

# **The Failures of East German Policy from January 1989 to March 1990**

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In 1989, the German Democratic Republic (GDR) began to undergo a great transformation. This was initiated by two circumstances. First, was the internal implosion of the Eastern bloc as well as of the Socialist Unity Party of Germany (SED), and second was the strong, but peaceful revolution started by the citizens of the GDR. Before the events of 1989, it was not evident that East Germany would become non-existent. However, actions throughout the year signalled the disintegration of the socialist state. Daring refugees were fleeing for the west, civic movements were gathering in the Protestant churches, and Erich Honecker, the leader of the SED was ousted from leadership. By November 9, 1989 the Berlin Wall was opened, and almost exactly one year later on October 3, 1990 the German nation reunified. The unification of Germany represented not only a change for the German people, but it also created a shift in the global dynamics. The events of November 9, 1989 and October 3, 1990 are not isolated, but instead are tied together into a complex series of circumstances both within and outside of the two German states. This paper will explore the internal economic and political events, including the international developments between 1989 and 1990 in order to determine when the fate of the GDR was sealed. The answer is complex, and no one expected the rapid turn of developments that led to the dismantling of the GDR. The collapse of the GDR was dependent upon the domestic unrest, changing politics within the country, economic disintegration, and the changing political tide sweeping across Eastern Europe and the Soviet Union at the end of the twentieth century.

## **Refusing to Recognize the Present**

The East German Government had become increasingly alarmed at the liberal rhetoric coming from the Soviet Union in the late 1980s. Gorbachev was introducing reforms within the Soviet Union and allowing the countries of the Warsaw Pact to follow their own initiatives. The East German leadership was determined to keep the spread of reform from reaching the borders of the GDR. Erich Honecker, General Secretary of the GDR, and central economy planner, Günter Mittag, and others in the East German politburo were uneasy with the denunciations of Stalinist era policy and the renunciation of the Brezhnev Doctrine coming out of Moscow. From 1988 onwards the SED began to ban many journals, magazines, and films from the Soviet Union. The SED even began to cut parts of Gorbachev's speeches that dealt with Perestroika or other reforms.

While doing this, the SED also began circulating criticism of Gorbachev from his internal opponents within the Soviet Union and Beijing. Historian Mike Dennis also contends that Honecker attempted to form an alliance with anti-Gorbachev Soviet Politburo members and the communist governments of Romania and Czechoslovakia to unite against perestroika reform.

Yet, the SED failed to stop the demands for reform to reach the borders of the GDR. Dissension was quickly growing amongst East German citizens throughout 1989, but the SED turned a blind eye to the discord stirring within their country. The leadership of the GDR remained convinced of the legitimacy and longevity of the East German state. Honecker stated in September 1989 during the 40<sup>th</sup> Anniversary Gala of East Germany that, “Just when the Federal Republic of Germany (FRG) sense a chance to annul the outcome of World War II and post-war developments through a coup, they again have to realize that reality cannot be changed, that East Germany, on the western boundary of the socialist countries in Europe, remains as firm as ever and serves as a dam against neo-Nazism and chauvinism of the West. The GDR’s solid position in the Warsaw Pact cannot be shaken.”<sup>1</sup> Honecker also stated in November of 1989 that, “The Wall will be standing in fifty and even in one hundred years, if the reasons for it are not yet removed.”<sup>2</sup>

## **The Citizens Stir**

Throughout 1989, the Communist’s political and social monopoly throughout Eastern Europe was beginning to end. In January, Hungary began to dismantle the Iron Curtain by drastically liberalizing their government. By May, the Hungarian government had opened their borders to the west with Austria. Within the first three days, over 18,000 East Germans escaped through Czechoslovakia, and into Hungary to exit the communist bloc. Throughout the summer months, thousands of East Germans fled the GDR through the Hungarian opening. Erich Mielke, the chief of the Stasi and Minister of State Security for the GDR complained that, “Hungary is betraying socialism, and what Hungary has done is to violate its agreements with the GDR under the pretext of humanism.”<sup>3</sup> The Hungarian government also suspended their bilateral agreement with the GDR under which citizens who did not have valid travel documentation were sent back.<sup>4</sup> On

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<sup>1</sup> Volker Gransow and Konrad Jarausch, *Uniting Germany: Documents and Debates, 1944-1993* (Providence Oxford: Berghahn, 1994), 51.

