

ON THE DEVELOPMENT OF SOCIALIST DEMOCRACY IN  
THE GERMAN DEMOCRATIC REPUBLIC

by

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## ABSTRACT

The central question to be asked in this thesis is to what extent democracy in the German Democratic Republic is developing. As a pre-understanding, democracy is taken to mean a social system in which the members exercise a high degree of control over the conditions of their existence. The specific functions and forms of democracy in a given society can only be determined on the basis of a concrete analysis of the relationships of production and the concrete decision-making processes inherent therein.

For this reason the economic reforms which began to be introduced in 1963 are of special interest. In the first chapter the reasons for these changes in light of the problems and contradictions of the previous administrative planning system are reviewed and the specific content of the reforms is established. The reforms constitute a certain decentralizing redistribution of decision-making powers, though central planning has not been eliminated. Administrative relationships have been to a great extent replaced by economic relationships; feedback mechanisms, including the market, have been incorporated with an increased emphasis on commercialization and differentiated economic incentives. The reforms are consciously oriented to the increased rationality and efficiency of the production process in order to stimulate

economic growth.

In order to arrive at a sound socio-political evaluation of the reforms in the GDR, it is necessary to survey a few theoretical and interpretative approaches. From this, appropriate analytical categories as well as insights into the basic structures of the East German society and polity are derived. The socio-political implications of the economic reforms can best be understood in terms of the interrelationships and conflicting interests between three basic groups: the political elite, the economic-technological elite and the broad masses of workers and employees. Economic efficiency and progress are the basic legitimizing factor for the power and privileges of the elites. The reforms can thus far be interpreted as attempts to maintain and enhance this legitimacy, while at the same time they would seem to constitute a certain power shift between the two elites.

Democratization can initially be understood as the legitimization and control of decision-making and the bearers of decision-making power by means of a critical socialist public emanating essentially from the mass of the direct producers. Such a critical public was found to depend on, among other things, a certain minimum of autonomous control by the individual workers over basic material factors affecting their lives in the production process. An analysis of basic organs of decision-making and control from below and of the planning process shows that this minimum is indeed

given, that moreover this minimum of democratic control and decision-making has been increased by the economic reforms and other changes implemented in conjunction therewith.

The development of democracy in the GDR can thus be interpreted in terms of the contradictions between the authoritative decision-making of state and party and the critical discursive publics at the base. The latter are an integral and necessary element of the system without which the efficient functioning of the system would be gravely impaired. The extension of critical public opinion and consequently public control into the spheres of central planning and political policy determination would constitute the further development of socialist democracy. Insofar as the necessary base for this is firmly established, it can be concluded that the development of socialist democracy in the German Democratic Republic has progressed considerably. The existence of spheres of authoritative decision making power and of privileged groups shows the extent to which socialist democracy must still develop as well as the specific factors that stand in the way of this development.

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## EXPLANATORY NOTE

A note of explanation concerning the designation of sources in the footnotes and the translation of material from German to English is in order here. After the first citation of an author with only one work listed in the bibliography, the normal footnoting procedure of using the abbreviation "op. cit." has been followed. In cases where more than one work by the same author has been used, I have resorted to the use of abbreviated titles to avoid any confusion.

All translations from German to English are without exception my own. This is in most cases, of course, unavoidable, as no English translations exist. Concerning the works of Marx and Engels, many of which are available in English, I have made all my references to the German edition of the collected works as published by the Dietz Verlag, Berlin, GDR, and translated all quotations myself. There are two basic reasons for this procedure. For one, there is as yet no standard edition of the works of Marx and Engels in the English language. Had references to English translations been given, the reader would have been faced with the not so easy task of obtaining the same edition as would have been used by me. The German edition of the collected works is, however, generally available in larger libraries. Secondly,

a comparison of the English translations available at present to the German original has shown that in many cases these translations are not as accurate as I consider necessary. In these instances, the only solution was to submit my own translations in the hope that translation accuracy could thereby be improved. In all translations I have laid major emphasis on the accurate translation of meaning rather than on stylistic considerations in English. For the sake of brevity, the German original has not been included.



## ABBREVIATIONS

AGL	Abteilungsgewerkschaftsleitung (Division Union Directorate)
BGL	Betriebsgewerkschaftsleitung (Plant Union Directorate)
BGO	Betriebsgewerkschaftsorganisation (Plant Union Organization)
BKV	Betriebskollektivvertrag (Plant Collective Contract)
BRD	Bundesrepublik Deutschland (Federal Republic of Germany)
Comecon	Council of Mutual Economic Assistance
ČSSR	Československá Socialistická Republika (Czechoslovakian Socialist Republic)
DDR	Deutsche Demokratische Republik (See GDR)
FDGB	Freier Deutscher Gewerkschaftsbund (Free German Union League)
GDR	German Democratic Republic
KPD	Kommunistische Partei Deutschlands (Communist Party of Germany)
MEW	Karl Marx, Friedrich Engels, Werke
NÖSPL	Das Neue Oekonomische System der Planung und Leitung
SBZ	Sowjetische Besatzungszone (Soviet Zone of Occupation)
SED	Sozialistische Einheitspartei Deutschlands (Socialist Unity Party of Germany)
SPD	Sozialdemokratische Partei Deutschlands (Social Democratic Party of Germany)
SU	Soviet Union

USSR            Union of Soviet Socialist Republics  
VEB            Volkseigener Betrieb (People's-owned Plant)  
VVB            Vereinigung Volkseigener Betriebe (Association  
                 of People's-owned Plants)

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## INTRODUCTION

Although the socialist countries of Eastern Europe have made tremendous advancements in modernizing and industrializing their societies and in raising the standard of living of their peoples while at the same time achieving a degree of economic rationality and stability, it is the general opinion in the West that they have so far been unsuccessful in establishing a modicum of democracy or guaranteeing that degree of political freedom which exists in Western democracies. The reasons for this are, of course, complex, ranging from initial backwardness, the lack of democratic traditions and the exigencies of rapid industrialization to the complexities of international rivalries. Basic to many analyses has been the idea that centralized administrative planning, itself a logical outcome of the state ownership of the means of production, was incompatible with the democratic process. By consolidating the decision making process in the hands of the central authority and giving it the power to run the economy by legally binding plan directives, all lower levels right down to the level of the workers would be excluded from decision making competency.<sup>1</sup> Autonomous decision making from below would necessarily be disruptive; if allowed to persist, it would involve the planning process in unending decision making, thus rendering it too cumbersome and robbing the plan

directives of their binding character. The maintenance of administrative central planning would require, therefore, either the elimination of democratic decision making from below or at least its manipulation to such an extent that its compatibility with central plan directives would be assured.

Since the completion of the industrialization and -- following the Second World War -- the reconstruction phase, the planning system in the Soviet Union has undergone several modifications and changes. Likewise, the other socialist countries have developed their own variations of planning systems with a greater or lesser degree of centralization. In the 1960's a definite trend towards decentralization and delegation of decision making authority downwards developed in many of the European socialist countries. Among the first to transform the economic system was the German Democratic Republic (GDR). In 1963 the New Economic System of Planning and Management (*das neue oekonomische System der Planung und Leitung*, NÖSPL) was introduced by the Socialist Unity Party of Germany (*Sozialistische Einheitspartei Deutschlands*, SED). Not only has it been one of the most systematic economic reforms in the European socialist countries, it has to date been one of, if not the most economically successful. But economic success is not equivalent to success in building a democratic society. In the main, though, the new economic systems seemed to offer a great potential also for the achievement of this latter end. In 1966 Elmar Altvater wrote:

The new economic Systems are understandable as a --necessary--stage in the development of the socialist economy and society, as a stage replacing the phase of centralistic planning which can not come to grips with the socio-economic problems brought about by the latter. . . . The new economic systems are to be understood as a moment of the revolutionization of socialist societies by means of the rationalization of the economy and democratization of economic and political life. 2

Subsequent developments seem to make such a prognosis problematic. Notably the developments in Czechoslovakia, where attempts to initiate economic reforms led to a political upheaval and its arrest by the armies of the Warsaw Pact nations, have necessitated a critical review of the connections between the public ownership of the means of production, planning and the market and political democracy. Although the developments in the CSSR are not the object of study here, certain analyses of them will be used insofar as they might also be relevant to an examination of the system in the German Democratic Republic.

In this study four rather basic theories pertaining to the above mentioned problem will be briefly surveyed and examined for their adequacy. Proceeding from insights gained thereby, certain aspects of the economic and political system of the GDR will be examined and an alternative analysis will be attempted.

In this study, the development of democratic process in the GDR as well as factors which might hinder it will be examined. It is therefore necessary that a concept of democracy be at least outlined. For the purposes of this study democracy will be understood as that social system in

which the members exercise a high degree of control over the conditions of their existence. Although in this form such an understanding is quite abstract, it is not meant to be used as an (utopian) ideal by means of which reality is to be measured and condemned; it is preliminary in character. It is also not bound to specific historic forms claiming democratic character -- above all not to the forms of parliamentary democracy as developed in Western Europe and North America. Rather this treatise will proceed from the premise that specific forms of democratic process vary with the specific structures and potentialities of societies at specific periods in history. If it is not to remain on an abstract level, such a concept of democracy must be understood to incorporate those material and social factors that are necessary in order that democracy become a reality. This invariably involves the concept of process or becoming; yet a further theoretical discussion at this point, independent of the material to be analyzed, would be premature. The concept must prove itself in terms of reality and not vice versa.

One might well ask why a study of this nature is being undertaken on the German Democratic Republic. Is it not one of the most "totalitarian" of socialist states? In Germany, democracy (of any sort) has historically never been to that extent an integral part of the German polity and society as, say, in the case of France or England. Nor



have democratic ideals and values been as widely accepted. Following the Second World War and the defeat of Fascism, the democratization of Germany was seen as an indispensable condition to its re-emergence as a sovereign nation.<sup>3</sup>

Hereby democratization was not limited to a restoration of parliamentary forms, but was extended to include a mandate for a restructuring of German society.<sup>4</sup> To those who saw an immanent connection between monopoly capitalism and the rise of Fascism this mandate for democracy meant basically a mandate for socialism.<sup>5</sup> The ensuing development led, however, to the formation of two German states with opposing socio-economic and political systems. In a very general way one could speak of two alternative models or solutions both to the specific problem of the democratization of the German state and society and to the more general problem relating to the growth and/or elimination of fascist tendencies in capitalist societies.

There can be no doubt today that the economic backwardness and low level of productivity in the socialist countries were (and in some cases still are) a determinative factor in the development and perpetuation of the dictatorial and bureaucratic structures. Marx and Engels were very clear about the fact that only on the basis of a highly productive industrial society where at least the most urgent problems of scarcity had been solved and the work day shortened would a socialist society be possible.<sup>6</sup> Today the German Democratic

Republic has the highest standard of living and per capita productivity of any of the socialist countries. As the eighth industrial nation in the world and the fifth in Europe it is in a class with other advanced industrial nations. In terms of its economic base, then, one could say that it has the highest potential for constructing a democratic socialism.

In still another theoretical context the GDR is of importance. Many modern theories now view the development of society in terms of the development of technology and industry. The development in the socialist countries is seen as an alternative industrialization process to the form taken in Western Europe and North America. The future development, the societal problems and the problem of democracy are accordingly analyzed in terms of technological and organizational requirements without recourse to an examination of the relationships of production or property relationships. In terms of such theories the juxtaposition of capitalism and socialism is seen as at best obsolete. In the case of the not yet highly developed socialist countries,<sup>7</sup> such theories actually lacked a base as one could always relate their specific problems to the low level of economic development. This is no longer the case with the GDR. Its economic development places it sufficiently on a par with other advanced industrial societies that comparative analyses and conclusions drawn therefrom have a certain legitimacy.

## FOOTNOTES

## INTRODUCTION

1. This was actually the case in the Soviet Union following the introduction of the first five-year plan until after Stalin's death. See Werner Hofmann, Die Arbeitsverfassung der Sowjetunion, Berlin 1956, p. 291. For Hofmann this is not the necessary outcome of the public ownership of the means of production, but the result of very specific conditions which are eliminatable and being eliminated thus creating the possibility of decentralization of decision making competence. See pp. 297-8.
2. Elman Altvater, "Rationalisierung und Demokratisierung," Das Argument, Nr. 39, August 1966, p. 289.
3. See the terms of the Potsdam Agreement in Beate Ruhm von Oppen, Documents on Germany under Occupation, 1945-1954, London, New York, 1955, p. 40 and following.
4. Wolfgang Abendroth, Das Grundgesetz, Pfullingen 1966, p. 27. See also Reinhard Kühnl, Deutschland zwischen Demokratie und Faschismus, München 1966, pp. 67 and following.
5. Neither the view that the fascist system was basically a capitalist system and the product of contradictions and power structure of a monopolistic capitalist society nor the demand for reform along socialist lines were limited to traditionally socialist parties and social groups in the first post-war years. See the above references. See also Ossip K. Flechtheim, Dokumente zur parteipolitischen Entwicklung in Deutschland nach 1945, Bd. 2, Berlin (W) 1963, pp. 1, 2 as well as specific party documents in this volume.
6. Karl Marx, Friedrich Engels, Die deutsche Ideologie, in K. Marx, F. Engels, Werke, Bd. 3, Berlin (E) (hereafter MEW 3, etc.), pp. 34-35; K. Marx, Grundrisse zur Kritik der politischen Oekonomie, Berlin (E) 1953, pp. 75-77 and F. Engels, "Die Entwicklung des Sozialismus von der Utopie zur Wissenschaft", MEW 19, pp. 224-5.
7. This would include all but the GDR and the ČSSR and possibly the USSR, although in the latter case development is still not uniform in all sectors and regions. In fact only the GDR can show a relatively high degree of uniformity in its economic development.

## CHAPTER I

### OUTLINE OF THE NEW ECONOMIC SYSTEM OF PLANNING AND MANAGEMENT AND ITS SOCIO-POLITICAL IMPORTANCE

#### A. The Problems of Dictatorial-Administrative Central Planning

Although the socialist governments of Eastern Europe (including the USSR) have implemented various economic systems, the system of dictatorial-administrative planning or imperative planning has been most closely associated with these regimes.<sup>1</sup> This association is not only a reflection of the long practical prominence of imperative planning in the Soviet Union and the European socialist countries, but is also due in part to the dogmatic identification of socialism with central planning and capitalism with the market on the part of socialists and non-socialists alike.<sup>2</sup> Yet the administrative central planning system, as it was developed in the late twenties and thirties, was tailored to fit the needs of an economically backward and politically isolated country. The foremost economic and political objective was rapid industrialization with its concomitant emphasis on heavy industry and, for reasons which need no elucidation here, on defense industry. It was a practical and rational solution to the economic development problems of a society characterized by a chronic

lack of politically reliable and adequately trained cadre, a preponderance of an illiterate peasantry, unsuited in its skills, life style and work attitudes to the rigor and tempo of urban industrial production, and an economic structure which was not particularly complex or diversified.<sup>3</sup> Conversely, the rationality and practicability of this system were inexorably predicated on the existence of the above conditions within the framework of the goals set for it. Hence the transposition of this system onto the more advanced societies of Eastern and Central Europe in the late 1940's was problematic. This was especially the case in East Germany and Czechoslovakia which were already relatively highly industrialized countries with a highly skilled and disciplined working class and a generally literate population. Nonetheless many factors spoke for the continuation of this system. Notably the destruction during the war and the re-emergence of animosities between the capitalist and socialist countries -- animosities which had been submerged under the antifascist alliance, only to take on a sharper, more rigorous form following the defeat of Fascism -- placed the new socialist countries and the Soviet Union (again) before problems similar in content and urgency to those which had plagued the USSR in the thirties: construction and reconstruction of industry and defense. For the purposes of this analysis it must be emphasized, moreover, that the "middle German" territory, which was to become the German Democratic Republic,

was an amputated economic structure with extreme disproportionalities,<sup>4</sup> in addition to being burdened with heavy reparation payments to the Soviet Union.<sup>5</sup> These factors made a strict central control of the economy seem all the more necessary. Indeed the argument of the American economist, Hans Apel, leads to the conclusion that under the given conditions administrative central planning was necessary to avoid collapse.<sup>6</sup>

The economic development resulting from administrative central planning, however, fast created an economic base for which this planning system was becoming increasingly unsuitable. With this the limitations of the system became even more manifest as well as dysfunctional to the working of the economy as a whole. There is no need here to go into a lengthy and detailed analysis of this development; a cursory list of some of the manifestations along with a look at the underlying structural problem will suffice.

With the increasing complexity of the factors to be coordinated in the plan the gross plan indicators of the central planning authority, from which all production proceeded, became more unreliable. The result was often underproduction of some articles while others were produced in too great a quantity.<sup>7</sup> Where this directly affected plant production, as in the case of raw materials or parts, it often lead to hoarding, black market dealings with suppliers and purchasers, and speculation.<sup>8</sup> Plants also took

to producing their own inputs, thus reducing the benefits of economies of scale.<sup>9</sup>

The plan indicators had proven to be unduly insensitive to product quality. As long as general scarcity existed due to initial low production levels, this was no great problem. But when and where goods became relatively abundant, choice according to quality became increasingly important. As a result large stockpiles of low quality, unsaleable goods developed.

The imperative planning system relied on a bonus system calculated on the fulfillment and overfulfillment of gross production goals. Thus, both plant management and workers had a definite interest in obtaining soft plans which could easily be fulfilled with given capacity. Nor was there any interest in overfulfilling plan goals by too large a margin, as this generally led to a raising of goals by the central planning authority and undermined the underrating of capacity upon the basis of which soft plans were justified.<sup>10</sup> The outcome of this was as predictable as harmful: underutilization of capacity and a less than maximum or optimal growth rate. This system of material incentives also affected the introduction of innovation, since these would necessitate a recalculation of plan goals which threatened and often wiped out bonuses for managers and workers.<sup>11</sup>

In this same vein one must mention the well-known examples of "ton ideology" and "value ideology". Were plan

indicators given in terms of gross output according to some natural quantity such as weight, then the plants tended to produce articles which were unduly heavy. Were they given, however, in terms of the value of total output, then there was a tendency not to economize on the use of expensive materials and to produce goods of a high unit cost.

The net effect of this was among other things a tendential disintegration of the planning system and an undermining of the authority of the central planning agency itself. The first response amounted mainly to piece-meal reforms and the repetition of bureaucratic campaigns to counteract the undesirable effects of spontaneous actions of managers and workers induced by the plan itself and to maintain or restore plan discipline.<sup>12</sup> This could of course only aggravate the situation as the roots of the problem lay in the structure of the dictatorial-administrative central planning system itself, and not in certain reformable inconsistencies or in the inconsequence of its execution.<sup>13</sup>

Two basic problems required solution. First of all, in order that economic planning function properly, it must operate on the basis of rational calculation of objective economic relationships. Yet administrative central planning, as the name implies, had a strong tendency to subjugate such calculation in favor of the realization of political goals. "The economic policy carried out from 1928 on was of a purely pragmatic nature, determined solely by the desire to



industrialize the Soviet Union as rapidly as possible."<sup>14</sup> Likewise in the GDR economic policy was oriented towards the goal of social transformation (socialization of industry and later collectivization of agriculture) as well as the construction of the industrial base for a separate German state. Given the pragmatic orientation, the lack of effective political control and the almost insurmountable economic, social and political problems faced by the political leadership, economic planning showed a high inclination to degenerate into subjectivism and voluntarism.<sup>15</sup> This received further imputus from the fact that the existence of considerable internal reserves, notably manpower reserves, made economic growth through the extensive employment of these factors possible without strictest recourse to sound economic calculation.<sup>16</sup> Thus plan arbitrariness and the relative independence of the central bureaucracy could go largely unchecked by economic developments, as under these conditions positive results were still obtainable. Were these reserves, however, fully employed, then further economic growth became contingent upon an intensive expansion of production, i.e. on the rational calculation of costs and gains in order to insure the optimal allocation of resources and the continuous growth of productivity.<sup>17</sup>

Secondly, the system of administrative central planning was faced with a structural problem of great economic and political import. Basically all decision making competence

was concentrated in the hands of the central bureaucracy. All spheres of the society and the economy were principally, if not always in actual fact, subject to its authority; spheres of autonomy were thus tendentially eliminated. Yet, as the above mentioned problems of the old planning system indicate, the system of central planning induced a secondary decision making process<sup>18</sup> which, whether it ran parallel or counter to the demands of the plan, was illegitimate in terms of the system. No mere addition of plan indicators or bureaucratic controls could cope with this problem, as it was basically not a problem of the insufficiency of indicators or controls, but a problem of the relationships of particular interests to general interests<sup>19</sup> or spontaneity to consciousness (*Bewusstheit*).<sup>20</sup> But not only did administrative central planning lack any mechanism for giving adequate expression to these real economic and political relationships, it moreover tended to deny the relevance and legitimacy of spontaneous activity and particular interests,<sup>21</sup> thus becoming "at an advanced niveau of economic development an ineffective management apparatus with economic failures and demoralizing effects in the population." The solution to the problem of rational calculation was, therefore, impossible without resolving the problem of the coordination of particular interests among themselves (horizontally) and in relation to general societal interests (vertically).

B. The New Economic System as Rationalization of the Planning System and the Decentralization of Decision Making

Although with administrative central planning remarkable successes had been achieved in industrialization and/or reconstruction as well as in maintaining high growth rates for the economy as a whole,<sup>23</sup> by the end of the fifties and into the sixties these growth rates were declining at an alarming tempo.<sup>24</sup> This decline in growth rates seems to have been the final impetus in initiating the economic discussions which started with the Liberman article in Pravda in 1962 and the subsequent implementation of the economic reforms.<sup>25</sup> In July of 1963 the Council of Ministers of the GDR announced the New Economic System of Planning and Management (*das neue oekonomische System der Planung und Leitung*, NÖSPL), only the main features of which need here be outlined.

Perhaps the most noteworthy feature of the new economic system (or economic system of socialism as it is now called in the GDR) is the prominence given to criteria of economic rationality and the recognition of the objectivity of economic relationships.<sup>26</sup> As Marx had pointed out in the Grundrisse, "Economy of time as well as the allocation of labor time to the various branches of production according to plan, remains therefore first economic law on the basis of communal production. It is even to a much higher degree law."<sup>27</sup> Such a rational calculation and allocation cannot be carried

out by a single planning center. Rational planning -- in the sense that the calculation and allocation of labor time correspond *ex ante* to societal needs -- by a central planning agency presupposes, quite unrealistically, that the central agency have at its disposal all information concerning societal and individual needs and that it be capable of immediate response to changes of these needs.<sup>28</sup> It has been recognized that these two presuppositions for rational planning by a single center cannot be realized and that other plan structures are therefore necessary. Accordingly, in the new economic system decision making competencies, in terms of plan preparation and execution, have been redistributed on a hierarchical basis corresponding to information source and type as well with regard to the reaction time necessary to maintain reliability of information.

This necessitated a quantitative as well as qualitative change in the character of the central plan. For one, the number of plan indicators passed down from the central planning agency has been sharply reduced. For example the preliminary one-year-plan prepared by the State Planning Commission of the GDR for 1967 contained only seven orientation quotas, whereas prior to the introduction of the NÖSPL the central plan had contained seventy and more indicators.<sup>29</sup> The central planning agency no longer concerns itself with detail planning, which is now the responsibility of the

*Vereinigungen Volkseigener Betriebe* (Association of Peoples-

owned Plants, hereafter VVB)<sup>30</sup> and the *Volkseigene Betriebe* (Peoples-owned Plant, hereafter VEB), but concentrates largely on the proportions and tempo of economic development. Likewise gross plan indicators have been largely replaced by net plan indicators.

These changes were made in conjunction with some important institutional changes.

Until 1963 they [the VVB's] were basically extended administrative organs of the state which were financed from the state budget. With the introduction of the new economic system it became necessary that the VVB's operate according to the principle of economic calculation (*wirtschaftliche Rechnungsfuehrung*), i.e. that they be provided with funds resulting from levies (*Abfuehrungen*) on their plants. The size of these funds would thereby be essentially determined by the quality of management of the VVB's. 31

With the introduction of the NÖSPL the VVB's became economic organizations whose relationships with the associated VEB's were now to be economically rather than solely administratively regulated. This means that the competencies for "self-organization of economic sub-systems",<sup>32</sup> i.e. the relative independence of VEB's in decision making and economic activity, in relation to their respective superior agency have not only been increased, but also recognized as a necessary structural element.

By way of clarification of the organizational structure of industry in the GDR, it can be pointed out here that industrial plants are organized either as centrally directed industry or district-directed industry under which county-

directed industry falls. All centrally directed VEB's are organized in VVB's which are directly subordinate to the industrial ministries. These are in turn subordinate to the Council of Ministers and the State Planning Commission. There were originally eighty VVB's in which some 1500 plants were organized, accounting for about two thirds of industrial output.<sup>33</sup> The number of VVB's has subsequently been increased with a corresponding increase in the per cent of total output produced by centrally directed industry.<sup>34</sup> The remaining state-owned, semi-state (plants in which the state provides 50 per cent or more of the capital) and private plants -- which, although these together account for up to eighty-five per cent of the plants of the GDR, produce one third or less of total industrial output<sup>35</sup> -- fall under the jurisdiction of the district and/or county economic councils. The district councils are then subordinate to the industrial ministries.<sup>36</sup>

The character and function of the economic plan have also been altered. Hereby one can distinguish between three basic types of plan:

1. the prognostic plan with its focus on a time span of 15 to 20 years;
2. the perspective plan with a time unit of five years;
3. the operational plan (*Operativ - Plan*) covering a period of one to two years.

The prognostic plan deals with the long-range development of science and technology and long-range investment planning as

well as basic structural decisions concerning economic development over this period. From the information thus derived, five-year perspective plans are worked out whereby it is the chief responsibility of the VVB's to fill these out with detail-planning within set parameters. On the basis of the perspective plan, preliminary operational plans are worked out by the state planning commission and passed down to the VVB's and then to the VEB's for approval and/or modification. The thus modified operational plan is returned via the respective VVB to the state planning commission (or to the respective regional planning agency for production units not centrally organized) where it must be defended and where thereafter it is organized into the state plan for that period.<sup>37</sup>

In dealing with plan formation and modification at various levels and by various agencies, one of the most central questions of this thesis has been touched upon: namely the democratic or non-democratic character of the procedure by which economic plans are arrived at and controlled. This will be discussed in a later chapter. For the moment it is sufficient to note that in the case both of the perspective plan and the operational plan a feed-back mechanism from subordinate organs has been incorporated into the plan formation procedure. Furthermore, as can be seen from the above, the new economic system has instituted a partial decentralization<sup>38</sup> of the decision making process along with

an economization<sup>39</sup> of the production process in an attempt to rationalize economic planning and optimize production. The extent and systematic character of this economization can be appreciated when one examines its importance as a factor in the coordination of various self-regulating economic units.

