Two generations of scholars have focused on the relationship between communism and modernity. On one view, communism embodied the very essence of modernity because of its reliance on instrumental rationality—the willingness to use any means to attain its desired end.\(^1\) To others, communism may have been modern, but it was a grand failure as far as ‘modernisation’ \textit{cum} sustained economic advancement is concerned.\(^2\) The gap between modernity and modernisation proved fatal. Modernisation, after all, is the one thing that renders modernity appealing or even tolerable.

Caught between the devil of market-type reforms which threatened their core values and interests, and the deep blue sea of the receding, golden West, whose middle-class lifestyles shaped the expectations of their own populations, communist leaders found themselves powerless to shape an appealing ‘socialist modernity’. Nowhere was this dilemma more acutely felt than in the GDR, a country whose very \textit{raison d’être} was its anti-capitalism but whose population lived in the shadow of the most prosperous and rapidly ‘modernising’ country in Europe—West Germany. In this respect, the East German 1960s remains one of the most interesting and enigmatic periods in the history of the Soviet bloc. In 1963 the SED chief, Walter Ulbricht, introduced and implemented an ‘in-system’ economic reform designed specifically to address the issue of socialist modernity.\(^3\) After the admitted failure of the reform in 1970, leaders throughout the bloc faced two alternatives: either to retreat to a conservative immobilism or to proceed down the road of gradual capitalist restoration. East Germany took the former route and Hungary took the latter. Both routes, however, led in their own way to the revolutions of 1989.

Scholarship on the rise and demise of the East German reform falls into two schools of thought. One interpretation, put forward primarily by economists, holds that the reform succeeded in its first years but ultimately failed because of flaws in its design that led to severe shortages toward the end of the 1960s.\(^4\) A second line of interpretation argues that, by the end of the 1960s, the Soviet leaders were in a position to back the opponents of the New Economic System (NES), as the reform was called, and ultimately insist that the reform be brought to an end. On this view, the extraordinary degree of political dependence on the USSR explains the policies and behaviour of the East German elite.\(^5\)

While both interpretations have merit, newly accessible sources allow us to paint
a richer picture. Based on SED archives, interviews with officials, memoirs of the actors, and other post-Wende scholarship, this article focuses on the internal struggle in the East German 1960s. In contrast to the economics literature, I argue that an internal political struggle lay at the centre of the reforms from the very outset. In contrast to the foreign policy literature, I portray the political struggle not only as a contest between various hardened factions vying for Moscow’s favour but, rather, as the result of differing visions of the way a socialist economy and society should work. In my account, East German leaders are given far more autonomy than in the conventional histories of the period. Of course, along the way, the dramatis personae sought allies, domestic and foreign, but this should not blunt our sense for the fluidity of alliances or how new all of this was for everyone concerned. Views evolved and changed rapidly as the powerful themselves contemplated what they wanted for their country and calculated how they would get it. Ulbricht’s economic reform appeared and disappeared, not only because Moscow wanted it that way, but also because the East German elite, so enthusiastic in the early years, had tired of the search for an uncertain, elusive and risky ‘socialist modernity’.

Designs, designers and dilemmas

The NES contained two central components: (1) improving enterprise performance without introducing a labour or a capital market and (2) upgrading the quality and qualifications of leading economic personnel without sacrificing a commitment to socialist values. Both of these ideas made eminent sense for East Germany, disadvantaged as it was with a relatively poor resource base and a labour force depleted by years of open borders with the West. Yet good sense alone will not explain why Ulbricht, a man who had spent the better part of the 1950s resisting destalinisation, suddenly embraced ideas he had vehemently rejected only a few years earlier. Since Khrushchev had explicitly sanctioned the reform discussion throughout Eastern Europe, perhaps Ulbricht’s actions were, in part, one more instance of slavish clinging to Soviet policies and discourse. However, the extension and deepening of the reform long after the Soviet Union had lapsed into conservatism and Khrushchev himself had been overthrown, indicates that the need for reform ran deeper in the psychology of the East German leadership.

Disappointing economic performance and mass migration at the end of the 1950s and the first two years of the 1960s created a temporary consensus within the GDR elite that the only long-run solution to the German question lay in making the GDR an attractive place to live. The Wall, built in August 1961, had temporarily alleviated the economic and political pressure on the regime. Ulbricht saw, however, that the long-run viability of socialism, as well as a satisfactory resolution of the national question, depended on the economic performance of his half of Germany.

Ulbricht started taking the idea of reform seriously in 1962. This can be seen in the way he went about putting the reform package together. Toward the end of 1962, Ulbricht put the design of the reform in the hands of several working groups (Arbeitsgruppen). Some of these working groups, most notably the one headed by the Prime Minister, Willi Stoph, were largely cosmetic in nature, intended to give the impression that the old guard was integrally involved in the designing of the reform.
However, from very early on, Ulbricht decided that he could not leave the reform in the hands of his old trusted political allies such as Stoph and Alfred Neumann (the head of the Volkswirtschaftsrat, but needed new and younger faces with fresher ideas and less power.

Under the leadership of the deputy finance minister, Walter Halbritter, the new personalities in the East German economic elite gathered in what became the most important of the Arbeitsgruppen. Members of this group included the new head of the State Planning Commission (SPK), Erich Apel, Ulbricht’s personal economic adviser, Wolfgang Berger, and the SED Central Committee economics chief, Günter Mittag. Also admitted were a new generation of economists previously excluded from high policy making and often skirting the edges of the ideologically acceptable. For example, Herbert Wolf, one of the real intellectual giants among the reform economists, was still formally on party ‘probation’ and had only recently been demoted from university professor to enterprise economist in Leipzig when he was brought into Halbritter’s working group in 1963. Safe havens of reformist thought spread from the new working groups to the state apparatus. Under the institutional umbrella of the SPK research institute, young economists from all over the country collaborated on working out details of the reform.

By summer 1963 most of the important ideas were ready for dissemination and discussion. In June Ulbricht staged an economic conference attended by approximately 950 party, state and economic officials, where many encountered the ideas and terminology of the NES for the first time. The conference resulted in a series of new laws being passed. They included the revaluation of enterprise capital stock, an industrial price reform, the use of profit as the primary production indicator, as well as the revitalisation of contractual (horizontal) relations between enterprises. Taken as a whole, these measures added up to what was referred to in the official jargon as ‘a system of economic levers’. The intended effects of the reform are too well known to require detailed attention here. Put simply, the reformers envisioned improved enterprise performance through a reworking of the ways in which enterprises were evaluated (enter price reform, capital stock evaluation, and profit) and encouraged (contract and, again, profit, distributed partially through bonuses). Planning would not disappear but would become more effective as enterprise (VEB) and association (VVB) independence freed the planning organs from ‘crisis management’ so that they could pursue long-range goals.

