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Source: *World Affairs*, Vol. 142, No. 3 (Winter 1980), pp. 147-168

Published by: Sage Publications, Inc.

Stable URL: <https://www.jstor.org/stable/20671824>

Accessed: 05-05-2019 06:55 UTC

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**Ulbricht's Grand Design:
Economics, Ideology, and the GDR's
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Students of the critical phase of rapprochement between the Soviet Union and the Federal Republic of Germany (FRG) generally agree that the German Democratic Republic (GDR) engaged in energetic efforts to obstruct the process of detente. Especially at the time of the Grand Coalition government in Bonn (1966-1969) and during the period of the intense negotiations conducted by the Brandt-Scheel government with Moscow and Warsaw in 1970, the GDR exerted constant pressure on the Soviet Union to obtain full de jure recognition of the GDR and of Germany's post-war borders by the government of the Federal Republic. In addition, the GDR expressed considerable reluctance to open its borders to West German visitors or to provide the West with special guarantees of unhindered access to West Berlin. Ultimately, of course, the Soviets proved willing to grant its Western negotiating partners important concessions in each of these areas, thus overriding the GDR's objections. Moreover, the chief advocate of East Germany's obstructionist policy, Walter Ulbricht, fell from power in May 1971, quite possibly at the instigation of Soviet authorities and certainly with their concurrence. Although the GDR's misgivings about detente by no means dissipated once Erich Honecker assumed the

leadership of the Socialist Unity Party of Germany (SED), its ability to impede the progress of Soviet and West German detente diminished appreciably thereafter.

Though the lion's share of scholarly attention to these events has focused on the importance of such questions as recognition, Berlin, and inter-German relations for the GDR,¹ these political issues represented only part of a larger picture. As the ensuing analysis will attempt to show, the GDR under Ulbricht's leadership was also seriously concerned about the *economic* implications of detente. This concern proved to be so far-reaching, in fact, that the Ulbricht regime actually made important adjustments in its own domestic economic policies in response to what was perceived to be an acute foreign policy danger. The prospect that the West German government would seek to use its technological and financial advantages to bargain for political concessions with the USSR and other Warsaw Pact states constituted a serious challenge to both short and long term East German interests. In view of these manifest dangers, the GDR in 1968 launched a spirited campaign to convince its allies to intensify their economic development "by their own means." In practice, this exhortation meant that the Warsaw Pact states should refrain from making major political concessions to the FRG in exchange for economic (and political) benefits, and should instead concentrate on accelerating their own economic growth. As part of its own contribution to this program, the GDR at this time began accelerating its domestic growth efforts, especially in the high-technology sectors deemed crucial to the socialist states' future growth and political independence. In the process, elements of the GDR's highly acclaimed economic reform program, the New Economic System (NES), underwent a series of modifications as certain recentralization measures were introduced for the purpose of expediting the implementation of the acceleration policy. In short, key features of the GDR's domestic economic policies in the period treated here came to reflect the Ulbricht regime's prevailing foreign policy interests.

This close linkage between foreign policy and the domestic economic system, while not an entirely new experience for the GDR,² nevertheless represented an unusual reversal of policy motivations. Whereas the factors influencing economic decisions in such

Council for Mutual Economic Assistance (COMECON) countries as the GDR normally are derived from domestic considerations, the thesis presented here is that, during the years 1968-70, the extraordinary salience of Bonn's *Ostpolitik* exercised an exceptionally high degree of influence in shaping East Germany's economic growth strategy.

Methodologically, this linkage between foreign policy concerns and domestic economic policies can be established above all by examining the publicly expressed perceptions of the situation by East German leaders themselves. The Ulbricht regime consistently justified its changing economic policies of 1968-70 by the mounting challenges of Bonn's *Ostpolitik*. At least two factors support these justifications as the GDR's "true" motivations for the policies in question. For one thing, the SED elite's concern about the political dangers inherent in Bonn's economic *Ostpolitik* had a legitimate basis in fact. Although East German spokesmen were often prone to exaggerate these dangers for rhetorical effect, in fact there did exist a fairly close "match" between GDR perceptions of the perils of economic inferiority and certain demonstrable realities. Second, there appear to be few, if any, plausible reasons accounting for the substantial changes in the GDR's economic growth policies taking place in that period *other than the ones offered by the leading East German decision makers themselves*. As we shall see, the acceleration policies of 1968-70 were neither mandated by the prevailing five-year plan nor justified by the material capabilities or the actual performance of the East German economy. Rather, they appear to have been launched for reasons other than those of pure economic rationality. In the absence of supportable evidence to the contrary, it appears most likely that these policies were adopted for the very reasons advanced by Ulbricht and his followers, that is, as responses to an acute foreign policy predicament.

Meanwhile, in a separate, but related, development, the Ulbricht regime in its final four years in power articulated a number of significant ideological innovations. Centered on Ulbricht's notion that the GDR constituted a prototype of what he called the "developed social system of socialism," these innovations were patently aimed at establishing the GDR's status as a model of

advanced socialism. As will be shown, they came to play a significant role both in the GDR's foreign policy of this period as well as in its domestic economic development strategy.

