalization, and conservative reaction.

### **Arms Drag**

A third structural problem for the European STEs was that of 'military overstretch'. The USSR's ratio of arms spending to investment was the highest in



the developed world. Even in the late 1980s Western analysts estimated that its military expenditure commanded around 15-27% of GNP. If the higher figure were correct, it would signify a total military expenditure around fifty per cent higher than that of the US, on the basis of a GNP of only around half the size (Nello 1991:7; Reynolds 1992:248). Its European allies spent less, but still considerably more than most NATO members.

Military spending is not straightforwardly detrimental to capital accumulation. Military technological development may contribute to the civilian sector – for instance Soviet computer production was initially developed (in 1953) for military purposes. For the USSR, its powerful military enabled the conquest of Eastern Europe, the plunder of plant, equipment and advanced technology in the form of reparations, and ‘favourable’ terms of trade. Moreover, on the global scale, as Mike Kidron has shown (IS 1:28), high military spending can serve to prolong economic boom by offsetting the tendency of the rate of profit to decline.

However, technological spin-off only indirectly benefits civilian production. The more advanced the weapons system, and the more backward the rest of the economy, the lower is the benefit of such spin-off and the less the possibility of the generalization of technique into civilian sectors.<sup>65</sup> The allocation of capital to the arms sector, moreover, reduced the surplus for productive or infrastructural investment. Arms spending encroaches on civilian investment. For example, Günter Mittag estimates that the paving on military runways in the GDR was equivalent to hundreds of kilometres of motorway (1991:217). In the increasingly competitive post-war world economy, characterized by the rise of the notably less militarized economies of West Germany and Japan, the potential of military spending to brake capital accumulation became ever more apparent.<sup>66</sup> The USSR was particularly badly affected. An underdeveloped imperialist power, it was obliged to support the bulk of its bloc’s military outlay, and from a weakening economic base. Its military and political hegemony was erected upon

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<sup>65</sup> This is compounded in STEs by the strict organizational separation of the military and civilian sectors.

<sup>66</sup> In 1969-70, for example, R&D spending allocated to ‘defence’ was 2.2% in Japan, and 48.7% in the USA (Freeman 1982:191).

frail economic foundations. Thus, what had in 1949 seemed a glorious conquest began to take on the contours of ‘imperial overstretch’. In reaction to the growing self-assertiveness of the local ruling classes as well as periodic mass uprisings, the USSR was forced to accept decreasing returns on its influence over Eastern Europe; terms of trade swung away from Soviet advantage.<sup>67</sup>

### The Changing World Economy

The drag of arms spending has to be understood in conjunction with other problems afflicting STE structures of accumulation. These include the evaporation of advantages of backwardness and the contradictions of authoritarianism outlined above, but above all a final factor: the inherent difficulty faced by relatively backward and étatiste economies of reaping benefits from internationalization.

During the 1960s it became apparent that the tendency towards the internationalization of capital was leaping forward following half a century in which economic nationalism had seemed the dominant trend. Tables 3.3 and 3.4 show that the second half of the twentieth century witnessed a decisive acceleration in the growth rate of international trade, which even, during the long boom, surpassed that of the mid-nineteenth century.

Table 3.3 World industrial and trade growth (average annual per cent increase; from Gordon (1988:43)).

	1840	1860	1870	1900	1913	1929	1938	1948	1966	1973-
	-60	-70	1900	-13	-29	-38	-48	-66	-73	84

<sup>67</sup> For explanations of the STEs’ crisis that focus on imperial overstretch see Hirst (1991) and Reiman (1991). In my view such explanations underestimate the rationality of Soviet hegemony over Eastern Europe. As detailed above, the USSR’s backwardness, which rendered these gains intrinsically precarious, simultaneously heightened their relative value as sources of tribute and guaranteed supplies of capital goods.

World industrial production	3.5	2.9	3.7	4.2	2.7	2.0	4.1	9.0	6.7	3.1
World trade	4.8	5.5	3.2	3.8	0.7	-1.1	0.0	6.6	9.2	3.2

Table 3.4 Trade in manufactures as proportion of world output (1900 = 1.0; from Harman (1990:24)).

1914	1920	1930	1940	1950	1985
1.2	1.1	1.0	0.7	0.6	1.4

Aside from the ‘laws’ of competition and capital concentration that tend to promote internationalization of the division of labour, a variety of factors impelled this explosion in world trade. These included falling transport costs and average weight:value ratios; the absence of war between the major trading nations; American economic hegemony, with stable dollar-based exchange rates; and the immense and sustained postwar boom of 1950-73. International lending blossomed, along with international trading in currencies and securities, thanks to the globalization of trade, the communications revolution, the emergence of offshore currency markets – above all the (Soviet-kindled!) Eurodollar market, and widespread financial deregulation that followed the breakdown of the Bretton Woods regulatory framework. A world financial market came into being. Internationally operating banks, able to direct resources worldwide, represented an enormous centralization of finance capital. As finance centralized internationally, its role in organizing the restructuring of capital – e.g. forcing certain capitals in certain regions towards particular specialisms – increasingly operated on the international plane.

Major firms in many sectors became – and were compelled to become – multinationals. Smaller firms, too, became interlinked into ‘foreign’ production processes. As the ownership and even organization of manufacturing and services transcended national boundaries, foreign direct investment soared. MNCs can gain crucial advantages over nation-bound rivals. Transglobal

operation affords economies of scale (large production runs, specialization, standardization), enables greater scope in the areas of horizontal and vertical integration, and allows production to be located close to markets. In industries where technological complexity imposes high development costs, the geographical maximization of market size is especially important (see Freeman 1982:140). In addition, MNCs can exploit the unevenness of the world economy – for instance, complex production processes may be sited in areas of highly skilled labour, with assembly plants located in low wage areas. Finally, MNCs benefit from (and contribute to) the competitive nature of the world political order. Relationships with multiple states enable MNCs to profit from transfer pricing, to bargain for inducements (such as tax concessions) from governments, and to invest, if appropriate, selectively in countries where consumer protection, union organization or labour regulation is weak. Such mechanisms serve to boost profitability, thus contributing to the virtuous circles whereby extra profits are fed back into R+D, advertising, and aggressive pricing, and MNCs thereby achieve ever greater dominance.

Globalization's great leap forward within the 'triad' of North America, Western Europe and the Far East occurred during the long boom, and was reflected in a wave of innovative literature on the subject (for example, Hymer (1976); Murray (1971); Brown (1972)). But even when the ending of sustained growth and the resurgence of mass unemployment provoked renewed pressures to protectionism, the basic trend was not reversed (Harris 1983:68). Indeed, firms could seek protection from falling profitability by searching more keenly for extranational low-cost sources of inputs, or production locations, and shareholders and pension funds scoured the globe for improved margins. The mechanisms of globalization, meanwhile, were oiled by states, which lessened or abolished exchange controls, deregulated financial markets, and privatized state industries. If the first half of the century had seen the concentration of capital tend to take the form of national mergers (frequently state-supported, as in 1920s Britain) or nationalization, in the second half mergers were increasingly international and more likely to involve privatization. By the 1980s the balance

between nationalization and privatization swung decisively towards the latter.<sup>68</sup> These developments were reflected in another, often paraphrastic, welter of literature on globalization (for example, Reich 1993; Ohmae 1994).

Globalization placed new types of constraint on national economic policymaking. Keynesian, monetarist, and especially socialist strategies were all affected.<sup>69</sup> The deregulation of national capital markets eroded the walls of that captive pool of savings upon which Keynesian and 'socialist' strategies, in particular, were based. As Harman put it (1977:31), '[t]he era in which the state could protect national capitalism is drawing to an end.' Although consistently defying predictions such as Kindleberger's, in 1969, that 'the nation state is just about through as an economic unit' (Murray 1975:58), states' capacities to manage economic growth and crisis did become ever more subject to the discipline of the world market. In an example given by Harman (1984:116), whereas in the 1930s states could 'restrict the overall level of money and credit in the economy',

the internationalisation of production and banking over the past three decades has destroyed much of the ability of [states] to enforce such restriction today. The huge bank funds that flow daily from country to country make it very difficult indeed for national states to control the national supply of buying power.

Meanwhile, the continual growth in the scale of MNC production put nationally restricted firms at a growing disadvantage. This was perhaps clearest in respect of Third World STEs. Thus in 1971 Kidron (1974:171) raised the possibility that failure of autarkic development in China

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<sup>68</sup> For the Third World see Stopford and Strange (1991:121). Although the aims of privatization may include the depoliticization of economic regulation, the rejigging of capital-labour relations, and the encouragement of 'hard budget constraint' (i.e. a spur to raise the rate of profit), the recent popularity of the strategy is connected to the surge in economic internationalization. Privatization enables national capitals to more easily merge with or acquire foreign capitals, as a route to the mobilization of greater resources and the achievement of economies of scale that transcend those possible in the domestic realm.

<sup>69</sup> A common critique of Keynesianism – that the internationalization of finance and the widespread reduction of exchange controls means that states' abilities to steer 'their' economies is drastically curtailed – also applies to monetarism, based as it is on the attempt to control the quantity of money circulating in the *domestic* economy (cf. Smith 1991:153-60). Interest rates, for instance, increasingly form *internationally*.

is bound to close the period in which a Russian-type state capitalist development could be thought feasible for backward countries, [...] in which the bloody, treacherous forced march through autarkic industrialization could be thought to constitute progress in some restricted sense.

But the point applied more generally. As Harman put it (1990:45),

National ruling classes which attempted to keep the domestic market for the whole range of goods in the hands of nationally based firms began to discover that these firms simply could not mobilise the level of resources required to match the most advanced enterprises in the world system. Production that was restricted by narrow national boundaries was increasingly inefficient and technologically backward.

In such ways globalization put the STEs at a distinct disadvantage. Geared to what Harris (1983) terms 'national economic development', they were structurally resistant to internationalization. Trade was mediated through export and import licenses, and administered by cumbersome foreign trade organizations. Their limited position on world markets was expressed in nonconvertible currencies which both expressed 'trade aversion' (F. Holzman, in Lavigne 1991:9) and hindered international integration – both within the CMEA and beyond. Trade aversion was compounded by the fact that DMEs, beginning with the 1951 Battle Act and lasting until (and to an extent, beyond) détente, treated European STEs as 'least favoured nations' (i.e. most despised rivals). A key tool in this was the COCOM list, described by Günter Mittag as a 'productivity-embargo and thus a factor in the worldwide competitive struggle.'<sup>70</sup>

The STEs' aversion to internationalization and commitment to 'national economic development' was associated with several problems. First, it hindered emulation. Scientific and technological advance occurs internationally. In Berliner's words (1988:213), it flows across borders through 'publications, products and persons'. The STEs received many foreign publications, only some

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<sup>70</sup> Winiecki has even argued (1988:145) that 'if STEs "undertraded" with the West in earlier years, it was probably more the result of extensive COCOM embargoes on precisely those products that industrialising STEs were most interested in buying'.

foreign products, and very few foreign persons. Their borders remained relatively impermeable.<sup>71</sup> The lack of immigration, and of student and business exchanges in particular, hindered technological and technical progress. A further impediment to emulation was the ideology of difference. Although the imitation of more advanced economies had to be sanctioned for some things – e.g. technology and the organization of production – the ideological insistence on the STEs' difference from DMEs meant that the advocacy of emulation could invite the charge of heresy.

Second, given assured domestic markets, officials and enterprise managers faced a low direct pressure to introduce technical and sectoral change. As we have seen, this enabled overgrown industrial sectors to develop and persist, particularly intermediate input-producing industries such as iron and steel, chemicals, cement, and paper (Winiecki 1988:74).

Third, the aim of building a broad-based diversified economy, commonly justified in terms of national security, entailed a low degree of specialization. For example, the metalworking industry of little East Germany produced fully 65% of the world assortment, as against 50% in the US and 17% in the FRG (Kusch 1991:46). In the 1980s, Czechoslovakia manufactured 70% of the world assortment of machinery, Hungary, Poland, and the GDR each manufactured 60% (Lavigne 1991:92). Diversification, limited markets, small scale production, and low productivity reinforced one another. A flavour of the problem is given by contrasting the GDR vehicles giant Ifa with Toyota. In the late 1980s Ifa employed 65,000 workers – the same number as Toyota – but produced 200,000 vehicles per year as against Toyota's 4 million (Kurz 1991:95).<sup>72</sup>

Protectionism, especially in relatively backward economies, tends to be self-reproducing. Protection of one industry tends to provoke the need to protect others, due to higher prices of inputs from the first. Vested interests develop which benefit from continued protection. As Engels noted in 1888 'the worst of protection is that when you once have got it, you cannot easily get rid of it'.

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<sup>71</sup> Pittman (1992:88) notes that the Poland-GDR border was the first to be opened to visa-free travel, as late as 1972.

<sup>72</sup> The comparison is somewhat unfair to Ifa because its depth of production was great, whereas Toyota relies on extensive subcontracting. I owe this point to Med Dale.

Conversely, if the sluices to the world market are opened, imports tend to increase faster than exports, resulting in chronic balance of payments difficulties. This, in turn, may culminate in 'import strangulation' – i.e. falls in (productive and infrastructural) investment and capacity utilization due to unavailability of imports (Taylor 1988:18; Adams 1993:156). If they remain closed, however, firms are forced to seek supplies in inefficient ways – including DIY economics. In STEs these problems were acute because, as Kornai suggests (1992:350), investment hunger spawned import hunger but, given the protected domestic market and the 'hardness' of external markets, there was no parallel export hunger. The outcome tended to be 'a strong tendency for import expenditure to exceed export earnings' which in turn spurred an '*inclination to indebtedness*'. In response, economic chiefs had little option but to impose strict import quotas and to promote import substitution – for, unlike exporting to hard markets, substitution is chiefly a domestic affair and can be arranged bureaucratically.

### **STE Internationalization**

The relative success of the internationalization of DMEs (notably MNCs and the EEC) spurred STEs to internationalize, through attention to Comecon integration, trade on world markets, and other forms of East-West (and East-South) cooperation.

Although founded in 1949, the CMEA only became active from the mid-1950s, as a reaction to West European integration. From that period on, repeated attempts were made to foster CMEA internationalization. Its rationale was well put by Walter Ulbricht in 1964 (in Marsh 1973:54):

The technological revolution objectively demands the internationalisation of economic and scientific cooperation. From this stem new tasks for the CMEA which have not yet been mastered. The great monopoly groups of Western Europe have spread across national barriers due to pressure from American competitors, in their search for technical progress [...] Our party considers these progressively developing questions to be of extraordinary urgency.



Ulbricht proposed that the CMEA act as a framework for administering national export specialization and pooling research. To some extent this did happen. Dozens of joint ventures between Comecon firms were established. In 1969 an integrated strategy for the computer industry was developed, while from the early 1970s a 'Soviet-world car' – the Lada – was manufactured, its components produced throughout Comecon.

However, there were serious obstacles to cooperation. Economic nationalism proved strong – for reasons of 'economic' as well as 'national' security. As Lavigne put it (1991:95), '[s]pecialisation is a risky undertaking as it may lead countries to forsake vital elements of their industrial base leaving these to partners who may then not be able to meet their obligations.' Cooperation was also hampered by stringent property rules, not to mention the general problems of intra-Comecon trade: that prices were politically fixed, and that currencies – even the 'transferable' rouble – were non-convertible. The latter rigidities impeded not only cooperation but multilateral trade itself, for, if surpluses could not be used multilaterally one STE had less incentive to build up a surplus with another (Levcik 1990). But probably the greatest hindrance to integration was national egotism. Comecon agreements were habitually flouted. For example, the GDR imported cheap Soviet oil, processed it and – against Comecon accords – sold it for hard currency on world markets.<sup>73</sup> As this example suggests, intra-CMEA rivalry was amplified by the growing links between STEs and DMEs. STE firms generally sought to *import* everything possible from Comecon, and *export* everything possible to hard markets, making administered CMEA integration increasingly problematic. By the mid-1980s integration had reached an impasse. At the level of rhetoric it remained strong. For example, in 1985 Soviet Prime Minister Ryzhkov spoke at a CMEA meeting of the 'political' necessity of closer integration as a means of reducing STEs' vulnerability to Western leverage (Hanson 1986). Moreover, serious initiatives in the field of technological cooperation – a sort of collective import-substitution in high-tech fields such as nuclear energy, biotechnology and electronics – did reach the planning stage,

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<sup>73</sup> The cynicism involved was well expressed by Günter Mittag (in a small circle of trusted colleagues): 'Where it's a matter of money, that's where proletarian internationalism and friendship between the socialist states ceases!' (Loeser 1984:64).

and significant joint enterprises were initiated, such as the Kalinin-Robotron computer partnership. But these were belated initiatives and scarcely got off the ground. By the late 1980s DME multinationals' were showing greater interest in pursuing STE economic integration than STE enterprises themselves. For example, Volkswagen developed plans for producing pan-STE vehicles, which were to include engines from Karl-Marx-Stadt and chassis from Czechoslovakia.

### **Vodka-Cola Imperialism<sup>74</sup>**

STE economic internationalization developed less through Comecon cooperation than through intensifying economic relations with the non-Comecon world. In the 1960s and 1970s external trade steadily outpaced intra-Comecon trade (Table 3.5). The CMEA became much more integrated in the world market, as enterprises purchased plant, machinery, and raw materials from DMEs. Economic integration was among the factors promoting détente, which, in turn, spurred proliferating forms of East-West cooperation and exchange.<sup>75</sup> Whereas in 1965 only about thirty per cent of these seven STEs' trade was with DMEs, by 1980 the figure had soared to forty-three per cent.

Table 3.5 Foreign trade growth of USSR and six European STEs<sup>76</sup> (annual variation, per cent; adapted from Lavigne (1991:388)).

	1966-70	1971-5	1976-80	1981-5	1986	1987
with STEs	8.2	19.6	12.1	4.0	17.0	8.2

<sup>74</sup> The term is from Levinson (1980:18).

<sup>75</sup> This was not the main factor contributing to détente. More important was the sheer stalemate (and expense) of the Cold War, which prompted the superpowers to recognize their respective spheres of influence. Détente also enabled the USSR to devote greater attention to the Chinese front, and gave the USA the opportunity to exploit divisions between the Communist powers during its war against Vietnam.

<sup>76</sup> Bulgaria, Czechoslovakia, GDR, Hungary, Poland, Romania.

with DMEs	11.6	27.5	14.6	-1.8	0.8	9.7
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Trade expansion was accompanied by a growth in STE multinationals operating in the 'non-socialist abroad'. Most involved marketing and after-sales services. By the 1970s some 500 STE firms were operating in the OECD, while by 1983 231 were seeking out markets and low-cost materials and labour in the Third World (Lavigne 1991:173). According to Levinson (1980:307), STE leaders were thinking along the following ambitious lines: 'Why strive to conquer capitalism when with a little ingenuity one can simply *own* a growing part of it?'

Meanwhile, Comecon countries, with an eye to attracting advanced technology and hard currency, began to encourage a plethora of forms of co-production and even joint ventures with DME firms. The number of the latter mushroomed (Table 3.6). Although small beer compared to normal import-export operations, the growth of joint ventures was politically significant, particularly during the New Cold War.

Table 3.6 New joint ventures (excludes Polonia; from Nello (1991:227)).

1972-3	1974-5	1976-7	1978-9	1980-1	1982-3	1984-5	1986-7
4	5	3	1	6	15	27	107

In Poland and, if to a lesser extent, throughout the CMEA, closer ties with DMEs opened up the possibility of 'import-led' (or 'debt-led') growth. The idea was that importing high technology equipment would enable higher productivity; the resultant cheap, high quality goods could then be exported in return for hard currency to pay off the debts incurred for the original imports. In the early 1970s such plans were encouraged by booming world markets. In the later 1970s they were fuelled by low (sometimes negative) real interest rates, contingent on reduced world demand and the recycling of the OPEC surplus. Western states, moreover, engaged in a race to provide STEs with soft export credits, as dampened demand in DMEs provoked heightened competition over sales to the small but seemingly stable CMEA market (van Ham 1993:81-4). As

with Third World countries in the same period, net debt of the STEs soared (Table 3.7).

Table 3.7 Net debt of USSR and six European STEs, US\$ billion; from Lavigne (1991:324)).

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
4.8	6.2	7.7	11.1	17.8	30.2	42.1	52.2	61.7	69.6	74.8	81.1

Accumulation strategies that included major technology imports from DMEs seemed to bring tangible results. For example, the GDR, with its homespun Wartburgs and Trabants, had hitherto been the STE leader in car manufacture, but in the 1970s it was overtaken by the Fiats and Renaults produced under license in the USSR, Poland and Romania. However, as subsequent years witnessed, ‘the whip to speed growth’ as Harris put it (1983:193), ‘could as easily turn into a noose to strangle.’

### **Internationalization and Crisis**

The surges of the STEs’ integration into the circuits of world capitalism occurred concurrently with the climax and cessation of the long boom. The same factors that ended the boom in the DMEs also undermined growth in the STEs.<sup>77</sup> The rate of return on investment tended to decline; in other words, generating funds for renewed investment and increased personal consumption tended to grow more difficult (Harman 1988:328).

However, the tendency of the rate of profit to decline, although operating globally, does not operate homogeneously. Although it is the underlying cause of crisis, the process of devaluation is fought over through competition, with less efficient capitals generally suffering most in crises. The STEs, as seen above, faced distinctive structural problems. Despite high rates of investment they were therefore comparatively unsuccessful in raising productivity. As comparatively

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<sup>77</sup> If the fundamental *cause* of its expiration was declining profitability, its *timing* was strongly influenced by the global decrease in arms spending (relative to GNP). ‘[A] declining ceiling on arms outlay’, predicted Kidron (1968:54), spells ‘freer play for recessionary tendencies’.

weak capitals, the STEs' decreasing competitiveness was both highlighted and aggravated when the end of the long boom ushered in an epoch of lower growth and relatively severe crises.

STEs' strategies of internationalization were, as outlined above, a response to declines in profitability and competitiveness. But internationalization also spawned further contradictions. First, each move towards closer integration tended to pull the STEs deeper than intended into the circuits of world capital, over which their leaderships exercised woefully little control. The greater the level of integration, the less direct control over the pace and direction of economic development they had, and the greater grew the dependence on DME technology and credits. Each STE was, gradually but relentlessly, 'sucked into a chaotic, disorganized, world system' (Harman 1977:31), a process that included a growing intermeshing between the business cycles of STEs and DMEs. Second, somewhat softened geopolitical and ever-hardening (and internationalizing) economic competition meant that, as against the war-economic focus on increasing the *mass* of profit, the *rate* of profit regained its old importance. For only if the STEs 'get an adequate rate of profit', in Harman's words (1984:115), can they 'pay the internationally determined rate of interest they owe to the banks. Nationally based accumulation cannot proceed unless it can match internationally determined standards of profitability.'

These contradictions were already becoming visible in the 1970s. As with the growth trajectory of many LDCs in the same period, each investment boom only served to raise the balance of trade deficit, while debt enforced an obsession with boosting exports. The path of import-led growth that some STEs – particularly Poland, but to a lesser extent the GDR – were pursuing depended upon continued growth of world demand, and low real interest rates. Partly because powerful firms and states shared these interests, governments worldwide reacted to the 1974-5 crisis with credit-fuelled expansion. However, if Keynesian measures could temporarily suppress the forces which demanded major devaluation, they could not annul them. The failure of Keynesianism to resolve the crisis (symbolized, notoriously, by widespread stagflation) prompted key sections of Western ruling classes to shift strategy towards tight budgets and

tight credit. This invited a return of the imperative of devaluation with redoubled force, with particularly devastating effects on weaker capitals and weaker regions of the world economy. The high-borrowing STEs of Eastern Europe suffered a three-pronged assault, which quashed all the assumptions which had predicated import-led growth. In the US, arms spending and tax cuts drove up the budget deficit, whilst the Federal Reserve underwent a monetarist shift (Scammell 1983:220). World interest rates rocketed, with drastic effects on the price of debt (both accumulated and current).<sup>78</sup> The US dollar's value – in which most loans were denominated – soared. Second, world recession entailed reduced demand and provoked increased protectionism (Kenwood/Lougheed 1983:323), which together impaired the ability of STEs (and most LDCs) to meet their soaring debt-servicing costs through increased exports. Finally, the second great oil price rise of 1979-80 swung the terms of trade against oil-importers (including the European STEs), just when they most depended upon increasing exports.

The contradictions of STE internationalization were revealed in a glaring light when the Polish economy crashed in 1979/80. Poland, followed by Yugoslavia and Romania, teetered on the brink of defaulting, provoking a general loss of trust in Eastern Europe on the part of international finance. The best-laid plans of debt-led accumulation lay in tatters.

For the European STEs, as for much of the Third World, the 1980s was a 'lost decade'. Their underlying economic plight was exacerbated by debt-servicing and high oil prices. Although the early 1980s saw the CMEA – for the first time – explicitly recommend a strategy of increased trade on hard markets, and on a hard currency basis, in fact the reverse occurred: trade involution. With foreign currency even more strictly reserved for interest and oil payments, other imports from DMEs were more likely to be paid in kind, if at all. Whereas in 1980 54% of Comecon members' trade was with one another, by 1986 this figure had soared to 65% (Bryson/Melzer 1991:63; Zon 1994:41). Overall, the six East European STEs' share of world exports (in value terms) fell from 6.1% in 1970 to 4.1% in 1980 and 2.8% in 1989 (Salgo 1992:209).

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<sup>78</sup> The London Inter-Bank Offer Rate rose from 5% in 1976 to 20% in 1980.

## Intra-Bloc Tensions

The crisis of the STEs inevitably spawned geopolitical contradictions and change. The period 1975-85 witnessed significant intra-Comecon conflicts as each STE responded differently to internationalization and world crisis, attempting to manage the effects to its own advantage. Competition for Western markets, loans, and investment infiltrated the supposedly cooperative relations between STEs. Each jostled for position over trade and good relations with the 'non-socialist abroad'.

Intra-Comecon transactions increasingly came to reflect world prices, with the Comecon area tending to become a 'dollar zone' (Lavigne 1991:302). A divergence of interests opened, in particular between the USSR and the more west-oriented of its Eastern allies. The latter were more closely bound into the non-socialist world economy and more dependent on good favour from extra-CMEA organizations. Political tensions based on these phenomena became particularly apparent in the early 1980s.

Despite benefiting from the oil price rises of the 1970s, the USSR witnessed a sharp relative decline vis-à-vis Western Europe. If oil income served temporarily to veil the scale of the USSR's plight, it undermined its hegemony, for pipelines carrying cheap oil had hitherto complemented military might as the skeleton that held Comecon together.<sup>79</sup> Its oil-importing allies – suffering from deteriorating terms of trade vis-à-vis both the USSR and the OECD – reacted both by demanding higher prices from the USSR for their products, and by seeking to reduce their dependence on their 'socialist brotherland'. In 1980, for example, in deliberate retaliation for a reduction in Soviet oil supplies the GDR reneged on its promise to purchase a Soviet colour television factory, buying a Japanese one instead. That the USSR permitted the price of its oil sold to STEs to approach and surpass world market prices, and that it increasingly diverted it to 'hard' markets, was an early indication that, in crisis, motherland comes before

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<sup>79</sup> If the provision of cheap oil encouraged political alliance, its withdrawal was deployed as a sanction: the tap was turned off on Czechoslovakia in 1968, and on Cuba when Castro demurred over the invasion of Afghanistan.

empire. Generally, STE policymakers became ever more concerned with investigating world market prices and haggling over the pricing of inter-STE trade (Hanson 1986:145).

### **The Politics of Terminal Crisis**

The war-economic form was becoming exhausted as a framework for competitive success for the European STEs. Nowhere was this clearer than in the fact that, from the 1970s, despite maintaining among the highest rates of investment in the world, their growth rates decreased comparatively quickly, and the average age of fixed capital increased.

Economic crisis inevitably translated into political problems. One example is that falling rates of return on investment made it harder to ameliorate workers' discontent through wage rises. The rise of *Solidarnosc* sent shock waves through the ruling classes of Eastern Europe.<sup>80</sup> With hindsight, Jacek Kuron has concluded (Rees 1999:37), that 1980-1 'was truly the moment when the totalitarian system in Poland was broken.' It was a potent reminder that failure to solve fundamental economic problems risked punishment by working-class revolt, even revolution, and may be seen as the beginning of the end of the European STEs.

Secondly, with the technology gap with DMEs widening once more, and with oil prices falling (after 1980), the USSR's ability to compete militarily waned. As Gorbachev recalled (Küchenmeister 1993:191), while 'the rate of GNP growth declined [...] military expenditure rose constantly.' Signs of 'imperial overstretch' mounted.<sup>81</sup> According to Boris Kagarlitsky (1990:342),

The emerging lag in the field of modern technology produced a feeling of horror among the military especially when the United States proclaimed its idea of "space-based defence". Thus not only the lower classes were seized with discontent but also a significant section of those at the top.

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<sup>80</sup> On *Solidarnosc* see Barker (1986), Ost (1990), Goodwyn (1991), Stefancic (1992), Zirakzadeh (1997).

<sup>81</sup> Note that the same forces of military competition that in an earlier period had contributed to the development of the STE-form now assisted its demise.



If its inability to match Reagan's 'Star Wars' project inspired horror, Moscow's inability to guarantee the security of an allied regime – Afghanistan – was a shattering experience, and inevitably raised questions as to the viability of Soviet hegemony elsewhere.

The USSR was weakening dramatically on the two main fronts that define 'national' success: relative productivity and power projection. The crisis of the 1980s, moreover, was a crisis not only of the basic Stalinist model but of the record of 'reform communism'. From 1956 onwards STE policymakers had reacted to slackening growth rates with one reform strategy after another. There had been political liberalization, 'gulash communism', economic decentralization, economic internationalization, and so on. In the process, most STEs had drifted further from the self-sufficient autarkic command model and towards 'market capitalism'. As Chattopadhyay has observed (1994:53-4), commodity relations widened and deepened over time. And yet growth rates continued to fall, trade deficits and foreign debt grew, and Soviet imperialism became more and more overstretched.

Each reform tended to run up against the limits of the war-economic form. Thus, workplace democratization tended to inspire demands for general social and/or political democratization, which, if conceded, threatened to undermine Party rule. Similarly, devolution of economic power raised the prospect of enterprises and/or ministries being able to form, and act according to, their own particular priorities, thus undermining the Party-organized integration of economic units into a fused 'national interest'.<sup>82</sup>

If geopolitical competition on the basis of backwardness had, as Callinicos puts it (1991:44) *locked* the USSR and its allies into war-economic structures, the onset of world economic slowdown, and the failure of reforms to halt relative decline, served simultaneously to tighten and loosen the lock. On the one hand, the *prospect* of further relative decline strengthened calls for radical reform, certainly for participation in the worldwide trend away from strategies of

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<sup>82</sup> This fear lay behind several of the retreats from reform, e.g. those in the late 1960s and early 1970s in the USSR and GDR.

'national economic development' and perhaps for the abandonment of war-economic structures altogether. By the mid-1980s Poland, Hungary, China, and Vietnam had all turned in this direction. On the other hand, the *fact* of persistent relative decline meant that any serious opening to global competition would be that much more destructive, involving larger-scale restructuring, major bankruptcies and mass unemployment, and the prospect of greater resistance from those – managers and workers in weaker sectors, and the military – who would suffer most. The tight interconnection of the ensemble of structures of accumulation in STEs meant that any major reform very directly affected all parts of the system, and carried a high political charge.

The breaking of the logjam in the USSR – the political decision to weaken the centres of resistance to reform, such that experiments in internal competition, opening to the world market, and introducing 'economic' mechanisms of economic restructuring – entailed enormous political struggles. Restructuring affected all spheres, including the relation of the ruling class to society and to the state, industrial relations, and geopolitics.

Reform of economic structures involved, in addition to limited opening to world markets, the attempt to increase internal competition through encouraging cooperatives and private ownership, and floating the prospect of regulation by profit, loss and even bankruptcy. It also meant, in the words of one of Gorbachev's advisors (Brzezinski 1990:190), that 'whether we like it or not, whether we want to or not, we have to restructure the working class too.' This involved promoting discipline and morale in the workforce, with old-style campaigns, experiments with 'workplace democracy', and floating the prospect of significant unemployment. On the geopolitical plane, reform entailed attempts to reduce military expenditure, conceding defeat in the New Cold War, and the renunciation of the Brezhnev doctrine.<sup>83</sup> As a 'dowry' (Sieber 1994:87) for its desired engagement with the West, the Kremlin floated the prospect of ending the division of Europe, under the slogan of 'a common European home'. All

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<sup>83</sup> The end of the Brezhnev doctrine was adumbrated at a Warsaw Pact meeting as early as 1986 (Hertle/Stephan 1997:34).

these substantial reforms were buttressed by political liberalization as a means of winning wider social forces behind the general strategy.

It is worth recalling the excitement of the period. Hearts beat faster – in anticipation, and fear – in the USSR, Eastern Europe, and elsewhere. Major crises involve immense and intense political and social conflict, they excite the interests of all domestic social classes, and those of other states, and are inherently unpredictable. Across all the STEs, the question of which way and how far to jump raised bitter conflicts. In the USSR, the reforms provoked intense resistance. The Gorbachev leadership was forced to tack back and forth, to reverse, stall or compromise at one stage, only to be pulled forward faster than it desired at another. Loss of central control over events threatened at every stage. Crisis and conflict not only provoked resistance from conservatives, but spurred the politicization of wide sections of society. Liberalization furnished space for the rise of mass movements of workers and oppressed nationalities. Reforms in the USSR, combined with its visibly waning enthusiasm for empire, encouraged and enabled furthergoing reform by political leaders in Poland and Hungary which, in turn, accelerated the disintegration of Comecon, the Warsaw Pact, and, ultimately, the USSR itself.

From the preceding arguments it can be seen that the outcome of the European STEs' terminal crisis was strongly determined. The forces impelling the cracking open of sheltered economies, and undermining the USSR's superpower status, were extremely powerful. The turn of swathes of bureaucrats to market reform was inevitable. However, quite different political developments could have occurred. Market reform under firm Party leadership, as in China, was a favoured vision of much of the East European elite. Market reform coupled with some form of democratization was advocated, not least by Gorbachev in the latter period of his rule. But 'Gorbachev was too late', as Rees argues (1999:32), because a wave of revolts, uprisings and associated regime shifts (notably the election victory of *Solidarnosc* in 1989) across the USSR and Eastern Europe was 'already closing the road to the kind of reform for which he hoped.' It is in this process that the potential for alternative developments may be discerned. Industrial struggles and the revolts of the oppressed nations of the

USSR, or the uprisings in Eastern Europe could all have taken different, more radical, directions. Conversely, conservative crackdowns – along the lines of Timisoara or Tiananmen Square – could conceivably have occurred, with unpredictable consequences.<sup>84</sup>

## **Conclusion**

The crisis of the STEs can be well comprehended in the terms spelt out in chapter two. As an organic part of the world economy and inter-state system, the STEs' dynamic of accumulation was determined by international economic and geopolitical competition. Their success in raising productivity was a contributing factor to the downward pressure on profitability both domestically and on the world scale, as manifested in the increased propensity to crisis from 1974 onwards.

However, crisis hits weaker capitals, and regions, hardest. The STEs were based upon structures of accumulation that had enabled backward economies to make comparative progress, particularly in terms of output growth, during a relatively autarkic stage of the history of world economy. As they advanced, and as world economic internationalization progressed, structures that had promoted growth became fetters.

The crisis, as it developed, affected the totality of structures of accumulation – including the structure of competition, relations between capital and labour, the monetary system, the structure of the state, and the structure of Soviet hegemony. Due to the tight-knit fusion of these structures under centralized state management, and as a consequence of earlier crises having been crushed by conservative forces, eventual economic restructuring was highly politicized, and the road to reform was long, hard, and dangerous.

Finally, the crisis has, obviously, proved false those such as Zygmunt Bauman (1971), David Lane (1976), and Peter Rutland (1985) who believed the

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<sup>84</sup> For example, the June 1989 election in Poland could conceivably have been annulled. Such a course was unlikely, given the lack of confidence and cohesion of committed conservatives in the ruling class, and given that Gorbachev had – as part of the broader strategy of cautious retreat from empire and rapprochement with the West – backed the Round Table discussions Adam (1996:199). But it was not impossible.

STEs to be perdurable and intrinsically stable.<sup>85</sup> Theories that predicted crisis and radical transformation have, in this respect at least, been corroborated. Advocates of the latter have included a number of liberal and conservative commentators (cf. Pryce-Jones 1995:21) as well as Marxists such as Tony Cliff (1964) and Chris Harman.<sup>86</sup>

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<sup>85</sup> For Lane (1976:91) the STEs are 'characterised by internal stability and an absence of popular revolt. So much is this so that state socialist societies have appeared to some to be, to use Bauman's phrase, "revolution proof".' For Rutland (1985:263) 'the Soviet Union [...] works as a machine for the generation of political stability'.

<sup>86</sup> The latter, for example, predicted in 1970 (in Callinicos 1991:19), that '[i]f reforms, in collaboration with foreign capital or otherwise, are not carried through [...], the chronic crisis of the Russian and East European economies can only grow worse [...] Yet it is also increasingly clear that the bureaucracy is unable to carry through reforms on anything like a successful basis without a split of the proportions that characterized Hungary in 1956 and Czechoslovakia in early 1968. Such a split could only be the prelude to an immense crisis throughout the USSR and Eastern Europe, in which the extra-bureaucratic classes would mobilize behind their own demands.'

## Chapter Four: East Germany: 1945 to 1975

Although East Germany is depicted by some – for example, Stent (1998:16) and Glenny (1990) – as a ‘land without history’, in fact its development was as ‘historic’ as any other capitalist society, and fundamentally determined by similar inter-class and intra-class contradictions. Its ruling class faced the same tasks as its counterparts elsewhere; to raise productivity, ensure military security and political stability, and uphold the legitimacy of the ruling order. Degrees of success varied. Under Ulbricht, economic growth was relatively rapid, but serious economic and political crises occurred (see Table 4.1). Honecker’s era, until 1989, was characterized by greater stability. However, economic growth slowed, and geopolitical contradictions developed, which, combined with growing social discontent, undermined the regime’s coherence and self-confidence.

### **Sovietized East Germany as Inherent Problem**

If the aforementioned general features of the GDR’s history are not unusual, another was quite unique: it was an awkward, not to say unwanted, child of the post-war division of Europe. In the immediate aftermath of World War Two the USSR’s strategy towards Germany was broadly determined by diplomatic-strategic and national economic interests. These two sets of interests tended to conflict. The first was geared above all to securing a neutral Germany, preferably unarmed and USSR-friendly. The second focused initially upon spoils (‘reparations’). Its scale had been agreed upon by the Allies at Yalta and Potsdam. Although the publicly declared ideals of these conferences were the ‘demilitarization, denazification and democratization of Germany’ (Heitzer 1986:28), these provided a gloss for the mercenary goals of political domination and material plunder. At Yalta the Allies agreed on a reparations bill of twenty billion dollars, of which the USSR would receive half (Gluckstein 1952). It transpired, in fact, that the Western Allies, their economies less devastated by war, took less than planned while the USSR took more – mainly from its zone of

'Middle' (in English, 'East') Germany. Soviet reparations took four forms: the dismantling of industries and their transport to the USSR, profits from Soviet-appropriated industries, goods transfers, and transports of (often highly skilled) workers (Nettl 1977). Even excluding the latter, the scale of reparations, at around a quarter of GDP each year, was greater than the whole of Germany's payments following the previous world war.<sup>87</sup> Reparations included about eighty per cent of the Soviet Zone's iron and steel industry, and around half of its railway network and cement and paper industries (Venohr 1989:22). Compounded by the disproportionately deleterious affect of economic division ('Middle' Germany had been over twice as reliant on exchange with the West as *vice versa*), the Soviet Zone's industrial capacity fell to fifty per cent of its wartime level, as against seventy-five per cent in the Western zones (Gregory/Leptin 1977). Productivity relative to West Germany collapsed to only fifty per cent by 1950 (Merkel/Wahl 1991:10,64; Schneider 1988:16).

Even as the USSR's one arm busily eroded the economic viability of its Zone, its other – guided by imperial security interests, notably resistance to the eastward extension of American influence – oversaw the establishment of the infrastructure of a (semi-)sovereign state, which was incorporated into the structures of Soviet hegemony. The GDR was founded in 1949, as one moment in the wider *gleichschaltung* of Eastern Europe.

The GDR came into being, therefore, as a problem and a dilemma for the USSR. Although the red flag over the *Reichstag* marked a historical high-watermark of Soviet imperialism, the GDR was merely a small territory carved out of the middle of the German Empire. Its economy – not to mention popular support for the Soviet occupation – was drastically weakened by reparations, and yet it was defined competitively against its Western counterpart that was thriving on Atlantic integration, boosted by large-scale infusions of Marshall Aid. For years, the Kremlin was torn between establishing the GDR as a strong front-line state and relinquishing it as unviable (or at best a source of loot). For ten years the latter option was repeatedly floated even as the former was pursued

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<sup>87</sup> One estimate (Cliff 1964:275) holds that between 1945 and 1956 goods worth fifteen billion dollars were shipped from Germany to the USSR, amounting to 75% of all reparations from Eastern Europe.

(Wettig 1992a, 1992b, 1995). On the one hand the Kremlin repeatedly offered the GDR as a bargaining chip to be exchanged for the neutralization of Germany. On the other, it was in practice becoming a keystone of Soviet empire. The Soviet army installed a new ruling class which oversaw the erection of Zone-wide economic and political administration. Its economy was *gleichgeschaltet*, and many of its traditional, west-oriented trade ties shrivelled or were cut.

By the early 1950s, then, an extraordinary situation had arisen. The GDR had come into existence as an independent frontline state under the security umbrella of an imperial regime that barely believed in its viability. Yet, with further falls in the temperature of East-West relations, the consolidation of the GDR state and the construction of a heavy industrial base proceeded apace. Despite continuing to exact enormous tribute, the USSR simultaneously encouraged a course of breakneck industrialization.<sup>88</sup> Moreover, although 'Middle' Germany's economic forte had previously been light industry, its structure was now wrenched towards heavy industry. This was partly in reaction to an embargo on steel by the Western Allies, but largely due to the administered replication of the Stalinist model.<sup>89</sup>

If these contradictions were particularly stark in the immediate post-war decade, they were never overcome. The GDR remained a fragile linchpin of Soviet hegemony in Eastern Europe – its fragility being determined, essentially, by economic weakness *vis-à-vis* West Germany. Moscow was the ultimate source of the East German *nomenklatura's* legitimacy, the provider of its guiding rules and ideology. It was the creator and guarantor of the SED's power, as demonstrated by its role in containing and crushing the rising of 1953.<sup>90</sup> Moscow's influence was initially very direct. For instance, at least one Kremlin representative attended Politbüro meetings (Harrison 1992:28). In later decades the relationship was less blunt, being mediated through normal administrative

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<sup>88</sup> Seppain (1992:87-8) suggests that these contradictory strategies were represented by different factions in the CPSU leadership.

<sup>89</sup> In 1945 only 2% of Germany's coal and iron and 7% of its steel were produced in the area of the future GDR (Mueller-Enbergs 1991:101).

<sup>90</sup> Following this dramatic demonstration of 'fraternal solidarity', Charles Maier suggests (1997:23), uncertainties within the Soviet bloc strengthened Moscow's commitment to the East German state. 'Any notion of trading it for neutralization of a united Germany became far too adventurous for even the reformist Khrushchev, once the Polish and Hungarian upheavals shook Eastern Europe in 1956'.



and diplomatic channels and personal contacts, but it was no less forceful for that. Conversely, East Germany's economic potential was inhibited by Soviet domination, initially in the form of reparations (and other imperial taxes such as 'occupation costs'). In later years, it suffered from the fact that bilateral plan coordination tied the GDR to the small, backward, 'soft' economies of its allies, especially the USSR.<sup>91</sup> Moreover, of all Comecon economies, the GDR was probably least suited to the STE form. Small and relatively developed, it was highly trade dependent. This, together with its skilled and 'mature' working class (Kopstein 1997:157) and low latent labour surplus, meant that STE structures conferred relatively little, if any, advantage. Thus its relationship to Moscow was based upon shared structures that were increasingly unable to deliver successful capital accumulation (not to mention living standards that could approach those in West Germany).

Not surprisingly, critical voices would grumble about the deleterious effects of 'aping' the Soviet model (e.g. Behrens 1992:141). More significantly, although they crushed open dissent of this sort, SED leaders were themselves aware that attempts to improve economic efficiency necessitated intensified engagement with non-STE firms and states and, therefore, an implicit downgrading of relations with the USSR. Usually in connection with attempts to strengthen economic or political bridges to the Western world, in particular West Germany, the SED leadership itself repeatedly chafed against the impositions of Soviet hegemony. At such moments Moscow could call Berlin to heel. For example, in 1970, when Ulbricht was seen to have overstepped the mark in asserting East German independence, Brezhnev wrote to Honecker (Sieber 1994:86), reminding him that Ulbricht would find it 'impossible',

if he tries to go over our heads, or if he makes rash moves against yourself or other comrades in the Politbüro. Our troops are stationed there. Erich, I'll tell you straight – and never forget this

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<sup>91</sup> The GDR economy depended upon selling 'soft' manufactures to Comecon countries and receiving 'hard' raw materials, particularly from the USSR, in exchange. In 1985, for example, 86% of its high tech exports went to Comecon countries. In an immediate economic sense it thus seemed to gain particular advantage from Comecon's geo-economic enclave nature, and this was to provide arguments for the 'Comecon' faction in the 1980s (see chapter five). However, what was of immediate advantage proved deleterious in the long run.

– the GDR cannot exist without us, without our power and might.<sup>92</sup>

### **Establishing Authority**

The imposition of the Soviet model of authoritarian rule did not occur by fiat, but was a fraught process punctuated by (often bitter) struggles. An early priority for the new powerholders was the construction of the state apparatus. They sought out and promoted acolytes and abolished or reshaped those institutions that posed a threat to their priorities. In addition to reliance upon the egalitarian and optimistic ideology of Communism, patronage and privilege were deployed to attract loyal cohorts into the ranks of the state apparatus. Loyalty was well rewarded. In addition to superior salaries, packets of cigarettes, alcohol and chocolate – in carefully differentiated quantities – were regularly distributed to functionaries, as well as to scientists, specialists, poets and artists (Leonhard 1961:406). Such (exchangeable) lures, in a time of extreme shortages and hardship, helped to attract a layer of grateful, faithful cadre to key positions.

In addition to establishing a reliable apparatus, the ruling group sought means of broadening its ‘base’ in the population. Obvious pools of potential support existed in the form of those who had earlier been won to the communist (and social-democrat) cause(s), as well as hundreds of thousands who were benefiting from post-war upward mobility. Skilful political manoeuvring was required to effect the conversion of such potential into actual support, and to sift the obedient from the merely sympathetic. Its main moments were the ‘arranged marriage’ that incorporated the East German SPD into the Communist Party, followed by repeated purges of the resultant SED.

In the immediate post-war period, when the destiny of Soviet-occupied Germany was still far from decided, a certain political tolerance existed, including a controlled party pluralism. However, popular social movements, such as the ‘antifascist committees’ and the ‘works councils’ movement, were

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<sup>92</sup> Chapter five describes how Honecker proceeded to forget Brezhnev’s advice and repeat Ulbricht’s ‘error’ of undermining the Brezhnev doctrine by steering too close to the FRG, only then to cry ‘betrayal!’ when Gorbachev phased out the doctrine.

perceived by the *nomenklatura*, even before the Stalinization of the late 1940s, as an unqualified menace (Dale 1996b). The works councils in particular presented an obstacle to the imposition of managerial authority in industry. Many of them took in hand not only the material reconstruction of their workplace but its social organization (including the production process, exchange with other factories and remuneration of the workforce). They functioned as *de facto* directors of many large factories, particularly where previous owners had fled (Suckut 1982). Especially where works councils were well organized, the prevailing shop-floor ethic was, in Jeffrey Kopstein's words (1997:21), 'egalitarian, cooperative, defensive, and geared toward survival rather than the maximization of gain.' For example, Kopstein (1997:27) reports that '[w]here management stiffened its resolve to increase wage and consumer good differentials, workers often spontaneously evened out the differences by purchasing goods for each other.' The councils spearheaded resistance to the authorities' promotion of an atomized and competitive workplace culture. Significant struggles against a series of management offensives occurred until the mid-1950s. Their targets included the imposition of wage differentials and piece work inherited from the pre-1945 regime, wage-cuts, 'socialist competition', and the extension of Taylorist techniques (Sarel 1975; Bust-Bartels 1980:28).

The councils' powers were curtailed in two ways. Firstly, as the authorities gained greater overall control over the economy money began to replace goods as the medium of remuneration and of exchange between plants. Given their lack of influence over the money supply, this restricted the influence of works councils over these matters. Secondly, the authorities deliberately set out to marginalize the councils. Given that, in 1946, over half the works councillors were SED members, and that the SED leadership hoped to retain a strong foothold inside the working class, the tactics used were at first relatively delicate. Those firms controlled by works councils were designated 'firms without owners'. Individual directors were appointed, management hierarchy restored and the council's powers cut to those of 'normal' works councils. Works councillors were raised above the shop-floor, in terms of both the locus of their activity and their wages, and were transformed into officials mediating between

management and shop-floor. The councils became increasingly institutionalized, either regulated by or incorporated into state structures. A somewhat more effective tactic proved to be the gradual usurping of their tasks through the – increasingly state-controlled – FDGB. Whereas many works’ councillors had been Social Democrats and unionists before 1933, and their loyalty was primarily to their colleagues, FDGB functionaries were predominantly patriotic Communists (Staritz 1984:139). Yet despite all such manoeuvres, the councils remained a power capable of contesting management prerogative. For example, in 1947, when attempts were made to divide workplace mealtimes and food quality into three groups, the councils opposed the move, generally with success.

These ‘delicate’ tactics had failed to fully subordinate the councils. This, together with the rapidly freezing climate of Cold War rivalry, prompted the regime to change tack. Its interest in soliciting a degree of popular consent to the attenuation of social and political rights subsided. Now it resorted to the dissolution or *gleichschaltung* of recalcitrant organizations. By 1949 the regime had either crushed or colonized all independent political and industrial organization.<sup>93</sup> Opposition parties were *gleichgeschaltet* into ‘bloc parties’. Workers were denied access to any legitimate means of organized collective bargaining. With the workers’ movement crushed and the public sphere reduced, dictatorship could arise.

### **Mechanisms of Domination**

The sharp socio-political transformation of the late 1940s set the pattern for the mechanisms of domination which were henceforth to characterize SED rule. The subordination of the mass of society to the rule of the *nomenklatura*, as with ‘late capitalism’ in the analysis of Abercrombie *et al.*, was fundamentally ‘founded in the structure of economic relations which oblige people to behave in ways which support the *status quo* and to defer to the decisions of the powerful if they are to continue to work and live’ (in Lodziak 1988:15). The ‘powerful decision-makers’,

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<sup>93</sup> Note that the ‘crushing’ was primarily of *public* political and industrial organization. In terms of immediate control over the production process, managers and officials only slowly gained ground in the later 1950s and 1960s.

above all the Politbüro, presided over hierarchies of command, which descended through General Directors, then middle management, down to foremen. All these positions were appointed from above. This high degree of political and economic centralization posed the problem, as discussed in chapter three, that dissent could threaten to converge from all points towards a central and easily identifiable ruling elite. However, its tight and disciplined coordination of the mechanisms of domination and exploitation generally enabled the state leadership to preside over a rigorously united *nomenklatura*.

The *nomenklatura's* comprehensive command over resources was thoroughly capitalized upon through a system of patronage in which loyal executors of orders were rewarded with promotion and perquisites. As Charles Maier (1997) describes – under the heading ‘corruption of the public sphere’ – the *nomenklatura* attempted to govern through private bargains with citizens. Citizens were treated as clients in a relationship designed to promote public attitudes of willing submission. Accordingly, State-citizen relationships, although officially glossed as ‘cooperative’, were widely satirized as ‘freimüssig’ (i.e. ‘free-forced’, or ‘volun-mandatory’).<sup>94</sup>

If the *nomenklatura's* command of resource distribution transparently served to reward loyalty and punish disloyalty, a more insidious form of its political deployment was to undermine solidarity amongst the exploited. Because ‘economic’ mechanisms of atomization and division of workers – notably the labour market – were reduced in effectiveness by the persistent labour shortages that lent workers a certain ‘tacit power’, managers and officials were obliged to develop other ways to undermine workers’ solidarity and improve productivity. Above all, attempts were made to introduce ‘a rigorous Taylorist labor regime’ (Kopstein 1997:18). In addition, labour market competition was complemented by the granting of differential rewards related to performance and political loyalty. Schemes of ‘socialist competition’ were introduced in which workers (and work brigades) were pitted against one

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<sup>94</sup> This is of course typical of relationships of unequal power that are dressed in the discourse of freedom and equality – such as management-worker or authority-citizen ‘cooperation’. ‘When two parties cooperate and one holds considerably more power [...] than the other’, Harvey cautions (1982:118), ‘then the voluntary nature of the co-operation might reasonably be called into question.’

another and differentiated into status groups ('activist', 'modernizer', 'best worker', and 'hero of labour'). Such 'heroes' were rewarded for raising work intensity. Their quotas, or 'norms', were institutionalized as those by which all others should be measured. Competitive comparison was encouraged through 'personal accounts': next to each worker was a noticeboard on which their 'performance' was daily exhibited.<sup>95</sup> By 1958, seventy-six per cent of workers in state industry received piece wages. Together with other forms of 'performance-related pay', this ensured that, whereas differentials had decreased until 1949, they subsequently increased dramatically. At the extreme, one worker could receive over six times the pay of a colleague on the same job.