Difficulties and lessons

Although the reform package did not as yet amount to a coherent whole, in January 1964 Ulbricht decided to move forward. Enterprises had already partially revalued their capital stock and several industries implemented the first stage of the industrial price reform. The use of profit as the primary production indicator for evaluating enterprise performance became a practicable possibility with the introduction of more realistic prices. However, because all prices could not be reformed simultaneously, use of profit as the performance standard remained an elusive goal. Some enterprises reported profits far out of proportion to their true performance, while others quickly accumulated debts despite being genuinely more profitable. Instead of simplifying
planning and performance evaluation, partial price reforms made the entire bureaucratic ballet more intricate. Writing to Ulbricht in November 1964, the head of the Planning Commission, Apel, noted that planning methods from top to bottom had become ‘extremely complicated’ and a whole series of questions about how the reform would eventually function as a system could be answered only with ‘practical experience in several VVB and enterprises … after the confirmation of a Perspektiv-plan (long-range plan) and the conclusion of the price reform’. But with the Perspektivplan still in its early stages and the price reform not due for completion until 1966, Apel’s remarks amounted to a warning to Ulbricht that the reform road to socialist modernity would indeed be a bumpy one.

External disappointments and political pressures compounded the technical difficulties of implementing reform. The discussion and elaboration of the ideas of the Soviet economist Evsei Liberman, which the reformers hoped would take place at the November 1962 CPSU plenum, never materialised. Moreover, by 1964 Soviet economic policy had taken a new conservative turn. Political pressure from the Soviet Union remained indirect until October 1964 when, according to Günter Mittag, Brezhnev paid a secret visit to Ulbricht at Werbelinsee. During the meeting, at which Apel and Mittag were also present, the Soviet crown prince complained bitterly that the GDR had become too caught up in its own economic affairs and was neglecting the trade needs of its Soviet partners.

Even before Brezhnev’s visit, the Soviet Union had cut shipments of several vital goods. In 1963 deliveries of certain types of steel, cotton, grain and meat were reduced by 25–35%. Whether the Soviet leadership sought to influence East German policy or simply did not have the goods to deliver is not clear from the record. Plausible arguments can be offered for both accounts. Whatever the genuine source of Soviet behaviour, by early 1965 a steady stream of reports crossed Ulbricht’s desk, outlining the impact on domestic production of shortfalls in imports. In a rather distressed tone, he reported to the Politburo that ‘currently there is no certainty about the willingness of the Soviet Union to supply certain types of rolled steel for industrial requirements. Until now we have always imported from the USSR without difficulties’. That these kinds of trade disputes with the Soviet Union ‘could not be written about in the press’ (Ulbricht) made the matter that much more difficult to explain at the enterprise level.

Moscow’s retreat into conservatism meant that if Ulbricht intended to continue to push forward with the NES, the GDR would have to go it alone. This sense of partial isolation was worrisome, not only because the success of the reform depended on Soviet resources and political patronage, but also because of a feeling among the designers of the reform that they had nowhere to turn for practical advice on a whole range of questions bound to come up as the reform progressed. Following the Brezhnev visit, Apel pondered some of the technical issues of reform economics in a letter to Ulbricht, in particular the complexities of planning methodology, studiously noting that, ‘neither from the USSR nor from Czechoslovakia are there suggestions or practical ideas forthcoming for solving these problems. As in other areas, in this area too we shall be engaging in pioneer work’. But even with a pioneer spirit, the conservative turn in Moscow could not but have had an unsettling effect among the East German reformers.
While economic performance improved by some measures during the first few years of the NES, the improvement could not be tied convincingly to the reform as such since it had yet to be fully implemented. Opponents of the reform could take their cue from Moscow, but also had little trouble finding genuine economic difficulties at home. In retrospect, the problems appear very similar to those Gorbachev faced 25 years later in the Soviet Union when he attempted to alter its planning system. The old system of vertical ties remained in place but had been weakened by the new system of horizontal ties between enterprises. The supply system was under strain, not only due to shortfalls in imports, but also because new incentives were causing enterprises to behave in ways that baffled planners expectations. If profits had not yet become accurate indicators of enterprise performance, they were affecting aggregate revenues and bonuses. Whereas the average worker bonus in centrally managed industries in 1963 was 240 marks, by 1964 it had risen to 286 marks and, had it not been for administrative intervention, theoretically could have been set as high as 486 marks. The chronic problem of salaries, endemic to socialist financial systems, continued to plague East Germany and was, in fact, exacerbated by the reform. But if profit and bonus could not become the primary regulator for economic activity, continued administrative guidance remained both possible and necessary, even if the reform had made this guidance all the more tricky.

Not surprisingly, then, the first resistance to the reforms came from those officials most involved in day-to-day balancing of the financial and material plans. Consider the case of the finance minister, Willi Rumpf. In summer 1964 the Politburo made a number of decisions regarding prices and budgeting that were crucial in putting together the Perspektivplan. By late September Ulbricht was informed through party channels that Rumpf had not yet started work on implementing the Politburo decrees of two months earlier. ‘Apparently’, wrote Mittag, ‘even now comrade Rumpf still has a different understanding on a series of problems’. Mittag recommended that Ulbricht bring Rumpf in for a formal dressing down after the GDR’s 15th anniversary celebrations in October.

Whether or not the meeting ever took place and Rumpf received his reprimand is not apparent from the record. In any case, Rumpf was not sufficiently deterred (or had outside backing), for his opposition did not end there. Pre-reform methods and language continued to be used and advocated in publications and correspondence issuing from his office. Throughout 1965 Ulbricht issued instructions to keep a careful watch on all written communications from Rumpf’s office and to screen it before it reached wider circles in the party or the public.

What had bothered Rumpf so much that he would risk being perceived as an opponent of a policy personally supported by Ulbricht? Whether his resistance had an ideological basis remains unclear. He certainly did not express it that way. The substance of his concerns, while not always transparently expressed, was relatively straightforward: financial planning would become an even more precarious affair as production associations (VVB) grew more independent from central planners and acquired more power over their income.