Ultimately, Ulbricht's policy of accelerated technological development and his efforts at ideological originality failed. In tracing the evolution and collapse of these policies, we can better appreciate some of the events that, over and above his general political obstructionism, may have contributed to Ulbricht's downfall. Moreover, a close analysis of this period may help us develop an appreciation for the limits within which the present SED regime must work, both in the economic and the ideological spheres. In addition, by examining these aspects of what might properly be called Ulbricht's "counterdetente" strategy, this brief study hopes to shed further light on some of the forces at work during the formative period of detente between the FRG and the Warsaw Pact states.

The Czech Crisis and its Impact on the GDR's Economic Policies

The Czech crisis of 1968 sparked the Ulbricht's regime's decision to accelerate high-technology growth. Although the SED's interpretation of the Czech reform movement took full account of the *political* dangers inherent in such developments as democratization and the abolition of press censorship, it also included a strongly critical evaluation of the Dubcek regime's economic policies. Above all, the SED leadership was alarmed at the prospects for a significant expansion of economic relations between Czechoslovakia and the Federal Republic.

Shortly after assuming power, the Dubcek regime had moved quickly to seek outside assistance for a major effort to overhaul the Czech economy. The reform-minded economist Ota Sik announced that an initial sum of \$500 million would be necessary to launch the enterprise. When the Soviet response proved unsatisfactory, the Czechs let it be known that they would look to the West for the desired funds. Under the circumstances, this meant a move toward improved relations with West Germany.

The GDR's reaction to these developments was swift and categorical. Ulbricht himself set the tone for East Germany's response when, in a visit to Prague in February, he declared that Czechoslo-

vakia was running the risk of falling into "economic dependence" on the FRG. This parlous condition was seen as leading inexorably to "political dependence." Throughout the course of the Czech crisis, and even after the Soviet-led invasion of August 20-21, authoritative East German spokesmen as well as the SED press kept up a steady stream of warnings about the twin perils of economic and political dependence on the West.³

To be sure, it was the *political* ramifications of expanded trade with the FRG that were at the root of the GDR's concerns. By itself, trade with the West was recognized as a vital requirement for all COMECON countries, and Ulbricht himself freely acknowledged its necessity. Even the GDR, it was admitted, carried on a lively commerce with the FRG and other capitalist nations.⁴ What was regarded as distressing in East Berlin was the immediate possibility of a trade-off between economic aid and unacceptable political concessions.

Indeed, even before the Czech events of 1968, the Ulbricht regime had advertised its opposition to such politically detrimental exchanges. In 1967, for example, the GDR made a major effort to blunt the thrust of the Grand Coalition's *Ostpolitik*. Bonn's new policy was predicated, in part, on the assumption that the need for advanced technology and other goods was so great in Eastern Europe and the Soviet Union that at least some of these states might be induced to establish diplomatic relations with the FRG in return for economic and political benefits.⁵ This strategy was regarded with consternation in East Berlin, as leading spokesmen of the Grand Coalition government explicitly renounced any intentions of formally recognizing the GDR or of abandoning the FRG's proclaimed right of sole representation of the German people. To the East German regime, it was apparent that Bonn's primary intention was to isolate the GDR from its allies by offering them a combination of political and economic advantages. When Romania responded to the Grand Coalition's initiatives and established diplomatic relations with the FRG in February 1967, the GDR reacted vigorously. With Soviet backing, East Germany concluded new mutual assistance treaties with Czechoslovakia, Poland, Hungary, and Bulgaria, and won the endorsement of most of the Warsaw Pact States (Romania being the notable exception) for the

so-called "Ulbricht Doctrine." This measure, in effect, prevented these four states from normalizing relations with the FRG until Bonn agreed to recognize the GDR.

Despite these political successes, however, the GDR was conscious of a growing desire for expanded trade relations with Bonn on the part of several of its key allies, especially Hungary and Czechoslovakia. Leaders of both states openly declared their continuing interest in closer economic ties with the FRG in spite of the Ulbricht Doctrine, and failed to echo the SED chief's warnings about the sinister political intent of the Grand Coalition's economic *Ostpolitik*.⁶ Czechoslovakia, in fact, moved to establish trade missions with the FRG in August 1967.

It is against this background of mounting East German concern about the economic component of Bonn's diplomacy that the GDR's reactions to the Czech reform movement must be viewed. The Czech events of 1968 fit into the same web of perceptions with which the GDR had already come to regard the FRG's recent efforts at detente. In addition to undermining Communist one-party rule from within, the Czech reformers were stigmatized by the GDR for succumbing to Bonn's economic and diplomatic enticements.

The GDR's admonitions about the dangers of "economic dependence" in response to these occurrences coincided with a debate taking place inside the USSR concerning the desirability of significantly expanding trade with the West. A central issue in this debate was the question of whether the socialist states currently enjoyed superiority over capitalism in the race for technological advancement. While certain more traditionally-oriented spokesmen (such as Suslov) argued that the USSR possessed "indisputable advantages" over the capitalist world in scientific-technical achievements, others (notably Kosygin) pointed to capitalism's growing strength in these fields.⁷ By implication, the second group was ostensibly more interested than the traditionalists in bridging the technology gap by means of expanded imports from the West. For his part, Brezhnev generally sided with the traditionalists, at least until the middle of 1968. Speaking in Moscow at the end of March, Brezhnev criticized those Communists who underestimated the scientific-technical accomplishments of the socialist states while

exaggerating the quality of Western technology. As long as he argued this point, Brezhnev struck a responsive chord in the GDR. This was precisely the kind of logic the Ulbricht regime was using in its policies with the Czech reformers, and the fact that the SED daily, *Neues Deutschland*, prominently displayed Brezhnev's remarks was probably not unrelated to the Czech events.⁸