### C. Total-Societal Coordination Through Economic Levers

In any society characterized by a high degree of division of labor which sets specialized activities of individual and collectives in relation of mutual dependence, some method of societal coordination is necessary. In the central administrative planning system this coordination was achieved largely by means of detailed and binding plan dispositions supplemented by a system of moral and material incentives which were, however, not internally coordinated with each other and served mainly to insure plan discipline. With the decentralization of decision making, a new coordination mechanism became necessary. "In order that the macro-economic development arising from the above mentioned self-regulation of the economic subunits is not merely the resultant of spontaneous processes, a mechanism had to be created which guides the actions of the producers in a definite direction."<sup>40</sup> This coordination mechanism is the system of "economic levers"



which include gain (*Gewinn* -- profit), costs (*Selbstkosten*), interest, prices, wages (and salaries) and bonuses. Proceeding from the recognition of particular (individual or collective) interests, the stated purpose of the system of economic levers is to insure that "What is advantageous for the society must also be advantageous for each enterprise, for each individual."<sup>41</sup>

A function of central importance is ascribed to the category of gain in the system of economic levers. As a synthetic indicator, it is the major plan disposition which guides the activities of a given plant, replacing previous detailed and often contradictory, gross plan indicators. As it is calculated as the difference between costs and sales revenue, it exerts an influence on the plants to increase gain by lowering unit costs. This of course induces the plants to economize on production materials and to strive for higher productivity. Coupled with interest on production funds, whose chief function is to prevent hoarding or inefficient employment of production materials, gain serves also a criterion in the determination of investment policy. Furthermore, bonuses for plant management staff and workers are dependent on gain realization as set out in the plan, so that the category of gain also functions as an individual material incentive, determining through bonuses the actual income levels of both management and workers, though not to the same degree.

It is evident that in such a system of economic calculation the quantities thus calculated must be an accurate

expression of objective economic relation, if the desired results are to be achieved. Thus, for example, gains represent a rational functioning quantity only when calculated on the basis of sold products rather than on the basis of the price sum of produced goods. In other words a plan is regarded as fulfilled, not when, a prescribed quantity of goods has been produced, as in the previous system, but only when this production has been honored on the market, i.e. recognized as socially necessary labor.<sup>42</sup> The intention here is *inter alia* to orient the producers towards quality production and actual consumer demands. It is hardly surprising in such a situation that marketing research is enjoying increasing favor. If such plan fulfillment criteria are, moreover, to be consequential and systematic, they cannot be solely applicable to plants engaged in consumer goods production, but must also include plants producing production and semi-finished goods, i.e. the system must entail the commercialization of inter-plant relationships. Plants now have certain specified rights in choosing suppliers, stipulating quality and in rejecting inferior products (or at least paying a lower price for them). This means that plants can now perform as independent contract parties.

Of especial importance, both economically and politically, is the determination of prices and wages in the new economic system of the GDR. It is easily recognized that market autonomy of individual enterprises operating on the basis of profit maximization is achieved only with the

autonomous control by the enterprises over wage and price levels according to the vagaries of the market, as central control of these factors would still constitute effective control over profit levels. In the GDR no such market autonomy is intended in the new economic system.<sup>43</sup> However, the fixed price system as it was established in the years 1952/53 has been dissolved in stages by a series of industrial price reforms, since the old prices no longer corresponded to the actual cost structures.<sup>44</sup> As a consequence of this, industrial prices had to be increased, but this did not result in appreciable increases in retail prices which constitute a separate price category in the GDR price system.<sup>45</sup> Along with the reform of the price structure, the price determination system was also overhauled so that it now includes moments of central and decentral decision making.

The central state organs decide the basic questions of price formation and determine the price development for structure-determining products and other product groups. Central planning by means of state indicators as well as by normative state regulation guarantees that the socialist state retains control over the development of prices and determines in a planned manner the direction of price development and the effect of this development. With this as a basis, the economic directive organs, the plants and the combines (*Kombinate*) plan and confirm the price formation of their products independently (*in eigener Verantwortung*). In the system of the formation and confirmation of industrial and retail prices, the economic directive organs, plants and combines have more extensive rights and duties in the area of costs and prices in their sphere of responsibility. 46

By means of this system prices are to be cost oriented, flexible but relatively stable and remain lastly centrally

controlled.

The system of wage determination also shows a similar combination of central and decentral decision making. Wages, however, are a major element of the total-societal consumption funds and are therefore a determining factor in the relation between consumer goods and production goods production.

The labor wage serves . . . the planned development of the living standard. For this reason the determination of the labor wage is primarily an object of central state income policy. 47

The overall proportions of production and consumption as well as the basic rates are worked out at the level of the Council of Ministers and the industrial ministries. In accordance with these centrally planned basic wage structures, the plants develop their own wage policies, determining thereby the wage allocation to individual workers and specific job categories. Albeit, the wage funds of a plant remain centrally controlled, such that plant management can not unilaterally increase profits by reducing the total wage funds ascribed to it for the specific plan period. 48

The purpose of the foregoing summary and admittedly unproblematic description of the reform of the economic planning system of the German Democratic Republic from 1963 on has been to acquaint the reader with some of the major aspects of the reform. These can be summarized as follows:

1. Economic policy in the GDR ascribes a high priority position to criteria of economic rationality calculated according to micro-

and macro-economic efficiency as it contributes to high growth rates.

2. While central planning itself has not been eliminated, it has changed in character, and decision making competency in the determination of economic plans has been decentralized. The problem of democratic participation in and control of the planning process is reserved for a later chapter.
3. The administrative system of planning and management with its concomitant system of rewards and penalties has been replaced by an economic system with its complementary emphasis on material interests (*materielle Interessiertheit*).
4. The planning process now incorporates feedback mechanism, including the market, so that individual and collective interests, recognized as legitimate particular interests, are taken into account.
5. Economic relationships, relations in production and distribution, have been commercialized (in contrast to their previous bureaucratization) and economized (in contrast to the politicization of economic relationships). The "Economic System of Socialism" is seen as a system of commodity production *sui generis*.<sup>49</sup> This is not to say that

bureaucratic control and regulation does not remain an element of the system or that politics have been (or even could be) eliminated from economics, that economics have been depoliticized.

There remains the task of the socio-political interpretation of the new economic system and the analysis of its implications for the development of democracy in the German Democratic Republic. This can only proceed on the basis of a wider theoretical foundation from which its necessary analytic categories can be gained. Before proceeding with the intended analysis, it will therefore be necessary to establish, by means of a critique of a few selected theories, the necessary theoretical base.

## FOOTNOTES

## CHAPTER I

1. Aside from the central planning model, one could mention the period of "War Communism" and NEP as well as the immediate post-war years in the Eastern European countries prior to the development of a planned economy. That administrative central planning was not the only model theoretically open to them, is shown by the Yugoslavian experiment.
2. Kurt W. Rothschild, "Bemerkungen zum Thema Sozialismus und Planung" in Kritik der politischen Oekonomie heute. 100 Jahre 'Kapital', Frankfurt/Main 1968, pp. 227-8.
3. Werner Hofmann, Arbeitsverfassung der SU, Berlin 1956, pp. 54, 303 and 329.
4. The term "middle German" is used only to denote the structural problems of post-war East Germany in relation to the pre-war division of labor in Germany and the economic integration of this territory into the larger economic unit of the previous German State. The following table gives some indication of the disproportionalities in relation to West Germany which resulted from the division of Germany:

"Distribution of industrial production in the present territory of the GDR and West Germany in 1936 according to selected branches of industry. (Per cent)

	GDR	West Germany
lignite mining	2	98
anthracite mining	64	36
iron ore mining	5	95
lead and zinc mining	4	96
copper mining	93	7
salt and potash mining	60	40
iron producing industry	7	93
foundry industry	22	78
non-ferrous metallurgy	32	68
machine construction	31	69
textile industry	37	63
fertilizer industry (including carbide nitrogen and phosphate compounds)	33	67
energy industry (without Berlin)	40	60
chemical-technical industry (without Berlin)	24	76
rubber and asbestos industry	17	83 "

Source: Stephan Doernberg, Kurze Geschichte der Deutschen Demokratischen Republik, Berlin (E) 1969, p. 681.

The territory of the GDR is extremely poor in natural resources and is therefore dependent on outside sources (see S. Doernberg, op. cit., p. 186). The raw materials and heavy industrial base of this middle German territory had been located in the Ruhr and in Silesia prior to 1945 and it was this base which was removed. In addition, it is generally agreed that this territory had never been self-sufficient agriculturally. The actual *Kornkammer* of the *Reich* had lain further to the East (see Ernst Richert, Das Zweite Deutschland. Ein Staat, der nicht sein darf, Guetersloh 1964, p. 44). The GDR began as an amputated economy (in sharp contrast to the situation in West Germany) and its immediate economic priorities had to be therefore the creation of an adequate heavy industrial base and an export industry to make possible the imports without which it cannot function. (See E. Richert, op. cit., pp. 43-44, 49 and 121.)

5. On reparations and their impact on the East German economic development as well as in relation to West German reparations and capital influx and aid see Hans Apel, Wehen und Wunder der Zonenwirtschaft, Köln, 1966, pp. 43-44, 47-49 and 55-56.
6. Ibid., pp. 45 and 128.
7. Oskar Lange, Entwicklungstendenzen der modernen Wirtschaft und Gesellschaft, Wien 1964, p. 35.
8. Ernest Mandel, Marxist Economic Theory, Vol. 2, New York and London 1968, pp. 586 and 589-591.
9. Michael Ellman, "Lessons of the Soviet Economic Reform" in Socialist Register 1968, New York 1968, p. 25.
10. W. Hofmann, Arbeitsverfassung der SU, pp. 336-8 and M. Ellman, op. cit., p. 26.
11. Elmar Altvater and Christel Neusüss, "Buerokratische Herrschaft und gesellschaftliche Emanzipation" in neue kritik, Nr. 51/52, February 1969, p. 23.
12. E. Mandel, Marxist Economic Theory, p. 588.



13. Although much of the above information was gleaned from analyses of the Soviet Union, it is, for the purposes of the argument here, applicable *mutatis mutandis* also to the GDR. Albeit, the problem in the GDR is compounded by the fact that, unlike the Soviet Union or other popular Democracies, it was faced with the difficult problems of national division, an open border to the West and a belated construction period in consequence of the heavy reparations burden and the reluctance of the Soviet Union to allow the East Germans to proceed with socialist construction. Officially socialist construction began with the 2nd Party Conference of the SED in 1952, but, according to E. Richert, op. cit., pp. 243-4, it wasn't until 1955 that the Soviet Union definitively stopped regarding the GDR as trading stock for a neutral Germany, and not until 1957 when the previously unfavorable terms of trade were recalculated in the whole of the socialist block (J. Degras, "Developments in Europe" in G. Barraclough, Survey of International Affairs 1956-1958, London, New York, Toronto 1962, pp. 183-4), that the last economic barriers to construction and growth were removed. Thus in the GDR, the continuation of central administrative planning and bureaucratic controls into the sixties was conditioned to a great extent by external factors.
14. Friedrich Röhl, "Zur Wirtschaftsentwicklung und oekonomischen Diskussion" in Das Argument, Nr. 39, August 1966, p. 314.
15. This was expressed in a one-sided interpretation of the "primacy of politics" (Lenin). See Uwe-Jens Heuer, Demokratie und Recht im neuen oekonomischen System der Planung und Leitung der Volkswirtschaft, Berlin (E) 1965 pp. 154-5. "In direct contradiction to Lenin, who had rejected the separation of politics and economics as bourgeois, the Leninist thesis of the primacy of politics was voluntaristically interpreted and the state administration (*Leitung*) was placed above the laws of the economy" (p. 155).
16. Hans Apel has calculated that, in spite of manpower losses due to the war and massive emigration to the West, East Germany had a reserve labor force amounting to a maximum of 20 per cent of the work force (or 10 per cent as a safe, conservative minimum) which was not eliminated until after 1955 (H. Apel, Wehen und Wunder, pp. 115-6).

17. See E. Altvater, op. cit., pp. 266-7.
18. The reference is to the hoarding, black marketing, underrating of capacity etc., mentioned above.
19. U.-J. Heuer, op. cit., pp. 114-6.
20. E. Altvater, op. cit., pp. 269-70.
21. "An administrative system operates on the principle that the demands of the superordinate organ has priority. Such superordination inhibits the development of processes of self-organization." U.-J. Heuer, op. cit., p. 140.
22. E. Altvater, op. cit., p. 270.
23. The following table gives a good comparison of growth rates of the socialist countries to those of the rest of the world:

"World Industrial Production 1950 to 1962 (1950 = 100)

Year	World	USSR and Eastern Europe	Rest of World	Thereof	
				EEC	USA
1950	100	100	100	100	100
1952	116	133	113	119	112
1954	129	168	121	138	115
1956	152	203	141	165	133
1958	161	250	143	180	126
1960	192	310	169	214	145
1962	216	370	184	243	158

Sources: United Nations, Neue Züricher Zeitung, 15 Aug. 1963."  
E. Altvater, C. Neusüss, op. cit., p. 26.

24. The following table gives some indication of the decline in economic growth rates of the European socialist countries from 1957 to 1963:

"Yearly Growth Rate of Industrial Gross Production in the  
COMECON Countries in Per Cent

Year	Alb.	Bulg.	GDR	Mong.	Poland	Rum.	CSSR	USSR	Hung.
57	26	16	7	--	10	8	10	10	16
58	20	20	12	--	9	10	11	11	10
60	11	13	8	27	11	16	12	10	13
61	7	12	7	25	10	16	9	9	10
62	7	11	6	14	9	14	6	10	8
63	--	11	4	7	5	12	-0.6	9	7

Source: Statistisches Jahrbuch der DDR, 1965."

Ibid., p. 30.

25. As Röll, op. cit., pp. 318-20, points out, discussions along this line had been carried out previously. Also, in the GDR the economic reforms of 1963 and after seem to have been precursed by earlier reforms, some going back to 1954. See Politische Oekonomie des Sozialismus und ihre Anwendung in der DDR, Berlin (E) 1969, p. 92; also Erich Apel and Günter Mittag, Oekonomische Gesetze des Sozialismus und das NÖSPL der Volkswirtschaft, Berlin (E) 1964, pp. 13, 28-29 and 37. In the GDR there seem to be two schools of thought regarding the continuity or discontinuity respectively between the pre-1963 economic system and the later system. The above cited East German authors (the author-collective of Politische Oekonomie des Sozialismus includes G. Mittag, W. Halbritter, W. Jarowinsky, W. Berger, W. Kalweit, O. Reinhold i.a.) represent the former point of view, while Fritz Behrens (F. Behrens, "Kritik der politischen Oekonomie und oekonomische Theorie des Sozialismus" in Kritik der politischen Oekonomie heute. 100 Jahre 'Kapital', Frankfurt/Main 1968, p. 288 and following) and U. -J. Heuer, op. cit., seem to lay more stress on aspects of discontinuity or qualitative change. This controversy can not, however, be further discussed here.
26. E. Apel, G. Mittag, op. cit., p. 11. "When our party and our state lay such emphasis on the thorough study and the exact utilization of economic laws, it is precisely because also in socialism these laws -- as in every other social order -- have objective character, i.e. they become effective through the activities of men, to be sure, but can neither be formed on the basis of subjective wishes nor be transformed by decree. Economic relationships are objective categories."
27. Karl Marx, Grundrisse, p. 89. In a connection to be discussed in Chapter III, Marx continues: "But this is essentially different from the measuring of exchange values (labors or labor products) by means of labor time." See also K. Marx, Das Kapital, Bd. III, MEW 25, p. 859.
28. Karl Bichtler und Harry Maier, "Messung des Arbeitsaufwandes" in Probleme der politischen Oekonomie, Jahrbuch des Instituts fuer Wirtschaftswissenschaften bei der Deutschen Akademie der Wissenschaften zu Berlin, Band 10, Berlin 1967, p. 90.

29. Fred Schmid, "Neue oekonomische Systeme in der DDR und CSSR" in Das Argument, Nr. 39, August 1966, pp. 293-4.
30. "The approximately 1700 large peoples-owned industrial plants of the GDR were directed by 80 Associations of Peoples-owned Plants. These 80 VVB's corresponded roughly to the differentiated branches of industry." S. Doernberg, op. cit., p. 508. These VVB's have also been referred to as "socialist trusts." The VVB's in question here were established in 1958 and are not to be identified with those established in 1948 (see E. Apel, G. Mittag, op. cit., p. 28.).
31. S. Doernberg, op. cit., pp. 508-9.
32. U. -J. Heuer, op. cit., p. 90.
33. Arthur M. Hanhardt, Jr., The German Democratic Republic, Baltimore 1968, p. 96.
34. Jean Edward Smith, Germany Beyond the Wall, Boston, Toronto 1969, p. 97. Smith notes that there are 94 VVB's, but his figure is in all probability obsolete. No newer figures could be obtained.
35. F. Schmid, op. cit., p. 297. The figures given here are valid up to 1966.
36. A.M. Hanhardt, Jr., op. cit. See chart of economic organizational structure, p. 95.
37. For a good short discussion of this see F. Schmid, op. cit., especially pp. 293-5. Schmid points out that this procedure is basically different from the old planning process where contemporary variables were simply projected into the future. The procedure described here is one of calculating back from a scientifically founded prognosis (see p. 295).
38. Or deconcentration, according to Peter Sass, "Gesellschaftliche Aspekte der oekonomischen Reformen im sozialistischen Osteuropa" in neue kritik, Heft 48/49, August 1968, p. 42. It would lead too far astray to enter into a discussion as to whether the term decentralization were actually appropriate. Suffice it to say that most theoreticians in the GDR do not consider decentralization an appropriate term and that, as should be obvious from the above, central planning has not been eliminated.

39. The term economization refers here to economic forms of regulation of social labor as opposed to political or administrative forms and is based on the ". . . calculation of the economic efficiency (*des oekonomischen Nutzeffekts*) of each individual interplant and intra-plant management decision. . . ." Ibid., p. 41.
40. F. Schmid, op. cit., p. 298. See also U.-J Heuer, op. cit., p. 135: "The planning of the individual management sphere as a form of self-organization demands an economic administration which to a great extent does not engage in setting detailed plan stipulations. Foregoing detailed stipulations is only possible, when the system of economic levers based on the material interests of the plants and VVB's is formed and planned in such a way that it brings about the necessary macro-economic effects."
41. Yevsei Libermann, "Plan, Profit, Bonus" in Pravda, 9 September 1962, quoted in F. Schmid, op. cit., p. 299. This has become a standard slogan in the GDR.
42. Politische Oekonomie des Sozialismus, pp. 265 and 273-5; K.Bichtler, H. Maier, op. cit., pp. 88-89.
43. On the differences between the price policy in the GDR and that in the CSSR up to August 1968, see F. Schmid, op. cit., pp. 299-300, and E. Altvater, C. Neusüss, op. cit., pp. 36-38. With regard to the Czech reform program the latter authors state: "Autonomy and price formation actually means [sic] a far-reaching elimination of social control over the strategies of enterprises" (p. 37). For a review of price determination policy in the Comecon countries see Michael Garmarnikow, Economic Reforms in Eastern Europe, Detroit 1968, p. 75 and following.
44. F. Schmid, op. cit., p. 300; Hermann Weber, Von der SBZ zur DDR 1945-1968, Hannover 1968, p. 170. Weber quotes Walter Ulbricht as stating that the fixed price system had been based on 1936 prices. According to the authors of Politische Oekonomie des Sozialismus, the price reforms were extended over a period of years, up to and including 1969, p. 396.
45. Politische Oekonomie des Sozialismus, p. 398.
46. Ibid., p. 393.
47. Ibid., p. 810.

48. Ibid., pp. 810-13. See also Gerd Siebert, Mitbestimmung drueben Aus der Betriebsarbeit des Gewerkschafters in der DDR, Hamburg 1967, pp. 22 and 64.
49. Karl Bichtler, "Die Marxsche Theorie von der Gesellschaftsformation und das entwickelte gesellschaftliche System des Sozialismus" in Kritik der politischen Oekonomie heute, p. 327.

## CHAPTER II

### THE INTERPRETATIONS OF THE REFORM DEVELOPMENT IN THE WEST

#### A. Totalitarianism Theory and the Reform Development

The predominant popular as well as academic interpretation of socialist societies has been, and to a great extent still is, congealed in one word: totalitarianism.<sup>1</sup> Although totalitarianism theories vary in accordance to what is considered to be the primary totalitarian features, the basic underlying tenet is that a dictatorial elite, organized in a hierarchically ordered party generally under the strict leadership of one man, assumes total power in state and society and subsumes all spheres of social and individual life under its control. Society is dissolved completely in the dictatorial, political power of the totalitarian party organized as state.<sup>2</sup> The means of maintaining this political rule, and at the same time the fundamental features of totalitarianism purely descriptively defined, are ". . . an ideology, a single party typically led by one man, a terroristic police, a communications monopoly, a weapons monopoly, and a centrally directed economy."<sup>3</sup> Research is accordingly concentrated on the formal mechanisms of building and securing totalitarian rule,

while the study of society and social processes, which are seen as subsumed under total political power, is largely regarded as irrelevant.<sup>4</sup> In a theory so specifically and exclusively oriented to the forms of political intercourse there is little room for contentual differentiation as to social and historical function.

From this theoretical position, it was an easy matter to equate communism with fascism. ". . . fascist and communist totalitarian dictatorship are basically alike. . . ."<sup>5</sup> This equation, plausible only on the basis of selected formal similarities, ignores or declares irrelevant basic differences of social and historical function, the importance of which could only be made explicit by means of a contentual sociological and historical analysis, clarifying at the same time its pre-scientific assumptions, its epistemological foundations and the historicity of its central concepts. But such sociological-historical underpinnings and critical self-reflection of the theory are exactly what is lacking in most of totalitarianism theory.<sup>6</sup>

The subsumption of the socialist and fascist systems under the overriding concept of totalitarianism rose to predominance after the Second World War during what is euphemistically known as the Cold War. In this context the concept of totalitarianism was first developed in full. As such it lent scientific authority to the anti-communistic propaganda campaigns of the major capitalist powers.<sup>7</sup>



Totalitarianism theory also served to give scientific blessing to especially U.S. foreign policy.<sup>8</sup> But the suitability of totalitarianism theory as an ideological instrument and as a means of befogging the social problems of the advanced capitalist societies is more than just a function of its conceptual superficiality and its theoretical paucity or a reflection of domestic and international political constellations. Rather, there were direct personal connections and in some cases identities between those who formulated or helped formulate U.S. domestic and foreign policy and those who formulated the theory of totalitarianism in its post-war form.<sup>9</sup> "The 'popular' concept [of totalitarianism] did not derive from a synthesised argument amongst social scientists, but instead was the academic reiteration of official ideology."<sup>10</sup>

As an explicitly political theory of state and power, totalitarianism theory seems to lack a social theory. This is not strictly the case, for it is negatively oriented to the social and political theories of liberalism and parliamentary or representative democracy. The elements of totalitarian rule are roughly the negation of an idealistically perceived liberal capitalist, liberal democratic system.<sup>11</sup> In this manner categories of the latter system are normatively and uncritically transposed onto essentially different social systems (meaning specifically socialist societies) with the useful dividend that the values and structures of liberal democratic, capitalist societies are at the same time rein-

forced as unquestionable truths. If the single party system is the ultimate in dictatorial control, then the multi-party system is the epitome of democracy;<sup>12</sup> if state controlled and owned mass media (press, radio, etc.) are the death of freedom of the press, then the private ownership of the mass media is the best guarantor of this freedom; if a planned economy is "the road to serfdom",<sup>13</sup> then a market economy is the road to freedom.

Around the last contrast has been built what might be called the economist's counterpart to the political scientist's totalitarianism theory. Without regard to property relationships and to relationships in production itself but on the basis of an analysis of the forms of economic transactions, the economic theory of mutually exclusive, ideal-typical opposites of central administrative planned economy and free market economy was constructed. These ideal-typical model constructions were most fully developed in West Germany after the Second World War in the form of Neo-Liberalism.<sup>14</sup> In that country this theory has enjoyed an especially long and intensive influence, although as an integral part of totalitarianism theory this model construction has had a similarly profound influence in the other western capitalist countries. From this theoretical perspective an evaluation of the economic reforms in the socialist countries has been attempted.<sup>15</sup> Gamarnikow sees in the economic reforms of Eastern Europe including those of the GDR a transformation,

however limited for the time being, from a central administrative planned economy to a full-fledged marked economy. For him the main trend and the inner logic of the various reforms reflects "a clear desire to revert to a market economy."<sup>16</sup>

The main thrust of the economic argument is to identify any form of a planned economy with totalitarian dictatorship and the market economy with democracy *per se*, defining the latter in such a way that it will not impinge directly on decision making in the economic sphere itself. Thus in West Germany the neo-liberalist school served to justify the maintenance of a base for capitalist restoration in the form of "the temporary re-establishment of liberal-capitalist relationships of production after the collapse of the Third Reich (and thereby of organized German capitalism and its war-plan economy) in 1945"<sup>17</sup> at a time when a significant part of public opinion, as reflected in party programs, the overall tenor of the earlier provincial constitutions and specific statutes thereof, and certain elections, sought a democratization of state and society by means of the nationalization of key industries and monopolies and the introduction of elements of economic planning in the interest of the public.<sup>18</sup>

In the present context, Gamarnikow sees in the basic trend of the economic reforms with the introduction of market mechanism a transfer of decision making power in economic matters "from party leaders to the new managerial class and

eventually, through the mechanism of the market, to the population as a whole,"<sup>19</sup> i.e. to the people qua consumers. In other words, insofar as democracy has anything to do with economic decision making, it is to be in the form of a "dollar-ballot democracy". Leaving the admittedly important issue of consumer manipulation through mass advertising aside, the notion of popular control by means of the "dollar-ballot" runs into two obstacles, either of which alone renders it unworkable: 1) the concentration of production into a very limited number of large producing units and 2) the unequal distribution of income, i.e. of the "ballots".<sup>20</sup> Moreover, such a notion reduces democratic decision making power to the *ex post* acclamation (through purchase) or rejection (refusal to buy which is itself limited by the necessity of consumption) of already made and executed decisions.