His point was well taken and reflected the viewpoint of a typical ‘line’ official at
odds with the reformist views of his ‘staff’ counterparts—the staff in this case being the long-range planners in the SPK. Alfred Neumann, who, as head of the Volkswirtschaftsrat was responsible for day-to-day balancing of resources, had similar concerns. Neumann’s party position as a Politburo member, moreover, provided him with the opportunity and political power to express dissatisfaction with those aspects of the reform which made his job more difficult. The line/staff distinction provides us with the first clue as to the main arena of struggle over the nature and purpose of the NES. On the one hand, we have Ulbricht and his personal advisers, along with the new long-range planners at the State Planning Commission and the economics departments of the SED, who for their various reasons sought to move ahead as fast as possible—Ulbricht because he hoped the reform would help the GDR to compete with the West economically and thus stabilise SED rule, and the new personalities in the party and state because they saw the reform as an opportunity to place on the policy agenda innovative ideas and programmes that had been ignored or discredited in the 1950s. As an inevitable cost of improvement, both were willing to accept a certain degree of disruption in the normal flow of bureaucratic procedures. On the other hand, we have long-time officials (i.e. Stoph and Neumann) in the state and party bureaucracies, who were mostly laymen in economic matters, but had managed to master some of the intricacies of planned economics over the course of the 1950s and, although they welcomed improvements in planning methodology, considered the disruptive aspects of reform unnecessary and imprudent.

Resistance to the reform at this stage, therefore, can more readily be explained by the spontaneous reactions of officials whose traditional roles had become more complex and less familiar, than by reference to entire classes of party or state officials who sought to protect their turf from the threat of ‘decentralisation’; this, as we shall see, would come later. While neither Rumpf nor Neumann might have been ideologically well disposed to economic reforms, their resistance, initially at any rate, can be understood by reference to their roles within the unreformed economic structure.

Resistance to technocracy

In addition to planning complexities, enterprise autonomy also presented some sticky political and ideological issues. Over the course of the reform, the VVB gradually received fewer mandatory plan indicators from the centre and thus controlled greater portions of internal investment. What enterprises could not find from their own funds for investment, they were to borrow from the state banks. Naturally, those VVB with more enterprising managers started thinking of themselves as independent, self-sufficient entities. In this they were encouraged by Ulbricht, who had on several occasions since the VI SED Congress in 1963 referred to the VVB as ‘socialist concerns’.

What exactly were the limits of ‘enterprise consciousness?’ The Nagema affair provided a crucial test case. Toward the end of 1964 the journal Deutscher Export carried an advertisement for the products of the VVB Nagema. Instead of using the normal appellation ‘VVB Nagema’, however, the text of the advertisement referred to the capitalist-sounding ‘Konzern Nagema’. Nagema had also begun using the term Konzern in its in-house publication Nagema Info. The party apparatus reacted
quickly. But while further usage of the term Konzern could be stopped, seven thousand copies of the journal had already been exported to 78 countries. A full-blown investigation ensued, carried out by the economics departments of the Central Committee. Mittag reported to Ulbricht in February 1965 that the General Director, as well as leading employees in the sales department, used the term because they thought it was ‘the right thing to do’; they thought it would ‘raise the image’ of the enterprise. Although Ulbricht had used the term Konzern at the 5th plenum, Mittag held that it was apparent that ‘the comrades do not yet understand the resolutions of the 5th Central Committee Plenum on the development of the VVB into a leading economic organ’. He informed Ulbricht that, after discussing the issue with Neumann (a known opponent of the reform) the two agreed that the General Director should be relieved of his position in the first quarter of 1965.32

From very early on, distress about the political implications of the reform went beyond the issue of the separation of economics from politics. To be sure, decentralisation remained a concern and the ideologues understood as well as anyone the meaning of the popular economic saying, ‘Wer die Fonds hat, der hat die Macht’ (He who has the capital has the power). However, the real question, the power question, was that of personnel. Several Western scholars have noted a new emphasis during the NES on professional competence in personnel recruitment.33 The archival record supports this analysis, in part. For example, a report submitted to the Party Organs Department by the construction minister, Wolfgang Junker, in 1965, complained that only four of the 11 general directors and four of 17 enterprise directors had received any education in economics, hardly the profile of managers trained to operate using economic rather than administrative principles.34

However, if previous scholarship has accurately portrayed the NES as an attempt at technocratic modernisation, it has overlooked the timing and intensity of resistance to technocracy within the party apparatus. As early as 1965 Central Committee departments complained that the technocratic orientation had led to a neglect of traditional political and ideological concerns. Consider the reaction to the October 1962 secretariat resolution restricting admission to the Parteihochschule (PHS) to those with some secondary education. Although many party secretaries, under the pressure of these new entrance requirements, hastily acquired some sort of secondary education, this was often not enough. ‘It is necessary’, argued the Department for Cadre Questions, ‘to overcome the contradiction that, on the one hand, experienced party comrades with good knowledge of marxism-leninism are delegated to the industrial institutes and, on the other hand, these comrades cannot be admitted to the Parteihochschule’. The party personnel departments contended that if the path to the top remained the PHS, within a few years the new entrance requirements would lead to a radical change in the composition of the elite. Their recommendation was unambiguous: ‘the conditions for acceptance at the PHS should be altered so that those experienced in party work but without any secondary education should also be able to take up study at the PHS’.35

The nascent conflict between potential technocrats and the more established figures in the party and state apparatus never came to a head but festered in the psychology of the leadership. The red/expert debate was never resolved to the degree hypothesised by Ludz and Glaessner. To be sure, ongoing difficulties with the reform lent
credibility to the idea that younger, more educated cadres should displace the conservative and slow-moving ministers and departmental chiefs. Gradually, however, even those officials favourably inclined to technocratic solutions of administrative problems had moved in the opposite direction. A letter from Gerhard Schürrer (SPK chief after Apel’s suicide in 1965) to Willi Stoph written in 1970 illustrates most vividly just how far this evolution had progressed:

A way out of our problem is often presented as if we have to mobilise young scholars against the ‘conservative ministers’. There will surely always be struggles against backwardness in the state apparatus. And it is good to attract young scholars. But by no means should we allow it to come to a confrontation of young scientists against the state apparatus. Many young scholars who are working in the SPK grasp very quickly the kind of difficult decisions they must confront here.36

The lure of technocracy remained great. However, its implementation threatened the interests and ideals of the party and state apparatus. Moreover, as Schürrer reminds us, economic decision making in a partially reformed system had a logic of its own that defied any easy ways to improve it.