At any rate, the SED's interpretation of the Czech crisis was to have distinct policy consequences on the GDR's economic system. Evidence for this connection centers on the Ulbricht regime's notion that, in order to avoid falling into "economic dependence" on the West, the socialist states would have to solve their principle economic problems "by their own means." This view was first articulated in *Neues Deutschland* in July 1968, as the Czech crisis was reaching its climax. The SED organ instructed the Czechs that, instead of asking for credits in Bonn or Moscow, they should adopt the principle of "building on one's own strength."⁹ The implication of this message was clear: in the last analysis, the socialist states would have to take decisive economic action of their own if they wanted to avoid the perilous political consequences of persisting economic inferiority to the West. Having just witnessed the disturbing domestic and foreign policy effects of prolonged economic stagnation in Czechoslovakia, the GDR apparently decided that some kind of special action in the economic domain was needed in order to avoid a future repetition of the Czech events, whether in Czechoslovakia or elsewhere in the socialist bloc.

Accordingly, in the fall of 1968 the Ulbricht regime began moving to accelerate the growth of its high-technology industries. This represented a distinct and abrupt change from previously adopted policies. In fact, the GDR now decided to scrap its currently operative five-year plan, which had been promulgated only eighteen months earlier for the purpose of specifying East German growth targets up to the end of 1970.¹⁰ The decision to abandon these ambitious targets and aim for even higher ones in key sectors represented a significant policy shift that requires some explanation. Conceivably, domestic factors may have been at work. Given the economy's success in meeting the growth targets projected for 1968, some East German functionaries may have argued that still higher targets could be attained. However, there is not sufficient

information to support such a hypothesis. On the contrary, the positive results of the 1968 plan did not by themselves warrant the assumption that the still higher goals now planned by the GDR leadership could in fact be met. What emerges with considerably more clarity is the fact that the SED regime, and particularly Walter Ulbricht himself, consistently justified the new acceleration policy through the need to promote economic development "by our own means." Moreover, this task was habitually described as a "political necessity" imposed on the socialist states by the dangers present in Bonn's *Ostpolitik*.

Nowhere was this linkage between foreign policy considerations and economic policy changes more clearly articulated than at the 9th plenum of the SED Central Committee held in October 1968. This postmortem session on the Czech experience featured a lengthy discourse by Ulbricht that upheld the concept of economic development "by our own means" as "a law of the international class struggle." Ulbricht castigated excessive reliance on Western imports as a seemingly "comfortable way" of promoting growth that carried with it intolerable political risks. The GDR's prescribed antidote to this condition was to avoid entering into trade agreements with the West that included unacceptable political conditions, and, above all, to stimulate the growth of the Warsaw Pact states to the maximum degree. The GDR indicated it was now ready to do its own part to meet these challenges. Thus, the injunction to promote economic development "by our own means" was no mere slogan. As advanced by Ulbricht and his followers in 1968, it was most probably intended as an explicit guide to policy.¹¹ The magnitude of the policy changes the GDR now initiated became evident with the publication of the 1969 annual plan in December 1968. Overall "produced national income" was set to grow by 6 percent, an increase over the maximum annual target levels adopted in May 1967 in the now defunct five-year plan. Primary responsibility for achieving this figure rested on the so-called "structure-determining areas." These were the most technologically advanced sectors of the economy, and included such industries as electronics, chemicals, plastics, and other areas vital to the progress of an advanced economy. Growth targets in these sectors were now raised to as much as 2.6 percent over the five-

year plan's projected annual goals (see Table 1). Considering the difficulty any advanced industrial economy experiences in raising annual growth rates by even one-tenth of one percent, these increases must be regarded as substantial.

The decision to speed up growth in the high-technology areas appears to have had an impact on the command structure of the East German economy. As the GDR moved to implement this policy, new measures were introduced for the purpose of centralizing decision-making procedures in the very "structure-determining areas" targeted for more rapid development. This step signaled at least a partial reversal of the decentralization tendencies initiated by the NES reforms. Although these reforms had, from their inception, followed a zig-zag course, reflecting the SED's efforts to curb certain undesirable consequences of decentralization, the recentralization measures of 1968 appear quite unmistakably to have been aimed at raising production levels in specific high-technology sectors.¹² Even before 1968, complaints had been frequently expressed by GDR officials about the inadequacy of economic performance in these sectors. As late as December 1967, however, the regime continued to place its hopes in further *decentralization* in trying to resolve these problems.¹³ The decision to institute a measure of recentralization in 1968, confined to the "structure-determining areas," thus seems to have been taken with the aim of assuring that the GDR's policy of stepping up high-technology development operated with maximum efficiency.¹⁴

In sum, the Czech crisis appears to have been instrumental in inducing the East German leadership to make significant changes in its domestic economic policies, above all by triggering the acceleration of high-technology growth. The GDR's economic measures of 1968, and the regime's own justification for them, were fully consistent with the leadership's analysis of the Czech crisis as an example of the dangers of "economic dependence" on the West. While it was presumably clear to the Ulbricht regime that complete economic independence from the West was out of the question for the foreseeable future, apparently it was decided that immediate action was necessary to begin moving toward this goal more rapidly than in the past. At the very least, the SED may have hoped that unprecedented successes in speeding up growth at once

would demonstrate that the economic potentialities of the COMECON states were far greater than previously imagined. Such a demonstration would perhaps weaken the arguments of those in the USSR and Eastern Europe who favored expanding imports from the West. Though the effects of such a policy of accelerated growth, combined with greater economic coordination among the COMECON states, would not be felt for several years, the SED evidently believed that urgent measures were necessary in light of the enormity of the Czech crisis and its implications.