Theoretically the models of central administrative planned economy and free market economy as mutually exclusive ideal types are from the start untenable. For as Abendroth has pointed out, even the liberal-capitalist economic system knew economic planning in the form of intra-enterprise planning of commodity production.<sup>21</sup> And with the concentration and centralization of capital into ever larger and fewer economic units this type of planning becomes an increasingly important part of economic activity. But with the growth of inter-enterprise planning and completely with the emergence of the state as a major planning agency in modern capitalism,<sup>22</sup>

the ideal-typical construction of here planned economy, there market economy becomes completely absurd. The dialectical interconnections of market relationships and planning can thus not be accounted for in these ideal type models and could only be reflected in the construction of a new ideal type as a mixture of the first two but which would nonetheless remain a static, i.e. non-dialectical model.<sup>23</sup>

The static identification of these economic models with totalitarian dictatorship and democracy *per se*, respectively, seems to lead to the conclusion that democracy is possible only on the basis of a (albeit idealistically perceived) liberal-capitalist system. Confronted with the concentration of the means of production in ever fewer and larger economic units and with the concomitant extension of economic planning, both conditioned by the growth of the productive powers, such a theory can offer no satisfactory answers to the problem of democracy in highly industrialized societies, be they capitalist or socialist, and can only lead to resignation. Faced with the changes in the system which it was meant to justify, the theory collapses.

Likewise, the changes in the socialist societies have placed the totalitarianism theory before unsolvable problems. The concept of totalitarianism allowed for, even predicted, the intensification of totalitarian rule but not change in the opposite direction. "What directly contradicted totalitarianism theory happened: a relative pluralization and a

partial introduction of the rule of law (*eine teilweise Verrechtlichung*) into state and society, which can be a preliminary stage of liberalization, but then by no means needs to develop further in the direction of a western democratization, though this is frequently seen as the necessary outcome."<sup>24</sup> The effects of these changes on the theory have been in some cases to accommodate the theory to the given situation by watering down its central categories. But then totalitarianism becomes "definable as 'the present situation in the USSR'".<sup>25</sup> Indeed, so chronic is the inability of totalitarianism theory in any of its forms to explain change in the socialist countries<sup>26</sup> that recommendations have been made to simply drop it.<sup>27</sup>

In light of the theoretical inadequacies, the ideological character and even the overtly apologetic character of the totalitarianism theory, it can, for the purposes of this analysis, be relegated to the "museum of history". At the same time, the problem remains as to whether the economic reforms referred to in Chapter One do in fact constitute a return to the "market economy". A concretization and more adequate conceptualization of the underlying socio-economic problematic by means of an analysis of the relationships of production are, of course, necessary. That a political liberalization could occur simultaneously with such a transformation, must be regarded as a possibility. But such a liberalization process, if discerned, is not to be equated *a priori* with democratization but must be first critically analyzed with respect to its social content and political intention.

B. As Development Towards a Modern Industrial Society --  
Convergence Theory

A rather recent development in social theory of especial interest in the context of this analysis has been the development of theories of the modern industrial society. The common frame of reference of these theories is the analysis of large-scale industrial production as the basic starting point. The technological and organizational requirements arising out of industrial production are seen as the major determinants in the structuring of societal institutions and social behavior. The common starting point notwithstanding, theories of the industrial society<sup>28</sup> show a considerable range of interpretation as to the ultimate political and social implications of the described developments. Nevertheless it is not surprising that such an approach shows a marked tendency to interpret the developments of societies based on large-scale industrial production in terms of their tendency to converge towards one basic type. Even in this latter case differences of interpretation and conclusion persist.

For the purposes of this analysis, John Kenneth Galbraith's The New Industrial State<sup>29</sup> has been chosen for examination. The reason for this choice is mainly the fact that Galbraith affords great importance to the prominence of planning and science and technology in the modern production process.

Galbraith takes as the point of departure the basic premise of what are classified here as theories of the modern industrial society. "The imperatives of technology and organization, not the images of ideology, are what determine the shape of economic society."<sup>30</sup> According to Galbraith the imperatives of technology -- technology defined as "the systematic application of scientific or other organized knowledge to practical tasks" and consisting in practise in the "division and subdivison of any such task into its component parts"<sup>31</sup> -- have had six major consequences on the development of socio-economic structure. With the advancement in technology come 1) the increase in time span separating the beginning and completion of a task as well as 2) the concomitant increase in capital invested in production per unit of output. It follows also that 3) the commitment of time and money tends to become more inflexibly tied to particular tasks. Advanced technology furthermore requires 4) specialization and in consequence thereof 5), inevitably, organization.<sup>32</sup> The sixth, and for Galbraith extremely important consequence, follows from the above. "From the time and capital that must be committed, in the inflexibility of this commitment, the needs of large organization and the problems of market performance under conditions of advanced technology, comes the necessity for planning."<sup>33</sup>

Planning, however, entails the conscious determination of a specific activity and, if it is to be effective, the



ability to foresee and to control internal and external influences on the planned activity. But, since in the sphere of economic planning, major internal and external influences appear in the form of market quantities such as supply, price, demand, etc. and the market itself implies an independent agency overagainst the planning firm, economic planning of a given firm consists largely of "minimizing or getting rid of market influences."<sup>34</sup>

Market influences appear in four basic categories according to point of origin: 1) the supply market; 2) the labor market; 3) the capital market and 4) the consumer market. The supply market can be brought under control and tendentially eliminated by means of long-term contracts and vertical integration.<sup>35</sup> In the case of the labor market, over which, admittedly, the least secured control has been obtained, the inevitable tendency is towards wage and price controls which can only be instituted by the state.<sup>36</sup> Since the task of an industrial corporation is not just production *per se*, but production for sale to others, it is necessary for the firm's planning process that the market at this end also be brought under control. This is achieved by means of long term contracts (in the case of large firms or the government which act as consumers of the products of another firm), government maintained aggregate demand and lastly the planned manipulation of the individual consumers through the technique of what Galbraith calls "demand management".<sup>37</sup>

"No form of market uncertainty is so serious as that involving the terms and conditions on which capital is obtained."<sup>38</sup> But modern technology coupled with large corporate size has, according to Galbraith, made internal financing possible, thus rendering the firm independent also of the capital market. With this development the imperatives of technology and organization have effected a shift of the control of the economy, which was once in the hands of the owners of capital, to the bearers of specialized knowledge and information, to the "technostructure".<sup>39</sup> This "technostructure" operates no longer on the principle of profit maximization but on the principle of achieving the greatest possible rate of corporate growth as measured in sales."<sup>40</sup> It is thus that the "technostructure" protects that which is necessary for it to function in accordance with the technological and organizational imperatives: its autonomy.

As modern industrial societies, the socialist societies are assumed to be subject to the same technological and organizational imperatives that Galbraith finds at work in the United States. And it is in the light of these that he interprets the changes described in Chapter One. "If the intervention of private authority, in the form of owners, must be prevented in the private firm, so must the intervention of public authority in the public firm."<sup>41</sup> The commonly accepted purpose of socialism, ". . . the control of productive enterprises by society", is unrealizable, as power must be exercised by

an autonomous authority; ". . . this is where power must reside."<sup>42</sup> In the central administrative planning system of the European socialist countries the source of the intervention of public authority was mainly the state planning apparatus and the party. The economic reforms discussed above are interpreted by Galbraith not as tendencies to return to the market, but as a rationalization of economic planning brought about by a major shift of the locus of planning authority from the central planning organ to the economic enterprise. Corresponding to this is a power shift from the central state and the party to the managerial and technological elites, to the technostructure. Galbraith concludes:

Decentralization in the Soviet-type economies involves not a return to the market but a shift of some planning functions from the state to the firm. This reflects, in turn, the need of the technostructure of the Soviet firm to have more of the instruments for successful operation under its own authority. It thus contributes to its autonomy. There is no tendency for the Soviet and the Western systems to convergence by the return of the former to the market. Both have outgrown that. There is measurable convergence to the same form of planning. 43

A comprehensive critique of Galbraith's theory cannot be given here, as it would go beyond the bounds of this analysis. Only certain fundamental criticisms can therefore be mentioned. Furthermore, this critique will limit itself largely to Galbraith's analysis of the United States, since that analysis, conceived of as the analysis of the most advanced or most mature industrial society, provides the categorial framework with which "less mature" industrial societies are to be analyzed.

Implicitly the analysis of the former provides the mirror of the future for the latter. For this reason the digression away from the analysis of the GDR, which is the actual object of this study, will have to be momentarily continued.

Perhaps the most immediately apparent disconcerting element of Galbraith's theory in light of the previous discussions is the fact that he ends up postulating the mutual exclusivity of the plan and the market, proclaiming -- in contrast to neo-liberalism -- the necessary ascendancy of the former. But this leads Galbraith into a striking contradiction and serious theoretical inconsequence. The planning which falls under his purview is the economic planning of the individual firm whose private, capitalist character he does not deny. Yet each of these planning firms enters into economic relationships with other private firms and private persons, be they suppliers, purchasers or competitors. These economic relationships stand, however, outside the dispositional power of the individual planning firm; and even given a long-range contractual base of said relationships, their basic commercial character is by no means eliminated. The contract itself presupposes the free legal subject. That these economic relationships be subjected to planned dispositions, it is necessary that there be a central, at least coordinating planning agency to which the individual firms are subordinate. But this would necessarily entail either the elimination of the private character of capitalist firms, i.e. their socialization,

or the central planning agency as total-capitalist (*Gesamtkapitalist*),<sup>44</sup> neither of which correspond to present reality in any advanced capitalist society. Again in the case of the consumer market, Galbraith's assumption of planning without mediation by market relationships implies consumer manipulation, whereby the consumer becomes an object of environment capable of being controlled and without subjectivity.<sup>45</sup> Yet were this totally the case, it would imply the apportioning of the consumer market among the various private firms, which is decidedly not the case. On the contrary, there exists hard fought competition among the corporations for portions of the consumer market. Indeed, it would seem reasonable to conclude that what planning as does take place in a monopoly capitalist system cannot be regarded as directly excluding the market, although its tendential contradictory relationship to a capitalist economy and tendential market-transcending character cannot be denied, but rather must be seen as taking place within the context of market relationships, here to be understood as the relationships arising out of the interaction of private commodity producers (and consumers) with each other. Succinctly: "If one overlooks the fact that large corporations meet labor on the market, consumers on the market, and each other on the market as rivals, he is missing an essential feature of modern capitalism (old capitalism too, for that matter), and the rest of his analysis will be thrown grievously out of kilter."<sup>46</sup>

Galbraith is striving to show that the logical imperatives of technology and organization as the base of industrial production necessitate the autonomy of the bearers of specialized knowledge and information.<sup>47</sup> But in order that these logical imperatives be readily translated into reality, thus accounting for the power shift to the "technostructure", he must abstract them from the socio-economic factors that would limit or hinder such a development. Galbraith prepares the groundwork for such an abstraction by first eliminating the market (of course only in his own head) as an influencing agent on the technological process and on planning. He then goes on to substitute the principle of sustained growth for the principle of profit maximization as the principle under which decision making in the corporate enterprise is subsumed. Hereby he makes use of a sleight of hand: he more or less implicitly interprets profit maximization as an avaricious maximization of short-range return on capital.<sup>48</sup> Sustained growth requires the priority of long-range considerations over short term gains. But the time span over which profits are calculated is not a matter of personal preferences of the individual capitalist (be he avaricious or not), but is subject to the conditions regulating the capitalization of capital (*Verwertungsbedingungen des Kapitals*), including *inter alia* the turnover period of fixed capital. Moreover, since growth is dependent on investments, sustained growth is dependent on the continued availability of investable funds, capital,

whose primary source, if the private firm is to maintain its independence, must be the return on previous investment, i.e. profit. The rate of profit thus remains the determining factor in the investment policy of the private firm. Galbraith's categorical differentiation between sustained growth and profit maximization as determinant goals of the investment policy of private capitalist firms is, therefore, pure sophistry.<sup>49</sup> Indeed, in the further course of his presentation, Galbraith himself concedes the interrelatedness of these two goals. "A secure level of earnings and a maximum rate of growth consistent with the provision of revenues for the requisite investment are the prime goals of the technostructure."<sup>50</sup>

Galbraith's case for the autonomy of intra-corporation decision making and thus for the shift or diffusion of corporate power into the "technostructure" rests lastly on his arbitrary separation of industrial capital from finance capital<sup>51</sup> and the assertion of the independence of the former, via internal financing, from the latter. A recent study by Robert Fitch and Mary Oppenheimer<sup>52</sup> however, presents evidence that shows exactly the opposite trend: the growth in magnitude and importance of external financing with a concomitant increase of external control over non-financial corporations. From 1958 to 1966 funds generated internally showed a steady increase; from 1966 onwards the internal generation of funds stagnated. On the other hand, external financing began to increase rapidly in 1964 and has maintained a high rate of

increase since.<sup>53</sup> "External funds thus have come to provide a growing proportion of all funds raised by non-financial corporate businesses -- one-third of the total during the 1965-1969 period (and 38 per cent in 1969 alone) as against less than one-fourth of the total during the preceding five-year period."<sup>54</sup> Moreover, the role of external financing is the greatest in the largest industrial corporations, i.e. in precisely those corporations that Galbraith singles out as being "technostructured".<sup>55</sup> To be sure, much of the evidence presented by Fitch and Oppenheimer post-dates Galbraith's work, though many of the trends extend well back into the period studied by him. But the point to be made is first of all that Galbraith's assertion of corporate invulnerability via internal financing simply doesn't correspond to reality. Secondly, by concentrating on a technologically based analysis, Galbraith almost systematically argues away those concepts and categories needed to understand the economic system. "But political economy is not technology."<sup>56</sup>

On the basis of the above assumptions (and other assumptions regarding stock ownership, etc. which will not be discussed here<sup>57</sup>) Galbraith is in a position to assert the ascendancy of the "technostructure" as the real power base in large scale industry on the basis of the logical imperatives of technology and organization and the inexpendability of the bearers of specialized knowledge in the production process. He is thereby assuming the immediate translation of a logical deduction into reality, which can only be assumed, if one



presupposes that social reality is necessarily structured according to such logic. But this is a highly metaphysical presupposition to say the least. Insofar as one can agree with Galbraith that the nature of science and technology, where directly integrated into the production process, is incompatible with the subordination of science and technology under the conditions regulating the capitalization of capital, one can only conclude that there is an inherent contradiction between the development of the forces of production and the prevailing private capitalist relationships of production. Moreover, it would follow therefrom that the specific historical forms of science and technology and especially organization are greatly affected by this contradiction such that an analysis of the immediate form, abstracting from the specific socio-economic determination, must necessarily lead to false generalization concerning the actual requirements of technology and organization.

The theoretical root of the weakness of Galbraith's thesis, and of all convergence theories based on a notion of "industrial society",<sup>58</sup> is the reductionist tendency to view the development of technology as the *prima causa* of social change and social structure. In assigning dogmatic priority to the factor of technology and organization, as categories emptied of any social content, one can only maintain consistency of argument by arguing away other relevant factors or by shifting to idealistic explanations of that which

doesn't correspond to the mechanistic causality.<sup>59</sup> At best one could shift to a multi-factoral explanation whereby the various factors would remain disparate. The dialectical unity, the interconnections and reciprocal determination of social phenomena would remain unseen.

The conceptual apparatus of Galbraith's theory as derived from and applied to the economic system of the United States has been found inadequate. And this fundamental inadequacy reflects itself in his remarks concerning the economic changes in the socialist countries. What Galbraith is in reality doing when he abstracts from the *differentia specifica* of capitalist production and focuses solely on the technical similarities of industrial production in capitalist and socialist systems, is to superimpose the reproduction conditions of capital, seen uncritically as technological and organizational imperatives, onto the socialist systems. Thereby it is implied that these reproduction conditions are the only possible reproduction conditions of industrial production.

The theoretical perspective developed by Galbraith can provide few suitable answers to the problem raised by the economic reforms in the GDR. As was pointed out in the first chapter of this thesis, these reforms include the incorporation of certain market categories and mechanisms, but Galbraith declares the market to be more or less defunct and concentrates accordingly on planning and the locus of planning. The socio-economic function of market mechanisms in a socialist

society is, however, one of the most problematic issues which must be adequately dealt with. Likewise, Galbraith's assertion of a shift of economic and consequentially political power from the state to the managerial elite requires critical analysis. But, while it is not to be denied at the moment that such a shift has taken place, as Galbraith asserts -- indeed, further analysis will proceed with this assumption in mind --, it is the contention here that his technological determinism is incapable of providing the critical categories needed to come to grips with this shift. As a matter of fact, from what has been said so far, this shift from the central state planning agency to the firms and to management coupled with market mechanisms could indicate a tendency towards a recapitalization and reprivatization of the socialist economy.

The purpose of this critique of Galbraith's theory has been to demonstrate the inadequacy of categories derived from an abstract analysis of technological and organizational forms and to point out the direction in which further analysis must proceed. Only a historical and dialectical approach which takes into account the specific historical development, property relationships, political power relationships and the level of the productive forces and considers these factors in their systemic totality can provide suitable answers to the problems posed by convergence theory and the reforms in the GDR.

## FOOTNOTES

## CHAPTER II

1. Evidence of the contemporary academic and popular influence of totalitarianism theory is given by Colin Anthony Ridgewell, The "Popular" Concept of Totalitarianism, M.A. Thesis, Simon Fraser University 1970, pp. 56-59 and 85-87. The tenaciousness of the concept in academic circles is well illustrated by Peter Christian Ludz, "Entwurf einer soziologischen Theorie totalitaer verfasster Gesellschaft" in Ludz (editor), Studien und Materialien zur Soziologie der DDR, Köln und Opladen 1964, also to be found in Bruno Seidel and Siegfried Jenkner (editors), Wege der Totalitarismusforschung, Darmstadt 1968. After criticizing the weaknesses of the concept(s) of totalitarianism, he still adheres to it.
2. On the basic tenet of totalitarianism theories see P.C. Ludz, "Entwurf . . ." in Studien und Materialien, p. 13; B. Seidel and S. Jenkner, op. cit., pp. 3-4 and 25-26; C.A. Ridgewell, op. cit., pp. 29 and 32-33.
3. Carl J. Friedrich and Zbigniew K. Brzezinski, Totalitarian Dictatorship and Autocracy, 2nd revised edition, Cambridge 1965, p. 21. See also C.J. Friedrich, "Der einzigartige Charakter der totalitaeren Gesellschaft" in B. Seidel, S. Jenkner, op. cit., pp. 185-6. This is a German translation of Friedrich's paper given at a conference of the American Academy of Arts and Sciences in March 1953. Here he leaves out the feature of a planned economy.
4. P.C. Ludz, "Entwurf . . ." in Studien und Materialien, p. 13.
5. C.J. Friedrich, Z.K. Brzezinski, op. cit., p. 15.
6. P.C. Ludz, "Entwurf . . ." in Studien und Materialien, pp. 12-13. This weakness is felt by some of the theorists themselves. Thus Martin Draht states: "The suitability of the concept totalitarianism can of course be disputed. It is in fact by no means certain that the concept is a scientific concept and not a vague collective label (*Sammelbezeichnung*) for systems which only incidentally have features in common." M. Draht, "Totalitarismus in der Volksdemokratie" in B. Seidel, S. Jenkner, op. cit., p. 319. Draht's attempt at solving this problem is hardly convincing, since an existential option for "*die freiheitliche Demokratie*" (pp. 320 and 346) of the West can hardly replace concrete historical critique.

7. In the practical application of anti-communist repressive measures *in extenso*, these campaigns proved to be as anti-democratic as strictly anti-communist. One recall, for instance, the McCarthy era in the United States.
8. On the connection between the Cold War and totalitarianism theory see C.A. Ridgewell, op. cit., Chapter IV. Ridgewell comes to the conclusion that the concept of totalitarianism "acted as an ideology for the ruling groups in the USA during the Cold War . . . ." (p. 75).
9. Ibid., pp. 90-93.
10. Ibid., p. 93.
11. P.C. Ludz, "Entwurf . . ." in Studien und Materialien, p. 14, Martin Draht, op. cit., p. 346, admits "that the concept of 'totalitarianism' can only be formed from the standpoint of free democracy (*freiheitliche Demokratie*, the West German euphemism for the political system of the Federal Republic of Germany and for parliamentary democracy)." See also pp. 319-20.
12. This of course goes further: if the anarchy of the multi-party system (Weimar Republic) leads to the victory of totalitarianism (Nazi takeover), then the two-party system is the most democratic form.
13. SO F. Hayek, The Road to Serfdom, Chicago 1944, as quoted approvingly by C.J. Friedrich, Z.K. Brzezinski, op. cit., p. 221.
14. See for instance Walter Eucken, Die Grundlagen der Nationaloekonomie, 8. Auflage, Berlin, New York, 1965.
15. See especially Karl Paul Hensel, Die sozialistische Marktwirtschaft in der Tschechoslowakei, mit Beiträgen von H. Hamel, U. Wagner und R. Knauff, Stuttgart 1968. This is basically also the theoretical position of Michael Gamarnikow, Economic Reforms in Eastern Europe, Detroit, 1968.
16. M. Gamarnikow, op. cit., p. 18. With regard to "Liberianism" used somewhat as a synonym for the underlying theoretical base and common direction of the economic reforms in the socialist countries, he writes: "If carried to its logical conclusion, it would require no less that the abolition of centralized planning with its system of administrative directives, the adoption of profit as the basis for

measuring economic efficiency, and the introduction of those elements of a market mechanism without which the profit motive cannot be fully effective" (p. 46.)

17. Wolfgang Abendroth, Antagonistische Gesellschaft und politische Demokratie, Neuwied and Berlin 1967, p. 469. Emphasis in original. For an analysis of the roots and function of neo-liberalist ideology, see pp. 467-470.
18. In general on this see W. Abendroth, Das Grundgesetz, pp. 19-33; R. Kühnl, op. cit., pp. 67-82 and O.K. Flechtheim, op. cit.
19. M. Gamarnikow, op. cit., p. 15.
20. This notion of consumer control is inexorably predicated on the existence of a large number of small freely competing producers, none of which alone have any appreciable market control. The exigencies of modern industrial production and transportation, be it capitalist or socialist, render this ideal at best a thing of the not at all recent past. With regard to income distribution, it has not been shown, nor could one claim, that market mechanisms insure equal distribution of property and income. Furthermore, this notion of dollar-ballot democracy completely ignores the fact that the large producing units, i.e. those to be controlled by the consumer, are themselves among the largest consumers.
21. W. Abendroth, Antagonistische Gesellschaft, pp. 463-4.
22. On the problem of planning in organized capitalism see Ibid., pp. 470-82.
23. E. Altvater, op. cit., p. 265.
24. B. Seidel, S. Jenkner, op. cit., p. 3.
25. C.A. Ridgewell, op. cit., p. 45. See his analysis of the problem of change, pp. 42-45.
26. See P.C. Ludz, "Entwurf . . ." in Studien und Materialien, p. 20.
27. B. Seidel, S. Jenkner, op. cit., p. 26; tendentially also P.C. Ludz, "Entwurf . . . ."
28. It should be noticed that not all such theories use this term. Such titles as "post-industrial society" or "technological society" are also encountered.

29. John Kenneth Galbraith, The New Industrial State, Boston, 1967.
30. Ibid., p. 7.
31. Ibid., p. 12.
32. Ibid., pp. 13-16.
33. Ibid., p. 16.
34. Ibid., p. 26.
35. Ibid., pp. 27-28 and 30-31.
36. Ibid., pp. 249, 257 and 259-260. Wage controls are in turn facilitated, according to Galbraith's argument, by the postulated fact of the compatibility of the interests of wage labor and the "technostructured corporation" as well as by the common need of all for such controls. Galbraith postulates an objective harmony of interests; disharmony is the result of ideology, i.e. false consciousness.
37. Ibid., Chapter XVIII, p. 198 and following. See also the section on the state as consumer and guarantor of aggregate demand.
38. Ibid., p. 39.
39. Ibid., Chapter VI. The "technostructure" is defined as a group which ". . . extends from the most senior officials of the corporation to where it meets, at the outer perimeter, the white and blue collar workers whose function is to conform more or less mechanically to instruction or routine. It embraces all who bring specialized knowledge, talent or experience to group decision-making" (p. 71).
40. Ibid., p. 171. See also pp. 111 and 120-1.
41. Ibid., p. 98.
42. Ibid., p. 100.
43. Ibid., p. 108.
44. The term is from Friedrich Engels, Herrn Eugen Duehrings Umwaelzung der Wissenschaft, MEW 20, p. 260. "The modern State, whatever its form, is essentially a capitalist machine, state of capitalists, the ideal total capitalist.

The more productive powers it appropriates, the more it becomes real total capitalist . . . ." A central planning agency in capitalism would be all the more real total-capitalist, the more binding the plans are.

45. J.K. Galbraith, op. cit., p. 5.
46. M.E. Scharpe, "Review of J.K. Galbraith, The New Industrial State" in Science and Society, Vol. 32, No. 2, 1968, p. 248.
47. In the text the validity of this statement is left for the moment unquestioned. In terms of cognition theory it is in this form untenable, as what is meant by logical imperatives is the *Sachzwang* (objective imperative, imperative of object) of reified categories of the mechanical relations of things emptied of any social content. But both technology and organization concern the social organization of human labor, of laboring humans; the "logical imperatives" would therefore have to reflect the problem of social relationships and their influence on the development of technology and the form of organization as well as on the cognitive processes of those involved. It follows therefrom that rational decision making, valid cognition in terms of cognition theory, requires more than just the autonomy of a limited number of people.
48. J.K. Galbraith, op. cit., pp. 109-110.
49. See Ralph Miliband's discussion of this problem in Galbraith's theory. R. Miliband, "Professor Galbraith and American Capitalism" in Socialist Register 1968, New York, 1968, pp. 221-3. See also M.E. Scharpe, op. cit., p. 249. Baran and Sweezy state: "The primary objectives of corporate policy -- which are at the same time and inevitably the personal objectives of corporate management -- are thus strength, rate of growth and size. There is no general formula for quantifying or combining these objectives -- nor is there any need for one. For they are reducible to the single common denominator of profitability." Paul A. Baran and Paul M. Sweezy, Monopoly Capital, New York and London, 1966, p. 39.
50. J.K. Galbraith, op. cit., p. 176.
51. M.E. Scharpe, op. cit., p. 250. This is not surprising, since Galbraith has no adequate concept of capital.