A conservative shift: Apel’s fall

The success of the NES depended on solving two key problems that had not been adequately addressed by summer 1965. First, the GDR remained extraordinarily dependent on an unreliable supply line from the Soviet Union for raw and semi-finished goods. Second, the technological benefits of long-term planning could not be realised if the productive capacity of the economy remained unpredictable.

The Perspektivplan was quickly devolving into a series of never ending planning rounds between the centre and productive units. The planning organs and the Perspektivplankommission felt at sea, as they had no way of ensuring that the final plan would be balanced. By July 1965 the danger of serious disproportions in the long-range plan became so clear that Ulbricht held a special two-day Politburo session on the question while on holiday on the island of Vilm. The list of those invited to the meeting included the major economic players in the GDR: Stoph, Apel, Mittag, Gerhard Grüneberg, Gerhard Schürrer, Heinz Wittik, Wolfgang Berger and Siegfried Böhnm.37 Although the exact content of the discussion remains murky, the essence of the meeting was to show that neither the long-term nor the short-term plans of the GDR could be met at existing production levels.38

At the meeting Apel became the object of criticism.39 It appears that the growth rates contained in his early draft of the Perspektivplan were unacceptable to Ulbricht and the rest of the leadership. Submitted in the autumn, it was immediately rejected because the low growth levels forecast meant that the overall goals could not be balanced from the outset. In addition, Neumann criticised Apel’s plan for 1966. In a report delivered to Ulbricht on 11 November 1965, Neumann explained that the level of scientific and technical progress continued to move along but did not represent a ‘rising curve’. Moreover, for 1966 he foresaw an unbalanced domestic plan and stiffer international economic competition that would render the export plan unfulfillable.40 This gloomy report further undermined Apel’s political utility in Ulbricht’s eyes.
Sometime between early summer and mid-autumn 1965 Apel lost Ulbricht’s confidence and thereafter became fair game for others in the leadership, who were none too favourably disposed to a man who was clearly not one of them. In early December 1965, during a moment of despair, the 48-year-old planning chief committed suicide with his own service revolver.

Apel’s death on 3 December 1965 marks a turning point in the reform. Many attribute Apel’s dejection and subsequent suicide to failed trade negotiations with the Soviet Union, in which he was forced to sign a trade agreement dashing any hope of fulfilling the Perspektivplan. Perhaps this was the most proximate cause, but Apel had further reason to feel under pressure. At the end of 1965 Rumpf once again raised the spectre of an imbalance in a financial plan that he himself had manipulated. Rumpf, of course, eventually brought his criticisms to the well known 11th plenum in 1965, where Ulbricht defended the plan for 1966 and put Rumpf in his place (temporarily), but not before Apel had taken his own life.

It appears that even Apel’s friend, Mittag, had deserted him. The two had been very close friends politically and personally since the late 1950s. Together they were seen to embody a new generation of economic management. Just two days before the suicide, however, there was a bitter disagreement between the two on several questions of planning. In a meeting concerning construction, the strain under which Apel was working came through. He appeared unsure of himself. Later, Gerhard Trölitzsch, Central Committee department chief for construction, discussed the matter with Mittag, who had already been informed of Apel’s prevarication. Trölitzsch reports:

After I talked with Mittag, he called Apel on the direct line. In the conversation he heaped on heavy and pointed criticism about the completely unsatisfactory conduct of the plan meeting for construction, which had just taken place. He told Apel that he was completely incapable of continuing to head the State Planning Commission. After I was back in my office Apel called me. He obviously felt very unhappy and dejected about the argument with Mittag—and I let Apel know that I had in no way contributed to the matter.

When Apel shot himself, the GDR lost its most energetic, highly placed proponent of reform. Less than one year later, in summer 1966, Mittag made the jump from candidate member to full member of the Politburo. As history would show, Mittag was willing to make other alliances to save his own career.

The change in personalities at the top of the economic general staff reflected a subtle but noticeable shift in policy following the 11th SED plenum in December 1965. The plenum has been interpreted primarily as an event where the conservatives, led by Erich Honecker, reimposed their hegemony in matters of culture and the arts. Its main outcome was to limit public discussion and cultural experimentation. This interpretation is largely correct. However, the archival record reveals a significant economic component to the plenum, and the two are not completely unconnected. While the conservatives succeeded in ensuring that the economic reforms would not ‘spill over’ into the cultural and political realms, Ulbricht once again had to defend his economic reform in a mini-debate with Rumpf. The finance minister repeatedly questioned the advisability of allowing enterprises to invest from their own profits because ‘under socialist conditions the raw income belongs to the state and conse-
quently is accumulated in the state budget. It follows that in our country investment flows primarily from the state budget’. Rumpf’s insistence on rigorous central control over investment stood firmly at odds with the notion of ‘self financing’, an integral part of the original reform guidelines of 1963 and a notion close to the reformers’ hearts. Ulbricht responded with a compromise, arguing that Rumpf’s ideas were ‘outdated’. Ulbricht acknowledged the danger of what was already clearly happening—too much financing of investment from credit and not enough from accumulated profits—but expressed his confidence that the institutes of the SPK and the finance ministry could solve the problem.\textsuperscript{47}

Despite their vigorous defence of the reforms, Ulbricht and the economic reformers felt besieged at the 11th plenum. The implication of Rumpf’s words could not have been more obvious: the finance minister regarded enterprise self-financing as a threat to the power of the ministry in the economy. If Rumpf had spoken out on his own, as a renegade, perhaps the entire episode could have been shrugged off. But clearly Rumpf could not have acted alone. He would never have spoken as he did (nor could he have survived so long, given that his resistance started as early as 1964) without a good deal of support at the highest political level, in this case his boss, the Chairman of the Council of Ministers, Stoph, a man with well established ties to the Soviet security organs.\textsuperscript{48} Rumpf, we can infer, represented a number of constituencies within the party and state apparatus who felt threatened by the reforms. Coupled with the conservative attack on cultural policy led by Honecker, the attack on the core features of the NES left Ulbricht little tactical choice but to speak of the NES in a way that would allay the fears of his fellow Politburo members. Thus, his report to the 11th plenum no longer stressed the differences between the classical stalinist economic system and the NES, but concentrated instead on elements of continuity in economic policy.\textsuperscript{49}

In the final analysis, however, the impact of the conservative attack at the plenum went well beyond the changes it forced in cultural policy and economic ideology. Honecker’s criticism of the cultural liberalisation and its warm reception at the plenum effectively precluded the widening of the public sphere and, in so doing, prevented the possibility of the economic reformers calling on the cultural intelligentsia at a later date for support in their struggle. In short, the return to political conservatism precluded developments of the sort that were slowly starting to take shape in Czechoslovakia.\textsuperscript{50}