The Continuity of Ulbricht's Strategy, 1969-1970

Over the course of the next two years, the linkage between foreign policy perceptions and domestic economic policies continued to play a central role in the Ulbricht regime's decision-making process. As in 1968, the East German leadership repeatedly urged its allies to avoid entering into economic commitments with West Germany that involved political concessions in matters of vital interest to the GDR. (Once again, this request was not the same as calling for an end to trade relations with the FRG, which was clearly unfeasible, especially for the GDR.)

As it happened, however, the SED met with little success in winning its allies to this counterdetente approach. Poland, for example, turned an about-face in its German policy in May 1969. The Gomulka regime, heretofore the staunchest defender of Ulbricht's hard-line policy toward the FRG, suddenly indicated its willingness to show flexibility in its dealings with Bonn on the touchy Oder-Neisse issue. No less important than the border question was Poland's almost desperate need for Western technology. The Polish economic situation weighed heavily on Gomulka's demarche, which was quickly followed by discussions with West German officials concerning a substantial expansion of economic relations between the two countries.¹⁵

The Soviet Union soon followed suit. Already by mid-1968, Brezhnev had changed course in the debate on the technological competition with capitalism. Arguing now that the West indeed possessed considerable advantages in science and technology, Brezhnev increasingly differed with Ulbricht on this subject and began moving closer to the view that major imports from the West

would be necessary to offset Soviet inadequacies in this area.¹⁶ This attitude was reinforced at the end of 1969, when a secret Central Committee session was held at which Brezhnev sternly criticized the failings of Soviet production techniques.¹⁷

In accordance with these shifts, the Soviets made new overtures to the FRG for talks on economic issues. By the summer of 1969, negotiations were under way for the purchase of steel pipe for the USSR's *Druzhba* pipeline project. Even more importantly, the formation of the Brandt-Scheel government in the fall of 1969 broadened the possibilities for major political agreements between Bonn and the USSR, as well as for economic accords. The close connection between the economic and the political aspects of detente between Moscow and the FRG became strikingly evident on 1 February 1970 as the two governments signed the largest East-West trade deal ever concluded to that time.¹⁸ Coming at the start of the Bahr-Gromyko talks in Moscow on the renunciation of force treaty, the trade agreement was clearly meant to improve the atmosphere for substantial political agreements.

It was precisely such politically portentous economic exchanges that profoundly disturbed the GDR. Unfortunately for the SED leadership, its campaign to convince its allies of the need to accelerate development "by our own means" never elicited a positive response.¹⁹ Moreover, the GDR's determined efforts to induce the Soviets to permit a "qualitatively" higher degree of technological cooperation between the GDR and the Soviet Union seemed to meet with only partial success for the Ulbricht regime.²⁰

As the Soviets moved to conclude the pipeline agreement with Bonn in 1970, the GDR's dissatisfaction with Soviet policy burst out into the open. At an ideological conference held shortly before the conclusion of the accord, Soviet and East German delegates presented diametrically opposed views on the subject of economic dealings with the West. Herbert Kröger, representing the GDR, admitted the existence of diverse interests on the part of socialist states in this question, and emphasized the elements of confrontation existing in the current economic rivalry "between socialism and imperialism." In contrast to this view, one of the Soviet delegates, Bogomolov, played down the confrontationist aspects of East-West relations, and underscored the need to achieve

“the completion of the system of the socialist countries’ relations with the capitalist states.” Even more explicitly than Kröger, Bogomolov fully acknowledged that certain socialist countries did not see eye-to-eye on this issue.²¹ After the signing of the trade agreement of February 1, articles appearing in the SED press conveyed the strong impression that Moscow had done wrong in concluding it.²²

The growing divergence in 1969 and 1970 between the GDR and its chief allies not only on the general question of detente with West Germany, but also on the economic aspects of detente, confirmed the SED’s perceptions of 1968. That is, the Warsaw Pact’s economic debilities were once again seen as paving the way to unacceptable political arrangements with the Bonn government. It was in the context of these events that the Ulbricht regime continued to push the accelerated development of the key “structure-determining” sectors of the GDR’s economy in 1969 and 1970. In fact, the leadership decided in the course of 1969 to aim for even higher plan targets than those set in the previous year. Produced national income was planned to grow by 6.3 percent during 1970, the highest figure ever set by the GDR for national economic growth. Increases in planned output in the high technology areas were set at correspondingly high levels (see Table 1).

As with the formulation of the 1969 plan a year earlier, it is difficult to find within the domestic system itself a convincing rationale for these substantial leaps in planned output. If anything, the results of the economy’s performance in 1969 should have counseled a far more moderate course. Persistent bad weather had placed severe strains on the economy, resulting in a shortage of energy supplies as well as other deficiencies. In addition, SED leaders themselves admitted that complaints were beginning to be heard among various economic functionaries to the effect that projected plan targets were being fixed at unreasonably high levels.²³ In the end, the economy failed in 1969 to reach the targets that had been set for it during the previous year in most of the critical growth sectors.