Such forms of workplace differentiation and atomization were buttressed by politically disorganizing the non-*nomenklatura* in general and the working class in particular (cf. Kuron/Modzelewski 1969:122). The state was particularly concerned to foster mutual suspicion and stereotyping between manual and white-collar workers and between workers and intellectuals. 'Intellectuals' were administratively classified in the same bracket as the *nomenklatura*, and were afforded privileged treatment. As a result, they tended to justify privilege and hierarchy through recourse to elitist arguments. Even dissident intellectuals, despite their sensitivity to various manifestations of alienation, generally paid little heed to its material roots in the economic dispossession of the working class. In turn a conservative dismissal of intellectuals was widespread amongst workers. Dissidents were widely tarred with the same brush, as exemplified by this quote (Leitner 1983:351):

What on Earth do they [dissidents] want? They're always going over to the West, raking in hard currency, shopping in *KaDeWe* and cruising around in those Volvos that they've got hold of – on the fiddle – for a cool sixty thousand. And then all they can do is complain!<sup>96</sup>

Dissidents themselves confirmed the phenomenon that such sentiment addressed. Thus Jürgen Fuchs (1984:66) insists:

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<sup>95</sup> This technique, incidentally, was first used in Robert Owen's mill at New Lanark.

<sup>96</sup> For numerous similar quotes, see Fuller (1999).

There is only one way to put it: the state, with the assistance of permits for travel to the West, creates a cleavage between authors and readers. Then everyone in Jena and Dresden simply shrugs, saying "he's privileged", and [the dissident's] political impact is stillborn.

These relatively subtle techniques of 'divide and rule' were sustained and complemented by straightforward repression. Any serious attempt to establish independent collective organization or to challenge state authority came up against the security services. Even the Protestant Church, which generally advocated cooperation with the SED, created a network of social relations outside the SED's direct control and was therefore subject to intensive policing. With no independent organization permitted, the public sphere was effectively colonized by state institutions, from the media to the 'mass organizations' such as the FDGB and FDJ.

Even non-political 'deviation' from the SED's value-system faced repression or official incorporation into the public sphere. For instance, the regime fought against Christian confirmation not just with police methods but simultaneously by promulgating a Communist facsimile of the ceremony ('Jugendweihe'). Similarly, when western pop music threatened to become a mass counter-culture in the late 1960s, the regime attempted to incorporate and neutralize the movement by setting up 'sing-clubs' under the aegis of the FDJ and DT64, a youth radio station (Leitner 1983:63).

The *nomenklatura's* rule was simultaneously mystified and theatrically staged. The political process was at once clearly visible and impenetrable. Although powerholders at the top of society were plain to see, access to the decision-making process, for the ordinary citizen, involved an uphill struggle through a tangled mass of bureaucracy. Hovering over the entire political process, in both its public and private dimensions, was the Stasi. Its true function, as Maier describes (1997), centred not so much on the specific information gleaned and the uses to which it was put than on the aura of secrecy and power

of mystification that its presence created. This greatly contributed to the corruption of independent initiatives and stifling of dissent.

If the real operations of power were mystified, its symbolism was theatrically enacted. With alternative actors suppressed, the SED's officials and supporters were encouraged to exploit their semantic monopoly. Like cats marking their territory, they displayed the trappings of Communist rule at every opportunity, whether mass demonstrations and spectacular events or routine propaganda pasted on street corners and in shop windows. As with Edward Thompson's discussion of the 'theatricality of power' in eighteenth century England (1991:64ff.), the importance given to the symbolic assertions of power (along with its implicit humiliation of the disempowered), would appear to be connected to the *weakness* of the actual foundations of authority, notably the regime's lack of popular legitimacy. The reach of the SED's ideology into the population was limited. Jan Pakulski's conclusions for Poland (1990:40-58) apply, albeit with lesser force, to the GDR. He found that Communist ideology 'did not permeate mass consciousness', but nevertheless played a key role as

the backbone of the political formula adhered to by the political elite and the top layers of the political-administrative "apparatus". [It] structured elite consciousness by providing justifications for their rule and by blocking the articulation of alternative world-views. [...] It was also important in legitimizing the rulers in the eyes of their crucial external constituency – the Soviet leaders.

That is not to say that general socialist values, including social justice, participatory democracy, and egalitarian redistribution, were not widely held. But these could all too easily be perceived as *contrasting* with the Communist order, with its lack of democracy, corruption and unjust distribution of economic rewards. For many, the SED's legitimacy claims were simply refuted by lived experience. Even an author sympathetic to the SED (Scharf 1984:133) worried that 'the most sophisticated efforts to transmit socialist values – through the schools, the media and the arts – are quickly destroyed if the practical experience of daily life contradicts those values'.



Ideological *gleichschaltung* therefore only really functioned in the official public sphere. For example, eighty per cent of respondents in one survey said that state influence was not, or only barely, noticed in the 'living sphere', while the figure for 'leisure time' was eighty-four per cent (Völker 1995:159). By contrast, the figures for education and the workplace were forty-one and thirty-six per cent respectively. Suppressed in the strictly supervised and regimented public sphere, honesty and criticism could nevertheless blossom in low-profile 'niches', amongst groups of trusted friends, colleagues and relatives.

Because hidden and isolated, niches hardly posed a threat to the ruling powers. Viewed as a 'safety valve', they performed a legitimating function, similarly to what Habermas (1973:106) describes as 'civic privatism' in bourgeois democracies. However, niches could equally function as sites of the creation and exchange of what James Scott (1990) calls 'hidden transcripts' of resistance, where 'infrapolitical' cultures of satirical humour, subversive anecdote and critical discussion flourished.<sup>97</sup> A camaraderie based around an awareness of common conditions and grievances was common, and was entirely unlike – or even opposed to – the camaraderie of 'class' (i.e. national) struggle encouraged by official institutions. As Linda Fuller has shown (1999:137-40), the 'lower levels of the workplace' in particular formed an arena in which relatively genuine, trusting relationships developed, and where political discussion occurred that, in its broadness and frankness, contrasted sharply with that of the official domain. Such subcultures formed the seed-bed from which oppositional 'public transcripts' could blossom at times of crisis.<sup>98</sup>

## Sources of Opposition and Resistance

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<sup>97</sup> Scott's term, the 'infrapolitics of subordinate groups' (1990:19,183-4), designates 'a wide variety of low-profile forms of resistance that dare not speak in their own name.' Such behaviour is, 'like infrared rays, beyond the visible end of the spectrum' and, like the infrastructure of commerce in relation to actual trade, 'provides much of the political underpinning of the more visible political action on which our attention has generally been focused'.

<sup>98</sup> To thwart this, one of the Stasi's functions was to detect and counter the emergence of informal oppositional groups in workplaces (*Ausgedient* 1990:42).

Opposition and resistance to the Communist system or to particular government policies took myriad forms (for an overview see Neubert (1998), also Fricke (1984)). Two general ones deserve special mention.

The first is the infrapolitics of industrial struggle. With the exception of the 1945-49 period and severe crises (see below), the apparati of repression prevented independent workplace organization and rendered major strike action extremely difficult. Nevertheless, struggles at the infrapolitical level were endemic.

Labour shortages gave workers considerable leverage vis-à-vis management. Job security was, in Voigt's words (1973:60), the worker's 'most effective means of self-assertion.' The workers' side in bargaining was frequently buttressed by the threat, whether voiced or not, of giving notice. Although a normal mechanism for redistributing labour-power, fluctuation in the tight labour market tended to promote 'wage drift'.<sup>99</sup> Especially in the late 1950s, variations in workers' bargaining strength in different sectors resulted in an actual wage pyramid that was markedly different than that planned (Bust-Bartels 1980:67). Although normally a comparatively immediate and individual form of struggle, there were also cases of organized threats of mass resignation.<sup>100</sup> Studies of shop-floor relations show that, thanks to the exercise of workers' 'veto power', the introduction of measures to increase productivity usually had to be accompanied by compromises (Deppe/Hoß 1989).

Alongside the threat of resignation, workers possessed two main weapons. The first was working poorly, whether in terms of speed and intensity ('Bummelei'), or quality of output. *Bummelei* could reach epidemic proportions, as in the late 1950s, when managers complained of a 'Go-Slow-Movement' (Sarel 1975:168). *Bummelei* could be applied to a range of ends: to protest at unfair norm increases; to ensure that higher-paid overtime would be necessary;<sup>101</sup> or as a tacit

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<sup>99</sup> Fluctuation was hence cursed by Stalin as the 'scourge of production' (Voigt 1973:130).

<sup>100</sup> One, in Berlin in 1969, succeeded in forcing management to reinstate the 'thirteenth month's wage', which had been withdrawn (Degen 1988:35).

<sup>101</sup> This was especially effective when the 'Plan finish' was approaching, at which time workers' bargaining strength peaked.

work-to-rule, particularly when norm-assessors were measuring the pace of work (Sarel 1975:169; Voigt 1973:86; Bust-Bartels 1980:82). The second was sabotage and force. If, for example, norms were due to rise, conditional upon the introduction of new equipment or materials, it could prove rational to 'eliminate' the latter in order to thwart the former (Voigt 1973:86). Some of the most imaginative forms of Luddism were directed against those widely-despised Taylorist tempocrats, the norm-assessors. One such, for example, approached some bricklayers to assess their operations (in Bust-Bartels 1980:112):

The masons stopped work when he explained why he had come. Two sturdy chaps guessed that he had come to secretly time them. They shoved him to the edge of the scaffolding, and one of them whipped his stopwatch from its chain. They laid the watch on the fresh masonry, poured cement over it, and laid bricks on top.

But perhaps the most deftly and widely practised of the Luddite arts was the taking by the people of 'People's Own' property. Notoriously, workplace theft was ubiquitous throughout Eastern Europe, and East Germany was no exception.<sup>102</sup> In Wolf Biermann's words (Meier-Lenz 1981:129), '[i]n the GDR there is a highly developed form of workers' *Selbsthilfe* ['co-operative' or 'self-defence'], in that workers personally enrich themselves at their workplace.'<sup>103</sup>

On the basis of workers' strong shop-floor bargaining position, and connected to the prevalence of 'infrapolitical' resistance, a 'rudimentary' class consciousness prevailed. There was a sturdy sense that the interests of workers and of 'them up there' were antagonistic, and that workers who go along with managerialism and norm busting were breaking the rules of solidarity (Bendix 1974:425-33). Western and post-1989 studies of GDR workplaces report comments such as 'them up at the top of the company should work down here so they can learn how to think in the real world' (Naumann/Trümpler 1990:50); and 'Why should we down here work shifts but not them up there?' (Bust-Bartels

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<sup>102</sup> One of the finest justifications was the popular Czechoslovak saying: 'If you don't steal from the state, you rob your own family!' (Pravda 1979:221).

<sup>103</sup> Biermann's comment, incidentally, reflects the widespread view of East European workers that their paltry remuneration cannot justify maximum effort. It was summed up in the saying 'We only pretend to work – they only pretend to pay us!'

1980:161). One western researcher (Bust-Bartels 1977:54) concluded from his observations that '[a] conscious frontal antagonism towards management prevails amongst the majority of industrial workers.' A more recent study based on research in the late 1980s confirms this conclusion (Fuller 1999:46). Clearly, few workers failed, in Scharf's words (1984:151), 'to appreciate the irony of their inferior status in a "workers state"'.<sup>104</sup>

The second broad source of opposition was from members of the middle classes. This social layer may be taken to include most echelons of management and supervisory staff, middle-ranking officials, as well as the more privileged members of the intellectual professions – academics, architects, artists, and so on. The tasks performed by the latter included the 'management of legitimation', i.e. furthering the self-awareness and homogeneity of the dominant class, and the transmission of its interests and values throughout society (cf. Gramsci 1971). The middle classes were entrusted with a relatively high degree of autonomy and discretion and performed the lion's share of 'mental-creative' work (Erbe 1982:150). To ensure their compliance with their superior's decisions, and to prevent their abilities being put to the service of dissent or opposition, they received generous reward. From 1950 intellectuals received special individual contracts. Some obtained monthly salaries as high as 15,000 Marks. More important were additional earnings, premiums and perquisites, such as high bonuses, extra rations of fuel and electricity, superior food at work, better health cover, high pensions, cheap loans, extra tuition for their children, long holidays, and reserved places at holiday resorts. Some were even given servants. If such privileges brought the gap in living standards between workers and intellectuals to an extreme in the early 1950s, subsequent decades witnessed a gradual levelling but no reversal.<sup>105</sup>

By and large, the middling layers were committed supporters of, or at least obediently served, the ruling order. They exhibited very high rates of Party membership and generally shunned the dissidents in their midst. Moreover,

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<sup>104</sup> For substantiation of this point, see Anonymous (1974).

<sup>105</sup> In certain respects intellectuals became more favoured still. For example, the social status of professors and functionaries, according to Ludz (1980:110), improved, as did the access of writers who published in the West to hard currency and 'Intershop cheques'.

enjoying relatively rewarding work and privileges that were usually tied directly to their position, even those of a more critical bent faced strong incentives to avoid any action that might jeopardize their career. And yet, their class position was contradictory. The scope of their sovereignty over immediate tasks and decisions was comparatively great, yet the overall environment in which they worked was comprehensively controlled by their superiors. Intellectual labour was constrained by censorship and a tightly controlled information flow. In the 1950s entire disciplines were banned from academia, including ethics, sociology and cybernetics. Creative intellectuals worked autonomously, under the influence of modern aesthetic traditions that uphold art as the site of unalienated labour. Yet they depended for their resources, livelihood, and success upon a state which was ever keen to impose aesthetic demands and constraints. In short, the rigidity with which all spheres of society were subordinated to the diktat of the *nomenklatura* exacerbated the alienation experienced by intellectuals. As Brecht put it (Jäger 1982:67),

They [the authorities] pressed the workers to increase production, and pressed the artists to beautify it. To the artists they gave a high living standard and promised it to the workers. Artists' production, just like that of the workers, had the character of a means to an end, and was not seen in itself as gratifying or free.

As for middle functionaries and managers, they were often in the position of enforcing decisions over which they had little say, and yet would bear the brunt of criticism from subordinates over their execution. Some, though bound into a rigid chain of command, responded to problems and to criticisms from below by seeking changes in policy or personnel above. Alongside intellectuals, these layers were a prime source of reformist (or 'reform-communist') opposition, which combined basic loyalty to the system as a whole with criticism of certain of its characteristics and the desire to *improve* particular policies. Fritz Schenk has sketched an ideal-typical biography of a reform-communist (Jänicke 1964:92): 'Rebels are created, over and again, out of those on whose desks the reports of failures in Party policies pile up.' These then,

initially, stumble towards "operationalism", i.e. they attempt to counter the visible problems with an array of administrative measures [...] As soon as they become conscious of the futility of their efforts, they slip into "revisionism", i.e. they become seized by doubts about the system, come into conflict with the ideology and the Party apparatus, and seek fundamental changes.

Reform-communist alternatives tended to be discussed when a liberalizing or divided regime evinced weakness or vacillation in policy or perspective. If such crises provoked major working-class struggle, the intelligentsia would polarize, with reform-communists forming a minority calling for concessions to be made to workers' demands. Reform-communism first surfaced as a significant movement in 1953. Although intellectuals were notable by their silence during that year's uprising, it did, in Steele's words (1977:103), accelerate 'a widespread move towards de-Stalinization in the lower levels of the party, in the trade unions, and among the intellectuals.' During crises of this sort, critical intellectuals could become galvanized into oppositional activists. The biographies of such people generally show their turn to active dissidence as beginning at a time of crisis. For example, Stefan Heym, Erich Loest and Wolfgang Harich in 1953, Robert Havemann in 1956, and Rudolf Bahro, as well as many of the leaders of the 1980s opposition, in 1968.<sup>106</sup>

### **Rhythms of Resistance**

Both workplace resistance and intellectuals' dissidence was, at the infrapolitical level, endemic. However, at times of general social and political crisis, opposition tended to expand and generalize and could even break through into the public sphere. A number of crises can be identified, each of which included most or all of the following elements:

- (i) a significant political turn in Moscow and/or Berlin.

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<sup>106</sup> See Janka (1989), Jäckel (1980), Havemann (1978, 1990b), Hoeft (1990), Loest (1981), Philipsen (1993).

- (ii) open divisions between the CPSU and SED leaderships and/or within the SED.
- (iii) the emergence of organized opposition.
- (iv) strike waves or a significant upturn in working-class struggle.
- (v) economic crisis.

Between 1949 and 1988 five crises occurred; six if 1960-2 is included. The first four will be discussed in this chapter, the final two in chapter five.

Table 4.1 Crises, 1949-88. Major changes are marked \*\*; minor ones \*.

	1953	1956-7	1960-1	1970-2	1976-82	1987-8
(i)	**	**	**	**		**
(ii)	**	**		*		*
(iii)	**	**			*	**
(iv)	**	*		*	*	
(v)	**		**	**	**	*

Each crisis was distinct in both scale and nature. Each ended in a more or less defined 'settlement', ushering in a distinctively new period. By far the greatest, and the only one that merits description as a 'revolutionary situation', was that of June 1953. Although I have discussed the causes and processes of that uprising elsewhere (Dale 1996b), three points about its settlement require attention. Firstly, its suppression was a decisive blow to the widespread aspirations for social and political transformation that had been expressed in the rising. The assertive and sometimes radical consciousness that had characterized large sections of the working class in the late 1940s and early 1950s began to fade from this point on.

Secondly, the uprising traumatized the *nomenklatura*. It came perilously close to toppling the regime, and could have developed into a serious challenge to Soviet control of East Germany. Analysis of internal SED documents reveals, according to Harrison (1992:28), that 'insecurity among the East German leaders,

it is clear, deepened after the June 17 uprising. If it happened once, they feared, it could happen again.' The June events starkly illuminated two of the constraints on the SED's rule: its reliance on the Soviet Army and the limits of working-class subservience. Moreover, following the rising, managers failed to regain a quick and clear-cut control of the production process. In Kopstein's words (1997:37), it 'effectively crippled the regime on the shop-floor. Norms quickly returned to the *status quo ante*.' In the following two years average wages rose by sixty-eight per cent rather than the planned thirty-one per cent (Gensicke 1991:292). In short, the rising drastically limited the SED's room for manoeuvre on the industrial relations front. In subsequent decades, as Kopstein avers (1997:18), 'fearing a repetition of the June events, labor peace could be bought only at the price of long-term stagnation in labour relations, wage structures, and productivity incentives.'

Thirdly, apart from concessions on the industrial front and a closer identification with the USSR, the settlement was marked by a thorough revamping of the instruments of repression, including a major strengthening of the Stasi. With this in mind, Ilko-Sascha Kowalczyk *et al.* (1995) submit that the most notable 'result of the crisis of 1952-4' was the "'internal state foundation" of the GDR'.

### **1956-7**

Coming so soon after the 1953 settlement, in which the SED leadership had consolidated behind Ulbricht's conservative and hawkish leadership, Khrushchev's first liberalization was a particularly unwelcome surprise. The Communist world was hurled into debate and confusion. Reform-communism, it seemed, had been legitimized by the leader of world Communism himself. In the GDR, as elsewhere, SED leaders, Honecker recalls (Andert/Herzberg 1991:248), were 'shocked' by Khrushchev's secret speech. Demands for reform suffused the SED. One group of Politbüro members proposed slowing the pace of 'socialist construction', restricting the power of the SED, dissolving the mass organizations, relaxing repression and improving relations with the FRG.



However, despite some nods towards de-Stalinization (such as supporting a demand for 'free discussion' in the SED and accepting the concept of 'various roads to socialism') the Ulbricht leadership in practice cleaved to orthodoxy. Emboldened by de-Stalinization and frustrated by the lack of real change in the GDR, groups of intellectuals demanding more radical reform mushroomed. By the autumn, 'problem discussions' had spread widely and were nourishing a rising strike wave (Wolle 1991). That the situation did not escalate is thanks largely to the chance fact that in Hungary similar developments had gone further and faster, and were met with brute repression. This in turn served to weld the East German regime (and the Party) behind Ulbricht, giving it sufficient cohesion and strength to marginalize opposition through a combination of concessions and repression (Stern 1963:203).<sup>107</sup> Early in 1957 orthodox conservative policies were restored on all fronts and the acceleration of 'socialist construction' announced. The expulsion of the reform faction from the leadership followed later that year.

## 1960-1

Although the 1950s as a whole witnessed rapid economic growth, it was from a very low base, and productivity slipped further behind that of the FRG. In 1950 per capita productivity, according to one estimate, was fifty per cent of the West German figure, falling to thirty nine per cent by 1960 (Merkel/Wahl 1991:59).<sup>108</sup> At the end of the decade a downturn in the business cycle occurred, that exacerbated the problem of the open border to the West.

The regime had triumphed, brutally, over workers' aspirations and organization in the late 1940s, in 1953 and in 1956. But if open resistance had been quashed, wars of attrition continued in the workplaces, thwarting planners' attempts to suppress consumption in favour of investment. In the 1950s as a whole, wages rose eighty-four per cent as fast as productivity, as against a

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<sup>107</sup> Ironically, some of the reforms – e.g. the introduction of 'works committees' – represented diluted versions of the recommendations of dissident intellectuals, such as Behrens, whose views were simultaneously being suppressed (Ludz 1970:59).

<sup>108</sup> Another estimate puts the productivity gap at 15% in 1958, rising to 25% in 1963 and 32% in 1968

planned figure of only thirty per cent. Workers' 'tacit power' was bolstered above all by the directness of comparison with the higher wages in the western half of the country, and their ability to move there if desired. All told, over three million people emigrated between 1947 and 1961 – a haemorrhage the severity of which has to be understood against the background labour shortages that were becoming severe as the boom of the 1950s overheated. This sharply constrained the regime's room for manoeuvre. As an SED theorist noted, soberly, in 1962 (Bust-Bartels 1980:71), '[the] constraint of the open border before 13 August 1961 resulted in wage-fund excesses.'

By the late 1950s overinvestment had led to severe shortages, especially of consumer goods, forcing the abandonment of the Plan in 1959. Economic crisis, in turn, fuelled emigration, which soared from 144,000 in 1959 to 207,000 in the first half of 1961. In particular, the collectivization of agriculture provoked the emigration of farmers, thus exacerbating food shortages. Then, in 1960, Adenauer announced the cessation of inter-German trade, forcing panic import substitution in the engineering and chemical industries (Richert 1964:274).

Economic slowdown was, as Table 4.2 indicates, severe. 'The situation', in Przybylski's words (1992:145), 'was heading towards a collapse which could only be avoided through the building of the Wall.'

Table 4.2 Economic crisis, 1960-2 (from Leptin/Melzer 1978:7).

	1956	1958	1960	1962
National income growth rate	4.0	10.9	4.5	2.1
Investment growth rate	25.0	12.0	10.6	2.0

Of the settlements that followed crises, that of 1961 was the most clearly defined. An awesome display of power, the Wall blocked emigration as an alternative for the discontented, thereby curtailing workers' tacit strength and enabling consumption (relative to GDP) to be cut significantly. A determined and

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(Deppe/Hoß 1980:14).

successful assertion of its rule, the Wall elevated the confidence and cohesion of the *nomenklatura*. It reinforced the stability and 'legitimacy' of the GDR – both in terms of its sovereignty vis-à-vis other states, and domestic acquiescence towards the regime. As Scharf observes (1984:124), 'Only with the permanent closure of the Berlin border in 1961 did the mass of the people begin to accept the durability of the new government.'<sup>109</sup>

## The 1960s

The settlement of 1961 ushered in a decade of political stability. Throughout this period the regime, and its alliance with the Kremlin, were generally perceived as strong. The major threats to 'order' were marginalized. When the 'Prague Spring' once again highlighted the question of democratic reform, no reform wing of the SED emerged and public dissent was suppressed. Workers' struggles remained quiescent. By the end of the decade, Ralf Dahrendorf (1968:433) could observe that 'it would appear that today the regime of the GDR is quite legitimate in terms of the assent, or at least the absence of active dissent, on the part of its citizens.'

The mainstay of the regime's strength was economic growth, which was rapid and comparable even to West German rates. One estimate suggests that the productivity gap relative to West Germany was shored up at around thirty-six per cent (Merkel/Wahl 1991:59).<sup>110</sup> Large swathes of the population experienced occupational upward mobility. Peasants and housewives became workers, and a significant minority of workers became officials and professionals. The percentage of unskilled and semi-skilled workers in the workforce declined from seventy-six in 1945 to twenty-five in 1977 (Rueschemeyer/Scharf 1986:65). Tertiary education grew until by 1971 admissions had reached 44,000. All layers saw living standards begin to rise from the mid-1950s. East Germany gradually became a 'consumer society'. A modest minimum of material welfare was

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<sup>109</sup> Although there was widespread and intense criticism of the erection of the Wall (Eckelmann et al. 1990), it by no means increased the risk of an uprising as some argued at the time (e.g. Fricke 1964:174).

<sup>110</sup> However, the 1960s was also the decade which saw East Germany's GNP overtaken for the first time by a private company – General Motors (Brown 1972:214).

guaranteed to all, founded upon full employment and steady improvements in housing, healthcare, training, education, and leisure facilities. As biographies of East German workers who entered the labour force in the 1950s and 1960s (e.g. Herzberg 1987) reveal, these improved life-chances contributed to the increased tolerance of, or loyalty to, the regime that characterized the period.

## **Reform**

The 1960s was a decade dominated by three rafts of reform geared to raising economic productivity. The first, education reform, was enacted under the banner of 'education-competition' versus West Germany (Laitko 1997:48). It entailed a further to higher education, particularly in the spheres of science and technology, to compensate for the pre-1961 haemorrhage of highly skilled labour and to meet the demands of an increasingly complex economy. Between 1951 and 1971 admissions to higher education institutions rose by almost 400% (Erbe 1982:177). Meanwhile, secondary education was restructured and systematically 'oriented to the personnel requirements of the economy' (Laitko 1997:47).

The second arena of reform was industrial relations. Although the cutting edge of management offensives had previously been the introduction of piece wages, linked to 'scientific assessment', piece work encountered serious problems. Encouraging haste, it results in low quality output and high levels of wear and tear of – increasingly valuable – machinery. Moreover, the myth of 'objective' setting of rates was rarely, if ever, believed by workers. Most learnt that they could influence piece rates, either through outwitting the 'scientific assessors', or by pressing management to make concessions. In conditions of full employment, the introduction of piece work could do very little to weaken workers' bargaining position or to stem 'wage drift' (cf. Cliff 1970:46).

From 1958 piece work declined until, in 1967, only a quarter of public sector workers received piece rates. The replacement system of 'performance-related pay' was designed to shift control over pay and performance towards management. The crux of the new system was the bonus. By 1972, bonuses amounted to almost half of total wages. They were granted according to the

criteria of hard work and quality of output, but also rewarded obedience, as measured by punctuality, discipline and even political conformity. Performance-related pay provided managers with larger carrots and sticks with which to combat workers' attempts to reduce work-time through late arrival, early departure, interrupting work, faking work-time, and so on. Although failing to eradicate the egalitarian shop-floor ethic (cf. Bahro, in Bust-Bartels 1980:131) or wage drift,<sup>111</sup> these reforms did boast a qualified success. In particular, they helped to reduce real wage growth which, as a percentage of productivity increase, fell to an annual average of 71% in 1961-5 and 65.5% in 1966-70 (Adam 1979:18,37).

Thirdly, major alterations were made to the structure of business planning and competition. Their thoughts sharpened by the crisis of 1960-2, key sections of the *nomenklatura* showed increasing concern about changes taking place in the world economy; they worried that the war-economic system was fettering growth (Baylis 1971). In the early 1960s, with both the Liberman debates and western methods very much in mind (Kopstein 1997:49), work began on a 'New Economic System' (NÖS) designed to stimulate trade and to encourage enterprises to focus on efficiency over output.<sup>112</sup> The yardsticks measuring plan fulfilment were altered, with priority given to indicators based on deliveries to customers rather than total output. Prices were accorded an enhanced role in determining resource allocation, in order to put downward pressure on the costs of production, and force obsolete production methods out of use. In particular, raw materials prices were raised sharply. The bonus system was redesigned to give managers a direct interest in introducing new technology and disciplining the workforce. Profits replaced output as the criterion for managers' bonuses. The NÖS also aimed to improved business flexibility by devolving powers from the centre to enterprises, enabling the latter to respond more rapidly to changing conditions. Enterprises were permitted greater scope to allocate resources for

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<sup>111</sup> Kopstein (1997:158) notes that managers still tended to 'set wages informally as [they] saw fit. In 1974 a mere one-quarter of wages fell within the centrally determined guidelines, and in industry and construction only one-tenth.'

<sup>112</sup> Once again, the publicly-scorned proposals of dissident or non-conformist intellectuals, such as Heuer, were quietly introduced, albeit in diluted form.

investment, collect their own income, borrow money, disburse their own profits and, to a certain extent, determine wages. In short, the hope was to spur productivity growth through the introduction of mechanisms that approximated more closely to a market system.<sup>113</sup>

### **Contradictions of Reform**

In its initial stages the NÖS seemed successful. It attracted interest from other STEs (including a study visit from a young Russian bureaucrat, Mikhail Gorbachev). However, the reforms ran up against problems of two kinds. The first was opposition from workers and managers. In particular, one plank of NÖS, due to begin in trial form in 1966, involved a shift to profitability as the determinant of investment decisions, which would necessitate closures and layoffs. Kopstein relates how, in one trial scheme (1997:62),

[t]hose threatened with transfers to new work put up stiff resistance. Coal miners and their managers in Zwickau brought the situation to the edge of revolt. In the face of these prospects, plans to close down certain parts of the coal mine were quickly dropped.

Following this and other 'revolts', these offending planks of NÖS were quietly withdrawn.

The second problem was that economic devolution raised the spectre of centrifugal forces undermining the ability of the central authorities to steer the economy. It allowed enterprise managers to partially break from the state plan, to develop informal links between enterprises and even to trade directly with DMEs. East German trade grew rapidly in this period, especially with DMEs. Between 1960 and 1970 total trade rose by 114%, while trade with DMEs grew by 147% (Thalheim 1986:17). Perhaps sensing an incipient threat to the delicate relationship of bilateral planned trade, the Kremlin, in the mid-1960s, pressured the SED into accepting a massive trade deal, at terms very favourable to the

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<sup>113</sup> Ulbricht sought to strengthen the private sector, spoke positively of the need for a 'symbiosis of plan and market', and even came close to endorsing the introduction of a market-based bankruptcy mechanism (Przybylski 1992:165; Grieder 1998:13).

USSR. This reinforced GDR-USSR integration and strengthened the role of central planners in the shaping of overall trade (Marsh 1973:60; Mastny 1972:15).

These contradictions explain why further advance along the road of reform was halted in 1966. A further, decisive nail in the coffin of NÖS came when similar economic reforms in Czechoslovakia became bound up with political liberalization, a burgeoning workers' movement and a perceived threat to Soviet hegemony, which was met with invasion and political reaction. Although the NÖS was not yet entirely abandoned, Ulbricht loudly announced that his earlier championing of decentralization had been a vice from which he was now free (Marsh 1973:1).

### **Crisis and the Fall of Ulbricht**

Rapid growth rates in the mid-1960s, together with a keen awareness amongst SED leaders that the central task of catching up with the FRG continued to elude them, prompted a major upward revision, in 1968, of the original 1966-70 plan targets. Extra investment was to be focused upon 183 automation projects. The resources involved were immense, as described later by Willi Stoph (Naumann/Trümpler 1990:39):

The number and extent of centrally confirmed structural projects was raised from 2.2 billion Marks in 1967 to around 10 billion in 1970. In some regions the required investment in 1970 was therefore greater than the entire stock of industrial capacity.

The *extra* investment in total, about twenty billion Marks, equalled the *total* investment for 1965. Not surprisingly, problems soon began to appear. They came to a head in the crisis of 1970.

The causes of crisis were clear. As Margarete Wittkowski explained to the Central Committee (Naumann/Trümpler 1990:81) the rate of return on investments was substantially lower than in other economies. A key reason for this, she suggested, was the recent investment spree, which had led to an extremely high level of unfinished projects. Overinvestment generated

inflationary pressures, which were manifested in acute shortages and 'disproportions'. Bottlenecks worsened, as resources had been diverted from existing ventures to new projects. These now had to be halted. Fully three-quarters of the new automation projects were mothballed. Chaos reverberated throughout the economy, as halted investments disrupted short-term demand and scuppered long-term output plans. Imports were stepped up, from West and East. These could plaster a few of the most gaping wounds but at the cost of rising debt. Gross debt doubled between 1968 and 1971 (Schmidt 1985:267). Ulbricht's somewhat desperate justification of this policy ran as follows (Kopstein 1997:68),

It is straightforward: We get as much debt with the capitalists, up to the limits of the possible, so that we can pull through in some way. A part of the products from the new plants must then be exported back to where we bought the machines and took on debt.

In addition to freezing investments and borrowing, other 'solutions' to the crisis, advocated above all by Mittag, involved increasing working hours, speed-up, and cutting popular consumption. To a degree, these were occurring automatically. For example, managers responded to nigh-impossible targets by putting workers on 'special shifts' at weekends. Meanwhile, exacerbated shortages of consumer goods effectively devalued wages. Deliberate state policy focused on austerity measures, including cutbacks in the health service, and scrapping planned improvements in general work conditions and in social and cultural provisions for workers in certain industries. However, there were limits to this strategy, namely the sufferance of the working class.

1970-2 witnessed a chorus of discontent unprecedented since 1961, possibly since 1956. Discontent over goods shortages and speed-up readily spilled over into political criticism of the SED and its economic system. For example, as one top party secretary reported, referring to the retail trade (in Naumann/Trümpler 1990:113):

Individual customers are increasingly linking their criticism of the supply situation with expressions of discontent with the politics of



the Party and government. They say that shortages of goods is a result of the failure of the socialist economic system.

Austerity was widely perceived as unjust. The causes of crisis were generally perceived as lying with the regime's economic mismanagement, yet ordinary workers and consumers were suffering the consequences. The 1970 elections showed a sharp rise in the number of non-voters and ballot-spoilers. A series of short strikes occurred. In one or two factories the strength of protest even forced the director's resignation (Steele 1977:133).

The regime faced a severe dilemma – with hindsight Honecker described it as 'on the brink of catastrophe' (Przybylski 1991:103). In order to overcome the recession and complete unfinished investment projects the intensity of work had to be raised and labour's share of national product reduced. On the other hand, it seemed essential to stem the rising tide of criticism by making concessions to the working class. In the autumn of 1970 a faction in the Politbüro, led by Honecker, reacted to the growing unrest by pushing the balance of policy towards the latter goal. Assuaging discontent was prioritized over the resuscitation of halted investments. Measures were taken to reverse the erosion of workers' living standards.<sup>114</sup> Furthermore, the NÖS was finally buried. Although the system of economic controls was not returned to its pre-1963 condition of rigid centralization and enterprises still retained a certain autonomy, a recentralization did take place. In particular, tighter central controls were instituted over resource allocation, giving planners greater power to prioritize particular projects. Thereby, it was hoped, the risk of a future reprise of the overinvestment crisis of 1970 would be reduced.

The course shift was sealed when Honecker's faction ousted Ulbricht as Party chief early in 1971. Although a major reason for Ulbricht's fall lay in several years of tension with the Kremlin over his bullish insistence on East Germany's political independence from (and economic superiority over) the USSR, economic crisis was the key proximate cause of his ouster. Moreover, his fall provided a means to deflect attention from the underlying causes of economic

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<sup>114</sup> Presumably the workers' rebellion in Poland which broke out only days after the SED's change of course strengthened the hand of its proponents.

crisis and austerity. For such problems, it was hoped, Ulbricht would be a convenient scapegoat.

The settlement that emerged from the crisis was shaped by the nature of Ulbricht's ouster and the end of the NÖS. The new leadership's interpretation of the crisis heaped blame upon the NÖS reforms and placed particular concern on mending relations with the Kremlin and with the working class. The ensuing period was thus marked by a greater concern for political stability and security, and for ideological orthodoxy. Discussion of market reform became a taboo.

### **Honecker's Honeymoon**

Under Honecker the more ambitious goals of the Ulbricht period – overtaking the West economically, the socialist unification of Germany, the transformation of the arts into cheerleaders of Communism, and the creation of a collectivist socialist culture – quietly faded away. In their stead came an additional emphasis upon stability, order, and social security. A greater degree of tolerance was observed, initially at least, towards the creative arts and, permanently, towards the apolitical realm of private 'niches' (Dennis 1988:197).

The early 1970s were marked, above all, by what Günter Schabowski (1990:32) has called a temporary 'détente' between the working and ruling classes. Whereas in the 1950s the ubiquitous slogan had been 'work harder now, consume more in the future', the new 'unity of social and economic policy' inverted the sequence, proclaiming that workers deserve a respectable living standard and, 'in return', should raise productivity. Honecker proclaimed (Zaitlin 1995:4) that 'the economy is [...] a means for the ever-improving satisfaction of the growing material and cultural needs of working people.' New social programmes were announced, including increases in house building and pensions. Wages rose significantly, particularly at the lower end of the scale.<sup>115</sup> These concessions were in part a response to workers' resistance to the exactions

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<sup>115</sup> The ratio of minimum to average wage fell from 1:2.8 in 1964 to 1:2.4 in 1978 (Bryson 1984:111).

of 1970-1, but they also served as a sweetener to accompany a new management offensive known as the 'Scientific Organization of Labour'.<sup>116</sup>

SOL, announced in 1973, addressed problems associated with the GDR's poor labour discipline, rising fixed capital intensity and record-breaking employment quota.<sup>117</sup> It was essentially a rationalization drive designed to raise productivity by less expensive or politically sensitive means than raising wages, investment or imports. The emphasis was on 'saving labour' and enabling the continuous and efficient use of equipment, through extending the three-shift system, reducing the 'pores' of the working day, placing premiums on innovation and the quality of output, and imposing a seventy per cent tax on enterprise payrolls (Plock 1993:44).<sup>118</sup>

From 1971 rapid economic growth resumed. According to Merkel and Wahl (1991:10), productivity rose relative to West Germany, reaching 39% by 1975. Real wages rose slightly faster, and welfare spending significantly faster, than in the 1960s. Support for the government and social system peaked during these years. Popular consent was 'bought', in Krisch's words (1982:118), 'by a loosely defined but widely acknowledged social compact under which the regime supplies guaranteed employment and rising consumption standards to the population in exchange for legitimacy'. Opinion surveys from the time (Niemann 1993:48) indicate that 'the social-political programme had a very positive effect on public opinion until 1975/6.' Those answering 'completely' to the question 'Will socialism triumph worldwide?' varied as follows:

Table 4.3 'Complete' faith in socialism (per cent; from Friedrich (1990:29)).

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<sup>116</sup> As SED theorists put it, 'The creation of the will to work [...] is one of the main functions of social policy' (Strassburger 1984:134).

<sup>117</sup> In 1975 the latter stood at 85% for women and 95% for men (Hübner 1994:177).

<sup>118</sup> One in six industrial workers were on a three shift system in 1970, rising to one in four in the 1980s (Schneider 1988:74). This, in turn, required (and stimulated demand for) enlarged provision of creches, kindergartens and other welfare services.

	1970	1975	1979	1983	1988	1989
apprentices	46	63	50	47	10	3 (Oct)
young workers	35	56	39	45	6	
students	65	78	66	68		15 (May)

### Contradictions of Reform

The reforms of the early 1970s, though boosting the regime's legitimacy, were not an unmitigated success. The SOL's achievements of extending the three-shift system and reducing the pores of the working day led to increased levels of stress and illness (Deppe/Hoß 1980:40-54). Absences due to illness – whether 'warranted' or not – grew markedly (Röttgen, in Sarel 1975:232). Increased social and personal consumption, meanwhile, served to lower funds available for investment and to raise public sector borrowing. Even as the 'unity of economic and social policy' was being prepared, the state planning commission was warning that the welfare programme could not be afforded. Its effect, the commission argued (Kopstein 1997:82), 'would be increasing indebtedness to the West and a ballooning domestic monetary overhang, as well as declining rates of capital accumulation.'

In the long run, moreover, the popular response to the social contract helped to cement a relationship between rulers and ruled, in Baylis's words (Heidenheimer/Kommers 1975:288), 'in which legitimacy is based essentially on popular approval of the regime's success in bringing about economic growth and satisfying popular demand for goods and services.' A strong connection between mass tolerance of (or support for) a regime and improving living standards may be common in the modern world. But rendering the connection explicit and proclaiming it as a central project of Communism tended to turn the *nomenklatura* into hostages to the material fortune of their subjects. Thus, in Günter Mittag's (perhaps jaundiced) view (1991:239), the social contract may have helped to ameliorate the discontent of the 1970-1 years, but its long-run effect on workers' attitudes was less positive. The reforms, he holds,

were based on the expectation that social improvements [...] would automatically, as it were, generate a greater desire to work, and thereby raise productivity. These expectations, however, proved to be unfounded. Welfare improvements were perceived as an entitlement, rather than as an incentive to work.

### *Ostpolitik*

Détente towards the masses was accompanied by détente towards the West, although in this case the role of the East German regime was largely reactive. The overall context was determined by the US-USSR détente and increasing East-West trade (discussed in chapter 3); and by Bonn's revised *Ostpolitik* which, as van der Pijl observes (1984:252), reprised Stresemann's strategy in the 1920s of accepting existing borders the better to exert political influence and encourage trade.

The Berlin blockade and counter-blockade had politicized East-West trade, but in subsequent decades pressure grew to expedite such exchange. Soviet enterprise required Western technology and capital goods. West German industrialists sought raw material imports and expanded exports to 'our natural markets' in Eastern Europe (Spaulding 1996:141). They also tended to see STE markets as a stable 'fallback should the Western world economy for some reason not function or lapse into another 1930s-style crisis' (Berghahn 1996:27). They therefore chafed against Adenauer's *Ostpolitik*, in particular its recourse to trade sanctions as a bargaining tool (Seppain 1992). Together with the Berlin Wall, which made the policy of 'reunification through strength' seem suddenly less viable (Tilford 1975:2), this stimulated a strategic reappraisal of *Ostpolitik* in the early 1960s on the part of key West German political strategists such as Egon Bahr (Engelhardt 1991:144). The new tone was set by the industrialist and CDU foreign minister Schroeder, with his call for 'change through rapprochement' (Dean 1992:27). Through the 1960s, both Germanies' economic successes strengthened the case of those West Germans who were pressing for greater *real* assertiveness in international relations, as opposed to orientation to the increasingly *fantastic* formula of unification.

The new *Ostpolitik* of the late 1960s thus represented, firstly, a chance to develop a distinct and autonomous foreign policy and thus enhance Bonn's international stature; secondly, a 'realpolitical' recognition of the GDR's durability; thirdly, a strategy of pursuing West German economic interests in the Soviet Bloc.<sup>119</sup> Following a huge pipeline deal with the USSR in 1969-70 (the credits for which were organized by the Bavarian CSU government), FRG-Comecon trade thrived.<sup>120</sup> In addition, economic and diplomatic engagement in the East enabled the application of more subtle forms of leverage than the previous confrontational methods had done, notably the encouragement of intra-Bloc contradictions.<sup>121</sup> The subtlety of this stance also benefited West German businesses, which were keen for their foreign clients and partners to forget the aggressive associations of Germany's national image (von Braunmühl 1973:160). The new *Ostpolitik's* basic guideline was, in short, to accept the *status quo* in order to more effectively project power, notably through opening Eastern Europe to Western political influence and economic connections.<sup>122</sup>

### *Westpolitik*

Bonn's new *Ostpolitik* presented the SED with a series of dilemmas. It certainly contained attractive aspects. Crucially, it was a response to the Wall, a recognition that the European states-system had solidified around the partition of Germany. The GDR was here to stay, with its leadership deserving of a grudging respect. Although the West German ruling class had hardly ever supported resistance or opposition in the East, the new *Ostpolitik* cemented this

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<sup>119</sup> 'As the comments by successive Foreign Ministers indicate, there was', writes Timothy Garton Ash (1993:246), 'a vague, unquantifiable sense that there should be a larger eastern market there in the future, as there had been in the past.' For a clear example of such sentiment, see Willy Brandt, in Stent (1983:150).

<sup>120</sup> By the late 1970s a third of West German machine tool exports went to the Soviet Bloc. Following the oil price rises of the 1970s oil and gas supplies were especially important to the FRG. By 1989 the USSR supplied fully 30% of its natural gas.

<sup>121</sup> As Bahr wrote to Kissinger (Niedhart 1998:188), 'A systematic but discriminating expansion of East-West economic relations will exacerbate contradictions amongst Communist countries and contribute to further modifications of the system.'

<sup>122</sup> The point made here is also made by Ash (1993:360), who writes that 'the reality of German foreign policy in general, and German *Ostpolitik* in particular, was a great deal more national [and] power-oriented [...] than its public presentation.'

stance into a doctrine. Its catchword was ‘stability’, which in practice meant ‘respect the legitimate authority of the Soviet Bloc elites’. As West German business engaged more extensively in the East, Bonn’s emphasis on ‘stability’ grew.<sup>123</sup> Bonn’s tacit recognition of the GDR in the early 1970s sparked a flurry of diplomatic approaches from other Western states. The GDR at last received worldwide recognition and received UN membership. For Honecker, this marked a major triumph.

The GDR also stood to gain from increased trade with the West, particularly in the form of technologically advanced capital goods imports. The new *Ostpolitik* did not affect East Germany’s privileged trade relations with the FRG, nor its *de facto* membership of the EEC. Trade increased rapidly in the 1970s, particularly with DMEs (Table 4.4).

Table 4.4 Trade with DMEs as per cent of total trade (from Statistisches Jahrbuch der DDR).

	1949	1950	1955	1960	1965	1970	1975	1980	1985	1989
Imports	34	24	27	22	23	27	29	30	40	53
Exports	35	31	23	20	21	22	22	24	48	49
Combined	35	27	25	21	22	24	26	27	44	51

The motives for expanding relations with the FRG were not hard to see. As Alexander Schalck explained in his Ph.D. (Przybylski 1992:259), the *nomenklatura*’s ‘class vocation’ was

to damage the enemy [i.e. FRG] by using all the methods and possibilities at our disposal, as well as his own methods and moral categories; and to fully exploit the enemy’s economic potential for the all-round strengthening of the GDR. In the pursuance of this class duty we are met half-way by the enemy’s intention to intensify economic links with the GDR for the purpose of creating relations of dependence on West Germany and West Berlin.

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<sup>123</sup> Following the imposition of martial law in Poland, for example, BDI leader Amerong ‘stressed’ to a top GDR official (BA-SAPMO Büro Mittag, 25.1.82) ‘that the West German business community, due to its interests [!], would practice restraint and not intervene in the internal affairs of the People’s Republic of Poland.’

For Schalck, 'all methods' included illegal practices, such as the repackaging of Romanian and Korean clothing, which could not be exported to the EC due to WTA quotas, as 'East German' produce for sale in the EC, as well as 'normal' trade. Trade, moreover, brought Western businesses to depend somewhat upon East German goodwill. This, it was hoped, could be translated into political advantage. For example, Mittag sought to exploit his excellent connections to FRG business leaders, persuading them to press for more political favours from Bonn.<sup>124</sup>

However, these positive equations ran in reverse too. As Schalck was aware, profit and power expansion also lay behind the desire of the FRG to promote economic and cultural ties. Given West Germany's economic superiority the relationship, as Soviet and SED leaders were well aware, was heavily skewed. As Brezhnev said to Honecker in 1970 (Przybylski 1991:287):

We have not yet reached the time when the GDR can have a great influence on events in West Germany. West Germany is economically strong. It is trying to gain influence in the GDR, to swallow the GDR, and so on. We, the Soviet Union, the socialist countries, will secure the results of the victory [of WWII]. We will not permit a development that weakens or endangers our position in the GDR, or an annexation of the GDR by West Germany.

Brezhnev was pointing to the key problems faced by East German *Westpolitik*. Stronger economic and cultural relationships with West Germany produced uneven relations of economic dependence. They encouraged, or were bought with, political concessions, such as the relaxation on visits from West Germany or the official permission for East Germans to watch Western television, which was granted in 1973. With such measures, East Germans grew more interested in and oriented towards the West, and their regime's capacity to exploit and police them was further constrained. The contradiction was already apparent in 1974, when

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<sup>124</sup> In the words of either Schalck or Beil (BA-SAPMO Büro Mittag 19.2.81), the opinions of FRG bosses could be 'decisive for the position of the Federal government towards the prospective negotiations as to the nature of the Swing'.



Honecker warned Brezhnev that increasing inter-German contacts raised the importance of constructing an enviable welfare system (Kopstein 1997:86).<sup>125</sup>

A further problem was that Bonn's new *Ostpolitik*, by reducing overt confrontation and by expanding bilateral trading and diplomatic relations with individual STEs, threatened Soviet Bloc cohesion. Significantly, Bonn's first overtures were to Romania, then the black sheep of the Warsaw Pact, followed by Yugoslavia. Of course, this equation again worked both ways: by normalizing relations with Bonn, the USSR helped to weaken the USA-FRG axis. But here too, the USSR-USA and GDR-FRG relationships were not those of equals. The Western players were stronger, as shall be described in chapter five.

## Conclusion

In his memoirs Günter Mittag (1991:202) bemoans the fact that the Cold War served to trap the GDR into a situation in which economic and scientific intercourse with the West was drastically restricted and a hypertrophied security consciousness could thrive within the SED leadership. Exemplifying both these phenomena was the Wall which, although solving medium-term problems, cemented the GDR into the increasingly inefficient structures of Soviet-bloc Communism.

The GDR was a creation of the Cold War, dependent upon the USSR and yet pitted competitively against its larger Western twin. Its economy and living standards were always measured against those of one of the world's top performers. From the start it was the weaker economy, damaged by reparations and locked into a relatively backward region. Whereas the FRG benefited from access to the largest markets and most advanced technology, the GDR's manufactured exports were politically directed to the 'soft markets' of the CMEA. Comparison was always to the detriment of the GDR, as evinced by the fact that East German workers invariably compared their living standards to those in the FRG but not *vice versa* (Messing 1981:286).

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<sup>125</sup> Honecker demanded (in vain) that this required expanded economic assistance from Moscow.

In each phase of East German history these contradictions developed in particular ways. As shall be seen in chapter five, the 1970s normalization of relations with the West served to buttress the legitimacy of the regime. The same development, however, began to undermine East Germany's STE structures through orienting its business interests and popular aspirations and expectations ever more profoundly towards the West.

## Chapter Five: 1975 to June 1989 – Cracks Beneath The Surface

If the first half of the 1970s may be regarded as the highpoint of the SED-regime, the following years saw the contradictions discussed in chapters three and four become inflamed, even intractable. World-economic slowdown from 1974 exacerbated and exposed the inefficiencies of the STE form. A variety of attempts were made to escape relative economic decline and alleviate or postpone the effects of crisis. These included strategies to intensify labour and reduce popular consumption, a massive investment programme in microelectronics, increased borrowing, and promotion of trade in general and economic involvement with DMEs in particular.<sup>126</sup> As shown below, all such strategies either failed or exacerbated economic, social and geopolitical contradictions. Although no major crisis on the scale of 1953 or 1961 occurred, these years saw the regime beset by predicaments and disasters, both political and economic (see Table 4.1). The latter part of the 1980s, discussed in Part Four, witnessed a developing crisis centred on the challenge presented by *glasnost* and *perestroika* to the legitimacy of the Honecker leadership.

### **PART ONE – Profitability Decline**

As Charles Maier puts it (1997:81), the 1970s saw '[c]apitalism and communism together [leave] behind the period of rapid and relatively easy capital accumulation that marked the quarter century after World War II'. They entered 'a far more troubled era', marked by a global decline in capital-output ratios. The GDR shared in this downturn in profitability. Whereas in the first half of the 1970s five units of investment produced one additional unit of output, by the latter half fully eight were required (Harris 1983:173). With reduced investable surpluses, the share of productive investment in national income sank from

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<sup>126</sup> By the mid-1980s East Germany's trade turnover was as much as 72% of produced national income (Bryson/Melzer 1991:50). By 1988 its export quota was substantially higher than that of West Germany (Köhler 1994:87).

16.1% in 1970 to 10.6% in 1988 (Kusch 1991:22). The rate of accumulation fell steadily (Table 5.1).<sup>127</sup>

Table 5.1 Rate of accumulation (adapted from Kusch (1991:22) and Przybylski (1992:77)).

1970	1971-5	1976-80	1981-5	1986-8	1989
29.0	27.5	26.5	22.2	21.5	ca.18

Rates of growth inclined downwards. Between 1977 and 1989 each year, with only five exceptions, saw declining or negative growth rates. The exceptions, 1981, 1983-5, and 1988, averaged growth of only around 1%. Merkel and Wahl (1991:27,61) estimate that *per capita* average decennial growth rates fell from 3% in the 1970s to 0.6% in the 1980s.

The decline of productive and social investment led to a deterioration of industrial and public infrastructure, including transport and health. The age structure of industrial equipment declined steadily.<sup>128</sup> By 1988, Kopstein reports (1997:3), 58% of industrial infrastructure was worn out, and an astonishing 17% of all employees in manufacturing and energy were occupied in repairs departments (Bryson/Melzer 1991:85).

Whether economic growth was substantially lower than elsewhere is debatable. Compared to other STEs, East Germany's performance was reasonable (Table 5.2), although the *Economist's* announcement (6.5.1985) that 'East Germany is quietly emerging as Comecon's best performer' can hardly be seen as major praise. However, opinions diverge over its position vis-à-vis the FRG. For Merkel and Wahl (1991:60-1), having matched the FRG from 1965 to 1975, the GDR then began to fall behind. For Kornai (Table 5.2) and Schwartau (1988:718) however, economic growth held up rather better against the FRG and other DMEs.

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<sup>127</sup> 'Rate of accumulation' here means investments (in both productive and non-productive sectors) as a proportion of national income (Statistisches Jahrbuch 1990:98).

<sup>128</sup> Equipment under ten years old: GDR (1977) 59%; GDR (1989) 50%; FRG (1988) 65% (Kusch 1991:56-7).

Table 5.2 National income growth (from Kornai (1992:200)).

	1961-70	1971-80	1981-8
Bulgaria	5.8	2.8	1.2
<i>GDR</i>	3.1	2.8	1.8
Romania	5.2	5.3	-0.1
USSR	4.9	2.6	2.0
Austria	4.7	3.6	1.7
Greece	7.6	4.7	1.5
Netherlands	5.1	2.9	1.3
<i>FRG</i>	4.5	2.7	1.7

Less open to dispute, and in many ways more important, is the fact that the competitiveness of East German commodities vis-à-vis DMEs tended to decline. One measure of this is East Germany's terms of trade with DMEs (Table 5.3).