\textit{Policy after the 11th SED plenum: diverging trends}

Throughout 1966 policy advanced along two tracks simultaneously. On the one hand, Ulbricht’s own team, along with significant parts of the economic bureaucracy, continued to work out the main elements of the NES—price reform, capital charges, investment financed by credit and the like. On the other hand, an increasing number of officials called for more decisive central intervention to coordinate investment and production.\textsuperscript{51}

The reduction of centrally handed down production indicators during 1966 and 1967 reflected the first trend.\textsuperscript{52} This signalled a movement toward an economy operated on the basis of economic rather than administrative criteria. But, once again,
implementing such a key element as price reform proved more troublesome than first anticipated. In February 1966 Stoph informed Ulbricht that it would soon be necessary to start thinking about making ‘corrections’ in consumer prices because of the impact of the industrial price reform. However, Ulbricht did not feel confident enough to broach the question of consumer prices in public. He personally oversaw several drafts of the official Argumentation for the third and final stage of the industrial price reform, making sure that it was clear that consumer prices would not be affected. In both the party and state bureaucracies, it was felt that for political reasons the burden of reform could not be shouldered by the public. The memories of June 1953 were still too fresh. Not only consumer prices but industrial relations remained off limits. In fact, increased industrial unrest during the early 1960s had moved the Council of Ministers, toward the end of 1965 and the beginning of 1966, to consider instituting the five-day work week, every other week.

Despite Ulbricht’s determination to concentrate on industrial prices, by June 1966 all signs indicated that the third stage of the reform would not be completed on time. More importantly, his main economic adviser, Berger, advised him that even if the industrial price reform were completed by the new estimated date of 1 January 1967, the new prices would soon be obsolete ‘if they were not continually kept in harmony with the development of labour productivity and costs’. Berger had raised the prickly issue of continual and decentralised price flexibility, a possibility that would certainly be unwelcome in Rumpf’s Finance Ministry. But if this were not done, then profit based on prices linked neither to scarcity nor to labour productivity would continue to be a poor indicator of enterprise performance.

The Council of Minister’s evaluation of the economy for the first half of 1966 brought very little good news. If the level of production remained constant, the current yearly plan for 1966, the plan for 1967, as well as the Perspektivplan, could not be fulfilled. The main trouble areas were construction, exports and technical development. The report predicted that the balance of payments would remain manageable only through decisive intervention to reduce VVB imports. In construction, the plan had to be reduced by 200–300 million marks for the next yearly plan, and the reductions needed to be continued for the next two to three years which, the Council of Ministers warned, ‘discredits the entire planning process as well as the directives of the Council of Ministers’.

This, as well as other sobering news from the industrial ministries and the economics departments of the Central Committee, gradually led to increased intervention in the economy at the very moment when some of the more advanced measures of the NES, such as the capital charge, were implemented. The contradictory tendencies in economic thinking could hardly have gone unnoticed. Throughout 1966, for example, Rumpf continued his resistance to the price reform: implementing the measures as he saw fit, excluding his own reform-oriented deputy minister from important discussions and decisions, as well as holding information back from higher bodies—including the Politburo and the Perspektivplankommission. He was kept in check through continuous reports to the top by the Central Committee economic departments, especially the Department for Planning and Finance.

Yet the bureaucratic opposition Ulbricht faced during the first few years of the reform did not prevent him from choosing those policies which suited him. Notwith-
standing many unforeseen technical difficulties, most of the NES measures had been implemented. Despite continued interference in the planning and management of the VVB, many enterprises had become more independent since 1963. But bureaucratic victories did not automatically amount to economic success. Price reform, enterprise autonomy and the like were means to an end. The primary goal of reform was to overcome the yearly plan mentality in which long-range structural changes in technologies and production processes are ignored. But try as they might, the designers of the NES had not managed to overcome the short-term perspective of ‘plan fulfilment’. The Perspektivplan remained bogged down in endless plan rounds and bureaucratic infighting. Critics of the reform could easily point to its failure to deal with the very problems it set out to address.

In some respects the conservatives were right. Enterprises left to their own devices would not necessarily invest in projects that served the long-term goals of the planners. Ulbricht seems to have picked up on this criticism. At the VII SED Congress in April 1967 the term NES was dropped in favour of ESS (Economic System of Socialism). Under the ESS, the reforms of the previous period were carried forward and even intensified (e.g. in the credit system). However, in areas where the leadership saw that economic instruments and incentives were not having the desired effect on technological innovation, the SPK and the ministries stepped in directly. Structurally important projects in the economy were singled out and given special administrative attention and preferential access to supplies and labour.60

These so called ‘structure-determining tasks’ initially received wide support among all groups within the economic elite.61 Although the reinstitution of tight bureaucratic tutelage over selected projects gave the impression of a return to pre-reform structures, there was no reason why, if the number and size of the projects remained modest, enterprise independence could not continue to grow. But easy access to supplies proved to be too strong a temptation to the ministries. The number of structural tasks began to multiply.

The first list of structure-determining projects for the economy was put forward by the Council of Ministers in June 1967. One year later, the State Council and Council of Ministers strengthened the measures and gave the structure-determining projects priority in planning, contracting and execution.62 The principle here was quite straightforward. By pouring considerable amounts of resources into selected projects, Ulbricht and Mittag hoped to catch up with and overtake the West in several economically important areas: the chemical industry, machine building and electronics. With this ‘great leap’, labour productivity would rise and eventually the living standard of the population would rise at a rate surpassing that of West Germany.

The paradox of the decision to introduce the structure-determining tasks was that, precisely at the moment when most of the significant bureaucratic obstacles to enterprise autonomy had been lifted, a new force of central direction emerged.63 As bureaucratic politics took over, and the demands of the specific forecasting groups flooded the SPK and the ministries, the proportion of total investment allotted to the structure-determining tasks rose from approximately 26% in 1968 to 41% in 1969. In several industries the increase was even more dramatic.64 Enterprises found themselves increasingly obliged to fulfill centrally handed down orders while their formal
freedoms became increasingly empty for lack of resources or time for meeting normal contract obligations.