<sup>2</sup> Mike Dennis, *The Rise and Fall of the German Democratic Republic, 1945-1990* (Essex, UK; Pearson Education Press, 2000), 255.

<sup>3</sup> Charles S. Maier, *Dissolution: The Crisis of Communism and the End of East Germany* (Princeton NJ, Princeton University Press, 1997), 126-7.

<sup>4</sup> Harold James and Marla Stone, *When the Wall Came Down: Reactions to German Unification* (New York: Routledge Press, 1992), xiii.

September 19, 1989 only nine days after Hungary cancelled the travel agreement, the ruling Hungarian Communist party agreed in talks with reformers to hold multi-party free elections in 1990.<sup>5</sup> One month later, the Hungarian Communist reformers announced a bold move to renounce Marxism in exchange for ongoing measures to implement democratic socialism.<sup>6</sup> Opposition in the GDR dramatically increased when the SED mishandled the refugee situation by closing their border with Czechoslovakia on October 3.<sup>7</sup>

The situation was exacerbated further by growing reformist movements in neighbouring Poland. In June of 1989 the Solidarity movement was made legal again, and won the first free elections against the Communist party. This resulted in the election of Tadeusz Mazowiecki who became the first elected non-communist head-of-state in Eastern and Central Europe in post-World War II.<sup>8</sup> Yet, in the GDR, the SED refused to acknowledge the domestic problems and continued to maintain the status quo. This only fuelled the opposition within the GDR. Honecker refused to listen to the reformers demands and favored an even harder line towards dissent. Honecker's hardline stance was due to his firm political convictions, and this stood in stark contrast to the younger, more progressive Gorbachev.<sup>9</sup> During the peak of dissent within East Germany, the aged Honecker was also suffering from a gallbladder illness. This resulted in a withdrawn leader during the turbulent months of 1989.

In Leipzig, mass demonstrations demanding reform began on September 4, 1989. This became a regular occurrence and was known as the 'Monday demonstrations.' The Protestant Churches in the GDR became the space for the dissidents to gather and organize. Demonstrations began in the churches, and together the citizens began to demand rights such as the freedom to travel to foreign countries and to elect a democratic government.<sup>10</sup> Informed by West German television and radio, people in other East German cities began to organize their own type of Monday demonstrations. By October 9, 1989, just after the 40 anniversary celebration of the GDR, cities throughout the country hosted demonstrations in peaceful opposition to the regime. Although a lot of demonstrators were arrested, the threat of large-scale intervention by security forces never materialised. Without precise orders coming from Berlin, and surprised by the unexpectedly high turnout of citizens, local leaders shied away from interfering. On October 17, Honecker ordered Leipzig police to use force if

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<sup>5</sup> James and Stone, xiii.

<sup>6</sup> Dennis, 260.

<sup>7</sup> Condoleeza Rice and Philip Zelikow, *Germany Unified and Europe Transformed: A Study in Statecraft*, (Cambridge, Mass; Harvard University Press, 1997), 83-4.

<sup>8</sup> *Ibid.*, 260.

<sup>9</sup> Dennis, 258.