Nevertheless, the regime vowed to push on in 1970 at even faster rates of growth than those that failed to be achieved in 1969. This decision appears quite clearly to have been taken at the high-

Table 1.—Economic Growth in the GDR: Plans and Results

Sector	Annual growth, 1966-70 plan	1969 plan	1969 results	1970 plan	1970 results	1971 plan
Produced National Income	5% - 5.7%	6%	5.2%	6.3%	5.2%	4.9%
Industrial Goods Production	6.5% - 7%	7%	8%	8.5%	6.4%	5.6%
Electronics/Electromechanics	10.4% - 10.8%	13%	11.9%	15.1%	11%	10.7%
Chemical Industry	8.4%	9%	7.6%	11.3%	8.3%	7.3%
Labor Productivity in Industry	7% - 7.7%	9%	8%	9.4%	5%	5.4%

Sources: Gesetzblatt der DDR, 1967, Part I, no. 8, pp. 65-87; *Neues Deutschland*, 14 December 1968, p. 2; *Die Wirtschaft*, 51-52/1968, p. 3; *DDR-Wirtschaft: Eine Bestandsaufnahme* (1974), pp. 355-56; *Die Wirtschaft*, 1/1970, Supplement 2; *Neues Deutschland*, 22 January 1971, pp. 3-4; *ibid.*, 16 December 1970, p. 3.

est decision-making levels in the GDR, with Ulbricht himself acting as its prime advocate. In view of the great difficulties the economy was experiencing in trying to meet its assigned targets, the regime's policies were manifestly motivated by considerations other than those of strict economic rationality. In fact, it was the *political* importance of accelerated growth that Ulbricht and other leading SED officials themselves emphatically underscored when presenting the 1970 plan.²⁴ The growing successes of Bonn's *Ostpolitik* thus continued to have a perceptible impact on the GDR's economic policy decisions, and leading SED officials explicitly acknowledged this linkage.

After the conclusion of the Bonn-Moscow trade agreement of February 1, the linkage struck new roots. Scarcely three weeks later, Ulbricht announced a new goal for the East German economy. Pointing to the GDR's chronic inability to raise labor productivity to acceptable levels, the SED chief proclaimed the lofty aspiration of overtaking the Federal Republic in this category. The hyperbolic slogan "Overtake without catching up" ("Überholen ohne einzuholen") spearheaded the new campaign. While no timetable

was established for achieving this impossibly ambitious target,²⁵ the Ulbricht regime appeared determined to inject a new sense of urgency into the GDR's economic efforts.

Both the timing of this action and statements made by Ulbricht himself indicated that the latest successes of West Germany's economic diplomacy had provided a considerable impetus to the "overtake without catching up" campaign. In the very speech that launched the enterprise, Ulbricht lashed out at Foreign Minister Scheel for imagining that the USSR's presumed economic difficulties opened the way to "the penetration and softening up" of all the states of the Warsaw Pact. Several weeks later, Ulbricht restated this view and asserted the GDR's resolve to improve economic performance rapidly for the precise purpose of avoiding economic dependence and political manipulation at the hands of the West.²⁶ It may, therefore, be hypothesized that the gathering momentum of detente reinforced the GDR's prevailing sense of economic vulnerability and, thus, induced the SED leadership to speed up its efforts to boost labor productivity at faster rates than might otherwise have been attempted.

For about the first eight months of 1970, the GDR's economic policies continued to be guided by the priorities of accelerated growth in effect since 1968, with the added assignment of dramatically raising labor productivity. Plans were drawn up to pursue this growth strategy for at least the next five years.²⁷ Meanwhile, throughout 1969 and 1970 the acceleration program proceeded to take its toll on the economic reform process. The concentration of investment resources in the "structure-determining areas" continued to be accompanied by the recentralization of decision-making powers in these same key industries. Concentration, in short, provided the occasion for intensified recentralization.²⁸

Ulbricht's Ideological Innovations

Throughout this period, the SED leadership embarked on a serious effort to revise prevailing communist doctrines concerning the nature of socialism. The key concept around which the changes revolved was that of the "developed social system of socialism." Ulbricht formally unveiled this ponderous term in his address before the VIIth SED Party Congress in April 1967.²⁹

From the outset it was evident that the SED chief intended to use this concept to project the image of the GDR as a model of advanced socialist society.

The GDR's claim to a model character had important implications for the social structure of virtually all the states of the Warsaw Pact. In essence, the "developed social system of socialism" took account of the growing social significance of the technocratic elites of these countries, and conferred on them a higher level of ideological legitimacy than had previously been accorded them by Soviet-inspired doctrinal orthodoxy. By advancing the notion that advanced socialist society must be thought of in cybernetic terms as constituting a "total system" (*Gesamtsystem*) composed of more or less equally indispensable subsystems (for example, politics, economics, education, and culture), Ulbricht in effect broadened the orthodox conception of socialism to include contributions from all sectors of society. Although the GDR was still described as a "Workers' and Peasant's State," the doctrine now lost its traditional preoccupation with the working class as the preeminent social group. Instead, the technocrats were exalted as at least the ideological co-equals of the working class, a status that reflected their enhanced importance in building a technologically advanced economy.³⁰