The East German economy fell victim to its leader’s own ambitions. It had become overburdened and fragile, subject to severe shortages when placed under any strain at all. Why is it, we may ask, that Ulbricht failed to see or appreciate the contradiction between intensified central intervention into enterprise decision making, on the one hand, and a deepening decentralisation, on the other?\footnote{65} Although no definitive answer can be offered to this question, we may speculate that, given his reasons for instituting the reform in the first place, Ulbricht had grown weary of waiting for the slow progress promised by the original tenets of the NES. The idea of a great push to propel the country past its rivals found sympathy in the mind of an ageing leader who could look back to what must have seemed like simpler days. However far he might have come since 1963, in a very important way Ulbricht remained a product of his formative years as a stalinist revolutionary.

The economy and the national question

In 1968 Ulbricht’s old rival and ally, Anton Ackermann, wrote him a ten-page letter on the economy which amounted to a conservative attack on many of the most cherished assumptions of the reformers. Curiously, although Ackermann wrote ‘personal’ and ‘confidential’ at the top and although the letter was critical of the NES, Ulbricht decided to circulate it among his Politburo colleagues. Ackermann reminded his old comrade that in socialism ‘the plan, with the use of the price-value-mechanism, is the decisive regulator, and under no circumstances the other way around’. He continued with an attack on several of the ‘economic levers’ of the NES, warning of the dangers inherent in increased social differentiation:

Profits that are the product of assortment or price speculation are extremely harmful.... In the present situation, where the class enemy concentrates from outside on discreditng the socialist planned economy, on stimulating ‘convergence theory’ and the change from a socialist economy to a so-called ‘socialist market economy’, must we not wage a struggle, not only against the open but also against hidden forms of this ideological diversion?\footnote{66}

Had Ulbricht begun to reconsider his earlier positions and revert to an earlier way of thinking? Had he passed on the letter to his Politburo colleagues as a tangible sign of this change? The record provides few answers.

Besides troubles in the domestic economy, one reason for Ulbricht’s new-found caution was the shock of the Prague Spring. At every level of the economic bureaucracy, the events of spring and summer 1968 had given rise to new fears of market-like mechanisms evolving into ‘market socialism’. The name Ota Sik, the architect of the Czech ‘third way’, became an official synonym for counterrevolution and was best left out of polite conversation altogether.\footnote{67}

Still, if Ulbricht had clearly eliminated the market from the policy repertoire, he had not given up the goal of overtaking the West. The ideals of the reform were not dead, at least not in Ulbricht’s mind. A draft of a letter to be sent to Brezhnev before the 18 April 1969 meeting of the Perspektivplankommission expressed Ulbricht’s continued preoccupation with outperforming West Germany:
Corresponding to the directives of the VII Party Congress, we assert that the main task of the Perspektivplan in the all-round strengthening of the GDR consists in putting the superiority of our socialist society over that of West Germany to proof. This requires us to overcome the lag in labour productivity, still holding at 20% for the last several years. Only in this way can we increase the influence of the GDR over Western Germany.68

Influence over West Germany? What could he possibly have meant? Here we have a clue to the connection in Ulbricht’s mind between the economic reform and the national question. It appears that he still had the dream of unifying with the West, on his terms, and understood that the only possible way to achieve this goal under socialism was to make socialism appealing, not only to his own population but to the population of the West as well.69

Ulbricht’s will to see his ‘half’ country succeed politically by exceeding his rivals on the economic front explains his continued interest in the petty details of comparison with the West.70 Such comparisons did not please everyone. They were apt to prove that, given realistic growth rates, the GDR would never catch up with the West and, furthermore, they encouraged comparisons of degree rather than comparisons in kind. A good number of leading officials had come to believe that socialism could not succeed if it evaluated itself by standards set in the West. One example should suffice here. The day before the Perspektivplankommission meeting on 18 April 1969, Neumann sent a letter from his weekend house in Liebenburg. Once again, Ulbricht passed on the letter to members of the Politburo with the remark that it contained ‘several interesting things’. However, among the most ‘interesting’ were certainly Neumann’s comments about comparisons with the West:

I have read much and know of our main economic problems. It is also correct from time to time to compare the state of achievement in the GDR with West Germany or with international results. But all these comparisons with the capitalist top achievements always gives rise to an aversion in me which has to do with the doings of Ota Sik. We should really think over politically and ideologically the type and manner of comparison with those capitalist states. Maybe it is better to assume from the outset the advantages of the socialist GDR over the other leading capitalist industrial states. I have in mind not only the advantages of the socialist mode of production vis-à-vis the capitalist regimes.... I am also against us making such one-sided comparisons with other foreign top achievements as is often done, expressed as if for two boxers—whichever has the longer reach must win. Whoever has the most plastic per person is best. If this kind of one-sided argumentation were valid, then the Americans would have long ago won in Vietnam. I am against this kind of comparison of the socialist GDR with the capitalist West Germany. Should we put up the slogan: ‘The GDR must become better than West Germany in the economic area’? That will not do! That does not fit into our constitution, or our socialist national and state consciousness.71

Neumann, Stoph, Honecker and others worried that Ulbricht remained so intent on catching up with the West that he would take the country deep into debt in order to buy the necessary equipment. Their suspicion would have been confirmed had they been party to a conversation between Ulbricht and the deputy chairman of the Soviet Council of Ministers, Nikolai Tikhonov, on 25 June 1970. When it was already clear that the Soviet Union would no longer subsidise Ulbricht’s programmes in any way, he informed a concerned Tikhonov of his logic for accumulating debt in the West:
It is straight forward: 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 a short time we must pay for the equipment.... We are, therefore, now correcting the lags from the time of open borders. We will make a leap forward, but with exact measurements. We know the plan will be upset by it. Comrade Schürer cannot really balance the whole thing. But in the interest of the structural policy it was necessary to act the way we did.72

Ulbricht’s plan, it appears, amounted to little more than what the Polish government tried only a few years later: massive borrowing from the West with the promise of repayment from the profits earned.