Table 5.3 Terms of trade with DMEs (1970 = 100; from Schmidt 1985:398).

1955	1960	1965	1970	1975	1980	1983
103	100	99	100	87	86	81

### **Underspecialization**

Fundamentally, declining competitiveness was rooted in the decreasing effectiveness of STE-type structures of accumulation, as discussed in chapter three. In particular, the economy was profoundly underspecialized. Despite GDR economists pointing to this as a problem from the 1950s onwards (Cliff 1964:280), little could be done within the parameters of STE structures. In the late 1980s, with its share of world trade at 1.1%, the GDR produced an astonishing 80% of goods available on the world market (Bauman 1990:259). Most industries and production lines were small-scale. For instance, in 1987 total car production was only 218,000, as against 4.3 million in the FRG (*The Economist* 30.4.88). Even with

extreme centralization of capital in the *Kombinate*, these remained hopelessly underspecialized. Each tended to autarky, with its own departments for construction, equipment, maintenance and repairs, transport, and so on (see Giersch 1992:259).

A classic example of the problems of underspecialization was the robotics industry (Deppe/Hoß 1989). A certain success was achieved in this field, with the number of robots in industry rising from 220 in 1980 to 4,500 only six years later – almost as many per worker as in the FRG (Kusch 1991:59). However by 1987, robots were designed and produced in fully seven hundred separate factories, a fifth of all industrial plants. Each on average built only 6.6 robots that year. In comparison, on the global scale, several dozen firms dominate the world market, most of which *specialize* in robotics and benefit accordingly.

Another important and notorious example is the microelectronics industry. At the forefront of a drive to upgrade competitiveness by shifting investment into high-tech sectors (petrochemicals, electronics and data processing), microelectronics grew rapidly to become the fourth largest industry by 1989. This prompted *The Economist* (20.4.85) to suggest that 'East Germany has made microelectronics the revolutionary barricade of the 1980s.' Its products, as with robotics, were correctly seen as crucial for rationalization and 'flexibilization' throughout industry, most notably in engineering (Deppe/Hoß 1989). Certainly, favourable factors existed to justify this ambitious national microelectronics programme, including a highly skilled workforce and advanced scientific infrastructure. The GDR, as Maier explains (1997:75), hoped to 'mediate' between Comecon and the world market; 'that is, to exploit the monopoly position within the Eastern Bloc in order gradually to develop the expertise and resources to participate more successfully with the nonsocialist economies.' However, there is a sense in which, as Roesler has argued (1993:560), the national nature of the programme was forced by unhelpful international circumstances. On the one hand the Soviet microelectronics industry showed little inclination to cooperate with its GDR counterpart; on the other, the COCOM list blocked Western imports of many microelectronic products,

particularly after its enlargement during the New Cold War.<sup>129</sup> These factors alone, as Mittag has argued (1991:219), strengthened the rationality of import substitution in microelectronics. Their effect was compounded by the credit squeeze and subsequent 'debt strangulation' of the 1980s (see below).

The industry did chalk up certain admirable achievements both in copying western semiconductors (*Kombinate* 1993:95) and in the fields of espionage and smuggling of western computer technology (Macrakis 1997:81).<sup>130</sup> However, on the whole it remained backward. One principal problem was the lack of speed (in development, in ramping production, and so on). The sector lagged its rival in the FRG by four or five years, and the USA by seven or eight (Havlik 1990:137). The other was the lack of scale. Despite investment of scores of billions of Marks, which was immense relative to total national income, the GDR still invested *in total* less than any one of the major global players (Christ/Neubauer 1991:44). Its industries produced in small production runs aimed at a small market. For the 256kb chip, for instance, production runs were as low as 0.5 million compared to the normal international threshold of 120 million (Kusch 1991:42). Consequently, its production cost was 538 Marks at a time when the world market *price* of similar chips was around DM 4 (Christ/Neubauer 1991:43). In short, an investment programme designed to enable East German business as a whole to compete with technologically advanced rivals had become a devourer of copious state subsidies. Its world market share halved over the course of the 1980s, to 0.4% (Altvater/Hübner 1990:16). Not surprisingly, the scale of investment in this expensive white elephant became a serious bone of contention between leading SED members, notably Günter Mittag, who instigated the microelectronics drive, and Gerhard Schürer.

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<sup>129</sup> COCOM officially banned exports to Communist countries of industrial goods with potential military use, but these increasingly included products with civil applications. That COCOM was also wielded in the interests of *economic* competition is well known. Siegfried Hornich (*Kombinate* 1993:14) observes that 'the embargo lists always grew longer whenever the GDR was receiving attention for high-class achievements in scientific-technical fields'.

<sup>130</sup> In at least one case a complete plant was smuggled in (E. Koch 1992:75).

## Demand and Oil Shocks

With the exception of the prioritization of high-tech industries, several alterations to industrial organization and price structure,<sup>131</sup> and increased cooperation with DMEs (see below), economic policy of 1975-89 was marked not by strategic design, but by panic reactions to the various manifestations of world economic crisis.

During 1979-82 the GDR suffered three major shocks. First, world recession brought reduced demand in external markets. Certain sectors were badly affected. For instance, exports of cars fell from 92,200 in 1978 to 84,800 in 1980 (Bryson 1984:113). Similarly, one of East Germany's major export industries, chemicals, suffered from falling prices for its products on the world market.

The second shock involved oil prices and supply. East Germany was ill-furnished with energy resources, except lignite and uranium. It was heavily dependent upon oil, which was traditionally supplied at a low price by the USSR. Industrial policy was based upon the expectation of stable, low oil prices. From the mid-1970s oil refineries were expanded, with over one billion Deutschmarks spent on imported equipment (Kopstein 1997:93). In the early 1980s, however, the country faced a three-pronged energy crisis. Firstly, coal imports from crisis-ridden Poland slumped. Secondly, in 1982 the USSR reneged on the delivery of a huge volume of promised oil, some of which was diverted to Poland (Table 5.4). Thirdly, the price of Soviet oil rose towards the world market price, which itself had soared in 1973-4 and 1979-80. Beginning in 1976, the Soviet oil price rose remorselessly, until by 1985 its price to STEs was even above the world level.<sup>132</sup>

As outlined in chapter three, economic crisis exacerbated tensions between the STEs. The oil question in particular sparked quarrels between Berlin

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<sup>131</sup> These included the *Kombinate* restructuring. Enterprises were merged, in the interests of increasing speed and scale of production, simplifying chains of command, and reducing inter-branch coordination problems. A certain decentralization of authority from ministry to enterprise was once again instituted, with enterprises given rights to decide contracts and retain foreign exchange earnings. These measures, according to *The Economist* (22.2.86) and *Kombinate* (1993:13), did improve efficiency.

<sup>132</sup> European STEs continued to buy it because it was 'hard', whereas their exports in return were 'soft'.



and Moscow. Challenged by Honecker, Brezhnev justified his country's position in the following terms (Hertle 1996a:46):

Our economists, Erich, have calculated that the direct gains made by the brotherlands through the import of fuel and raw material imports from the USSR in the last five years come to fifteen million roubles, and in the next five the amount will approach thirty million. That is a huge amount.

Referring to the GDR's not-so-brotherly dealings with Soviet oil, he went on to suggest that the brotherlands' real gains may be much greater, 'as the recipients of Soviet deliveries commonly sell it and its derivatives on to capitalists'. In response, the Honecker leadership appealed to Moscow to place geopolitical considerations above economic self-interest. In a pleading, threatening note to Brezhnev, Honecker warned that the oil supply reduction represented nothing less than 'an earthquake under the foundations of the GDR' (Przybylski 1991:336). In another exchange (Hertle 1996a:47), he asked whether 'it is worth destabilizing the GDR and undermining the trust of our people in the Party and state leadership for the sake of two million tonnes of oil.' Schürer put similar pressure on his opposite number in Moscow. He warned him of the destructive economic consequences of the Soviet decision, and, with allusion to the rise of 'counter-revolution' in Poland, reminded him 'that a healthy, socialist GDR surely plays a key role in Soviet strategy'.

Such appeals to strategic interests were in vain. GDR policymakers had to make difficult decisions. Energy supplies to some industries were rationed, thus exacerbating domestic recession. Worst hit was asphalt production, which slumped from three million to one hundred thousand tonnes (Falkner 1994:89).<sup>133</sup> However, major closures of energy-intensive industries were not deemed a viable option. 'Because radical measures of that sort were not pursued', wrote Mittag (1991:277), 'more had to be exported in order to import the same quantity of oil and gas.' Oil imports from non-CMEA sources were stepped up; their share rose from 4% in 1979 to 14% in 1982 (Schmidt 1985:293).

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<sup>133</sup> Consequently, the road network deteriorated markedly, until 18% was classified as 'virtually unusable' (Kusch 1991:61).

Power stations were, with difficulty, converted to burn lignite (Falkner 1994:89), and domestic lignite production was increased (Table 5.4). In the 1980s as a whole, the lignite industry swallowed one third of industrial investment and supplied around three-quarters of total energy requirements (Welzk/Wilde 1993:138; Childs 1998:326). Finally, plan criteria were altered to place greater emphasis upon energy efficiency, in the hope of reducing East Germany's high *per capita* energy consumption (which was twenty to thirty per cent above that of the FRG).

Table 5.4 Oil imports from USSR, and domestic lignite production (million tonnes; from D.I.W. (1989:68)).

	1970	1973	1976	1980	1981	1982	1983	1984	1985
oil	9.2	12.9	16.0	19.0	19.0	17.7	17.1	17.1	17.1
lignite	262	246	247	258	267	276	278	296	312

### **Debt Crisis**

The third major shock suffered by the GDR was soaring interest rates. In the mid-1970s, with world recession damaging exports and rising oil prices harming East Germany's trade position, the SED leadership – despite objections from Politbüro members such as Schürer, Sindermann, and, perhaps, Krolikowski (Zimmermann/Schütt 1992:185; Przybylski 1992:52) – nevertheless persisted with the priorities of the 1971 'settlement'. These included economic expansion based upon assumptions of world boom, and the 'unity of social and economic policy'. In addition, the security apparati were considerably reinforced. These programmes sucked in imports. Over the decade an enormous trade deficit, possibly twenty-one billion VM, mounted (Schürer 1992a:1116). It was financed largely by borrowing. Gross debt rose from US\$ 1840 million in 1973 to \$11,670 in 1980 (Schmidt 1995:267), a figure which, *per capita*, was higher even than that of Poland (Saxonberg 1997:54). A more significant figure, net debt to DMEs, increased during the second half of the decade by more than 20% *annually* (Kopstein 1997:84). By 1980 debt servicing equalled 54% of exports to DMEs

(Harman 1984:114). Thus, although 40% of hard currency earnings was swallowed by debt servicing (Luke/Boggs 1982:109), further borrowing was necessary simply to service existing debt.

The problem was compounded by world recession. Many import payments were predicated upon expected exports which then did not materialize. For example, the GDR purchased a brand new steel factory from an Austrian firm. The intention was to pay for it through subsequent sales of steel to DMEs. However, the international steel market promptly slumped. Payment had to come instead from borrowing.

Table 5.5 Net hard currency debt (VM billion, from Ash (1993:157)).<sup>134</sup>

1970	1980	1985	1987	1989
2	25	30	37	49

Meanwhile, world interest rates soared. From 1977-81 they rose 4½ times. East Germany was particularly badly affected, given that 40% of its foreign debts were short-term (under a year) (Lambrecht 1989). In the context of a global credit crunch which saw several countries (including Poland) default, the GDR faced a credit boycott from international banks. Searching in vain for new loans from banks in France, Austria, Japan, Britain and Kuwait, the GDR was brought to the brink of insolvency, and that, leading officials feared, (Schalck, in Bahrmann/Fritsch 1990:50), 'would mean the ungovernability of the GDR.'

The SED leadership faced a grave crisis. Somehow, exports to the USSR had to be raised due to the increased price paid for oil. Exports to DMEs were essential if the GDR was to service its debts. Simultaneously imports had to be throttled. But could balance of payments equilibrium be restored without risk to social or geopolitical stability? Those such as Schürer who had, in the 1970s, repeatedly warned of the dangers of mounting debt had offered only vague or risky solutions. One had been to seek aid from the USSR, as had occurred in 1953, 1958, and 1960. However, as explained above, Moscow was now as much

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<sup>134</sup> According to Volze (1996:701) net debt with DMEs in 1989 was in fact 'only' thirteen or fourteen billion dollars, some two-thirds of the figure given here.

part of the problem as the solution. In Kopstein's words (1997:92), 'by 1981, the Soviets were no longer in a position to do what they had always done when necessary – bail out the SED.'

Another attempted solution was to impose the costs of crisis upon the working class, through intensification of labour, lowering workers' consumption, and the abandonment of subsidies on basic goods. To some extent such measures were pursued. Campaigns exhorted workers to raise productivity. Günter Mittag's slogan 'The economy has become the main battleground in the class struggles of our times!' (Klier 1990a:154) was typical of the time. Prices were raised and wages held down. Commodities were diverted from domestic outlets for export to DMEs, whilst imports were cut. Severe shortages of meat and other goods resulted. Some officials even began to consider the need for radical austerity measures, including factory closure programmes, significant unemployment, and bringing women 'back to the hearth' (Simon 1990:43). However, such plans could not be taken very seriously. The influence on the *nomenklatura* of the settlements of 1953 and 1971 ran too deep, and was confirmed by current events across the Oder. As Mittag put it (1991:68), '[b]urdened with the trauma of 17 June 1953, and compounded by the mass strikes in Poland in 1980-1, every proposal for economically sensible price formation was rejected amidst talk of the "incalculable risks" of the eruption of counterrevolution'. Given the GDR's geopolitical frontline status the prospect of domestic social conflict was doubly dangerous. Although significant levels of unemployment did begin to appear – in East Berlin perhaps as many as 30,000 (Büscher/Wensierski 1984:25) – serious closure programmes and austerity measures were studiously avoided.<sup>135</sup> As Mittag recalls (1991:38-9) they 'would certainly have led to social disorder with unforeseeable consequences, [and] probably to a catastrophe.'

Ultimately, debt rescheduling was narrowly averted and respectable balance sheets restored, temporarily, in 1982. The two strategies that achieved this, however, exacerbated other contradictions and generated new dilemmas.

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<sup>135</sup> Many workers were laid off due to the stalling of production lines in import-dependent industries (such as chocolate), as well as in industries whose requisite raw materials were diverted for export (Simon 1990:43, Anonymous 1981:7).

The first was a systematic effort to cut imports wherever possible. Essentially, this involved a renewed commitment to import substitution, although the line between that and ‘import strangulation’ was a fine one. If the economy had always been structurally geared towards ISI (on both macro and micro scales), the debt and oil crises strengthened the tendency.<sup>136</sup> Already in the mid-1970s, ‘DIY production’ had been expanded by decree. Firms were compelled to produce consumer goods to the value of 5% of turnover.<sup>137</sup> The credit squeeze and hard currency scarcity of the early 1980s added to the effect, prompting an increased internal production of inputs. By 1985, fully 18% of equipment was produced in house, the highest figure yet.<sup>138</sup> Given the inefficiencies of monadic DIY production, it was far from ideal as a means of escape from debt strangulation.

The second strategy involved an urgent attempt to increase exports, particularly to DMEs. Bringing in hard currency rapidly became the paramount determinant of economic policy. The entire foreign trade apparatus was mobilized to this end and the short-term results were impressive. Exports, largely of raw materials and intermediate goods, rose steeply (Table 5.6), enabling major debt repayments to be made. The net transfer to international creditors in 1982 alone was greater than the total inward transfer from 1970-75.

Table 5.6 Trade with DMEs, from Machowski (1985:6).

	1980	1981	1982
Imports	+10.5%	+2.9%	-3.6%
Exports	+26.6%	+31.2%	+20.4%

In addition to established forms of trade, unorthodox methods were encouraged. One well known example is the reselling of Soviet oil. Having managed, if somewhat painfully, to reduce dependence on Soviet oil, a

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<sup>136</sup> For oil substitution, see above.

<sup>137</sup> This was essentially a desperate attempt to overcome consumer goods shortages. The results were often irrational. For example, a firm specializing in X-ray equipment was obliged to divert skills and resources to the production of frying pans (Giersch *et al.* 1992:259).

<sup>138</sup> Yet the SED pledged to raise it further, to 25% by 1990 (in fact it sank to 16% in 1988).

remainder existed which, given the continued discrepancy between Soviet and world prices, could be profitably sold on hard-currency markets (Janson 1991:99).<sup>139</sup> Central to such 'unorthodox' means of restoring balance of payments equilibrium was Schalck's organization, 'KoKo'. KoKo's origins lay in state-run covert trading operations, especially smuggling, in the 1950s – a time when around a quarter of imports was illegal (P.F. Koch 1992:17). KoKo operated essentially outside the official planned economy, with Schalck being answerable not to the Foreign Trade Ministry but directly to Honecker, Mielke and Mittag. Its income was generated largely from a hidden empire of trading firms run with the assistance of trustees in DMEs. Many of these firms were a strange form of joint venture, being owned *de facto* by the GDR, but *de jure* by trustees with Western citizenship. They operated as 'normal' capitalist businesses but funnelled profits to East Germany.

Being integrated into the Stasi, KoKo was the perfect instrument for covert operations that either were based in DMEs, evaded COCOM, or otherwise embarrassed the official Communist ideology. KoKo firms acquired western equipment to ameliorate critical shortages of spare parts, luxury goods for the *nomenklatura*, and consumer goods when popular discontent was deemed to be at dangerous levels. They merchandised GDR products and, increasingly, its material 'heritage' such as artworks and antiques. They also engaged in the (not especially 'socialist') practices of commodities and stock market speculation and insurance fraud. KoKo organized East Germany's trade with South Africa when the official position was a boycott. As a major weapons dealer, it bought and sold NATO arms, and even supplied Soviet-bloc weapons and military technology to the US military and to the CIA, which channelled them to the Afghan rebels, Unita and the Contras (E Koch 1992:228-261; *die tageszeitung* 5.12.1990; Przybylski 1992:309).<sup>140</sup> By the 1980s, KoKo was feeding the official economy with a regular DM1½-2 billion per year – about one seventh of total hard currency earnings. By 1989 it had amassed 21½ tonnes of gold – five times as much as the state

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<sup>139</sup> Moscow tolerated this, according to Janson, because 'it was cheaper and, politically, more sensible than sending additional army divisions'.

<sup>140</sup> When challenged about the morality of such business, Schalck would reply that all major countries, whatever their ruling ideology, engaged in the arms trade.

bank. It was largely responsible for the rise in value of East German assets held abroad to over DM 100 billion.

In short, the attempt to alleviate the symptoms of the debt crisis served to strengthen the reliance of the 'official economy' upon an organization that was not only external to the central plan, but based upon speculation in, and (often illicit) trade with DMEs. Whatever the intentions of its leaders, the GDR was becoming ever more directly subjugated to the world market.

## **PART TWO – Between a Rock and a Hard Place**

As discussed in chapter four, East German industry, as the most advanced in Comecon, and with strong traditional links to the West, gained least from the STE form. Its long-run competitiveness suffered from the softness of its major markets. Yet of all the East European STEs, East Germany's ruling class, being based upon the weaker segment of a divided nation, was the most existentially dependent upon STE structures and upon Moscow. The dilemmas of opening the sluice gates to the world market were therefore especially great. Increasing integration tended not only to pull East Germany into positions of dependence upon DMEs, but rekindled questions concerning its national – and therefore political – identity. In short, GDR policymakers were caught between the stagnation of the East and the dangers inherent in further interconnection with the West. In Mittag's view (1991:154), his economy found itself caught 'between a rock and a hard place: between CMEA and the West, between raw materials shortages and COCOM'. Intensified relations with DMEs tended to act as a spur to growth and a vital source of technology and markets. However, they equally exposed East Germany's economic weakness and undermined the 'national economic independence' that was the structuring principle of STEs and the basis of the GDR's sovereignty as a distinct German polity.

As with many of his East European contemporaries, Honecker's policy is best characterized as, in Charles Gati's words (Hanson 1986:146), 'an attempt to move toward the West without appearing to move away from the East'. In his case, however, the attempt was marked by particular reluctance and

equivocation. Honecker's rise to power, in particular his support from Moscow, was in large part due to his commitment to *Abgrenzung*. His initial approach was summed up in his warning to Ulbricht in 1970 (Kopstein 1997:71): that it is 'necessary to conduct the struggle against appearances of a "pull to the West", against the idea of a special relationship between the GDR and the FRG'. His regime's *Westpolitik* was initially wary. Although important substantive shifts towards normalizing relations with the West were made in the first part of the 1970s, these occurred beneath a strident rhetoric of *Abgrenzung*, in order to counter any suggestion that a reconsideration of German division could occur (Mählert 1998:124). And yet, by the early 1980s Honecker had become committed to precisely that 'special relationship' which he had earlier denounced. Inexorably, and not without resistance, the door to the West opened. Ideas began to change and old certainties crumbled. Before long a new *Westpolitik* had emerged. Economic dealings with DMEs were reevaluated to become, in the 1980s, the primary focus of economic strategy. To illustrate the transformation, compare these two officially sanctioned pronouncements (Neubert 1990:18). In the 1970s a typical text read thus:

The growing power of socialism is impressing itself ever more directly upon the capitalist world economic system. The progress of the socialist world system is limiting the domination of the monopolies on the world market [...] The imperialist foundations of the international division of labour are being shaken under the impact of socialism. [...] Economic relations between the socialist and imperialist countries are thereby becoming a decisive battlefield of class struggle.

By 1988 the change of tone was unmistakable: 'According to the reproduction theory of socialist political economy, East Germany has an "open" economy. It is connected in the most profound ways into the world economy, and is subject to its general laws.' Similarly, and in the same year, a top functionary penned the following (Schmidt 1989:124):

The national economy of the GDR is characterised by one of the highest foreign trade intensities worldwide – more than 40 per cent of its national income is derived from foreign trade. Hence a



high degree of stability in foreign trade is imperative. The same conclusion applies to the GDR's economic relations with the FRG.

### **Attached to the Drip of the West**

The regime was trapped in a dilemma. Overcoming, or at least escaping the worst effects of, crisis and relative decline depended upon intensifying connections to DMEs, most obviously the FRG.<sup>141</sup> But such ties, given the comparative prosperity of the FRG, tended towards one-sided dependence. Following the Kissingerian 'linkage' strategy, they were often, though not always, accompanied by political price-tags – for instance, the easing of restrictions on visits from the FRG (Table 5.7). Encapsulating the connection between 'West-pull' and the SED's legitimacy, Lutz Niethammer (1994:112) has written that the ruling system, 'attached to the drip of the West, completely lost its legitimating ability to provide hope, and oriented the masses instead towards the source from which the rulers themselves sought aid: the West.' Increased trade and cultural contacts, telephone links, visits from Westerners, and the influence of West German television, heightened the immediacy of East-West comparison.<sup>142</sup> Honecker's signing of the Helsinki Final Act in 1975, with its pledges of rights to international travel, familial contacts, and freedom of information, and promotion of cultural exchanges, tended to stimulate dissent by raising expectations that restrictions on civil liberties, including the right to emigrate, would be reduced.

Table 5.7 Visits from West Germans and West Berliners (millions; from von Rüden (1991:52)).

1969	1971	1973	1975	1977	1979	1981	1983	1985
1.0	2.8	7.5	7.8	7.8	7.5	5.0	5.1	5.7

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<sup>141</sup> Although the regime sought to spread its connections to DMEs, the FRG was always central (Jacobsen 1983).

<sup>142</sup> In 1985 West Germans and West Berliners made some 25 million phone calls to the East (Plock 1993:79).

One of the most far-reaching of Honecker's reforms was legalizing the ownership of the *Deutschmarks* which began to stream. The sums involved were, by the late 1980s, enormous (Table 5.8). In 1988 DM 1,405 million flowed from the FRG to private GDR citizens alone.

Table 5.8 DMs held, in cash, in private sector (millions; from von Räden (1991:97)).

1974	1978	1982	1986	1988
0.3	1.3	2.2	3.0	3.6

In an attempt to control and profit from the *Deutschmark* economy 'Intershops' were set up, supplying *Deutschmark* owners with western goods. Nevertheless, the inflow also fed the grey and black economies, which grew to between ten and fifty per cent of the official economy, according to which estimate one chooses (Bryson 1984:83).<sup>143</sup> In the 1980s enterprises began to demand payment in *Deutschmarks* for certain transactions, obliging one another to amass large funds of *Deutschmarks* in 'black accounts' (Welzk/Wilde 1993:138).

The easing of restrictions on contacts with Westerners, the sanctioning of *Deutschmark* ownership, and the creation of Intershops combined to give practical encouragement to the cultivation of contacts with Westerners. As Kopstein observes (1997:188), the socialist dictum 'to each according to his work' was revised in the popular mind to 'to each according to where his aunt lives'. The quality of goods displayed by aunts and Intershops heightened Easterners' perception of their second-class status.

Bonn, meanwhile, became a sort of (rich and suspicious) 'aunt' to the official economy. It provided direly needed hard currency in the form of transfers and loans. Direct transfers included payments for improved rail links and motorways, but the most notorious were for political prisoners, whose freedom Bonn bought from the GDR. With prices per head averaging around DM 70,000 it was a lucrative trade both for the GDR and for the Western

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<sup>143</sup> The black economy consisted mainly of services, especially car repairs, legal advice, health, plumbing, carpentry, and building.

institutions that organized it.<sup>144</sup> Its total cost to the West German taxpayer, from 1963 to 1989, amounted to some DM 3½ billion (Ash 1993:146). All in all, direct transfers represented a huge financial infusion. Together with private gifts they amounted to around DM 5 billion per year by the late 1980s. Assuming an exchange rate of 4.4:1, that represents fully 10% of national income (Lisiecki 1990:513).

In addition to transfers, Bonn provided its Eastern twin with 'soft' loans. One such was the 'Swing', which became in practice a permanent cheap loan (as well as a means by which Bonn subsidized the annual exports of some 7,000 West German firms). More famous were the interest-free loans of one billion Marks apiece in 1983 and 1984. These were initiated and arranged by Schalck and Strauss, and were then coordinated by the latter through a consortium of Western banks. Although small compared to the GDR's total debt, they were crucial to rescuing the beleaguered economy in the eyes of international finance. Being so clearly propped up by one of the world's strongest economies, East Germany's credit rating returned to a tolerable level. Credits from international banks resumed, and difficult decisions could be postponed.

In short, East Germany grew ever more reliant upon relations with Bonn, which progressively undermined its 'national economic sovereignty'. Many of the transfers and loans had political strings attached. The Strauss loans, for example, were informally exchanged for an easing of conditions for West-East travel, enabling more East Germans to emigrate. More subtly, the regime's control over economic matters was eroded by the *Deutschmark* inflow, which circulated in effect as a parallel financial system.

Once entered, the currents pulling towards closer relations with the West proved difficult to control, let alone reverse. Economic and cultural links with the FRG were, as Günter Minnerup put it (1984:8), 'double-edged'. To the extent that they 'alleviate the difficulties of the SED leadership they also, like painkilling tablets, create a dependence on the beneficial drug.'

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<sup>144</sup> The latter included firms such as *Volkswagen*, as well as both Churches (Brinkschulte 1993).

## Inter-German Détente

West Germany's economic muscle continued to develop, relative not only to the GDR, but also to the superpowers. This influenced several developments in international relations. As outlined in chapter three, fractures in Atlantic unity, and the US's relative decline vis-à-vis West Germany, had formed the background to Brandt's *Ostpolitik*. Although following the tracks of Nixon's détente, *Ostpolitik* also 'alarmed the Nixon administration' (Powaski 1998:171). It demonstrated a new foreign policy assertiveness, and reawakened memories of German *Schaukelpolitik*. In the 1980s, Bonn continued to assert foreign policy autonomy, at times conflicting with the US. Although the FRG supported Carter's grain embargo of the USSR and Reagan's arms build-up, differences emerged. For example Bonn, along with many other DMEs, tended to turn a blind eye to the flouting of COCOM restrictions, which prompted the CIA, in the early 1980s, to launch an operation (code name 'Exodus') designed to stem embargo evasion (Macrakis 1997:70). Disputes flared between Washington and Bonn over the neutron bomb in 1977, and over EC companies' participation in the construction of Soviet oil pipelines, which the EC won in 1982. Bonn also insisted on alterations in the Pershing programme, and on a delay in stationing the Lance missile, while a German veto over the firing of German-based US nuclear weapons was a cause championed by Strauss in particular. The Strauss loans should be seen in this context too. They were, as Clemens suggests (1989:290), a clear signal that the new conservative government, despite the New Cold War, 'was thoroughly prepared to cooperate with the GDR'. Indeed, the appropriation by Strauss's CSU of the SPD's mantle of pioneering relations with the GDR, precisely when such a move cut across the grain of Moscow-Washington relations, highlighted both the extent to which the FRG ruling class had quietly united behind Brandt's strategy, and its new-found assertiveness vis-à-vis Washington.<sup>145</sup>

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<sup>145</sup> However, there was a fine line between recognition of the GDR and Bonn's attempt to assume a 'senior partner' role. The latter encouraged increased discussion of German reunification to edge back onto the margins of Western political debate (Kaiser 1979:8). In the early 1980s the whispers grew louder, particularly when the new conservative government sent a minister to speak at a *Bund der Vertriebenen* rally.

For East Germany, a number of factors contributed to its support for the 'mini-' (or 'inter-German') détente. These included the general phenomena of Eastern Europe's westward turn and the relative decline of the USSR, the Kremlin's weakness following Brezhnev's death, and the fear shared by Berlin and Bonn that Germany might become a central 'theatre' for nuclear exchanges between American and Soviet forces (Wolf 1998:220).<sup>146</sup> However, as one West German diplomat has argued (Kaiser 1991:483), the decisive factor was East Germany's increasing dependence upon West German markets and transfers. Symptomatic of Berlin's shift is that, during West Germany's economic recession of 1980-2, Honecker could telephone FRG chancellor Schmidt, not to wish damnation on his 'imperialist' economy, but to proffer his earnest wishes that the recession there would swiftly end (Nakath/Stephan 1995:72).

Apart from the Strauss loans, manifestations of mini-détente included new East-West telephone links (1983), an agreement over commuter railways in Berlin (1984) and a deal on cultural, sporting and scientific links (1986). Inter-German détente became institutionalized, with semi-annual meetings of both states' economics chiefs. Following a brief freezing of relations in 1986, thawing resumed in the form of a prisoner exchange, student exchanges, town twinnings, and the further easing of restrictions on private *Deutschmark* transfers.

These moves highlighted Moscow's loss of influence over its junior partner.<sup>147</sup> *Solidarnosc* had threatened to kill off Brezhnev's doctrine even before his death, and now it was being undermined again, this time by a traditionally reliable ally. Moscow repeatedly voiced its disapproval of the mini-détente and especially the Strauss loans. This provoked equally frequent counter-attacks, including one, in *Neues Deutschland*, which accused the Soviets of advocating a disastrous course of 'economic seclusion'. Moscow succeeded in preventing Honecker's planned visit to the FRG in September 1984. Nevertheless, Berlin made clear that it would go ahead, which it did, despite Gorbachev's opposition, in 1987. These were but particular examples of a general trend, which the

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<sup>146</sup> GDR officials quietly but surprisingly indicated discontent over the stationing of new Soviet nuclear missiles on their territory.

<sup>147</sup> For more on this, see Sieber (1994).

*Economist* (18.8.84) described thus: Moscow's 'usual arm-twisting is [no longer working], because too many east European leaders are coming to realize that economic reality requires them to keep up their links with the West.'

### **Business Interests**

The 1980s saw a dramatic rise in GDR-DME inter-firm cooperative projects, including various types of 'compensation', and to a lesser extent joint ventures.<sup>148</sup> In this field, East Germany moved from tail-light of the East European STEs to pole position, engaging in well over 100 collaborative ventures with FRG businesses alone (Nakath 1994:49, Bauman 1989:178). The most common form of cooperation involved production under license. Firms from DMEs (including Nivea, Blaupunkt and Adidas) erected plant or entire factories in the GDR. They usually received payment in kind, with the rest of the product allocated to domestic luxury outlets ('Delikat', 'Exquisit', and 'Intershop'). Such ventures brought the benefit of ensuring supplies of quality consumer goods that were paid for through the direct exploitation of GDR workers rather than precious hard currency. Moreover, as Mittag put it (1991:39), 'technical know-how from abroad – which could not be appropriated in any other way – could be gained', as a beneficial consequence of East Germany's 'integration into the worldwide division of labour' (1991:105).

East Germany's integration into the world economy entailed partnerships with DME multinationals at home, but also abroad. GDR firms were keen to expand into extra-STE markets. As one top official wrote (BA-SAPMO Büro Mittag 10.2.87): 'economic-technical cooperation between West German companies and East German companies in third markets of the non-socialist-abroad should in the future be intensified and should become a long-term objective.' A trickle of collaborative ventures with Western MNCs in the 1970s, for instance with Vöest-Alpine in Cameroon, became a stream in the 1980s,

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<sup>148</sup> That joint ventures *as such* were relatively neglected was due to the political and geopolitical habits and fears of the SED leaders. Their cautious attitude on this question, according to two interviewees (Richter/Meier), frustrated many officials, middle managers, and even company directors. See also Nitz (1989:303, 1995:111).

including projects with British United Machinery, CCC Hamburg (in Sudan), DEMAG (in Bulgaria), and Mannesmann (in Bulgaria and Greece). By the late 1980s one East German MNC (SKET) owned, among many other assets, 350 rolling mills and 1,200 cranes in at least forty countries (*Kombinate* 1993:272).

By far the most extensive collaboration was with FRG-based firms. Many of these shared an interest in what one CDU leader, Kiep, called 'the overall political aspect of the furthering of economic relations' (Nitz 1995:275). They perceived the 'special' German-German political relationship as working to their advantage.<sup>149</sup> Many were also, naturally, motivated by a 'massive self-interest' (Kiep) in particular business projects. In the words of Krupp's Berthold Beitz (Nitz 1989:306), 'the dynamism of trade with the GDR was of substantial importance to many FRG enterprises, both big corporations and specialized small and medium-sized companies.' To illuminate the sorts of specific interests motivating both sides, cases from three industries, cars, steel and nuclear power, will be briefly discussed.<sup>150</sup>

The automobile industry was synonymous with one *Kombinat*, Ifa. Several Western companies, including Porsche and Citroen, explored cooperation with Ifa, but the one that engaged most successfully was Volkswagen. Volkswagen's global strategy was fairly heavily geared to STEs, in particular China,<sup>151</sup> as well as the USSR, albeit with less enthusiasm.<sup>152</sup> Following approaches from Mittag and Schalck, Volkswagen arrived in the early 1980s. Inter-German détente was blossoming, and, equally significantly, Ifa was in the throes of breaking a joint

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<sup>149</sup> The connection between economic and political interests was most apparent in the issue of inter-German trade. When, for example, the special terms of inter-German trade were challenged as contrary to EU principles, Otto Wolff, steel magnate and head of the 'East committee' of the BDI, defended it in revealing terms. He declaimed to East German officials that he perceived himself 'as a sort of Libero, defending the gates of the GDR against these attacks by the FRG's west European allies on the status of inner-German trade' (Nitz 1995:270).

<sup>150</sup> Except where sources are stated, the following is based upon documents from BA-SAPMO (Büro Mittag).

<sup>151</sup> As Hahn explained to East German officials, VW wanted to begin production in China because, first, the potential market is vast, and second, it would give VW 'a headstart in the Chinese market over the Japanese competition.' (Büro Mittag, 8.10.84). Indeed, by 1995 VW had gained half the Chinese automobile market (*Time* 25.9.95).

<sup>152</sup> FRG politicians (including Genscher, Kohl and Schäuble) pressed VW to collaborate with the USSR by producing VW engines for Moskwitsch cars. VW did so, but offered a plant suitable only for outdated engines. When the Soviet Minister for the Automobile Industry later discovered that VW plant in East Germany was up-to-date he was 'shocked' (Büro Mittag 26.4.85).

venture agreement with a Czechoslovak enterprise (Sieber 1994:78). Volkswagen's motivation, as explained to Beil by its president, Hahn, was to shift production from West Germany because it is 'not stable enough' and because of 'the rising costs in FRG industry'.<sup>153</sup> Whatever the significance of the former (with hindsight, ironic) motive, it is undoubtedly true that Volkswagen was attracted by East Germany's supply of cheap and qualified labour-power. As its director of finance put it (Damus 1990:70), '[w]hy go to Korea when wage levels next door are only a quarter of West German levels?' As for the East Germans, cooperation with Volkswagen was seen as a lever for directly raising productivity, and for benefiting science and industry in general.<sup>154</sup> According to Przybylski (1992:189), Mittag hoped that an Ifa-Volkswagen joint venture would result. However, other leaders, worried about the degree of technical dependence that would result, not to mention the cost in scarce *Deutschmarks*, blocked such a move. In 1984 a compromise was reached whereby Ifa would build Volkswagen engines under license. A part of these would be supplied to Volkswagen as payment, the rest would be installed in improved Wartburgs.<sup>155</sup>

The second example is the steel industry. In this case, Western interests centred not on cheap skilled labour but markets. With world steel overproduction hitting crisis levels in the early 1980s, even marginal markets like the GDR could be vital to a company's survival. As the director of Salzgitter insisted to Beil in 1981, 'Salzgitter needs the trade with the socialist countries'. He added, significantly, that it 'will use its influence on the West German government to make sure that no inconveniences will arise.' Similarly, a top Krupp manager, Scheider, confided to Beil in the same year that the FRG steel industry was in such a parlous state that 'the consequence, in a "free market economy",

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<sup>153</sup> At the same time he shamelessly used West German VW workers' strength as a bargaining chip, passing on to Beil the demand of IG Metall that, if production is relocated to the GDR, it must agree – as 'compensation' – to sharply increase its purchases of VW cars from the West.

<sup>154</sup> In mid-1989, for example, a Volkswagen-funded institute was established to support cooperation between Hamburg and Jena universities. In Schalck's words, this would bring vital 'access to technical know-how that we are lacking.'

<sup>155</sup> Sadly, the VW-powered Wartburgs were so expensive that, when presented at the Leipzig trade fair, some enraged (and brave!) citizens pelted the Wartburg stand 'with rotten eggs and other missiles.' (Przybylski 1992:193).



would be bankruptcy.’<sup>156</sup> Krupp desperately needed extra orders from East Germany, and suggested that payment for these could be, in part, through GDR firms supplying Krupp projects in third markets. At that time Krupp-GDR collaborative projects already existed in Yugoslavia, Greece, India, Ethiopia, Burundi, and Ghana. Plans were drawn up to extend collaboration to Tunisia, Nigeria, Dubai, Iran, Morocco, Libya, and Sri Lanka. ‘Krupp possesses very favourable terms’ in many of these countries, East German officials observed, ‘thanks to the political intervention of the FRG and finance from the World Bank’.

The final example, nuclear power, is significant not because any major project resulted, but because political factors took centre stage. In 1982 the head of Hoffnungshütte wrote to Beil, on behalf of a consortium of major FRG firms, to propose that they construct a nuclear power plant in East Germany. He gave three motives. The ‘most important’ was that ‘the FRG government and industry want to establish an example that will act as a counterweight to the anti-nuclear movement’, then at its zenith. Secondly, as with steel, market conditions in DMEs were inclement. Hoffnungshütte, he wrote, had ‘gigantic stockpiles of high-value nuclear power plant which it would like to reduce.’ Thirdly, ‘East Germany has a clear nuclear power strategy *and no problems with its population*’ [italics GD]. He urged haste by informing Beil that the Schmidt government was in favour of the plan but that a future CDU/CSU government might not be. Finally, he warned that the USA might attempt to thwart an FRG-GDR nuclear venture, and urged Beil to the utmost secrecy. Although Hoffnungshütte’s plan was never executed, the motivations revealed in this letter underscored other FRG-GDR projects. For example, FRG firms used East Germany as a convenient, cheap dump for toxic waste, free from ecology movements (Bahrman/Fritsch 1990:140).

## **The Clinking of Vodka-Cola Glasses**

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<sup>156</sup> Incidentally, Beil was employed as a consultant for Krupp after 1989, advising on projects in the USSR (Zimmermann 1994:23).

Increased trade and détente contributed to a growing mutual regard between the ruling classes of both Germanies. Amicable personal contacts flourished. ‘Totalitarian dictators’ and ‘revanchist imperialists’ reinterpreted one another as valued partners at the negotiating tables of business and politics.

Typically for masters of relatively backward economies, *nomenklatura* members harboured an admiration for the DMEs, albeit perhaps a resentful one. Particular esteem was extended to the business methods of the Western ‘class enemy’, which were frequently held up as a model.<sup>157</sup> Company managers and officers of the security services engaged in the practical recognition of DME superiority through their preference for, and sometimes dependence upon, DME imports, while the *nomenklatura* as a whole voted with their wallets for DME consumer goods. Among KoKo’s prime tasks each year was to provide DM 6-8 million simply for the politbüro’s hard-currency consumption needs (Christ/Neubauer 1991:51). The receipts (some of which I have read, courtesy of Uwe Bastian) cover a vast array of items, especially electronic goods, but also manifold other items including orthopaedic mattresses, pampas grass, and ultrasonic vole killers! One wonders whether Mittag, whose artificial leg was made in Japan and whose daughters’ ten or more televisions were all of ‘capitalist’ provenance (Janson 1991:238; Klemm 1991:73), or Honecker, as he sat in his Citroen smoking HB (his favourite cigarettes), or Egon Krenz, as he supervised the ‘grey market’ import of western cars for favoured functionaries, or the Stasi officers who sent their employees over to the West to purchase wines, cigarettes and videos, ever reflected upon their dependence upon ‘capitalist’ luxuries.<sup>158</sup> Certainly, Schalck’s responsibility for their provision helped him to a formidable reputation amongst the SED elite.<sup>159</sup>

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<sup>157</sup> For example, one Politbüro member suggested that East German central planning should be modelled on that of the American army, which deployed high-tech data processing to enable the smooth coordination of tens of thousands of discrete operations (Naumann/Trümpler 1990:126). For Schalck’s pioneering reverence for ‘capitalist’ business methods, see P-F Koch (1992:46).

<sup>158</sup> Honecker would later justify his taste for luxuries by pointing out that other German leaders, from Hitler to Kohl, did likewise (Andert/Herzberg 1991:381).

<sup>159</sup> Honecker himself (Andert/Herzberg 1991:351) lamented that ‘[s]adly the GDR did not have many businessmen like Schalck.’

The proliferation of collaborative ventures and political negotiations associated with increased trade and détente was central to modifications in perceptions of the 'enemy'. The CSCE process in particular was a crucible of East-West fraternity, in which members and representatives of the respective ruling classes discussed and prepared cooperative agreements and projects. At meetings associated with the CSCE process, scientists, economists, diplomats, and officers exchanged experiences, discussed possible developments, sought compromise and agreement, and struck deals. Businessmen from all the major FRG firms, and from other DMEs, attended.<sup>160</sup> Generally, a friendly, open atmosphere prevailed, which undermined Cold War preconceptions.<sup>161</sup> As Mittag later admitted (1991:96) 'The countless meetings [I had] with West German politicians and with important businessmen [...] shaped, both consciously and unconsciously, my thinking.'

The relations of the GDR *nomenklatura* to its FRG counterpart came in some respects to resemble those of East Germans towards the 'aunt in the West'. Helmut Kohl, his ministers, and other politicians regularly visited East Berlin for negotiations, accompanied by smiling photo opportunities with GDR leaders. Western business leaders were fawned upon. Beitz, for example, was one of the GDR leaders' favourite friends and greatest admirers. In letters to Mittag (in BA-SAPMO Büro Mittag), he described his feelings upon visiting East Germany; of being 'overwhelmed by the beautiful presents' he had received from the East German state; of his 'great pleasure with my hunting success' which he had enjoyed with SED leaders; and of his desire 'to have a GDR artist paint my portrait'. Exemplifying the intricacies of Vodka-Cola clinking, West German officials even bothered to write to Mittag to suggest that, during Beitz's forthcoming visit to his parents' hometown in the GDR, officials there should

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<sup>160</sup> Nitz recalls – with no apparent irony – that (1995:140) Robert Maxwell was 'on board'.

<sup>161</sup> 'Openness', however, was restricted to inter-elite discourse. Both sides concurred that their populations should be kept in the dark as regards German-German negotiations. The crucial post-Helsinki meetings were kept very secret. As Jürgen Nitz, one of the GDR's main negotiators, writes (1995:131): 'In reality, the professional and general publics were excluded from all questions concerning German-German economic relations. This area was – with the absolute agreement of both sides – declared "closed society". [...] I was always amazed that Bonn – representing an open society – supported and connived in this "conspiracy against openness".'

arrange for the local priest to present him with 'a little souvenir (such as an old hymn book) for his mother'.

Vodka-Cola relationships were prone to go beyond the realms of official business. For example, Otto Wolff was a frequent visitor. He loved East Germany's Prussian aspect, especially the pageantry when he received an honorary doctorate at Jena University. However, his activities in the GDR were not always noble. One letter to 'My very worthy dear Mr. Mittag' begins with a friendly reminder: 'You once told me that, should I ever deem it appropriate, I could contact you outside of our official roles, if something arose pertaining to affairs of my own company.' He had heard, the letter continues, that a GDR steel works was inviting tenders for a major investment. *His* firm, he declared, would be interested in receiving the contract. Mittag ensured that indeed it did.

Strauss was notoriously adept at using his political position to further private interests. His initial contacts with Schalck had been facilitated by his friend (and CSU member) Joseph März. März was a Bavarian cattle dealer whose meat wholesaling business dealt, via KoKo, with East Germany. His chief rival, an SPD-connected cattle dealer, was generally preferred by the GDR. However März, scenting possibilities for reinvigorating his troubled business, introduced Schalck to Strauss. The three became friends. März's business was promptly rescued, thanks to increased purchases from the GDR. In the mid-1980s however, his trade with the GDR slumped. Once again, Strauss intervened. He sent a note to Schalck which insisted that the GDR permanently increase purchases from März, or risk that the smooth relations between Schalck and Strauss (which were by now the linchpin of *Ost-West-politik*) would suffer (E Koch 1992:150). On several other occasions, Schalck and Mittag, at Strauss's instigation, ensured that major contracts went to companies favoured by Strauss (Seiffert/Treutwein 1991:348; E Koch 1992:145). When East Germany's airline, Interflug, was considering leasing two Airbuses Strauss – who sat upon Airbus's board of directors – used his political influence to clear aside the COCOM hurdles (Nakath 1994:50). Strauss was viewed kindly by SED leaders due to his espousal of intensified relationships, and his organization of the 1983-4 loans. But his relationship with Berlin was also cemented by information exchange. Although

Strauss knew that Schalck was a Stasi colonel, he willingly divulged much classified information that he received from Bonn ministries, the CIA and the BND – including the sites of Cruise and Pershing missiles. This posthumously earned him the appellation ‘the GDR’s most important spy’ (Przybylski 1992:282).<sup>162</sup>

In the process of forging ‘Vodka-Cola’ relationships, both sides often found they shared a surprising degree of common ideological ground. For example, the *Deutschnational* Strauss and his wife greatly admired the GDR regime’s Prussian authoritarianism, and especially its reactionary family policy (*Wochenpost* 4.8.1994). The GDR effectively repressed three evils which Strauss most abhorred: ‘hashish, pornography, and [...] long hair’ (Strauss, in Engelmann 1983:191). Strauss, a notorious anti-Communist (and friend of Pinochet and Apartheid), began to earn the admiration of Honecker and Mittag, and discovered his *Weltanschauung* to be far closer to theirs than to East Germany’s ‘long haired’ oppositionists. He even went so far as to telephone Honecker to voice his contempt for the ‘crazy’ Krawczyk and his fellow oppositional ‘dreamers’ (Sélitrenny/Weichert 1991:138). East German journalists who continued the age-old tradition of attacking Strauss as the epitome of revanchist imperialism, and even those who simply called him an anti-Communist, were called to order (Zimmermann/Schütt 1992:76).

In his attitude to oppositionists, Strauss was but an extreme example of a major, and cross-party, section of the FRG ruling class, which saw them as either irrelevant or annoying. For example, Joseph März expressed unconditional sympathy with the GDR authorities for refusing entry visas to ‘Greens and other politicians from the left scene’, and hoped that GDR dissidents would not emigrate, for ‘[w]e already have enough of those Bahros, Biermanns, Krawczyks and Kliers in West Germany’ (E Koch 1992:154). An FDP leader, Lambsdorff, encouraged East German Church leaders to give oppositionists ‘a good scolding’ (Schroeder 1998:312). Along similar lines, a leading CDU politician, Lothar Späth (Nakath 1994:52), told Schalck of his disdain for East German radical ‘clerics [who] pursue the interests of oppositional forces which otherwise have little to

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<sup>162</sup> See also Sélitrenny/Weichert (1991), Nitz (1995:218), E Koch (1992:127).

do with the church.’ SPD leaders expressed similar thoughts to their East German counterparts (Neubert 1998:662-5).

In this light it seems that the increasingly positive attitude of the FRG elite to Honecker’s regime was not the result of ‘deception’ by wily GDR ideologues, as Robert Conquest claims (1995). Rather, it was the outcome of networks of cross-border trade, friendship and palm-greasing, all set within the overarching *Ostpolitical* framework of mutual recognition and the pursuit of stability. Ideological differences became muted and, where necessary, past records played down – for example, Strauss’s anti-communism or Beitz’s record as an administrator of Nazi-occupied Poland (Windsor 1971:52). During the ‘thaw’ decades of the 1970s and 1980s, Western leaders made a point of expressing admiration for their Communist counterparts (Helmut Schmidt for Gierek and Mittag, Strauss for Brezhnev), and justifying even the most abhorrent ‘Communist’ repression (Nakath/Stephan 1995:68; Clemens 1989:200). Jürgen Nitz, who knew both sides intimately, remarked that he had always heard ‘exceptionally positive opinions [...] towards the East German leaders [...] above all from the top people in the West German business community’, as well as from CDU leaders such as Kiep (1995:175). Mittag was seen ‘by many top managers in the West as absolutely one of their own’ (Nitz 1995:166). Best loved of the East Germans, of course, was Schalck. He was ‘a favourite conversation partner amongst members of the West German political establishment of all parties’, from Waigel to Schäuble to Lambsdorff (Christ/Neubauer 1991:48).<sup>163</sup>

Growing interdependence with DMEs tended to effect subtle shifts upon the mind-set of sections of the *nomenklatura*. They began to see their Western counterparts as constructive partners, even friends. For example, two SED officials involved in negotiating a ‘Joint Paper’ with the SPD in the mid-1980s have described the ‘human dimension’ of the talks. Both sides would ‘get to know one another, drink beer together in the evenings’, so that before long ‘we saw our SPD partners as colleagues, as *friends*’ (Meier/Richter interview). Even the notoriously unsociable Günter Mittag records that (1991:104) ‘[a]n

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<sup>163</sup> After unification, Schäuble and other friends of Schalck would lead the call for a ‘generous amnesty for former employees of the Stasi’ (*die tageszeitung* 28.3.90).

atmosphere of mutual trust developed, since both sides were no longer engaged simply in confrontation but more and more with partnership and peaceful cooperation.'

### **Politbüro Tensions**

The contradiction between East Germany's growing interdependence with the wider world economy, notably its dependence upon Bonn's goodwill, and its existence as an STE, loyal to Moscow, was reflected in a return and deepening of tensions over *Westpolitik* in the 1980s.<sup>164</sup>

A degree of informal faction formation developed within the SED leadership. At one pole were the 'Westernizers'.<sup>165</sup> Included in this camp, according to Nitz (1995:60), were Politbüro members Mittag, Beil, Sindermann, Schürer, and Häber, as well as Schalck. They promoted cooperation with Western firms and states, emphasizing the exigency of technological modernization. They advocated furthergoing détente with the FRG, although they were aware of the dangers inherent in this strategy. Thus, Mittag warned a Politbüro committee that Bonn's support for economic cooperation 'is a plank in the FRG's strategy of achieving "reunification"' (Büro Mittag 15.5.84). Similarly, Schalck warned of Bonn's plans to 'upgrade' Berlin into the 'potential capital' of all Germans (Büro Mittag 6.1.83).

The other ('Comecon') faction comprised those who tended to 'communist internationalism', stressing the GDR's common interests with Comecon and the Warsaw Pact. They too perceived the need to pursue economic integration, but argued that this should occur above all within Comecon. As Mittag put it (1991:40), they suffered from 'the illusion that the GDR could get its international know-how from Comecon.'<sup>166</sup> Their greatest fear was the incipient dissolution of

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<sup>164</sup> Earlier clashes over *Westpolitik* had occurred, for example, in the late 1940s (Ackermann vs. Ulbricht); early 1950s (Herrnstadt vs. Ulbricht), 1956 (Schirdewan vs. Ulbricht) and 1970-2 (Ulbricht vs Honecker).

<sup>165</sup> The term refers to economic and geopolitical inclination, and should not be taken as indicative of attitudes to democratic reform. Indeed, the Westernizing camp included the notorious authoritarians Mittag and Schalck, who in 1989 became prime targets for the anger of, respectively, SED members and the general public.

<sup>166</sup> For case studies that demonstrate that the GDR gained surprisingly little from Soviet technological advance, see Hoffmann and Macrakis (1997).

Comecon, as expressed, for example, in Hungary's accession to the IMF. They worried that intensified relations with DMEs would bring economic and political dependence, that DMEs would be able to 'turn the tap off' (Mittag 1991:223). They feared that East Germany would become, in Krolkowski's phrase, an 'object of exploitation' (Przybylski 1992:355). A clear exposition of their position was put, in 1980, by Mielke. He informed Stoph (Przybylski 1992:222) that,

throughout the economic departments of the Central Committee, comrades are seething over Honecker and Mittag's West-strategy. [They] clearly perceive the danger of the GDR's dependence on capitalist states, enterprises, and banks, and believe the only secure perspective lies in the utmost domestic performance and in cooperation with the USSR and the other socialist brotherlands.