52. Robert Fitch and Mary Oppenheimer, "Who Rules the Corporations?" Part 1, Socialist Revolution, Vol. I, No. 4, July/August 1970 and Part 2, Socialist Revolution, Vol. I, No. 5, September/October 1970.
53. Ibid., Part 2, Socialist Revolution, No. 5, September/October 1970, pp. 71-72.
54. Federal Reserve Board of San Francisco, "Wall Street Before the Fall", Monthly Review Supplement, p. 4 as quoted in Ibid., p. 71.
55. Ibid., p. 72. On the relation between size and outside control accompanying external financing, the authors state: "The trend toward outsider, i.e., finance capital, domination appears in corporations with sales between \$50 million and \$500 million. At this level of enterprise the issue of control is most sharply fought. . . . As the corporation reaches sales of a billion dollars or more, the domination of the corporation by outsiders is generally complete" (p. 85).
56. K. Marx, Grundrisse, p. 7.
57. For a critical assessment of the problem of ownership and control as depicted by Galbraith, see R. Miliband, op. cit., pp. 218-222. Regarding the separation of ownership and control, upon which all managerial control theories are based, Fitch and Oppenheimer, op. cit., Part 2, Socialist Revolution, September/October 1970, point to a new trend in the economy of the United States: the rapid increase in stock ownership by institutions. Institutional control of stocks rose from 12 per cent in 1949 to 28 per cent in 1969 (p. 62). They conclude: "The dramatic rise in institutional shareholding during the 1960's broke down the effective separation of ownership and control on which the theory of managerialism rested. Once again ownership and control were united in the trust departments of the great Wall Street banks: Morgan Guaranty Trust, Chase Manhattan Bank, First National City Bank" (p. 68).
58. Basam Tibi, "Theorien der Konvergenz kapitalistischer und sozialistischer Industriegesellschaften", Kritik der buergerlichen Sozialwissenschaften, Das Argument, Nr. 50, Sonderheft zum 10. Jahrgang, 1969.
59. Galbraith does both. For examples of idealistic explanations of social phenomena, see op. cit., pp. 156, 175-6.

## CHAPTER III

### LEFTIST CRITIQUE OF THE GDR-SOCIETY

#### A. As Established Class Society

Attempts by critics of the Soviet Union and the European socialist countries, proceeding from an explicitly socialist or even Marxist standpoint, to interpret these countries as established class societies, for instance as state capitalist societies, are certainly not new. Since the Sino-Soviet dispute took the form of open polemics in 1963, interpretations of the European socialist countries as established class societies have gained a new dimension of importance in the theoretical controversies of the heterogeneous body of Marxist thought.<sup>1</sup> In 1964 the Chinese said of the Khrushchov government: "Khrushchov has abolished the dictatorship of the proletariat in the Soviet Union and established a dictatorship of the revisionist clique headed by himself, that is, a dictatorship of the privileged stratum of the Soviet bourgeoisie."<sup>2</sup> The privileged stratum of this new bourgeoisie is, according to the Chinese critique, "composed of degenerate elements from among the leading cadres of Party and government organizations, enterprises, and farms as well as bourgeois intellectuals. . . ."<sup>3</sup> To back up their case, which proceeds more from an exegesis of the writings of Marx, Engels and

Lenin rather than from a concrete historical analysis of the Soviet Union, the Chinese are able to cite numerous examples, taken from the Soviet press, of corruption, speculation and black market enterprise, etc.<sup>4</sup> The reforms carried out under the auspices of the Khrushchov government, including those along the lines of the Liberman proposals, are seen as "serving the interests of the bourgeoisie and rapidly swelling the forces of capitalism in the Soviet Union".<sup>5</sup> One can assume by inference that the reforms in the GDR would be seen in the same light. And since 1964 the position of the Chinese has noticeably hardened along these lines.

In a debate with Paul Sweezy, Charles Bettelheim stressed the question of political power as the decisive factor. According to Bettelheim the characteristic distinction between a capitalist and a socialist system is not to be based on the economic form, i.e. market or plan, but is determined by the existence or non-existence of the dictatorship of the proletariat.<sup>6</sup> For Bettelheim the decisive factor is not economic but political. "This decisive political factor . . . results from the fact that the proletariat (the Soviet or Czech) has lost its power to a new bourgeoisie with the result that the revisionist leadership of the Communist Party of the Soviet Union today is the instrument of this new bourgeoisie."<sup>7</sup> It follows therefrom that the economic reforms of the European socialist countries with their tendency to increase the role of the market are not the causal elements of the restoration

of capitalism, but rather the formal indices of a deeper change, the result of the established class dictatorship of a new bourgeoisie.<sup>8</sup>

An analysis along such lines would, however, run into unavoidable contradictions. Were it to limit its purview to the problem of the formal-democratic legitimization of power and to define class relations in terms of the participation in or exclusion from the decision making process and the formal exercise of power, then it would tend to overlook the necessary material and social conditions for the rise of democratic participation and consequentially be unable to distinguish between pseudo-democratic form as domination technique and real democracy. Moreover, it would tend to ignore the numerous examples of class domination, in a sociological sense, in which the political exercise of power not only often excluded a wide participation of the ruling class but was also exercised at times by a political leadership not directly drawn from the ruling class. In other words, the social dictatorship of the proletariat does not cease to be such solely because the proletariat does not participate directly in political power.

Bettelheim, of course, does not mean this. He speaks of an established social dictatorship of a new bourgeoisie, whereby the party leadership functions as its political arm. And this means that the locus of the class dictatorship lies not in the political sphere, but in the sphere of production

where the new bourgeoisie owns the means of production "collectively".<sup>9</sup> The problem is therefore not one of political power but one of economic domination; it signifies a relationship of exploitation and a differentiation in the appropriation of social product according to classes.<sup>10</sup> To be a scientific analysis and not just speculation, one would have to analyze the specific conditions of such appropriation and exploitation. As it stands, however, this reduces itself to a theory of "Managerial Revolution" which Werner Hofmann in his analysis of the labor constitution of the Soviet Union has shown to be untenable. What characterizes the Soviet society is above all the uniformity of the position of labor and the principle determining income: all personal income is dependent upon labor, "and for that matter on labor which according to its social character is unitarily determined, namely as dependent labor, regulated by official contract and determined from above. . . ." <sup>11</sup> The dependency of the "service elite", i.e. in the first instance the economic and technological elites, within this official service relationship (*Dienstleistungs-verhältniss*) is, it would seem, even more stringent than in the case of the common citizen. And Hofmann points out that the *conditio sine qua non* for the formation of this elite as class is precisely its emancipation from a status of dependency in this state controlled service relationship.<sup>12</sup>

Soviet 'managers' lack the criterion of social sovereignty. Under such circumstances, declaring them to be a 'ruling class' means as much as postulating a 'ruling class' of handy-men (*Handlangern*). The 'rule of managers' is in the last analysis not only logically a *contradictio in subjecto*, but everywhere in the real world it also proves itself to be an optical illusion. 13

There is yet another important historical and economic determinant of the functional elites of the European socialist societies, the relevance of which for this study and for the future developments of these societies need be stressed.

Seen as a sociological unity, the stratum of Soviet functionaries is even practically coerced to work for its own self-dissolution as a specific, separate group. If the basis of management is modern industry, then its progressive development demands not only the specialist (*Fachmann*) in the organs of management, but also the specialist in production, and all the more so, the longer this development continues. The only advantage of the 'manager' in the Soviet society, his monopoly of knowledge, dwindles away. The continuation of the cadre program, the desired generalized promulgation of practical knowledge, the extension of the school system makes him in the sphere of production not only to an increasing extent controllable, but also in the individual case replaceable; he encounters competition. With the reduction of his monopoly of knowledge he has nothing more to show which could henceforth justify his special social position. Precisely the lack of a material guarantee of his position of advantage, the binding of his rank exclusively to his person works against him in the long run. He becomes reabsorbed by society. 14

Significantly Hofmann's conclusions are based on a analysis of the Soviet society as it existed prior to the XX. Party Congress, although his position did not appreciably change from that time.<sup>15</sup> It is interesting, moreover, that David Childs, addressing himself to the social character of the functional elites of the GDR as they exist at present,

reaches a similar conclusion: "A new class has not yet had time for stability. And, socialist measures apart, East Germany is so short of skilled people at all levels that there is room for a great deal of social mobility upwards."<sup>16</sup>

The factors which determine a high upward social mobility, independent of state and party policy, are basically three. Up until 1961 with the construction of the Berlin Wall, upwards of three million people had migrated to the West.<sup>17</sup> While during the period of 1949 to 1961, an average of forty-seven per cent of the GDR population were gainfully employed, sixty-two per cent of the emigres from the GDR belonged to this group.<sup>18</sup> Moreover, the young and skilled workers, engineers, technicians and professional people, whose economic opportunities were better in the West, were over-represented.<sup>19</sup> New qualified personnel had to be found to fill vacated positions. Secondly, the work force of the GDR is relatively stagnant, amounting to some seven million, and will remain so until 1975 or after.<sup>20</sup> This is a result of the super-annuated age structure of the population, itself a consequence of the war losses as well as of the mass emigration, the extensive employment of women which makes the raising of large families difficult or unfeasible, and the already relatively high degree of mechanization of agriculture and the correspondingly low percentage of persons employed in this sector, meaning that here there are virtually no labor reserves of structurally unemployed or underemployed.

A relatively constant work force itself would necessitate a high degree of social mobility. At the same time, however, the GDR economy is an expanding economy, and economic expansion under conditions of a relatively constant work force can only be maintained by increasing worker productivity by means of increased mechanization and automation of the production process. The rising demand for technically and economically qualified personnel resulting herefrom can only be met when the avenues to these positions (above all education) are kept open to the working masses; any blockage threatens economic growth.

The limited import of these considerations should be kept in mind. Above all the further mechanization and automation of production do not necessarily lead to a general and more or less uniform elevation of the qualification structure of the work force. Rather tendencies towards de-qualification and thus polarization can also be derived from such transformations of the production process. One can only conclude that under the above mentioned conditions in the GDR the functional elite remains open and socially unconsolidated.

In this context some aspects of party/state policy should be mentioned. During the development period of the GDR, the SED was to an appreciable extent dependent on the old intelligensia for technically and economically qualified leadership personnel whose loyalty and active support were



maintained by high salaries and social privileges.<sup>21</sup> This produced negative effects which lay neither in the interest of the party nor the working class. For one, the existence of such an overtly privileged stratum had a strong demoralizing effect on the working class, affecting negatively both labor productivity and the political affirmation of the regime. Secondly, the employment of an intelligensia, whose class interests and political beliefs ran counter to the policies of socio-political transformation pursued by the SED, in leadership positions required the maintenance of a costly political control apparatus. Moreover, the conflicts inherent in such a situation had the additional negative effect of reducing the effectiveness and rationality of decision making. To alleviate this situation, the party pursued an education policy designed to replace this old intelligensia with qualified personnel from the ranks of the working class.

Writing in 1964, Dieter Storbeck concludes:

In all functions [technical, commercial and political] a rejuvenation of leadership personnel can be seen which points to the success of the manifold efforts to qualify the workers. . . . With this rejuvenation, however, the percentage of leadership personnel coming from the working class has in general risen; also according to the family origins of leadership personnel a stronger proletarianization occurs with this rejuvenation. To an increasing extent and obviously quite rapidly, i.e. as fast as available resources allow, this replacement of old personnel by newly trained people regarded as more reliable is taking place. 22

Furthermore, the legal status of employment categories has been largely equalized. In contrast to the Federal

Republic of Germany and to previous German law, the GDR has no *Beamten* (state officials) with separate privileges and legal code (*Beamtenrecht*). Likewise, the differences in legal status between workers and white collar workers (*Angestellten*) has been largely eliminated in that the legal position of the former has been elevated and the social advantages, which had previously been granted to white collar employees, have been granted also to the workers.<sup>23</sup> Albeit, differences of job characteristics and pay remain. Nevertheless, the estatist (*berufsständischen*) barriers to social mobility, which had been inherent in the previous German society and are still strong tendencies in West Germany, have been largely eliminated.

Explicitly, the point to be made here is that the managerial and technical elites of the GDR have not formed a new ruling class, do not constitute a "new bourgeoisie". Where specific references have been made to the Soviet Union on this question, the adaption of the basic Soviet labor constitution to the specific conditions in the GDR in its formative years form the basis for use of this evidence in the case of the GDR. It is altogether another question, though, as to whether a new class is in the process of formation.<sup>24</sup> This can only be answered by means of concrete analysis of each society in question.

It has been suggested above that the economic reforms, especially in regards to the elements of decentralization

and economization, could represent an enhancement of managerial autonomy wherein the public character of the means of production gives way to private disposition over the means of production. Thus, out of state property, i.e. not yet social, socialized property, passing through the stage of group property, there emerges a new form of private property. The new emergent class, endowed with these "property rights", with the final dispositional powers over the means of production, would of course be essentially a capitalist class. But such a class could not emerge in a social vacuum; it would have to find a fertile social base in which to grow. "Bureaucracy by itself, no matter how huge it is, does not generate self-perpetuating power unless it has an economic base of its own from which its position is derived, or unless it is allied with other social groups which possess such a power base."<sup>25</sup> The land reform of 1945 and the expropriation of war criminals, active National Socialists and armaments producers initiated by the Saxon plebiscite of June 1946, in which 77.6 per cent voted for expropriation,<sup>26</sup> eliminated the socio-economic base of the large land owners and the monopoly and finance capital elements of the old bourgeoisie from which base they had maintained their power and influence in Germany up to that time.<sup>27</sup> It lies beyond all reasonable doubt that these groups have lost all power and influence in the GDR society.

But the mass basis for an economic and social system

based on private property is formed by the numerous small property owners (small and medium capitalist enterprises included) in production, trade, agriculture and artisan production.<sup>28</sup> As a consequence of the economic and social transformations which have taken place in the GDR, private property as a source of income is a *quantité négligeable*. In 1969 only 3 per cent of the gainfully employed population were engaged in purely private entrepreneurial activity,<sup>29</sup> while another 0.5 per cent worked on a commission basis in trade as subsidiaries of state wholesale organizations or as complementaries (*Komplementaere*, private owner-managers) in semi-private firms with state participation.<sup>30</sup>

The integration and/or socialization of small and medium scale private property in the GDR was carried out primarily by means of the above mentioned form of state participation in private enterprise or through the development of cooperatives in artisan production (*Produktionsgenossenschaften des Handwerks*) and agriculture (*Landwirtschaftliche Produktionsgenossenschaften*). Three and 8.9 per cent respectively of the gainfully employed population are engaged in these two forms of cooperative production.<sup>31</sup>

Of course these figures by no means indicate that the persons involved, especially in the cooperatives, are in agreement with their present social and economic situation which was not initially their choice or of their doing. Above all cooperative members could be expected to retain vested

interests in private enterprise. And this was indeed the case until around 1963 after which, however, a marked change in mass opinion in favor of cooperatives took place. This is most noticeable in agriculture as reflected in higher yields and productivity, the continuing concentration process in agriculture initiated largely by the cooperative farmers themselves and the attitudes of the cooperative members; but it is also evident in the sphere of artisan production.<sup>32</sup>

The details of this development especially in agriculture, which are highly instructive in this context, can not be laid out here. Nonetheless, it seems safe to conclude on the basis of the evidence presented by Smith, Dornberg and Hans Apel that the establishment and consolidation of cooperative production has progressed sufficiently and produced such a favorable response on the part of the cooperative members themselves that an entrenched desire to re-establish private property relationships is simply not to be expected.

Principle opposition to the system qua socialist system, which is not to be confused with dissatisfaction with specific aspects of the system, from a significant section of the population has been, it would seem, successfully overcome or limited to strata which are no longer numerically of importance. In other words, the re-privatization of the industrial apparatus in the interests of the managerial elite would lack a mass social base whose interests in such a process and amenability to the ideological re-orientation accompany-

ing it would be primarily deriveable from its socio-economic position. Naturally such a transformation with the emergence of a new class still remains a possibility; but this possibility would have to be founded in objective conditions which would account for the paralysis of working class resistance to it and in factors which tend to dissolve the public character of social and economic relationships in favor of private considerations.

#### B. The Juxtaposition of Bureaucratic Domination and Socialist Democracy

The critique of the socialist or explicitly Marxist left of the Soviet form of socialism, and in particular of the socialist system in the German Democratic Republic, centers mainly around two interrelated problems; the juxtaposition of bureaucratic domination and socialist democracy and the problem of commodity production in socialism. The former problem derives its importance especially from the fact that it forms an essential element of the society critique of the social protest movement which emerged in the sixties, particularly among students of Western Europe and North America, and must be seen as an attempt to controvert those theories which, in line with Max Weber's theory of bureaucracy, see bureaucratization as an inevitable accompaniment of industrialization. The theories to be dealt with consist, there-

fore, of disparate elements and are often of fragmentary character.

Following the analyses of W. Hofmann, I. Deutscher, etc., it is generally recognized that the establishment of bureaucratic rule in the European socialist countries was the result of objective conditions which were hardly conducive to the establishment of democratic forms. In general it can be said that the conditions were such that the day to day interests of the working masses were incompatible with the long range or total-societal interests of the newly formed socialist societies. Given the threat to the existence of the socialist countries arising out of the predominantly U.S. policies of containment and then roll-back and the forced armed race<sup>34</sup> as well as the insufficient level of industrialization and labor productivity resulting from initial backwardness and/or war destruction, total-societal considerations prescribed a form of forced accumulation based on the initial suppression of mass consumption and on the slower growth of consumer goods production for the purposes of rapid industrialization and defense. In this situation the bureaucracy established itself as the substitutionalistic articulator and executor of total-societal interests.<sup>35</sup>

In the German Democratic Republic the tendency towards bureaucratization was exacerbated by the problems arising from the division of Germany. Not only had the GDR the one-sided burden of heavy reparations payments to the Soviet

Union, while West Germany after 1948 was a major recipient of Marshall Plan aid,<sup>36</sup> it also had the problem of the construction of a heavy industrial base, were it to sustain itself as an economic entity.<sup>37</sup> The result was the tremendous discrepancy of living standard between the two German states. Not only did this lead to the massive emigration to the West, which was stopped finally by the construction of the Berlin wall in 1961, it also made sentiment for reunification particularly critical. For reunification meant for the majority of East Germans the more immediate participation in the higher living standard of the West. At the same time, however, it would have amounted to a restoration of capitalism. Thus a mass consensus for socialism and, basically but not necessarily uncritically, for the regime was impossible as long as at least drastic improvements in the living standard of the East German people were not forthcoming. In the reality of the economic and political situation, however, material improvements were contingent upon policies, at least into the sixties, which stood in contradiction to the immediate interests of the working masses. Moreover, the domestic policy of the SED was limited by the Soviet foreign policy in its European sphere of influence and towards the West which was at best equivocating in its attitude to the GDR. Until the mid-fifties Soviet policy on the construction of a separate socialist German state remained ambivalent. Even after the formal establishment of two German states in 1949,



the Soviets made overtures to the West to reunite Germany as a neutral state and to effect a detente with the West. Plans for German reunification at the expense of the SED and which would have essentially entailed the restoration of capitalism in the GDR were not definitely laid *ad acta* until the decision to integrate West Germany as a military power into NATO was finalized.<sup>38</sup> Under these conditions the SED leadership pursued a policy of tactical manoever to make itself inexpensable to the Soviet Union. It is therefore not surprising that the policies of the SED toward social change were often discontinuous and appeared in the form of bureaucratic fiat. Nor were they comprehensible to the East German population or even the rank and file party members. On the contrary, the party leadership appeared to be just the extended arm of the Soviet Union; but this was not in fact the case. Thus the small faction of the SED which worked actively towards the establishment of the first socialist German state "under the leadership of Walter Ulbricht, who understood early on the consequences of the division created by the Cold War. . . ,"<sup>39</sup> remained isolated and unpopular.

"In such a group [the substitutionalistic bureaucracy] there is the inherent tendency that it render itself independent of social interests, that it degrade society to an object of its manipulation in order to realize particular interests."<sup>40</sup> Moreover, the bureaucratic dictatorship is only capable of a partial articulation and realization of

societal interests, as it necessarily implies certain methods and solutions to the detriment of others. The structural solution, i.e. the democratic resolution, to the contradiction between particular interests and total-societal interests remained unsolved.

But the independence of a bureaucracy established on the basis of socially owned means of production has definite set limits. For one, having established their power on the basis of an act of emancipation -- the expropriation of the bourgeoisie -- and with the express purpose of achieving social emancipation, the bureaucracy as an independent ruling group remains without the "sanction of social legitimacy".<sup>41</sup> Lacking the security of private property and the socially sanctioned delineation of private over against public interest that goes along with it, the bureaucracy stands politically naked over against the social interests of those, whom it ostensibly serves. From this arises the necessity of continuous legitimization, which is based on the success in maintaining high growth rates.<sup>42</sup> Thus any stagnation of economic growth, as was induced by the continuation of administrative central planning after the economic base had outgrown it, brings about a grave social and political crisis. But therein lies the basis for the second limitation of the independence of the bureaucracy. The continuation of the dictatorial rule of an independent bureaucracy implies, namely, the necessity of the thorough-going bureaucratization

of social activity. But this, as experience has shown, leads to stagnation and threatens thereby the whole edifice.<sup>43</sup>

Proceeding basically from the foregoing, several critiques of the economic reforms in the socialist countries have been attempted by the West European non-communist left. The attempts at systematic economic reform in the socialist countries began, namely, when it became clear that the central administrative planning practice no longer was capable of guaranteeing high growth rates and therefore "that with centralistic methods the power of the bureaucracies in the socialist states could no longer be economically reproduced."<sup>44</sup> From a critique of the management and planning techniques of the old planning system, regarded exclusively as "technical-organizational questions which one is to solve in a pragmatic way",<sup>45</sup> structural reforms were developed with the intended purpose of eliminating the economic dysfunctions of the previous system.

The basic principle of the economic reforms is to be seen in the fact that the bureaucracy 'decentralizes' itself when it is forced to confirm its inefficiency in its centralistic form. This decentralization is the substance of the economic reforms. 46

The economic decisions of the decentralized bureaucracy require, however, coordination which is accomplished *ex post* through the orientation to the market. Economic levers, the market, and the insistence of the commodity character of production in socialism all represent the replacement of

administrative control by economic control of a decentralized, but democratically uncontrolled bureaucracy.<sup>47</sup> Moreover, the goal of the economic reform remains basically the same: economic efficiency.

The conscious utilization of the economic laws in the economic system of socialism strives for the continuous guarantee of a high increase of labor productivity. That is the basis, the fulcrum, for the economic and thereby also for the political strengthening of socialism. 48

The basic socio-political constitution of the socialist societies is interpreted as bureaucratic domination which is seen as inherently undemocratic. The social and political crisis resulting from the strictures of such a bureaucratic constitution and from the irrationalities caused by the neither consciously nor democratically mediated incongruence of particular interests thus make socio-political, i.e. democratic reforms necessary. Nonetheless, in order to protect their privileges and power position, the ruling bureaucracy strove ". . . to restructure the economy in such a manner that a higher efficiency is obtained, whereby the apparatus of rule and the distribution of political power is not to be disrupted."<sup>49</sup> Economic reforms were to render social reforms unnecessary. "The ruling groups could only initiate reforms as isolated economic reforms, since otherwise they would have placed the basis of their domination in question."<sup>50</sup>

Before going on to the second line of critique, i.e. that of commodity production in socialism, it is necessary

to raise some objections to the above. To be sure, the basic tenor of the above critique has a certain validity. Without a doubt the new economic system in the GDR has not eliminated the power and privileges of the ruling bureaucratic strata. Moreover, a cursory reading of especially economic literature coming from the GDR (and other countries) would reveal the marked propensity towards an economistic reduction of social rationality to terms of economic efficiency calculation in the theoretical discussion of the socialist economic and political system.<sup>51</sup> Nevertheless, it must be doubted that a critique in the above terms can lead to an adequate understanding of the social and political developments in a highly industrialized socialist country such as the German Democratic Republic. Nor does such a critique of bureaucracy provide adequate tools for dealing with the concrete problems of democracy in socialism.

For one, the development and perpetuation of bureaucracy as a means of social control and regulation has objective roots. One could mention the still existent problems of scarcity, the inadequate level of productivity and the necessary apportionment of a large part of the social product to the production of production goods<sup>52</sup> and defense. As Isaac Deutscher has pointed out, the division of labor between manual and mental labor must also be considered. "As long as the working masses are still in that stage of intellectual pauperism left over from the centuries of oppression and

illiteracy, the management or production must fall to the civil servant."<sup>53</sup> It is necessary to emphasize that "intellectual pauperism" is a relative matter. With the growth of industry and in particular with the direct incorporation of science into the production process the complexity of the system, and thereby the intellectual demands on those who would rationally control it, become greater. To be sure, the qualification structure of the working masses increases also with the scientific technological revolution of the production process, though by no means necessarily proportionately or evenly for all segments of society. On the contrary, as a naturally developing process it also brings with it certain dequalification tendencies. This is to say that the all around qualification of the working masses, which would enable them to rationally and democratically control the economy and polity, can only be the result of a conscious political act. Such policy can hardly be expected from groups holding political power consciously bent on maintaining their privilege. The magnitude and complexity of the problem results from the fact that that, which appears as prerequisite for the democratization of the economic and political organs of planning and control, itself presupposes democratic control.

A marked tendency of the West European and North American "new left" is the understandable but often irrationally motivated aversion to organisation *per se*. This is reflected

in the use of the categories of bureaucratic domination and bureaucracy. The central problem hereby is, however, not so much the problem of bureaucracy as a formal administrative organization, but the problem of bureaucratic structures in which "the bureaucrat treats the world solely as an object of his manipulation".<sup>54</sup> The difficulty in a critique of bureaucracy lies in the fact that "the bureaucracy performs certain functions which are obviously necessary and indispensable for the life of society; yet it also performs functions which might theoretically be described as superfluous."<sup>55</sup>

On a more specific level, the socialist oriented critique of Soviet type bureaucracies tends to deal with these in terms suggesting that they are monolithic blocks. Ernest Mandel, for instance, speaks of the "contradiction between the planned character of the Soviet economy and the personal interests of the bureaucrats".<sup>56</sup> He defines the bureaucracy as the "sum total of all materially privileged elements and layers which are not private owners of the means of production".<sup>57</sup> In like manner Strotmann writes that "the ruling stratum of functionaries and managers" has adopted itself to the *status quo*, "because for them their own social and material question has already been solved by means of privileges acquired in the new society".<sup>58</sup> Though Altvater and Neusüss speak of ruling groups,<sup>59</sup> they also tend to ascribe to them a commonality of interest so that the use

of the plural in their analysis becomes more literary flare rather than a basis for analytical differentiation.