Several months after introducing the "developed social system of socialism," Ulbricht brought forward another ideological innovation. In September 1967, the SED leader expounded the proposition that socialism constituted a "relatively independent historical formation," and added that its duration would be much longer than had been previously imagined.³¹ These ideas departed from the traditionally held notion that socialism would gradually develop into communism in a fairly smooth transition process. The view that socialism and communism were separated by a distinct demarcation was a new one, and its accompanying suggestion by Ulbricht that socialism even had its own laws of development served to reinforce the GDR's claims to theoretical ingenuity. At bottom, the GDR was asserting that it had discovered a number of these laws in the course of its own development, especially in the management of the economy, and strongly hinted that other socialist states might do well to study the East German example.³²

The suggestion that the GDR was a model to be emulated had important implications for its relations with both the Federal Republic and with its own allies. As initially presented, the “developed social system of socialism” constituted an ideological response to the Grand Coalition’s *Ostpolitik*. Ulbricht declared pointedly that, as a fully developed socialist system, the GDR was no longer in a position to consider reunification with West Germany unless the FRG adopted the same system.³³ Within the Soviet alliance, the GDR’s pretensions to constituting a model were clearly aimed at raising the GDR’s prestige and broadening Ulbricht’s own influence among fellow Warsaw Pact leaders. Beyond this, the East German innovations also addressed a serious ideological problem faced by nearly all the socialist states. This centered on Ulbricht’s search for a new theoretical formulation for contemporary socialism that took account of the “scientific-technical revolution” while at the same time preserving intact the predominance of one-party rule. The need for such a synthesis became especially acute in light of events in Czechoslovakia. By 1966, prominent Czech intellectuals had already begun to develop a new model based on cybernetic concepts and systems theory, but their thinking also included such politically suspect notions as free discussion and the autonomy of the subsystems.³⁴ A document entitled “The Czech Model of Socialism” which appeared in 1968, placed even greater emphasis on political democracy.³⁵ Ulbricht’s “developed social system of socialism” appeared to be, in part, a reaction to these ideas. It combined modern systems-theory conceptualizations with a strong defense of “the leading role of the party.” The emphasis on the primacy of the party was even more pronounced after 1968.

In September 1969, the GDR went so far as to publish a massive book that spelled out in considerable detail the theoretical foundations of the “developed social system of socialism.” Entitled *Political Economy of Socialism and Its Application in the GDR*,³⁶ the volume went beyond the initial formulations of this concept and reaffirmed the more recent view that the socialist states had to develop their economies “by their own means.”³⁷ The GDR was, thus, using its ideological innovations to confirm its post-Czech crisis economic policies, and to convince its allies once again to

eschew "economic dependence" on the West. Ideology was, thus, being pressed into the service of the GDR's foreign and economic policies with even greater emphasis than before 1968.

With the publication of this weighty tome, the GDR intensified its efforts to gain acceptance of its model character among the other Warsaw Pact states. Ulbricht himself was repeatedly singled out as having made a major personal contribution to the project.³⁸ Over the course of the following months, East German representatives enthusiastically promoted the "developed social system of socialism" at a series of ideological conferences.³⁹ These efforts, however, did not meet with much success. On the contrary, the Soviet Union openly indicated its displeasure at the SED's innovations. Although *Political Economy of Socialism and Its Application in the GDR* was translated into Russian, it was criticized in a review in *Pravda*.⁴⁰ Even sharper criticisms followed as a Soviet delegate roundly condemned the GDR's ideological positions at an ideological conference in Prague.⁴¹ Presumably incensed at Ulbricht's presumptuousness in encroaching on the USSR's position as the sole source of ideological legitimacy within the Warsaw Pact alliance, Moscow flatly rejected the GDR's bid to present itself as a model of advanced socialism.

Ulbricht's Fall and Honecker's Retrenchment

By the end of 1970, Ulbricht was in trouble on several fronts. In addition to encountering intense Soviet pressures to step into line in ideological matters as well as in the larger question of detente with the FRG, the SED leader witnessed the collapse of his economic acceleration policy. Figures issued in July showed that the economy's performance was falling far short of the ambitious 1970 plan targets.⁴² During the next several months, high-level East German officials as well as economic functionaries became increasingly outspoken in their denunciations of "disproportions" in the economy and unrealistically high plan targets. One Politburo member pointed specifically to "exaggerated ideas and wishes which do not correspond to the material possibilities" as the principle cause of the difficulties. Premier Stoph and planning chief Schürer were equally critical of the economic priorities of the past two years.⁴³ Statements of this kind were clear signs that,

as a result of the country's economic failures, stemming from his ambitious policies, Ulbricht's internal political position had been seriously weakened.

Corrective measures began to be taken in September. When the annual plan for 1971 was revealed at the end of the year, growth targets were fixed well below the levels of the more recent plans (see Table 1). Moreover, emphasis was placed on ensuring a more balanced growth strategy ("plan-based proportionality"), a marked departure from the "dynamic proportioning" that had characterized Ulbricht's excessive concentration on high-technology sectors. When Honecker came to power, he continued this pursuit of economic balance, and personally attacked Ulbricht's quest for "miracles outside the plan."⁴⁴ The new SED chief also proclaimed that the "chief task" of the next five-year plan would be the "further increase of the people's material and cultural standard of living," a distinct shift in emphasis away from Ulbricht's prideful boasting about the GDR's technological capabilities.⁴⁵ Meanwhile, the new regime initially continued the process of recentralizing decision-making structures in select areas, in part so as to help correct the imbalances and inefficiencies that had emerged during the 1968-70 phase of taut planning.⁴⁶