Alongside Mielke and Stoph, this camp included Hager and Herrmann (Politbüro members responsible for media, culture and science), Krolkowski, and Neumann.

As for Honecker, the 'Comecon' tendency perceived him, with considerable justice, as a paid-up Westernizer. They allegedly informed the Kremlin of their suspicions that he and Mittag were conspiringly engaging in a 'German-German flirtation' with Bonn (Nakath/Stephan 1995:22). By the mid-1980s, according to some reports, they were even discussing ousting Honecker, along with Soviet contacts (Hertle 1996a:125). In general, however, Honecker attempted to steer a course between the two poles. Although his commitment to *Abgrenzung* had waned, it remained strong. Although usually in favour of intensified cooperation with the West, he also pressed for deeper Comecon integration, including joint ventures with Soviet enterprise (Küchenmeister 1993). If Honecker had one characteristic political accent, it was neither a leaning towards Moscow nor to Bonn but, ironically, a commitment to the stability of the GDR.

### **PART THREE – Crisis of Confidence**



These crises and contradictions, as discussed in Parts One and Two, served to erode the confidence of the *nomenklatura*, and of the masses, in the ruling order.

As elsewhere in the world, the mid-1970s and early-1980s recessions prompted the SED leadership to take measures to reduce public outlays on non-productive consumption. The regime's commitment to welfare improvements was attenuated. The slogan 'Without welfare policies, no intensification [of the labour process]!' was inverted to 'Without intensification, no welfare policies!' Productivity growth, once again, took precedence over improved living standards.

By some yardsticks living standards did improve. Car ownership increased markedly, even relative to other countries (Table 5.9).

Table 5.9 Cars per 1,000 inhabitants (adapted from Kornai (1992:305)).

	1980	1987	% increase
GDR	151	209	38.4
Hungary	86	157	82.6
Romania	11	12	9.1
Japan	202	241	19.3
Spain	201	251	24.9
FRG	388	462	19.1

Consumption of household goods also showed significant growth (Table 5.10).

Table 5.10 Goods per 100 households (from Venohr (1989:311)).

	Colour Televisions	Washing machines	Freezers
1980	17	80	12.5
1987	46	97	37

However, average figures such as these conceal the fact that, as elsewhere in the same period, tendencies towards social equality were sharply reversed. The late 1970s and 1980s witnessed increasing differentiation in terms of income and

work conditions, as well as regional discrepancies (Glaessner 1991b:138).<sup>167</sup> Particularly badly affected were industrial workers, whose real wage growth was in the region of 1% per annum.<sup>168</sup> Others, including proprietors in the private sector, which was granted greater freedoms from 1976, and those with access to hard currency – such as artisans and functionaries, some intellectuals and Stasi IMs, and anybody with generous relatives in the West – did better. Academic research (Neubert 1989:21) suggested that ‘social differentiation [...] is tending to increase! The more favourable conditions (income, housing, possession of consumer durables) are concentrated amongst groups of the intelligentsia; the less favourable amongst workers.’ Large sections of the population saw their living standards fall, relative to other East Germans and to most West Germans. In such conditions, the regime’s promises of the early 1970s tended to justify rather than dispel criticism of the regime (cf. Zaitlin 1995; Meuschel 1992).

### **Qualification Oversupply**

The proportion of East Germans in third-level education was consistently higher than in many DMEs, including the UK. Its expansion in the 1950s and 1960s, argue Huinink and Mayer (1993:158), was linked to widespread upward mobility and, if less directly, to tolerance of or loyalty towards the regime. However, admissions to further and higher education peaked in the 1960s and early 1970s respectively, and then slumped. In 1970 admissions to higher education (as a proportion of the relevant age cohort) had, at 17%, been superior to the FRG. By 1980 they had fallen to 10%, and were surpassed by the FRG (Kohli 1994:54). Cohorts leaving secondary education thus faced diminished prospects of achieving higher qualifications. Many workers suffered from ‘qualification oversupply’ – suitably skilled jobs were unavailable. In the 1970s around 25-30% of workers and ‘cooperative farmers’ were employed below their skill level (Pravda/Ruble 1986:65; Bust-Bartels 1980:153; Woods 1986). In the same decade,

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<sup>167</sup> Resentment at Berlin’s privileged position was, for example, expressed in a strike in 1987, when Dresden truck drivers refused to deliver cucumbers to Berlin.

<sup>168</sup> Steven Saxonberg suggests (1997:60) that it may even have been negative in the 1980s.

the criteria for assessing wages was altered. Workers were no longer rewarded according to qualifications, but only for skills actually used.

Social polarization and qualification oversupply undoubtedly affected the *Zeitgeist*. Older generations had, by and large, come to enjoy higher living standards and higher status employment than their parents' generation. Now, many of their children faced the prospect of stagnating living standards and unsatisfactory employment. Commentary on the phenomenon often took the form of cynical jokes, such as 'in socialism, everyone can become what they want to be, whether they want to or not.' Frustration and discontent, as the critics of relative deprivation theory have shown (e.g. Rule 1988), do not of themselves lead to legitimation problems for regimes, nor to social movements. In the 1980s East Germany's Stalinist social order was firmly in place, its regimented mechanisms were very well rehearsed, and its omnipresent official ideology emphasized the virtues of order and stability. It is not surprising, therefore, that the prevailing popular mood, as portrayed by observers of the period, was not critical and oppositional. If anything, the *Zeitgeist* was marked by malaise, hopelessness and resignation. One stark indication of this is that, from the late 1970s, the suicide rate soared, prompting one doctor to declare that '[s]uicide has become fashionable' (Simon 1990:87). Freya Klier, who conducted hundreds of interviews with young people in the 1980s (1990a:185), found that most evinced 'a depressing lack of questions and desires'. Girls seemed to harbour few aspirations other than to found a family. Many interviewees, Klier concluded, displayed a disturbing degree of apathy and acquiescence. They seemed to accommodate to the ruling order through limiting their horizons, rather than pushing against its limits. 'Resignation', as Fuchs describes (1984:75), 'does not simply slouch around [...] it settles in and makes its little peace. [...] Persistent indignities and discouragement from above do not just provoke dignity and courage, but also bear conformist fruit'. However, many younger people also displayed greater tendencies towards a pronounced, often spirited, self-assertiveness vis-à-vis authority figures and a rejection of condescending, domineering and officious attitudes (Stephan 1994:44). For such spirits, frustrations associated with low incomes and overqualification could nourish

politicized discontent rather than resignation. Thus, although no *direct* link between social problems and politicized discontent exists, there is an abundance of material, including Stasi reports and interviews with emigrants, which justifies the latter in terms of the former.<sup>169</sup>

In short, some major, structural, sources of popular frustrations with the social system accumulated in this period, which were exacerbated by the increasing visibility and influence of West German culture and society, and by the growing difficulties faced by the GDR's socialist allies (Stephan 1994:43). Such grievances did not *generate* active expressions of deviance or political criticism, or other forms of behaviour that challenged the regime's legitimacy or policies. They may, however, be said to have provided ammunition to those engaged in such behaviour, which proliferated in the 1976-89 period. Resistance centred on four main areas, which I will examine in turn. These are resistance to austerity and to workplace oppression, emigration, countercultures, and political social movements.

### **Industrial Relations Stalemate**

The truncation of the much-heralded 'social contract', restrictive incomes policies, and consumer goods shortages, all provoked sparks of popular resistance. In the late 1970s a small but significant increase in strike activity occurred. Strikes broke out over wages and bonuses, but also in protest against price rises, and against austerity measures, such as the introduction of adulterated coffee to works canteens (Anonymous 1981:63). Several strikes were aimed at preventing the opening of Intershops (Ramet 1991:58), while builders at an Intershop in Karl-Marx-Stadt struck to demand that they be permitted to shop there with GDR Marks. The latter example is symptomatic of the growing demand for access to western commodities. Several strikes, particularly in industries producing goods for DME markets, demanded part payment of wages in *Deutschmarks* (Volkmer 1979:119; Bust-Bartels 1980:134).

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<sup>169</sup> For example, Stasi reports insisted that politicized discontent amongst the young was, in part, 'due to the absence of occupations adequate to their intentions' (Mitter/Wolle 1990:48).

Strikes, being illegal, were rare. Protest more commonly took diffuse or 'spontaneous' forms. When consumer goods shortages became particularly severe in 1977-8, and again in 1980-2, the usual grumbling at shop counters was occasionally converted into collective protest. In 1979, sharp price rises provoked a wave of popular indignation, prompting the regime to hastily repeal the measure, and to follow through with the announcement of general wage rises and a cut in the working week (Dooley 1981). In this period, according to Günter Simon (1990:42-3), SED leaders were forced to recognize that 'the people are enraged', as they read incoming reports of 'youths looking to the West', workers 'turning against the state', and of supermarkets being satirized as 'sex shops' (because the shelves are naked).

As described in Part One, the regime lacked the will and ability to seriously weaken workers' bargaining position. Attempts to increase labour discipline, to hold down workers' personal consumption and/or reduce the 'indirect wage' (subsidized rents, basic goods, etcetera) repeatedly ran up against low-level but tenacious resistance.<sup>170</sup> Labour indiscipline persisted as a major and worsening problem for the *nomenklatura* throughout the 1970s and 1980s (Markovits 1995:41; Kopstein 1997). A large proportion of the working class felt politically alienated. Few avenues offered means of influencing workplace politics, let alone the public political realm. A survey (of 'low status' workers) in one firm suggested that over 90% felt 'barely represented' at the national level (Mosler 1994:12). Workers frequently responded to speed-ups by taking either longer breaks (Anonymous 1981:29), or indeed legally mandated 'housekeeping holidays'. The latter, Kopstein observes (1997:155), 'really amounted to legalized work slow downs or strikes'. The SED leadership was terrified that the example of *Solidarnosc* would be followed by East Germans (Wolf 1998:315). It dared not attempt any swingeing attack upon living standards or workplace conditions. Relative to investment requirements, though not to workers' expectations, wages remained obstinately high. From 1976 onwards, the persistent attempts to slow the growth of wages and to intensify labour, together with ageing equipment,

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<sup>170</sup> In this, managers could show complicity. Thus, Kopstein (1997:160) reports that even major enterprises seriously delayed implementing the 1977 wage reform, and, '[i]n order to ensure labor peace and continued cooperation, management preferred to place workers into artificially higher wage categories'.

chronic shortages and stoppages in production, not to mention consumer goods scarcities, combined to worsen workplace morale (Anonymous 1981:33; Dennis 1993:30). Having little material ability to make concessions in the face of economic crisis and intensified competition, and lacking the ‘whip’ of unemployment, managers and functionaries were left little choice but to exhort workers to greater effort. As Kopstein puts it (1997:161), ‘[t]rapped in this structural deadlock, the SED returned time and again to the theme of political and ideological commitments to higher production goals.’

## Emigration

One of the most rudimentary, if difficult, methods for pushing against the constraints of the ruling order was to leap over them, by applying for permission to emigrate. Under Honecker, due largely to the constraints imposed by rapprochement with the West, and the sheer export value of emigrants (see above), the Wall became, in Wolle’s words (1998:285), ‘technically more perfect but politically more porous.’ Unlike alcoholism emigration was an ‘active’, political form of escape. It necessitated a courageous and public rejection of the GDR. Those who applied for emigration faced the most invidious discrimination of any social group (except *Gastarbeiter*).<sup>171</sup> Often sacked or demoted, often denied higher education and even the right to travel within the country, they faced possible rejection by friends and family, and the prospect of years of waiting for a leaving date that might never arrive. Despite this, applications boomed, and a snowballing logic ensured their acceleration, as potential emigrants came to perceive emigration as attainable.

Table 5.11 Emigration applications submitted and granted (from Wolle 1998:285).

Year	Applications, total	First-time applications	Emigrants
1977	–	8,400	3,500
1978	–	5,400	4,900

<sup>171</sup> On *Gastarbeiter*, see Dale (1999d:144); Klier (1990b); Siegler 1991:140-4).

1979	–	7,700	5,400
1980	21,500	9,800	4,400
1981	23,000	12,300	9,200
1982	24,900	13,500	7,800
1983	30,400	14,800	6,700
1984	50,600	57,600	29,800
1985	53,000	27,300	17,400
1986	78,000	50,600	16,000
1987	105,100	43,200	7,600
1988	113,500	42,400	25,300
1989 (until 30 June)	125,400	23,000	34,600

From its beginnings the emigration movement had a definite political edge. In 1976 an organized protest in Riesa demanded the legalization of emigration. Significantly, it referred to the Helsinki Final Act (signed by the GDR) as justification of its own legitimacy. Oppressed, frustrated, and eager to accelerate their exit, applicants tended to find one another, exchange experiences, and concoct strategies for hastening their exit. As Wolle describes (1998:286),

The prospect of being able to turn their backs on the prison-state gave them confidence. [...] Applicants gathered together, and used church services and meetings of the emergent opposition to draw attention to themselves. They entered embassies, and decorated their cars with white wedding veils, or stuck a big "A" on the windscreen.<sup>172</sup>

In 1983, one such group in Jena began to organize vigils demanding the freedom to emigrate, which attracted up to 180 protestors. In 1984, a huge increase in emigration was allowed. Rather than acting as a 'safety valve', this only heightened expectations and frustrations amongst remaining applicants, some of whom occupied FRG embassies in East Berlin and Prague, and successfully won their emigration. Moreover, as Plock describes (1993:126), '[t]he exodus of 1984

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<sup>172</sup> A is for *Ausreiseantragsteller* (emigration-applicant).

also expanded the pool of remaining East Germans who could apply to visit relatives in the FRG, a consequence reflected in the record visits to West Germany in 1986 and 1987' (Table 5.12).

Table 5.12 Visits to FRG due to urgent family affairs (millions; from Rüden 1991:53).<sup>173</sup>

1982	1983	1984	1985	1986	1987	1988
0.1	0.1	0.1	0.1	0.3	1.4	1.5

By the late 1980s the authorities were at a loss as to how to deal with the movement. Decisions to permit higher levels of emigration, followed, in 1988, by a decision to favour those applicants who had participated in public protests, encouraged others to apply and to protest. This, in turn, put greater pressure on the authorities. As Eisenfeld relates (1995:218), 'The scale, spontaneity, and the obstinate commitment of the applicants to demonstrative actions, repeatedly forced the SED power apparatus to make concessions on travel and emigration issues in order to prevent [...] massive, uncontrolled eruptions.' The problem was clearly identified in a paper delivered to the Central Committee Security Department (Eisenfeld 1995:218): 'The emigration problematic is confronting us with a fundamental problem of the GDR's development. Experience shows that the current repertoire of solutions (improved travel possibilities, expatriation of applicants, etc.) have not brought the desired results, but rather the opposite'. This challenge, it added, 'subtly threatens to undermine beliefs in the correctness of the Party's policies.'

### **Countercultures**

Although the generation that came of age in 1976-89 was by no means innately oppositional it was, according to Uwe Kolbe (1992:257), the first that could not be

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<sup>173</sup> The *overall* level of visits was much more stable, with between 1 and 1.6 million pensioners visiting the FRG annually throughout the Honecker era.



accused of ‘mass collaboration’ with the regime. The few available opinion surveys certainly bear this out (Tables 5.13, 5.14).

Table 5.13 Identification with Marxism-Leninism amongst apprentices (per cent; from Förster/Roski (1990:42)).

Degree of identification	1975	1979	1981	1985	1988	1989 (May)
strong	46	33	28	14	13	9
barely / none	14	18	22	46	41	56

Table 5.14 Identification with the aims of the FDJ amongst apprentices (per cent; from Förster/Roski 1990:43)).

Degree of identification	1975	1979	1988	1989 (May)
Absolute	43	37	16	4
barely / none	12	16	24	44

Older generations, with the awesome horrors of Nazism, war and Stalinism in mind, and benefiting from upward mobility, tended to accept the later, stable SED regime as a relatively tolerable framework for the pursuit of personal fulfilment (Minnerup 1984:11). Their children, however, were spared the intimidation of terroristic repression, and faced the prospect of diminishing returns for conformist behaviour. Moreover, their eyes could look westwards to the rebellious impulses from the social movements of the 1960s and 1970s.

The late 1970s and 1980s witnessed a growing orientation to western lifestyles as normative, as well as a notable increase in aggressive, usually police-hating, youth subcultures such as skinheads and ‘football hooligans’, and a plethora of anti-authoritarian subcultures (Stock/Mühlberg 1990). The latter, though rarely focused upon overtly political issues, dug infrapolitical warrens beneath the GDR’s conformist façade. In a seditious version of the ‘niche’ principle, illegal or unofficial projects blossomed. Squats, ‘backyard bands’, samizdat music and literature production formed a cornucopia of subversive

'DIY' culture. Punk, with its lyrics of catastrophe, damage and dirt and underground literature, with its revelry in unorthodox surrealist grammar, performed counterblasts to the decreed saccharine optimism of official Stalinist culture. These movements, as well as hippies and sundry 'alternative' groups, created countercultural niches in which the rejection of careerism and conformism, and of the suffocating Prusso-Stalinist official morality and aesthetics, were celebrated.

### **Political movements**

Finally, a new generation of dissidents emerged, centred on church-based 'grassroots groups', which organized discussions and protests over issues such as peace, ecology, and the 'North-South divide'.<sup>174</sup> As the Stasi saw it (Mitter/Wolle 1990:48), these groups 'continually strive to amass and organize those persons whose aim is to *aufweichen*, undermine, politically destabilize, and even transform East German social relations'.<sup>175</sup> Their rise may be explained with general reference to the popular grievances and regime delegitimation outlined above, and with the growth of youth 'countercultures'. More specifically, they were connected to a widespread antipathy towards the government's militarization drive of the late 1970s, and to the examples provided by Western peace and anti-nuclear movements, and *Solidarnosc*.<sup>176</sup>

This new opposition was small, but the most public since 1953. It persistently pressed against the limits of legality with mass bicycle rides, music festivals, street theatre, vigils, petitions, human chains and tiny but brave demonstrations. Imaginative in mood, it would initiate public 'happenings', send 'protest-postcards' to random addresses, and the like. It brought new social

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<sup>174</sup> The 1980s opposition movement is dealt with here summarily. For further analysis see Dale (1995a, 1995b).

<sup>175</sup> *Aufweichen* means 'open by fomentation' – a good example of the sort of concept beloved of Stasi officers.

<sup>176</sup> Opinion polarized around the latter. On the one hand, the SED virulently attacked the movement, deliberately associating the terms 'work-shy', 'strikers' and 'Poles' (e.g. *Neues Deutschland* 8.9.81). Anti-Polish jokes circulated amongst the *nomenklatura* and elsewhere (Simon 1990). On the other hand, many East Germans felt considerable sympathy with *Solidarnosc*. As Herzberg notes (1988:73), the Polish events 'politicized many of the critically inclined.'

layers into collective dissidence and action, such as schoolchildren and workers, as well as intellectuals and a hard core of those, including punks, theology students and conscientious objectors, whose aesthetic or ethical stance met with official intimidation. A particularly active crucible was the Protestant Church's youth work. This brought clerics together with social outcasts – including gays, and those who sported long hair or mohicans – and other quasi-criminalized groups.

### **Diminishing Returns of Repression**

The four types of movement described above together represented a standing affront to the regime's post-1976 turn towards hard-nosed repression. As elsewhere in the world during the same period (Harris 1983:162; Dale 1999c), the state responded to the social fallout of economic crisis through building up the repressive apparatus. Budgetary allocations to the security forces, notably the Stasi, rose sharply (McCauley 1984:60; Fricke 1984:156). Preceded by a media campaign which drew attention to violent crime and burglaries, criminal law was sharpened. Its focus, despite the campaign, was not personal but 'economic' and 'political' crime.

The intensification of repression was in many ways counterproductive. For all the measures available to an experienced authoritarian regime, it failed to crush workers' shopfloor strength, the emigration movement, youth subcultures, or even the tiny opposition. Although pervasive official intimidation of emigration applicants, punks and oppositionists presumably dissuaded many from joining their ranks, the abandonment of the social contract and the termination of the early-1970s cultural liberalization undermined the regime's fragile support. In the long run its repressive turn may have served to broaden and harden the opposition's ranks.

Outright intimidation alone could not solve the 'problem' of countercultural and oppositional movements. For this reason the state tacked, increasingly awkwardly, between hawkish and dovish measures. On the one hand, dissident intellectuals, including the famous (Biermann, Bahro), as well as

scores of members of critical discussion groups, were imprisoned and/or expatriated. Simultaneously, the militarization of education was deepened. On the other hand, repression was often surprisingly restrained. For example, despite acute condemnation in media organs, from the early 1980s not one single conscientious objector was actually imprisoned. In Markovits's words (1995:48), the authoritarian 'misuse of law' was 'usually low-key; if possible denying justice by bureaucratic rather than physical interference; in most instances not violent but evasive and dishonest.' In a revealing passage, Mittig has testified that the Stasi sought to avoid penal persecution of its opponents out of fear of the protests, at home and abroad, that such measures provoked (Riecker 1990:179). By the late 1980s a hint of a liberal turn could once more be discerned, with the abolition of the death penalty (1987), and the introduction of judicial control over the executive (1988) (Markovits 1995:61).

### **Opposition Contained**

One of the regime's more effective strategies was that of 'containing' opposition within the walls of the Protestant Church. In the late 1970s, Church and State signed a concordat, giving Church leaders acknowledged authority and security, as well as a variety of material and political concessions. In return, they were to police 'grassroots groups', containing them within enclosed and controllable church walls.

Following the concordat, and as the only legally acknowledged non-state institution, the Church quickly became the chief arena in which opposition formed. This was not an unmitigated blessing for oppositionists. Active church members were a tiny minority of the population, and were composed disproportionately of farmers and the middle classes. Confinement within the church, though welcome, therefore contributed to the isolation of dissidents.<sup>177</sup> The church was, moreover, a notoriously conservative and deferential institution. Its hierarchy tended to regard the maintenance of its own structures as the chief purpose of Church policy. Although oppositionists influenced some

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<sup>177</sup> 'Dissidence' means, literally, 'sat apart'.

clergy and some churches, Church leaders were in general emphatically apolitical, and insofar as they did recommend certain ethical or political positions, these were of a decidedly moderate sort, characterized by abstract pacifism and advocacy of patient argument with those in power – ‘dialogue’ between Church and state,

The Church acted to ‘contain’ opposition, in both senses of the word, it functioned as a host but also as a stern steward of its boundaries. Groups whose ideas or actions smacked of overt political opposition were disowned by the Church hierarchy, thus creating a wedge between (often non-Christian) radicals and (often church-going) moderates. Oppositional discussion and activity was permitted to a degree, and even encouraged by a few priests. In general, however, Church officials together with IMs acted to smother *public* political activity, and sought to counter politicization within grassroots groups through ‘theologization’ and the ‘individualization’ of dissent (Besier 1995:495). They promoted an ‘inward turn’ to moral soul-searching and ‘lifestyle politics’ (Mitter/Wolle 1990:20). The quarantining of organized criticism within the Church thus served to promote the influence of priests and Christians over the formation of opposition, and contributed to the ‘moral’ turn of dissident opinion (Dale 1995b). Thanks to its dual position as ‘host’ and ‘steward’, the church functioned, in the wry formula of one cleric (in Neubert 1998), as ‘opium for frustrated young people’. Although the assembly point for critical spirits, its leadership often operated directly as an arm of the state in the task of what one Church leader described as ‘channelling’ opposition; that is suppressing radical and activist currents and encouraging pious moderation (Wolle 1998:269).

Oppositionists, tolerated within the cocoon of the Church, isolated from the public by harsh and systematic repression, and suffering from long decades devoid of collective revolt, tended to develop a ‘ghetto mentality’. There seemed to be few sources of hope for major political change. Some pinned their faith on the emergence of an SED reform-wing. Some avoided altogether the question of domestic reform and concentrated on issues at the furthest margins of their potential influence, such as tropical rainforest destruction and Third World poverty. Others turned inward, finding intellectual or spiritual nourishment in

Hegel study groups or religious contemplation. Even many of the more active oppositionists felt obliged to rely on little but their own strength. As Bärbel Bohley put it, in a description of IFM (Findeis *et al.* 1994:51),

Unfortunately, most [of its members] were outsiders. Their careers had been terminated due to their political activities, or they were not allowed to study. That way a kind of ghetto existence developed among us. In such a small group, which works together for years, contact is quite close. The group became a sort of family[.]

In isolating and containing the opposition, Church and state together succeeded in profoundly influencing its nature (Dale 1998). Radical individuals and groups tended to be marginalized, for example, those who, in Gerd Poppe's words (Findeis 1994:178), 'wanted to go public, or made contact with Western peace circles or Western media'. Those of a more theological bent, and those which accepted the Church as their ghetto, were tolerated.

#### **PART FOUR – Terminal Crisis: 1987-9**

In 1987 John Ardagh (1987:325) described how the GDR's economic success and welfare system had contributed to Honecker becoming a popular leader, even a 'national father figure'. A year later Zbigniew Brzezinski (1990:234) drew up an 'Index of the Crisis Level in Communist States', in which he suggested that, of fifteen countries, East Germany (along with Bulgaria) was least crisis-prone. At about the same time, the prominent GDR analyst G-J Glaessner (Löw 1991:125) could write that 'during Honecker's era of over fifteen years, the GDR [...] has gained internal stability'. And a year after that, Beitz (1989:xiii) could congratulate the SED leadership on the 'increased sense of self-confidence' it had gained over previous decades.

Many similar quotes can be found. They are not direct falsehoods so much as reflections of static and superficial interpretations of East German society of the time. Even before 1989 it was apparent that the GDR was caught up in the general crisis of the Soviet Bloc. Serious problems were visible, notably Berlin-

Kremlin tensions, economic stagnation, growing popular disenchantment with the regime, and increasing resolve on the part of oppositionists. The dilemmas facing Honecker's regime intensified over the course of the 1980s, for that decade witnessed not only the deterioration of STE economies and the Soviet empire, but also the dangers of *alternative* strategies.

### **Economic Crisis**

Although the mid-1980s brought a return from the edge of insolvency, thanks to an export drive and the Strauss loans (Schröder 1988:189), productivity growth rates declined, falling below wage growth (Przybylski 1992:71), and despite a worldwide trade upturn, exports stagnated (Table 5.15).

Table 5.15 Trade (1980 = 100; from *Statistisches Jahrbuch* (1990)).

Year	1970	1975	1980	1985	1987	1989
Exports	49	74	100	137	131	131
Imports	55	77	100	108	121	130

Trade with other Comecon countries suffered (Table 5.16). Each increasingly prioritized relations with DMEs, as manifested in bilateral trade deals between the EC and Hungary, Poland and the USSR (van Ham 1993:142). Companies from these three STEs in particular began to make unilateral pricing decisions, much to the discomfort of their GDR partners (Hertle 1996a:66). Greater troubles were forewarned when the USSR informed East Germany in 1987 that oil supplies would fall further. Worse still, Comecon's impending shift to dollar pricing posed a grave threat, for most East German imports from the USSR were 'hard' raw materials whilst its exports to other STEs were overwhelmingly 'soft' manufactures. The GDR's only ally in opposing this move was Romania (Hertle 1996a:67).

Table 5.16 Trade with Comecon (1980 = 100; from *Statistisches Jahrbuch* (1990)).

Year	1970	1975	1980	1985	1987	1989
Exports	49	78	100	124	122	123
Imports	61	85	100	99	97	99

Trade with DMEs fared little better. East German firms continued to lose world market share in manufactures to firms from DMEs and NICs (Welzk/Wilde 1993). Compensation for these losses was sought in increased exports of raw and semiprocessed materials, notably oil and its derivatives. This represented a deepening of what Winiecki (1989:372) has termed the 'reprimitivization' of GDR exports. However, even this strategy suffered in the late 1980s, when the fall in supply and rise in price of Soviet oil closed the option of reselling it to DMEs. This alone was responsible for around half of a dramatic fall in exports to the EU, from ca. DM 4 billion in 1985 to ca. DM 3 billion in 1987 and 1988 (Schumacher 1990:585). Thus, a planned export surplus for 1986-90 turned into an import surplus of fully six billion Valutamark (Schürer 1992a:1116; cf. also Table 5.17). Balance of payments difficulties with DMEs were partially counterbalanced by a positive balance with Comecon, but they nonetheless demanded a further increase in the GDR's international debt (see Table 5.5). By the end of 1988 the GDR's hard currency debt service ratio had, according to statistics circulating at the time (Schürer 1992a:1116), reached an utterly unsustainable 150%.<sup>178</sup>

Table 5.17 Trade balance with DMEs (million VM; from *Statistisches Jahrbuch* (1990)).

1970	1975	1980	1985	1987	1989
- 1232	- 3543	- 5425	+19993	- 5433	- 8398

A renewed import squeeze and a slashing of funds for investment combined with a severe winter in 1986-7 to bring about a full-blown recession. Up to one thousand investment projects fell behind schedule, generating bottlenecks throughout the economy as shortfalls in one productive unit ricocheted up and downstream. Growth rates declined abruptly, especially in the

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<sup>178</sup> Credit-worthiness is commonly defined as a quota of below 25%.



manufacturing and construction sectors (Bryson/Melzer 1991:24). The combination of a growing 'monetary overhang', resulting from consumer goods supply lagging behind wage growth, the deteriorating balance of payments and debt figures and a spiralling budget deficit, caused a dramatic fall in the Mark's trade exchange value (Table 5.18). Imports thus grew abruptly more expensive, and problems associated with shortages (such as 'import strangulation') and with import substitution were aggravated.

Table 5.18 Marks per *Deutschmark* (adapted from Hofmann/Stingl 1990:64; Kusch 1991:45).

1970	1976	1985	1986	1987	1988
1.7	ca.2	2.5	2.6	4.0	4.4

### **Social Discontent**

Economic crisis accentuated popular grievances. Although average wages may have risen a little, shortages of commodities abounded, resulting in declines in per capita consumption of countless products, including meat, fish, eggs, butter, bakery produce, vegetables, fruit, cocoa and its derivatives, coffee, tea, cigarettes, and cigars. Complaints over shortages and price rises soared (Bryson/Melzer 1991:23). They also dominated the agenda at 'countless meetings' of the 'trade unions', according to the Stasi (ZAIG 5353). Stasi reports suggested, moreover, that commodity supply and price issues were not simply a major source of grievances but were becoming connected in popular discussion to dangerously political issues. A report in 1987 (ZAIG 5353) describes how

discussions of consumer supply questions are becoming influenced by individuals who have returned to their workplace from visits to the FRG with stories of the "overwhelming" range of commodities there [...] or with reports of East German goods being sold there dirt-cheap.

Workers, the same report continued, were increasingly expressing a lack of belief that the authorities would 'solve consumer supply problems in the interests of workers' (ZAIG 5353). Another document (ZAIG 5352) reports that 'there is a widespread view that the proposed productivity increase will be achieved only at the cost of workers and cooperative farmers'. Many workers believed that 'living standards and real wages were falling' (ZAIG 5353), and added that this represented, 'after 38 years of the GDR's existence, a dismal outcome.'

Alongside wage, price and consumer supply issues, a common grievance amongst workers concerned problems of shortages and disruptions affecting the production process. The same Stasi report warned that 'already there are many discussions, mainly in workplaces, that culminate in the observation that the GDR economy is in crisis. [...] Such discussions are on the increase.' Another report in the same year (Grix 1998:135) noted that 'the workers' relationship to their place of work had experienced a marked change in recent years'.

The sombre tone of these reports is confirmed by post-1989 surveys, such as that done by Lawrence McFalls in 1990-1 (1995:177). Although a third of his respondents estimated that their *personal* economic situation had improved over the five years preceding 1989, only 2% said the same for the economy as a whole. Of the 87% who believed the latter to have deteriorated, most justified their position with reference to consumer goods shortages (53%), followed by shortages of supplies and spare parts in the workplace (35%), the increasing technology gap with the West (17%), and inflation (15%). Other 'material' grievances which, Stasi reports warned, were increasing in intensity included the decaying social and industrial infrastructure and environmental degradation (Mitter/Wolle 1990:30).

Popular awareness of deteriorating economic performance and social conditions contrasted with official reports of relentless progress. 'Workers', reported the Stasi, paraphrasing a popular grievance (ZAIG 5353), 'are being fed false promises of a perfect world, which doesn't exist in reality.' The same document reports that the economic figures published each month had 'increasingly and massively [become] the butt of ironic, dismissive remarks'. Similarly, another Stasi document (Grix 1998:133) warned that '[t]he SED

effectively provoked reactions from citizens by publishing positive reports on the state of the economy which stood in stark contrast to the personal hands-on everyday experience of workers'. By the mid-1980s even official sources were beginning to refer to 'the contradiction between official ideology and the underlying empirical societal experience' (Grunenberg 1990:71).

Although the warnings contained in Stasi reports refer largely to the 'mood' amongst workers and consumers, the late 1980s also witnessed growing unrest in workplaces. Documents from the FDGB archive show a 20% increase in 'extraordinary occurrences', such as 'mass illness' and 'provocative activities', reported by 'union' branches between 1986 and 1988. FDGB membership figures, which had risen steadily for decades, now began to decline, due largely to a 'rising trend of resignations'.

### **Economic Policy Dilemmas**

Among the policy problems that were caused by economic and social crisis, two issues came to dominate. The first was that, with decreasing surplus product but robust demand for funds (from workers for improved living standards, from managers for investment, and from international banks for debt servicing), cuts would have to be made. But where should the axe fall? In 1988, Schürer proposed candidates for sacrifice, including investment in microelectronics, and the security forces. The latter had grown considerably since the 1970s and now consumed some 10% of national income (Przybylski 1992:208). A further possibility, Schürer suggested, was to cut consumer goods subsidies. This would offer an inflationary solution to the burgeoning monetary overhang, and could lower the growth rates of the budget deficit and of business taxation.

However, powerful constituencies backed the *status quo* in each of these areas. Cutting subsidies threatened the 'socialist' legitimacy of the Honecker regime, particularly given that average personal purchasing power had declined to only 30% of the West German level, or only 7% at trade exchange rate comparison (*Der Spiegel* 17.6.96). Thanks largely to opposition from Honecker and Mittag, Schürer's suggestions were rejected (Roesler 1993:569). However,

more moderate cuts in the budget for consumer subsidies and, of two billion Marks, for the security services were adopted by the Politbüro later in 1988. Significantly, even these relatively cautious measures led, 'for the first time in the Honecker era', to 'open resistance' from ministers, seven of whom refused to accept the Politbüro's decision (Hertle 1996a:72).

The second field of policy dilemmas was geo-economic strategy. Trade with DMEs continued to outpace trade with Comecon. However, as can be seen from table 5.19, the balance declined precipitously from 1985. This was particularly marked vis-à-vis the FRG, with exports falling by ten percent in 1986 and again in 1987 (Table 5.20).

Table 5.19 Trade with DMEs as per cent of total, and trade balance with DMEs; (in VM, from *Statistisches Jahrbuch* (1990)).

	1985	1986	1987	1988	1989
Imports	40	42	47	51	53
Exports	48	45	44	46	49
Balance	19,993	4,760	-5,433	-9,482	-8,398

Table 5.20 Average annual GDR-FRG balance of trade; (million VM, from Nakath 1994:44).

1981-2	1983-4	1985-6	1987-8	1989
+367	+634	-438	-583	-898

With inter-German trade relations about to become utterly strangled by the GDR's hard-currency scarcity, a section of the *nomenklatura* attempted to promote further development of *direct* cooperation with Western business and government. Beil, for example, instructed *Kombinat* general directors to 'prepare, and, if possible, conclude cooperation agreements with western firms' (Falkner 1994:27). However, this course was fraught with difficulties, not least the fact that, in the words of one general director (Falkner 1994:28), 'there was obviously no unitary position in the government regarding external economic strategy'.

Similar problems confronted a plan proposed by Bavarian business leaders and politicians for the establishment of 'special economic zones' in Thuringia and Saxony. Although sections of the economic administration treated the proposal favourably, it foundered on what Nitz (1995:137) describes as the 'sheer terror' in Mittag's department that a section of the economy might 'slip out of the Centre's control'. Other comparable suggestions, Nitz reports (1995:142), were objected to on the basis of a kindred terror, namely that 'it was more doubtful than ever whether the GDR economy would be able to cope with the new dimension of competition'. Quite simply, as two senior functionaries put it (Meier/Richter interview), 'in principle we recognized that we needed the world market, hard currency, opening up and cooperation. *But we also knew that such a course would lead to losses*'.

A final example of the critical nature of policy dilemmas in the late 1980s is that small but significant numbers of SED officials and leaders even began to discuss the possibility of major political concessions to, or even political confederation with, the FRG. As Schürer recalls (1992b:142), apart from the FRG, the GDR would 'not be able to find anyone else to take twenty billion dollars of debts off our hands'. Already by 1985 Schalck seems to have voiced such ideas to his western friends (P-F Koch 1992:84). In 1987 Herbert Häber, a senior SED member and FRG expert, presented a paper to the Politbüro. He argued that the GDR would have no chance of survival if Bonn were to cut transfers, that the only chance of economic rationalization lay through integration with western business, and for that to happen, major political concessions would be necessary (P-F Koch 1994:394). Similar ideas began to be considered as serious long-term possibilities by many second-row functionaries and even, conceivably, by Mittag and Krenz (Nitz 1995:67; Dennis 1993:24). Such discussions were speculative, and the Politbüro's response to Häber's paper was dismissive. Nevertheless, that they occurred at all testifies to a growing awareness that radical change may be unavoidable.

### **The Threat of Reform**

If both economy and economic policy faced severe crisis from 1987 onwards, these were insignificant challenges compared to the threat posed by *Glasnost* and *Perestroika*. The SED's dependence on the USSR, it is worth recalling, was absolute. Its core myths centred on the CPSU's heroic role in world history. Its leadership may at times have bucked at Moscow's interference in domestic affairs, but never could it forget its existential reliance on Soviet imperial power and on the will of the Kremlin to use it. Gorbachev's reforms thus threatened to destabilize and delegitimize the GDR regime. They undermined the confidence and coherence of the SED leadership, committed as it was to the orthodox *status quo*. Its stable friend and ally was becoming a menace.

The greatest hazard came from geopolitical reform. Already in the early 1980s, Soviet hegemony had begun to look shaky, in part due to increasing assertiveness of the Eastern European regimes, including East Germany's friendlier *Westpolitik*. Gorbachev's distinctive contribution, from late 1986, was to begin to reduce the Soviet military presence in Eastern Europe and to soften, then annul, the Brezhnev doctrine. From the mid-1980s a series of comments were made by top Soviet officials (Falin, Yakovlev, Portugalov, Dashichev, Schevardnadze) to the effect that the modalities of German division were up for discussion within a revamped 'common European home'. More ominously for Honecker, when he asked Gorbachev (in 1986) to discipline the poet Yevtuschenko for advocating German unification, the latter refused (Küchenmeister 1993:19). From then on, Honecker's attitude to his Soviet counterpart was implacably hostile.

If these early portents were verbal, practical steps soon followed, notably Gorbachev's announcement, in 1988, of a major unilateral reduction in Soviet forces in Eastern Europe. In the first half of 1989 Moscow supported, or at least tolerated, a series of remarkable political and geopolitical shifts in Hungary and Poland, described at the time by Honecker (Hertle 1996a:92) as 'the visibly accelerating erosion of socialist power, achievements, and values'. In January, non-Communist parties were legalized in Hungary. In February, round table talks began in Poland. In April, the Hungarian Politbüro resigned *en masse*. In May, Budapest, in the context of mounting debt and a succession of financial

sweeteners from Bonn, cut the iron curtain (Modrow 1991:24; *The Fall of the Wall* 1994). In June, the Polish Communist Party rescinded its power, following one of the most extraordinary election results in history. In the same month, the Soviet Commander of Land Forces declared that German unification was a matter for Germans, and that the USSR would not oppose it (Plock 1993:159).

The threat to the SED leadership of Moscow's geopolitical reforms was clear. East Germany owed its existence to its integration into a military and economic 'bloc', defined according to Cold War political and ideological faultlines. Gorbachev promoted or tolerated the unravelling of Comecon, the Warsaw Pact and the economic and political structures that defined the STEs as distinct. This inevitably brought the prospect of undermining East Germany as a sovereign entity.

The Kremlin's new-found warmth towards the West, moreover, put Berlin's 'special relationship' with Bonn in the shade, much to the dismay of many SED members (Meinel/Wernicke 1990:94). Whereas in 1985 Gorbachev's relationship to Bonn had been distinctly cool, by 1987 it had improved immensely. Inter-German détente reached its climax with Honecker's red carpet treatment on his official visit to the FRG in 1987. From then on, however, Berlin was sidelined into an envious cameo role, while the Bonn-Moscow axis blossomed. The GDR had been a pioneer of Soviet Bloc *Westpolitik*; now it lagged almost at the rear. Honecker's trip was his last foreign policy initiative that evinced even a modicum of self-assurance and success.

Moscow's new melodies put the SED-regime in a quandary. To reform brought the danger of splits even worse than those that currently blighted the CPSU, and could catalyze domestic upheaval or worse. Given the politicized nature of surplus extraction, the centralization of the apparati of exploitation and oppression, and the weakness of 'economic' disciplining mechanisms, the *nomenklatura's* unity and cohesion was of special importance to political stability. The spectre of Party splits and social upheavals haunted the defenders of orthodoxy. GDR officials were thus ever keen to remind the domestic audience as well as the Kremlin that 'reforms in East Germany could lead to an uncontrollable situation which the Soviet Union would be the first to regret'

(*Financial Times* 3.6.88). But not to reform entailed a cool relationship with the SED's political and ideological Godfather. The resulting tensions between Berlin and Moscow further undermined the self-confidence of the *nomenklatura*. Honecker's prestige cannot have been helped by comments, attributed to Soviet officials, that he 'may soon be a candidate for retirement' (*Financial Times* 3.6.88). One senior SED member even worried that the Honecker-Gorbachev hostility was placing his country in an unwinnable 'war on two fronts' (Zimmermann/Schütt 1992:171).

Moscow's reforms gave the green light to reformist thinking in the SED. 'From about 1986', write Mitter and Wolle (1993:509), 'there were powerful rumblings amongst the SED rank and file'. Stasi documents confirm this, reporting that many SED members greeted Gorbachev's identification of problems 'which we have in East Germany too', such as 'varnishing the truth' and 'poor labour discipline' (ZAIG 4205). Some began to discuss reform plans, in preparation for 'when an East German Gorbachev arrives' (Kessler interview). Second-row functionaries began to promulgate concepts of market reform (Nitz 1995; Meier/Richter interview). The obverse of the reformism of such groups was a decrease in their confidence in, and an increasing propensity to contradict, the leadership (e.g. Nitz 1995). The most dramatic example of the latter came with the banning of the Soviet journal *Sputnik* in November 1988, which provoked hundreds of official protests by local party organizations and even SED functionaries (Brown 1991:143).<sup>179</sup> 1988 saw a record number of Party disciplinary hearings (23,000), and a very high number of 'Party punishments'.

Even some prominent SED members began to push against the boundaries of orthodoxy. In 1988 Alfred Kosing published an article asserting that East Germany 'does not stand outside of the great process of change taking place in all socialist countries' (Süß 1989:178). In the same year Hans Modrow, a Politbüro member with close links to Moscow, published an article praising China's market-friendly 'special economic zones'. And in early 1989, Modrow's friend Markus Wolf gave an interview praising Glasnost, followed by a novel

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<sup>179</sup> The ban signalled the SED's rejection of Glasnost, for the suppressed issue hinted at the KPD's gross blunders in failing to defeat fascism. This questioning of the KPD's antifascist credentials, by a *Soviet* publication, brought the two touchstones of SED legitimacy into explosive contradiction.



which referred to some of the 'blind spots' in the history of German Communism, such as the imprisonment by Stalin of German Communists, and the brutality of the Red Army's invasion of Germany. Even Krenz, according to *Die Andere* (2/92), responded sympathetically to an argument for market reform proposed by his friend, the nuclear physicist Manfred von Ardenne, although insisted that Ardenne keep his views to himself!

If Moscow's reforms brought fear and misery to Honecker and sections of his Party, they brought hope and expectation to wide swathes of the working and middle classes. They provided a concrete (and ironically kosher) inspiration for those who sought democratic change. The word 'Glasnost' and Gorbachev's portrait materialized on walls, tee-shirts and badges. The Soviet embassy was 'deluged' with 'letters calling for glasnost to be applied in East Germany' (*Financial Times* 3.6.88). Stasi documents describe how 'broad layers of the population' attentively followed all media reports on the USSR (Mitter/Wolle 1993:504). Rudi Mittig warned his colleagues that 'destructive discussions have markedly increased, often entailing open criticism of, and political demands upon, the SED,' and which commonly refer to Glasnost and Perestroika (ZAIG 2828). The ban of *Sputnik* provoked some two hundred thousand letters of protest and a plethora of other forms of protest (Wielgohs/Schulz 1990; Stephan 1994:56). Party members and non-members were equally outraged, observed the Stasi (Klein 1995:137-8). Most worrying of all, several protest strikes in the giant 'Leuna' works occurred, with workers demanding an explanation for the ban from SED officials (Rüddenklau 1992:196).

By Spring 1989 the popular mood was described by Stefan Heym (1990:223), not inaccurately, as 'waiting for *perestroika*'.

### **'A thoroughgoing "anti" mood'**

The transformation of the CPSU encouraged the politicization of discontent in East Germany, with Gorbachev's reforms effectively legitimating critique and delegitimizing SED orthodoxy. 'Material' grievances increasingly took on a

political edge. Stasi documents (e.g. ZAIG 5352) reported increasing scepticism amongst the populace that social and economic problems could be solved within a socialist framework, and a decreasing faith in state functionaries (Mitter/Wolle 1990:30). In the workplaces, distrust of SED members remained strong (Anonymous 1981:29), while the decrepit nature of the production process and stagnation of living standards lent the heroic rituals of socialist competition an increasingly farcical edge (Kopstein 1997:164-5). Questions concerning the porosity of the Wall, and especially the right to travel, became a chief focus of popular attention. In connection with Honecker's visit to the FRG, Stasi documents reported (Nakath/Stephan 1996:339), young people asked dangerous questions such as 'do we still need a *Feindbild* [enemy-image]?' and 'is the Wall still necessary?' In this period, opinion surveys show marked declines in young East Germans' identification with Party and State (Tables 5.21, 5.22).

Table 5.21 Identification with GDR (per cent responding 'strong'; from Friedrich 1990:30).

	1970	1975	1979	1983	1985	1986	1988 (May)	1988 (Oct)	1989 (Feb)
Apprentices	41	57	40	46	51	48	28	18	
Young workers	37	53	38	55	57	46	32	19	
Students	43	66	51	70	70	68	52		34

Table 5.22 Identification with SED (per cent responding 'strong'; from Friedrich 1990:29).

	Apprentices	Young workers	Students	SED members
1970	24	23	32	87
1986	26	26	45	81

1989 (spring)	10	21	24	48
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By 1988 at the latest, SED leaders were being forced to recognize that popular grumblings and criticisms were ‘coalescing into a thoroughgoing "anti" mood’ (Simon 1990:114). The head of an opinion surveillance institute sent a report to Krenz which painted a stark picture of a popular mood characterized by ‘declining optimism in the future’ and ‘increasing doubts about the superiority of the socialist system’ (Stephan 1994:39-53). The SED’s refusal to move ‘towards the *perestroika*-strategy’, he added, ‘only exacerbates all this.’

### Opposition Renaissance

Following something of a slump in the mid-1980s, oppositional activity increased significantly from 1987. Estimated numbers of active oppositionists rose from several thousand to ten or even twenty thousand. Identifying the causes of this change is inevitably somewhat speculative. Likely contributing factors included the evidently increasing difficulties faced by the SED leadership; the implicit challenge to SED orthodoxy posed by the Kremlin’s reforms; the crumbling of the Brezhnev doctrine, and the gradual fragmentation of Comecon and Warsaw Pact; the pervasive ‘"anti" mood’; and the regime’s apparent inability or unwillingness to ruthlessly crush opposition.<sup>180</sup> Evidence from interviews with oppositionists and other critical spirits (Bert, Antje, Mario, Gabi, Steff) suggests that these factors underlay a distinct diminution of *fear* of repression, a revitalization of *hope* that some sort of democratic change may occur, and sharpened *irritation* at the regime’s intransigence. If these interviews reflect general changes, they suggest that many critical individuals gained confidence to participate in oppositional activity with greater endeavour and risk.

In 1987-8 two major developments occurred. The first was that opposition activity began to receive greater levels of popular support. An early sign of this was the splendid popular reception given to oppositionists who participated –

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<sup>180</sup> The latter was presumably due to the fear of sparking resistance, and perhaps also to the strain such a course would place on Berlin-Bonn relations (Minnerup 1989:73).

independently – in a state-sanctioned peace march, as they entered Berlin (Wollenberger 1992:82). Shortly afterwards, the Stasi forced entry into a leading centre of opposition, the ‘Environmental Library’ in a Berlin church building, hoping to catch oppositionists red-handed in the production of the only major non-church *samizdat* publication, ‘Grenzfall’. Although the Environmental Library had always been harassed by the authorities, this incident evoked shock, as no church building had been forcibly entered since the 1950s.<sup>181</sup> A meeting was quickly called, to which around two hundred came. It organized a permanent vigil to demand the release of those arrested in the raid, and an end to repression (*Frankfurter Rundschau* 5.1.88). The vigil received considerable support, and was even supplied with food and drink, *gratis*, by neighbouring residents and shopkeepers. Thanks to such support, and in the face of efforts by the Church to sabotage the vigil, the immediate aim of forcing the release of prisoners succeeded. The campaign centre, however, continued to function even after its victory. Moreover, the publicity surrounding the conflict led, in Neubert’s words (1998:696), ‘to a perfect wave of openings of similar institutions’ in at least seventeen other cities, most of which began to function as opposition communication centres.

Only weeks later the state hit back, arresting several leading oppositionists and even charging some with treason. Once again the reaction was huge. ‘For the third time in four days’ wrote the *Financial Times* (3.2.88), ‘tens of thousands of largely non-religious East Germans have squeezed into normally empty Protestant churches in a powerful display of solidarity’. In the Leipzig *Nikolaikirche*, traditional Monday evening weekly ‘peace prayers’, first organized in 1982 to protest the stationing of new missiles by Warsaw Pact and NATO, were converted into solidarity services.<sup>182</sup> Solidarity groups were founded in around forty towns, drawing in layers beyond the ranks of the grassroots groups and church. Petitions of solidarity were circulated in workplaces, prompting intense concern at FDGB headquarters. Reports spread that some workers were

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<sup>181</sup> An additional contributing factor to the blundering character of the operation was lack of coordination between SED and Stasi (Wilkening 1990:59).

<sup>182</sup> Church leaders attempted, in vain, to stop them (Wagner 1994).

donating a whole months salary (ca. 900 Marks). In all, some 30,000 people participated in the campaign and around 35,000 Marks were collected (Wolfram 1995). Although the prisoners were not released into the GDR, as demanded by campaigners, their (temporary) banishment to the West only served to encourage the applicants movement, as senior SED functionaries were forced to admit (Stephan 1994:32). Moreover, the sheer scale of the protests marked a huge step forward for oppositionists. It enabled them to perceive at last that, in Neubert's words (1998:699), 'the mobilization of citizens was achievable'. As Helena Flam has observed (1997:152), it was only now, through these collective protests and solidarity actions, that a solidaristic collective identity really took root amongst oppositionists, supplanting the more individualistic attitudes of the preceding period.

The second advance involved the formation of emigration applicants into a real movement and, in Leipzig at least, the cultivation of what the regime feared most; cooperation between applicants and oppositionists (Eisenfeld 1995:210). As their numbers grew, the oppression of applicants became, alongside the environment, the dominant topic of discussion in grassroots church groups. In 1987, applicants formed a 'Citizens' Rights' group, which (eventually) affiliated to an opposition group, the IFM. Before long it had attracted 200 members and began to spread nationwide, organizing protests in several cities. Applicants were making their presence felt as the vanguard of public protest. The real breakthrough occurred in Leipzig, on the back of the resuscitated weekly 'peace prayers'. According to Wagner (1994:30), 'the "emigrants" recognized the potential of the peace prayers for the pursuit of their interests. They streamed in their hundreds into the Nikolaikirche.' Attendance sometimes exceeded nine hundred. The authorities, Wagner continues, 'reacted hysterically, i.e. they were enraged, and complained about the meetings to the church leaders, but found no effective means to assert themselves.' Church leaders were equally frustrated, for those attending the 'prayers' were becoming increasingly and outspokenly critical of their servile stance.

The applicants' defiance in the face of Church and State authorities encouraged the formation of oppositional groups in Leipzig, many of which

contained oppositionists and applicants (Besier/Wolf 1991:556). From March 1988, both groups began unite in public demonstrations which 'spontaneously' emerged from the peace prayers. These attempted to raise a variety of issues, including the demand of the right to emigrate, and opposition to the oppression of applicants (Wagner 1994:142-3). The example of Leipzig began to catch on elsewhere. 'Peace prayers' across the country began to function as contact points and arenas for political discussion, both for oppositionists and applicants (Hildebrandt/Thomas 1990:32).

This upward curve of opposition activity continued throughout the first half of 1989. Four flashpoints deserve special mention.