In the above outlined critiques a bureaucratic ruling stratum or clique, which holds a monopoly of political and economic power, is juxtaposed to the ruled masses. The monolithicity of this ruling stratum is deduced from their common interest in the perpetuation of their economic and political privileges. Such an undifferentiated view of the bureaucracy must, however, be questioned. Moreover, the unmediated opposition (*Gegensatz*) of bureaucracy here, masses there, begs the question as to the perpetuation of the bureaucracy's rule. According to Peter Christian Ludz in his major study of East German party and state elites, the bureaucracies of the GDR are by no means a homogenous structure. Ludz distinguishes primarily two basic factions according to their respective political or economic functions.

Under the aspects of type of career advancement and of the spheres of type of function and decision making, one can discern two elite types within the party elite; for one, the party bureaucrats at the head of whom stands the strategic clique of old functionaries, the decisive political group. The course of advancement of these functionaries has generally been in the party apparatus of the KPD/SPD/SED, and they almost exclusively exercise functions of immediate political direction and control in the Politbureau, in the Secretariate of the Central Committee and at the district level in the secretariates of the SED district directorates. The second group is represented by younger functionaries. They have generally not advanced according to work in the party apparatus, but have made their careers in the plants and the economic administration after completing technical or economic studies. They man above all functional positions in the spheres of social-political power and not political power in the narrower sense. 60



Ludz shows that these two groups are basically rival elites whose specific social and political interests imply divergent institutional frameworks.<sup>61</sup> The institutional changes made in conjunction with the new economic system and the content of the NÖSPL itself constitute, according to Ludz, not only an opening up for the party and other gremiums of political and economic power to this technological-economic elite, but represent also a considerable expansion of the decision making power especially of plant management over against the political elites. Ludz points out further that this tendency has not gone unchecked. Notably the trend after 1965 points to the efforts of the political bureaucracy to check the autonomy of the technological-economic elites. In conjunction with the initial introduction of the new economic system in 1963, the partial re-organization of the party according to the production principle -- i.e. according to the given and desired structure of the production apparatus and not solely territorially -- and the formation at various party levels of the Committees for Industry and Construction, in which the technological-economic elite had leading positions, led, according to Ludz, to a weakening of political control over the socio-political decision making competencies of the new elite in these positions.<sup>62</sup> Already at the seventh plenum of the Central Committee in December 1964 this had been cause for sharp critique.<sup>63</sup> In the following year stricter limitations were placed on these committees until

they were eventually dissolved in 1966.<sup>64</sup> The position of the party secretariates -- especially at the district level --, whose competencies had to some extent been undermined by the Committees for Industry and Construction, was subsequently again enhanced.<sup>65</sup> Also in 1967 at the VII Party Congress the organizational statutes of the party were changed to give predominance to the territorial principle of organizational structure.<sup>66</sup>

Further tendencies in this direction can be seen in the constitution of Production Committees and the Workers' and Peasants' Inspection which will be dealt with in the next chapter.

Similar to Ludz, Serge Mallet makes the fruitful distinction between a bureaucratic stratum and a technocratic stratum whose relations to each other and to the working masses are by no means static or fixed.<sup>67</sup> According to Mallet, the power of the bureaucracy is basically political power; it serves as an extra-economic director of the economy, appropriating and allocating social product by political, administrative means.<sup>68</sup> Its historical function was the transformation of agrarian based, industrially underdeveloped societies to industrial societies and the creation of some of the material factors necessary for a socialist society.<sup>69</sup> With this achieved, the political bureaucracy and the extra-economic forms of control tended to become obstacles to the further development of the productive forces. The economic reforms

introduced at this stage constitute the attempt to wrest from the political bureaucracy the control over production and to substitute economic for political forms of control and appropriation.

The technocratic class [*couche*] appeared at the head of this offensive. It constituted itself as the upper class [*couche*] of economic directors, who passed from a position as specialized employees of the state to becoming principally responsible for economic activity. This class [*couche*] developed as industry in the socialist countries grew and became diversified. 70

To this group falls the function of continuous development of the productive forces. "The maintenance and development of the privileges of the technocratic class [*couche*] are founded upon the uninterrupted development of the productive forces. Stagnation or regression brings an end to its power and influence."<sup>71</sup>

Mallet further points out that there is a significant difference in the relationships of these two strata to the working class.

. . . the bureaucracy, the reflection of a state which proclaims itself a workers state, freely considered itself as the reflection of the workers themselves and was so much the more determined to refuse them the right to speak, in the name of the bureaucracy's 'representative' status. The technocracy does not share this charismatic power. It sees itself as different from the working class which it is thus constrained to recognize as a partner in the realization of economic objectives. 72

Nevertheless, this recognition is contingent upon the continued subordination of the workers, with the technocratic stratum attempting to obtain for itself sole economic decision making

power and to "redirect the workers' demand for managerial power toward the satisfaction of their consumer needs -- needs that it holds the power to orient."<sup>73</sup>

In light of the above considerations, the term bureaucracy and the rather global juxtaposition of bureaucracy overagainst the people prove to be too coarse as theoretical categories. To be sure, the technocracy or managerial elite still functions as a (economic) bureaucracy; its power is the power of the office. Yet the *differentia specifica* are all-important. One must distinguish several bureaucracies which exist in a specific, though not static, hierarchical order. Each bureaucracy and the functionaries therein have a specific pattern of relationships to their constituencies or the populace in general as well as specific forms of legitimization. These vary with the character and function of the organization in question. Likewise their sociological openness to or seclusion from their constituencies or the populace in general and their susceptibility to democratic pressures will vary.

Realizing the dangers of oversimplification and schematization, one can picture the above discussed relationships as forming a triangle with the first point representing the political elites, the second representing the technological-economic elites and the third point representing the working masses.<sup>74</sup>

As has been shown, the maintenance of the political

power of the political elite depends lastly on the continuity of economic growth. This the political bureaucracy can no longer do with the old methods. It has given way to pressures for economic reform, which engendered the transfer of a sizeable portion of economic decision making power and responsibility to the technological-economic elites without whose active support the system would not function. As extra-economic controller and director, the political elite has become obsolete.<sup>75</sup> Out of this arises the tendency to make out of the former the political arm of the latter, a basic inversion of the previous relationship between the two groups. Since the political elite finds its position of political authority threatened by the erosion of its economic function while the technological-economic elites, on the other hand, see in the power of the political bureaucracy their own subordination, there exists, alongside a relationship of dependency of the former on the latter, a basic rivalry between the two. A particular, but hardly long range, method of coping with this contradiction is that the political elite co-opt certain members of the managerial elite into its ranks. In the German Democratic Republic, which has enjoyed relative political and economic stability during this period of change, this method has been used, according to Ludz, to some extent.<sup>76</sup>

The relation of the political elite to the working masses is likewise ambiguous and contradictory. In its

attempt to maintain its authority over the technological-economic elite, it can gain the support of the masses in three ways. It can appeal to those sections of the working class and the population in backward industries and/or regions whose job security, real income levels, etc. (in short, material situation) are directly threatened by the new economic policies. The possibility of this in the GDR is, however, extremely limited. For one, extreme regional differences have been greatly reduced in the course of economic development. Secondly, the complex character and mutual dependency of all sectors of this highly developed industrial economic system, dependent as it is on foreign trade and open to the influence of advanced capitalist economies,<sup>77</sup> does not allow the perpetuation of backwardness engendered in such a policy. Not surprisingly, there has been little evidence of this "poujadisme"<sup>78</sup> in the GDR. As a second method in seeking the loyalty or at least acclamation of the working masses, the political elite can pursue policies which are generally beneficial to the working masses and mitigate against some of the more adverse effects of the economic reforms. These latter have been mainly increased income differentiation and stratification and inflation. With the help of central control over prices and wages, the SED has been able to inhibit inflation<sup>79</sup> and to keep income differentiation within limits.<sup>80</sup> Its price policy also shows a marked preferential treatment of the interests of the medium and

lower income groups, as the prices of those items which are predominantly purchased by these groups are held low while the prices of long range consumer goods and luxury items are correspondingly higher. This is a direct impingement on the material interests of the privileged elites.

The third possibility for the political elite is that it become the articulator and promulgator of the economic and especially political interests of the working masses, that it stand behind the efforts of the workers to introduce and broaden democratic self-administration and control, in short that the political elite become a major factor in the democratization of the system and the elimination of particular privilege and power. This, of course, is tantamount to working for its own dissolution as a privileged and separate stratum. Tendencies in this direction and their significance with regard to the development of democracy will be discussed in the next chapter.

The structural change in the position of the political elite brought about by the industrial development and consolidation of the GDR (and correspondingly in the other socialist countries as well) and institutionalized by the economic reforms has particular significance. In the period characterized here as the period of central administrative planning, the political elite, organized in the party and claiming a monopoly of authority, derived its legitimization from the fulfillment of tasks, the nature of which made the

party's political and economic functions inseparable. These included the expropriation of the private owners of the means of production, the collectivization and modernization of agriculture, the creation of a viable industrial base, the establishment and securing of state power, etc. With the completion of these tasks -- according to the Party Program, "after the final victory of the socialist relationships of production in the German Democratic Republic. . . ." <sup>81</sup> -- the position of the political leadership is altered. With the recognition of the "economic laws of socialism", which develops "on its own foundation", <sup>82</sup> is implied the, at least partial, socialization of the economic system, the transposition of certain economic functions out of the solely party/state domain into the social sphere. <sup>83</sup> This constitutes, however, the tendential separation of political from economic function of the political elite as well as the reduction of its function to political tasks. This means that the political policies must be legitimizable in themselves. The political leadership, which claims to be the representative of working class interests, becomes politically more vulnerable to the democratic demands of the workers.

The relationships of the technological-economic elite to the political elite and to the working masses are in both cases likewise ambivalent. As service elite *par excellence*, its particular interests, insofar as this elite can be regarded as class in *statu nascendi*, lie in the direction of



an emancipation from its subordinate position to the central political power. But theoretically -- and partially at least in practice<sup>84</sup> -- it is subordinate also to the democratic control of the workers. The decentralization and expansion of the more or less autonomous decision making powers of plant management brought about by the economic reforms constitute a tendency towards such an emancipation from the politically controlled central planning agency without -- it must be stressed -- dissolving the basic "*Dienstleistungsverhaeltnis*". In this context, the degree of decentralization and autonomous decision making power can be taken as an indicator of the "progress" of this "emancipation". Correspondingly, the insistence on the rationale of economic efficiency calculation, insofar as economic rationality does not simultaneously reflect the social relationships which lie at the root of economic calculations and does not critically/practically transcend them, amounts to the elevation of a reified notion of economic efficiency over extra-economic considerations.

On the other hand, the thrust of the economic reforms and of the technological-economic elite as their proponents is in two instances progressive. For one, the economic reforms are necessary for the further advancement of the forces of production of the socialist societies, without which a society of relative abundance, the material basis of socialism, would not be possible. On this account the technological-economic elite can offer the working masses a

certain degree of prosperity. Secondly, the decentralization of decision making powers partially frees the working masses from direct control of the central political power and opens up new possibilities for the extension of democratic participation. Thus on both accounts the technological-economic elite can count on popular support overagainst a conservative political elite or its conservative elements. The degree to which this popular support can be mobilized is limited, however, by the fact that a politicization and activation of the working masses tends to lead these beyond the bounds amenable to the technological-economic elite and to bring forth the demand for workers' control and democratic self-administration.<sup>85</sup>

Taken together in their relationship to the working masses, both elites have reason to oppose the extension of democracy in order to safeguard their positions of power and privilege. Seen, however, as rival groups, both are dependent on a measure of popular support which carries with it tendencies transcending the *status quo*. From this one could deduce a tendency towards stagnation in the development of democracy. It cannot be overlooked, however, that these two elite groups are by no means homogenous with regard to political outlook. On the contrary, several tendencies are represented. Nor is the economic and political situation, which is a prime factor in the choice of any given policy, static.

Moreover, another basic factor works in the direction of increased democracy. Without the active and disciplined labor of the working masses the economy would not function. Yet a socialist society lacks one of the basic incentives to this end which is possible in a capitalist system: the threat of unemployment. In the GDR job security and the protection of the worker against being fired unilaterally by management are considered basic accomplishments of socialism and are constitutionally guaranteed rights.<sup>86</sup> Consequentially, labor discipline and labor productivity are major problems. Of course, material incentives can be used, but these are materially limited by the size of the consumption funds at any given time and the necessity of maintaining investment funds for future consumption and expansion. What remains is the incentive of democratic participation. An advanced socialist society is more than ever dependent on the active democratic participation of its members.

The second line of critique leveled at the European socialist countries by Western Marxists deals with the problematic of commodity production in socialism. The complexity and controversial character of this problem would require a treatment that far exceeds the limits of this analysis. Due, however, to the centrality of this issue to the problem of democracy in the GDR and to the fact that this problem has necessarily already been approached at various places in the above analysis, it warrants some, however incomplete, treatment in at least outline form.

Although the debate covers such issues as plan and market, centralization and decentralization and material or moral incentives or individual and collective incentives, the core of the debate centers around the problem of commodity production and its existence and character in a socialist system. Marx and Engels were namely of the opinion that in a socialist society with economic planning commodity production would be eliminated. In the "Critique of the Gotha Program" Marx states:

Within the cooperative society, founded on the common ownership of the means of production, the producers do not exchange their products; likewise, the labor expended on products does not appear here as the value of these products, as a material attribute possessed by them, since now, in contrast to the capitalist society, the individual labors exist no longer in an indirect manner, but directly (*unmittelbar*) as constituent parts of total labor. 87

And Engels stated quite clearly:

With the seizure of the means of production by society, commodity production is abolished (*beseitigt*) and with it the mastery of the product over the producer. The anarchy in social production is replaced by planned, conscious organization. 88

In direct contrast to this is the interpretation of the economic system of socialism in the GDR (and the other Comecon countries for that matter). The discrepancy is also recognized.

Marx and Engels viewed commodity production and planned production after the socialization of the means of production as mutually exclusive alternatives. . . . As, however, practice during socialist construction shows, labor is performed as commodity producing labor. 89

As a consequence of the recognition of commodity production in socialism, the socialist mode of production is interpreted as an "independent mode of production . . . with an immanently adequate system of economic categories and laws, among them those which are formally similar to categories of capitalism . . . ." These categories are neither rudiments of the previous capitalist system nor unavoidable evils. "Commodity production and therewith the law of value exist in socialism on their own socio-economic basis. . . ." Socialist commodity production is a form of commodity production *sui generis*.<sup>90</sup>

Although most Marxists tend to agree that commodity relationships and production continue to exist in socialism, there is no agreement as to how this should be theoretically evaluated and a sharp debate has developed around this,<sup>91</sup> taking as a starting point the above mentioned discrepancy between the present situation and the theoretical position of Marx and Engels. The debate is by no means merely a dogmatic controversy,<sup>92</sup> as what is intended by all parties is not only a critical analysis of the history of the socialist countries and their present constitution, but also a theoretical directive (*Anleitung*) for concrete social practice.

In his critique of commodity and value,<sup>93</sup> Marx showed that these are not supra-historical categories of human production, but are the necessary forms arising out of specific, though historically temporal constellations of the

division of labor in which the private producers are both mutually dependent and isolated from each other. The individual producers (in capitalism the individual capitalist enterprise) produce independently products not for direct consumption, but for an anonymous market. The economic transactions on the market based on the exchange values of the commodities and mediated by money establish the societal interconnection of the initially independent production acts and set *ex post* the proportions of their mutual dependence. Since the societal interconnection of the mutually dependent private producers is not mediated directly or consciously, but through the value relationships of the commodities themselves, the commodities take on a fetish character,<sup>94</sup> the social relationships appear necessarily<sup>95</sup> as relationships of things.

The mysteriousness of the commodity form consists simply in the fact that it reflects back to the people the social character of their own labor as an objective character of the labor products themselves, as a social natural property (*gesellschaftliche Natureigenschaft*) of these things, and for that reason also reflects the social relationship of the producers to total labor as extra-human (*ausser ihnen existierendes*) social relationship of objects. 96

Furthermore, out of the *ex post* establishment of the relationships of the private producers by means of competition arise the economic laws of capitalist production and exchange which seem to have their existence outside of and independently of the individuals themselves and appear to operate

naturally. The economic laws of the market appear as natural, objective laws with an independent rationality and which one can no more ignore than the law of gravity. But the whole theoretical labor of Marx was directed to showing that this is not the case, that the economic laws of capitalism are in reality social laws of man's interaction with man and nature in society in a specific, historically temporal and reified form which can be changed.

In concluding his critique of utopian projects of some of Proudhon's followers, Marx touches on some essential aspects of the problem:

The necessity itself to first transform the product or activity of the individuals into the form of exchange value, into money, that in this objective (*sachlichen*) form they obtain and prove their social power, proves two things: 1) that the individuals produce only for society and in society; 2) that their production is not directly social, not the offspring of association which distributes the labor within itself. The individuals are subsumed under societal production which exists outside of them as fate (*Verhaengnis*); but the societal production is not subsumed under the individuals who manage it as their common power (*Vermoegen*). There can therefore be nothing more false and absurd than to presuppose the control of the united individuals over their total production on the basis of exchange value, of money. . . . 97

Seen from this theoretical perspective, the continued existence of commodity production in socialism indicates to what extent the planning process is not the "offspring of association" of the producers themselves, to what extent the societal reproduction process still takes place as a natural, spontaneous process arising out of the interaction of the

"self-responsible (*eigenverantwortlich*) planning and producing economic units"<sup>98</sup> which remain in a relationship of mutual estrangement (*wechselseitiger Fremdheit*).<sup>99</sup> The critique of commodity production in socialism aims the sharpest weapon of Marx's society and ideology critique at the basic social constitution of the socialist societies. Such a critique would have three questions in particular to answer: 1) What concrete social and political structures and interest structures especially in the form of predominant or dominating group-specific particular interests lie at the root of commodity production in socialism and the implied relationships of mutual estrangement given therein? 2) To what extent is the theory (and practice) of commodity production in socialism as expounded by theorists from socialist countries an ideological reflection of the *status quo* and a reinforcement of the atomization tendencies inherent therein? To what extent does it represent the subsumption of the individuals under a reified rationality of social production? 3) What moments of social practice tend, perhaps *nolens volens*, to transcend and transform the *status quo*? These questions cannot, of course, be taken up here, although the next chapter will address itself indirectly to the last question.

Albeit, there is nothing in the theory of Marx and Engels that would indicate that commodity production can (and must) be eliminated in one swift stroke, immediately. Any abstract counterposing of the few statements by Marx or



Engels on the constitution of a socialist society to the present reality of socialist societies must inevitably lead to false conclusions. Not only would it fly in the face of the theory itself, as all such statements were made on the premise of a socialist revolution in already highly industrialized societies and in the major ones more or less simultaneously which is historically not what happened, but such an abstract approach would contradict the unity of logical and historical investigation in the Marxist method. Valid conclusions are only obtainable when the theoretical insights are complemented by an analysis of the history of the socialist countries in terms of the immanent development problems and their relations to the rest of the world. This would show that the administrative central planning system, while it on the one hand, by developing the productive forces of the society, removed the causes and necessities of its own existence, on the other hand did not and by its own nature could not provide for the development of the concrete forms of self-determination and conscious control of freely associated producers necessary for the elimination of the conditions generating commodity production. The necessary replacement of the old central planning system could only take place on the basis of the given structures, interests and attitudes. In orienting itself to these as recognized objective factors, the new economic system appears to be taking steps backwards, to be cementing the *status quo* or

accommodating itself to it.<sup>100</sup> The significance of this can only be understood when one recalls that the administrative central planning system left little room for the recognition of immediate and particular interests.

But these complex problems are all too easily ignored. Strotmann's critique, which can serve here as a good example, abides lastly by an abstract confrontation of theory with reality and condemns reality, i.e. the bureaucracy, in the face of the former.<sup>107</sup> This leads unavoidably to an idealistic distortion. As an antitoxin for commodity production in the GDR, Strotmann recommends "ideological campaigns" to create the "consciousness necessary for communism".<sup>102</sup> But this presupposes that Marxist theory represent a finished theory of communist society from which the components of this consciousness in the form of ideals to be realized could be derived. The concept of "revolutionizing praxis"<sup>103</sup> and the concrete historical analysis thereof remain outside of Strotmann's analysis so that with his ideas of "ideological campaigns" and the "determinative role" of an idealistically conceived superstructure he is necessarily led "to divide the society into two parts of which the one is superior to society."<sup>104</sup> The social individuals would still remain subsumed under a power outside of themselves, in this case the power of the ideologues.

The basic problem dealt with in the critique of bureaucracies and commodity production in socialism is the

problem of the mediation of the individual with society, of particular interests with general societal interests. With regard to this problem in socialist societies, various solutions have been put forward and tried. Thus, as the case may be, the vanguard party, plant oriented democracy (syndicalism, the Yugoslavian model) and the appeal to idealism (ideological campaigns, etc) are to function as mediating agencies. But the history of the socialist countries has shown the socio-political limitations and theoretical inadequacies of these notions. The problem is admittedly one of democratization; but in a democracy there can be no substitute for the conscious, critical activity of the demos. The agency of mediation must develop directly out of the demos itself, be based on the concrete interests of those involved and establish itself as public institution. In other words it must be a critical public of the working masses arising in and around the production process itself.

## FOOTNOTES

## CHAPTER III

1. As an example of earlier attempts to interpret the Soviet Union as a form of class society, attention is drawn to Milovan Djilas, The New Class, New York, 1963, written in the fifties. What is novel in the situation is that now a major communist party has taken this position.
2. The Polemic on the General Line of the International Communist Movement, Peking, 1965, p. 452.
3. Ibid., p. 436.
4. Ibid., pp. 429-435. That such cases existed, and not only in the Soviet Union, is beyond doubt. As was pointed out in the first chapter, however, such practices were induced by the old planning system. The economic reform proposals were ostensibly designed to combat the weakness of the old planning system and the "capitalist" practices induced thereby. What one misses in the Chinese position of that time is a socio-economic critique of the reform proposals and practices that were taking place in several Comecon countries.
5. Ibid., p. 439.
6. Charles Bettelheim, "On the Transition between Capitalism and Socialism", Monthly Review, Vol. 20, No. 10, March 1969, p. 5.
7. Ibid., p. 2. Bettelheim refers here expressly to the Soviet Union and the CSSR, but the content of his remarks makes plain that the above would be applicable *mutatis mutandis* also to the GDR.
8. Ibid., pp. 2 and 5.
9. Ibid., p. 2.
10. On the distinction between power and domination, see Werner Hofmann, Stalinismus und Antikommunismus. Zur Soziologie des Ost-West-Konflikts, Frankfurt/Main, 1968, pp. 13-16. Hofmann defines domination (*Herrschaft*) as "institutionally secured usufruct (*Nutzniessung*) of one part of society over against another. Usufruct means an economic relationship, namely one-sided appropriation

of part of the products of labor of others. Also the institutional basis of such a relationship is in the first place of economic character: disposition over land, over capital or other economic factors . . . . Power can be based on social domination, be derived from it, or also exist without it" (p. 13). Domination is, accordingly, a basic socio-economic relationship. Power, on the other hand, is essentially political, a superstructural relationship (p. 14).

11. W. Hofmann, Arbeitsverfassung der SU, p. 474. Emphasis in original.
12. Ibid., pp. 504-5, 519 and 521. The term emancipation as used in the above sentence and elsewhere in this thesis in a similar context is admittedly an inadequate translation of the German verb *verselbstaendigen*, to render independent, and its noun form *Verselbstaendigung*, as the English word has positive connotations which are not at all intended in the German. Nonetheless, the term emancipation has been used in order to avoid cumbersome circumlocutions, and the reader is enjoined not to attach any positive meaning to this unless otherwise stipulated.
13. Ibid., p. 508. Emphasis in original.
14. Ibid., p. 509. Emphasis in original.
15. See W. Hofmann, Stalinismus und Antikommunismus, above all p. 98 and following and p. 123 and following.
16. David Childs, East Germany, New York, 1969, p. 79.
17. From 1949 to 15 August 1961 a total of 2,691,270 people left the GDR. H. Weber, Von der SBZ zur DDR, p. 153. See also J.E. Smith, op. cit., p. 87 and following.
18. H. Apel, Wehen und Wunder, p. 84.
19. J.E. Smith, op. cit., pp. 88-89; Dietrich Storbeck, Soziale Strukturen in Mitteldeutschland, Berlin (W) 1964, pp. 18, 19, 22.
20. J.E. Smith, op. cit., p. 90. Smith foresees no significant increase until 1980.
21. D. Storbeck, op. cit., p. 170.
22. Ibid., p. 168. Emphasis in original.

23. Ibid., pp. 142-3.
24. This possibility is also not denied by W. Hofmann, cf. Arbeitsverfassung der SU, p. 527 and Stalinismus und Antikommunismus, p. 16.
25. Herbert Marcuse, Soviet Marxism, New York, n.d., p. 93.
26. Details by H. Weber, Von der SBZ zur DDR, pp. 25-29.
27. See Margarete Tjaden-Steinhauer, Karl Hermann Tjaden, "Die Entwicklung der Sozialstruktur in der BRD und in der DDR" in H. Jung, et.al. BRD-DDR, pp. 184-5.
28. The problem of the relationship of what C. Wright Mills called the "new middle class", the white collar workers or employees, to the institution of capitalist private property is being consciously left out here. Opposition to socialism on the part of this stratum in the GDR, insofar as it is socio-economically motivated, stems in all probability from a desire for privileged incomes and more lucrative consumption opportunities. These are, however, secondary factors and lose their importance in proportion to the elevation of the standard of living in the GDR.
29. The figure includes independent professionals (*freiberuflich Taetige*).
30. M. Tjaden-Steinhauer, K.H. Tjaden, op. cit., p. 201; Statistisches Jahrbuch der DDR (hereafter SJDDR) 1970, p. 52 and following. On semi-private or semi-state firms, the *Kommanditgesellschaften*, see D. Childs, op. cit., pp. 132-4 and J.E. Smith, op. cit., pp. 101-6.
31. M. Tjaden-Steinhauer, K.H. Tjaden, op. cit., p. 201.
32. On agriculture, see J.E. Smith, op. cit., pp. 114 and following; J. Dornberg, The Other Germany, Garden City, New York, 1968, pp. 180 and following and Eberhard Dähne, "Zu einigen Entwicklungstendenzen der Landwirtschaft in beiden deutschen Staaten", H. Jung, et. al., BRD-DDR, pp. 136 and following.
33. In addition to the sources given in footnote 32, see H. Apel, DDR 1962, 1964, 1966, Berlin (W) 1967.
34. See especially the recent work by David Horowitz, Imperialism and Revolution, London, 1969.