Ulbricht's ideological initiatives were also discarded upon Honecker's accession. In his first major address as first secretary of the SED, Honecker replaced the term "developed social system of socialism" with the "developed socialist society," the designation formally employed by the Soviet Union. Honecker also explicitly repudiated Ulbricht's notion of socialism as a distinct historical phase.⁴⁷ Several months later, Wolfgang Hager, the SED's leading ideological specialist, followed up this attack with a full-blown assault on Ulbricht's theories.⁴⁸ Hager even departed from Ulbricht's confrontationalist standpoint on the economic competition between socialism and capitalism, and, instead, acknowledged capitalism's recent technological achievements. As noted earlier, this latter attitude served as the Soviets' justification for expanded trade with the West. The retreat of Ulbricht's ideological notions was virtually complete when *Political Economy of Socialism and Its Application in the GDR* was withdrawn from circulation and replaced with a more orthodox Soviet text.

Conclusions

Ulbricht's "grand design" involved a mixture of political, economic, and ideological elements. As this study has endeavored to show, East Germany's economic and ideological policies in this period represented, in varying degrees, a response to the political dangers the Ulbricht regime perceived in the process of East-West detente. They also combined to buttress the GDR's claim to constitute a model socialist state, an effort that, at times, also fulfilled distinct foreign policy functions. In the end, however, Ulbricht's excessively ambitious policies foundered on the GDR's internal economic limitations and on the Soviet Union's express opposition.

The conditions under which the Honecker administration took power were very different from those during Ulbricht's final years. By 1971, the Soviets were firmly committed to detente with Bonn, and the GDR was compelled to adjust its positions accordingly. The Soviets had also made known their objections to Ulbricht's ideological heresies. Finally, with the failure of the accelerated growth policies of 1968-70, the Honecker regime was forced to recognize the inherent limits of the GDR's economy. In all three of these areas, the GDR under Honecker has endeavored to avoid the extremes pursued by Ulbricht in the earlier period from 1967 to 1971.⁴⁹

In a broader, comparative perspective, the study of the GDR presented here illuminates a critical dilemma confronted by nearly all the Warsaw Pact states. Continuing economic inferiority to the West in critical sectors places most of these states at a distinct political disadvantage. Ulbricht recognized this at a time when the relationship between economics and East-West diplomacy was more intense than it appears to be now, and its ultimate consequences less foreseeable. But whereas Moscow, Warsaw, and others were willing to trade off political concessions for a combination of political and economic gains, Ulbricht held that political concessions should be deferred and the Soviet bloc's indigenous technological development accelerated. For the other Warsaw Pact states, the need for economic modernization increased the pressures for detente. For the GDR, detente increased the pressures for economic modernization.

Notes

1. See, for example, Gerhard Wettig, *Community and Conflict in the Socialist Camp* (New York: St. Martin's Press, 1975) and N. Edwina Moreton, *East Germany and the Warsaw Alliance* (Boulder: Westview Press, 1978).
2. In the early 1960s, the GDR launched the so-called *Störfreimachen* campaign, designed to make the GDR's economy "disturbance-free" from the effects of the economic diplomacy of West German Foreign Minister Schröder.
3. *Neues Deutschland*, 23 February 1968, pp. 3-4. Also *ibid.*, 30 July, p. 6. For other expressions of the GDR's alarm at the prospect of close Czech economic ties with the FRG, see *ibid.*, 8 June, pp. 5-6; 21 June, pp. 3-4. Hereafter this source will be cited as *ND*.
4. *Ibid.*, 24 May 1968, p. 6; 30 July, p. 6; 25 August, p. 2.
5. A leading Christian Democratic Union (CDU) foreign policy spokesman summed up this attitude with the statement that "(m)odern diplomacy has largely become economic diplomacy." See Ernst Majonica, *Deutsche Aussenpolitik*, 2nd ed. (Stuttgart: W. Kohlhammer Verlag, 1966), p. 9. For Brandt's views on economic diplomacy, see *Friedenspolitik in Europa* (Frankfurt: S. Fischer Verlag, 1968), pp. 77 ff.
6. See the speeches made at the Karlovy Vary conference by Novotny in *ND*, 26 April 1967, pp. 5-6, and Kadar, *ibid.*, 28 April, p. 4. See also Ulbricht's speech, *ibid.*, 27 April, pp. 3-4.
7. Bruce Parrott, "Technological Progress and Soviet Politics," *Survey* 23, no. 2 (Spring 1977-78): 40-42.
8. *ND*, 31 March 1968, p. 5.
9. *Ibid.*, 30 July 1968, p. 6.
10. *Gesetzblatt der DDR*, Part I, no. 8 (7 June 1967): 65-87.
11. See Gunter Mittag's speech in *ND*, 27 October 1968, p. 4. On the 1969 plan, see *ibid.*, 14 December 1968, p. 2, and *Die Wirtschaft*, 51-52/1968, p. 3.
12. Angela Rüger, *Die Bedeutung "strukturbestimmender Aufgaben" für die Wirtschaftsplanung der DDR* (West Berlin: Duncker & Humboldt, 1969).
13. *ND*, 24 November 1967, p. 4; 16 December, p. 3.
14. For the first official announcement of plans to recentralize decision-making procedures in the "structure-determining areas," see *ND*, 23 April 1968, p. 3. More detailed regulations followed in July. See *Gesetzblatt der DDR*, Part II, 1968, no. 66, pp. 433 ff. The timing of these actions suggests that the decision to upgrade performance in the high-technology sectors by means of recentralization had been taken several months *after* the Ulbricht regime began developing the theme of "economic dependence" in the context of the Czech crisis.
15. On Gomulka's motivations, see Peter Bender's article in *Der Monat*, August 1969, pp. 8 ff., and Nicholas Bethell, *Gomulka* (Harmondsworth: Penguin Books, 1972), pp. 270-74. On the Polish-FRG economic discussions, see *Der Spiegel*, 24/1969, p. 34, and 25/1969, p. 31.
16. Parrott, "Technological Progress and Soviet Politics," pp. 41-43. See also the contrasting statements by Brezhnev and Ulbricht at the international Communist party meeting in *ND*, 8 June 1969 (Brezhnev) and 10 June, pp. 5-7 (Ulbricht).