Firstly, the applicants movement grew bolder still. From January, as a consequence of CSCE negotiations and 'a wave of criticism in East Germany' (Hertle 1996a:89), the process of application was liberalized. In the first half of the year, more exits were permitted than in any of the previous four years. However, applicants also increasingly took their protest onto the streets, and a soaring number began to occupy Western embassies (Eisenfeld 1995:208). Secondly, the Church authorities in Leipzig, assisted by the state, attempted to enforce a depoliticization of the peace prayers. They were decisively beaten, in February, following months of what Neubert describes (1998:786) as 'tumult and protest', including petitions and weekly demonstrations of up to five hundred people. From then on the 'prayers' were consistently political, airing criticism over themes such as repression in Czechoslovakia, the education system, conscientious objection, human rights, and the local elections. Thirdly, the local elections in May were themselves a flashpoint. The vote was relatively low. Amongst workers, the Stasi estimated (ZAIG 5352), only around 50% voted, but in some districts this figure fell to 25%. Stasi reports complained that even members of the 'bloc parties' were showing reluctance to participate in the organization of the elections, on the grounds that they suspected official gerrymandering (Sélitrenny/Weichert 1991:218). Oppositionists called for a boycott, or a 'no' vote. They distributed leaflets, painted graffiti and asked questions at hustings (Rüddenklau 1992). Suspecting that many voters would reject the official candidates and that results would be faked, they organized to

oversee the vote in as many polling stations as possible.<sup>183</sup> In some districts they counted at least 10% 'no' votes, only to hear that the official result was virtually 100% 'yes'. In some places direct evidence of gerrymandering was observed. Activists and their contacts were outraged. In Berlin demonstrations were called on the seventh day of every month to protest the electoral farce.<sup>184</sup> Although most of these were broken up by the security forces numbers attending, largely emigration-applicants, steadily grew, until on September 7, at least two hundred demonstrated.<sup>185</sup> In Leipzig, demonstrations were more successful, with up to 1,000 present. These activities surrounding the election farce became widely known, in part through western media. The regime was severely embarrassed. Wider layers of the population became aware of the existence and success of oppositionists. In Meuschel's words (Glaessner 1991a:47), with the opposition's 'call for election boycott, they broke out of a marginal status. The SED's obvious gerrymandering in turn contributed to the disintegration of loyalty'. 'In this sense', he adds, the opposition groups 'did contribute decisively to the revolutionary uprising.'

Finally, protests flared over the butchery at Tiananmen Square. Given the SED's brazen support for the massacre, these protests were particularly poignant (cf. Gabi Horn interview). Dozens of small public protests occurred, including collective drumming and marches to the Chinese embassy. The number of critical letters to newspapers shot up (Wielgoths/Schulz 1990), while several groups of workers wrote collective protest letters to the Chinese ambassador (FDGB archive).

The two years preceding the revolution witnessed an upward curve of oppositional activity. This involved increasing numbers, greater public defiance and the confidence to emerge from behind church walls and to challenge the Church hierarchy. The opposition was gradually transformed from grassroots groups focused on single-issues into a better organized and more overtly

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<sup>183</sup> This had already occurred in 1988, but on a far smaller scale.

<sup>184</sup> Barred from publicizing dates for protests, calendar regularities came to be invested with a mobilizing function.

<sup>185</sup> On June 7 over one hundred protestors were taken by police for questioning. A protest meeting held the next day, in the Gethsemane church, attracted over 1,500 (Hildebrandt/Thomas 1990:28).

political opposition which was capable of organizing protest over a variety of issues in succession. The 1987-8 protests and the May election supervision in particular, 'generated a measure of trans-group solidarity and the capacity to act' which boosted the confidence of those who sought to found or organize overt oppositional associations (Wielgohs/Johnson 1997:347).

By June 1989, Stefan Heym described the situation thus: 'Something is moving. Something is breaking through. The people here won't take no for an answer' (*The Guardian* 17.6.89).

### ***Nomenklatura Confidence Ebbs***

The structural contradictions which have been the guiding theme of this and the previous chapter – profitability decline, the STEs' relative economic decline and the weakening of the USSR vis-à-vis West Germany – impacted on the behaviour, thinking, and confidence on the makers and executors of policy, and their supporters, whether CC members, enterprise managers, SED members or security service personnel. Their aims became more limited and increasingly difficult to achieve; their decisions more difficult to justify and more prone to critique.

The SED's cohesion and self-confidence did not erode nearly as sharply as its Polish counterpart (cf. Barker 1990). However, from the mid-1970s and especially from the mid-1980s symptoms of deteriorating confidence appeared at all levels of the political, economic and Party apparati. In the 1960s leaders had exuded confidence. Ulbricht could even assert (Kopstein 1997:67) that the GDR could 'succeed politically' by overtaking its Western rivals 'on the economic front'. By contrast, the 1980s witnessed widespread demoralization. In the words of one functionary, overheard in a Stasi sauna (Wolf 1998:318), a mood of 'frustration with the aging and unresponsive leadership in Moscow and East Berlin' grew. From the mid-1980s, Kronisch and Lapp report (1992:129), many managers developed a decidedly sceptical and critical attitude. Even general directors were, in private, scathing of the SED leadership (Meier/Richter interview). As for the SED grassroots, Jens Reich has observed that, whereas in



the 1950s members would intervene vigorously in workplace political discussions, by the 1980s they were more likely to try to change the subject (Reich 1990:83).<sup>186</sup> Particular cases of *nomenklatura* demoralization may be traced to the increasing problems in suppressing emigration and opposition movements. Thus, Neubert (1998:669) reports that the defiance of the applicants' movement engendered 'helplessness and resignation [amongst] even the most hardened of functionaries'. More frequently, demoralization can be traced to economic problems. For instance, Stasi files (ZAIG 5352) report that consumer goods shortages had resulted in 'increasing signs of "fatigue symptoms" and sheer resignation amongst leading cadre and employees in the retail sector'. Similar testimonies come from economic functionaries (Zimmermann/Schütt 1994:38). Economic problems, moreover, spawned divisions amongst policymakers which further undermined morale. A classic example is the aforementioned Mittag-Schürer clash, which prompted the Stasi's economic unit to warn of 'how demoralizing an effect Mittag's attack was exerting on economic debate within Party ranks' (Maier 1997:72; Meier/Richter interview).

Above all it was the fracturing of the Soviet Bloc and Moscow's reforms which undermined confidence. Gorbachev increasingly came to symbolize not only the worrying decline of Soviet power but also, by contrast, a resolve and initiative that the SED leadership blatantly lacked. Although only a small part of the *nomenklatura* clearly supported the *direction* of Gorbachev's reforms, many believed that the *fact* that he advocated change was an example that should be applauded. The few who believed that the *status quo* was the best there could be were increasingly undermined as the walls it rested on cracked and crumbled.<sup>187</sup>

From 1987 the steadfastness and loyalty of state-bearing groups was subjected to severe strain. Within the ruling class respect for the leadership disintegrated further (Meier/Richter interview). A typical remark is that of the Minister of Culture (Zimmermann/Schütt 1992:126):

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<sup>186</sup> Stasi reports on the evasive behaviour of SED functionaries when confronted with criticism in the workplace confirm this (ZAIG 5353).

<sup>187</sup> Ironically, according to Meier and Richter (interview), it was often those who perceived the true extent of economic failure that most desired a strategic emphasis on security, guaranteed by the Soviet military shield.

When Gorbachev arrived, my hopes rose once again. But the attitude of the SED leadership shattered my last illusions. [...] I said to my PA: Hermann, now the big catastrophe is about to begin; now we're missing the last opportunity. We could have jumped on board this train, but from now on we'll only be seeing the red lights go by.

A mood of panic began to infiltrate the lobbies and offices of the *nomenklatura* (Simon 1990). In February 1988 Mielke summoned his generals to a crisis meeting at which he warned that failure in the economic and 'scientific-technical' fields was threatening the GDR's 'defence capabilities' and could result in 'extremely transformed living conditions' (Koch 1994:393). A month later Jürgen Kuczynski, the 'Nestor of GDR social sciences' (Cerny 1992:260), wrote in his diary (1991:189) that 'a chasm between leadership and masses is opening up absolutely everywhere – in both civilian and military populations. If the leadership does not change course soon, a serious situation could arise.' The leadership itself was aware of the dangers. During a discussion of economic crisis in 1988 (Hertle/Stephan 1997:37), Mittag warned that 'a situation has arrived where it could all capsize.' By June 1989 signs of, if not disloyalty, then at least unreliability on the part of officials were widespread. The 'agitation commission' complained of 'indiscipline' amongst media employees (Simon 1990:123). The 'workplace militias' (BKGs) were showing signs of 'dissolution' (Neubert 1998:788). The army reported that it was becoming increasingly difficult to recruit officers. Amongst Stasi officials levels of 'unreliability', early retirement and nervous breakdowns grew (*Die Andere* 39/1991; Riecker 1990). Some Stasi officers (Wilkening 1990:56) have expressed particular annoyance that the SED leadership sought to displace long-term political problems onto the Stasi, for short-term 'administrative, repressive' solutions.

### **Damned If You Do, Damned If You Don't**

The habitual formulae of rule no longer seemed to work. Tactics of harsh repression and liberal concessions were both tending to excite stronger protests

and emigration movements. *Westpolitik* was in crisis, as the GDR failed to consolidate its status as favoured partner of DMEs, but its dependence on the West was greater than ever. The SED-state was wedded to a Great Power whose leader wanted to maintain its Bloc, yet the logic of whose reforms hastened its dissolution.<sup>188</sup> There was a widespread sense that 'something must be done', but no easy solution appeared. The great unspoken question was whether to introduce sweeping reforms or to hold firm. Particularly after *perestroika*, there was growing support in the *nomenklatura* for market reforms, but it was relatively diffuse, with no clear concepts, and never became manifested in an organized reform wing of the SED. Gregor Gysi, a reform-minded functionary, later admitted (in Rüddenklau 1992:283) that 'we did not see ourselves as an opposition within the Party.' SED reformers were conspicuous by their absence and timidity. As far as LDPD leader Gerlach could recall, no reformist SED member 'had, to my knowledge, fought for a change of course in the Honecker period' (1991:296). There was not even any organized public declaration by SED reformists until extremely late in the day, in November 1989, when Michael Brie and others at the Humboldt University wrote to the Central Committee demanding democratic reforms in Party, polity and economy.

With hindsight many commentators have criticized the resistance to reform as a 'policy failure'. But this ignores the entrenched nature of the contradictions involved: the ever narrowing room for manoeuvre of a *nomenklatura* caught between the imperative to massive investment and the stubborn strength of the working class, and between the imperative to open further to the world market and the fear of its own demise. It is also to ignore the dangers of liberalization. The crises and transformations of 1953, 1956 and 1968 had instilled a deep fear of major reform initiatives and the inner-Party divisions that they entail, not least on the dangerous question of relations with the FRG. As one Politbüro member recalled, (Hertle/Stephan 1997:325), the 'decisive brake' on reform was always 'the spectre of splitting the Party'. The settlement of 1970-1 had powerfully reaffirmed the principles of orthodoxy and stability. Despite

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<sup>188</sup> Some East German Communists and West German pundits, unfamiliar with the concepts 'contradiction' and 'unintended consequences', developed a stab-in-the-back legend about a Berlin-Moscow perestroikist conspiracy to dismantle the GDR (e.g. Reuth/Bönte 1993).

repeated crises the Honecker regime had managed to avoid major misfortunes, and the belief in its ability to at least muddle through was strong and widespread. The fear of reform, moreover, was strengthened by amassing signs of the *failures* of liberalization processes, whether under 'hawks' such as Jaruzelski or 'doves' such as Gorbachev. Few other STEs could offer a model to follow. Intransigent regimes, such as Romania, were mired in serious crisis, as were most reforming ones (Barker 1990; Brzezinski 1990; Harman/Zebrowski 1988; Haynes 1988). And whereas liberalization threatened the erosion of SED power, turning towards autarky ran up against the constraints of economic relations. One can sympathize with Honecker's dilemma. Though rejecting the path taken by Poland or Hungary, he recognized that (in Hertle 1996a:71), 'nor can we go the Romanian way, the situation vis-à-vis the FRG will not allow that.' Similarly, one can sympathize with Schürer's disillusionment with liberalization (Zimmermann/Schütt 1992:185): 'When Gorbachev appeared, truly hopeful political thoughts came to me. However, the longer *perestroika* went on, the more disappointed I became. For the country underwent economic regression and national fragmentation.'

### **An Autistic Outcome**

Schürer's dilemma is symptomatic. Even those who believed that 'something must be done' could not answer the question 'what?' Consider, for example, this recollection by Politbüro member Lorenz (Zimmermann/Schütt 1992:154):

even I gradually came to realize that there was something wrong with our economic system, that fundamental changes would have to be made to our economic policy. But adequate conceptions were beyond me too. [...]

Especially since the mid-1980s there was no doubt that fundamental changes and reforms were necessary in the GDR. There was much discussion about this, say, with Egon Krenz and Werner Felfe. And yet at the end of the day we just kept our mouths shut, ultimately we had no plausible and comprehensive alternative – not even when it came to ousting Honecker.

Krenz, in the Politbüro's crisis sitting of May 1989, similarly bemoaned the 'lack of a clear conception for the way forward' (Mittag 1991:323).

In paralysing objective circumstances the only path, it seemed, was to sit tight and concentrate on questions of immediate security. In Kopstein's words (1997:104), '[t]he SED elite believed that it faced an extreme version of the Tocquevillian paradox: unpopular governments become unstable when they start to reform themselves.' Though none may actually have read Tocqueville, 'their conversations in the final years reveal an intuitive understanding of their predicament. Reform seemed to be both necessary and unimaginable.'<sup>189</sup> Those in charge held tighter and tighter to the certainties that had underpinned their survival thus far, becoming ever more demoralized the more their course led into the mire. One journalist (Kuppe 1989:722) captured the 'Tocquevillian intuition' in his description of an important Central Committee meeting in June 1989: 'The message of the 8th CC plenum is the following: No experiments, or else the entire edifice of rule will start to crumble.'

By this stage, the SED leadership's conservatism was tending to the naive. Some hoped for a 'biological solution', that the Grim Reaper would clear the way for (hitherto silent) ranks of reformists to take over before it was too late.<sup>190</sup> Some, from the early 1980s, reacted dogmatically and autistically to their worsening predicament. They shut themselves off, disbelieved bad (in reality, true) news, surrounded themselves with admirers, invested their hopes in rigid discipline, and turned to the bottle.<sup>191</sup> Schabowski has described the 'speechlessness' and paralysis that afflicted SED leaders, who had no other choice but to 'soldier on perversely, like a mammoth with *rigor mortis*' (*The Fall of the Wall* 30.10.1994). CC member Günter Sieber describes his attitude to the world, even as late as December 1989, as characterized by 'self-censorship' (Zimmermann/Schütt 1992:228). Honecker tended to self-censorship too. In 1987,

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<sup>189</sup> One would think that 1989 would confound those who interpret Tocqueville's aphorism as a law. However, Kornai (1992:427) attempts to rescue such an interpretation by arguing that 'the lack of internal liberalization was made up for by the external example of reform elsewhere.'

<sup>190</sup> Krenz allegedly held such hopes (Zimmermann/Schütt 1992:186).

<sup>191</sup> The belief that all was well was in part sustained thanks to media censorship. As Marx put it (Fine 1984:67), the government hears 'only its own voice', which it mistakes for that of the people, whose actual voice is suppressed.

for example, when passed (correct) information that Kremlin officials were seriously discussing the eventual possibility of releasing the GDR from the Warsaw Pact, he recalls (Nitz 1995:69), 'we neither could nor wanted to believe such warnings'. On another occasion, he denied the existence of any sort of debt problem (Stephan 1994:205). In retrospect, the political autism he and his coterie displayed on the eve of the East German revolution seems astonishing, and resembles that of Tsar Nicholas on the eve of the February revolution (cf. Trotsky 1980:53). However, its explanation lies not so much in the age of the SED leaders, as is often suggested, as in the intractable nature of the predicaments they faced.

## Chapter Six: Scenting Opportunity, Mobilizing Protest

Previous chapters have focused on structural contradictions, economic and political crises, and how these affect, and are interpreted by, different sections of the population. Here the focus shifts to the transformation of what some social movement theorists (e.g. Tarrow 1994) refer to as the 'political opportunity structure' in the summer and early autumn of 1989. The centre of concern is now less the tightening structural constraints upon regime behaviour, and more its strategy and tactics, as well as the manner in which individuals of the working and middle classes become conscious of systemic contradictions, scent expanding opportunities, and act to effect political change. The shift is from the causes to the drama of crisis – expanding 'alternativity', contestation between social forces, and the emergence of 'movement entrepreneurs' who attempt to organize and give ideological shape to protest, to promote particular strategies, define goals, and attempt to win popular support.

### **The 'Hungary Hole'**

The weakening of Hungary's section of the 'iron curtain' precipitated the crisis that led to the end of the GDR. Three main forces were directly involved. First, the emigrants themselves. Increasing numbers of East German holidaymakers spotted and seized the opportunity to depart. This was by no means a risk-free enterprise. They had to physically break through, and often received injuries at the hands of Hungarian security forces (Hertle 1996a:101). Others, in their hundreds, occupied West German embassies in Berlin, Budapest, Warsaw and Prague. As Oberschall points out (1996:110), this was an effective innovation in the 'collective action repertoire'.

The second group of players was the Hungarian government and opposition. On May 2 the government began to dismantle the fortifications on its border with Austria. On July 21 it made a decision to stop deporting apprehended emigrants back to East Germany. Consequently, numbers of would-be emigrants in Hungary grew – including those occupying the West

German embassy. They became a permanent reminder of Hungary's divided loyalties. On August 19 the head of government, Imre Poszgay, along with the West German parliamentarian (and friend of Strauss), Otto von Habsburg, organized a 'border-picnic' for East Germans. It provided the opportunity for a much publicized collective emigration, and, along with pressure from the liberal opposition, pushed the Hungarian reform process further towards its break with Berlin. By late August, as Stent describes (1998:86),

With conditions in the embassy becoming intolerable, and with 10,000 East Germans wanting to emigrate having to be housed in temporary camps, Hungarian Foreign Minister Gyula Horn decided that this situation could not continue. Hungary and the GDR had signed a treaty obliging Hungary to repatriate any East German citizens who were trying to flee to the West. Horn decided that Hungary could no longer honor this treaty. West Germany had become Hungary's major Western economic partner, had given it substantial credits, and had encouraged its reformist government. In a series of intense discussions between Hungarian and West German officials, especially Horn and Genscher, the two sides worked out an agreement whereby the Hungarians, in a move that was unprecedented in the history of the Warsaw Pact, would break their treaty with the GDR and allow the East Germans to leave for West Germany, with financial and transportation assistance from Bonn.

On September 10, Hungary decided to formally open its borders to the West. All East Germans on its territory could now emigrate – to the exasperation of the SED leadership (Krenz 1990:169). This announcement set off a huge rush of applications for visas for 'holidays' in Hungary. On the 11th an unprecedented 2,250 families applied, and in the following three days fully 15,000 emigrated (Table 6.1).

Table 6.1 Numbers of emigrants (from Hirschman (1993:185)).

March	April	May	June	July	August	September
5,700	5,900	10,600	12,400	11,700	21,000	33,300



The third actor was the West German ruling class. At one level Bonn attempted to maintain the *Ostpolitik status quo*. Thus, on July 23 a government minister broadcast a call for East Germans to stay in their country. Bonn, like Washington and London, closed its embassy in Berlin in order to discourage occupation by emigrants. However, the exodus radically destabilized the traditional, carefully calibrated, inter-German relationship. Despite the July 23 appeal, West German officials, editors, and politicians energetically encouraged the exodus.

The SED leadership was not only confronted by these 'class enemies' that directly undermined its position. It also suffered from four major constraints on its room for manoeuvre. The most important was the Soviet ruling class. Despite TASS's vociferous attacks on West German encouragement of emigration, Moscow did not back the SED. It expressly tolerated Budapest's actions, effectively accepting the demise of the iron curtain. SED leaders desperately attempted to swing opinion in the Kremlin. Honecker flew to Moscow to attempt to mend fences with Gorbachev (Stent 1998:85). East German officials met with their Soviet counterparts to warn them of the catastrophic consequences for socialism and for the Warsaw Pact (Stephan 1994:127). But to no avail.

A second constraint which, according to Mittag (1991:45-6), was a major cause of the regime's relative restraint, was the fear that either dramatic change or open repression might provoke a 1953-type uprising.<sup>192</sup> This dread was fed by a rapidly mounting volume of reports describing heated political discussion breaking out in workplaces. For instance, when FDGB leader, 'Dirty' Harry Tisch, refused to speak with emigrants while on a trip to West Germany, thousands wrote in protest to the FDGB head office.

Third, the GDR's hard currency debt-service ratio was ominously high. In September, Schürer, Schalck and Herta König penned a paper warning that balance of payments stability could only be rescued if exports were rapidly increased and if 'credit lines of VM 8-10 billion actually can be secured'. This, they warned, inevitably entailed 'a high degree of dependence on capitalist

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<sup>192</sup> The most famous reference to this concern is Mielke's question to colonel Dangriess on August 31 (Mitter/Wolle 1990:125): 'Is it the case that a June 17 will break out tomorrow?' Dangriess's smug reply was 'It won't happen tomorrow, it won't happen at all, that's what we're here for.'

banks' – especially the Japanese banks which owned over three quarters of GDR hard-currency debt (Przybylski 1992:212). Indeed, foreign banks were showing signs of concern for their profits. Because much East German debt was short term, this development was especially worrying. The general director of the Bank of Tokyo, for example, demanded in mid-September that the head of the State Bank present an assessment of how the exodus of so many young people would affect the GDR's economic performance. The president of Crédit Commercial was expressing similar concerns (Przybylski 1992:75). Such banks normally display an aloof amorality concerning the political methods that regimes deploy to ensure the flow of interest payments – an apposite example is the rapid resumption of loans to China following the Tiananmen massacre. But in East Germany's case, financial credibility ultimately depended upon Bonn's goodwill. In this context, SED leaders felt continued solvency to be a very heavy constraint on domestic policy (e.g. Mittag 1991:29). In short, as Szabo avers (1992:15), 'the GDR leadership was restrained in the severity of its response [to the exodus and protests] by the fear of the consequences for its economic relationship with the FRG.'

Finally, the pillars of the regime began to crack. By early September signs of unreliability amongst the BKGs were appearing (Tetzner 1990:22). Dissent flourished amongst soldiers, particularly regarding prospects of domestic deployment of the army (Hertle 1996b:195). From August, the numbers of soldiers deserting increased dramatically (*Friedrichsfelder Feuermelder*, December 1989). Several dozen army officers, including a colonel, joined the exodus. Even the Stasi was affected. Stasi officers were more aware than most of the depth of the crisis. Many were exasperated that their warnings of impending trouble were being ignored (*Der Spiegel*, 23.4.90). Elizabeth Pond concludes from her evidence (1993:125) that '[f]or all Stasi officers, then, the failure of the top leadership to act in response to the exodus of mid-1989 led above all to demoralization.'

Demoralization and dissent swept through the SED. On August 31 a Stasi general complained (Mitter/Wolle 1990:127) that 'how we imagine the Party should behave, going on the offensive [...], that is at present not taking place'. In September the Stasi reported a catastrophic situation in the SED. Members felt

overwhelmed by the flood of anger directed at the Party. The Stasi observed that many members shared the critical, even aggressive, tones of their non-Party fellows, and warned that 'the trust of the people in the Party is declining constantly' (Mitter/Wolle 1993:510). Many members felt unable or even unwilling to defend the line. At SED meetings even '[f]ull-time Party functionaries seem "helpless" in their arguments' (Mitter/Wolle 1990:149). Members' faith in the leadership was rapidly disappearing. Many were torn between their support for the system and criticism of their leaders. 'Already now – they argue – the GDR is in a situation like the one just before the counterrevolutionary events of 17.6.1953' reported the Stasi (Mitter/Wolle 1990:204). SED higher education teachers (Wolle 1998:317) 'are going into lectures and seminars with growing unease, because students are addressing politically sensitive topics ever more frequently, and are asking questions to which they cannot give adequate answers without calling the fundamental position of the Party into question.' Resignations were rising rapidly – motives given centred on the regime's failure to oversee the provision of a decent quality of life, and its failure to take problems seriously and to allow proper discussion of them in the media. Swathes of the Party grassroots shared the mass revulsion at their leadership's attitude of 'good-riddance' to emigrants, and some even emigrated themselves. Even the Central Committee was not unaffected, with some of its members feeling 'left in the lurch' by the Politbüro (Krenz 1990:13).

### **Loud Bark, Feeble Bite**

The SED leadership could not abolish the aforementioned forces and constraints. Diplomatic representations to Bonn, Budapest and Moscow were futile. No confident crisis-management strategy was developed. Instead its reaction to the exodus can be grouped under three headings: passive (confusion, complacency and denial); aggressive (demonization of emigrants and glorification of the *status quo*); and desperate administrative measures.

The dominant tenor until mid-August was passivity and denial. Privately, severe annoyance was expressed at what Honecker described as Hungary's 'slide

into the bourgeois camp' (Stephan 1994:88). But outwardly, a stiff silence was maintained, as if in the hope that the crisis would resolve itself. Passivity resulted from a combination of the realistic insight into the fact that, in Heym's words at the time (1990:237) the exodus 'threatens to completely destroy the GDR', and an arrogance and complacency derived from decades of uninterrupted rule, including the successful mastering of previous crises. Mittag, who was acting SED leader at the time, has been criticized – with hindsight – by Krenz for postponing any serious discussion of the crisis until late August (e.g. Krenz 1990:31). At the time, however, Krenz himself was no less sanguine, and showed no inclination to return to Berlin from his three-week holiday.

As the exodus dragged on, denying the crisis became absurd. Apart from its political consequences, emigration aggravated economic problems. Although the numbers leaving were significantly lower than net emigration from many other countries (such as Eire), labour shortages were in East Germany were intrinsic and severe, and the effect therefore especially detrimental. As Mielke put it (Mitter/Wolle 1990:134): '[e]ven though they're such useless riff-raff, the fact remains that labour-power is disappearing.' In early September, SED leaders began to search for solutions. Given the constraints, these tended to be either utopian or counter-productive. An example of the former was Mielke's insistence that 'we have to produce more and earn more hard currency' (Stephan 1994:124). Until early October, two main strategies were pursued. One was based upon vilification of the emigrants as an 'enemy within', duped by Western propaganda and best combated with ideological weapons. Thus Sindermann, in the Politbüro meeting of September 5 (Stephan 1994:122), asserted that '[t]his is about the growth of revanchism, neo-nazism, fascism. It is about a general attack on socialism. [...] It is also the effect of chauvinist propaganda about Germany and against the GDR. We must declare war against this ideology'. The East German media attacked the FRG in torrents of purple propaganda. Each day brought fantastic 'news' stories of Bonn's dirty tactics – the seduction of East Germans through kidnapping and drugging, or even alleged shots fired by West Germans at an East German border village. The purpose of the propaganda campaign was to demonstrate the regime's hawkish determination and sow fear. A further aim

was to remind SED members of the 'class war' taking place, as a precondition for 'mobilizing the Party', which SED leaders believed to be essential to overcoming the crisis.

The second strategy was to seek to stem the haemorrhage with administrative sticking plasters. Major measures – such as stopping issuing visas to Hungary or closing the border to the CSSR – were ruled out, largely because they would, in the words of one Politbüro member (Stephan 1994:150) 'incite the mass of the population against us'. Instead, an assortment of piecemeal initiatives were taken, including the denial of visas to some applicants, and the drafting of extra customs officers to airports and borders.

Instead of galvanizing its supporters, the regime's shrill rhetoric tended to expose its actual weakness – rather like an inebriated old man loudly proclaiming his fighting prowess to smirking bystanders. Impotent diplomatic appeals and half-hearted administrative remedies, as Ralf Ulrich describes (1990:20), 'demonstrated to many East Germans the deep insecurity of the SED leadership and its inability to react to the situation', and increased scepticism and demoralization amongst SED members. The force which the leadership hoped to mobilize was itself weakening rapidly.

Thus, the leadership's strategy of attack as the best form of defence was ultimately counter-productive. In the absence of viable solutions, the emphasis was placed on the demonization of emigrants, glorification of 'socialist achievements', and exhortations to Party members.<sup>193</sup> But the weakness of this strategy only served to further undermine the latter's faith in their Party. The exodus, and the inability of the regime to prevent it, accelerated the decline in the self-confidence of *nomenklatura*, officials, and ordinary SED members.

## Popular Conceptions of Emigration

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<sup>193</sup> *Neues Deutschland*, for example, published countless articles instructing SED members on how to maintain a 'firm standpoint', and demanding that they display 'unswerving loyalty to the Central Committee.'

The basic problem confronting the regime's offensive strategy was that wide sections of the population sympathized to some extent with the emigrants, and extremely few perceived them as 'brainwashed neo-fascists'. The Stasi's investigations into the motives for emigration never mention 'brainwashing'. Instead they list grievances that were shared by huge swathes of the working and middle classes.<sup>194</sup> These included low wages and inflation; shortages and the poor quality of consumer goods; the freshness of food; the need to queue and search for vital goods; shortages of spare parts and long waiting times for repairs; and the crisis in the health service (Mitter/Wolle 1990:141-7; *die tageszeitung* 28.8.89). Amongst workers considering emigration, Stasi documents single out the poor 'working climate', thwarted promotion, and 'troubled relations between managers and workers'. Workers' grievances frequently evinced a class-political edge. Thus, the perceived 'price explosion' was widely seen as a means by which 'flaws in economic policy are "ironed out" at the cost of the workers' (Mitter/Wolle 1990:145). Bottlenecks and other problems hindering the work process were widely interpreted in class terms, as in this report (Mitter/Wolle 1990:144):

Failures and disruptions arising in the process of production have to be compensated for by additional physical exertion of the workers and also in part by risking blatant defiance of health and safety laws. There is a widespread opinion that the required increase in economic productivity will only be achieved at the cost of workers and *Bauern*.<sup>195</sup>

Another focus for the grievances of would-be emigrants was the lack of possibilities for self-fulfilment, and for participation in social and political processes. The restriction on travel to the 'non-socialist abroad' was especially deplored, as were the limited educational and career prospects open to their children, and the lack of democratic opportunity to assert their ideas and interests (Lemke 1991:115).<sup>196</sup> The latter grievance connected to a widespread

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<sup>194</sup> For evidence, see documents in the Stasi and FDGB archives, also Eckelmann *et al.* (1990).

<sup>195</sup> Bauer means, literally, peasant; here, 'agricultural labourers'.

<sup>196</sup> For example, 'their own ideas and thoughts are not taken note of [...] they are not treated as mature citizens, who wish to make their own decisions about issues affecting their individual interests'

criticism of the regime's media policy, summed up in the complaint that '[r]eal life is the opposite of what the mass media shows' (Mitter/Wolle 1990:146). In particular, the continual reporting of economic success against a backdrop of real crisis was reviled.<sup>197</sup> The feeling was widespread that the privileges and isolation of the *nomenklatura* blinded them to the real situation, as evinced by the following quote: '[t]hose right at the top [...] have their luxury suites [but] don't know how bad it is for those at the bottom (*Zurück zu Deutschland* 1990:261ff.). Fear and hatred of the apparati of repression, above all the Stasi itself, was a factor understated in reports compiled by the Stasi but abundant in those based on interviews with actual emigrants in the West. Finally, those considering emigration expressed not only an optimism that life would be better in the West, but a pessimism that significant improvements would occur in the GDR.

Stasi reports (e.g. Meinel/Wernicke 1990:133) indicate that emigrants' grievances were generally taken seriously by the general public, and were perceived to be rooted in deep-seated *domestic* problems, rather than brainwashing by Bonn. Even before the summer exodus, the SED Central Committee was made aware of the fact that there was widespread sympathy for the desire to emigrate 'even amongst Party members and FDGB functionaries', and that the 'indispensable broad atmosphere of opposition to this phenomenon does not yet exist' (Stephan 1994:34). When the exodus swelled, nearly everyone, from the shop-floor to Mielke himself, had a good idea of the motives behind it, and a majority – perhaps two thirds of the population – expressed sympathy (Kuhn 1992:106). Even many of those who criticized the haste and chosen destination of the emigrants nevertheless empathized with their motives (e.g. Ramona interview). One can imagine the thoughts and emotions that arose when people read in the press that responsibility for the exodus was solely Bonn's, and that domestic reality was nigh perfect. The exodus, therefore, did not simply reveal significant public disaffection with and rejection of the regime. It also

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(Mitter/Wolle 1990:146).

<sup>197</sup> The contrast was especially stark during the summer and autumn of 1989. The media amplified its trumpeting of the GDR's 'achievements'. Typical of the desperate promotion of supposed success stories was a report in the *Leipziger Volkszeitung* of September 30, when the protest movement was about to achieve critical mass, that '[c]ountless factories have recently significantly improved their canteen service' (*Neues Forum Leipzig* 1989:44).

functioned as a 'signal', as Susanne Lohmann has put it (1994:64), whose impact 'was all the stronger because these tourists [emigrants] were a fairly representative sample of the East German population.'

### **'Emotional Frenzy'**

East Germany in this period was 'seized', in Jens Reich's phrase (1990:71), by an 'emotional frenzy'. In Cornelia Matzke's words (Philipsen 1993:71) '[t]here was an incredible atmosphere [...] a sort of depression, a feeling of being severely oppressed, a sense that all the things we had put up with and we had suffered could not go on much longer.' The air was thick with questions. Would one's friends return from holiday in Hungary? Would the exodus continue to swell? Would political change occur, and if so, how soon and in what way? There was considerable sadness, over friends, colleagues and relatives emigrating to the inaccessible West (e.g. Gabi Engelhardt interview). Fatalism was widespread, a sense that possibilities of reform were being missed, and that the regime would remain as intransigent as ever. There was fear, and a strong sense of foreboding. Few saw clearly the shape of the coming storm. But many were aware of a looming political emergency. Frequent were the references to previous crises, including 1961 but in particular the recent crackdown in China. Nobody needed reminding that the SED still had tough options available, from closing the borders (which was repeatedly rumoured to be imminent), to the widely dreaded 'Tiananmen solution'. The SED's pro-massacre propaganda in June had been intended as a warning, and was interpreted as such.

Resignation, sadness and fear were overlaid with rage, expectation and hope. Some were simply heartened by the opportunity to emigrate themselves. Many sympathized with the 'refusal' implicit in the emigrants' stance. Their actions exemplified 'passive resistance' – a non-compliance with the ruling powers which implicitly challenged their legitimacy. As such, many thousands could identify with them. Other common forms of 'refusal' included refusing promotion at work because of the compromises entailed; refusing to join the FDJ or FDGB; refusing conscription into the army; refusing to perform certain



duties in the army; refusing to call 'the Wall' by its official title ('antifascist protection wall'), and so on (cf. Ollie interview; Kowalczyk 1995). Thus, one interviewee, Andrea Vogt, recalls that she identified with the emigrants simply because they expressed in practice the equation 'GDR = Shit'. Others admired them for the courage they displayed in breaking with their habits and surroundings. Many people perceived the regime's inability to solve the crisis and rejoiced in its weakness (e.g. interviews with Ollie, Andrea, Antje). They privately cheered Budapest's reforms and Moscow's unwillingness to intervene, and congratulated the emigrants and embassy occupants for having successfully snookered the GDR government.

The regime's intransigent and arrogant response to the exodus inspired fear, but also rage, and hopeful anticipation that *something must change*. The disintegration of the regime's aura of inevitability and omnipotence threw questions concerning the future into a new light. By September the country was aflame with discussion about the exodus (Kuhn 1992:95). Stasi reports referred to 'open, massive and critical discussion' in workplaces (Meinel/Wernicke 1990:133). Such discussions, they warned (Wolle 1998:316), were 'showing a growing tendency to place responsibility for the situation on the Party and state leadership, which is held to be incapable of solving the manifold problems.' Already in the first half of 1989 signs of a politicization of grievances had been evident, notably a tendency for the problems of everyday life to be related to the reforms and dissolution of the Soviet Bloc (Meinel/Wernicke 1990:81,106). By September, this process of politicization was accelerating rapidly. Anger and discontent over personally experienced problems were increasingly related to criticisms of the social system and the effectiveness of the state leadership. As the changes in the USSR and Poland accelerated and began to elude the control of the ruling parties, and as the exodus surged, the coordinates and yardsticks of the ruling order – for so long accepted as given and enduring – began to be called into question. Now there were pressing reasons to think about and to discuss social problems and political strategies. Many of those excluded from power began to alter their perceptions of how their interests could be pursued, and began to think of what they themselves could do to alter the constitution of

political forces. Political discussion, amongst friends, families, neighbours, and colleagues, blossomed. One interviewee (Ollie) recalled 'I've never read newspapers like I did then; discussing each article with friends'.

The regime's transparent weakness in the face of a rising tide of problems began to educe greater confidence in those who were weighing up the chances and risks of public protest.

### **'We Want Out!'**

Emigration applicants formed the vanguard of protest. Highly oppressed, so with little to lose, and hopeful that participation in protest might speed their exit, their 'protest thresholds' (Granovetter 1978; Kuran 1991) were peculiarly low. In Leipzig, on the first two Mondays of September, they were at the forefront of the demonstrations which emanated from the Nikolaikirche. Chanting 'We want out!' and holding placards, they both inspired and provoked 'stayers' to protest, too. In Hirschman's terms (1993:177), 'exit' reinforced 'voice'.<sup>198</sup> Already on September 4, 'We want out!' began to provoke the counter-slogan 'We're staying here!'.<sup>199</sup> Banners calling for 'freedom of association' and for 'freedom of travel *instead of mass exodus*' were unfurled. Thus, the small, brave beginnings of the uprising were already soured *and spurred* by inter-factional conflict – one which would return, in altered forms, later on. Notwithstanding a degree of acrimony between applicants and 'stayers', these demonstrations proved to many potential participants that protest was possible, and that individuals could be sufficiently brave and committed to take the risks entailed.

If 'We want out' demonstrators can take much credit for inspiring others to take to the streets in September, their role in bruising the forces of the state in early October was equally significant. In this period the regime was attempting to intimidate protestors into submission, whilst making concessions to those would-be emigrants who had already made their intentions public. The key

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<sup>198</sup> Hirschman argues that this case was an exception to the rule that he had earlier propounded, that the relationship between exit and voice is an inverse, or 'hydraulic', one.

<sup>199</sup> If a date is to be set for the beginning of the uprising it must surely be early September, as opposed to Mary Fulbrook's bizarre choice of August 26 (1991:325), the day a handful of oppositionists (and IMs) met to

repressive moves were closing the border to Czechoslovakia to visa-free travel, and ordering the suppression of all protest through massive police and Stasi operations. Closing the border was a high-risk gamble. It slowed the exodus but raised the temperature at home. Passport offices filled with enraged citizens, and applications for emigration soared to 188,000 (Hertle 1996b:89). Demonstrations everywhere grew sharply in size. Political strikes broke out in Ruhla, amongst refuse collectors in Pirna, in the Ifa car factory in Eisenach, and elsewhere (Dresden Region Stasi files; *Telegraph* no. 4; Neubert 1998:851). Miners in the Erzgebirge (near the Czech border) began a go-slow, demanding the reopening of the border and freedom to travel.<sup>200</sup> In these days, as Keithly observes (1992:226), 'there was considerable discussion of industrial strike action', not only in reaction to the border closure, but also against the use of BKGs against protests.

Alongside the escalation of repression, a key concession was granted to the occupiers of the FRG's embassy in Prague. They were allowed to emigrate, albeit with a crucial condition – appended to demonstrate the regime's resolve and sovereignty – that they must exit from the GDR. It was a blunder, displaying a combination of arrogant resolve in form with defeat in substance. It only drew attention to the regime's hubris and weakness. When the trainloads of emigrants arrived in Dresden *en route* to West Germany, up to 20,000 people – many of whom had previously been turned back from attempting to enter Czechoslovakia – besieged the station. They blocked the tracks and tried to board the emigration trains. Some stormed an Intershop, while others occupied the station office. Stasi reports (Hertle 1996b:79) suggest that 'there was a danger that the entire station area would come under complete occupation.' The police prevented this, but failed to stop the demonstrators regrouping. As crowds streamed to the station, Dresden's SED chief, Hans Modrow, called on the army to prepare to intervene, and ordered police to deploy batons and water cannon against the crowds which, in a telegram to Honecker, he described as 'terrorists'.

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discuss the founding of what was to become the Social Democratic Party.

<sup>200</sup> The miners justified their demand by arguing that poor consumer goods provision in the GDR made shopping trips to Czechoslovakia inescapable. The state responded with limited concessions: the miners would be allowed to travel freely, as would residents of their town, Altenberg.

The crowds responded with stones, and set a police car alight, in the biggest street battles since 1953. Despite displaying extreme aggression, with 1,303 arrests and savage treatment of demonstrators, the police failed to disperse the crowd, which reformed into a permanent demonstration (of fluctuating size) which trailed through the city, chanting 'We want out!' and 'We want reforms!', and periodically battling with police, for a marathon four days. Some went on to occupy three churches until the authorities met their demands. These four days in Dresden marked a crucial trial of physical and moral strength in which the security forces, though not beaten, were exposed to onlookers and to wider layers of society, as both vincible and brutal.

### **Opposition Formation**

Concurrent with emigrant-led protests, an alternative vanguard of opposition began to crystallize from out of the 'grassroots groups'. As seen in chapter five, these groups had experienced an upward curve in activity and confidence since 1987. A major breakthrough occurred in the summer of 1989, when the IFM was at last joined by other groups in organizing outside the confines of the church. These represented the organized response of a relatively confident faction of dissident opinion to the urgent demands and new opportunities which had arisen with the exodus and ensuing political crisis. While other 'oppositionists' were still arguing timidly that criticism should only be voiced within church walls, or privately amongst colleagues and relatives, these were committed to making public their suggestions for democratic change (*die tageszeitung* 4.9.89). In the words of Hans-Jürgen Fischbeck (of the church-linked group 'Rejection of the Principle and Practice of *Abgrenzung*') oppositionists should stop 'waiting for a "GDR Gorbachev"', and instead 'get active ourselves' (Meinel/Wernicke 1990:78). Fischbeck also proposed, in mid-August, that a nationwide platform be established to stand as an 'identifiable alternative' in the 1991 elections (*die tageszeitung* 15.8.89). 'We are no longer', he said, 'simply concerned with *surviving* as grassroots groups throughout the GDR. We want to make clear that

there are people here who are developing ideas, and can propose conceptions for change’.

By late August at least seventeen separate initiatives aimed to establish some sort of independent oppositional organization (Gutzeit 1993:95). The one that made the greatest impact was New Forum (NF). Announced on September 10, its ‘*Aufbruch 89*’, in contrast to the ‘refusal’ stance of emigrants, called for ‘democratic dialogue’ between ‘state’ and ‘people’. ‘*Aufbruch 89*’ was an influential diagnosis of the crisis. It named symptoms of crisis – exodus and ‘apathy’ – and located the chief cause in the disrupted ‘communication between state and society’. An alleviation of the symptoms and a serious tackling of the causes of crisis required a ‘democratic dialogue concerning the tasks of the constitutional state, of the economy and of culture.’ NF announced its intention to become a nationwide, legal ‘political platform’.

NF quickly assumed an organizational existence. Its initiators were inundated with phone calls and letters requesting information. Within fourteen days of its formation, 4,500 people had signed their names to its list of supporters. Throughout the country groups of activists established (or redefined) themselves as NF groups. Contact addresses were set up in all the main towns, often in churches, where the curious and the sympathetic could find out about this strange and controversial new phenomenon. By the end of September NF leaflets were pinned up in dozens of contact centres, and were beginning to circulate in workplaces, schools and universities.<sup>201</sup> By early October large NF meetings were taking place, even though they still could not be openly publicized. Further support for NF’s central demands came through resolutions publicized by pop groups, musicians, and groups of radio and theatre employees. Public support for ‘open discussion’ began to be expressed even by establishment bodies, such as the Berlin section of the Writer’s Union and the Presidium of the Academy of Arts.

Alongside NF and IFM, other groups announced their existence and began to organize, notably Democracy Now (DN), the United Left (UL), Democratic *Aufbruch* (DA), and the Social Democratic Party (SDP). Each had a

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<sup>201</sup> For the most daring example of producing and circulating NF leaflets at work, see Klein (1995:209).

distinct profile. NF, IFM and DN emphasized the goals of democracy and ecology. The SDP and DA leaned to social-democracy; UL was a radical left coalition including reform-communists and anarchists. DN and DA were simultaneously more affirmative of socialism and more openly opposed to the SED's 'leading role' than NF. As for their organizational structures, DA and SDP rapidly began to establish party structures while UL, NF, DN and IFM were committed to a looser 'movement' form. Despite their differences, all of these organizations shared basic – if vaguely defined – principles and goals. They fought for a reformed socialist order, with democratic polity and a decentralized, 'ecologically responsible' economy. That they did not formally unite is in part due to the differences mentioned, but also to personal rivalries and the role of IFMs in stimulating interpersonal antagonisms and counselling against coalition.

### **Did 'Movement Entrepreneurs' Mobilize Protest?**

None of the opposition organizations (or 'Citizens' Movement' (CM)) can claim much responsibility for directly mobilizing the large demonstrations in Leipzig and elsewhere which broke the back of the regime. It is not true to say, as does Reinfried Musch (1990:97), speaking for many, that '[t]he Citizens' Movements brought the people onto the streets'. The most prominent critics of this view have been Karl-Dieter Opp and his colleagues (Opp 1993; Opp *et al.* 1993). They argue that organized oppositionists contributed little, if anything, to the emergence and mobilization of the demonstration movement in Leipzig. Opp *et al.* attempt to refute those social movement theorists who assume that a vital part in the emergence of a mass movement is necessarily played by what Tarrow (1994:189) calls 'movement organisers', who create 'focal points for people who [...] often lack direct connections with one another and have few, if any, internal resources'. They propose that East Germany in 1989, where '[t]he revolution had no head' (Opp 1993:213), proves that 'resourceful' organizers are unessential. Instead, the demonstrations can be explained essentially as the result of the 'silent coordination of behaviour' (Opp 1993:211), whereby large numbers of isolated (and 'resourceless') individuals who share similar grievances came to make the

same rational choice: to demonstrate. At most, they argue, conscious mobilization took place at the micro level, with individuals persuading friends to accompany them to Leipzig city centre. This was a 'spontaneous revolution', a 'revolution without revolutionaries' (Opp *et al.* 1993:202).<sup>202</sup>

Opp *et al.* efficiently challenge the widespread myth that organized oppositionists 'led' the movement. However, their alternative is equally one-sided. Organized activists exploiting 'external resources' (most obviously the Nikolaikirche) were crucial to the movement's origins. The Nikolaikirche did not automatically become a meeting place for demonstrators, and thereby a widely-known site of protest, but was actively created as such by 'movement organizers'. Radical ministers stood up to the church authorities and braved death threats in order to maintain the Nikolaikirche as a radical centre. Opposition activists politicized the content of the 'peace prayers' (even when the ministers counselled caution or cancellation. The applicants, more than anyone else, turned the weekly political worship into that weekly public protest which later appeared to take on a 'spontaneous' life of its own. Thanks to the determination of oppositionists and applicants the Monday prayers became a regular, seemingly 'unorganized' or 'spontaneous', event; one which was therefore difficult to prevent. As a Stasi Lieutenant General put it (Zwahr 1993:20), 'these "peace prayers" don't need to be organized any longer; over months they have become such a customary gathering for these people that they go there completely autonomously.' 'These people's' consciousness of their historical role may have been dim and their goals may have differed from those of the later movement, but such developments are typical of mass movements. The point is, although the early demonstrations they organized were small compared to later, more 'spontaneous' ones, the latter were triggered by the former. The early organizers' historic importance is therefore out of all proportion to their numbers. Conversely, those small towns which lacked such people and thus missed, in Neubert's words (1998:856), the 'initial spark', 'slept through the revolution'.

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<sup>202</sup> Used loosely, 'spontaneous' certainly captures an aspect of the movement. Opp, however, uses it in a peculiar way which assumes that spontaneity is a principle in diametric opposition to *organization*. Organization, in turn, is misleadingly equated with *heteronomous imposition*.

As to the role of CM members in particular, Opp's own survey data (1993:150,207; n.d.) suggests that such people took part in significantly more demonstrations than average and that their contribution to other forms of protest was outstanding. Their vanguard role was particularly pronounced in the early stages of the movement, as Carsten Johnson's data shows (1992:89). These findings may not warrant the designation of the organizations as the 'organized core of the masses', as Karl Bruckmeier has pointed out (1993:42).<sup>203</sup> Indeed, it may even be true to say, with Detlef Pollack (Opp *et al.* 1993:33), that 'it was not NF that set the masses in motion, but rather the converse: the masses shoved NF to the forefront of their movement.' However, if NF and the other groups were really *marginal*, as Opp *et al.* suggest, why were they shoved to the fore rather than the rear?

The answer, I submit, is that although the CM organizations rarely excelled at the actual mobilization of demonstrators, they nevertheless played an important role in generating a confident, forward-thinking culture of protest. First, they propagated a 'master frame' of the national crisis which attributed culpability to the regime and raised the demands for 'communication' and democratic reform as possible solutions.<sup>204</sup> To use the vocabulary of Snow *et al.* (1986:477), this master frame 'resonated' widely.<sup>205</sup> Their call for public debate connected with a widespread desire that political debate be permitted in the open. Their advocacy of popular pressure for reform inspired greater numbers of people to realize that, at last, *something could be done* about the crisis, and that they themselves could be part of the process. 'Aufbruch 89' in particular strengthened the sense of such people that at last a movement was forming which sought immediate and real change. It acted as a focus for hopes in political change, and a

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<sup>203</sup> See also the next subsection of this chapter.

<sup>204</sup> The concept of 'framing' has been developed by Snow and Benford (1992). In general (1992:136-8), framing 'denotes an active, process-derived phenomenon that implies agency and contention at the level of reality construction.' In social movements, 'collective action frames serve as accenting devices that either underscore and embellish the seriousness and injustice of a social condition or redefine as unjust and immoral what was previously seen as unfortunate but perhaps tolerable.' Secondly, collective action frames entail 'diagnostic and prognostic attributions.' Third, they 'enable activists to articulate and align a vast array of events and experiences so that they hang together in a relatively unified and meaningful fashion.'

<sup>205</sup> As in any social movement, participants who did not belong to formal organizations were also active in creating and shaping the movement's frames. In Eyerman and Jamison's words (1991:94), '[a]ll activists in social movements are, in some sense, "movement intellectuals"'. However, those such as Oberschall (1996:99) who claim that such people 'initiated and provided the interpretative frame' are overstating the case.



stimulus to work towards alternative perspectives. It helped to fire tens of thousands with a sense of shared purpose, a belief that change was possible, and thus raised their confidence and commitment to movement building. As one young woman put it (Probst 1991:46), '*Aufbruch 89*' 'really was a clarion call. I was electrified.' Similarly, demonstrators who had been chanting 'We're staying here!' as a courageous but helpless counter-slogan to 'We want out!' now raised an independent and concrete demand: 'Legalize New Forum!'<sup>206</sup> This development, above all else, gave credibility to NF. It bound NF into the actual protest movement, imparting it with a 'movement identity' based around activism and street protest.

Second, the organizations facilitated and encouraged the gathering of activists. As platforms claiming national scope they assembled into a central force activists whose primary identification had hitherto been primarily to local church-based groups, as well as wider layers with no political experience. Thousands of individuals now felt connected through a shared (political, oppositional) identity. By late October some 100,000 had signed their support for NF alone. This strengthened those feelings of solidarity and confidence which were especially important in the early, fearful stages of revolt. Activists set up 'contact centres' where the oppositional and curious could gather, discuss, and read and obtain petitions and leaflets. That they were *contact* centres is significant: contact encouraged a generalized and actualized awareness of common cause. Individual dissenters and grumblers were now linked to others, in purposeful organization. The centres were hives of organization and debate. I recall one, in a Berlin church. Outside, a candlelight vigil demanded the release of those arrested on demonstrations. Within, sometimes as many as a thousand people queued to read CM propaganda. Tina Krone, of Berlin NF (interview), recalls the contact centre at her home, where 'queues of people waited on the stairs; several were still arriving at 2:30 a.m. — every day! Some poured out their life stories to us; others would say "We want to do X; how did *you* do it?"'

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<sup>206</sup> As protestors' confidence grew, and the horizon of achievable demands widened, this slogan increasingly became coupled with 'Criminalize the Stasi!'

Third, oppositionists set about transforming their organizations from formal platforms into real forces, in the form of members connected through structures, and building protest in general. They copied and distributed their platforms, and organized and mobilized for meetings. They encouraged others to do the same. Leaflets were handed around at work, or passed on to friends. Donations were collected to build campaigns for detained demonstrators. Where fear was intense, leaflets were surreptitiously placed in prominent places and graffiti appeared overnight. Activities were also publicized – often with extraordinary success – via ‘whisper propaganda’. However, Stasi documents (Meinel/Wernicke 1990:142) report that the purveyors of oppositional propaganda met alarmingly little resistance and need not be especially fearful.

Overall, the conclusion is inescapable that the CM organizations helped to establish bridgeheads of an activist, optimistic protest culture. This did much to dispel the spirits of resignation, fear, and passivity, which had dominated the lower orders until September. The announcement of NF, and its unexpected popularity, electrified CM activists and sympathizers. In the words of Klaus Wolfram (interview):

we were happy, thrilled, impressed that the spark had at last ignited, that the opposition had broken out of its ghetto, [and] that NF had become such an astonishingly big movement, winning approval across the land and, above all, in every layer of society.

The CM contributed to a virtuous circle of protest. Its positive and forward-looking framing of issues, and structured networks of activists, helped to give confidence and ideological direction to protestors. These then appropriated the names and (selected) ideas of the CM as their own, as a ‘banner’ to wave against the regime. This, in turn, strengthened the popularity and repute of the CM organizations.

## **Legality and Dialogue**

Although the CM groups helped to ignite the movement, their strategy towards active protest, particularly demonstrations, was ambivalent. At an astonishingly early stage – in early October – several leaders distanced themselves from the demonstrations. They called publicly for a halt, even before the demonstrations had succeeded in forcing Honecker's resignation. They also distanced themselves from the activists who had joined their organization and appropriated their slogans. Thus one NF leader, in an interview on October 5 (*die tageszeitung*), insisted his organization was not one which 'organizes activity nationwide'. Warning against 'actionism', which NF 'rejects', he insisted that not mass protest but 'negotiation' was 'the decisive factor'.

