The East German Economy, 1945–2010

Falling Behind or Catching Up?

By many measures, the German Democratic Republic (GDR) had the strongest economy in the Eastern bloc and was one of the most important industrial nations worldwide. Nonetheless, the economic history of the GDR has been primarily discussed as a failure when compared with the economic success of the Federal Republic and is often cited as one of the preeminent examples of central planning’s deficiencies. This volume analyzes both the successes and failures of the East German economy. The contributors consider the economic history of East Germany within its broader political, cultural, and social contexts. Rather than limit their perspective to the period of the GDR’s existence, the essays additionally consider the decades before 1945 and the post-1990 era. Contributors also trace the present and future of the East German economy and suggest possible outcomes.

Hartmut Berghoff is Director of the German Historical Institute, Washington, D.C., and Professor of Economic and Social History at the University Göttingen in Germany. Dr. Berghoff is a member of the editorial boards of Business History Review and Enterprise and Society.

Uta Andrea Balbier is Director of the Institute of North American Studies at King’s College London and Lecturer in U.S. History. Her first book, Kalter Krieg auf der Aschenbahn: Deutsch-deutscher Sport 1950–1972, was a runner-up for the Carl Diem Prize for an outstanding contribution to the field of sports history.
The German Historical Institute is a center for advanced study and research whose purpose is to provide a permanent basis for scholarly cooperation among historians from the Federal Republic of Germany and the United States. The institute conducts, promotes, and supports research into both American and German political, social, economic, and cultural history; into transatlantic migration, especially in the nineteenth and twentieth centuries; and into the history of international relations, with special emphasis on the roles played by the United States and Germany.

Recent Books in the Series

Alison Efford, *German Immigrants, Race, and Citizenship in the Civil War Era*
Lars Maischak, *German Merchants in the Nineteenth-Century Atlantic*
Ingo Köhler, *The Aryanization of Private Banks in the Third Reich*
Hartmut Berghoff, Jürgen Kocka, and Dieter Ziegler, editors, *Business in the Age of Extremes*
Yair Mintzker, *The Defortification of the German City, 1689–1866*
Astrid M. Eckert, *The Struggle for the Files: The Western Allies and the Return of German Archives after the Second World War*
Winson Chu, *The German Minority in Interwar Poland*
Christof Mauch and Kiran Klaus Patel, *The United States and Germany during the Twentieth Century*
Monica Black, *Death in Berlin: From Weimar to Divided Germany*
John R. McNeill and Corinna R. Unger, editors, *Environmental Histories of the Cold War*
Roger Chickering and Stig Förster, editors, *War in an Age of Revolution, 1775–1815*
Cathryn Carson, *Heisenberg in the Atomic Age: Science and the Public Sphere*
Michaela Hoenicke Moore, *Know Your Enemy: The American Debate on Nazism, 1933–1945*
Matthias Schulz and Thomas A. Schwartz, editors, *The Strained Alliance: U.S.-European Relations from Nixon to Carter*
The East German Economy, 1945–2010
Falling Behind or Catching Up?

Edited by
HARTMUT BERGHOFF
German Historical Institute, Washington, D.C.

UTA ANDREA BALBIER
King's College London

GERMAN HISTORICAL INSTITUTE
Washington, D.C.

and

CAMBRIDGE UNIVERSITY PRESS
Contents

Contributors ix

PART I. INTRODUCTION

1 From Centrally Planned Economy to Capitalist Avant-Garde? The Creation, Collapse, and Transformation of a Socialist Economy 3
Hartmut Berghoff and Uta Andrea Balbier

2 From the Soviet Occupation Zone to the “New Eastern States”: A Survey 17
André Steiner

PART II. BEGINNINGS, CRISES, AND REFORMS: THE PLANNED ECONOMY, 1945–1971

3 Winner Takes All: The Soviet Union and the Beginning of Central Planning in Eastern Germany, 1945–1949 53
Burghard Ciesla

4 National Socialist Autarky Projects and the Postwar Industrial Landscape 77
Rainer Karlsch

5 Innovation and Ideology: Werner Hartmann and the Failure of the East German Electronics Industry 95
Dolores L. Augustine
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Author(s)</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>East German Workers and the “Dark Side” of Eigensinn: Divisive Shop-Floor Practices and the Failed Revolution of June 17, 1953</td>
<td>Andrew I. Port</td>
<td>111</td>
</tr>
<tr>
<td>7</td>
<td>From Schadenfreude to Going-Out-of-Business Sale: East Germany and the Oil Crises of the 1970s</td>
<td>Ray Stokes</td>
<td>131</td>
</tr>
<tr>
<td>8</td>
<td>Innovation in a Centrally Planned Economy: The Case of the Filmfabrik Wolfen</td>
<td>Silke Fengler</td>
<td>145</td>
</tr>
<tr>
<td>9</td>
<td>Debt, Cooperation, and Collapse: East German Foreign Trade in the Honecker Years</td>
<td>Ralf Ahrens</td>
<td>161</td>
</tr>
<tr>
<td>10</td>
<td>Ulbricht’s and Honecker’s Volksstaat: The Common Economic History of Militarized Regimes</td>
<td>Jeffrey Kopstein</td>
<td>177</td>
</tr>
<tr>
<td>11</td>
<td>The East German Economy in the Twenty-First Century</td>
<td>Michael C. Burda</td>
<td>195</td>
</tr>
<tr>
<td>13</td>
<td>German Economic Unification: A View through the Lens of the Postwar Experience</td>
<td>Holger C. Wolf</td>
<td>233</td>
</tr>
<tr>
<td></td>
<td>Index</td>
<td></td>
<td>245</td>
</tr>
</tbody>
</table>
Contributors

Ralf Ahrens, Zentrum für Zeithistorische Forschung, Potsdam

Dolores L. Augustine, Department of History, St. John’s University

Uta Andrea Balbier, Institute of North American Studies, King’s College London

Hartmut Berghoff, German Historical Institute Washington, DC, and Institute for Economic and Social History, Georg August University Göttingen

Michael C. Burda, School of Business and Economics, Humboldt Universität zu Berlin

Burghard Ciesla, Independent Scholar

Silke Fengler, Institute for Contemporary History, University of Vienna

Rainer Karlsch, Free University of Berlin

Jeffrey Kopstein, Department of Political Science and Center for Jewish Studies, University of Toronto

Andrew I. Port, Department of History, Wayne State University

Gerhard A. Ritter, Historical Seminar, Ludwig Maximillan University, Munich
Contributors

André Steiner, Zentrum für Zeithistorische Forschung, Potsdam

Ray Stokes, School of Social and Political Sciences, University of Glasgow

Holger C. Wölf, BMW Center for German and European Studies, George-town University