<sup>10</sup> *Ibid.*, 126-7.

necessary, but the local party declined.<sup>11</sup> By late fall, some of the SED Party leaders, including Egon Krenz and Günter Schabowski were convinced that Honecker must be ousted from the position of General Secretary. Honecker's long political career as leader of the GDR came to an end due to his inability to deal with the issues of the Hungarian border and blatant refusal to modernize policies and restrictions in the GDR. On October 18, 1989, members within the Politburo voted to replace Honecker with Egon Krenz. However, his debut speech as new general secretary of the SED quickly revealed that Krenz lacked the initiative to implement needed reform.<sup>12</sup>

### **The Moscow Visit**

The same day Krenz took office, he received a secret report from head of the economic Planning Commission, Gerhard Schürer. It showed the full extent of East Germany's economic situation. The report revealed that East Germany lacked the funds to pay back massive foreign loans of 49 billion "valuta marks" (26.5 billion) - this was the currency unit that the GDR had created for foreign trade and was roughly on par with the West German deutsche mark. The borrowed loans had kept the GDR's economy functioning, but they were in a deficit of billions. Although Krenz had been a high-ranking SED official, he had been unaware of the state of the East German economy.<sup>13</sup> Krenz brought up this situation with Gorbachev on November 1, 1989. He told Gorbachev that, Honecker had not discussed the realistic economic situation of the GDR with his Soviet counterparts and that the GDR was encumbered with external debt. Krenz and now Gorbachev were both aware that the reputation of an efficient and stable GDR economy was not only false, but the GDR was operating on both borrowed foreign currency and time.<sup>14</sup> East Germany was no longer economically self-sustaining.

Gorbachev offered advice to Krenz by explaining some fixes that had been implemented to the troubled economy of the Soviet Union, but he warned that reforms were extremely difficult to implement from his Soviet experience. Krenz stressed that despite the state of the economy and the mass protests that East Germany would prevail.<sup>15</sup> He promised to implement reforms in order to stop the demonstrations and stabilize the fragile economy. He offered to improve the already troubled microelectronic and machinery industries in the GDR, in order to

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<sup>11</sup> Maier, 135-146.

<sup>12</sup> *Ibid.*, 155-6.

<sup>13</sup> Dennis, 263.

<sup>14</sup> *Ibid.*

<sup>15</sup> Egon Krenz, "Memorandum of Conversation Between Egon Krenz, Secretary General of the Socialist Unity Party and Mikhail S. Gorbachev," *Making the History of 1989*, Item #435, <http://chnm.gmu.edu/1989/items/show/435> (accessed October 4, 2012, 4:54 pm), 8-11.

receive more fuel, raw materials, and economic support from Gorbachev's government. Gorbachev offered to continue delivery of raw materials, but could not offer any more financial support. The Soviet Union was also pressed for finances and could not spare extra resources. Gorbachev recommended that Krenz should consult West Germany for further loans. However, the West Germans were not open to continue providing loans without concrete evidence of democratic reform from the SED, and Krenz was not willing to make such serious promises.<sup>16</sup>

At the next Politburo meeting, Gorbachev asked its members, "Do you know that the GDR is living one third over its possibilities?" And Shevardnadze declared, "The Germans should destroy the Berlin wall for themselves."<sup>17</sup> The Krenz and Gorbachev talks in Moscow marked a break, a real caesura in the relationships between the Soviet Union and the GDR: Krenz learned that he could not count on the Soviet Union, and Gorbachev understood that the GDR could be a millstone on the neck of the Soviet Union and should come along with West Germany.

### **Backdrop of the Economic Failures**

Why was the East German economy collapsing by 1989? The main failures of the planned economy of the GDR were due to the fact that the economic goals were based on political ideology instead of examining profits and prices. The central planned economy had turned the GDR's economic policies into what Konrad Jarausch calls "state capitalism", where only top government officials are in control of decision making.<sup>18</sup> Some of the main problems with the SED's economic policies were the emphasis they placed on subsidies for the domestically produced goods. Yet, these products lagged in quality compared to the imported foreign "high-quality" goods such as cars, televisions, brand name clothing, and electronics. While at one time, the GDR had been successful in postwar reconstruction, chemical and petroleum refinement, coal and natural resource mining, and industrial machinery it lacked the ingenuity needed in higher technology to stay competitive with Western markets.<sup>19</sup> The micro and computer chips the GDR had focused so heavily on producing failed; they cost more Marks to produce domestically than they could be sold for on the international market.<sup>20</sup>

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<sup>16</sup> Maier, 223-4.