This ambivalence was rooted not simply in pragmatic fears of a clampdown, but also in the CM leaderships' general strategy. Insofar as they sought political influence it was to be achieved not through building a movement to overthrow the regime but by attempting to benefit from the movement's strength just sufficiently to ensure the legalization of opposition and to negotiate a number of democratic reforms. With this in mind, an aura of respectability was essential. Demonstrations could help pressure the government to come to the negotiating table, but too close an association with 'actionism' might mark CM leaders as irresponsible and unfit to negotiate the future of the land. Accordingly, mass mobilization had to be controlled as much as encouraged; demonstrations posed a threat as well as a promise. Thus, Sebastian Pflugbeil insisted (Joppke 1995:156) that '[w]e look at these demonstrations with a very critical eye. They have no form and contours. This worries the security forces and we well understand their concerns.' Pflugbeil saw the masses as a stage army.

The two principles which CM leaders prioritized over mass mobilization were *legality* and *dialogue*. That the demand for legalization of their organizations was sensible few would doubt: it served to delegitimize the regime and to amplify the 'resonance' of the CM's frames. However, it could undermine movement building. As Pollack describes (1997:311), because NF's leaders were *primarily* concerned with gaining recognition and legalization from the state, they 'therefore desisted from calling for demonstrations.'

The CM's second core demand – dialogue and 'public communication' – tended to be difficult to decipher. For example, one of NF's central demands was for 'dialogue with equal rights', but this left open the questions 'between whom?', 'about what?', and 'how is the outcome to be determined?'. However, in context, one can differentiate between three uses of these terms. The first was dialogue as an *immediate goal*. This had been a central slogan of the 1980s opposition (Poppe 1997:253). In effect it meant 'freedom of speech', the permission of critical voices in the public sphere. But its implication was also 'listen to us!' – that demand for and celebration of 'voice' which characterizes all social movements, especially their early stages. Secondly, dialogue referred to a medium-term programme for resolving the crisis and recasting relations of power, centred on negotiations between representatives of the 'people' and the regime. If 'dialogue' in the first sense could coexist within a wider strategy aimed at sweeping the SED from power, in this sense it represented a declared alternative to confrontation. It signalled that the opposition's strategy was moderate, aiming for negotiated transition rather than revolutionary rupture. Communicative interaction was counterposed to instrumental action. As an illustration consider these words of Jens Reich (*Financial Times* 3.10.89): '[t]his society needs a constructive dialogue like in the Soviet Union. Otherwise people will demonstrate in the streets and flee across the border like rabbits'.

Thirdly, dialogue and communication evoked a *utopian promise*, as the central structuring principle of an alternative future. Although it is doubtful whether many oppositionists had read his works, a pure expression of this general conception is given by Habermas (1973:140-152; 1989).<sup>207</sup> In *Die nachholende Revolution* (1990:199-203), he advocates a political process based upon 'communicatively created power', entailing a 'communicatively dissolved sovereignty' constituted by 'free floating public communication'. The latter becomes transformed into policy via 'the decisions of democratically constituted institutions', that express a consensus achieved through rational debate. In this schema, the role for radicals is to stimulate a ferment of political communication

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<sup>207</sup> It is worth noting that Rolf Henrich, NF's main theoretician and the author of an extremely influential oppositional text (published April 1989), acknowledges Habermas, alongside Rudolf Steiner and Rudolf Bahro, as his major influence.

which acts as a solvent upon material, social contradictions and invests systemic institutions with democratic life. Habermas's ideas were common amongst CM supporters – a typical example, penned by an author in support of NF, argued that (*Oktober 1989*, 1989:198): '[w]hat is required is a state that can endure discourse.' The CM ideologues' thinking was Habermasian. As Findeis *et al.* put it (1994:278), 'their conception of politics was harmonistic; they understood politics as above all a form of discussion to enable the achievement of a broad consensus.' Their utopia could be described as 'domination-free dialogue', a sort of 'ideal speech situation' which posits nationwide consensus as a precondition. This, it was hoped, could ultimately culminate in a broad concordance in favour of new participatory forms of regulation. These would be necessary to the rebirth of a 'civil society', comprising what Paul Hirst has described (1991:223) as the 'illusions of the Enlightenment': a conflict-free economy, representative government, free trade, and perpetual peace. By illustration, consider the following vision of DN leader Konrad Weiss (Knabe 1989:299):

I wish for a Germany that stands neither above or below other peoples, but beside them – a motherland. A Germany with no soldiers, neither its own nor those of others; whose economic power also benefits the poor peoples of the world; and which is able to share. A human Germany. My wish is for a colourful, friendly, diverse motherland.

In prioritizing consensus, opposition leaders tended to seek cooperation rather than conflict with the regime; in prioritizing recognition by the state, they bolstered the legitimacy of its institutions. The state, it was believed, was corrupt, but reclaimable for democratic governance. As an NF leaflet put it (Rein 1989:18), '[t]he state exists for the people!' Bärbel Bohley's chief concern, according to a fellow CM leader (Hilsberg 1993:140), was to intensify the 'identification of GDR citizens with their state'. The emphasis was upon limiting the powers of politicians, rather than revolutionizing the structures upon which their power rested (Degen 1992:107). Several CM leaders repeatedly endorsed the existing constitution, even though it enshrined the SED's 'leading role' (i.e. power monopoly). Many of them, including Bohley and Henrich, and Ibrahim Böhme,

explicitly advocated acceptance of the 'leading role' (Wolle 1998:313; Gutzeit 1993:98,108). One NF leader (Meinel/Wernicke 1990:145) even saw the Politbüro as a 'potential coalition partner', while Reich stated that he 'strongly rejects any hostility to the SED and to its State' (*Die Zeit* 29.9.89). Instead, his 'vision' was (*Financial Times* 3.10.89):

of cooperating with those who govern [...] We do not want power and are not calling for the Party to give up its leading role. We only want the Party to seek a dialogue with the population, with us, New Forum.<sup>208</sup>

Likewise, Friedrich Schorlemmer of DA (*die tageszeitung* 6.9.89), argued that reform 'must be tackled in cooperation with the SED', while the UL declared its desire to work in 'coalition' with the SED (*die tageszeitung* 4.9.89). As for DN, one of its leading lights, Ludwig Mehlhorn, could insist even in late October that oppositionists must avoid conflict with the regime and focus instead on establishing 'understanding between people'. Reform, he contended, was a process that must occur with, not against, the SED (Rein 1989:81; Links/Bahrmann 1990:71).

In line with the strategy of 'dialogue', CM leaders tended to see their role in 'think-tank' terms, centred on the elaboration of programmes for reform. As Fischbeck put it (Knabe 1989:200), 'the task of our Citizens' Movement is to collectively think about the means and ends of democratic change'. Reich at one stage suggested that NF should switch from being a political to a media organization. Even in early autumn, with the fate of the revolution still in the balance, NF leaders encouraged an emphasis on 'themes', advising their members to set up 'theme groups' in which experts analyzed social and environmental problems and developed blueprints for an 'ecologically sustainable' economy and radical democracy. These groups tended to be dominated by professionals who worked in the field of the 'theme', and maintained little communication with local and workplace groups (Krone 1990:60). DN's 'think-tank' approach was similar. Ulrike Poppe, for example,

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<sup>208</sup> Note the elision of 'population' and 'New Forum'.

advised DN members to devote their energies, apart from establishing basic organizational structures, to discussing 'themes' (Knabe 1989:162). Even the UL had a similar orientation. Meetings, and even its conference in November, were dominated by arguments over blueprints for a future socialist society. Debates as to what sort of soviets would hold power, whether there would be money, and how to convert state property into 'people's property' were emphasized at the cost of analysis of current events and how UL should intervene in them. A telling self-description of UL was: '[w]e don't exist as a formal organization but as a group initiative which works out perspectives in different areas, like political democracy, economics and art' (Marion and Ronald Selig, *Socialist Worker* 18.11.89).

The CM's framing of its strategy emphasized 'grassroots democracy', the need to encourage equal participation of all citizens in the political process. In theory, anti-elitism was highly valued (Savin 1997). But in practice their strategy, by prioritizing 'themes', and negotiations between the CM and regime elites rather than the mobilization of non-elites, undermined the principle of anti-elitism. CM leaders were ambivalent towards mass mobilization, and increasingly prioritized the activity of an elite of activists, for example in the 'round tables' (Dale 1996a, 2001). In order to comprehend this tendency to 'substitute' for the mass activity that they advocated in theory, an excursus concerning the CM's origins is required. Its focus is the oppositional circles of the 1980s, followed by an examination of the CM's class base.

### **Agency of Change**

The 1980s opposition stemmed from dissident traditions of the 1960s and 1970s, those long decades marked by regime stability and a dearth of open, large-scale workers' resistance. Not since 1953 had any such activity taken place; memories of that uprising had faded (Dale 1995b; 1996b). A cognate 'downturn in class struggle' (Cliff 1979) afflicted those areas that exerted the greatest influence on

East German dissidents: Western Europe from the mid-1970s, and Poland from 1981 (Barker/Dale 1999).<sup>209</sup>

As described in chapter five, a 'ghetto mentality' developed in the grassroots groups. It entailed an inward orientation, a fixation upon, or even celebration of, one's own narrow milieu, and a basic scepticism toward the possibility of drawing large numbers into oppositional activity. As Werner Fischer put it (Findeis *et al.* 1994:104,109), 'we lived in isolation, as if inside a bell jar [...] and not even particularly aware of the degree of our aloofness from the common people'. Of the oppositionists interviewed by Pollack *et al.* (1992:50), most lived – and engaged in oppositional activity – almost entirely within 'a church or otherwise alternative' milieu. In Pflugbeil's words (Philipsen 1993:165):

you had these typical "insider circles" of a limited few who regularly met, all of whom knew each other well. Attempts [to communicate with others] were completely dependent upon the individual efforts of a few people. We virtually never reached wider circles[.]

According to Pollack *et al.* (1992:50), typical oppositionists were preoccupied with their own milieu. They gave 'astonishingly little thought' to the social and economic conditions determining the lives of the mass of the population, or to why the latter seemed so oblivious to their concerns. Activists could easily feel trapped between what seemed to be apathetic masses and the intransigent state, reliant essentially upon their own beleaguered (and infiltrated) forces. Their activities entailed significant personal risk which was taken on behalf of what could seem to be an ungrateful public. An attitude of heroic altruism tended to result; a conception of political activity in which a courageous few acted in isolation from and on behalf of the 'apathetic' majority. The search for a lever of change tended, in practice and even in theory, to emphasize their individual behaviour as activists or even as mere 'consumers'. Libertarian individualism flourished, albeit in an uneasy relationship with socialist and Christian currents.

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<sup>209</sup> As Gerd Poppe has suggested (interview), the defeat of *Solidarnosc* and the subsequent turn towards liberalism of much of the Polish Left (Barker 1990, Ost 1989) undermined revolutionary and syndicalist currents in the GDR opposition. The same is undoubtedly true of the influence of the (decreasingly radical) FRG Left of the 1980s.



Oppositionists of the latter persuasions, however, tended to share the liberal philosophy that the crucial contradiction in society is between individuals and 'society' or 'the state', and not between classes (Henrich 1989; Degen 1992:83,115).

The experience of downturn, repression and isolation influenced oppositionists' ideas and strategy. First, their general lack of political experience correlated with a lack of developed ideas. Reinhard Schult was only overstating a little when he complained (*die tageszeitung* 15.8.89) that 'the opposition's conceptions are as vacuous as those of the SED.' Second, the difficulty of organizing openly in such a comprehensively policed society led many to ignore strategies based upon the potential for future open protest and focus solely upon general discussion and the development of reform programmes (Pollack *et al.* 1992:9). In particular, most activists rejected revolutionary strategies as both unlikely and undesirable, and placed their faith instead in gradual reform. 'For the opposition,' Ulrike Poppe explains (1997:260), 'reform meant democratization and the rule of law, achieved non-violently, in small steps, as an evolutionary change.' Even many of the more radical oppositionists were extremely pessimistic as to the possibility of any sort of popular uprising. In a revealing statement, Bärbel Bohley lamented in mid-1989 that '[h]ere, change from below is out of the question. [...] Too many of those who would be in a position to take on political responsibility have left' (Hirschman 1993:185).

Finally, oppositionists' attitude to 'the masses' was at best ambivalent. The masses were seen as a 'target of [oppositional] political activity' but also an 'obstacle' to the achievement of reform (Pollack *et al.* 1992:48.). They tended to appear only at the 'margins' of oppositionists' conceptions (Pollack *et al.* 1992:50). The working class in particular, as Bruckmeier argues (1993:73) was seen as apolitical and 'consumerist'. The long absence of workers' struggles was interpreted by most oppositionists as that class's rejection of political change. It was widely held that workers were content so long as their calorific intake was adequate. This prejudice was connected to influential radical-Christian ideas of self-sacrifice and asceticism, which combined with 'post-socialist' and ecological impulses from the Western Left to produce a 'Green' consensus that was

antipathetic to 'consumerism' and favoured instead an austere lifestyle politics. Thus, for Schorlemmer (1990:62), it was mass greed that 'forced' the state to prioritize capital accumulation over ecological interests.

The analysis of the working class as conservative, or even reactionary, was pursued most forcefully by the dissident and former apparatchik Rudolf Bahro. In the 1970s Bahro abandoned the production-fetishism of his youth and began to doubt that 'socialism' would ever succeed through out-accumulating its capitalist rivals. Instead, he now believed, the way forward lay through a '*cultural* revolution', centred on a 'revolution in people's requirements', and fuelled by an 'erupting revolt of individuality' (1982:117). Underlying this argument was the belief that, thanks to consumer sops and educational deprivation, workers had become a 'conservative' class. Workers required re-education away from their material greed, a task which, Bahro argued, should be shouldered by a 'vanguard of emancipatory interests' led by critical intellectuals (Stark 1981). Bahro's hostility to 'consumerism' and his rejection of the working class as potential agent of progressive social change chimed with the sensibilities of the 1980s opposition. Whereas previous generations of dissidents had commonly seen workers as potential future allies, it now became increasingly prevalent to see them as a major cause of what Bahro (1982:32) defined as the key contemporary problem: 'the explosion of material needs'. Workers were generally blind to this, having been 'bought off' with consumer goods. The conclusion – nourished by western imports (e.g. Gorz, Fromm, and Marcuse) – and adhered to by oppositionists of most political hues, was that workers had become addicted to the material output of the 'system', were incorrigibly apathetic and slavishly obedient towards the rulers who organized their material comfort.

Perhaps the best-known exponent of such ideas within the 1989 CM was the ex-apparatchik and NF leader Rolf Henrich.<sup>210</sup> In his influential text (1989), Henrich counterposed the 'new politics' of ecological and spiritual consciousness-raising to the 'old' demands of material security. With the

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<sup>210</sup> Although these examples are taken from opposition leaders, Wilkens-Friedrich (1992) confirms that their ideas were prevalent amongst rank-and-file members too.

industrialized world awash with affluence, the satisfaction of material needs had become a reactionary desire. Addicted to consumer goods, the supply of which was in state hands, workers were dependent upon the state and therefore structurally conformist. Workers are, he argues, (1989:72-3) 'conservative', they 'cling grimly to the futile prosperity they have won – apathetic and piously patriotic'. Social change will not be effected through collective rebellion but by individuals releasing their 'inner voices', discovering their 'souls', learning to love, and displaying 'civic courage', as exemplified by members of grassroots groups.

Working within a similar 'New Social Movement' paradigm (Barker/Dale 1999), Ehrhart Neubert, drawing on Ulrich Beck, proposed (1989:15) that '[t]he old class issues and class conflicts are now overlaid by global dangers'. Whereas the 'old' politics of class struggle and revolution merely sought to alter relations of power, the 'new' politics pursues the higher task of transforming the aims and nature of 'technical-economic progress'. Whereas the 'old' coveted higher living standards for exploited classes, the 'new' seeks to demonstrate to them, through individual example and moral persuasion, the geo-existential necessity of adopting ascetic 'post-material' lifestyles. Whereas the 'old' sought to expand consumption, the 'new' aspires to expand democracy. In short, as DA leader Edelbert Richter put it (Neubert 1989:10) 'the *ersatz* satisfaction of consumerism must be replaced with true satisfaction: Free communication!'

### **Middle Class Horizons**

The turn of theory and strategy outlined above are related to the history of resistance, and of the Left, in East Germany and the wider world. They also express the specific interests of the social groups which hegemonized the production of the opposition's ideas. Especially during periods of quiescent class struggle, social movement organizations tend to be dominated by elements of the population that possess the requisite individual 'resources'.<sup>211</sup> These include leisure time; experience in analyzing information, articulating ideas and

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<sup>211</sup> For a fuller exposition of this point in relation to the East German opposition, see Dale (1995a).

influencing opinion; and confidence in one's ability to intervene effectively in the public realm. Those who possess such resources tend to become disproportionately 'selected' as movement activists and, even more so, as leaders and ideologues.

Those who emerged from the 1980s opposition to found and lead the CM were disproportionately higher educated and lower middle class.<sup>212</sup> Were a rhyme to be written of their most common occupations it would not be 'tinker, tailor, soldier, sailor' but 'scientist, artist, doctor, priest'. Of the few who did not pursue a profession, most were culturally bound into a middle-class milieu through marriage or university education. Two-thirds of the founding members of DA were theologians, as were almost half of the forty-three founding members of the SDP (Neubert 1990:66). As for DN, its leading members were scientists, clergy and artists. Although NF began with few clergy, of its thirty leading members only three were workers, the rest being professionals and artists. Its membership list, according to one journalist (*Der Spiegel*, 18.12.89), read 'like a "Who's Who" of the fine arts'.

The frames developed by the CM were heavily influenced by the history of the 1980s opposition and the middle-class horizons of its leaders. *Pace* prevalent assumptions (e.g. Tarrow 1994) that the movement of 1989 was a 'peoples' movement', that the revolution involved a 'decoupling' of political process from class divisions (Crook *et al.* 1992:138-9; Lemke/Marks 1992), and that the CM organizations were 'non-ideological', the behaviour of individuals and organizations of the CM as well as other actors in the revolution was in fact strongly conditioned by class. At one pole, those in senior positions of power did everything possible to prevent the movement arising at all and to curtail, control, and impede it once it had become unstoppable. The other pole, the working class, largely moved in the opposite direction. For all the rhetoric of the proletariat's 'lead role', workers had the smallest 'stake in the system', whether measured by control over the process and products of labour, income, the quality

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<sup>212</sup> This was, however, much less true amongst the CM rank and file (Pollack 1990:134). Many of these had not entered or had dropped out of higher education; many worked in more or less menial jobs, often in the employ of the Church.

of welfare and housing, or conditions at work.<sup>213</sup> As seen in previous chapters, workers tended to perceive society as starkly divided into 'us below; them above'. They displayed relatively little commitment to the SED regime. The SED lost support particularly rapidly amongst workers, who comprised around 70% of the first 200,000 resignations, according to CC figures (*tageszeitung* 27.11.89; Menge 1990:117). Workers (of both blue and white collars) contributed the great majority of participants in the protest movement and tended to display least regret at the demise of 'their' ruling class (Rein 1989:57; Lindner 1990:23; Förster/Roski 1990:60-63).

The behaviour of the middle classes was more variegated. Some, particularly functionaries in the party and state apparati, formed a dwindling band of regime loyalists. A centre fraction, including many academics, formed a vociferous layer of 'critical loyalists' – critical of the regime but suspicious of active protest. A radical layer identified with the CM. The political polarization of the middle classes was connected to the social contradictions characterizing such groups. They generally possessed substantially greater freedoms in their professions and were delegated greater responsibilities than workers. Some, including teachers and journalists, were carefully selected from the most loyal school-leavers and were entrusted with the task of propagating Communist ideology. In addition to such freedoms and responsibilities, the middle orders benefited from relatively comfortable living conditions, as well as the material benefits that come through connections to individuals with resource-distributional power.<sup>214</sup> For their power and privilege they could thank their superiors in particular and the system in general. This, one suspects, explains why their political behaviour was on the whole, to borrow Rolf Henrich's phrase, 'cowardly' (Plock 1993:201). However, their power and freedom was severely constrained. Those who were professionally concerned with the articulation of ideas were especially constricted by the stranglehold of censorship and the rigid imposition of conformity to state-decreed norms.

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<sup>213</sup> For substantiation of this point, see Fuller (1999).

<sup>214</sup> For empirical substantiation of this assertion, see Fuller (1999).

The reformism of the CM was therefore not that of a Gorbachev or a Poszgay, representing a wing of the *nomenklatura*. Its calls for 'dialogue' and democratization expressed above all the alienation of sections of the middle class; their protest against a regime that largely excluded them from participation in public life, and cramped their freedom of speech and action. Questions of exploitation and economic democracy were, at most, secondary issues. NF repeated the quintessential petit bourgeois myth that the interests of different classes could be 'properly reconciled'. As radical reformists, the CM organizations asserted that change must come 'from below' as well as 'from above' (Rein 1989:18). Their stance was marked by the desire to compromise, seeking a balance between order and reform; between maintaining social stability and criticizing the political framework. Although collective action to achieve their demands – such as civil liberties – challenged the limits of the ruling system and helped to spur a revolutionary movement, they hoped to achieve them through non-revolutionary means. As Reich put it (1992:23), during a revealing comparison between the CM and the Sorcerer's apprentice, 'We had not wanted, had not expected, it that way. Evolution, reform and reason slipped out of our hands and towards revolution.' As such, the CM attracted in particular the middling layers of the population, people who maintained faith in the possibility of effecting change within the bounds of the existing system, preferring a stance of reconciliation towards the SED, a strategy which stressed 'dialogue' rather than demonstrations and cooperation rather than conflict.

Above all, the CM attracted 'intellectual' sections of the middle classes. Surveys suggest that individuals with university degrees, although underrepresented on demonstrations, were massively overrepresented in CM membership (Opp *et al.* 1993:214; Müller-Enbergs *et al.* 1991:20). Although educational qualification is no strict measure of class position, these findings nevertheless hint at the pattern of class divisions within the movement. A survey of Berlin NF in December found that almost three-quarters were educated to tertiary level. Thirty-nine per cent described themselves as 'intelligentsia', 10% as 'managers' [*Leiter*], and 10% as 'students and apprentices'. Only an eighth described themselves as 'workers' and only 1% as unskilled workers (Schulz

1991:20-1). A survey of DN's membership in May 1990 (Wielgoths/Müller-Enbergs 1991:137), gave the following occupational breakdown: 51% academics; 20% managers and white collar workers; 15% skilled workers; 9% students. The preponderance of 'intellectuals' helps to explain the utopianism which the CM invested in the demand for free speech and its tendency to reify the realm of ideas as the key source of historical change (e.g. Henrich 1989:144). It probably explains the premium placed upon recruiting 'experts' to the CM. NF, for example, made an appeal to SED members which expressed veneration for their 'huge potential of expertise and achievement'. UL representatives argued that their organization's prospects were particularly exciting 'because at the base of the SED, in academic circles and even among top cadre there is great sympathy for our project' (*die tageszeitung* 4.9.89). The SDP's first programmatic paper emphasized that the country's problems would be best solved if citizens in possession of the 'necessary competence' were to govern the country. 'Expertocratic' thinking produced one of its most curious flowers in Rolf Henrich's writings, notably his proposal that all key posts in the economy and polity should be appropriated by members of the cultural elite (cf. Hürtgen 1989).

Complementing their regard for intellectual experts, CM leaders tended to display aloofness towards 'the masses'. Already in the 1980s oppositionists had displayed relatively little ability to communicate with the common people. The 'ghetto mentality' entrenched the traditional rift between dissidents and the working class. As Bohley put it (Findeis *et al.* 1994:53), the CM groups 'were detached and aloof from the problems faced by the people.' 'It was always difficult', said one worker (Rottluf interview), 'to make worldly problems intelligible to the intellectuals and artists [of the CM].' They 'seemed unable to bring us comprehensible arguments from their ivory tower [...] They split hairs over their sectarian differences, ignoring the need to communicate.' They were, in short, 'out of touch with reality'.

This incommensurability of discourses, and the CM's lack of strong roots in the working class, were to critically affect its attempts to shape the course of events in 1989. Even as the crisis broke, much of the opposition remained in the

ghetto. In *die tageszeitung* of August 15, with the exodus already swelling, Roland Jahn summed up this problem:

Where are the peace, ecology and human rights groups? Their remoteness from the population is almost as great as that of the SED. They refer to the emigrants as naive suckers *en route* to a fool's paradise, while they themselves escape to vegetarian cookery courses in the countryside.

The subsequent rise of a mass movement pleasantly shocked oppositionists. As Pollack *et al.* put it (1992:50), they were 'forced at least to recognize the reality of the population acting politically.' But despite their desire for an 'ideal speech situation', CM leaders in practice were ill-equipped to communicate with the masses. Jens Reich, talking of NF's failure to address young people (*Financial Times* 3.10.89), admitted that '[w]ith my moderate language I cannot get them to listen.' With hindsight (1992:55), he recalled that because CM leaders were widely perceived as addressing their major themes – 'constitutional democracy and civil society' – *in abstractions*, a widespread interpretation was 'that these prattlers are "yet again at the microphone – just as for the past forty years"'. From her interviews Fuller (1999:101) ascertained that '[w]orkers complained that [CM] communications were long on ideology, theory, philosophical calls for abstract rights and freedoms [...] and dense academic language and short on concrete programs and practical ideas for implementing them, expressed in a straightforward fashion.' 'Workers', she continues, 'sensed something disingenuous about supposedly "all-class," "above class," and even "classless" appeals to "citizens," which emanated from predominantly middle-class groups.' The very vocabulary of the reformist middle classes was all but indistinguishable from that of the *nomenklatura*, and contrasted with that prevailing in the mass movement. As Maier puts it (1997:134), an abstruse and systems-theoretical jargon was 'invoked both by the regime and by the intellectuals who would transform it. On the other hand, a rhetoric of primeval popular assembly – the language of "antistructure," of shoulder-to-shoulder community – arose anonymously from the crowd.' The CM's aloofness from the concerns of



ordinary people meant that even as late as mid-November ‘none of the groups, not even New Forum’, according to Bohley (Philipsen 1993:301), ‘had yet actually entered a real process of communication with the population.’ The consequence, and ‘[o]ur biggest failure’ according to Ludwig Mehlhorn (Philipsen 1993:369), was that ‘we were completely unable to analyze the mood and the sentiments among the population, and we thus did not succeed at all in becoming the authentic voice of these sentiments.’

The conciliatory frames and moderate strategies of the CM leaderships were strongly conditioned by their social and political biographies. As Fuller observes (1999:84),

Put simply, in terms of their political experience and skills, the GDR intelligentsia was advantaged when the struggle began. Members of all segments of the middle class, not just those critical of the regime, had practice doing politics and some familiarity with the major topics of revolutionary debate, and their comparative advantage in both areas partially explains their high political visibility during the critical months of the revolution.

Such individuals, she continues, dominated the initial organization of the CM. ‘The middle-class complexion of major arenas of pre-*Wende* civil society was thus reproduced through activists’ personal friendship networks, in nearly every one of the [CM] groups and political parties of significance’. These networks frequently overlapped with the milieu of the ‘official’ conformist intelligentsia, but seldom with that of workers. The upshot was a profound aloofness of CM intellectuals towards the latter (cf. Fuller 1999:98-100).

The points set in the early days put the CM onto a trajectory that tended to attract moderate, middle class support, and increasingly distanced it from the movement’s majority.<sup>215</sup> As such it exemplified a common phenomenon that appears when evolutionary change gives way to revolution. Those features that explain the overrepresentation of the educated middle classes in oppositional activity when collective action is at a low ebb tend to cause the same layers to

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<sup>215</sup> This was no neat process, as was seen in the movement’s early stages when supporters on the streets imparted NF with a bold streets-centred identity that was partially at odds with its leaders’ conceptions.

adopt more moderate strategies when large-scale struggle breaks out. 'The early stages of a popular upsurge', as Barker observes (1987:235), are typically

marked by a sense of profound unity, in which oppositions and tensions are submerged. Commonly those who first leap to the head of mass movements are people of quite moderate politics, reformists of various stripes who have won some popular credentials in the pre-revolutionary phase. They rise to leadership, in part, because they are able to articulate the still cloudy and half-formed aspirations of newly awakened masses of people. The everyday life of workers under "normal" conditions of class society does not promote self-confidence in public speech, but that capacity is more developed among "intermediate layers" within society: [...] sections of the intelligentsia, liberal clergymen, "professional" workers of various kinds – in short, the non-commissioned officers of class society. Their conditions of life may engender a limited kind of oppositional politics, but their natural habitat is the activity of *mediation* between opposed social forces, of manoeuvring *within* the everyday institutions of capitalist society.

### **Trials of Strength and Strategy**

In late September and early October the regime was determined to crush the movement and signalled unmistakably that it would not follow the democratization strategies of its sister parties in Hungary or Poland. The security forces were put on alert. Weapons were issued. Before deployment soldiers received extra rations. Messages were sent to officers emphasizing the seriousness of the situation and insisting that everything possible be done to prevent the CM from gaining a mass following. Honecker and Mielke issued instructions to Stasi, SED, FDJ, and FDGB officials that the demonstrations must be stopped at once. Top cadre from these organizations were brought together in regional 'crisis cabinets' to ensure steadfast and united execution of repressive measures. On September 22, Honecker ordered regional SED chiefs to 'nip enemy activity in the bud', prevent it achieving a 'mass basis', and 'isolate the organizers of counterrevolutionary activity'. Modrow trumped Honecker by ordering the 'systematic isolation of *all* counter-revolutionary forces' (Hertle 1996a:110). On the 25th, NF was ordered to stop all activities immediately. In the

first week of October, Stasi units drew up lists of hundreds of oppositionists for possible 'isolation' in internment camps. On October 5, Mielke issued his famous order commanding Stasi units to aspire to omnipresence (Bahr 1990:57; Lasky 1991:33): '[e]nemy-negative activities to be resolutely prevented *by any means*. [...] Allow no surprises! Allow the opponent no chance to begin activity on the assumption that we are not present!'

During the weeks between September 18 and October 9 a decisive trial of strength unfolded. The regime's strategy was put to the test and failed. It failed for three reasons. In addition to the growing popular protest – in the form of letters and resolutions – against its hard-line stance, these were the numbers and commitment of demonstrators; the lack of support from Moscow; and vacillation in its own ranks. These issues shall be looked at in turn, followed by description of the turning points of October 8-9.

The demonstration in Leipzig on September 11 had been dispersed, with over a hundred arrested and many more fined. Activists organized solidarity 'worships' on subsequent days to 'pray-demand' the release of those arrested. Confidence had been generated by the previous week's announcement of NF (see above) and by Budapest's decision to allow unhindered emigration. This contributed to attendance on the 18th actually rising. For the first time the most popular chants were of the 'We're staying here!' variety. Despite police trucks being deliberately driven into the crowd and injuring dozens, brave resistance was displayed, and one police car was forced to retreat (Hawkes *et al.* 1990:68). At the 'peace prayers' on September 25, the question of police brutality was addressed amidst what the Stasi chose to describe (Mitter/Wolle 1990:175) as an 'inflamed atmosphere and aggressive mood'. Afterwards, for the first time, demonstrators did not remain in the vicinity of the Nikolaikirche but marched through the town singing the *Internationale* and 'We Shall Overcome', and shouting 'Freedom!' and 'Legalize New Forum!'. Significantly, the police did not intervene to stop the march, although eventually they dispersed it. By this stage demonstrators were proving that even brutal and systematic policing would not deter them. Police reports from the time worried that 'a new quality has been reached' in terms of the 'public effectiveness' of protest (BDVP Leipzig, 12.10.89).

Even as the regime's orders to its forces grew fiercer, their ability to contain the movement was ebbing, as Table 6.2 shows.

Table 6.2 Leipzig demonstrations in 1989.

	Jan- July <sup>216</sup>	Sept 4/11	Sept 18	Sept 25	Oct 2	Oct 7 <sup>217</sup>	Oct 9 <sup>218</sup>
Estimated Attendance	80-300	1,000- 1,300	2,300	5- 6000	15- 30,000	10,000	70- 100,000
Arrests as % of attendance (approx.)	10-40	10	8	0.11	0.09	?	0

On October 2 the authorities desperately tried to prevent the demonstration. Cadre in the workplaces warned workers to keep away from the city centre. Students were threatened with expulsion if they participated. BKGs were deployed, and instructed to 'use *any* means to tackle the demonstrators' (*Neues Forum Leipzig* 1989:47). Stasi units were instructed to use armed force if necessary. Thousands, however, filled the Nikolaikirche. Ignoring the preacher's advice to desist from demonstrating, they streamed towards the town centre chanting slogans, including 'Legalize New Forum!' and 'Liberty, Equality and Fraternity' (Pollack 1993:258). The police did manage to block the march. However, their lines were, against the advice of CM members, persistently punctured (Mitter/Wolle 1990:190). Despite massive policing thousands of demonstrators managed to reassemble, signalling the irrepressible confidence of the movement.<sup>219</sup> It took a long time, and the use of truncheons, dogs, and water cannon, resulting in serious injuries to several demonstrators, before the police eventually dispersed the throng.

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<sup>216</sup> According to Leipzig police files, there were at least seventeen demonstrations in this period.

<sup>217</sup> This was the first demonstration to occur without 'peace prayers' beforehand.

<sup>218</sup> Opp et al. (1993:47) calculate that the usual estimate of 70,000 is extremely conservative, and could have been anything up to twice that figure. They also argue that estimates for later demonstrations were consistently understated.

<sup>219</sup> A measure of the security forces' difficulties is that fully sixty-five police caps and two truncheons were lost that day. For other similar examples see Dale (1996a:96).

The next six days witnessed a determined but unavailing effort to smash the movement. In these few days up to 5,000 arrests were made (Rees 1999:41). The brutality displayed must at least qualify any use of the word 'nonviolent' to describe the revolution. Apart from the repeated assaults on protestors in Dresden police intimidated and attacked demonstrations in Magdeburg, Leipzig, Karl-Marx-Stadt, Halle and Potsdam. Perhaps the cruellest attacks occurred in Berlin. Chance had it that the GDR's fortieth anniversary took place on the very day of the month which had, since the May 7 elections, become demonstration day in Berlin. The regime celebrated with deliberately undiminished pomp. As usual, allied leaders from around the world, including Gorbachev, attended. In the Palace of the Republic assembled dignitaries listened to a boys choir singing 'Peace in the Land', even as a demonstration of some 5,000 gathered outside. Chanting 'Gorby!' and 'We are the People!', they showed the audacity to challenge the regime on its birthday. One senior official described the scene (Reuth/Bönte 1993:109):

On all floors there was top-class entertainment with famous artists and comedians, refreshments, and delicacies – and through it all, unmistakably audible from outside, on the bank of the Spree, came the chants of the demonstrators: "Freedom, Freedom!" It was unearthly. An oppressive mood dominated the occasion; twilight of the gods [...] It was just like on the Titanic.

Behind the scenes instructions were issued for the police and Stasi to crush the protest, with the proviso that blood should not flow near the Palace of the Republic. The demonstrators moved on, to Prenzlauer Berg, now in a state of occupation by the security forces. On this and the subsequent two evenings 16,000 police were deployed, plus numerous Stasi employees. They went on the rampage, arresting over 1,000 demonstrators (Maier 1997:148). Some were dragged along the ground by the hair for twenty or thirty meters before being shoved into trucks and transported to police buildings for further intimidation. Witnesses were shocked at the ferocity of the police and Stasi, and also at the chauvinist and racist abuse that some were shouting (Behrend/Prenzel 1990:111). And yet, demonstrators stood their ground. The forces of order did not triumph.

In a letter to Honecker (*Die Andere*, no. 10, 1991) Schabowski complained that 'the security forces deployed were not sufficiently prepared for such massive resistance', and had not intervened swiftly enough. Undaunted, thousands of protestors gathered at the Gethsemane Church in the aftermath of the clashes to demonstrate solidarity with those arrested.

The second reason for the failure of the hard-line strategy was lack of support from Moscow. The essential truth of this fact has often been obscured by exaggeration and controversy. Exemplifying the former, Jon Elster (1996:8) has contended that '[t]he mass demonstrations in East Germany that led to the downfall of the regime might not have taken place were it not for [Gorbachev's comment that] "life punishes those who come too late"'. This comment surrounds several questions: Did Gorbachev actively encourage the overthrow of Honecker (Stent 1998:89); were Soviet military commanders instructed to remain in their barracks if 'trouble' arose and, if so, was Honecker informed of this (Leonhard 1990:212; Gedmin 1992:102; Kuhn 1992:29,31). Personally, I have come across no evidence to suggest that Gorbachev overtly encouraged SED leaders to reform, or to overthrow Honecker. However, in his discussions with Honecker on October 7, with other Politbüro members present, the persistence with which he referred to severe social problems, to the need for rulers to 'listen' to the public, and to the necessity of swift 'restructuring', contrasted markedly with Honecker's complacent platitudes (Küchenmeister 1993). Many of Gorbachev's comments, including 'life punishes those who come too late', ostensibly referred to the Soviet situation, but he was presumably aware that they would be interpreted as generally applicable.

Whatever position one takes on these details, two central processes are beyond doubt. One is that Moscow had committed itself to opening its economy to the world market, normalizing relations with the West and renouncing the Brezhnev doctrine. The other is that *perestroika* had, already by the summer of 1989, 'spun out of control', in David Remnick's phrase (1994:223).<sup>220</sup> By 1989, the Kremlin's paramount concern was holding the line at home. According to one of

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<sup>220</sup> Remnick locates the decisive blow in the 'working-class rebellion' of July, but other factors included national risings, economic chaos, and declining cohesion of the CPSU.

his advisors (Kuhn 1992:30), Gorbachev was well aware that any involvement of the Soviet army against an East German uprising would have jeopardized his entire strategy, even his hold on power. However one interprets his comments to SED leaders, he certainly gave no support to their strategy of harsh repression. Many interpreted Gorbachev's statements as indications that the Soviet army would not intervene to prevent protest. This was widely assumed at the time and has never been denied. Accordingly, rumours abounded. Gorbachev had, it was alleged, told bystanders that 'if you really want democracy, then take it, and you will get it!'. Amongst the *nomenklatura*, the lack of support from Moscow undermined the case for a repressive strategy (Simon 1990:131; Kuhn 1992:32), and induced some elite members into considering what Judy Batt (1991) has described as a strategy of 'defensive liberalisation' (see below).

The Kremlin's reformist inclinations connected to the third difficulty that faced proponents of full-scale repression. Their strategy depended upon high degrees of commitment and cohesion amongst the regime's forces, especially the SED, state functionaries and the security forces. Yet these layers were racked by doubts and demoralization, as we have seen.

Even the SED leadership was unable to maintain a confident, resolutely hardline, course. Significant concessions were made, such as permission to emigrate for embassy occupants. Further from the central SED leadership deviation from the official line was greater. Sections of the media began to give space to conciliatory positions.<sup>221</sup> Middle-level officials sensed the paralysis and confusion of their superiors in the face of the crisis, and were exposed to pressure from lower level functionaries and grassroots SED members. These, in turn, were influenced by the increasing anger and political criticisms of ordinary people. Many functionaries doubtlessly remained stoically scornful of the swelling chorus of criticism, but others showed increasing signs of independent thought and action. The bloc parties, notably the LDPD but also the CDU, began to make 'off-message' statements, such as '[w]e must not prevent change, but foster and channel it', and '[t]he GDR needs questioning, impatient, curious people; it needs

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<sup>221</sup> For instance, *Junge Welt* (12.9.89) on emigration: 'The fact that even younger citizens of our state are unable to take the stress of the class struggle, that is a cause for sadness.' On October 9 the same newspaper published an article by the SED novelist Herrmann Kant that criticized media policy.

those difficult customers who cut against the grain of "normality" (Keithly 1992:148; Knabe 1989:303). LDPD functionaries even offered meeting rooms to the (still outlawed) CM (Neubert 1998:847). For such thoughts and deeds the LDPD's leader was accused by SED hardliners of 'fomenting counterrevolution' (Gerlach 1991:7). As this example shows, acrimony grew between doves and hawks in the *nomenklatura*.

Advocates of repression were also obliged to worry about signs of vacillation amongst the security forces. Some army units were approaching, and even reaching, conditions of mutiny (Opp *et al.* 1993:290; Hertle 1996b:121). Many reservists refused to receive special truncheon training. In one unit, when officers requested volunteers for deployment at demonstrations, not a single soldier stepped forth (Liebsch 1990:95). On at least one occasion an army officer was arrested for participating in a demonstration (Mitter/Wolle 1993:537). Nor were mutinous attitudes restricted to the army. In early October many police were jailed for refusing to use force (Keithly 1992:225), and police reservists showed particular signs of vacillation (BDVP Leipzig 12.10.89). Even some police officers disobeyed orders on the Leipzig demonstrations in early October. Demonstrators deliberately encouraged the breakdown of police confidence. One eyewitness gave the following description (Reich 1990:87):

I have seen how uneasy the [police] making the cordon looked when verbally attacked by women. The women reproached them, "Aren't you feeling ashamed of yourself standing against your own population? I could be your mother and you stand here with your truncheon. Put it away!"

As to the 'mobile police', some reportedly broke down in tears upon hearing instructions that arms should, 'if necessary', be used. Entire sections that were considered unreliable, or seen fraternizing with demonstrators, were 'purged' (Pond 1993:112). The Stasi, similarly, reported growing unreliability, especially amongst IMs (Mitter/Wolle 1990:230). Although around 80% of IMs continued to cooperate with the Stasi (Mitter/Wolle 1993:533), others sought to withdraw from their role or to genuinely support the CM groups upon which they were



spying (Telegraph no. 10). However, of all the security forces the greatest degree of vacillation and mutiny was found in the BKGs. Many of these troops, including SED members, invented excuses to dodge deployment (Liebsch 1990:19). Hundreds refused to train for street fighting, disobeyed orders, or resigned from their unit. Many mutinied, including those deployed along the route of the westward bound 'emigration trains' and those deployed to combat demonstrations in Leipzig, Dresden, and elsewhere in the South. In Karl-Marx-Stadt an entire unit simply dissolved away.

### **Turning Points**

On October 8 and 9 SED leaders were forced to confront the fact that their strategy was failing. In preceding weeks none of the Party leadership, Schabowski suggests (1990:189), had been 'prepared for an open outbreak of conflict, and even less so for tackling new questions of society'. The leadership was united around the aim of suppressing protest with force but without recourse to arms. Any qualms some leaders may have had were kept quiet in the interests of unity. However, as this strategy began to run aground, differences in attitude developed. The options were to escalate or deescalate. Some leaders were prepared to risk unleashing armed force, others emphasized the need to avoid civil war. The former group included Honecker, and possibly Mielke and Krolkowski (Hertle 1996a:121). The latter included Lorenz and Schabowski, and also several heads of security: Krenz, Herger, Dickel and Mittag (cf. Riecker *et al.* 1990:188). The latter group was decisively strengthened by, and contributed to, the turn of events surrounding the demonstrations of October 8 and 9 in Dresden and Leipzig respectively.

In Dresden demonstrators faced a tough opponent. Not only were police and BKGs deployed, but Modrow even deployed the army, in the first recorded instance of its use against demonstrators in years (Pond 1993:109). The security forces were brutal and made mass arrests (Wenzel 1993:53). However, they were ill-prepared for the sheer size of the demonstration. The police's strategy of 'caging in' protestors misfired, as the police ring itself became 'encaged' (Bahr

1990:129). More and more officers disobeyed orders to attack with truncheons (*Spiegel* 23.4.90). It was at this point that two crucial agents of the regime broke with established tactics. An officer, after consultation with a curate, gave an unauthorized order for riot shields to be laid down and truncheons sheathed so that negotiations could take place (Friedheim 1993:104). Demonstrators voted twenty of their number, the 'Group of Twenty', as their representatives. Secondly, Dresden's mayor, Wolfgang Berghofer, agreed to meet this group for talks on the following day. These two events represented the first major example of a regional leadership losing the will to deploy brute force to suppress protest and agreeing instead to 'dialogue'. In the negotiations themselves Berghofer generally kept to the official line. He opposed the legalization of NF and refused to recognize the 'Group of Twenty' as a legitimate negotiating partner.<sup>222</sup> Nevertheless, he did make concessions, granting an amnesty to 'non-violent' political prisoners, and even agreeing to the need for free elections. For protestors, enjoying accepted, peaceful mastery of the streets, these events marked a great victory.

The next milestone, in Leipzig on October 9, was still more decisive. A harsh crackdown was expected. The authorities stoked fear as best they could. On Friday a letter in the local paper from a BKG commander had made the state's position ominously clear (*Neues Forum Leipzig* 1989). It warned that the attitude of the security forces to the protests was that they be 'finally and decisively thwarted; if necessary, with arms at the ready!' The army was put on alert. Rumours circulated that extra blood plasma and emergency beds in hospitals had been prepared. Workers were sent home early and instructed to avoid the city centre. Parents were advised to collect their children from kindergarten early. Hundreds of SED members were sent to occupy the Nikolaikirche in order to disrupt the protest-worship. Tens of thousands of security force members, including mobile police, army, BKGs, and Stasi, were very visibly deployed around the city centre. Many were issued with live ammunition. Officers impressed the urgency of the task upon their troops. For

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<sup>222</sup> It was not until the 30th that he did so, and that was in part because an astonishing 100,000 people had each, as a sort of vote of confidence, contributed a symbolic 1 Mark to the Group's bank account.

example, one battalion of mobile police was told (*Neues Forum Leipzig* 1989:92) ‘[c]omrades, today the class war begins. Today is the day – it’s either them or us. If truncheons are inadequate, arms will be used.’ However, the regime lost this particular ‘class war’. There was no bloodbath. Four interconnected reasons can be identified as to why the day ended peacefully, with victory for the protestors.

Firstly, the SED leaders were unable to unite around a planned escalation of repression; they could have ordered a massacre but did not do so.<sup>223</sup> Honecker apparently pushed for the deployment of tanks but, according to one top general (Hertle 1996a:130), was dissuaded with the argument that a large proportion of demonstrators, being young men above conscription age, had received training in anti-tank combat. Even for hardliners such as Mielke, armed force was to be fully unleashed only if conflict between demonstrators and security forces arose (cf. Stent 1998:90; Krenz 1990:138).

Secondly, protestors were huge in number, strong in commitment and intelligent in tactics. As evening approached, all four city centre churches filled to overflowing. Calls to go home or at least to avoid demonstrating in the city centre, voiced by Rainer Eppelmann and sundry Church worthies (including Bishop Forck and a top IM, Manfred Stolpe) were ignored (*tageszeitung* 1990:43; Reuth/Bönte 1993:110; Kuhn 1992:125).<sup>224</sup> The 6,000 in the churches were joined by up to 100,000 more to form the biggest single protest thus far in the country’s history. This was a tremendous physical force.<sup>225</sup> Keenly aware of the potential dangers protestors, particularly CM supporters, chanted ‘No violence!’. Signalling their peaceful intentions, they offered no pretext for the security forces to attack and stood to gain greater sympathy from non-participants. According to a Leipzig Stasi report, demonstrators were ‘anti-state’ but not, as at some previous protests, ‘aggressive’ (BVfS 136/89).

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<sup>223</sup> According to Reich (Prins 1990), a decision that live ammunition be used was lost by one vote at a Politbüro meeting.

<sup>224</sup> Edward Tiryakian (1995:278) is one of many commentators who mistakenly believe that these demonstrations received ‘the active support of the church’.

<sup>225</sup> Those such as Oberschall (1996:101) who claim that the movement consisted of ‘moral’, as opposed to physical, force are presenting a false dichotomy.

Thirdly, sections of the security forces, especially the BKGs, were in disarray. A report by BKG members makes for fascinating reading (*Neues Forum Leipzig* 1989:90ff.). Demoralization set in even before deployment, when working class BKG members, having expected 'that the functionaries from the local and regional leaderships' would be with them, noticed that 'none of these comrades were to be seen'. As the demonstration gathered they witnessed the paralysis of the professional security forces. 'Police officers ran hither and thither, without a clue what to do.' One even 'told us we should just disappear, as quickly as possible'. The BKG members were scared and confused. 'It was an apocalyptic mood', said one. Their assumptions and expectations were being turned upside down. The 'enemy' before them consisted to a surprising extent of fellow workers. As one put it, '[w]e could see that it was ordinary people who were shouting "We are the People!", and we felt we belonged to them too.' Many agreed with the slogans they heard and felt abused by the regime which they had always proudly defended. Faced with the arguments of demonstrators many were persuaded to withdraw, if not won over.

Even given these factors, it would still have been quite possible, as the evening wore on, for a tense or trigger-happy officer – with or without 'provocation' – to open fire. The chances of this happening, however, were markedly lessened thanks to a fourth factor: the actions of middle-level functionaries. Local SED chiefs, in particular, were in a quandary. Ordered to suppress an impossibly large demonstration 'by any means necessary', they appealed for more specific instructions from Politbüro members. Their appeals, however, were either ignored or evaded, which indicated a surprising degree of equivocation at the top. Many of their colleagues and friends, moreover, counselled caution. The editor of the local newspaper had published a piece that morning calling for 'patient and open dialogue' (Zwahr 1993:76). The local Stasi chief, by his own account (Riecker *et al.* 1990:218), recognized that the security forces would be unable to prevent the demonstration. Caught between an uncertain Politbüro and a growing demonstration, the local chiefs ordered their forces to hold back and disseminated an appeal for calm that several local luminaries had drafted.

These days in Dresden and Leipzig broke the pattern of repression. They revealed the exhaustion of a strategy based entirely on police methods, and weakened those who were most committed to that strategy, most notably Honecker himself. The way was prepared for a shift from intransigence to 'defensive liberalization'. The ensuing period will be considered in chapter seven, following a discussion of the dynamics of mobilization that marked this first phase of the uprising.

### **Algebra of Mobilization**

We are now in a position to reflect upon the question of how a mass movement developed, so quickly and as if from nowhere. To begin with, one might concur with rational choice theorists (e.g. Opp *et al.* 1993) in examining the changing cost-benefit calculations made by individuals as they sensed changes in the political opportunity structure. These included the transformation of the Soviet Bloc, reduced chances of Soviet intervention, the weakening of the regime as exemplified by its inability to stem the exodus or the protests, and a widespread developing sense of crisis amongst the population. In this situation of evolving 'alternativity', confidence in the perceived potential efficacy of public protest grew, as did the 'benefits' of personal participation in protest. As demonstrations grew in size the expected 'costs' of participation – as measured for instance by the likelihood of arrest – fell. This information spread amongst the population by two crucial channels of communication; word of mouth and the western media. In the longer run, as the movement gained momentum and began to chalk up successes, anticipations of reform rose, as did expectations that reforms would bring (individual and collective) benefits. Expected costs, such as discrimination at work, diminished.

Cost-benefit schema, however, can only offer limited insights into the dynamics of mobilization, not least because the criteria and scales by which costs and benefits are weighed up become altered through the process of revolution itself. Consider, for example, October 9 in Leipzig. The previous week had seen an impressive demonstration that held firm against the security forces.

Demonstrators suffered heavy beatings and arrests, although perhaps not enough to deter determined and angry individuals from following their example. However, as Leipzigers were aware, many signs pointed to a bloodbath on the 9th. Table 6.3 indicates the sanctions that respondents recalled having expected to face if they participated in demonstrations up to and including October 9.

Table 6.3 Perceived risks of demonstrating (from Opp *et al.* (n.d.:6)).

	Highly improbable	Improbable	Probable	Highly probable	Does not apply
Arrest	3.9%	6.7%	39.7%	55.7%	
Injury by security forces	3.3%	8.9%	45.9%	41.9%	
Trouble at one's workplace	9.2%	16.9%	25.4%	33.9%	14.6%
Trouble for family members	2.1%	19.0%	33.3%	32.5%	13.1%

These fears notwithstanding, attendance was four times that of the previous week. Many of those present travelled to the demonstration despite an explicit awareness that 'civil war' was expected (Zwahr 1993:96).<sup>226</sup>

How can this apparently irrational behaviour be explained? First, it is worth noting that as the dramatic contest between protest movement and regime unfolded attitudes, towards protest itself and towards the regime, could rapidly change. As the range of strategic possibilities altered, so did conceptions of state and society, of what was proper and legitimate.<sup>227</sup> Evidence of the government's hardline stance – in particular, brutal repression – strengthened the case that the regime was illegitimate or at least in need of reform. Its ruthless and

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<sup>226</sup> Rational choice explanations, as Thompson (1996) and others have noted, have great difficulty in accounting for such behaviour. Lohmann's attempt to rescue the approach is particularly valiant (1994:90): 'Of course, participants in the critical demonstration of October 9, 1989, faced the very real possibility that their protest would end in a massacre; but even then they could reasonably expect that only a few dozen – in the worst case perhaps several hundreds – out of tens of thousands of participants would meet their death. For any one demonstrator, the implied probability of death is rather low.'

<sup>227</sup> As Therborn suggests (1980:44), conceptions of what is *possible* and what is *good* are, in practice, intimately interrelated.

blundering reaction to the exodus, followed by its attempts to crush protest and demonize protestors as 'rowdies', was widely interpreted as evidence of the government's inability to deal with the crisis. The crass disparity between the SED's smug claims that order reigned and the reality of dire crisis further contributed to the shift in mood. For many, the brutality of the security forces dispelled the last traces of faith in the legitimacy of the regime. Interviews with workers (e.g. Rottluf; also Kuhn 1992:76) indicate that criticism of the government grew sharply following reports of the vicious behaviour of the security forces in early October. Amongst participants and bystanders the effect was particularly stark (e.g. Barbara Fuchs interview; Wolle 1998:323). Repression delegitimized the regime in the eyes of many of its erstwhile supporters and the general public and thus spurred protest. It also corroborated the protestors' framing of the conflict as one between a non-violent and peace-loving 'people' and a brutal, illegitimate elite. Shared fear, moreover, could deepen bonds of solidarity between protestors. When Marianne Pienitz (interview) and her colleagues wrote a letter to Mielke to plead that the security forces refrain from attacking the October 9 demonstration, 'we said "farewell" to one another when we sent it, fearing that the next time we met would be in prison.' Such shared risks facilitated the formation of oppositional collective identities. Finally, repression strengthened protestors' belief in the urgency of their cause. Following police assaults and mass arrests, protestors would organize vigils and hunger strikes against the effects of repression, signalling to potential protestors and government alike that they were not about to retreat.