35. E. Altvater, C. Neusüss, op. cit., p. 28.
36. "The latter [the West Germans] received those 3 to 4 billion dollars as a gift, while the GDR, almost alone, had to pay the Russian reparation to the half accredited sum of 10 billion dollars. Accordingly, each GDR citizen began the new development with a debt burden of approximately DM 2500, while each citizen of the Federal Republic started with a gift of DM 140 -- and on top of that 8 years earlier." E. Richert, op. cit., p. 38.
37. "Within the Communist block, there was no country capable of supplying everything which had so far come from West Germany. Consequently, the creation of a separate state implied a fundamental reshaping of the economic structure and a considerable effort was required in order to create a heavy industry. All this was possible only on the basis of a high rate of accumulation and therefore a low rate of unproductive consumption. The more or less inevitable choice of autarchy meant a low standard of living over a long period." Jean-Marie Vincent, "East Germany between Past and Future" in Socialist Register 1965, p. 48.
38. E. Richert, op. cit., pp. 39, 243-4.
39. J.-M. Vincent, op. cit., p. 47.
40. E. Altvater, C. Neusüss, op. cit., p. 28.
41. Isaac Deutscher, The Unfinished Revolution, New York, 1967, p. 58, see also the preceding discussion pp. 53-58.
42. E. Altvater, C. Neusüss, op. cit., p. 22.
43. Hartmut Zimmermann, "Der FDGB als Massenorganisation und seine Aufgaben bei der Erfuellung der betrieblichen Wirtschaftsplaene", in P.C. Ludz, Studien und Materialien, p. 291.
44. E. Altvater, C. Neusüss, op. cit., p. 32.
45. Peter Strotmann, Vorwort to Charles Bettelheim, M. Dobb, L. Foa, L. Huberman, i.a., Zur Kritik der Sowjetoekonomie, edited and prefaced by P. Strotmann, Rotbuch 11, Berlin (W) 1969, pp. 14-15. This book contains the German translations of some of the major articles on this subject which have appeared in Monthly Review since 1964.

46. E. Altvater, C. Neusüss, op. cit., p. 35.
47. See Ibid., p. 31, footnote 20; P. Strotmann, op. cit., p. 19 and E. Mandel, Marxist Economic Theory, pp. 572-3.
48. Politische Oekonomie des Sozialismus, p. 202. Emphasis in original.
49. P. Strotmann, op. cit., p. 15.
50. E. Altvater, C. Neusüss, op. cit., p. 35.
51. This is, however, by no means the only trend, even in the case of a single author.
52. On the logic of the primary development of the production goods sector, see P.F.W. Preece, "The Priority given to Heavy Industry in Socialist Economic Planning". Science and Society, Vol. 32, No. 3, 1968. Preece uses here a three sector analysis in place of the two sector analysis used by Marx.
53. I. Deutscher, "Roots of Bureaucracy", Socialist Register 1969, p. 25.
54. K. Marx, "Kritik des Hegelschen Staatsrechts", MEW 1, p. 250.
55. I. Deutscher, "Roots of Bureaucracy", p. 10.
56. E. Mandel, Marxist Economic Theory, p. 589.
57. E. Mandel, "Yugoslav Economic Theory", Monthly Review, Vol. 19, No. 11, April 1967, p. 44. Aside from being simply too global and undifferentiated and thereby unable to conceptualize the concrete bureaucracies and their differences, such a "definition" includes plainly non-bureaucratic elements: i.e. not only the white collar worker, the technician, the foreman or skilled worker who are "materially privileged" but may or may not have a position of bureaucratic power, but also whole plant collectives who, in their capacity as employees of that plant, are privileged in housing, kindergartens, canteens, vacations, etc. in relation to employees of smaller, especially private and semi-private firms.



58. P. Strotmann, op. cit., p. 22. To be sure, this stratum enjoys privileges. Nevertheless, this makes strange reading especially with regard to the GDR, from which Strotmann draws much of his information. Hans Apel has pointed out that in relation to their counterparts in capitalist countries the managerial and technological elites of the GDR are "under"-privileged. "The proportion of those whose incomes exceed the general average income by more than 20 per cent amounts to about 4 per cent of all income recipients in the GDR; in the Federal Republic it is about five times as large. And incomes of equal purchasing power as are typical for the Western elite of lawyers, technicians, enterprise managers and scientists -- i.e. at the level of yearly 30,000 marks and above without restriction -- are in the GDR . . . only very infrequent exceptions." H. Apel, "Ein Vorschlag zur Ueberwindung der Mauer", Frankfurter Hefte, 26. Jahrgang, Heft 2, February 1971, p. 78. On top of this, long-range consumer goods and luxury items, the only legal spending outlet for higher income groups, are intentionally overpriced. These facts are, of course, well known to those concerned. One wonders then why "*die herrschende Schicht*" (note the singular!) has acted so niggardly in limiting its own privileges. What political power has been responsible for the maintenance and enforcement of these legal limitations? But this political power must also be present in the state apparatus itself, i.e. part of Strotmann's "*herrschende Schicht*".
59. E. Altvater, C. Neusüss, op. cit., p. 35.
60. P.C. Ludz, Parteielite im Wandel, Köln und Opladen 1969, p. 42.
61. Ibid., pp. 33, 34, 44, 55.
62. Ibid., pp. 69, 83-84 and 93.
63. Ibid., pp. 114-5.
64. Ibid., pp. 93 and 141.
65. Ibid., pp. 141-2.
66. On the statute change see Ibid., pp. 144-5.
67. Serge Mallet, "Bureaucracy and Technocracy in the Socialist Countries", Socialist Revolution, Vol. 1, No. 3, May/June 1970. In the translated article the French word "*couche*" was falsely translated as class. It means, however, stratum or layer. In references

made to this article, the word *stratum* will be used in indirect quotes or summaries, while direct quotes will be given as originally translated, followed by the word *couche* in brackets. See Socialist Revolution, Vol. 1, No. 4, July/August 1970, editor's statement on translation error.

68. Ibid., p. 56. Mallet sees in bureaucracy, "above all, the reign of the tax collector, the treasury, to whom a social group, large or small, delegates the power to appropriate, through civilian or military constraint, the surplus value created by the work of the state's subjects. The policeman, the judge and the soldier are in the last analysis only the secular arm of the treasury" (p. 35).
69. Ibid., pp. 52-53.
70. Ibid., p. 57.
71. Ibid., p. 58.
72. Ibid., p. 63. Emphasis in original.
73. Ibid.
74. Outside of this scheme fall the not very numerous private artisan producers, tradesmen and small farmers, capitalist entrepreneurs, independent professionals and, more or less, the cultural intelligensia. One could grant some marginality to this scheme in the case of artisan producers and farmers organized in cooperatives, although tendentially with the industrialization of these sectors they basically belong to the category of working people employed in socialized enterprises. Thus this scheme not only encompasses the socio-economic relationships of the majority of the population, it is also derived from the major production base of the GDR society. It must also be pointed out that such a model is totally inadequate in the case of Poland or Yugoslavia with their large private sectors, notably in agriculture.
75. Martin Jänicke, "Monopolismus and Pluralismus im kommunistischen Herrschaftssystem", Zeitschrift fuer Politik, 14. Jahrgang, Heft 2, June 1967, p. 156. By assuming that the economy can now function automatically on the basis of its own laws (*Eigengesetzlichkeit*), Jänicke concludes that this means more or less political obsolescence as well. This assumption, however, can not be accepted.

76. P.C. Ludz, Parteielite im Wandel, p. 244.
77. The influences are not only economic, stemming from the necessity to engage in foreign trade with capitalist countries, since many items essential for the GDR economy are not to be had or had in sufficient quantity and quality in the Comecon countries. It is also cultural and political. No socialist country is as open to Western influences as the GDR (excepting perhaps Yugoslavia). West German radio and T.V. programs are receivable in all or most parts of the country. And there is no language barrier. Both countries share a common cultural heritage.
78. The term in this context is Mallet's. See S. Mallet, op. cit., p. 66 and following.
79. According to S. Doernberg, the index of retail prices, service prices and fares (1960 = 100) developed from an index value of 190.0 in 1950, 110.1 in 1955, to 100.4 in 1965 and 100.3 in 1968, S. Doernberg, op. cit., p. 695. The level of real wages in socialist plants in the spheres of material production, on the other hand, increased from an index value of 33.1 in 1950 (again 1960 = 100) to 116.8 in 1967 (p. 694).
80. On income policy and distribution see H. Apel, Wehen und Wunder, pp. 179 and following and table of income distribution, p. 181.
81. "Programm der Sozialistischen Einheitspartei Deutschlands", passed at the VI Party Congress, 15-21 January 1963 in Lothar Berthold, Ernst Diehl (editors), Revolutionaere deutsche Parteiprogramme, Berlin (E) 1967, p. 258.
82. Politische Oekonomie des Sozialismus, p. 189.
83. The relationship between labor and state in the central administrative planning system had a specifically political character. "The complete subordination of all economic activity under the commanding power (*Befehlsgewalt*) of the state attributes *Hoheitscharakter* (state character) also to the tasks which are assigned to the individual." W. Hofmann, Arbeitsverfassung der SU, p. 244. The re-socialization of economic activity brings with it simultaneously a diminution of this *Hoheitscharakter* and the concomitant demand for the subordination of the labor process to the state. In this sense, i.e. vis-a-vis the state, the labor process becomes depoliticized; as social relationship it gains legitimacy.

84. The extent of this practice will be taken up in the next chapter.
85. According to E. Altvater and C. Neusüss, op. cit., pp. 45 and following, this was precisely what happened in the ČSSR in 1968. See also Hans-Jürgen Krahl, "Zur historischen Dialektik der nachstalinistischen Reform in der ČSSR", in Rainer Deppe, B. Heinrich and M. Bärmann, Die Tschechoslowakei von 1945-1968. Zwischen Kapitalismus und Revolution, Voltaire Flugschrift 26, Frankfurt/Main and Berlin 1968.
86. See Article 24, Constitution of the German Democratic Republic (1968) in J.E. Smith, op. cit., p. 253.
87. K. Marx, "Kritik des Gothaer Programms", MEW 19, pp. 19-20. Emphasis in original.
88. F. Engels, "Die Entwicklung des Sozialismus von der Utopie zur Wissenschaft", MEW 19, p. 226. For an interpretation of Marx's and Engels' position on the elimination of commodity production in socialism with numerous quotes and sources, see Roman Rosdolsky, Zur Entstehungsgeschichte des Marxschen 'Kapital', Bd. II, Frankfurt/Main 1968, pp. 504-513. In his polemics against Joan Robinson and Oskar Lange, Rosdolsky states that their attempts to interpret a socialist society as commodity producing society are either, in the case of Robinson, the result of a gross misinterpretation of Marx, making out of him "with unbelievable naivete . . . a common Proudhonist" (p. 643), or, in the case of Lange, the ideological reflection of a society characterized by the state ownership of the means of production and its state and party bureaucracies (pp. 676-7) in which "the character of natural law (*Naturgesetzlichkeit*) and reification of the economic phenomena" have by no means been overcome (p. 663).
89. K. Bichtler, H. Maier, op. cit., pp. 106-7.
90. All quotes and statements above from Karl Bichtler, op. cit., pp. 326-7. Emphasis in original.
91. Some aspects of this controversy are brought out in the essays and debates published in Kritik der politischen Oekonomie heute. 100 Jahre 'Kapital', Frankfurt/Main, 1968.

92. Rosdolsky points out some of the methodological and socio-political connotations of this problematic. R. Rosdolsky, op. cit., Chapter 34, pp. 653 and following.
93. The finished form of this critique is the first section of Capital, Vol. 1, but it is to be found in various forms all the way back to the "Economic-philosophic Manuscripts of 1844."
94. K. Marx, Das Kapital, Bd. I., MEW 23, pp. 86-87.
95. On the problem of necessary appearance and its relation to the essence of the matter as opposed to an interpretation of reification, etc., as mere illusion, see Norman Geras, "Fetishism in Marx's 'Capital'", new left review, No. 65, January/February 1971.
96. K. Marx, Kapital, Bd. I, MEW 23, p. 86.
97. K. Marx, Grundrisse, p. 76. Emphasis in original.
98. Politische Oekonomie des Sozialismus, p. 267.
99. So Fritz Behrens, Ware, Wert und Wertgesetz. Kritische und selbstkritische Betrachtungen zur Werttheorie im Sozialismus, Berlin (E) 1961, p. 30. Behrens takes the term "wechselseitige Fremdheit" from K. Marx, Kapital, Bd. I, MEW 23, p. 102. Albeit, for Behrens the problem of mutual estrangement remains basically a technical-economic problem and is not seen as having political-sociological dimensions.
100. See W. Hofmann, Stalinismus und Antikommunismus, pp. 123-5.
101. P. Strotmann, op. cit., p. 22.
102. Ibid., p. 23.
103. K. Marx, "Thesen ueber Feuerbach", MEW 3, p. 534.
104. Ibid.

## CHAPTER IV

### THE DEMOCRATIZATION OF THE SYSTEM: ITS EXTENT, NECESSITY AND LIMITATIONS

Before proceeding with the actual substance of this chapter, the category of critical public as well as some of the conditions which are necessary for its genesis require some explication. Historically, a critical public developed as a constitutive element of liberal parliamentary democracy in the eighteenth and early nineteenth centuries.<sup>1</sup> It arose out of the salon and coffee house *milieu*, out of the literary publics of autonomous private persons, predominantly bourgeois, whose chief attributes were ownership of property (capital) and/or education. The at first literary public became political as, with the growth of capitalist production and the market, the private sphere, i.e. the sphere of material reproduction, transcended the narrow boundaries of the household and established itself as a matter of public interest into which the state, in the forms of merchantilist economic policies, intervened.<sup>2</sup> As the capitalist economy developed into a self-regulated system of commodity production and exchange according to the laws of the market and, according to the idea of the times, established itself as a power-neutralized and domination-free private sphere, the political

public acquired the function of providing "the state through public opinion with the needs of society."<sup>3</sup> The state itself, so it was thought, could be reduced to the role of guarantor of the conditions necessary for the free and natural functioning of society -- to the role of a *Nachtwaechterstaat* (night watchman state).<sup>4</sup>

In this situation public opinion was deemed to have unfolded as the culmination of reasoned, critical discourse, unburdened from direct material need and based on a concept of rationality which transcended particular interests. As such public opinion formed the critical sounding board for the affairs of state. With the establishment of parliamentary democracy, "the politically functioning public is itself established as an organ of state"<sup>5</sup> in the parliament, which is at the same time in its debates the epitome of the extraparliamentary discursive publics.

It is well to point out here that the above describes the form of political intercourse of the rising liberal bourgeoisie. And to the extent that it worked, was believable, it constituted a real element of social reality. But beneath the appearance of market self-regulation (albeit only by means of periodic crisis) and the formal freedom and equality of commodity owners on the market lay the domination relationship of capital over labor, bourgeoisie over proletariat. In as much as the liberal public arose out of and was predicated on the maintenance of the capitalist

social order, it was not the expression of the general societal interest, but of the specific interests of the propertied class. Beneath the appearance that particular interests were transcended through rational public discourse lay the reality of the establishment of the general interest of the bourgeoisie above the particular interests of individual capitalists or particular capital interests which as particular interests were mediated on the market, in the non-political sphere. With the interjection of unsatisfied material interests, be they interests of propertyless and non-capitalist classes, be they interests of particular segments of the capitalist class, into political debate, the appearance of rational discourse was broken down. The liberal public was ideology, but not *per se* illusion.

For the purpose of illustrative analogy in conjunction with the problems of the development of socialist democracy it is necessary to point to a specific generic relationship: the bourgeois critical public precedes, namely, the establishment of liberal democracy and is instrumental in its development. During the closing years of the 17th and the beginning of the 18th Century in England, with the gradual replacement of the opposition between landed and moneyed interests by the opposition between conservative commercial capitalist interests and the interests of an expanding manufacturing and industrial bourgeoisie, reasoning public developed based primarily on the rising industrial



bourgeoisie who, though not enfranchised and therefore excluded from the affairs of state and parliament, became intensely interested in the affairs of state. With the rise of this political public, receiving form and direction from a simultaneously developing critical journalism, the parliament with its factions was placed under new pressures. Extra-parliamentary public opinion became a useful instrument in parliamentary controversies. As such it could no longer be ignored.<sup>6</sup> Habermas sees it functioning as follows:

The outvoted minority in Parliament can always go to the public and appeal to the judgement of the public; the majority, held together by bribery, sees itself obligated to legitimize the authority which it has through reason which according to the opposition is not represented by the majority. <sup>7</sup>

The development of public opinion as a political institution and the corresponding transformation of Parliament is a process which in England lasted for more than a century. But it was not the parliamentary forms, the freedoms of speech, press and assembly, etc. or the voting franchise, that gave rise to a critical public as the central institution of liberal democracy, but rather the politically functioning public that gradually forced through the former as the adequate forms of its expression and operation.<sup>8</sup> The conditions necessary for the genesis of the bourgeois critical public are, as Habermas has shown, to be sought in the pre-political sphere.

It is the contention of this thesis that a similar dialectic between a politically functioning critical public,

emerging in the quasi-political sphere of production and increasingly necessary in the productive process itself, and the at times rival, at times cooperating political and economic-technological elites can be observed in the GDR society today. But at this point, further analogy to the genesis of the liberal public ends. The liberal public was a public of private persons, who were property owners and/or educated; it was restrictive, i.e. public only in idea, according to which the liberal capitalist society afforded equal opportunity to all its members for the acquisition of the prerequisites of participation.<sup>9</sup> That this proved not to be the case needs no elaboration here. Likewise the material base of the bourgeois public, the supposedly self-regulated, power-neutralized and domination-free economy, did not correspond to reality. A socialist public, on the other hand, would no longer be based on the private disposition over the means of production with the function of mediating the private sphere with the state, but rather founded in the public disposition over the production process, over social labor, in order that "the socialized human being, the associated producers, rationally regulate their interaction with nature, bring it under their communal control instead of being dominated by it as by a blind force; that they achieve this with the least expenditure of energy and under conditions most favorable to and worthy of their human nature."<sup>10</sup> The object of consideration of a critical

socialist public is, therefore, the regulation and control of social production, i.e. that which was excluded *eo ipso* from the direct purview of the classical liberal public. Its social bearers are the freely associated producers.<sup>11</sup>

The genesis and functioning of a critical public in socialism are necessarily bound to certain material, social pre-conditions which can be in part derived from an examination of the historical genesis and disintegration of the liberal public, in part from an analysis of the social, economic and political relationships pertaining to the rise and functioning of a socialist public. These pre-conditions must in turn be seen not as *a priori* givens, but as the result of historical process.

With regard to the democratization of the late-capitalist social state, but valid *mutatis mutandis* in the context of the democratization of the GDR, Habermas formulates the basic problem as follows:

A structurally uneliminatable antagonism of interests would set narrow limits to a public re-organized in its critical functions in relation to the social state; the neutralization of social power and the rationalization of political rule by means of public discussion presupposes, of course, then as now a possible consensus, presupposes an objective and, according to general and binding criteria, possible agreement of competing interests. Otherwise the public power relationship, however exercised, of pressure and counter-pressure produces at best an unstable interest equilibrium based on temporary power constellations. Such an interest equilibrium lacks in principle any rationality which can be derived from a general interest. 12 [Emphasis added.]

The consensus of which Habermas speaks cannot be idealistically created, but must be rooted in the objective compatability of objective social interests. In terms of the social relationships of production presupposed hereby, this means first and foremost that domination relationships -- those socio-economic relationships which divide society into dominating and dominated, (exploiting and exploited) classes -- be structurally eliminated.<sup>13</sup> As an equally important corollary hereto is the necessity of a sufficiently high degree of socialization<sup>14</sup> of the production process in order that relationships of mutual cooperation, rather than mutual estrangement (*wechselseitige Fremdheit*) are tendentially possible. This precludes private property (of the means of production) as much as, in the last analysis, group property, since group property, functioning as juridical (private) person, does not basically transcend the situation of mutual estrangement in relation to other group properties.<sup>15</sup> A critical public, that has as the object of its regulation and control the social production process, cannot admit to the exclusion of a particular segment of this process from its dispositional authority as would be required with private property. Were the latter to exist to any appreciable extent, the intended mediation of particular with general social interests by means of rational discourse would dissolve into political power play. The real consensus would be exploded.<sup>16</sup>

In a socialist society a critical public has to deal concretely with the coordination of particular (individual or group) interests with total-societal interests. But particular and general interests stand in contradiction to each other. They form objective elements of a social contradiction, and since a socialist society (or even a communist society as second stage<sup>17</sup>) is historical society, human society, such contradictions will remain constitutive in a more or less sharp form and continuously require concrete mediation.<sup>18</sup> The *a posteriori* formulation of general interests by means of rational argument in public debate in place of the forcefully coerced "insight into necessity" presupposes that the divergence of interests be to such an extent relativized by a certain level of prosperity that the discursive process itself is not burdened directly by excruciating material need. Likewise, a society has to be able to afford to its producers (all its members) a minimal amount of disposable time for the purpose of education and participation in the decision making process. In other words, the genesis of a critical public presupposes a relative and general affluence.<sup>19</sup>

A politically functioning critical public in a socialist society intends the dissolution of the monopoly of an elite over policy determination and execution. As such, it presupposes logically that matters of policy be in reality open to debate, i.e. that materially the possibility

of choice between more or less equally feasible strategic options be given. Where, however, the exigencies of the situation, the force of brute facts, extremely limit the range of choice, public debate on policy becomes superfluous (more precisely *gegenstandslos*). A ruling elite, especially one with close social and political connections to significant sections of the population, operating within such stringent circumstances can generally be successful in presenting its policy as being in accordance with necessity. This is, of course, not to say that the SED for instance had no choices open to it or that its actions were always in accordance with what the situation demanded; but public debate on the matter, even internal party debate, tended to fast exceed the set parameters of party policy: the establishment of an economically and politically viable socialist German state. Under the prevailing circumstances during the formative years of the GDR (i.e. up to ca. 1963), public debate would have taken on an antagonistic character in an already explosive situation. With the economic and political consolidation of the GDR the range of strategic options, which had been extremely limited for the GDR as well as the whole socialist block in the immediate post-war years, was considerably widened. Proceeding now from a firmly established and highly developed production base, the number of optimal plan variants from which to choose was materially increased. In other words, the real possibility of choice between equally feasible

optimal plan variants had to be first created. Conversely, the mere possibility of choice demands rational public debate in the decision making process. The appeal to "the only correct and necessary solution" loses its rational base and thereby its legitimizing power.

It is the contention of this thesis that the above mentioned material prerequisites for the development of a critical public have been to a large extent met in the German Democratic Republic.<sup>20</sup> But it would be a grossly mechanistic error to conclude therefrom that the development of democracy will be automatically forthcoming. The functioning of political democracy presupposes namely a high degree of political maturity among its subjects. Habermas underscores the importance of this problem when he affords wide scope to the analysis of the "training in subjectivity" that was immanent in the private autonomous sphere of the bourgeois family and in the likewise pre-political literary public.<sup>21</sup> The individual, affirmed already in the private sphere as subject, stepped into the political sphere as *muendiger Buerger*.<sup>22</sup> In classical Marxian theory the proletariat was to elevate itself to the level of cultural and political maturity necessary for the democratic exercise of political power in the process of trade-union and political struggles, in the class struggle itself. And had this not been to a certain extent successful, the development of the socialist countries thus far would have been impossible. But for the most part on this score events took

a different historical course. Notably in Germany the establishment of a socialist regime was preceded by twelve years of fascist dictatorship. Robbed of its leadership and most conscious elements, who were forced underground, out of the country or into concentration camps where many perished, and suppressed into silence, the German working class showed a marked propensity to participate, if only passively, in the "collapse into barbarism" that was the Third Reich. The fact that Nazi Germany was not brought down by internal revolution but had to ultimately be defeated from without attests to the dissolution of what was once considered to be the most advanced working class of Europe. Moreover, the socialist revolution in East Germany was not the product of a mass, popular revolution from below, although certain factors worked in this direction, but implemented more or less from without and from above. Indeed, the exigencies of the internal and international situation at the close of the Second World War and for a time thereafter as they affected Germany mitigated against the development of a mass movement for socialist transformation.<sup>23</sup>

The question must be raised: In what sphere of the GDR society can that level of consciousness of subjectivity, necessary to develop and sustain critical public discourse, unfold as a true reflexion of real practical experience? Or, to rephrase the question in terms used by many critics of the GDR, how is democratic behavior on a mass scale to



develop in an "authoritarian" or even "totalitarian" society? The liberal public as a public of private persons was based lastly on the dispositional power over private property (capital); subjectivity unfolded as the consciousness of the real experience of the partial but nonetheless effective control of the private persons over basic factors of their existence. A socialist public can no less forego this real base. But the nature of social structures in a socialist society prescribes that a critical public originate in the public sphere itself. And since the consciousness of subjectivity is predicated upon a modicum of actual control of socially relevant and basic factors effecting individual and social existence, said control must begin in the sphere of production. The question which must now be dealt with can thus be concretized: Is there in the sphere of production, predominantly in state-owned industry,<sup>24</sup> that possibility for a minimum of self-administration and control by the otherwise dependent producers given, upon the basis of which a critical consciousness can develop and an extensive critical public opinion can unfold?