<sup>17</sup> Alexander von Plato, *Die Vereinigung Deutschlands – ein weltpolitisches Machtspiel*, (Bonn: Bundeszentrale für politische Bildung, 20032), 82.

<sup>18</sup> Konrad Jarausch, *The Rush to German Unity* (New York, Oxford University Press, 1994), 97-98.

<sup>19</sup> Dennis, 263-4.

<sup>20</sup> Jarausch, 100.

In 1963 a young politician named Günter Mittag had been chosen to advise the GDR's "New Economic System". This system had disappointing results. Therefore, when Honecker took office in 1971, he changed direction and fired Mittag, replacing Walter Ulbricht's (first General Secretary of the GDR) economic ideas with a new emphasis on social services and spending. This initial plan failed, and he re-appointed Mittag to the Central Committee economic section. This left Mittag the sole overseer of 257 state companies which he combined into the *Kombinate*.<sup>21</sup> Productivity and product quality were low due to the isolated environment the scientific community faced in the East. The GDR could not provide newer and more efficient methods of manufacturing or technology.<sup>22</sup>

The GDR also relied on oil imports from the Soviet Union, which they in turn would refine and export at a profit. Beginning in the 1980s, Russian SFSR had to reduce oil imports from 19 to 17 million tons. This exacerbated another issue within the GDR for the lack of 'foreign currency' as smaller amounts of refined petroleum products were available for export.<sup>23</sup> A Stasi report entitled, "Motives for Emigration" from September 9, 1989 highlighted the issue with the East German deutsche mark compared to foreign currencies. Those within the GDR that possessed foreign currency had the ability to obtain products creating a 'double-currency, double class' system. The report states, "The chief complaint revolves around the fact that those who possess foreign currency can obtain almost anything... but luxury hotels and other privileges."<sup>24</sup> US dollars or West German Deutsche Mark were highly sought after, due to being part of the free market as opposed to the "created currency" within COMECON and the Eastern Bloc. The GDR had a profound lack of foreign currency due to their ever weakening economy.

According to historian, Mary Fulbrook in her book *The People's State*, Günter Mittag in 1971 was in the top three most powerful people in the latter years in the GDR, after Honecker and Mielke.<sup>25</sup> While Walter Ulbricht surrounded himself with few key decision makers and advisors, the circle of political elites became even smaller during Honecker's reign. The small group in charge of political choices and economic decisions was very small. Mittag was responsible (with Honecker's knowledge and approval) for hiding economic realities of failed policies through censorship, political bullying, and financial borrowing to maintain social standards. This gave the image that the GDR

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<sup>21</sup> *Ibid.*, 100.

<sup>22</sup> Dennis, 263-264.

<sup>23</sup> Jarausch, 100.

<sup>24</sup> Gransow and Jarausch, 37-8.

<sup>25</sup> Mary Fulbrook, *The People's State: East German Society from Hitler to Honecker* (New Haven, London: Yale University Press, 2005), 187.

economy was robust, and both the Soviet Union and the West were surprised by the realization in 1989 that the GDR economy was actually in ruins.<sup>26</sup>

By 1987, Mittag realized he could not continue to cover up the poor state of the economy. Making cuts to social expenditures was near impossible as the political climate was becoming very hostile to the political leadership of the SED. Gerhard Schürer discreetly cautioned Honecker that continued spending, reliance on foreign loans, and lack of reforms would result in the indefinite bankruptcy of the GDR. Honecker ignored Schürer, and continued down the path of economic disaster and reckless spending. As Konrad Jarausch explains, Honecker's fraudulent economic policies only came to light in 1989 when Krenz took over and mass unrest caused the SED regime to come clean. Günter Mittag is noted saying, "The East were unable to help, and I could not turn to the West for comprehensive cooperation because of latent political resistance in our own ranks."<sup>27</sup>