Ulbricht’s fall: the failure of socialist modernity

Whatever his strategy, Ulbricht never had an opportunity to put his ideas to a full test. During 1969 and 1970 shortages in consumer goods and the energy sector quickly led to mass unrest. The monthly reports of the Bezirk first secretaries, starting as far back as early 1969, attest to the growing level of public (as well as official) dissatisfaction with existing economic policy.73 In Berlin the first secretary, Paul Verner, reported incomes far outpacing supplies. In Cottbus, as far back as 1 January 1969, the first secretary, Walde, complained that the Strukturpolitik had placed extraordinary strain on territorial and branch resources.74 In Dresden the first secretary, Werner Krolikowski, implied in his March report that the problems in the economy threatened to undermine the coming party elections.75 In 1970 the central authorities, time and again, faced with shortfalls in deliveries, found it necessary to institute Sondereschichten (extra shifts) in several branches of the economy, the most essential being machine building, metallurgy and transport.76 With work stoppages and industrial unrest having shaken the foundations of communist rule in neighbouring Poland in December 1970, the GDR’s leadership was forced to consider whether shortages, bottlenecks and Sondereschichten at home might soon lead to the kind of politically charged industrial protest that had not been seen in East Germany since 1953.77

The 14th plenum in December 1970 provided an opportunity for the party to criticise the economic policy that had evolved over the preceding years. But the ground for the December plenum had been prepared well in advance, for the reform consensus had fallen apart. Not only Honecker, Stoph, Neumann, and his other antagonists in the political hierarchy, but even some key reform economists at the State Planning Commission had turned against Ulbricht’s economic policies.78 In June 1970 serious questions about the economy were raised at the 13th plenum.79 In July Brezhnev let Honecker know of his deep disappointment with Ulbricht’s domestic and foreign policy. Only weeks before, Ulbricht had travelled to Moscow and asserted that the GDR deserved the respect of a ‘genuine German state … We are no Belorussia, we are no Soviet state’. The Soviet leaders now openly acknowledged that they were fed up with Ulbricht’s dream of securing East Germany’s future by overtaking the West economically, while simultaneously accumulating debt with it. Brezhnev informed Honecker that the Soviet Politburo would like to see Ulbricht removed from office and would appreciate being kept informed of events on a day-to-day basis.80
With the Soviet leaders dissatisfied on all counts and the SED provincial and district leadership fearful that the economy was heading for the rocks, Ulbricht’s rivals in the Politburo felt secure in preparing to oust him. In doing so, they were driven not only by a blind desire to please their Soviet masters, but by the conviction that Ulbricht’s economic policies (domestic and foreign) and his implicit vision of a successful socialism, were both unnecessary and unrealistic. By December, the stage was set. At the plenum Ulbricht’s economic policies came under attack from all sides. Stoph warned of accumulating debt to the West. More seriously, he argued that Ulbricht’s economic plans simply did not make sense. ‘We cannot set as our goal a leap of 10% in labour productivity and production per year without having the real conditions for its fulfilment at hand … This leads to serious disproportions in various branches of the economy and to political complications’81 Those opposed to the reform for practical reasons could now find common ground with those opposed to it for reasons of principle. Bureaucratic resistance, so bothersome in the early stages of the reform, had become political opposition.

Over the course of the next few months Ulbricht lost his power. With Ulbricht’s departure, dreams of unification based on economic superiority no longer guided policy. The leadership under Honecker moved to a new ruling formula, one that sought to establish a separate GDR identity on the foundation of a socialist life-style qualitatively different from the capitalist West. In the long run, for the new formula to work, not only had the leadership to give up hopes of catching up with and overtaking the living standards of the West, but the population of East Germany had to as well.82 Although the ‘unity of economic and social policy’ stabilised SED rule for a number of years, the idea that economic comparisons with the West could be halted in the minds of the population simply because the leadership willed it was deeply flawed. Ulbricht’s quest for an appealing socialist modernity had failed.

University of Colorado at Boulder

* The research for this article was conducted while the author was a post-doctoral fellow with the Social Science Research Council, Berlin Programme. The author wishes to thank Simone Chambers, Jim McAdams, Andre Steiner and an anonymous referee for comments on earlier drafts of the article.


3 The term ‘socialist modernity’, of course, is not one that Ulbricht himself used, but rather is my interpretation of what he and his supporters were up to. Marxist-leninists generally reject the traditional/modern distinction because it blurs what is for them a more fundamental distinction between capitalist and socialist societies. I use the term to mean a hypothetical form of socialism which commands the loyalties and affections of people living under it thanks to its high level of consumer-oriented economic growth. Since Ulbricht’s reforms were intended to do this, I feel the use of the term is justified.

ULBRICHT AND SOCIALIST MODERNITY


6 The full German name for the reform is *Das neue ökonomische System der Planung und Leitung*.

7 For a good analysis of the energy sector see Klaus Wiessner, ‘Die energetische Basis in der DDR vom Ende der 40er bis Mitte der 60er Jahre’, *Jahrbuch für Wirtschaftsgeschichte*, 1990, 4, p. 52.


9 Similar discussions occurred in Czechoslovakia and Bulgaria.

10 This thesis, that political success is determined by economic success, was most clearly spelt out in Ulbricht’s speech to the Leipzig regional deputies conference in 1962. *Neues Deutschland*, 15 December 1962.


12 Interview with Herbert Wolf, 4 February 1992.

13 Interview with Klaus Steinitz, member of PDS executive and researcher at SPK institute, 12 October 1992.


16 Institut für Geschichte der Arbeiterbewegung (IfGA), Zentrales Parteiarchiv (ZPA), NL 182/971.


18 A commission set up to implement the price reform made this estimate in a report to Ulbricht on 1 April 1964. *Ibid*.

19 Günter Mittag, *Um Jeden Preis* (Berlin, Aufbau-Verlag, 1991), p. 42; Compare Mittag’s account with Brezhnev’s own account of his earlier relationship with Ulbricht, as reported to Honecker in July 1970. ‘You know, back then in 1964 at the dacha—he sent my delegation off to the side, pushes me into a small room and starts telling me how everything is wrong here [in the Soviet Union] and everything is exemplary in the GDR. It was hot. I was sweating. He didn’t care. I noticed only that he wanted to tell me how we have to work, to rule, and didn’t even let me get a word in’. Quoted in Peter Przybylski, *Tatort Politbüro: Die Akte Honecker* (Berlin, Rowohlt, 1991), p. 287. However the meeting may actually have gone, in October Apel dispatched a rather nervous note to Ulbricht about coming trade talks in Moscow. He included a draft letter to Brezhnev asking that the two heads of the Soviet and East German Planning Commissions be given permission to start talks. IfGA ZPA, NL 182/971.


21 Not only had the Soviet harvest of 1963 been disastrous, but other Eastern block nations faced similar reductions in shipments from the Soviet Union in 1964–65.

22 IfGA ZPA, NL 182/972.

23 IfGA ZPA, NL 182/971.

24 On hearing of Khrushchev’s fall, Herbert Wolf, by now a department head in the SPK, composed poetry for the ‘desk drawer’ that predicted ‘a new age of darkness’ for the GDR and the socialist world. Interview with Herbert Wolf, 4 February 1992.