#### A Decision Making and Control from Below

At the level of the plant and emanating therefrom there are several institutions in which participation of the workers in decision making and control meets with regulation from

above. It will be necessary to examine the character of some of these institutions and the parameters in which they function. Given the high degree of union organization in the GDR -- in general about 95 to 99 per cent of the employees of a given plant are members of the *Freie Deutsche Gewerkschaftsbund* (Free German Union Federation, FDGB) -- the focus of attention falls first on the union organizations in the plant. Furthermore, the *Gesetzbuch der Arbeit* (the Labor Code) assigns to the unions the central role in the participation of the employees in the direction of the economy. "The working people exercise their right to participation (*Mitwirkung*) in the direction of the economy above all through the unions and their leading organs."<sup>25</sup> With regard to the plant union organizations a rather extensive catalogue of rights has been worked out which ascribes to them a wide range of responsibilities.<sup>26</sup>

Before beginning with a more detailed look at organs of control and decision making at the plant level, however, it is perhaps necessary to consider first the position of the labor unions in the GDR. A widely held contention is that they are state (*verstaatlichte*) unions and/or little more than the extended arm of the party. A glance at various statutes defining the functions of the unions in the GDR would seem to confirm this. Likewise the new constitution of 1968, which is *expressis verbis* a "Socialist Constitution,"<sup>27</sup> no longer includes the right to strike.<sup>28</sup> Nevertheless, the

conception of the FDGB as a state union cannot be accepted. In spite of the assumption by the unions of certain otherwise entrepreneurial functions, especially maintenance of labor discipline, promotion of labor productivity and an active role in the fulfillment of economic tasks, and in spite of an extensive identity of goals and interests of the state and the unions, there exist specific functional and sociological distinctions between the two such that one can not speak of an identity or a one-sided subordination of the latter to the former. To be sure, the FDGB has its representatives in legislative assemblies as well as in certain economic councils and in the state planning commission, but with the exception of its participation in the committee for labor and wages it is not directly engaged in the state executive apparatus.<sup>29</sup> Moreover, the FDGB lacks a constitutive element of the state. "The difference between the unions and the state apparatus is precisely that the unions do not possess any direct state repressive powers."<sup>30</sup> The designation of the FDGB as state union on the basis of its participation in certain state (including state-economic) functions rests largely on the separation of the private sphere from the public sphere in liberal social theory. But this distinction between private and public, as Habermas has shown, can not be considered adequate for an understanding of the reality of even a modern capitalist society.<sup>31</sup> The control functions of the unions over against state organs sheds some light

on the relationship of the unions to the state as well as on the former's dual role as interest representative. "In relation to the state apparatus the unions have a controlling function insofar as they are to press for 'the correction of bureaucratic activities of individual state functionaries . . . in the interests of strengthening the socialist state.'"<sup>32</sup> But the effectiveness of such a control activity is contingent upon an adequate representation of the real interests of the workers, i.e. on the ability of the unions to stand behind particular interests infringed upon by the state. At the same time, insofar as particular interests of the bureaucracy or segments thereof are expressed in the actions of the state apparatus, such control activity has the function of counterposing to these not only particular, but also general societal interests. Thus, although the position of the FDGB in relation to the state is markedly different to that of the unions in capitalist societies, the designation of the FDGB as a state union must be rejected as it tends to obliterate the functional and sociological differences between state and union.<sup>33</sup>

In regard to the relationship of the FDGB to the SED much of the above could be repeated as the SED is the major organization controlling the state. But between the unions and the party there is a much broader affinity. This affinity has sociological roots (both are basically working class organizations) as well as an organizational basis re-

enforced by personnel ties (many FDGB functionaries are also party members and subject to party discipline).<sup>34</sup> But to conclude therefrom that the unions are merely subordinate to the party would be false. Indeed, the party is dependent on the unions as a mediating agent between it and much broader masses than it could effectively reach through its immediate membership or organization. And to function in this capacity it is necessary that the unions enjoy the support and trust of their constituencies. On this aspect even greater emphasis has been given, according to Ernst Richert, since 1959.<sup>35</sup>

In any analysis of union activities in the GDR it is necessary

to first recognize the objective principle that union activity can not remain the same at all times, under all political, social conditions and under all regimes: especially not that union work which generally is evaluated as 'genuine' interest representation of the working class. The political power and economic property relationships of each country are decisive for the form and content of this work. 36 [Emphasis added.]

The ambivalent position of the unions and related organizations of the GDR, the extensive identity of goals and interests of the unions with those of the party and the state and the assumption by the unions of functions seemingly incompatible with workers' interests is not so much a consequence of bureaucratic regimentation, although the political and economic conditions prevailing during the formative years of the GDR certainly placed a heavy emphasis on central control, but

must rather be seen as a constitutive determination of the position of any working class organization in a system of public ownership of the means of production. This basic ambivalency will remain even with the extensive democratization of the system.

In plants with over twenty organized workers the basic union organization is the Plant Union Organization (*Betriebsgewerkschaftsorganisation*, BGO).<sup>37</sup> This is then broken down into union groups, the smallest unit, which correspond roughly to labor brigades or master's groups (*Meisterbereiche*) as organized for production. By means of open ballot each of the union groups elects a shop steward (*Vertrauensmann*) as group leader, ombudsman for culture and for labor safety and a deputy for social insurance as well as a youth steward where necessary. In plants with more than five hundred union members special union divisional directorates (*Abteilungsgewerkschaftsleitungen*, AGL) are also elected. The representative union body for the whole plant is the plant union directorate (*Betriebsgewerkschaftsleitung*, BGL). It is elected by means of secret ballot by the union members or by the shop steward plenum in the case of very large plants. The work of the BGL's is carried out in specially formed commissions or councils which themselves are often subdivided into work groups. The commissions and work groups vary some from plant to plant.<sup>38</sup>

The question arises as to how reliable or represen-

tative the above mentioned union elections actually are. Zimmermann notes that union elections are indeed influenced in that the respective party organs and the corresponding FDGB organs prepare candidate lists for these elections. He remarks further, however, that the purpose of this influencing is not to fill the posts only with loyal party members but rather to incorporate new and non-party union members into union work.<sup>39</sup> As was noted above, moreover, the confidence of union members in their elected officials is considered especially important.<sup>40</sup>

But somewhat more important than the actual election procedures is the position of union officials in the plant. The few remarks on union plant organization made above could give the impression of a rather large bureaucratic apparatus. Insofar as a corps of professional union officials (*hauptamtliche Funktionäre*) would constitute such a bureaucratic apparatus, this is not the case. Most of the union work in the plant, is carried out by honorary officials (*ehrenamtliche Funktionäre*) who are regular employees.<sup>41</sup> In the "Ernst Thälmann" plant, for instance, with 13,000 employees and about 2,000 part time union officials, there are only eleven full time union officials.<sup>42</sup> Siebert mentions other examples of plants with from one to two thousand employees, up to seven hundred honorary union officials but only one full time official, the chairman of the BGL. In general the number of employees of a given plant performing,

alongside their regular job, responsible union duties amounts to thirty per cent and more.<sup>43</sup>

This marked trend towards the employment of workers (and in other cases of the general citizenry) in part time positions with administrative functions is of considerable importance. For one, it is not a phenomenon localized to the plant, but is to be met in the Workers' and Peasants' Inspections, the administration of social insurance and in communal administration. Indeed, of the twelve million voters of the GDR, three million take part in the direction of the state and the economy as honorary (*ehrenamtliche*) functionaries.<sup>44</sup> This must be regarded as a necessary step in the development of a genuine democratic self-administration. Indeed the employment of honorary, elected officials in an administrative capacity goes a long way in breaking down the contradiction between the bureaucracy and the individual functionary on the one hand and the public which comes under its jurisdiction on the other. The individual bureaucrat always seeks to immunize himself against the intrusion of interests, be they *per se* public or private, from below by invoking the obligations inherent in his position to the authorities above. This is one of the roots of the authoritarian tendencies common to all bureaucracies. Administrative activity carried out by elected functionaries tends to break down the independence of bureaucracies by opening them up to interests from below and outside: The elected functionaries



are bound by an imperative mandate which may, of course, be impeded by electoral manipulation and pressure from above. But in this context such impediments remain blatantly transparent and cannot be legitimized.

The objection could be raised at this point that the above tendencies are not so much developments of a democratic self-administration but rather minimal concessions with an aim towards integration and intended as a prophylaxis against further democratization. This may be, or at least may have been, the case. But to say only this is to overlook the actual dialectic at work.

Through the transfer of responsibilities in the spheres of cultural work and labor safety, social insurance and jurisprudence (Conflict Commissions) to those directly affected, these persons not only gain the feeling of participation in the responsibility for what happens in the plant and in society, this participation, in fact, arises in the course of development and becomes finally a prerequisite for the smooth functioning of the economy and the society. 45

Moreover, the development of tendencies towards a workable selfadministration by elected functionaries does not take place without the consent and even active support of the state and the SED. In the case of union work, for instance, many of the tasks assumed by the unions require such a high level of qualification on the part of the workers involved that special schooling is necessary. The schooling is not only provided by the state, the labor code insures the release of the workers from the job responsibilities and guarantees them the payment of their average wage from the respective

plant funds.<sup>46</sup> It is worthwhile to note in this context also that: "Union activity stands under the protection of the Workers' and Peasants' State (*Arbeiter-und-Bauern-Macht*) . . . . Those who hinder the unions in their activity will be called to account."<sup>47</sup>

The tasks carried out by the plant union organizations range over a wide scale.<sup>48</sup> Some will be dealt with in other contexts below. For the moment a few specific examples will suffice.

An extremely important part of union activity in the plants is in the sphere of labor safety which was placed under the control of the unions in 1958.<sup>49</sup> Here the union organizations have wide-ranging responsibilities. They

continuously control the observance of labor safety regulations and provide for the further improvement of labor safety; supervise the prompt planning as well as the undelayed and purposeful utilization of funds designated for labor safety and labor hygiene; control the implementation of the recommendations and demands of the labor safety deputies, the labor safety commissions and inspections as well as the labor safety patrols and the managing plant physicans. 50

The cadre elected to carry out the above mentioned tasks are required by law to hold special qualification certificates. These are obtained by attending special courses at the cost of the plant and must be periodically renewed. In periodic safety inspections carried out by the elected union officials, lists of deficiencies and dangers are made and agreements are reached with plant management for their elimination.

Compliance with these agreements is also controlled by the unions. In case of conflict over these matters, the case is referred both to the next higher economic organ as well as to the county organ of the FDGB. From there the case may go to the labor courts.<sup>51</sup> Of especial interest is the fact that the plant union directorates (BGL) have "the authority (*Vollmacht*) . . . to immediately shut down extremely dangerous work places or whole divisions when necessary whereby wage payments are to continue."<sup>52</sup>

In the case of wages, bonuses and labor norms it must first be stated that basic decisions are not dealt with at the plant level at all. Rather the fundamental regulations and wage scales are made by the individual ministries and the Council of Ministers (*Ministerrat*) on the one hand and the Central Executive Councils (*Zentralvorstaende*) of the individual unions and the Federal Executive Council (*Bundesvorstand*) of the FDGB respectively on the other. Within the bounds set by regulations made at this level there still remains the application of these regulations and wage scales to the individual plant and job situation. Although the plant manager is assigned sole responsibility for decision with regard to wages, bonuses and norms, he is obligated to confer in these matters with the appropriate BGL-commission. In case where no agreement can be reached, plant management is empowered to make unilateral decisions whereupon the controversy is settled at a higher level. Union work in

these matters consists of working out wage levels, labor norms and assigning bonuses in conjunction with management and in controlling their applications.<sup>53</sup> In the case of norms it goes somewhat beyond this. Norms can only be introduced with the consent of the BGL.<sup>54</sup> The norms are worked out by the *Normaktiv*, half of whose members are chosen by the unions and half by management. "In practice it works itself out that also those members who are named by the directorate are union members."<sup>55</sup>

The matter of wages and premiums in the GDR is especially problematic, for there would seem, in light of the central regulation, little room for self-administration on the part of the workers. To this need only be said that centrally determined wage scales make up only a small part of real wages so that plant level income determination is indeed important. Of greater importance, however, is that fact that the whole process of income determination as relating to wages, bonuses and norms is inexorably tied to productivity with the express intention of promoting productivity increases.<sup>56</sup> This means that union activity in this sphere has the dual purpose of serving workers' interests as well as furthering labor productivity. In general these two aims need not be mutually exclusive in a socialist society, but the general exists only in and through the particular where contradictions do in fact arise.

Moreover, the whole edifice of wage differentials

based on the principle of material interestedness (*materielle Interessiertheit*) has the tendency to detach the individual or group from society in that it allows and rewards individual aggrandizement through the pursuit of individual advantage. The atomizing effects of the system of material incentives forms the substance of many of the critiques of recent trends in the European socialist countries.<sup>57</sup> There are, however, counteracting factors. For one, the function of "socialist competition" (*der sozialistische Wettbewerb*) and the institutionalized exchange and discussion of new technical processes and work methods is to promote the generalization of material advancement and the concern of any individual or group for the advancement of other individuals or groups. Secondly, there exists a group solidarity among workers based on egalitarian relationships within the group. This persistent phenomenon directly counteracts the tendencies towards atomization and the desintegration of social consciousness inherent in the incentive system. Furthermore, the critical consciousness<sup>58</sup> of these group publics finds direct admittance to the institutionalized publics of the plant union bodies which must directly deal with these problems. But aside from these tendencies that arise out of specific social and political relationships, the growth of the productive forces -- which this wage system is *expressis verbis* to stimulate and in fact stimulates -- in the form of the progressive mechanization and automation of the productive

process with its ever more complex net of horizontal and vertical forms of cooperation eliminates (*hebt auf*) the material basis for individual performance calculation and forces through its replacement with collective forms of payment.<sup>59</sup> "With the progress of mechanization and automation individual forms of payment are increasingly combined with forms of collective material interest (*kollektiver materieller Interessiertheit*) or collective forms of payment are employed exclusively."<sup>60</sup>

In the problems connected with wages, bonuses and incentives many of the basic contradictions at work in the GDR society become visible. First there is the contradiction of particular or immediate and general or long-range interests expressed in the wage demands and egalitarian aspirations of the workers on the one hand and the necessity of raising productivity on the other. In general the reasoning in the European socialist countries has been and still is that wage differentials are necessary to promote productivity increases and that egalitarianism has a stifling effect. This may indeed have been the case. Recent sociological investigations in the GDR, however, seem to show that personal and collective identification with their work and with social goals of the system achieved through democratic participation in decision making are proving to be a more effective stimulant than individual material and monetary incentives.<sup>61</sup> Secondly, socio-political contradictions become readily apparent. By attaching material incentives on an individual basis to

economic gain, the interests and the productive labor of the workers are attached to that which directly furthers the material position of the technical-economic elite and enhances its political-economic independence while at the same time the atomization engendered therein would tend to preclude the development of social consciousness and political activity based on group solidarity on the part of the workers. On the other hand, the group solidarity of the workers and the critical public consciousness developing therefrom calls not only the material privileges of the elites into question, but also the basic monopoly of decision making competence of the elites *per se*.

An essential part of plant union work is in the area of plan formation and plan control, i.e. the continuous checking up on plan fulfillment during current production. Since much of this work is carried out in special bodies, it will be dealt with below. In this context one point, however, must be made clear. The unions are neither legally qualified to issue binding instructions to management (they are not *weisungsberechtigt*), nor do they have direct management responsibilities. With the introduction of the new economic system the previous system of collective management, consisting of the plant director, the plant party secretary and the chairman of the BGL, was replaced by the system of single management whereby the plant director has sole decision making responsibility. Management is, however,

obliged to work in continuous consultation with specific union organs and other societal organs.<sup>62</sup> For their part, the unions have an information and critique right. They can seek annulment of any management directive by referring the case to higher state organs. Pressure can also be brought to bear on management as well as superordinate state organs by means of critique in the press. Finally, it lies within the powers of the unions to effect the penalization or even dismissal of management personnel.<sup>63</sup>

Two other facets of workers' self-administration through the unions are of interest: the administration of social insurance and the conflict commissions. The administration of social insurance by the FDGB, which was introduced in 1956,<sup>64</sup> is of especial interest because this is a sphere in which the unions have sole dispositional powers. In social insurance administration, neither management nor the state is directly represented. Article 89, paragraph 2 of the *Gesetzbuch der Arbeit* states:

The entire political, organizational and financial administration of social insurance lies in the hands of the Free German Union Federation. The administration of social insurance is carried out by the elected organs of the Free German Union Federation, the industrial unions and the unions on the basis of the lawful regulations and the constitution of the Free German Union Federation.<sup>65</sup>

Here again one meets the phenomenon of the extensive employment of honorary (*ehrenamtliche*) elected functionaries, especially at the levels where direct contact between administration and insured takes place. According to Siebert,



this tendency has received further impetus with the introduction of councils for social insurance at the county and district level starting in 1964. The purpose of this development is to transfer many administrative functions from the FDGB bureaucracy to the direct administration of the insured themselves.<sup>66</sup> This is especially interesting, as with the increased emphasis on tasks of a prophylactic character<sup>67</sup> the work of social insurance administration would also enter into the sphere of social planning.

In addition to the regular courts in the GDR there exist the conflict commissions which might be termed a type of "social tribunal".<sup>68</sup> These conflict commissions, which are composed of from eight to twelve jurors elected through secret ballot by the respective group for a two year term, "are attached to all factories, offices, collective farms and housing areas."<sup>69</sup> In larger plants each division has its own conflict commission. The conflict commissions deal with cases involving labor discipline, disputes between labor and management or with the social insurance, conflicts involving small debts up to a total of 500 marks and cases dealing with the support and adequate supervision of children.<sup>70</sup> Management personnel may be called before these commissions as witness or accused; they may also bring accusations before the conflict commissions.<sup>71</sup> Since 1962 the competence of these courts has been expanded to include cases of petty criminality.<sup>72</sup> Of further interest is the

fact that cases involving labor law come before labor courts (i.e. state judiciary bodies) only after the conflict commissions have first dealt with the matter. Convictions by conflict commissions are also not entered on the individual's record (are not considered *Vorstrafen*).<sup>73</sup>

Before focusing attention on other bodies of what might be termed "grass roots" social control and decision making, it may be advisable to ascertain the significance of the above discussed spheres of activity in relation to the question concerning the genesis of a critical public as posed at the beginning of this chapter. Especially in the spheres of labor safety, the administration of social insurance and in the conflict commissions, but also with regard to wages, etc., a certain modicum of democratic control by those directly concerned has been established over very important factors affecting the material and social existence of the workers. Richert concludes on this matter: "Without a doubt the activity of the unions and especially of their plant administrative organs in social insurance, in labor hygiene and also in the Conflict Commissions represents an element of genuine self-administration."<sup>74</sup> Moreover, this democratic self-administration and the concomitant promotion of general qualifications and insights into total-societal relationships derived from participation herein must be regarded as essential factors in the development of a critical socialist public. Nevertheless, the above discussed spheres of control

and decision making from below are for the most part peripheral to, though in some cases they are somewhat secondary moments of, the direct production process and the planning thereof. This is not to deny their significance,<sup>75</sup> but what is more important in the establishment of a critical socialist public is the democratic participation in the planning and direction (including control) of production itself.

The most important institution with regard to union influence on planning and production in the plant is the *Staendige Produktionsberatung* (Permanent Production Council) which was introduced gradually during the fifties.<sup>76</sup> "The Permanent Production Council is purely a union organ which is elected in plant or division meetings respectively."<sup>77</sup> In small plants with 100 or fewer employees one production council is formed for the whole plant, while in larger plants each plant division has its own council. The two main functions of the production councils in the above mentioned context is to participate in "the formation and implementation of the plant plan and in the control of its fulfillment" as well as in "the promotion of technical progress."<sup>78</sup> To this end the plant director and all management personnel in general are legally obligated to render support, especially by providing necessary information and documents, to the production councils and to take part in their plenum meetings which are principally public.<sup>79</sup> Here management is required to periodically report on problems of the plant and on current

plan fulfillment. Decisions taken by the production councils, while not *per se* binding on plant management, must be taken into consideration by it, and, in cases where these decisions cannot be carried out, management is required to (in effect publicly) justify its own countervailing decision before the production councils. "Economic functionaries who do not abide with these obligations can be disciplinarily punished by the competent state director upon application of the Production Council."<sup>80</sup> Here the development of the relativization of political and economic power by public opinion can be seen. Elemental decisions, even where unilateral, must be justified before a legally instituted and protected partial public,<sup>81</sup> which itself, should the situation warrant it, can and does take its case to the public at large.

A little observed aspect resulting from the introduction of the new economic system must be mentioned here. In order that the production councils, which were introduced under the administrative central planning system, be effective both in terms of stated socio-political objectives<sup>82</sup> and as an institution of a critical socialist public, it is necessary that they have a real basis for activity. Under the old planning system this real basis was, however extremely limited. Control of the execution of decisions made elsewhere is hardly a sufficient basis for the unfolding of democratic initiative. Moreover, the contradictions

between plant interests (be they the interests of management or of plant employees) and the central planning agency as they existed under the old planning system<sup>83</sup> further hampered the development of the production councils. According to Becker, a tendency towards atrophy of the production councils was the consequence.<sup>84</sup> But, as the legal basis of the production councils has in no way been narrowed, the introduction of the new economic system entailing an expansion of plant (especially management) decision making competencies brought also *pari passu* an increase in the responsibilities and room for initiative of these councils. Here certain ambivalencies of the new economic system become apparent.

Alongside the permanent production councils there exist the production committees. These were established by law in November 1966, although they existed prior to this date.<sup>85</sup> In contrast to the production councils, the production committees are not union organizations but rather organized as the "social organ of the conscious and creative participation of the working people in the realization of the New Economic System of Planning and Management in the plant"<sup>86</sup> whose members are elected by the plant employees as a whole (by the *Belegschaften*) in their capacity as representatives of the various political and social organizations represented in the plant.<sup>87</sup> As such the production committees are responsible to the employees as a whole as well as to the individual organizations which the individual members of

the committees represent. As social organs, these committees are to coordinate plant decision making with societal interests. Their tasks include

working out the perspective and yearly plans as well as the rationalization conception of the enterprise; promoting the highest scientific-technical level of production; continuous cost reduction; observance of coordination agreements and cooperation contracts; qualification and further education of leadership personnel and skilled workers in correspondence with the technical perspective; the continuous improvement of the working and living conditions of the workers. Beyond that the control and observation of the most important economic indicators, such as costs (*Selbstkosten*), gain, quality, profitability, labor productivity, etc., also is included in the tasks of the production committee. 88

Corresponding to the production committees at the VEB level, social councils (*gesellschaftliche Raete*) were introduced at the level of the VVB's. These councils, which have thirty members each, are charged with the task of advising and controlling the director of the VVB with the purpose of coordinating branch decision making with societal demands and interests. Besides representatives of the political and societal organizations mentioned in conjunction with the production committees, there belong to the Social Council "representatives of the cooperation partners and of trade, scientists, deputies of the legislatures (*Volkvertretungen*) and personnel from state organs."<sup>89</sup> According to H. Weber, approximately two thirds of the council members come from the plants and institutes of the respective VVB and receive their mandate from the respective employee collectives

(*Belegschaften*), the other members are named by the Council of Ministers.<sup>91</sup>

The Production Committees and the Social Councils are especially important as their introduction coincides with the gradual implementation of the New Economic System and the concomitant decentralization of decision making authority and increase of the competencies of management in the VVB's and the VEB's. Ludz and Becker see in the Production Committees an attempt by the political elite to maintain political control over plant decision making.<sup>91</sup> Insofar as the expansion of decision making competence on the part of management represents a tendency towards the emancipation of the economic-technological elite from political and social control, this is undoubtedly correct. But to let it go at that is to miss a point of further significance. In the administrative central planning system, social and political control was exerted by means of the binding nature of the detailed central plan and by collective management. These forms, for reasons already discussed, proved to be inefficient at a higher stage of economic development and were dropped. The exercise of social and political control over the expanded decision making authority of management now takes place in forms which are principally open to influence from below. Party control cannot be maintained without the inclusion of other social groups. In other words, what is given here is the beginning of a much broader social control than was possible under the old planning system.

Similar observations can be made with regard to the *Arbeiter-und-Bauern-Inspektion* (Workers' and Peasants' Inspection). This was set up in 1963 as a unified, central control organ which is directly subordinate to the Central Committee of the SED and to the Council of Ministers of the GDR.<sup>92</sup> In the Workers' and Peasants' Inspection the control activities of the state, the party and the mass organizations are united with the purpose of counteracting the disjointed nature and confusion of competencies of the previous system in order to make such control more effective.<sup>93</sup> According to Kittner and Richter, the re-organization of control activity and its rationalization was made necessary by the demands placed on it by a more complex economy and the need to democratize it.

Finally the character of control in our Workers' and Peasants' State must correspond to the essential development of socialist democracy and accommodate itself to the latter to an increasing extent. It is therefore necessary to consolidate and expand the control by the party and the state apparatus by the organization of a comprehensive social control with ever broader participation of all of our citizens. 94

The Workers' and Peasants' Inspection is organized, starting from above, in the *Komitee der Arbeiter-und-Bauern-Inspektion*, district inspections, county inspections and commissions in the plants or *Volkskontrollausschuesse* (People's Control Committees) in the communities.<sup>95</sup> The organs of the Workers' and Peasants' Inspection "are independent in their control activity, work independently



of the administration and the leaders of the party, state and economic organs, of the plants and institutions."<sup>96</sup> In order that the inspections can carry out their control function, they have the right "to gain insight into all documents and files of state, economic and other organs and institutions within their sphere of competence, to obtain information and materials on demand, to demand written declarations and position briefs and to release managers and management personnel from their obligation of discretion . . . ."<sup>97</sup> In certain cases they are also empowered to issue binding directives to directors of state organs, institutes and economic organizations.<sup>98</sup> With regard to the position of the technological-economic elite and in particular plant management, the Workers' and Peasants' Inspections constitute a major element of central and political control. Furthermore, although the responsibilities of the inspections lie in the realm of control and not directly in decision making, they are not without influence on the latter.

The control is to ascertain to what extent already made decisions in the national economic and the plant reproduction process have been realized. Also the function of feed-back precedes from control in every system or sub-system. For frequently the preparation of new decisions is contingent upon facts ascertained by control. 99

Seen in this light, the democratization of control would be an important factor in the democratization of decision making.

Two interrelated aspects in the organization of the

Workers' and Peasants' Inspections can be regarded as tendencies towards democratization. Corresponding to trends noticed above and in accordance with party policy as initiated at the VIth Party Congress in 1963, the work of the Workers' and Peasants' Inspections is based primarily on honorary (*ehrenamtliche*), rather than on professional functionaries. The former, who have the same rights and duties as the latter,<sup>100</sup> predominate from the district level on down. "The Workers' and Peasants' Inspection will even have whole offices manned exclusively with honorary personnel or with only one professional official. This will be the case for the overwhelming majority of the organs of the Workers' and Peasants' Inspections."<sup>101</sup> Secondly, the members of the plant commissions and the *Volkskontrollausschuesse* are elected by their respective constituencies. This is completely new.<sup>102</sup> Consequently, these organs of the Workers' and Peasants' Inspection are not only responsible to their respective superior organs, but also to their respective electorates.<sup>103</sup> Public legitimization is considered to be an essential ingredient of their control activity; this is maintained by regular reporting (*Rechenschaftsablegung*) at appropriate plant and/or communal meetings, regular publications in the plant and communal press and by the fact that the control activity itself is to be performed as much as possible publicly. Moreover, the basic organs of the Workers' and Peasants' Inspections are to receive impulses from their

respective constituencies with regard to their control activity. This is achieved not only in the form of regular petitions from the citizenry, but also by the fact that the workers and residents themselves participate directly in the control activity.<sup>104</sup> In the GDR the aspects of direct popular participation and election of officials are regarded as especially important, as they are said to not only combine state with social control, but also constitute the beginnings of control activity which proceeds more and more from below. Moreover, as a consequence of the development of social control from below is seen the possibility of the reduction of the state apparatus and the replacement of state forms of control, etc., (i.e. from above and with a coercive character) with direct social forms.<sup>105</sup> The state is gradually re-absorbed into society.