Therefore, who was ultimately responsible for the failure of the GDR's economy? It appears that figures such as Gerhard Schürer, Harry Tisch, and others that led the various commissions responsible for the economy such as the Executive Committee of FDGB or the State Planning commission may at one time have been compliant, but there is written evidence that suggests that warnings were given to higher-ups about the looming bankruptcy and likely collapse of the economy. These warnings were willingly ignored by SED party elite under the influence of Honecker.<sup>28</sup> Reparations from the war and trade that favoured Moscow resulted in difficulties for the GDR, as well, lack of access to Western products led to increased trade of inferior products between the GDR and the rest of the Eastern Bloc within COMECON.<sup>29</sup> Despite the inherited difficulties of COMECON membership and Mittag's earlier participation in Ulbricht's reform program, responsibility is placed on the highest individuals who dictated policy and proceeded to cover up the poor results; these individuals were Honecker and Mittag.<sup>30</sup> The latter years of Honecker's leadership had the SED economic policy makers designing quick financial fixes, while falsifying financial reports. This led to the economic crisis in the East German state. The reckless economic decision making of the SED elite is one of the central reasons for the GDR's failure.

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<sup>26</sup> *Ibid.*, 185-7.

<sup>27</sup> Jarausch, 100.

<sup>28</sup> Fulbrook, 187.

<sup>29</sup> Jarausch, 101.

<sup>30</sup> Fulbrook, 188.

## The November Upheaval

In the fall of 1989, Krenz's government was under pressure to revise the travel laws to control the mass emigration out of the GDR. The SED devised a new travel policy on November 7, 1989. The policy stated that if East German citizens possessed a passport or exit visa they could apply for foreign travel. Two days later on November 9, 1989 newly appointed Central Committee Secretary Günter Schabowski was required to announce the government's new policies to the international press. However, Schabowski had missed the last politburo meeting and hadn't known that the law was only to go into effect the next day. On the evening of the ninth, Schabowski read the revised travel plans to the media from his notes. When the press asked him, when did it go into effect, he appeared puzzled, and then answered, immediately. When asked again for clarification by journalists if East Berliners could cross the border to the West, Schabowski replied, "Yes. Of course. It is no question of tourism. It is a permission of leaving the GDR."<sup>31</sup> The new policy was broadcast on West German radio and television and quickly reached the East German population. Within hours, thousands of East Berliners had gathered by the checkpoints and demanded the border be opened. Eventually, confused border guards, opened the border and let the masses through. Over the next three days, over three million East Germans crossed the border to visit West Germany without restrictions.<sup>32</sup> The Soviet ambassador in the GDR contacted Gorbachev who was shocked by the unexpected and unrestricted opening of the Wall, but Gorbachev quickly ruled out any military intervention. Gorbachev wished Krenz well in their reforms while simultaneously urging France, Britain, the United States, and West Germany to not purposefully destabilize the GDR.<sup>33</sup> With the fall of the wall, Chancellor Helmut Kohl from the Federal Republic of Germany (FRG) quickly made his own decisive plans for the East. By the end of November he secretly worked out his "ten-point program" which outlined unification for the two German states. From the end of November, 1989 until October 1990 Kohl strongly pushed for unification.

By the end of the year, East Germans had grown restless with the Krenz government. The lack of reforms combined with the abysmal state of the GDR economy forced Krenz to resign. He stepped down from his post of General Secretary and Chairman of the State Council on December 3 and 6 respectively, and the 61 year old Hans Modrow was instituted as Prime Minister.<sup>34</sup> Modrow was regarded as a legitimate reformer, but it was too late for the SED. Although

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<sup>31</sup> Dennis, 288-9.

<sup>32</sup> James A. McAdams, *Germany Divided: From the Wall to Reunification*. (Princeton NJ, Princeton University Press, 1993), 3-4.

<sup>33</sup> Dennis, 289-90.

<sup>34</sup> Maier, 178-81, 197-98.