27 Letter from Mittag to Ulbricht, 26 September 1964. IfGA ZPA, NL 182/971.

28 *Ibid*; on 13 May 1965 Ulbricht’s office sent a note to Rumpf instructing him that a recent finance ministry manuscript on the dynamics of industrial price reform, issued from his office, required a number of changes before publication.

29 Herbert Wolf, who had studied with Behrens, viewed the reform this way. Interview, 4 February 1992.


31 IfGA ZPA, NL 182/972.

32 *Ibid*.

33 Peter Ludz, *Parteielite im Wandel* (Opladen, Westdeutscherverlag, 1969); Gert-Joachim

34 IfGA ZPA, IV A2/5/60.

35 Ibid. The report continues in an alarmed tone that the number of graduates of the PHS going back into full-time party work was decreasing every year after 1962. Whereas for the three-year course of the class of 1965, 64.5% of the graduates could expect to go back into full-time party work, for the class of 1967 the percentage fell drastically, to 31%.


37 IfGA ZPA, NL 182/972.

38 Information provided by two former economic officials interviewed in March 1992 who did not wish to have their names revealed.


40 IfGA ZPA, NL 182/973.

41 Already, at the 9th plenum, Ulbricht had criticised the ‘present level of the system of planning and balancing, beginning with the SPK, whose work does not correspond to the present needs’. Ibid.

42 Given the certain Soviet knowledge of the importance of the agreement for the Perspektivplan, one can speculate on whether the Soviet leaders intentionally destroyed Apel’s career.

43 IfGA ZPA, IV 2/1/191.

44 Wolf claims that Mittag criticised Apel as early as the July Politburo on Vilm. I have found no archival evidence to support this.


46 The point at which Mittag made the jump from Ulbricht to Honecker remains unclear. According to Werner Krolkowski’s notes, ‘the close connection between Honecker and Mittag came in the last stage of Ulbricht’s career as first secretary, as Honecker turned to every means to force Ulbricht out…. In Willi Stoph’s presence, at his hunting lodge Honecker had a talk with Mittag, and gave him a choice: either break with Ulbricht or be tossed out of the Politburo. Mittag decided for Honecker but, in the last period of Ulbricht’s first secretaryship, still seemed to stick by Ulbricht’s side’. Cited in Peter Przybyslki, *Tatort Politbüro, Band 2*, pp. 46,356.


48 Interview with Herbert Wolf, 4 February 1992.


50 It also precluded the type of alliance cobbled together by Gorbachev after 1985 between economic reformers and the Moscow intelligentsia.

51 Interview with Rolf Kuhnert, deputy chief of construction department in the ZK


53 Letter from Willi Stoph to Walter Ulbricht, 20 January 1966, IfGA ZPA, NL 182/973.


57 Ibid.

58 Ibid.

59 Rumpf finally lost his position in 1967.


61 Interview with Herbert Wolf, 4 February 1992.


63 Ibid. p. 250. Steiner’s analysis is accurate but his implicit counterfactual assumption (the ‘reform’ would have worked had it been given enough time without further interference from the centre) is too optimistic. Had the structure-determining tasks not appeared, the GDR economy would merely have found itself in the same position as other reforming socialist economies of a later period.

65 Surprisingly, of all the former officials I interviewed, few considered the two policies as fundamentally contradictory.

66 *IfGA ZPA, NL 182/973.*

67 In a report to the Central Committee department head Carl Heinz Janson, written after a short trip to Hungary (10 September 1969), the East German economist Willi Lüchterhand said that he was astonished to discover that several Hungarian economists openly expressed to visiting GDR students their support for Ota Sik and their displeasure with the Soviet invasion. Lüchterhand claimed the Hungarians were doing much the same as the Czechs, only in a much less noisy fashion. The report was then passed on to Mittag who, curiously, passed it on to Honecker. *IfGA ZPA, IV A2/2021/772.*


69 A comment by Brezhnev to Honecker, critical of Ulbricht, during a meeting in July 1970 not only supports this view of Ulbricht’s intentions, but also provides a tantalising indication that our entire picture of Soviet dissatisfaction with Ulbricht needs to be revised. ‘It is not yet the time that 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 the second world war]. We will not permit a development that weakens or endangers our position in the GDR, or an *Anschluss* of the GDR into West Germany’. Przybylski, *Tatort*, vol. 2, p. 287. Rather than hindering the normalisation of relations with West Germany, this comment could be interpreted as an indication of Soviet concern that Ulbricht had plans to shape a new relationship with West Germany. Contrary to the conventional wisdom, then, it was not Ulbricht’s hesitancy to establish normal relations with West Germany that upset the Soviet leaders and caused them to back the East German proponents of his removal, but rather his enthusiasm for a new form of economic relationship with the West based on credit and trade. In any case, Brezhnev’s remark adds credence to the thesis that Ulbricht saw the economic superiority of East Germany as the only way of stabilising SED rule.

70 In a meeting with Schüter in 1969 Ulbricht displayed an intricate familiarity with comparative projected differences with West Germany on a range of indicators into the 1980s. When Schüter provides several scenarios for comparative labour productivity, Ulbricht pipes in with the question: ‘Did you calculate the West German increase in labour productivity at 4% or 6% in your comparison?’ Schüter, somewhat surprised, retorts, ‘4-4.5% as a whole and for West German industry 6%, using progress reports from Basil’. *IfGA ZPA, NL 182/973.*

71 *IfGA ZPA, NL 182/974.* In this passage one also sees the origins of Honecker’s ‘unity of economic and social policy’.

72 Steiner, ‘Die Wirtschaftsreform …’, p. 94.

73 See especially the reports written by Harry Tisch, then first secretary of the Rostock BL, later to become chairman of the FDGB (perhaps as reward for his persistent dissatisfaction in the *Monatsberichte*). *IfGA ZPA, IV A2/5/14.*

74 *IfGA ZPA, IV A2/5/11.*


76 *IfGA ZPA, A2/2021/481, A2/2021/482.*


78 Steinitz notes that even at the SPK research institute many agreed that too much time was being spent on ‘long-range’ planning, and within the institute many greeted the end of the reform with a large measure of relief. Interview, 12 October 1992.


81 Quoted in Naumann & Trümpler, *Ulbricht zu Honecker ...*, p. 41.

82 That the leadership operated with precisely this orientation is supported by an interview given by Horst Sindermann just before his death. *Der Spiegel*, 1990, 19, p. 58.