Confronting and defeating the might of the security forces was the cutting edge of a wider transformation. Possibilities for meaningful intervention in the political process opened up to millions who had become accustomed to exclusion from public affairs. The expansion of political opportunities and the actions of protestors encouraged others to re-evaluate their abstention. As Rule puts it (Klandermans 1992:86), 'seeing others take seriously a cause that might previously have seemed a strictly hypothetical possibility for action may revamp participants' perceived options for behavior'. Revamped perceptions of possible behaviour stimulated rethinking of the questions 'what is this society?' and 'what

can we do to change it?'.<sup>228</sup> Millions of hitherto powerless people began to feel that their political opinions actually mattered, that there were immediate and pressing reasons to ponder, voice, and act upon them. Oppositional discussions that once seemed impossibly abstract now became urgent questions. Collective action thus facilitated and was empowered by what McAdam (1982:34) terms 'cognitive liberation', a process whereby oppression and injustice become popularly redefined as '*subject to change*'.

The fact that ordinary people had collectively hijacked the political process and revealed hitherto hidden potentials underlay the explosion of political discussion that occurred in these months. Before the revolution political decision-making had seemed only remotely related to most citizens' life experience. It was the exclusive fief of distant, powerful figures. Now, movement participants felt they could exert some influence. This discovery tended to encourage social problems to be reinterpreted in more directly political and systemic terms.<sup>229</sup> Discussion and argument abounded, in part regarding acts of protest themselves.<sup>230</sup> What should the content of a work brigade's letter to the FDGB be? Should we go to the demonstration? What slogans should we write on placards? Practical deliberations of this sort necessitated and nourished wider-ranging discussion, such as whether the analysis in a newspaper article was correct or whether German unification was possible and desirable.

As a collective practice, mobilization entailed the invention and reshaping of collective identities. The demonstrations did not develop simply because individuals sharing common grievances and antagonism towards the regime separately and 'spontaneously' decided that participating in protest was worthwhile. Rather, as surveys (Opp *et al.* 1993:156-8) and anecdotal evidence (*Neues Forum Leipzig* 1989:139; interviews with Ollie, Marianne Pienitz, ZFI employee) show, decisions to participate were frequently taken collectively, typically within the same social groups in which the crisis had been collectively

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<sup>228</sup> On the connections between the emergence and organizational form of social movements, and participants' redefinition of their identity and interests see Therborn (1980), Clemens (1996), Barker (1997c).

<sup>229</sup> McAdam *et al.* (1996:7) note that the tendency of people to explain their situation in terms of systemic features rather than individual deficiencies generally grows when social movements are strong. How people assess the world relates to how they are organized.

<sup>230</sup> Revolutions, Trotsky remarked (Barker 1995:17) are 'very wordy occasions'.



analyzed and evaluated.<sup>231</sup> At their workplace or amongst friends or family, individuals discussed whether to participate, and often proceeded together to the demonstration. During these processes of collective decision-making, the attachment to 'protest norms' that valued solidarity and participation tended to rise (Pollack 1997:325). Amongst ever-larger groups it became 'fashionable', in the words of one interviewee (Ollie), to say 'there's a demo taking place; let's go!'

As multiple 'micromobilizations' merged into single protests and these, in turn, into a greater movement, collective identities, norms and values underwent further redefinition. By acting together individuals created a movement and developed new conceptions of their collective identity. As Barker observes (1997c:14), '[c]ollective action entails envisaging the world as open to intervention and change and thus, commonly, to re-evaluation of the self and the group, and of the possible meanings of such terms as solidarity and community.' The experience of participation in a large oppositional crowd was, according to all testimonies, extraordinary and empowering (e.g. Baule 1991:43; Lindner/Grüneberger 1992:29). Individuals felt strength in numbers and a shared desire for change; they thereby gained sufficient strength to resist the temptation to flee. Thus one young demonstrator on October 9 (Kuhn 1992:128) described how she

met up with friends, and we gave one another courage. Some cried, and some wanted to leave. But, we said, we are going to stand our ground together. And then we moved towards the church, and could hardly believe how many people were amassing. [...] we looked around, furtively, nervously, and suddenly realized we could no longer see the state's forces [...] And suddenly a feeling arose, an incredible feeling of solidarity.<sup>232</sup>

Another characterized the collective mood as 'euphoric' (Lindner/Grüneberger 1992:51). 'For me', she added,

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<sup>231</sup> The utilitarian individualism of rational choice theory is ill-equipped to deal with question of this sort (cf. Oberschall 1973).

<sup>232</sup> The Potsdam meeting I attended in early October exemplified how the experience of collective protest combined with appropriate tactics could dissipate fear. An indescribable mixture of anxiety and excitement filled the air. Gradually the former emotion faded, in part through participants' perception of the sheer numbers involved, in part through collective singing ('We Shall Overcome', if I remember right).

the best moment was when, completely alone, I walked into the crowd and, at first quietly and then ever louder, cried "We are the People! We are the People!" [...] I saw police but felt no fear. I felt strong, raised my arms in the air, and shouted at the top of my voice.

Collectively experienced empowerment helped to inspire participants with the confidence and urgency to mobilize others. Demonstrators' recollections, according to Hartmut Zwahr (1993:45), reveal that it is the generation of solidarity through collective action that explains how mobilization in early October could accelerate despite the perceived probability of military crackdown. In part this occurred 'naturally', as the experience of collective protest catalyzed changes in the chemistry of individuals' desires and political goals. For example, consider this story of the normally patriotic son of a functionary who, out of curiosity, went to a Leipzig demonstration (Königsdorf 1990:69ff.). He witnessed the police and their dogs. He beheld the exuberance and solidarity of the demonstrators. Already, these experiences began to nudge him towards a more critical view of the ruling order, and to a more urgent commitment that it be reformed. Eventually, he joined the protest. In part, solidarity was produced by deliberate action. Demonstrators encouraged others – friends, colleagues, strangers – to join in, or to come next week. They shouted 'We need everybody!' and 'Get out! Join us!' to bus and tram passengers and other onlookers (Gabi Horn interview). Such tactics were effective in converting the curious or the accidentally present into participants. After attending political prayers in Leipzig on October 9, Sybille Freitag recalls how she initially stayed outside the church, 'still undecided' (*Neues Forum Leipzig* 1989:85). But then: '[a]gain and again the demonstrators called "join in" – until we spontaneously followed their appeal.'<sup>233</sup> From mid-October collective mobilization assumed a highly organized form, with demonstrators chanting alternately 'Next Monday we're here again!' and 'Each of us, bring someone along!'

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<sup>233</sup> 'Spontaneous' here means 'voluntary', as opposed to the imposed 'voluntary' attendance at official demonstrations.

In short, the demonstrations should be understood as not only embedded in preexisting 'moral economies' of discussion and dissent, but also productive of new values. These included the worth of and need for protest itself, as expressed for example in the banners 'The Street is the Tribune of the People', and 'Demonstrations there must be, Or reforms we'll never see'. Related to this was the propagation of moral incentives and imperatives to participate and mobilize. What Rick Fantasia (1988) calls 'cultures of solidarity' flourished. The fact that the experience was of necessity *collective* and *confrontational* conditioned the types of values and norms which came to the fore, as expressed in participants' beliefs and behaviour. As one survey suggests (Opp *et al.* 1993:68,179), individuals placed great importance on the need to form *group* actors, and rated values of solidarity especially highly – notably the principle 'only unity brings us strength'.

The value attributed to solidarity was not a simple product of collective action but of groups united through conflict with a third party. This is a general phenomenon. For example, Steve Reicher has noted (1996:11), that police attempts to contain crowds tend to have 'the effect of uniting crowd members and hence empowering them in resisting police action.' In the process, members of crowds recategorize themselves and tend to come to act as a common category. What this reveals is that, in Reicher's words (1996:11), '[c]ontext and subjectivity are not external to each other.' In the flux of events, individuals are constantly redefining themselves, their relations to others, and their interests (cf. Rule 1988:40). 'Collective identity', in Barker's words (1997c:4), is relational: it refers to 'who we are in terms of our relations with others in our group, who we are as a group orienting to others, and who the others are in their orientations towards us.' Participation entailed a re-categorization of protestors' attitudes – towards co-protestors, towards the security forces and the regime and, indeed, towards their own goals and desires.

Processes of recategorization of attitudes and the reconstruction of collective identities were not 'automatic', but were influenced by conscious 'framing'. For example, chants of 'No violence!' affirmed the peaceable 'collective identity' of the demonstrators and appealed to the security forces to pacify theirs.

Also, during this first phase of demonstrations the 'Internationale' was sung. This gave out a signal. It deliberately blurred lines of conflict between regime and protestors, making it more difficult for repression to be justified.<sup>234</sup> It also signalled the demonstrators' cheeky, defiant appropriation of the regime's symbols as their own, in an implicit denial of its monopoly control over symbols of socialist solidarity. Its lyrics, in their urgent claim for justice and 'rights', doubtlessly also appealed. Consider, too, the slogan 'We are the People!' It expresses a sentiment commonly found during the first stages of revolutions, when 'middling' and 'toiling' layers of society unite against the regime before differentiating into reformist and radical currents. It harks back to the classic republican framing of political conflict as pitting the patriotic 'people' against a dynasty, elite, or regime defined as illegitimate and, implicitly, as alien. As such it suited the first, largely united, phase of the movement, albeit with the twist that the regime itself laid claim to republican frames, following Communist orthodoxy since the 'People's Front' period. 'The People' found themselves pitted against a 'People's Democracy', particularly its 'People's Police' and 'People's Army'. The slogan thus signified an ironic assault upon the ruling class's definition of its collective identity as embracing the entire population. As one banner put it, 'The GDR belongs to the People, not to the SED'. It simultaneously challenged the regime's conception of the general interest and acted as a 'bridging frame' towards the not-yet-mobilized masses. It asserted the protestors' belief that the vast majority backed their basic aims, and that this majority should determine the political agenda. As another banner put it, 'The people should have the leading role!' Moreover, in a context in which demonstrators were vilified as dangerous deviants, the *detournement* of the meaning of 'people' – particularly when conjoined with other slogans such as 'Prison for the Stasi' – implied that the dangerous deviants were in fact to be found in uniforms or wearing SED badges.

## Psychology of Liberation

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<sup>234</sup> Hall (1990:106) relates a similar example, from Berlin on October 7, where 'none of the eager plainclothes Stasi officials knew whether the chants of "Gorby, Gorby" hailed from loyal FDJ members or from "disgusting" oppositionists.'

A final crucial component of this phase of the revolution, which comes to mind especially when I read my diary of the time, was the intoxicating atmosphere. The country was awash with a tremendous excitement, the desire for change, for participation and for discussion. Social scientists, from Durkheim to Lenin to Zolberg have referred to these heightened experiences of revolution in terms such as 'collective effervescence', 'festive energies', and 'moments of madness'. Colin Barker has critically engaged with and advanced these theories, and the following is loosely based upon his writings (1995, 1997a, 1997c).

Broadly, one can point to three aspects of a revolutionary situation that foster 'effervescence'. The first is the *dramatic* character of political crisis. As discussed in chapter two, a sense of 'alternativity' arises, a feeling that 'anything might happen' and 'everything is possible'. Important matters are being determined within a condensed time period – 'it is "now or never" [...] "one thing or the other"' (Debray 1973:104). The role of conscious human agency is decisive. The second is the new-found sense of *power* amongst the formally powerless – that they can actively influence the political process. The final factor is the *novelty* of unfolding constellations of social relations, behaviour and consciousness. With society in upheaval, new possibilities are espied, and new hopes formulated. Grievances and desires are rearticulated. New questions arise for discussion. What is the nature of this or that aspect of society? Should it be so? Can it be changed? If so, how do we get there? These processes of rethinking and reformulation drive innovation and the search for knowledge. In East Germany a feverish curiosity in public affairs stimulated a huge thirst for learning and reading. One interviewee (Ramona) recalled that she 'watched every news programme, East and West German, every evening, for months.' The revolution entailed a profound rupturing of routine behaviour. If social life is imagined as a drama, in revolutions the usual script crumples and the emphasis shifts to improvisation. The possibility of stepping out of one's role and the cognitive transformations necessitated by this tend to evoke states of heightened consciousness – 'stepping out', as Peter Berger has observed (1963:157), is the root of the term 'ecstasy'. As Barker remarks, such 'processes are simultaneously

affective and cognitive, for there is a potential pleasure-shock in the intellectual appreciation of a new situation' (1995:17). In rapidly changing constellations of power and collective identities, individuals begin to relate to others, not least their immediate superiors, in radically different ways. As Barker writes (1997a:10), participants in collective action 'regularly report that they "discover" aspects of their selves, and their capacities, which they had not previously tested'. 'Heightened and re-focused energy and attention,' he continues (1997a:11),

the formation of new relationships, the undertaking of new tasks, the emergence of new forms of understanding, the affective shock of treating one's self and one's fellows as centres of significant decision and action, promotes a new sense of dignity and a new "status order" – even if only temporarily.

With changing relations of force, relations of consent and the 'status order' alter too. Attitudes of resignation and deference, rooted, as Therborn suggests (1980:94), in the seeming omnipotence of the ruling class, are cast aside. Injustices previously seen as inevitable become reinterpreted as subject to conscious human intervention. In East Germany 'the experience of the power of collective uprising and the surprise at the creativity of the protest brought about a therapeutic liberation', according to one psychologist (M Schneider 1990:132).<sup>235</sup> Humiliating years spent stooping to those in authority and speaking their bloated phrases through gritted teeth were cast aside. Millions gained an undreamt of feeling of freedom, of self-respect. Even if seldom named, this was the most vital achievement of the revolution.

Such processes – the 'revitalization', 'empowerment', and mutual 'self-enhancement' of the lower orders – had already developed to a significant degree, particularly in and around Leipzig, by mid-October. The question for the regime, meanwhile, shifted from how to *crush* collective action to how to *contain* it.

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<sup>235</sup> For a similar view see Maaz (1990:145-6). Interestingly, an employee on a psychiatry ward in a Leipzig hospital (Marianne interview) observed that 'suddenly, with the *Wende*, we had no more patients.'

## Chapter Seven: The *Wende* and the Fall of the Wall

The month which followed the decisive breakthrough in Saxony may be seen as the summit of the revolution. It is remembered for two great events – the fall of Honecker on October 18, and that of the Wall on November 9.

The SED leadership's failure to quell the protest movement marked an end to its immediate dilemma of whether or not to unleash armed force, but raised new questions and quandaries. If the movement could not be directly suppressed, how could it be mollified and contained? How could the ever-worsening problems of the continuing exodus and approaching bankruptcy be resolved? To what extent should the domestic political structure be reformed, and what degree of personnel reshuffle should occur? The ruling group was uncertain and divided as to how to confront these concurrent and dangerous dilemmas. Its actions were generally cautious, sometimes muddled, and persistently conservative, thus provoking intensified criticism from within SED ranks and accelerating public protest. Each week additional concessions were offered; each week the crowds on the streets pushed for more.

### **Ousting Honecker**

'The victory of the demonstrators in Leipzig' on October 9, recalls Gerlach (1991:284), 'horrified Honecker.' Combined with mounting evidence of popular criticism of the government's obdurate position and haughty tone, and reports that strikes threatened (Mitter/Wolle 1990:226; Reuth/Bönte 1993:112), Honecker's co-leaders began to express concern over the regime's dwindling legitimacy (Przybylski 1992:121-33). For the first time significant dissent was voiced at the top of the Party. Three regional SED secretaries, led by Modrow, expressed disagreement over the handling of the crisis. At the Politbüro meeting on the 10th the hardliners' view that 'everything will collapse if we give an inch' did not dominate (Hawkes *et al.* 1990:70).<sup>236</sup> Although the Politbüro's public

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<sup>236</sup> Symbolic of the hardliners' predicament, Mittag's usual confident fluency degenerated into a stutter (Schabowski 1990:90). Barker notes (1995) that during uprisings the masses tend to gain fluency while rulers, if anything, lose it.

statements remained hubristic and saturated with venomous condemnations of protest, they also evinced the first small signs of tactical reconsideration and hints of a lack of unity at the top. The needs for 'renewal' and for 'sober dialogue' were admitted, although, as Hager explained, the latter would be only with those citizens who do not call into question the existing social order. A number of senior functionaries, such as Harry Tisch and Wolfgang Vogel, sensed which way the wind was turning and proposed minor reforms, such as the decriminalization of illegal emigration. Even the usually stalwart FDJ leadership adopted a (mildly) critical stance, both in a letter to Honecker and through publication of some unusually dovish views in *Junge Welt*. The media somewhat tempered its anti-Bonn vitriol, and television news conceded that 'suggestions concerning a more attractive socialism are important' (Keithly 1991:160).

The second week of October witnessed an unstable equilibrium between signs of repression and liberalization. The pace of change varied between institutions and between personalities. The LDPD's newspaper published a critique of the SED's media policy, while *Neues Deutschland* scarcely changed. Police brutally attacked demonstrators in Halle on the 10th, while the vigil in Berlin was left in peace. On the 12th travel to the CSSR was restricted still further but a day later arrested demonstrators were released. On the 13th the SED leadership vaguely reaffirmed its acceptance of the need for 'dialogue' but already a day later local officials in Karl-Marx-Stadt, Leipzig and Potsdam admitted contact with NF representatives.

Despite cautious hints of reform the road towards military crackdown was not yet closed. Although the Politbüro now clearly supported a policy that the security forces in Leipzig should not fire upon the next demonstration unless seriously provoked, this left the option of deliberately inciting or even organizing such provocation. Honecker's proposal to send a tank regiment through Leipzig on the coming Monday suggests that this path was at least possible (Przybylski 1992:130). In the event, local officials, backed by Politbüro members (notably Krenz), once again favoured pursuit of political rather than military solutions.

Proponents of a tactical retreat now acted to remove Honecker – the keystone of the hardline position – from his post. Although initially a messy,



tentative process, in its final stage the coup was astonishingly smooth, and received unanimous validation at the Politbüro. Honecker resisted, but ultimately accepted Schürer's proposal that he retire 'honourably' – i.e. on grounds of health – and even voted for his own usurpation.<sup>237</sup> Along with Honecker the two most unpopular hawks, Herrmann and Mittag, were removed from the Politbüro.<sup>238</sup>

The change of leadership, however, did not mark a sharp break with the past. Despite the loss of three hardliners the rest of the leadership remained at their posts. Old habits governed the very procedure of the changeover. With a mafia-like sense of decorum, all present at the Politbüro meeting accepted that Honecker's departure should be presented not as an overthrow but a voluntary resignation. Krenz had long been seen as Honecker's 'crown prince', but in his resignation speech Honecker wilfully recommended Krenz as his successor. If he believed that his commendation would impart legitimacy to Krenz, this was a backhanded blessing. The CC was convened, not to discuss or vote on, but merely to rubber-stamp the Politbüro's decision, thus confirming the impression that little had changed.

### *Wende*

Honecker's ouster was belated. The new leadership recognized the need to reform but feared the 'Tocquevillian predicament' that it now faced. Krenz was conservative, and not in favour of any sweeping review of policy or personnel. In Schabowski's words (1990:127), he wanted 'to carry through the *Wende* [turnaround] with minimal sacrifice'. In his inaugural speech Krenz promised that the SED 'is going to introduce a *Wende*, with immediate effect' (Brunssen 1998:112). The term implied that a new direction was to be charted but that the change would be of a 'steering correction' sort. The new course was ill-defined and developed piecemeal, under constant pressure from the streets. It was less a

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<sup>237</sup> His decision was doubtlessly assisted by Mielke's threat to open the safe which contained evidence that Honecker had collaborated with the *Gestapo* whilst in prison.

<sup>238</sup> Mittag attempted to escape this fate by offloading all blame onto his mentor Honecker (Schabowski 1991:117). Many other erstwhile allies would turn on each other in these months, each trying to save their skins by scapegoating others.

positive strategy for reform than a series of indistinct promises and small concessions. These, it was hoped, would appease and stall the protest movement, impart the government with much needed credibility, and enable it to win time and reestablish stability. Having regained a powerful position, whether and how to make significant reforms could then be considered, in a suitably dignified manner.

The reforms initiated, though slight, were nonetheless significant. Those imprisoned for attempting to emigrate were freed. *Sputnik* was permitted again. The regular publication of ecological data was promised. The media began to report more truthfully.<sup>239</sup> Critical letters now appeared in the press, the Leipzig demonstrations were covered by television news, and the 'ordinary' people interviewed were no longer predominantly selected stooges. In some places NF meetings were permitted. Finally, 'dialogue' was promised, in which regime representatives would 'listen' to popular grievances.

Dialogue, for the regime, signified its attempt to redirect the popular desire for political discussion from oppositional demonstrations on the streets into spaces, such as universities, that were controlled by 'progressive forces'. Initially, CM leaders – still considered 'the enemy' – were to be excluded. At one 'dialogue', on the 19th, an NF representative was even refused access. However, a redefinition soon ensued. Now, much of the movement was to be treated 'sensitively'; harsher measures were to be reserved for those who rejected socialism and/or advocated radical methods of protest (Mitter/Wolle 1990). By the 22nd, SED functionaries in some districts, particularly around Dresden, were engaging in debate not only with 'experts' and clergy, but with CM representatives too. By the 26th, direct talks were underway between local SED and CM leaders in various towns, including Berlin. Dialogue *qua* public debate began to be supplemented with dialogue *qua* negotiation.

The new course was not entirely without success. Even meagre reforms were enough to satisfy certain groups, notably the church leadership (cf. Neubert

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<sup>239</sup> This measure was particularly welcome to many members of the *nomenklatura*. They required reliable information. When more accurate reports of social and economic life began to be published, some expressed indignation at having been 'deceived' (Hertle/Stephan 1997:246).

1998:868).<sup>240</sup> As a holding operation, it provided a framework within which the *nomenklatura* could begin to restructure in something approaching an orderly fashion. The more far-sighted functionaries began to develop and discuss ideas for furthergoing reforms of government, economy, and foreign policy. Stasi officers began to destroy or sequester the more sensitive and valuable files.

On balance, however, the strategy must be judged a failure. SED leaders seem to have believed that, whereas repression had provoked protest, concessions would appease it. According to Schabowski (1990:111) they therefore ‘believed to have months’ in which to retrench and restructure. They were mistaken. Despite – or because of – the decline of repression, the demonstrations continued and grew in force.<sup>241</sup> The government’s dilatory attitude to reform had two effects on the protest movement. First, even minor reforms were seen as a step in the right direction, a victory for protest. The movement gained confidence. In particular, the retreat from a ‘Tiananmen solution’ reduced the risks of protest and encouraged wider layers to participate.<sup>242</sup> Second, the government’s pretence that it was suddenly converted to reformism was widely seen as hypocrisy. The same politicians who had defended the most sordid tyranny now pretended to be champions of democratic reform. Krenz in particular was simply not credible as a reformist. He had headed the commission that fixed the May election results. He had loudly applauded the Tiananmen massacre. As chief of the security forces, he was responsible for the violence of the preceding weeks. Thus, a banner on a Leipzig demonstration read ‘Egon Krenz, don’t settle yourself in – we won’t forget China, elections, police deployment’. Similarly, a worker in Berlin recalls: ‘[a]nd then we got Egon Krenz, who had been fed the same shit, who *was*, in fact, the same old shit. Nothing, absolutely nothing, was possible with him’ (Philipsen 1993:285). Even the more plausibly reformist amongst Politbüro members were

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<sup>240</sup> When meeting church leaders (on the 19th), Krenz even felt able to ask them to pray for the police and Stasi of Leipzig, ‘because it is not easy for them to have to face hate-filled [demonstrators]’ (BA-SAPMO Archiv).

<sup>241</sup> For data showing that both repression and concessions tended to boost the protest wave, see Eberwein *et al.* (1991:30-1).

<sup>242</sup> However, emergency rule remained a serious possibility until November. Tens of thousands of soldiers remained on alert until after the fall of the Wall (Hertle/Stephan 1997:59).

largely stuck in traditional ways. Modrow, for example, began to argue for a more systematic approach to reform. However, he too remained committed, in his own words, to 'the old framework of order and security' (Modrow 1991:23). He too had been implicated in the May election fraud and was responsible for the worst police brutality of the autumn. As Michael Brie described him (interview), 'Modrow is no reformist, but knew that reforms would have to be made.' Although favouring 'renewal', he insisted that its impetus and content must come from the Party – 'and not from those on the streets or in the church' (Stephan 1994:160).

During these weeks the regime was clearly committed to reforming as little and late as possible. Reforms were granted, but, as Schabowski recalls (1990:110), 'under duress, not voluntarily'.<sup>243</sup> Beneath the rhetoric, traditional ways showed through. In Schwerin, for example, the organizers of a pro-regime demonstration called in army loudspeaker trucks to broadcast supplementary applause (Neubert 1998:866). In Berlin, SED leaders attempted to block a church-initiated inquiry into security force brutality.<sup>244</sup> On the following day, parliament voted Krenz to the position of head of government (in addition to his role as SED leader), prompting a spontaneous gathering of 13,000 – including many SED members – to protest the decision.<sup>245</sup> The persistence of such 'old tricks', combined with the government's reluctance to reform, contributed to a feeling amongst protestors and wider layers that protest must continue, if only to ensure that recent gains be solidified. The feeling that protests had delivered reform fuelled their confidence to press for more.

## 'Dialogue'

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<sup>243</sup> In early November a CC delegate was to complain that *all* reforms – even those that had, apparently, 'been ripening for long', appeared as victories for street protest (Hertle/Stephan 1997:254).

<sup>244</sup> To his embarrassment, a technician secretly taped Schabowski's speech to parliament – in which he recommended that the inquiry be 'minimized and formalized' – and passed the tape to oppositionists (Neubert 1998:866).

<sup>245</sup> That an unheard of fifty-two members of parliament refused to vote for Krenz's accession, however, reflected the increasing autonomy of the 'block' parties.

The most egregious examples of the government's inability to appease and contain protest were the 'dialogues'. The intention was to encourage grievances to be voiced passively; Berghofer described the exercise as centred on 'listening' and 'introspection' (Links/Bahrman 1990:59). They were designed to attract the more moderately inclined. Transcripts evince an emphasis upon discussion of relatively abstract questions, such as 'conceptions of socialist democracy'. However, they did signify the defeat of the SED's traditional 'monological' form of rule. On the defensive, SED representatives – especially those who were rigidly set in monological ways – tended to perform poorly.<sup>246</sup> Although initiated as fora for anodyne discussion, the dialogues could be reinterpreted as opportunities for verbal confrontation. Their very existence raised furthergoing political questions. If the SED's monological claim upon truth is ending, what about its monopolistic claim on power? If the SED forms one partner in dialogue, should the other be CM representatives or 'the general public'? If the latter, how can meaningful dialogue be institutionalized? The dialogues, thus, were sites of contest in their form as well as content. As Maier puts it (1997:176), 'The rulers hoped for controlled and private parleys; the crowds demanded public exchanges.' Already during the first such occasion (in Dresden on October 16), crowds outside the town hall, where 'dialogue' was occurring between the mayor and 'citizens', demanded that a microphone connection be installed so that they could hear (Maier 1997:176).

Whether or not dialogue involved the 'crowd', the SED seemed to lose. When presented as a form of mass democracy, the limitations of dialogue were clear. For example, in Dresden on October 26 the SED invited the public to a 'public dialogue' with Modrow and Berghofer. One hundred thousand attended, but the occasion was not so much dialogue as repeated appeals for moderation by local officials and worthies. The alternative – public discussion in controlled spaces – did not become established as a substitute for demonstrations.

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<sup>246</sup> An impression of this is given by the following vignette, which describes the 'dialogue' of an NF member with Rostock's SED chief (Probst 1992:52). 'I am initiating dialogue with you', said the oppositionist. 'I have a question. What do you understand by the dictatorship of the proletariat?' To which the functionary could only repeat 'Ah... ah...' before breaking into a stutter. The entire audience burst out laughing, prompting the functionary to cry out: 'Hang on! First I'll have to look up what Lenin said.' At this point 'the audience lost all respect for this most powerful man in Rostock.'

Frequently, the SED representatives were simply not credible as genuine proponents of debate and reform – some even carried pistols with them (Hertle 1996a:136). More significantly, much of the protest movement mistrusted the *Wende*, and began to formulate demands that challenged the very framework of the dialogues. They criticized the dialogues as little more than focus groups staged to divert attention from the lack of real democratic change. A postal worker interviewed on Leipzig radio (*Neues Forum Leipzig* 1989:112), put it thus: '[t]he majority of the population is not content that it remains just talking; instead the majority expects clear signals from the government'. On the demonstrations popular slogans and banners stated 'No dialogue with Party bosses!', 'Dialogue is good, deeds are better!' (*Die Welt* 8.11.89), and 'Dialogue has become cliché; so on the streets we shall stay!' (Schüddekopf 1990). A journalist at the Leipzig demonstration on November 6 reported (*taz* 1990a:88) that 'the anger has increased. By now only the SED representatives are talking of dialogue.'

With the exception of a meeting of some 1,500 at the Karl-Marx University dialogues were not especially well attended. Establishment opinion was disappointed. Already on October 24, the *Leipziger Volkszeitung* (W Schneider 1990:59) bemoaned the fact that '[m]any of the chants and slogans [on the previous day's demonstration] showed hardly any inclination to take a serious part in the open dialogue about all society's problems that is currently underway.' A few days later, in the Dresden region – which was the pioneer of dialogue<sup>247</sup> – one Communist could argue (albeit, perhaps, with exaggeration) that 'the people don't even want dialogue – that's shown by the fact that, out of the twenty dialogue meetings on offer, only one hundred people in total attended' (Liebsch 1991:96).

From the regime's perspective, the strategy may have succeeded in widening divisions between moderates and radicals in the movement,<sup>248</sup> but it clearly failed in its main objective. As Dönert and Rummelt put it (1990:154), '[a]fter October 9 there was no lack of attempts to bring people off the streets by

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<sup>247</sup> On the 23rd, Modrow announced that over 500 committees would be set up in the region to organize dialogue between representatives of state, church and the general public.

<sup>248</sup> That this was a key motive, see Stephan (1994:164,175-6).

offers of "dialogue": the street should not be the place for dialogue. In vain. The attempts failed.'

### **The Regime Squeezed: Political Economy**

Superficially it could appear that the GDR elite's inability to master the evolving crisis was due to their rigidity and stupidity. Whatever the truth in this, their task was made immeasurably more difficult by a set of objective constraints that reinforced and intensified one another. Each of these threatened either the SED's hold on power or the sovereignty of the state itself. Perhaps the gravest was the deepening economic crisis, with its associated crisis of geo-economic policy.

Although economic crisis was, naturally, not the focus of the Krenz leadership's attention, it grew continually more severe. The exodus of workers and professionals was damaging certain sectors, and contributed to the persistent underachievement of export targets (*Frankfurter Allgemeine Zeitung* 2.10.98). With political turmoil increasing, the GDR's international creditors were sounding nervous. West German business leaders and politicians stressed that a 'calming of the situation' was imperative (Nakath/Stephan 1996:218).<sup>249</sup>

In late October two key papers analyzed the situation and proposed remedies. One was by General Kleine for the attention of the Stasi's economics department. The other was prepared by Schürer, Schalck, Beil, Donda and Höfner, for the Politbüro (Schürer 1992a). Both presented an alarming picture of crisis. They drew attention to a long-term decline in rates of accumulation and investment, and to the explosion of state debt to the domestic credit-system as well as to foreign banks. The latter, for Schürer *et al.*, threatened the state with 'immediately impending insolvency'. If this occurred, the result would be a moratorium of international lending (Hertle 1992:1023).<sup>250</sup>

Kleine's report rendered connections between emigration, economic crisis, and the protest movement especially clear (Bastian 1994:6-7):

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<sup>249</sup> This suggests that those institutions that were accusing the Kohl government of breaking with the established *Ostpolitical* priority of stability were presenting a one-sided view.

<sup>250</sup> Although their conclusion was based on a significant overestimate of the level of hard currency debt (Volze 1996:711), the diagnosis of severe crisis was nonetheless accurate.

[M]aintaining our solvency is a question of the existence of socialism in the GDR.<sup>251</sup>

That is why it is a question of the highest security-political importance for us when competent personalities estimate that, in connection with the current internal situation in the GDR, bankers from the non-socialist-abroad question us ever more persistently about the credit-worthiness of the GDR.

An article in the F.A.Z. on 12.10.1989 points out that in the biannual credit assessment of an American finance institute, the GDR has fallen into disgrace and has been demoted in the ranks of credit-worthiness.

Then it goes on: "In the light of the GDR's loss of prestige due to the mass exodus of its populace, another demotion within the next half year should be inevitable. This, as is well known, has consequences for the rate of interest that the GDR must pay to the West on its debts."

That also means, of course, that if we do not manage, in the next days and weeks, to bring "tangible calm" to the process of social development, consequences for procuring new loans are foreseeable.

In this regard it is worth remembering that the current developments in Poland and Hungary to a certain extent had their beginnings in these countries' insolvency. With the dearth of Western loans came a drastic worsening of the economic situation and of living standards, and counter-revolution could steadily gain ground.

The old policy dilemma of whether to impose austerity and risk revolt, or to settle for economic stagnation, had been superseded. Now there was stagnation *and* revolt *and* the need for austerity. Given the scale of protest, however, the times were hardly auspicious for cutting budgets, closing firms, or shedding workers. When visiting Gorbachev on November 1, Krenz disclosed his dilemma. Living standards, he said, must 'immediately' be slashed by 30%. However, he continued, with magnificent understatement, 'politically, that would be irresponsible' (Hertle 1992:1027). Gorbachev could provide no solution. Aid was impossible, given the USSR's own crisis. Apart from advising him not to be 'scared of the people' all he could suggest was that Krenz, although keeping

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<sup>251</sup> The urgency and frequency with which Kleine's paper intones the need to ensure 'the survival of our republic!' is remarkable.



the full severity of the situation secret, should warn the population that they had been 'living above their means for years', and should take steps towards the easing of inter-German travel (Stephan 1994:200; Hertle/Stephan 1997:64).<sup>252</sup>

If both papers presented a devastating picture of the depth of crisis, their policy proposals were altogether different. Kleine's paper reflected the views of the 'Easternizers' (cf. chapter five). Many of its recommendations were mere vague exhortations (including the imperatives to raise productivity, raise the rate of accumulation, strengthen the export sector, introduce new technologies, increase investment, restructure R&D, and improve conditions in workplaces). Its one major policy proposal was that the GDR massively step up economic cooperation with other Comecon countries, especially the USSR (Bastian 1994:16). During October, however, *nomenklatura* opinion had swung further against such views. A large proportion of managers and of second-row functionaries who scented prospects for greater influence after Honecker's demise, were 'Westernizers' (e.g. Nitz 1995:164). The ideas they were discussing included lifting the state's foreign trade monopoly, introducing market reforms, and even orienting the GDR's economy around West Berlin – as Guangdong to Hong Kong (Nakath *et al.* 1998:64). Schürer and his co-authors were 'Westernizers', and the fact that their paper was presented to (and taken seriously by) the Politbüro attests to the rise of that current. Their recommendations included austerity measures such as a reduction of subsidies of consumer goods, market reform, and heightened cooperation with the West – particularly Bonn. Loans, they insisted, were urgently required. Some might come from those OECD countries (such as France and Japan) which, SED leaders averred, had an interest in keeping Germany divided, 'so that a large competitor does not get larger' (Roesler 1993:571). However, major new credits would have to come from Bonn too, and that would inevitably require major political concessions. Following exploratory talks by Schalck in Bonn in the previous week, Schürer *et al.* therefore recommended that 'before the end of the century'

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<sup>252</sup> Coming but a week after Gorbachev's first formal commitment to the 'Sinatra doctrine', this was a striking admission of impotence, an abdication of leadership.

the border to the FRG be opened, if major financial aid from Bonn could be gained in exchange (Hertle 1992:1023-4).<sup>253</sup>

### **The Regime Squeezed: Borders**

The transformation of East Germany's border regime was also being pressed by other forces. The protest movement was growing and radicalizing every day. From October 16 it concentrated increasingly upon the demand for visa-free travel. The SED leadership began to realize that major concessions would have to be made. In late October the question of the border-regime rose to the top of the policy agenda. A new law on travel began to be drafted; it would, said Schabowski (in private), become law in December (Reuth/Bönte 1993:136). On the 27th it was announced that, as before October 3, no visa would be required for travel to Czechoslovakia as from November 1.

On that date, however, would-be emigrants once again occupied West Germany's embassy in Prague. Fearful that the issue might spark domestic politicization, as had occurred in Hungary, the Czechoslovak government permitted East Germans to emigrate across its western border from November 3. Around 8,500 per day proceeded to do so – a rate that, if sustained, would amount to the equivalent of Magdeburg or Rostock disappearing each month. Emigrants and protestors were forcing doors open. Scores of those who had, supposedly, emigrated to the West now returned to the GDR. To perplexed border guards they gave their motives as 'adventurism, day-trips, and testing the plausibility of the GDR media' (Hertle 1996b:121). Their re-entry, however, increased the problem of maintaining travel restrictions for 'mere' holidaymakers. As Interior Ministry officials admitted (Hertle 1996b:121), discriminating in favour of emigrants would be 'politically irresponsible'. On the other hand, barring emigration – which in practice would entail resealing the border to the CSSR – was barely even mooted. As the Foreign Minister put it (Nakath/Stephan 1996:226), that would provoke an exceedingly dangerous 'trial

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<sup>253</sup> The possibility of meaningfully easing travel to and from the West in return for economic advantages had long been under consideration at the margins of *nomenklatura* strategizing (e.g. Nitz 1995:58).

of strength'. In this sense therefore, as Hartung wrote days before the actual fall of the Wall (*tageszeitung* 7.11.89), it was 'the revolutionary movement itself that has deprived the Wall of its existence.'

In the first week of November the draft travel law was published. It was a difficult law to formulate. On the one hand, the streets, especially in Leipzig, were by now resounding with chants of 'The Wall must go!' On the other, officials were aware that opening the border to the FRG would have 'uncontrollable consequences' (Nakath/Stephan 1996:226), and would probably require additional supplies of scarce hard currency.<sup>254</sup> Those that drafted it sincerely believed that, through explicitly permitting travel to the West, it would 'give grounds for hope that many people will find new reserves of courage [with which to build] a strong, attractive socialism' (Stephan 1994:195-6).

In fact, its publication elicited widespread public outrage. Phrased in the SED's traditional tortuous style, and with no reference to when the law would come into effect, it smelt to many of duplicity. It set a maximum of thirty days sojourn abroad, and retained the requirement of a visa (which take weeks to process). Most inflammatory of all, no provision was made for the exchange of local into hard currency. This effectively put travel to the West beyond the reach of most people, except high earners and those with generous Western relatives. The reaction of demonstrators to the proposals was graphic. Banners were painted with slogans such as 'Egon, get the hard currency out!'; 'Real freedom of travel, with hard currency!'; 'Visa but no real money – the whole world finds that funny!'; 'Put the Stasi's hard currency into the travel account!'; and 'Alu-tokens abroad? No way! – We need hard currency straight away!'<sup>255</sup> In addition to wrath on the streets, the draft law provoked strike threats. According to Schabowski (1990:135; 1991:304), the government took these especially seriously:

We were particularly alarmed that strike threats were [...] coming from the workplaces. The workers felt discriminated against by the law, because it in effect denied them the material prerequisites for

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<sup>254</sup> This latter consideration was the subject of Schalck's negotiations in Bonn in mid-October (Hertle 1996a).

<sup>255</sup> GDR coins were aluminium.

travel in the West. In this situation, strikes were the last thing we needed.

### **The Regime Squeezed: Workers' Discontent**

By October, according to the Stasi's 'situation reports', it was above all amongst workers that radical anti-regime opinions were voiced. The bulk of demonstrators in Leipzig and elsewhere were workers; their preponderance increased as the movement developed. By mid-October the revolution had begun to enter the workplaces on a broad scale.<sup>256</sup> Although no major industrial action had occurred, SED leaders were nevertheless deeply worried that it might. As Otto König put it, speaking to the CC on November 9 (BA-SAPMO: IV 2/1/709) '[t]he working class is so enraged they're going to the barricades! They're shouting: Party out of the workplaces! They want to get rid of the [FDGB], get rid of the Party secretaries.' There is abundant testimony both from workers and observers (e.g. Rathenow 1989:286; Löw 1991:13), to the effect that workplaces were bubbling with discussion about the political crisis, and about the pros and cons of industrial action – albeit seldom about whether to actually strike forthwith. The Stasi's sources in workplaces (e.g. Mitter/Wolle 1990:226; Bastian 1994:33) warned incessantly of 'impatience' amongst workers and that 'spontaneous' strikes were an ever present danger. A worker in Berlin (Rottluf interview) reported that, after October 7, political discussion in his factory exploded:

It was an incredible and rapid politicization, an enormous process that went on everywhere – on the shop floor, in the toilets, in lunch breaks, at FDGB meetings. Initially you found one or two others you could talk to, then, gradually, more and more. All the time you had to test who you could talk to and about what, what demands could be raised and who would listen to them, who would take them on and spread them.

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<sup>256</sup> A tremendous amount of activity had occurred from August onwards, but, except for the examples given in chapter six, it was invariably of a low key sort, such as the collective writing of letters to SED leaders. The most famous example of the latter was that sent by workers at Bergmann Borsig (the largest heavy engineering plant in Berlin) to Tisch, demanding that he appear at their factory in person in order to respond to their demands, and threatening strike action if he refused (Simon 1990:134; Philipsen 1993:116ff.).

Workers' concerns may be grouped into four types. One was national political questions. Demands raised here, alongside those of the protest movement in general, included the call for the state to publish economic statistics, to 'come clean' about the state of the economy. A second demand involved pushing back managerial control. Concrete demands here included calls for firms' accounts to be subjected to workers' (or public) scrutiny, for the resignation of particular managers, and for permission to disseminate and publicize workers' political opinions and opposition propaganda in the workplace. Third, the FDGB was a major theme. Hostility to it was widespread, and resignations rose sharply. More worrying for the regime, an employee at a factory near Potsdam announced the formation of an independent trade union. Although his proposal came to little (in part because he was promptly sent on 'official business' to Bulgaria), even the FDGB's newspaper was forced to admit that the demand for new trade union structures was being widely discussed (*Tribüne* 30.10.89). Last, but not least, workers commonly demanded the abolition of SED workplace organization.

### **The Regime Squeezed: Crisis in the SED**

The crisis afflicting the SED continued to accelerate. It was manifested in three processes: division, dissent, and disintegration. In October and November over 200,000 resigned.<sup>257</sup>

SED members in positions of authority were forced to address a variety of questions raised by the national crisis. Should reforms be made of Party, polity, and economy? If so, of what kind, and how fast should they be introduced? A variety of answers were given to such questions. Differentiation was an inevitable process. The rise of reform-inclined figures such as Modrow, who could push forward projects for the restructuring of the relationships between Party and polity and between polity and economy, certainly helped the SED to maintain some sort of grip on power throughout the autumn and winter. However, the breakdown of tried and tested strategies and established relations of authority within the SED, and the different styles and speeds with which

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<sup>257</sup> For biographical details, see Klemens (1990).

functionaries reacted to events, also contributed to divisions and uncertainty. If, for example, one district leadership permitted an NF meeting to occur already in mid-October, as in Zittau, their peers elsewhere were immediately confronted with the question as to whether they should follow suit, stay silent, or check with Berlin. If the latter course was adopted, the advice given could vary substantially depending upon whom the question was addressed to. Differentiation amongst SED members tended to breed antagonisms and even outright hostility. A report to the CC in late October (Stephan 1994:189) complained that hardline Communists 'are often left to fight alone. At public meetings other Party members stab them in the back, so that ever more conflicts between comrades are breaking out in public.' Even the CC meeting of November 8-10 witnessed aggressive clashes in which political arguments were supplemented by insults and accusations (Hertle/Stephan 135-437). Thus, in their very form, the reform process generated problems for the SED; the substance of reforms did so too. The most noteworthy example of this is that the new openness permitted to media organs enabled a series of corruption scandals to reach the public from late October onwards.<sup>258</sup> Some officials believed that the revelations of corruption resulted from a 'conspiracy', organized by Schabowski (Weinert 1993:140), but a far more widespread reaction from Party members was sheer outrage. As soon as the first scandals broke, the CC was informed of the mood of the rank and file (Stephan 1994:190):

impatient and sometimes very aggressive discussions concerning the privileges of leading Party and State functionaries have sharply increased. Mention is repeatedly and ubiquitously made of the special shops, privileged travel to the non-socialist-abroad, remuneration in and ownership of hard currency, and, above all, the privileges granted to the children and relatives of members of the Politbüro and government.

By this stage, the Party rank and file was aflame with dissent. Countless SED branches passed critical resolutions. They called in particular for open debate

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<sup>258</sup> The first of these emerged when a worker tipped off a journalist about an FDGB leader who had diverted FDJ brigades from employment on railway construction to his luxury villa. SED leaders, including Krenz, raged in vain at journalists (and at the bloc parties) for their treachery towards the SED.

about the crisis. Many even espoused 'positions and demands that were similar to those of New Forum' (Stephan 1994:189). Although the displeasure of many members focused on their leaders' turn towards the market and the West, others targeted their criticisms at the sluggishness of democratic reform. Dissenting SED members began to agitate publicly against the leadership. They made critical contributions in the 'dialogues' and even took to the streets.<sup>259</sup> Many took part in the mammoth demonstration in Berlin on November 4, and again on the 8th, at which several tens of thousands voiced their lack of confidence in the leadership. To chants of 'We are the Party!', they demanded that a special Party congress – which would enable the entire leadership to be replaced – be convened.<sup>260</sup>

Disintegration, division, and dissent in the SED critically constrained the regime's ability to control events. With the shift in emphasis from military to political means of crisis management, the SED leadership was more reliant on the efforts of the Party rank and file to contain and direct the protest movement. Until about October 25, SED members were advised to 'be resolute and allow oppositional forces no room for manoeuvre'.<sup>261</sup> After that date they were instructed – bizarre though it seems – to present themselves as the leaders of 'the movement for socialist renewal'. Neither of these strategies worked. To the consternation of the SED leadership, Party members and other 'progressive forces', when faced by oppositionists or other critics of the regime, tended either to sympathize with them or simply evade their questions. Stasi reports from the time persistently bemoan the spinelessness of 'progressive forces'. For example, at a student gathering in Berlin 'progressive forces' were 'all but completely ineffectual' (Mitter/Wolle 1990:223).

## Radicalization

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<sup>259</sup> McFalls's survey (1995:121) found that 35% of SED members participated in demonstrations, as compared to 48% of non-members.

<sup>260</sup> On November 12 the leadership at last caved in to this demand.

<sup>261</sup> The quote is taken from a letter sent by Krenz to SED regional and district secretaries, shown to the author by Ingo-Sascha Kowalczyk.

The growth and radicalization of the movement was a further – and especially compelling – constraint on the government’s room for manoeuvre. It both intensified and gained impetus from the government’s inability to overcome the other constraints.

The dynamics of radicalization are basically the same as those discussed under ‘algebra of mobilization’ in chapter six. A weakening regime and lowered risks of public protest, and other factors, stimulate sections of the population to redefine perceived injustices as subject to change. These groups form and join protest movements. Pressure rises for the regime to reform, and the values popularly attributed to participation grow. As protests multiply, the confidence and perceptions of success amongst participants and sympathizers grows. The regime faces the choice to reform or risk further undermining its legitimacy through intransigence and repression. Both these courses, given a weak regime and confident protest movement, may well accelerate the upward spiral of revolt. In the process, new possibilities are scented, new horizons discerned, new collective identities forged, and new layers of the population enter the movement. Elaboration of this abstract model of ‘protest cycles’ may be found elsewhere (Tarrow 1994; Barker 1996; Barker/Dale 1999); here I shall focus on the East German case.

From mid-October the numbers demonstrating climbed exponentially. Regular demonstrations were organized in most major towns. In Plauen and Halle tens of thousands took to the streets on the 15th. In the following week at least twenty-four (still illegal) demonstrations were organized, including some 125,000 in Leipzig (population 530,000) and 35,000 in Plauen (population 74,000). The final week of October saw well over 500,000 attend over 130 demonstrations (Mitter/Wolle 1993:537), including some 300,000 in Leipzig on the 23rd. Even small towns witnessed sizeable demonstrations, such as 5,000 in Ueckermünde (population 12,000).

The rising movement transformed the collective identities of participants and sympathizers. Their recollections invariably emphasize values of solidarity. One major survey (Opp *et al.* n.d.), for example, shows large majorities agreeing with the statements ‘coming together with so many people who wanted the same



thing was a wonderful feeling', and 'I felt that each individual was necessary for goals to be achieved'. Growing numbers came to define themselves explicitly as active participants in the political process and as critics or opponents of the regime.<sup>262</sup> Slogans such as 'We are the People!' that had dominated the early phase of the revolution expressed the demand that ordinary people have an *influence* upon government. Such demands, by raising the prospect of 'the people' *opposing* the government, prepared the way for more confrontational positions. Already in early October, combative slogans such as 'Stasi out!' could be heard on demonstrations. As the month wore on these flourished, with placards proclaiming, for instance, 'Get those arses out of their seats!' (Lang 1990:56), and 'Enough talking, let's see action!' (*Tribüne* 31.10.89). Slogans expressing mistrust of 'reformers' abounded too: 'Snakes that shed their skin are still snakes!'; 'No Markus Wolf in sheep's clothing!'; and 'a *Wende* is not a loop-the-loop!' (Lang 1990; W Schneider 1990).

The concessions granted during this period tended to stimulate protest. For one thing, the post-Honecker course change, being forced, sudden and unplanned, tended to divide and weakening the ruling class. Some concessions, notably the loosening of control over the media, spurred this development. Another factor was that many concessions, such as instituting 'dialogues' or televising demonstrations, contributed to the legitimization of protest. Concessions were widely (and correctly) interpreted as a sign of the regime's weakness. Throughout the land, those whose authority derived from that of the Politbüro (which meant virtually all powerholders) saw their position weaken – the 'balance of class confidence' shifted. Orders began to be openly questioned and challenged, traditional habits scrutinized. One example that stands for many was related to me by Jens König, a student at a naval college. 'After the fall of Honecker, discipline crumbled. We stopped wearing our sailor's uniform, and, although teachers tried to force us to wear it they didn't dare threaten the usual serious punishments, so they failed.'

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<sup>262</sup> What individuals 'consent' to, as Therborn (1980:108) suggests, always depends upon their perceptions of what exists and what is possible. These perceptions are largely determined by economic and political forces. As regards patterns of popular consent granted to the SED regime, transformed experiences and interpretations of *what is* and of *what is possible* were more fundamental than changing norms of *what is good* and *what is right*.

As protestors' confidence grew and concessions continued, further-going demands appeared. Like a hill climber reaching successive ridges, each concession wrung from the regime raised the prospects of new horizons and new goals. Sometimes the shift in perspective was dramatic, as 'impossible' events suddenly unfolded. That Honecker would 'resign', for example, was quite unthinkable for most people (e.g. Ramona interview). Nobody believed that he would depart so soon – it had not even been a demand raised by demonstrators. His fall, however, helped to encourage the formulation of new, more radical, questions, such as 'should we give the next one a chance?' Similarly, when the border to the CSSR was re-opened, hitherto unthinkable questions could come to the fore, notably 'if they can re-open *that* one, what about the ones with fences, dogs and walls?'

As people perceived that they could 'make a difference', both within their immediate environment and on the national political stage, the new-found democratic space was exploited with relish. Political and social criticisms and alternatives were expressed on demonstrations in the form of banners, chants and songs. They formed the most colourful surface of a cauldron of discussion. If the formal 'dialogues' meant relatively little to most people, other channels of dialogue were opening up or deepening: amongst neighbours, demonstrators, and colleagues; on street corners, in cafés, and in theatres after performances. 'Every day', Petra recalls (interview) 'there was discussion about something new.' 'The GDR has become a debating club' wrote a Western journalist (Menge 1990:175). As opinion surveys indicate (e.g. Opp *et al.* n.d.:21), this period was characterized by a remarkable and widespread *politicization*. Media organs and state institutions were bombarded with letters demanding reforms. The FDGB, for example, received hundreds of letters and resolutions every day right through October and November. Meetings were called in workplaces and educational institutions in which the old ways were enthusiastically and thoroughly criticized. Petra (interview) recalls teachers' meetings which discussed what changes should be implemented in the school environment – such an end to saluting the flag – and how to achieve them. I recall a student gathering at which the demands collated included the establishment of

independent student councils, student co-determination of university decisions, the establishment of partner universities and student exchanges, a five day study week, the abolition of military training in schools and military service, more pianos, better heating, and a systematic investigation into the 'blank spots' of official historiography. People tested their newly won room for manoeuvre and proceeded to occupy it with countless initiatives. Committees were formed to launch investigations into brutality by the security forces. Interviewees (e.g. Kessler and Pienitz) recall how swiftly they began to lay the planks of long dreamt of projects (in their cases an Independent Historians Association and a project for young criminals respectively).

In this phase of the revolution popular creativity blossomed. The banners and placards on demonstrations alone can be viewed as a cinematic representation of the creative reappropriation and rewriting of public culture. Reading them now, one is struck by the breathtaking range of issues addressed and demands raised, as well as by the extraordinary care taken and wit displayed in the slogans. Language was reinvented, words and songs reclaimed, and symbols refashioned. The culture of the political joke – that seam of 'hidden transcripts' of criticism and opposition – now emerged in public; ironic and ebullient humour emblazoned upon hundreds of banners.<sup>263</sup> The banners and chants on demonstrations did not simply express discontent or the joy of 'cognitive liberation'. They were directed expressions, seen and heard by co-participants. The chanting of 'No violence!', for instance, was aimed at the security forces and at demonstrators themselves. Many placards were written with the express aim of influencing participants and observers, whether they were at the demonstration or watching it on television. Collective action thus automatically entailed political debate and education. The formulation of criticisms and demands was a dialogical process. For example, Marianne Pienitz recalls (interview) how

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<sup>263</sup> The sharpest irony involved puns on SED propaganda, e.g. 'As we demonstrate today, so shall we live tomorrow' (from 'As we work today, so shall we live tomorrow'). The pervasive surrealism found throughout Eastern Europe was also common ('FDGB with Tisch is like jam with fish').

each Monday at work, after locking the doors to keep management out, we would paint placards. We – the workers on my ward – would take an hour or so to discuss what to write: at first things like ‘For Alternatives to Military Service!’; later on, ‘For Free Trade Unions!’