17. Christian Dueval, "Brezhnev's Secret Report," Radio Liberty Research, CRD 29/70 (29 January 1970).

18. The accord provided for the exchange of 52 billion cubic meters of Soviet natural gas for 1.2 million tons of large diameter steel pipe from the FRG. In addition, West German banks agreed to extend the Soviets \$400 million in credit at favorable interest rates.

19. See the speeches made at the April 1969 COMECON meeting in *Die Wirtschaft*, 4/1969, pp. 3-6.

20. In July 1969, a high-ranking GDR delegation visited the USSR to discuss greater technological cooperation, but the final communique failed to mention certain agreements the GDR was actively seeking. On the GDR's desires, see *ND*, 2 July 1969, pp. 1-2. For the communique, see *ibid.*, 5 July, p. 1. Later, the GDR acknowledged that the Soviets had not as yet acceded to East German wishes for more direct forms of collaboration on research and development projects. See Klaus Stubenrauch and Dietrich Austel, "Überholen ohne einzuholen," *Einheit*, 6/1970, p. 741.

21. *Einheit*, 3/1970, pp. 303-04; 4/1970, pp. 353-60.

22. *ND*, 24 January 1970, p. 6; 20 February, p. 6.

23. Hans-Dieter Schulz, "Überforderte Planwirtschaft," *Deutschland Archiv*, 7/1970.

24. *ND*, 14 December 1969, p. 4; 16 December, p. 4.

25. Ulbricht's admission that the GDR's labor productivity lagged 20 percent behind the FRG's was probably an underestimation. See *ibid.*, 23 March 1969.

26. *Die Wirtschaft*, 9/1970, p. 8; and *ND*, 14 March 1970, p. 3.

27. *Die Wirtschaft*, Supplement 14, 18/1970.

28. For a justification of this policy of partial recentralization, see Eberhard Fensch and Otfried Arnold, *Wie meistern Sozialisten die wissenschaftlich-technische Revolution?* (East Berlin: Staats-secretär für westdeutsche Fragen, 1969), p. 66.

29. *Protokoll der Verhandlungen des VII. Parteitages des Sozialistischen Einheitspartei Deutschlands* (East Berlin: Dietz Verlag, 1967). Hereafter cited as *Protokoll VII*.

30. See Ulbricht's statement that the technocratic intelligentsia "constitutes a unity with the working class," *ND*, 15 November 1970, p. 3.

31. *Ibid.*, 13 September 1967, pp. 3-6.

32. *Ibid.*, p. 4.

33. *Protokoll VII*.

34. Radovan Richta, et al., *Richta-Report. Politische Ökonomie des 20. Jahrhunderts* (Frankfurt: Makol Verlag, 1971), pp. 267-79, 298.

35. Helmut Dahm, *Das tschechoslowakische Modell des Sozialismus*, *Berichte des Bundesinstituts für ostwissenschaftliche und internationale Studien*, no. 14 (Cologne, 1970).

36. *Politische Ökonomie des Sozialismus und ihre Anwendung in der DDR* (East Berlin: Dietz Verlag, 1970).

37. *Ibid.*, pp. 469-70.

38. *ND*, 23 September 1969, pp. 1, 3.

39. See, for example *Der Leninismus und der revolutionäre Prozess* (East Berlin: Dietz Verlag, 1970).

40. *Pravda*, 22 September 1970.

41. *Probleme des Friedens und des Sozialismus*, 11/1970, p. 1662.
42. *ND*, 24 July 1970, pp. 3-4; 20 March, p. 3.
43. *Ibid.*, 10 December 1970, p. 5; 11 December, pp. 3-5; 15 December, p. 3.
44. *Protokoll der Verhandlungen des VIII. Parteitages des Sozialistischen Einheitspartei Deutschlands* (East Berlin: Dietz Verlag, 1971), p. 61. Hereafter cited as *Protokoll VIII*.
45. *Ibid.*, pp. 61-62.
46. See, for example, Michael Keren, "The New Economic System in the GDR: An Obituary," *Soviet Studies*, 24, no. 4 (April 1973): 581; and Jacob Naor, "How Dead is the GDR New Economic System?" *ibid.*, 25, no. 2 (October 1973): 279.
47. *Protokoll VIII*, pp. 57, 110.
48. *Die entwickelte sozialistische Gesellschaft* (East Berlin: Dietz Verlag, 1972).
49. See Hartmut Zimmermann, "The GDR in the 1970's," *Problems of Communism*, 28 no. 2 (March-April 1978).