Modrow had promised free elections to be held on March 18, 1990 the SED's popularity was quickly diminishing. In January 1990, 74,000 people left permanently for West Germany. The East German Secret police, the Stasi, in an attempt to stem disapproval changed their name to the Office of National Security. However, frustrated citizens felt that the name change was irrelevant after suffering for years from its repressive techniques. On January 15, 100,000 citizens demonstrated at the Stasi headquarters in East Berlin and eventually stormed in to look at classified documents.<sup>35</sup> Similar events occurred in Dresden, Leipzig, and Plauen.

### **The Masses Demand Unification**

Since Christmas 1989, after his speech in Dresden, Kohl campaigned tirelessly for a quick unification plan for the two German states. Modrow was struggling to control the pro-unification tide and attempted to launch a plan called 'For Germany, United Fatherland.' Modrow met with Gorbachev in Moscow and proposed a plan where both Germanies would retain their sovereignty and gradually transfer to a confederation after a period of economic and political cooperation. However, Gorbachev explained to Modrow on January 30, 1990 that the Soviet Union had already accepted the inevitability of a unified Germany. Both declared during Modrow's visit in Moscow on January 30 that a new Germany should be neutral.<sup>36</sup> Gorbachev explained that he was now concerned with keeping a hard line on nuclear weapons and placement of NATO forces on East German territory. The day before Modrow arrived to meet with Gorbachev, the Soviet leader had already conceded to the media that, "no one doubts in principle the unification of the Germans."<sup>37</sup>

In the March elections, the party which favoured the quickest form of unification based on Kohl's politics, was Lothar de Maiziere's Christian Democrats who won with the help of two other parties which were labelled together as the "Alliance for Germany." The Alliance won with 48% of the votes or 192 seats, in second was the Social Democratic Party for Germany with 22% or 88 seats, and the former SED now known as the Party of Democratic Socialism came in third with 16.4% of the votes or 66 seats.<sup>38</sup> Following the election, Kohl and the head Minister of the Chancellery's Office Wolfgang Schauble were determined to reach a fast and comprehensive agreement on German unification with the East. East German state secretary Günter Krause and Lothar de Maiziere wanted to preserve a strong state while slowly forming a coalition, but the

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<sup>35</sup> *Ibid.*, 24-46, 200, 215.

<sup>36</sup> von Plato, 223.

<sup>37</sup> Dennis, 295-7.

<sup>38</sup> *Ibid.*, 293-4, 297-8.

weakened GDR was in no place to negotiate. As West German Interior Minister Wolfgang Scahuble noted in his address to the East German people,

What is happening is the accession of the GDR to the Federal Republic and not the other way around. We have good Basic Law which has proved its worth. We do not wish to callously ignore your wishes and interests. However, we are not starting again from the beginning from positions that have equal rights. The Basic Law exists, and the Federal Republic exists.<sup>39</sup>

By July, the internal aspects of unification had been settled and the internal German treaties were signed. The international negotiations involving the four-powers and the two German states continued throughout the summer and into early fall. On September 12 the international treaty was signed in Moscow, and one month later, on October 3, 1990 the GDR officially ceased to exist and was incorporated into the Federal Republic of Germany.

## Conclusion

Events in a single year led to the disintegration of the East German state. The collapse of the SED and peaceful demonstrations throughout the country started the revolution that ended the life of the GDR. German unification occurred with profound speed, and it shocked both the German inhabitants and the world watching. No one expected that the GDR would cease to exist. There are several factors that led to the GDR's demise. The poor economy had been leading East Germany down a path of destruction for years and the West German government did not want to support East Germany before a free election. The rapidly changing political climate in the Soviet Union and Warsaw Pact countries in the latter half of the 1980s drastically influenced events in the GDR. The occurrence of the peaceful demonstrations led to the SED's collapse and helped bring down the East German state. However, the fate of the GDR was sealed in the March elections in 1990. East Germans voted democratically for a party that would lead them down a path to German unification. With the election results, there was no turning back for both Germanies and the future was headed towards unification. That the united Germany would become a member of NATO had not been a goal of the activists of the peaceful revolution.

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<sup>39</sup> Paul Cooke, *Representing East Germany since Unification: From Colonization to Nostalgia* (Oxford: Berg, 2005), 4.