On demonstrations, slogans were consciously rejected or taken up, played with and revised. One protestor recalls that his chant of ‘No visa for Czechoslovakia’ was refashioned by adventurous minds to ‘No visa for China!’ (Lindner/Grueneberger 1992:303). Demonstrations were nodes where a polyphony of different interests and issues intersected and, in a process of ‘generalization’, altered each others’ meanings. The plethora of specific slogans – for longer holidays, equal opportunities in education, ‘filter installation in the Espenhain plant’, ‘freedom for the conscientious objectors in Schwedt, and the like<sup>264</sup> – promoted the conclusion that for specific demands to succeed, general political questions – including the nature of the regime and the social system – needs must be addressed.

Collective learning, generalization, and the diffusion of ideas and practical innovations, was central to the process of radicalization.<sup>265</sup> As a demonstrator describes, recalling a day shortly after the inauguration of the Krenz government (Lindner/Grueneberger 1992:93),

I was forced to realize that other demonstrators were miles ahead of me, in that they frontally attacked Krenz for shoring up the old system. Thus the mood of the demonstration was for many of us a kind of learning process.

Central to this learning process was the diffusion of collective action to ‘less mobilized’ sections of the population. Workers possess the least *individual* movement-building resources and tend to be ‘less mobilized’ during stable periods, but have the least stake in the existing system and are obliged to rely heavily on movement strategies for which numbers count. With the mass infusion of workers into the movement from early October onwards, its character

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<sup>264</sup> For other demands and slogans see Dale (1996a:93) and W Schneider (1990).

<sup>265</sup> It should be noted that the rapid unfolding of logics of generalization and radicalization was also due

changed. As Rotluff explains (interview) 'Workers were especially sensitive to economic and material questions. They were asking "what can the country afford?"; "should so much money go to arms, or Third World aid?"; and "are my wages enough"? Demands and slogans on demonstrations changed accordingly. Some concerned the terms and conditions of work — 'For the forty hour week!', or 'It's outrageous — your prices, our wages!' Many more thematized questions of class relations and economic justice, particularly when the scandals exposing ruling class corruption and high living emerged. Most famous of such slogans were — in parody of Marxism — 'Privileged of the world, abdicate!' and 'Expropriate the privileged!' Similar sentiments were expressed in 'We earn your money!'; 'Managers [or 'Functionaries'] onto the shop floor!'; Minimum pension for the CC!'; 'The "people's servants" should drive the people's cars'; and 'Evict the Stasi from their quarters — make decent homes for our sons and daughters!'

A final aspect of the radicalization process that, although interconnected with those outlined above, requires separate consideration could be called the logic of strategic differentiation. To a greater or lesser extent it occurs during any mass movement or revolution. As Hal Draper wrote in 1965 (Johnson 1997:8-9), the first steps in uprisings are typically 'unitedly directed against the visible enemy, and the first demands are easy, being a direct response to the intolerable conditions.' There is 'greater certainty on what one is against than on what one is for (what we can call "anti" politics).' But beyond this elementary stage,

the problems of perspective and program multiply, as more basic issues and powers are brought to the surface. Even to know what those basic issues are requires a broader and more general conception of what the fight is about — in effect, an ideology.

Once a mass movement and prospects of major social change arise, merely moral denunciations of the existing order are no longer sufficient to give direction to protest. Axial questions have to be addressed with greater clarity: what change do we want, and what are our concrete demands?; who are 'we' anyway — and

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to the severity of the crisis, its national scope, and the centralization of political and economic power.

who are 'they'?;<sup>266</sup> who can effect change, and how should it be done? are SED reformists our allies, or enemies? what about the CM? does it have the social weight and strategy appropriate to achieving our goals? can we trust them? if not, should we join them, or place our faith in our own forces, or in Bonn?

Answers to these questions, for most protestors, remained fairly vague at this stage. However, a distinct shift in tone and perspectives did occur. Slogans on demonstrations became sharper. Those attacking the regime had previously tended to be light-hearted ('SED – it hurts me!'). Now they attacked the Party's power monopoly, called for a political trial of Honecker and his accomplices, and for the abolition of the Stasi and the redeployment of its employees into 'the economy' or 'into their own prisons!'. As Reich perceived it (1991:171), the movement began to develop 'aggressive traits'; demonstrators were now demanding 'everything' and 'at once'. Stasi documents reported (Mitter/Wolle 1990:250) that the content of banners and chants

are now directed with greater strength and aggression against the Party and its leading role, and also increasingly against the activities of the [Stasi]. From the comments of demonstrators, demonstrative applause, and the public toleration of these chants in particular, it is apparent that people are increasingly identifying with them.

Slogans now addressed broader issues. They were no longer simply against Krenz and the Stasi but also against the regime, system, or ruling class. One banner, for example, read 'The cat won't let its mouse flee – every boss before a jury!'. Even specific demands were now largely of the sort that directly challenged the ruling order ('For freedom of travel!'; 'Free elections!').

By late October the first phase of the revolution, in which popular hopes focused on pressuring the government to make reforms, was coming to an end. A new and more politicized mood gained ground amongst large sections of the movement, one which expressed the desire for radical change, for the rapid destruction of the entire edifice of the old regime.

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<sup>266</sup> The Stasi, from its perspective, discussed this question quite obsessively, under the formula 'who is who?'

## CM and Radicalization

Within the wider movement's exponential expansion, the CM grew rapidly. By mid-November 200,000 had signed a petition showing support for NF. CM-organized meetings attracted large numbers. The Stasi's estimates show that in the week of October 16-22 over 100,000 attended such meetings (including one in Potsdam, of over 6000, that required five separate sittings). From October 30 to November 5, 230 meetings were attended by some 300,000. The CM's organizational networks expanded too. Already by the time of Honecker's downfall local NF groups had been set up in every district of Berlin.<sup>267</sup> CM influence extended into workplaces and 'to a substantial degree', according to Stasi reports (Hertle 1996b:195), into the army.

However, the CM organizations were wary of the movement's radicalization, and based themselves on its moderate, disproportionately middle class, sections. Consequently, the frames they developed 'resonated' ever less with the bulk of protestors; the CM developed relatively shallow roots in the wider movement. As described in chapter six, although their members did help to build demonstrations, CM leaders tended not to prioritize this form of movement building. The CM did not excel at creating the 'cultures of solidarity' that gave the demonstrations strength and cohesion, and hence were not directly credited for their success. As part of the process of politicization mentioned above the CM's strategies and ideas were discussed and assessed by the wider movement. Alternative ideas and strategies were debated, and refined (or discarded). In the process, the movement's rank and file developed rafts of demands that were frequently either outside the scope of or even in direct contradiction to those of the CM. The outcome was most visible on the mass demonstrations. According to Hartung (1990a:50), when some 420,000 demonstrated in Leipzig on October 30, 'the little group of "New Forum", with their two megaphones, made as much impression as a few Jehova's Witnesses on

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<sup>267</sup> By the end of November NF groups in Berlin alone numbered 106. Of these eighty were thematic and only twenty-six geographic.

the margins of bawling crowds at a football cup final.' Despite enormous passive support, actual NF members could be counted in tens of thousands and its activists numbered only several thousand. Of the other CM organizations, even nominal members could be counted only in thousands, at a time when millions were attending demonstrations.

In this period the CM organizations moved from leading to tailing the movement. This was already apparent in their response to the *Wende*. One of the main purposes of Krenz's strategy (notably the 'dialogues'), as NF's Pastor Tschiche warned (Mitter/Wolle 1990:233), was to 'fragment the "critical potential"'. In this, it achieved at least partial success. Divisions grew, both within the CM organizations and between these and the rest of the movement. The streets witnessed ever angrier slogans targeting Krenz and his government. SED speakers who addressed demonstrations, as, for example, the newly appointed Party chief in Leipzig, were commonly shouted down with chants of 'You're to blame!' and 'Too late! Too late!'. One CC member complained (Hertle/Stephan 1997:139) that 'these debates are less like dialogue and more like tribunals directed against our Party and its leading personalities.' Meanwhile, CM leaders – although still, of course, mistrustful of the SED leadership – were pleading 'Give Krenz a Chance!' (Hawkes *et al.* 1990:80).

The attitude towards demonstrations of CM spokespeople continued to be luke-warm. In mid-October, with the fate of the revolution still in the balance, Eppelmann called for a halt to demonstrations (*tageszeitung* 18.10.89). NF warned of the 'incalculable risks' of 'spontaneous mass demonstrations', and advocated immediate talks between the regime and opposition leaderships as an alternative (*Neues Forum Leipzig* 1989:105). In the same period, DN called for negotiations around a 'four sided table', with two sides reserved for forces of the old regime, one for the (immutably conservative) Church leadership, and only one for the CM. By late October most slogans raised on demonstrations went beyond those of the CM. Vast numbers voiced support for the punishment of corrupt officials and the sacking of SED and Stasi functionaries, demands in which the CM leaders showed no interest. While demonstrators *en masse* demanded freedom of



travel NF spokesperson Pflugbeil rejected it as unrealistic, an issue of secondary importance (Rein 1989:26).

The CM could have begun to plan the ousting of the SED from power and its immediate replacement by a transitional government, or at least elections to a constituent assembly. Such a course would have forced the CM to commit its members to strengthening the movement on the streets, supporting and consolidating the process of radicalization, and mobilizing workers' power to withhold labour. Even a mere declaration of intentions would have galvanized protest – as Klaus Hartung argues (1990a:58), the very 'consciousness that power is at stake' acts as a mobilizing force in a revolutionary situation. The CM leaderships were aware of these options. A minority considered them seriously, but they were decisively rejected. They refused the mantle of revolutionary leadership. Thus, writes Hartung (*taz* 1990a:84), on the immense 'permitted' demonstration of November 4 in Berlin, '[n]one of the speakers tried to mobilize, to advance battle plans'. Similarly, Mosler (1994:15) notes that on the same demonstration, at a time when freedom of travel was the main popular demand, 'not a single one' of the speakers demanded that the Wall be opened. The moderation of CM leaders' political demands was reflected in their tone. During the entire revolution they made, in Hartung's words (1990a:58), hardly any 'great speeches, only "spokesperson-statements".'

As described in chapter six, the CM leaderships' attitude to 'the masses' was marked by aloofness, even elitism. Their strategy of mobilizing public activity against the regime was marked by ambivalence. Their goal of inter-elite negotiations could even lead them to demobilize, and to show an unusual degree of deference towards their potential dialogue partner, the SED. Their cooperative attitude to the regime – decreasingly justifiable in terms of fear of repression – set them apart from the movement on the streets. As a result, although they gained extensive passive support, their active implantation in the process of politicization within communities and workplaces remained weak. As Hartung put it (1990a:60),

By mid-October it was clear that the CM's process of organization lagged behind the masses. By this date at the latest, the process should have been given direction through propagating an action programme aimed at taking over government. Instead, New Forum's explicit aim was to offer the masses grassroots democracy as an alternative form of political engagement. This was little but an attempt at political pedagogy.

The CM's refusal to encourage or even accompany the process of radicalization was especially evident in its attitude to workplace organization. CM activists placed little or no emphasis on organizing in workplaces (Fuller 1999:100). Despite this, NF in particular did begin to gain a hearing in workplaces. Already on the 17th an FDGB report warned that 'forces linked to "New Forum" and other oppositional groups are at work in a series of workplaces' (FDGB Archive). Sometimes work brigades collectively attended CM meetings. Slowly, NF meetings did begin to be organized in workplaces. 'Many workers' who supported the opposition, Fuller claims (1999:148) aired their views in 'numerous meetings, forums, and dialogues held at many workplaces [...] and in wall newspapers, which cropped up at workplaces and other public gathering spots'. In one factory, where the SED leadership removed an NF leaflet from the wall newspaper, over fifty workers struck until it was pinned up again. This was no isolated case. Stasi documents (Mitter/Wolle 1990:247) report 'strike threats in connection with activities of "New Forum" in other workplaces too'. Meanwhile, in public meetings and on the streets, calls for strike action gained momentum. For example, such calls at a meeting in Dresden of some 5,000, received huge applause (Liebsch 1991:71). On demonstrations, slogans such as 'Legalize New Forum – Be prepared to strike!' now appeared. According to Klaus Wolfram (interview) workers from large factories (including SKET in Magdeburg and KWO in Berlin) offered to strike if NF would but say the word.<sup>268</sup> As he relates,

That particular offer [from SKET] could have played a very important role. In October and November there was a high willingness to strike in many other large factories – the workers,

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<sup>268</sup> Cf. also Klaus Wolfram, *Die Andere* nr. 40, 1991.

as it were, wanted to get involved but weren't quite sure what the strike's slogan should be. One of [our members], a worker in [a large factory in Berlin], repeatedly reported a situation in which his colleagues were extremely curious and continually asking: "OK, what's going on?: if we strike, then tell us what for, and we'll do it!"

GD *Was that type of situation not an exception?*

KW No, we didn't have that impression. I would say that the question was not about whether such a situation existed in many workplaces; there was *no* doubt about that. Rather, for us [the NF leadership] the question was whether, for what demands ... for what, strikes are appropriate. [...] Indeed, in the committee meetings where this was discussed, nobody had any idea why strikes should take place; the opinion was: they should participate in the reform process, they should attend district public meetings in the evenings and at weekends, or indeed meetings in the workplaces. Or they should elect their managers. But why on earth should they strike?! In short, we had no ideas on the subject, nor issued any active encouragement to strike, even though we knew that there was a great readiness for such action.

NF did win a following amongst the one class that possessed sufficient power to topple SED, Stasi, Wall and all. But rather than seek to encourage workers' self-activity and mobilize workers' power, let alone to advocate organs of popular power capable of asserting control over the transition process, NF turned against its working-class supporters.<sup>269</sup> After the latter had established hundreds of workplace NF groups their leaders instructed them all to be closed down, so that all resources be concentrated upon local and theme groups. As Rottluf recalls (interview), 'the argument was we should focus on one thing: politics. The intellectuals [in the leadership] fought shy of any association with "union" activity. [...] This decision of the centre pissed off many of the workers.'

In short, the cleavage between CM and masses widened, and the former steered towards rapprochement with the SED. Its political philosophy (notably the Christian, pacifist, and utopian-socialist influences), its lukewarm attitude to popular mobilization, and its lack of roots in communities and workplaces,

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<sup>269</sup> It would be interesting to discover whether IMs in the NF leadership encouraged this position. The Stasi was obsessed with the need to prevent the CM gaining influence amongst workers, and, in particular, with the threat of political strikes (Bastian 1994:49).

combined to keep it from directly challenging the SED's hold on power. The question did arise, repeatedly. Each time, a radical minority – particularly at the local level (Mitter/Wolle 1990:246), but also leading members (e.g. Pastor Richter and Ehrhart Neubert of DA) – raised their voices. But the dominant view amongst CM leaders was that they were too weak to take power, and that intense political conflict would be counterproductive. The SED's rule was seen as a lesser evil because they perceived the alternative, as did the SED, as 'anarchy'. In Reich's words (*Financial Times* 8.11.89), there was, at the time, 'no alternative' to the SED – if it was overthrown without the country would 'fall into chaos'. In a phrase that sums up the CM leaders' *Weltanschauung* Reich recalls (Maier 1997:169), that '[w]e never wanted power. It would have conflicted with our commitment to legality.' NF leaders concluded that they had no interest in 'an exacerbation of the social contradictions in the GDR', nor even in 'questioning the lead role of the SED' (Mitter/Wolle 1990:247). At around the same time, SDP leader Böhme, backed by his comrade Momper from the West Berlin SPD, confirmed that his party had no intention of deposing the SED. In DA's leadership election, meanwhile, only sixteen delegates voted for Richter, as against 108 for the SED-friendly Wolfgang Schnur (Reuth/Bönte 1993:134).

The division between CM and mass movement deepened further in early November. At the Berlin demonstration of November 4, Schorlemmer declared (Schüddekopf 1990:212) '[w]e neither can nor do we wish to rebuild our country without the SED.' The same demonstration was addressed not only by LDPD leader Gerlach – who had belonged to the GDR leadership since the mid-1950s (Gerlach 1991:10) – and Markus Wolf, but also by Schabowski. When the latter faced a chorus of booing, Schorlemmer, in a telling gesture of solidarity, patted Schabowski on the back (Schabowski 1991:283). Around this time, and partly in response to growing calls for German unification, CM leaders began to voice an idea which sharply accelerated the cleavage of the movement (and the demise of the CM), namely that the country faced a choice between 'participation' and prosperity. On November 8, a statement signed by representatives of NF, DA, SDP, DN, IFM, and various authors (including Christa Wolf) demanded a renewal of socialism, and called on East Germans to stop emigrating.

Significantly, it added '[w]hat can we promise you? No easy life, but a useful one. No quick prosperity, but participation in a great transformation.' Thus, as the movement on the streets was moving ever closer to direct confrontation with the 'socialist' regime and with the borders of the SED-state, the CM reaffirmed its 'socialist' (read, 'reformist') credentials and swore loyalty to the GDR.<sup>270</sup> Its promise of 'participation' in a nebulous democratic experiment tended, in this context, to exacerbate its isolation from the bulk of the movement.

The divergence between CM and mass movement outlined in this passage did not come from nowhere. It stemmed in part from the early phase of the revolution, notably in the antagonism between emigrant-applicants and 'stayers', and in the CM organizations' preoccupation with 'purely political' questions (such as civil liberties and democracy) at the expense of questions of economic injustice, conditions of work, and living standards. However, the period between the fall of Honecker and the fall of the Wall saw a rapid growth, politicization, and radicalization of the bulk of the movement while the CM, its internal divisions notwithstanding, adopted a moderate approach geared increasingly towards negotiation with the SED leadership. Although this diremption is commonly framed in terms of the antagonism between the GDR-patriotic CM and the nationalist proponents of pan-German unification that reached its climax in the months following the fall of the Wall, it had already taken shape before that event.

### **'Feverish Days'**

During the 'feverish days' from the end of October, writes Darnton (1991:334), 'the protest movement acquired such force that the regime collapsed before it.' The multiple 'squeezes' on the regime, as described above, grew ever tighter and interlocked. Demonstrations peaked in Berlin, with around half a million on

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<sup>270</sup> For CM members to profess socialism may sound radical to readers from non-Stalinist societies. In one sense it was. It signified commitment to a more just, equitable, demilitarized society, with a strong welfare system. However, in another sense it signified conservatism. Being in favour of socialism, given the appropriation of that term by the GDR's ruling Party, meant advocating reform of the system rather than its overthrow. For example, on October 22, when Leipzig SED leaders met a local NF spokesperson in public dialogue, the latter insisted that NF was not actually oppositional, 'because we are in favour of socialism' (Reuth/Bönte 1993:131).

November 4, and in Leipzig, where roughly the same number braved sleet and rain on the 6th. That day also saw Dresden's biggest demonstration so far, of several hundred thousand, while 60,000 gathered in both Halle and Karl-Marx-Stadt. Organized protest was by now so ubiquitous that, according to a West German intelligence source (Allen 1991:198) 'the Stasi had so much information coming in to its headquarters that it was immobilized in trying to digest it.' By now, CC members were admitting that the Party leadership had experienced a double legitimacy haemorrhage – vis-à-vis the Party rank and file, and the general public (Hertle/Stephan 1997:71). They were also informed of the full extent of economic crisis.<sup>271</sup> The SED leadership was in a dangerous situation and knew it. As Gorbachev warned Krenz in early November (Hertle/Stephan 1997:64),

These processes are very dynamic and could accelerate yet further. The Party leadership must react appropriately. If the processes were to gain in spontaneity, or political orientation were to be lost, that would be most unfortunate. If that happened, a hopeless situation could arise.

*Pace* Darnton (and countless others who argue similarly), the regime did not 'collapse'. In Gorbachev's terms, the situation did not become entirely 'hopeless'. Instead, the regime restructured and regrouped. First, an attempt was made, simultaneously laughable and intelligent, to steer 'progressive forces' to the leadership of the 'reform movement'. Its comical aspect involved regime institutions wrapping themselves in reformist guise and proclaiming that the political transformation was taking place at their instigation. They appropriated the language of radical change, seeking to blur the distinction – so conspicuous on the demonstrations – between 'us' and 'them'. For example, the FDJ suddenly declared that it had become an entirely new organization. To prove this, its new leader – an old functionary – even dared to criticize the government. Various parties, including the LDPD and even the SED tried,

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<sup>271</sup> The details stunned CC members (Hertle/Stephan 1997:366). One shouted 'I request that this discussion remain unpublished! [...] It's outrageous! Our last people would run away!' Krenz agreed: 'It would shock the entire republic!'

ludicrously, to claim the *Wende* as their own (Gerlach 1991:316). Berlin SED members were instructed to attend the November 4 demonstration and to celebrate the *Wende* as an already accomplished event. The intelligent aspect involved placing greater weight upon influencing the CM elite from within. Already, several CM leaders were IMs, notably Schnur and Böhme. On October 21, Mielke told his generals that the CM would be even more systematically penetrated (Wolle 1998:339). The plan was carried out, with some success, at least in terms of achieved infiltration. For example, Dresden MfS reported (Mitter/Wolle 1993:533) that '[w]e have succeeded in infiltrating 80-100 IMs into the new movements, both in leadership positions and as members. This will enable us to improve the detection and manipulation of anticonstitutional activity.'<sup>272</sup>

Second, ever greater emphasis was placed on cooperation with the CM as a means to shore up the SED's weakening grip on power. Already in mid-October, government strategy focused upon the 'differentiated incorporation of individuals' – especially Church members – 'who are interested in solving problems of the further development of socialism in the GDR' and 'encouraging critical spirits towards constructive engagement within the existing framework of social structures' in order thereby to 'expose the enemies of socialism' (Stephan 1994:175-7). On November 1, Gorbachev gave this strategy strong support, advising Krenz to combat 'anti-socialist and criminal elements' but to pull others into the 'socialist' camp (Stephan 1994:218). A week later, Lorenz advised the CC (Hertle/Stephan 1997:199) that 'a situation has arisen whereby we must approach certain representatives of "New Forum" in a constructive way, particularly those who clearly show a readiness in public to exert a calming influence, who seek to prevent chaos'. Support for this strategy came notably from Otto Reinhold (Hertle/Stephan 1997:336). He called for negotiations with the CM, as the best means of 'proving in practice our power and our leading position.' CM leaders responded favourably, and eventually even accepted powerless positions in government (Dale 1996; 2001).

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<sup>272</sup> The Stasi was still pursuing this strategy for managing the CM as late as November, and possibly later.

Third, major reforms were announced, (albeit with cautionary appendices asserting that promised changes could not occur swiftly). Legal proceedings began against officers of the security forces in Dresden (although the chief culprit, Modrow, was spared investigation). Emigration was decriminalized, the draft travel law announced, and a media law drafted. Compulsory military training in schools was ended, conscientious objection recognized, a constitutional court promised, and NF, at last, was legalized. The lineaments of furthergoing reform could also be discerned. A group of business leaders called publicly for radical economic reform. Krenz, Schabowski, and Modrow, called for market reform and accelerated integration into the world economy, in particular an intensification of relations with West German business. Other CC members (such as Winter and Ehrensperger) advocated greater pay differentials, enterprise autonomy, exposure to the world market for *all* enterprises, and making the Mark convertible. Even the introduction of party pluralism and a parliamentary system were quietly mooted by some senior functionaries. Although Krenz continued to hold to the traditional oxymoronic formula – that ‘pluralism’ already existed, and was guaranteed by the SED’s ‘lead role’ – he nevertheless propounded reforms that would undermine that formula, namely the disassociation of Party and State, and greater independence for the bloc parties and for Parliament.

Fourth, under incessant pressure from the mass movement, from second-row functionaries and the SED rank and file, and from more astute members of the Establishment, heads continued to roll. In the first three days of November dozens of senior officials resigned. Under pressure from mass resignations, protest letters, and strike threats, Tisch was forced to step down as FDGB leader (Simon 1990:139; Haug 1990:107). Margot Honecker, the leaders of the CDU and NDPD, several district SED and FDGB leaders, and several mayors followed.

In these weeks, thousands of loyal supporters of the old regime abandoned Communism, planned economy, and Moscow, to become more or less devout acolytes of market capitalism. The phenomenon was especially marked amongst senior members of the bloc parties, such as Gerlach (1991:314-70). These functionaries had been completely bound up in the old order, had



faithfully supported it, and had shared in the spoils that such positions bring. Sensing the wind turning, they discovered that socialism had always been flawed and market capitalism and parliamentary rule was the ideal solution. Many insinuated that they had always 'secretly' known this. The phenomenon was so striking and abrupt that it earned a popular epithet: '*Wendehals*' (literally, Wryneck).

By November 7 it was apparent that most of the regime's attempts to restructure and regroup had failed. Establishment institutions' attempts to present themselves as pioneers of reform were widely ridiculed. SED leaders, whether 'hard-liners' (such as Gerhard Müller) or reformists, were roundly booed if they attempted to persuade protestors of their 'genuine' belief in reform. For espousing reformist views only when they made for better career prospects, '*Wendehälse*' were disdained. Banners on demonstrations read 'Away with the "*Wendehälsen*"', and 'Those who always cried "Stalin hooray!" now suddenly shout "Reform! Today!"'

Although the reforms announced in the three weeks since Honecker's ouster equalled those passed in Gorbachev's USSR in as many years, such was the persistence and scale of popular protest that even these concessions were too little, too late. Popular indignation at the restrictive clauses in the draft travel law lay behind the Parliament's unprecedented decision to reject it. In effect, this was a vote of no confidence in the government, which resigned in its entirety on November 7. The next day, acceding to pressure not only from the streets but also from centres of the Establishment (including *Junge Welt*, *Tribüne*, and even professors of the arch-conservative 'State Jurisprudence' college), the Politbüro tendered its collective resignation.

### **Who Breached The Wall?**

The economic and political history narrated in chapters five and six can be seen, with hindsight, to point towards the fall of the Wall. Economic crisis and dependence upon Bonn matured until the point was reached when the possibility of permitting freedom of travel changed from being a future option

discussed seriously by only a few 'Westernizers' to a tactic adopted without serious dissent by the entire SED leadership. However, if this step was inevitable, its timing and nature was determined by the actions of emigrants and protestors. In October, the Politbüro considered a plan to exchange a gradual and calibrated lifting of restrictions on travel for West German credits. By November 9, when Schabowski announced the lifting of all major restrictions, the SED and security forces were in unprecedented disarray. Now, the measure appeared as nothing but a concession forced by popular pressure, a last ditch resort with no other aim but to rescue some final vestiges of SED legitimacy and win more time for further regrouping. As Schabowski recalls (1990:139), '[w]e did not guess that the opening of the wall would spell the beginning of the end of the republic. On the contrary, we expected a process of stabilization'. Moreover, the events that followed the announcement can only be understood in terms of the radically altered balance of class forces – the increasing scale, politicization and radicalization of the (working class dominated) protest movement, and the decreasing confidence, and cohesion of the ruling class (especially its political centre).

The decision to permit freedom of travel was an extremely difficult one. Krenz, at the CC on November 9 (Hertle/Stephan 1997:305), described it thus: 'Whichever way we do will be wrong'. The last thing that any of the leaders or officials involved with the decision wished was an uncontrolled mass exit. Only a week earlier Krenz had told Gorbachev (Fulbrook 1995:260), in connection with fears surrounding the November 4 demonstration, '[m]easures must be taken to prevent any attempt at a mass breakthrough across the Wall. That would be awful, because then the police would have to intervene [with force] and certain elements of a state of emergency would have to be introduced.' At the CC on November 9 itself, Dickel, to loud applause, attacked those who shouted '"Away with the Wall!"' and declaimed that '[t]his border exists and this border must be defended' (Hertle/Stephan 1997:297).

The regulation of November 9 allowed freedom of travel, but only to passport holders (who were then a minority), and even they would first have to procure a visa. Although freedom of travel was thereby enabled, it was to be

orderly, with passport and border officials, as ever, fully empowered to refuse exit to whomsoever they wished. It would modify but not sabotage the State's control of its borders. The regime would gain at least a modicum of credit from the measure.

The reality was very different. Although the officials who drew up the regulation were painfully aware that any mistakes in its wording could, given the current political turbulence, lead to an 'explosion' (Hertle 1996b:122), something resembling an explosion indeed occurred. SED leaders seemed confused over their own decision, and blind to its consequences. The CC was informed, but, according to Lorenz, none realized what it would mean (Hertle 1996b:133). Even Schabowski, whose task it was to announce the measure on television, was visibly unsure of the details. Although the intention was for passport holders to be permitted to travel from the following morning only, when asked, he replied, uncertainly, 'immediately'.

As Sarotte has argued (1993:280), it was only an extremely optimistic interpretation of Schabowski's words by curious and politically alert Berliners that could justify what ensued. Thanks to the successes of the movement, confident and impatient crowds congregated at the Wall. When border guards tried to turn them back, insisting that passports and visas were necessary, the crowds refused. The border guards themselves were in an unusually weak position. Their sense of purpose had been steadily eroded, as political developments rendered their role ever less central to 'state security'. Morale was low. Even though the pressure of numbers steadily grew, no clear instructions from political leaders were forthcoming. Guards decided, some autonomously and others following hastily issued orders from above, that the gathering throngs be allowed egress without the requisite documents. As Schabowski described the event (Allen 1991:189), '[t]he border guards had received no instructions. [They] were just overwhelmed by the masses.' In his monograph on the subject (1996b:163-183), Hertle shows in detail that the Wall opened in precisely the opposite manner than that desired by the government: prematurely, hastily, and fully. Credit was earned not by the bumbling SED leadership, but by scores of

thousands of determined Berliners. Acting upon a cheeky reception of Schabowski's words, they tactfully stormed the Wall.<sup>273</sup>

Reactions to the fall of the Wall speak volumes. Foreign leaders, notably Kohl, Bush and Gorbachev, were shocked and pensive. East Germany's rulers, assembled at the CC, took many hours to realize what had happened. The CC meeting on the 10th began with an address by Krenz which did not even mention, let alone address, the overnight drama and its consequences. Nor did any of those present raise the matter. Gradually, reality dawned, upon which 'wild tumult broke out', followed by the spread of 'impotence and resignation' (Hertle/Stephan 1997:73).

For many East Germans, by contrast, this was the highpoint of the revolution. The crowds crossing the Wall, and millions of others, were jubilant at their easy victory. Many had initially reacted with disbelief. Thus, Andrea Vogt (interview) recalls, 'I was listening to the radio news; thought "that can't be true, they're talking rubbish", and went back to reading my book.' But after the initial shock, the popular mood ranged from intoxication to celebration to wide-eyed wonder. Millions took their first trip westwards. On subsequent weekends the country emptied out. In Berlin, whole workplaces went West for the day, or even just for lunch.

Finally, the mood amongst CM leaders was in many respects closer to that of the SED leadership than to the crowds. Pflugbeil 'had the very same physical reaction' to the news of the Wall's fall as he had to its construction. Irene Kukutz, a co-founder of 'Women for Peace' in the early 1980s and a co-founder of NF succumbed to 'a deep depression which lasted for three days, in bed'. Werner Fischer felt 'extreme rage' at the 'mean and undignified' decision to open the Wall on the same date as Kristallnacht. The artist and NF leader Bohley, who had just returned from a sojourn in the West, 'went to bed and pulled the covers up

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<sup>273</sup> Theoretically, the Wall could have been retaken by force. Security chiefs and SED hardliners did seriously consider that possibility. However, with the core of the SED leadership having committed itself to non-military methods of containing protest, such an action would have risked unleashing civil war. Moreover, the army leadership was in disarray (Hertle 1996b), and morale in the army as a whole was at rock bottom (Stent 1998:96; Hertle 1996b:194-7). Previous weeks had seen ever more soldiers declaring openly that they would not confront demonstrators. Late October saw the first initiatives to form soldiers' councils. And soldiers were particularly aggrieved by the draft travel law, which exempted them – even for years after leaving duty – from the freedom to travel.

over her head' (Andrews 1999:132). Famously, she publicly denounced the government for its decision to open the Wall. Albeit guided by an understandable fear of what was in fact to come – rapid unification, NATO membership, and mass unemployment – her reaction expressed the elitism of the CM at its worst. Her argument, which resembled the SED's justification for having built the Wall, sealed the break between CM and mass movement. As Reich recalls (1991:201), it 'had devastating consequences [and marked] the watershed of our popularity curve'. A western journalist reported (*taz* 1990b:60) that 'if one inquires about Bohley anywhere in the GDR, one soon hears the comment: "people will never forgive her for what she said about the opening of the Wall."' Similarly, Neubert recalls (1990:94), 'at that point a saying began to circulate amongst the people: "We won't let Bohley paint us, let alone govern us."' NF brought out a leaflet which, it hoped, would repair the damage done by Bohley's remarks. It only made matters worse. Warning of the consequences of the freedom to travel, it insisted that, in NF's scheme of things, '[w]e will be poor for a long time, but we do not want a society in which profiteers and egotists take it all.' In a language unique to CM leaders, blending the tones of radical pedagogue and Thatcherite treasurer, it appealed to citizens not to 'allow yourselves to be tranquillized by travel and by debt-exacerbating consumerism' (Reich 1991:203).

## **Watersheds**

November 9 was a watershed for the mass movement too. Its effect was complex and ambivalent. For the first time, the tempo of accelerating protest was slowed. Numbers demonstrating temporarily subsided in most towns. In Leipzig only 190,000 demonstrated on November 13. However, it also stimulated a renewed revolutionary logic. The fall of the Wall marked a major defeat for the regime and a huge victory for the mass movement. In this respect it was a radically

empowering moment. But the resumed revolutionary logic proceeded along a new tangent. The masses' experience of West Germany was, fundamentally, one of curiosity and desire fused with an acute awareness of their lack of means of fulfilment. The latter recognition was frustrating and disempowering. As Hartung put it (1990b:176), 'East Germans emerged from shortage into poverty. Whereas in the GDR they could get no goods for their money, in the West they had no money for the goods.' From out of this ambivalent reaction the mass demand for unification arose. It simultaneously expressed a powerful and urgent demand that the regime be completely replaced, and a belief that the only social force capable of organizing an alternative was the FRG state. The waxing mood of collective empowerment, described in the section entitled 'radicalization' above, changed abruptly. A new tone infiltrated the demonstrations, a somewhat desperate, begging address to West German politicians to come to the rescue of poor East Germany.

Finally, November 9 was a watershed for the regime. It did not lead, as Mary Fulbrook has argued (1995:259), to a 'loss of the will to rule'. The SED leadership still hoped and believed that the opening would appease the movement sufficiently to allow further time for the regime to restructure, and that the SED would head any transitional government that might eventuate. SED leaders continued to talk of the 'revolutionary renewal of socialism in the GDR'. If they envisaged a parliamentary republic, then it was one with the SED, at the very least, a major party. However, the fall of the Wall did undermine such schemes. It further lessened the government's room for manoeuvre, and the cohesion, confidence, and sense of sovereignty of the *nomenklatura*. It meant that economic restructuring would be completely dominated by relations with the West German economy, if not by Bonn itself. And, of course, it enabled emigration to soar. 133,000 – the equivalent of the city of Potsdam – emigrated in November, followed by 43,000 in December, bringing the annual total to 344,000. For these reasons, not to mention the rise of pro-unification sentiment, some sort of confederation, if not unification, with the FRG now became inevitable. The transition to a democratic republic followed by unification was absolutely not a desirable goal for institutions of the old regime. However, they

were able to exert significant influence over the transition process. In the year leading up to unification, they were able to destroy many of their more sensitive files, transform bureaucratic power into monetary wealth with considerable success, grant comfortable pensions to leading functionaries, and ensure that many lesser known members of the *nomenklatura* had good chances of remaining in powerful and privileged positions. There can be little doubt that this was a lesser evil than the alternative – that of an angry and organized protest movement taking direct control over polity and society.

## Chapter Eight: Conclusion

As a first approximation to a conclusion, I would argue that the evidence in this thesis confirms that the events in East Germany in 1989 should be understood as a revolution. There is by no means a consensus on this point. Numerous authors hold that more appropriate terms are '*Wende*' 'implosion', or 'collapse'.<sup>274</sup> The most determined critic of the use of the term revolution in this context is Claus Offe. His case is based on two main arguments. First, the term revolution is defined strictly. A revolution, Offe asserts (1996:187) entails 'the construction of a new order built upon new ideas'. It can only occur *after* the elaboration of a set of theoretical assumptions and normative arguments which address the questions of who should do what, when, and in what manner (1996:30-1). 'In all of the revolutions of the last two centuries' he argues (1996:134), 'some kind of answer to these questions had been available before revolutionary action was undertaken.' The actors that organize revolutions form a 'revolutionary elite' whose actions are informed by a theory of revolutionary progress and gain power by 'non-institutional means' (1996:134). The historian can discern a 'premeditated sequence' of events, as well as 'proven principles, interests, and organizational forms about which the participants were clear.' '[T]he events of 1989-91', by contrast (1998:2),

were essentially triggered by contingent and erratic personal decisions at the top level of the Soviet elite that followed no known rule or pattern whatsoever and in the absence of which the system might well have survived for some undeterminable span of life.

In East Germany there was (1998:11) 'no counter-elite, no theory, no organization, no movement [...] according to whose visions, instructions, and prescriptions the breakdown evolved.' Instead, Offe argues, 1989 was characterized by amorphous contingency; the events involved nothing but 'individuals and their discoveries of the moment.' In short, political transitions,

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<sup>274</sup> For a list of terms used, see Kowalczyk (1994).



to deserve the term revolution, must evince a novelty approaching that of a virgin birth combined with militaristic precision in planning and execution.

Complementing this argument, Offe suggests that the causes of the ‘crumbling’ of the regime were located exclusively in institutional changes and not in social movements. The implosion of the SED’s authority occurred because the ruling elite had lost confidence in the economy and, with the raising of the iron curtain and Gorbachev’s indications that Soviet military support could not be counted upon, in their ability to wield the repressive apparatus with success (1996:12). ‘The demise of the regime was thus caused’, he insists (1996:20), ‘by the loss of repressive pressure, not the rise of counter-pressure.’ Mobilization occurred only *after* ‘the collapse of the regime’s ability to use repression was already well underway, and thus the citizens’ movement could unfold in a relatively risk-free way’. ‘It was not the movement that brought about victory’, Offe concludes (1996:21), but ‘just the opposite: the obvious weakness of the state apparatus encouraged and triggered the growth of a democratic movement.’

Offe is not alone in his dismissal of the role of the masses. A surprising number of studies of 1989 – including Habermas (1990) and Fuller (1999) – ignore the demonstration movement altogether. Many more seem to interpret the divide in the protest movement according to a reified, Cartesian mind-body dualism. A strict contrast is posited between the (noble) demand for democracy and the (animal) demand for material well-being. The CM, representing the former, is described as ‘mature’, ‘responsible’, ‘self-active’, ‘autonomous’, and ‘living in truth’. The mass movement – particularly when its majority began to demand unification – is described as driven by greed and the ‘seductive’ attraction of Western commodities (Bauman 1992:171). It was, generally, rather lemming-like.<sup>275</sup> For the *Observer* (Hawkes *et al.* 1990:82), the masses ‘wanted *only* higher wages and better benefits’ [italics GD]. For Robert Kurz (1991b:48), the ‘collapse of the DDR’ was catalyzed by an exodus that expressed ‘not conscious action directed against Prussian-Saxon war socialism’ but merely ‘blind and helpless flight’. The protest movement itself was driven by ‘nothing but

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<sup>275</sup> Such approaches are strongly reminiscent of the most anti-democratic formulations of elite theory. Compare, for example, with Robert Michels’ description of ‘the masses’ as ‘stormy, elemental’, ‘suggestible’, ‘dumb, and dependent upon leaders’ (1989:29).

unconscious and untamed resentment'. 'That is what things are like during a power cut in New York', Kurz adds disparagingly, 'or when fire breaks out in a prison.' Klaus Bittermann (1993:108) refers to the 'immaturity' of the masses, who behaved like 'little children who hurl their toys into a corner and trample on them, under the thrall of an *idée fixe*'. Thomas Schmid declares that 'the bawling Leipzig masses infantilized [...] themselves', and reserves particular disdain for the movement's 'vengeful proletarian' section (1990:35-9).<sup>276</sup>

The authors just quoted exemplify what Maier (1997:119) describes as 'those West German social scientists' who, being 'used to thinking in terms of abstract processes' perceived 'the powerful intrusion of crowds and demonstrations [as] vaguely threatening'. Similar attitudes were also prevalent amongst East German intellectuals, not least former dissidents and oppositionists. One well-known anarchist, for example (Rüddenklau 1992:366), bemoaning the collapse of the GDR, blamed 'the masses'. These had become 'blind aimless cogs, lacking initiative and obeying only their needs'.<sup>277</sup> Commentators with Green or Communist sympathies became especially hostile to the mass movement when it steered towards unification; the former resented its 'consumerism' while the latter scented 'betrayal'.<sup>278</sup> The former dissident Stefan Heym (1990b:71) wrote that '[t]he people [...] became a raging mob which flocked towards Western department stores in their chase for glittering kitsch'.<sup>279</sup>

These arguments, all of which dismiss the idea that 1989 was a revolution, are misplaced. To begin with, Offe's definition of revolution is indefensibly narrow. In defining revolutions as organized by elites who follow preordained strategies it is incapable of apprehending the messiness and fluidity of actual revolutionary situations. Even revolutions in which highly organized

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<sup>276</sup> Schmid's trajectory from student activist (and friend of Cohn-Bendit) to editor in chief of the arch-conservative *Die Welt* is described in *Le Monde* 2.9.1999.

<sup>277</sup> For similar sentiments see Philipsen (1993), Findeis *et al.* (1994), Fuller (1999).

<sup>278</sup> The obverse of many Leftists' apparent turn against mass movements was a (hypocritical) discovery by some conservatives of the wonders of demonstrations and revolution. As Schneider puts it (1992:68), 'it's strange to see rather senior standard-bearers among the conservatives — Joachim Fest, Karl-Heinz Bohrer, Johannes Gross, consistent and often brilliant defenders of the elite — suddenly [...] discovering their love of the people.'

<sup>279</sup> Heym's essay, as Monika Maron pointed out (1991:37), netted him over 3000 D-Marks. It was his third in a series. Maron described Heym's tone as 'the arrogance of the man with his stomach full, the man disgusted by the table manners of the starving.'

movements are prominent entail a complex cross-cutting of different social interests. Each of these backs competing suggestions as to how to resolve the crisis, generating clashes both between and within social movements. Events, in consequence, twist and turn in unpredictable and dramatic fashion. Where revolutionary crises lead to situations of dual power, entailing radical innovations in the institutional basis and legitimizing principles of power on the part of contenders (as in 1789-94 France and 1917 Russia), Offe's criterion of 'new ideas' is likely to be satisfied. But such moments are invariably reached as a *consequence* of the radicalization of an already existing revolutionary situation. Theoretical innovation is stimulated by and contributes to the radicalization of revolutions, but there is no reason to see it, with Offe, as in itself a key defining feature of revolutions.

Secondly, mass social movements, from *Solidarnosc* to the Afghan resistance, from the Polish strike wave of 1988 to the national risings in the USSR, from the streets of Leipzig to the squares of Timisoara, all made decisive contributions to the demise of Soviet hegemony and the continent-wide crisis of Communism. Without denying that important factions in all the East European regimes looked to parliamentary democracy as a means of restructuring their rule on a new basis, it is undoubtedly the case that the mass movements helped to expedite and secure that transition. These movements, as is clear from chapters six and seven, did not consist of automata, driven by brute material need and greed. Firstly, as chapters five and six described, demonstrators reacted with intelligent self-discipline to provocation from the security forces. Recall too the creativity and wit of the demonstration banners. The 'masses', in stark contradiction to the elitist approaches described above, did not blindly follow their leaders but instead listened to, discussed and often rejected their recommendations. Secondly, democratic demands were central to almost all sections of the East German movement, as were other 'non-material' issues, including the environment, gender equality, and the demand for an alternative to military service. Pro-unification protestors were driven not by 'merely' material factors. Most perceived the Western social system as more democratic than the GDR, and offering greater scope for individual self-fulfilment. Far from

being consumed by 'greed' for 'kitsch', Easterners, on their first shopping trips to the West after the fall of the wall, generally 'bought one or two small items, perhaps some fresh fruit, a Western newspaper and toys for the children' (Ash 1990:62).<sup>280</sup>

That the events of 1989 were, *in a general sense*, revolutionary is a conclusion that accords well with the concepts of Marxist theory, as I hope this thesis has shown.<sup>281</sup> Speaking personally, my experience of 1989, though characterized by the surprise that every revolution necessarily brings (cf. Kuran 1991), was also informed by a perspective that, given the system-wide crisis, revolution was eminently possible. Events seemed to confirm this. The East German *nomenklatura* had become trapped in a series of inescapable dilemmas. The masses, in the latter part of the 1980s, had experienced what Kuran (1991:37) describes as 'a massive rise in discontent', in which grievances became increasingly interpreted as political issues. This both undermined the confidence of state-supporting sections of the population and sustained seedbeds of critical opinion from which organized resistance was to emerge. When a mass movement did arise it was, as in the first phase of any modern revolution, united around democratic and republican slogans that were sufficiently broad and vague to appeal to a coalition of diverse social groups. As with most recent uprisings (including Portugal and Iran in the 1970s and Poland and South Africa in the 1980s) the movement was carried predominantly by urban workers.<sup>282</sup> It then began to split between the CM and the 'crowds', a political divide which broadly expressed a polarization between workers and the middle classes.

Nevertheless, in one sense 1989 confounded Marxists' expectations. Unlike in East Germany in 1953, Hungary in 1956 or Poland in 1980-1, not to mention Russia in 1917, the revolution was not based in workplaces.

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<sup>280</sup> Ash's observation is supported by the relevant statistics. When in possession of *Deutschmark* incomes Easterners were not driven to frenzies of spending. In fact the savings-rate *rose* from 12.7% in 1989 to around 14% in late 1991, before stabilizing at the (moderate) figure of 11% (Sinn and Sinn 1992:79; Akerloff *et al.* 1991:33).

<sup>281</sup> This thesis and others like it should provide food for thought to those – such as Kux (1991) and Opp *et al.* (1993:323) – who claim that Marxism is not equipped with theoretical tools adequate to understanding the revolutions of 1989.

<sup>282</sup> Those such as Dix (1991:234) and Fuller (1999) who assert that the 'intelligentsia' formed the bulk of the movement must be assuming that superior publicity signifies superior numbers.

Independent working class institutions did not develop. As Barker and Mooers put it (1994:7), 'large numbers of workers participated in the various demonstrations, but they did so as individuals or in small groups.' An admirable attempt was made by the IUG to organize a movement of independent trade unions, and countless individual workplaces witnessed initiatives to reform trade union structures (Fuller 1999), but these were small and/or local affairs.

A number of factors explain the absence of autonomous working class intervention in 1989. Firstly, although the Soviet and East German ruling classes were, in Lenin's phrase (1975:99), 'entangled', 'at loggerheads with each other', and generally in a state of weakness, neighbouring West Germany was prosperous and stable. Its political and economic rulers confidently asserted their willingness and capacity to extend their power over the East. Their offer, as is well known, proved popular especially amongst GDR workers.<sup>283</sup> The radicalization of the revolution entailed a degree of class polarization, as the movement's more working-class section began to raise demands for higher wages and the root-and-branch destruction of the regime. This process was 'captured' by Bonn's offer of unification (cf. Dale 1996a, 2001). Secondly, the working class had suffered an unremitting industrial 'downturn' ever since 1953. Memories of the workers' struggles of the 1920s, 1940s and 1953 had faded; socialist and syndicalist traditions had largely died out (cf. Dale 1996b). Workers had experience of 'infrapolitical' workplace struggle on the shopfloor and within the lower echelons of the FDGB. However, this was not on the scale of, for example, the Polish working class before *Solidarnosc* (cf. Goodwyn 1991). Despite considerable 'tacit' shopfloor strength, workplace politics was dominated by state-run institutions. Workers entered 1989 weighed down by the burden of decades of oppressive dictatorial rule and industrial passivity. Politically inexperienced, they were ill-equipped to intervene in the revolutionary process as an independent force. This might not have been an insurmountable obstacle had it not been for a third factor, the character of the organized opposition. As described in chapters six and seven, CM activists generally did little to encourage

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<sup>283</sup> For me, it was summed up by a banner pinned to a crumbling factory in the Erzgebirge. It read 'Economic Vigour Through Reunification!'

political organization in workplaces and at times even opposed such activity. There were exceptions, notably the IUG (see preface), as well as some members of the UL and NF (including Bernd Gehrke, Reinhard Schult, Klaus Wolfram and Uwe Rottluf), and if such individuals had been trebled in number, confidence and political experience the process of radicalization between the fall of Honecker and the elections in March 1990 could have begotten not only a pro-Kohl majority but also significant minorities of organized revolutionary socialists or syndicalists.

In the event, the absence of radical organizations capable of relating sympathetically to pro-unification sentiment helped to ensure that the phase of unity around republican-democratic demands was not succeeded by a 'revolt after the revolution', as had occurred in the English and American revolutions in 1647-9 and 1786 (Rees 1999). Rather, the movement split between a pro-unification majority and a minority, consisting largely of CM leaders and activists, that edged ever closer towards alliance with the regime.<sup>284</sup>

## Outcomes

The absence of any major political organization arising from within the mass movement itself and capable of representing its interests vis-à-vis the governments of West or East Germany explains why some, such as Michael Schneider (1990), have termed 1989 an 'aborted revolution'.<sup>285</sup> That major political and economic restructuring occurred, however, is not disputed. The 'controlled collapse' of the regime culminated in its embrace of integration with West Germany, beginning with currency union and culminating in political unification.<sup>286</sup>

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<sup>284</sup> For detailed discussion of this process see Dale (1996a, 2001).

<sup>285</sup> Compare also Cliff (1963).

<sup>286</sup> 'Controlled collapse' is used as an alternative to the usual presentation of the East European transitions as either 'collapse' or 'negotiated transition', with the GDR exemplifying the former term. Thus Daniel Friedheim (1993b:511) claims that the SED 'regime quickly collapsed, surrendering control of the streets, and even its Stasi archives, to peaceful demonstrators.' This is a profoundly misleading view, as I argue in Dale (1996a, 2001).

In a purely economic sense the outcome of 1989 can be read as an aggressive takeover of a crisis-ridden conglomerate ('GDR Inc.') by Western business.<sup>287</sup> The process involved spectacular degrees of both capital centralization and its usual concomitant, devaluation. West German capitalists in particular made astronomical profits thanks to the (largely transfer-based) boom of 1990-2, and through purchases of East German assets that were priced – because sold rapidly and wholesale – at artificially low levels. Other Western businesses bought up their GDR counterparts simply in order to close them down as unwanted competition.<sup>288</sup> Together the modalities of currency union, the breakdown of CMEA markets, and the policies of the *Treuhandanstalt* and of Western businesses, led to an unprecedented collapse of East German industry. West German capital and the West German state effectively annexed their East German counterparts and dramatically extended their influence throughout Eastern Europe. Many members of the GDR *nomenklatura*, with the exception of most of the SED leadership, were able to maintain positions of power and influence, albeit frequently as junior partners in Western-based institutions.

Deindustrialization, mass unemployment, welfare cutbacks, the dominance of Western institutions, and the lack of Eastern input into the restructuring of German society are among the many reasons for the disillusionment with the outcome of 1989 that has been common in East Germany over the intervening years. As a revolution with a 'bourgeois' outcome, the exploitation, oppression, inequality, social atomization and alienation that characterized class society under the SED were bound to reappear, if in altered guise, in the class society of the new Germany. Nevertheless, the revolutions of 1989 did bring several 'unqualified gains', as Barker and Mooers put it (1994:12):

First, if popular self-mobilization was not the basis of these revolutions, nonetheless the political conditions they achieved – rights to freedom of speech, assembly and organization, and to vote – are precious victories in themselves.

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<sup>287</sup> For this and the following see Liedtke (1993), Hickel/Priewe (1994), Flug (1992), Köhler (1994), Christ/Neubauer (1991).

<sup>288</sup> For this reason closures affected some of the most efficient GDR enterprises, in addition to the hopelessly antiquated.

Second, the 200th anniversary of the French Revolution saw a thousand pundits [...] proclaim the impossibility and undesirability of revolution. History replied: European revolutions were celebrated.

Third, Stalinism was dealt a death-blow. That was significant far beyond Eastern Europe and the USSR. For over half a century, Stalinism dominated the world's Left ideologically and organizationally. It spoke Marxist words and practised counter-revolution. [...] Stalinism's death [...] clears the way for a rediscovery and redevelopment of a Marxism that does centre on the self-emancipation of the working class.

The revolutions of 1989 inspired participants and observers alike. In the early 1990s, for example, African democracy campaigners assailed their home-grown Honeckers with cries of 'Stasi out'. In East Germany itself, the experience of protest and the freedoms gained helped enable the organization of significant waves of resistance to closure programmes and austerity measures in the 1990s. These are reminders, should any be needed, that capitalism in its 'parliamentary, mixed economy' form is, *pace* the views of many former CM members (Pollack *et al.* 1992:23,27), far from being immune to crisis. Many of the ruling class practises that so accelerated and radicalized the protest movement during the latter stages of 1989 – including lying to the public, corruption, living in luxury whilst preaching austerity, and selling arms to Third World dictatorships despite a professed 'ethical' foreign policy – did not expire along with the SED regime. Further Leipzigs can be predicted with some certainty.



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