Be that as it may, what is important here is that the efforts to maintain and rationalize political control were not made without a structural opening to the interests and influences of the workers and citizens from below and a broader inclusion of the citizenry in the control activities. This development is, of course, not without its contradictions, which will be dealt with below. But it cannot also be construed as having solely an integrative function. Being opened to the public, such political control is legitimizable only where it positively reflects the actual interests of the public. And this is in turn predicated on active public participation. Conversely, where this does not

develop, the reasons become transparent.

Thus far a few important spheres have been considered in which democratic decision making and control, anchored in self-administration and the formation of critical public opinion, can be seen developing. The list of institutions and public formations where such can be observed is by no means complete, but then for the purpose of this analysis it need not be. Two other such spheres deserve mention, if only to illustrate this latter point: the organs of control and decision making in agriculture (especially in the cooperatives and the country and district agriculture councils) and in communal, county and district government. These would definitely deserve extensive consideration in any more detailed analysis than can be attempted here, since trends similar to those observed above can be seen in these two spheres also. J.E. Smith and John Dornberg, for instance, consider decision making in agricultural cooperatives by the member themselves to be the most democratic.<sup>106</sup> One very important difference between the situation in industry and that of agriculture is that in the latter the leadership of the collective farms is elected by the members themselves.<sup>107</sup> But the specific weight of the agricultural sphere, both in economic as well as in socio-political terms, is such that these aspects can be regarded as secondary. It is not in the sphere of agriculture that the main problems in the democratization of a highly industrialized society arise, nor is

it from this sphere that one can reasonably expect major innovations to come, though lack of democratic developments in agriculture would certainly be a retarding factor. Moreover, insofar as the democratic constitution of the cooperatives referred to above is a reflection of the transparency of the less complex immediate economic relationships, one can reasonably expect modifications and transformations of this constitution as the size of the cooperatives increases (and their number decreases) and as the integration of the individual cooperative economies by means of the extension and intensification of cooperation relationships with industry and trade progresses.<sup>108</sup>

As in agriculture, important developments of increased self-administration and local control can be observed in communal, county and district politics.

In January of 1957, following discussions that began the previous year, the responsibilities and rights of regional and local governments and administrations were increased.<sup>109</sup> The introduction of the new economic system also furthered this trend, as it provided more room for local decision making in the district and county directed industry. One could also mention the changes in electoral procedures implemented in 1965.<sup>110</sup> But, although these trends are in line with the general pattern of developments, their detailed analysis can be dispensed with in the context of the thesis to be developed here. For if the thesis presented here is

correct, the place of genesis of a socialist democracy based on a critical public of the producers themselves will not be in the realm of communal politics, but must necessarily be located in the sphere of production. Democratic forms in communal and regional politics would come to fruition and be maintainable only with the extension of the basic critical public into this sphere. Moreover, the social and political significance of the community in public life in the GDR seems to be decreasing, especially in those newly created industrial areas that emerged in the fifties. As "integration centers of social life"<sup>111</sup> the community is being increasingly replaced by the plant, in agriculture by the cooperative. Such social functions as housing, social services, vacation planning, child care, etc. are to an increasing extent being dealt with in the plants by the persons directly affected. Other factors in this development are the transfer of many cases of civil and criminal law to the jurisdiction of the plant conflict commissions and the increasing incidence of plants more or less directly delegating representatives to various parliaments.<sup>112</sup>

#### B. Decision Making in the Planning Process

Decision making and the possibilities of the democratization thereof in the sphere of economic planning is of the utmost importance, since economic planning provides the

material foundation as well as the limitations of decision making, democratic or otherwise, in other spheres. If democracy cannot be introduced into the sphere of production, if instead one-sided relationships of authority, subordination and domination continue to prevail here, then democratic forms in other spheres will be limited in or even emptied of content and subject to atrophy or in cases of crisis to complete abrogation. In the first chapter of this study it was pointed out that economic planning had been decentralized (although central planning as such was not eliminated), introducing various decision making organs and feedback mechanisms. The question as to the democratic character of the new planning process was, however, left open. This question must now be considered. In accordance with what has thus far been developed, however, attention will be primarily focused on decision making in the plant and on recent changes and trends.

Under the New Economic System the Council of Ministers has the major responsibility for the direction and planning of the economy. It is the state organ which decides overall economic policy on the basis of economic prognoses and political policy as determined by the SED.<sup>113</sup> "The draft of the perspective plan, prepared by the State Planning Commission, is more precisely defined in *Planangeboten* (plan proposals) -- with comprehensive participation of workers, local parliaments as well as of the social

organizations -- for the appropriate ministries and -- after being confirmed by the Federal Executive Council of the FDGB -- is then approved by the Council of Ministers."<sup>114</sup>

In the perspective plan are defined "the basic total-societal development goals and proportions, the corresponding development and distribution of the social resources and funds to the spheres and branches of the national economy and the consequent specific tasks for the realization of the total-societal development in the period of the perspective plan for each social sphere."<sup>115</sup> It is not a fixed and unchangeable plan, but rather a flexible plan, set up in such a way as to accommodate both a step by step concretization and eventual correction due to unforeseen circumstances in order that optimal planning be achieved.<sup>116</sup> On the basis of the perspective plans the yearly operational plans, which concentrate on the realization of the development goals given in the former, are worked out. A limited number of orientation quotas are calculated by the State Planning Commission and passed down by way of the industrial ministries and VVB's, at which levels they are translated into more concrete quotas for the next lower level, to the individual plants. (In the case of district and county directed industry the quotas are passed down via the appropriate district and county organs.)

At the plant level a commission formed by management, the plant union directorate (BGL) and the SED plant organiz-



ation works out a plan proposal and differentiates it according to division, master's sphere and work brigade.<sup>117</sup> At various levels in the plant, in the union group, the divisions, in the Permanent Production Councils, etc., the plan proposal is discussed and various recommendations for change are made. All parties to the debate, including management, are required to justify their respective plan recommendations in the plant discussion meetings (in *Belegschaftsversammlungen*).<sup>118</sup> On the basis of these discussions and the alterations recommended therein, the above mentioned commission works out the final draft plan conception for the plant. It must be emphasized at this point that what is entailed in this plan formation process is not only a broad participation in the formation of the central plan, but also the autonomous (*eigenverantwortliche*) planning of the economic activity of the individual plant.<sup>119</sup> At the plant the concrete detailed goals, which were previously stipulated from above, are worked out on the basis of concrete structural tasks and normatively determined, long-range conditions as set out in the prognoses and perspective plans.<sup>120</sup> Before the thus formed draft plan is sent up to the next higher economic organ where it must be defended and eventually confirmed, it is brought before an employees' or shop stewards' plenum (*Vertrauensleuteplenum*). Here again the draft plan is presented and justified by management. At the same time a position brief is worked out which states

the approval of the draft plan by the plant union organization.<sup>121</sup> The labor code as amended in 1963 stated that the position brief of a "union membership meeting, a shop stewards' plenum or an Economic Conference" must be presented with the draft plan at the plan defense, otherwise the draft would be regarded as unacceptable and be returned.<sup>122</sup>

In 1966 the labor code, under pressure from the unions, was again amended on this point. The new statute reads:

The unions have the right to participate in the preparation and formation of the perspective and yearly plans, to submit proposals to economic management and state organs and to participate in the plan defense. The plant directors, the general directors of the VVB's and the directors of other economic management organs as well as directors of central state organs present their plan proposals to the appropriate state or economic management organ together with a position brief of the appropriate union organ. The state or economic management organ respectively, to which the plan proposal together with the position brief was presented, is obligated to explain its position on the proposals and recommendations contained in the position brief to the appropriate union organ. The State Planning Commission is obligated to present the draft of the national economic plan to the Federal Executive Council (*Bundesarvstand*) of the Free German Union Federation for consideration and the preparation of a position brief. 123

In contrast to previous policy, the unions now have the right to participate in the plan defense at all levels in order to insure adequate representation of their standpoint. Moreover, the revised labor code is more explicit regarding the obligations of management (and state organs) to consider recommendations of the workers and unions and to justify their rejection, should that be necessary. Article 15 of

the revised labor code states expressly: "If proposals can not be realized, then the reasons for this are to be explained to the workers."<sup>124</sup> New is also the fact that the State Planning Commission must send the draft plan to the FDGB for consultation. What is perhaps most significant here is not so much that this should be the practice in the GDR, but that it wasn't the at least lawfully stipulated practice until 1966. Indeed, the significance of all these changes, which represent a "thoroughgoing expansion of union influence and participation in the plant and economy",<sup>125</sup> is that their introduction coincides with the implementation of the second phase of the new economic system and therewith an increase in the autonomy (*Eigenverantwortlichkeit*) of the VVB's and VEB's.

The individual plant draft plans are returned via the superordinate economic or state organs to the state planning commission and the Council of Ministers. At each level, where the draft from below must be defended and confirmed, the original orientation quotas are translated into the actual plan quotas on the basis of the detailed plans as formed by the subordinate organs. The thus constituted plan is sent to the *Volkskammer* (People's Chamber) by the Council of Ministers where it is ratified. After ratification the central one-year-plan and the plant one-year-plans become binding.

In conjunction with the operational plan discussion

and on the basis of the production goals set out in this plan, the Plant Collective Contract (*Betriebskollektivvertrag*, BKV) is worked out in which all the specific labor relationships reserved to plant jurisdiction<sup>126</sup> are contractually regulated. The plant directorate and the BGL form a work group which, along with corresponding work groups at plant division level that elicit recommendations from the employees, works out a preliminary contract draft.<sup>127</sup> This is then discussed in all union groups where revisions are recommended. The revised draft is then worked out and placed before an employee or shop stewards' (*Vertrauensleute*-) plenum for ratification. After ratification by both the directorate and the employees the BKV has the power of law.<sup>128</sup>

The BKV legally establishes "not only the obligations of the plant directors to the employees in relation to the realization of social, cultural and production-related improvements in the working and living conditions of the workers, but also the production obligation of the employees to plant management."<sup>129</sup> The goals and tasks of the plan are thus a constituent part of the BKV's. The detailed content and the close relationship to the specific conditions and needs of the workers expressed in the BKV's<sup>130</sup> attests to the necessity and effectiveness of open democratic discussion and the broadest possible participation in the preparation of these contracts.

While the BKV's have the force of law and form the legal basis for the continuous control of plant activity by

the worker's organization, they do not carry with them the economic sanctions nor the legal authority of the economic plan itself. Since the production plan thus had priority over socio-political agreements established in the BKV's, it was often the practice of management to set aside these latter in order to insure plan fulfillment when difficulties arose. The consequences of this as well as the interest conflicts between management and workers are plain. For this reason the FDGB sought to initiate appropriate changes.

After 1966 the integration of the socio-political part of the plant collective contract into the economic plan as 'Plan for the Improvement of the Working and Living Conditions of the Workers' was begun. In this manner the production program and the social program are also juridically molded into a unity. 131

These social plans are now an integral part of the state production plans and have the same legal status and authority as the material production plan; non-fulfillment of the plan targets of the social plans is non-fulfillment of the plan *per se* and has for management especially the same economic and legal (disciplinary) consequences as if material production targets had not been fulfilled.

The above case makes a few important aspects of the labor constitution of the GDR apparent. The broadening of decision making powers of economic management as entailed in the economic reforms introduced since 1963 has not led to an emancipation of economic management from the aforementioned official service relationship (*Dienstleistungs-*

*verhaeltnis*) or from political control, though certain tendencies in this direction were certainly given. On the contrary, political control has been maintained in forms which, though directly connected to party and union organizations, by their very nature necessitate, as the above case shows, a broad, democratic participation from below. Without this democratic participation the reliability of the plans and the control functions would be seriously diminished and the functioning of the system as a whole impaired.<sup>132</sup> At the same time these forms constitute a real basis of democratic control of and disposition over basic and relevant material factors effecting the existence of the workers themselves.

An analysis of the planning process in the GDR shows the specific limitations on and developing tendencies for democratic control and self-administration. Qualitative and hierarchical dividing lines separate that which is more or less authoritatively decided on above from that which is democratically worked out below. The general parameters of economic policy, tied as they are to political policy as laid down basically by the Politbureau of the SED, are decided upon by the top state and party organs (Council of Ministers and Central Committee of the SED) and it is only within this given framework that the democratic decentral decision making in the planning process takes place. Limitations on democratic decision making from below arise also from the

fact that plan decisions made at the plant level must be confirmed by higher organs. This must be recognized, however, as a necessary element of the coordination of the production process. Albeit, these two spheres of decision making reciprocally condition and limit each other; yet it would be at present venturing too far to say that central decision making or the bearers of central decision making power are subject to direct forms of democratic legitimization and control.<sup>133</sup> Legitimization and control at this level take place much more in the form of societal coercion, the character and quality of which is determined by the specific relationships of production and the level of development of the society in question. This is not, however, to say that there are no forms of institutionalized interest representation at these levels, for such do exist. These have the effect of relativizing, though not necessarily directly legitimizing, the power of central decision making bodies.

Democratic decision making from below and interest representation at higher levels are both subject to strict economic efficiency calculation oriented to optimal economic growth and increase in productivity. As such both are tied to the political priorities as set by the party leadership. But the relationship is not one-sided, i.e. solely integrative, nor is it simply a matter of popular interests making limited inroads into the planning process. Participation in the planning process as well as the mandatory

justification and explanation of decisions to workers constitute elements of an educational process. Under the present circumstances, the smooth functioning of the planning process and the effectiveness of any integrative moments presuppose not only the general recognition of the claimed rationality, but also a rather high qualification level in terms of economic and technological knowledge on the part of the participants. But out of this arises in fact a general increase in the knowledgeability of the workers in economic matters. This enables them in turn to not only critically assess statements by management and other superordinate organs, but also to formulate their own interests in terms of rational and practical programs.<sup>134</sup> In other words, the basis of rational, critical public opinion is developed which goes beyond critical registration of economic policy to the rational formulation (albeit of a limited scope at present) of policy.<sup>135</sup> Thus the stress on economic rationality in the GDR shows the tendency to practically transcend the limits of any narrowly conceived instrumentality.

### C. The Contradiction Between Authoritative Central Organs and Discursive Publics

At the beginning of this chapter the question was asked whether the basically dependent workers had that degree of autonomy which would allow them to become active subjects in



planning and controlling basic conditions of their existence and on the basis of which a critical social consciousness and critical public opinion could develop. On the basis of the material presented above, this question can be answered in the affirmative. In the Conflict Commissions, the administration of social insurance and in the regulation and control of labor safety and hygiene those directly affected, i.e. the workers and citizenry themselves, have taken over constructive functions (in contrast to mere registration or acclamation functions) which are carried out through broad democratic participation. Although these spheres can be considered to be on the periphery of the immediate material production process, self-administration herein constitutes real control over basic material factors of the existence of those concerned. But also in the immediate production process and in economic planning, elements of democratic decision making and control by the producers themselves have been established. These institutionalized forms of self-administration and decision making and control from below are an integral part of the production and planning process and, insofar as they perform necessary social functions (in terms of both material functions and political legitimization), of the total-societal reproduction process. They are thus necessary for the smooth functioning of the system as a whole.

Essential to the operation of these institutionalized group publics<sup>136</sup> is public discussion by means of which

particular interests are articulated and mediated. Though institutionalized, these group publics are necessarily open to the interests of society at large, i.e. they do not constitute institutions oriented exclusively to the interests of an elite, class or party. Or put another way, the institutionalized publics are open to the informal groupings and the informal public whose interests the former are to assimilate and articulate.<sup>137</sup> As a result of their position in the production process and of their relation to the basic needs and social conditions of those directly concerned, these active, discursive group publics are the organizational forms in which rational, critical public opinion develops and constitutes itself as a formative element of the GDR society.

In all the cases studied so far, it was noticeable that the room for initiative and autonomy from below was specifically prescribed by authoritative regulation from above. Such regulation takes place predominantly in the form of laws, including organizational statutes, state economic policy and the central plan, and the authorized interpretation of Marxist-Leninist theory. It has been the purpose of the foregoing analysis to show that the existence of central authoritative regulation by state and party does not preclude the development of democratic decision making and control from below. On the other hand, there is no reason to assume that the existence of the latter does away with

the former. Rather, these two factors exist together, reciprocally conditioning and limiting each other. Thus, constitutive to the polity of the German Democratic Republic is the contradiction between critical, discursive publics of a specifically socialist character at the base and authoritative decision making power above in the top echelons of state and party. This is indeed a formal determination, yet by no means unimportant, for this is the form in which concrete socio-political contradictions appear and are mediated. And the inherent possibilities given herein are all important.

The socio-political problem that lies at the root of the above can be initially understood in terms of the contradiction between particular (individual or group) interests and the general societal interest. It is advisable at this point to warn against misinterpretation of these terms. Particular interests are not private interests but social interests whose private character is deriveable only from a concrete social situation. And any interpretation of general societal interest which sets it more or less synonymous with a *volonté générale* as an *a priori* category must be regarded as false, for this would presuppose a unitary subject, i.e. something strictly metaphysical.<sup>138</sup> What is meant by the latter term above is rather the societal interconnection (*gesellschaftlicher Zusammenhang*)<sup>139</sup> of the social individuals and groups which imposes itself in

one form or another. This can only be understood as process. In a socialist society it is the function of the laws of the state and party, but more specifically the function of the economic plan and the whole planning process to establish this societal interconnection. The rational functioning of the plan is dependent on its ability to incorporate objective societal interests; and where this isn't achieved, the societal interconnection establishes itself outside of and often against the plan as a natural, i.e. uncontrolled process. Binding plant level decision making, for instance, to central planning can thus not be regarded as arbitrary, but must be seen as objectively necessary; were this not done -- and this would certainly be theoretically possible --, the societal interconnection of particular interests would merely establish itself in another form. Albeit, economic planning has the advantage of making social and economic relationships transparent and controllable.

But the sphere of central legislation and central economic planning is the domain of the political and economic-technological elites. Thus state laws and economic planning also tend to express the particular interests of these elites. In other words the hyposticized general interest turns out to be generalized particular interests. But the particular interests of these elites are welded relatively to the construction of a socialist society and the power of the elites is legitimizable only insofar as this goal is approached.

Moreover, as Marcuse has pointed out, this goal is rationally defined in terms empirically verifiable by the individuals themselves.<sup>140</sup> The political and economic power of the elites is not autonomous power, but is power derived from their service in the realization of these goals. Of course, the breakdown of this relationship remains a historical possibility, but what Werner Hofmann concluded in the case of the Soviet Union over a decade ago remains even more valid for the GDR today:

An emancipation (*Verselbstaendigung*) of the functionaries -- for which there is as yet no evidence -- could not take place 'organically', within the framework of the existing order, but only outside of it and also by means of an explicit break with the promise (*Verheissungsgehalt*) of the soviet state -- with all the risks involved herein. The existing relationship of the social parts to each other is not arbitrary, can not be changed at will within the Soviet order. An emancipation of the functionaries out of the existing social complex would therefore be equivalent to a dissolution of the Soviet society as such. 141

It is necessary to understand that the problem of the mediation of particular with general societal interests and the conflict of interests between the elites and the mass of dependent producers lie at the root of the contradiction of discursive publics at the base and authoritative decision making above. Accordingly, the concrete task of a critical socialist public is twofold: 1) the mediation of the particular interests among themselves and with the total-societal interconnection formulated as general interest established *a posteriori* by rational discussion and

2) the neutralization and relativization of political and social power. Where the achievement of the first part of the task is not possible, the total realization of the second, while perhaps approachable in certain historical and social contexts, remains a pious wish.

One should not interpret the formulation of the problem in the above terms as indicating a negative evaluation of the development of democracy in the GDR. Indeed, there is one facet of the socio-political situation in the GDR which points to a very positive development. The sphere of self-administration and of the more direct influence of the socialist public and that of authoritative decision making are on distinct and relatively separate levels. To the former belong decision making in the plant and communal, county and district politics. It is here especially that the slogan "*arbeite mit, plane mit, regiere mit*" (participate in working, planning and governing) has been realized.<sup>142</sup> The sphere of authoritative decision making, which is reserved to the top party leadership, is the realm of "high politics", i.e. international politics, long range and structural economic planning which is to an appreciable extent determined by international power constellations and the basic ideological orientation. Thus the spheres of production and local and regional politics constitute the actual democratic *res publica* of the GDR society, the existence of which leaves, as Richert has pointed out, the power of the party leadership

in the realm of high politics initially intact.<sup>143</sup> The further development of democracy in the GDR would mean its extension into this sphere also. For this, the democratization of the base is a necessary, but not sufficient condition.

## FOOTNOTES

## CHAPTER IV

1. For the analysis of this development and of the central function of a critical public in liberal democracy, see Jürgen Habermas, Strukturwandel der Oeffentlichkeit, 2. durchgesehene Auflage, Neuwied and Berlin 1965, from which work this term has been taken. In reference to the same phenomenon C. Wright Mills speaks of the "public of public opinion" whose most important characteristic is "the free ebb and flow of discussion". C. Wright Mills, The Power Elite, New York, 1959, p. 298 and following.
2. J. Habermas, op. cit., pp. 34-35.
3. Ibid., p. 41.
4. Concerning the relationships of the liberal capitalist economic system and economic thought to the idea and reality of a critical public and to the state, see Ibid., pp. 86 and following.
5. Ibid., p. 70.
6. On the above, Ibid., pp. 69-78.
7. Ibid., p. 75.
8. The evolutionary development is in this form specific to England. Certain modifications must be made for the continental European countries and the United States.
9. J. Habermas, op. cit., pp. 98-100.
10. K. Marx, Das Kapital, Bd. III, MEW 25, p. 828.
11. Habermas comprehends the liberal public (*Oeffentlichkeit*) as the sphere of communicative political interaction of the assembled private persons. The public of private persons intends the subsumtion of state power under its control. The specific medium of this public is public opinion. A socialist public, whose forerunners are to be sought in such "plebian" publics as the Paris Commune, the Workers' Council Movement and the soviets of 1905 and 1917, differs from the bourgeois public in various ways. Initially, the socialist public to be discussed here can be sociologically understood as the associated



social individuals, predominantly in the production process, who with the developing consciousness of the social interconnection of their conditions of existence and their objective interests lay claim to the management and control of the social production process. The foundation of this public is public ownership of the means of production.

12. J. Habermas, op. cit., p. 254.
13. It will be noted that the use of the terms domination and domination relationship follows the definition given by W. Hofmann, Stalinismus und Antikommunismus, p. 13.
14. The term socialization in this context refers to a transformation of the relationships between individual labors by means of which individual labor is divested of its private character. Of course, even in the case of simple commodity production individual labor, i.e. the labor of the butcher, the baker, the candle-stick maker, is socially mediated labor; but this mediation takes place through the medium of exchange on the market, i.e. the social connection is made *ex post*. The private, autonomous character of individual labor in commodity production is therefore both reality and appearance -- to be sure, a necessary appearance at certain levels of development. Thus socialization here refers to a transformation of the social division of labor such that such appearances are no longer necessary and that mutual cooperation be possible as the mediation of concrete labor. See especially K. Marx, Grundrisse, pp. 74-75, 88-89 and 715-6.
15. In this context it is, therefore, only consequential when Marxists of various communist parties and a good number of non-communist Marxists reject the Yugoslavian model.
16. See J. Habermas, op. cit., pp. 142-145.
17. The reference is, of course, to that second stage of communist society as discussed by Marx in "Kritik des Gothaer Programms", MEW 19, 20-21.
18. See W. Abendroth, Antagonistische Gesellschaft, p. 489. See also U.-J. Heuer, op. cit., pp. 115-8 and 123-4 and Heinz Kallabis, "Technischer Fortschritt und das Problem realer Demokratie im Wirtschaftsgeschehen", Deutsche Zeitschrift fuer Philosophie, 14. Jahrgang, Heft 6, 1966, pp. 650-1.

19. It is thus no accident that the historical precursors (in the main the liberal public) of a critical public emerged in those classes which by virtue of their socio-economic position in society enjoyed a certain amount of leisure time and emancipation from direct material need.
20. The question of external influences in this situation, the problems of the generalization of similar conditions over the whole socialist block (pre-eminently the Soviet Union) and of a possible increase in Cold War tensions and their influences on the GDR, while requiring elaboration at this point, cannot be taken up due to lack of space. It is worthwhile mentioning here, however, that the refusal on the part of leading capitalist countries to diplomatically recognize the GDR, in reality a disguised and "apprehended" act of belligerence against this state, can obviously in no way further the development of democracy.
21. J. Habermas, op. cit., see especially sections 6 and 7 and, on the dissolution of these private, autonomous spheres in which subjectivity could unfold, sections 17 and 18. With an eye to this problem as it developed in the Soviet Union after the devastations of the Civil War, Trotsky wrote: "The bourgeoisie assumed power when it was fully armed with the culture of its time. The proletariat assumes power when it is fully armed only with its acute need to obtain culture." Leo Trotsky, Literature and Revolution, cited in I. Deutscher, The Prophet Unarmed, New York n.d., p. 189.
22. The word *Buerger* means citizen, town dweller, bourgeois. *Muendig* evades precise direct translation. It carries the meaning of mature, responsible, of age. The word refers to a situation where the individual is considered qualified to speak for himself (and, by implication, think for himself) as opposed to the minor or the feudal serf who are (were) regarded as requiring tutelage.
23. The details of this situation and thus exacting evidence for the point being made cannot be given here. As far as this author is aware, a good historical account of this period of German and particularly East German development has not been given as yet.

24. The limit of the focus of attention in the following analysis to the state-owned sector is dictated not only by limitations of time and space. For one, the predominance of this sector in the total economy makes it determinative. The proportion of net social product attributable to various property forms gives some indication of this:

Proportion of Net Product in 1969 Attributable to Property Forms (in %)

Private	With State Participation	Cooperative	State-Owned	Socialist
Total:				
5.8	8.6	17.3	68.2	85.5
Industry and Productive Crafts Without Construction:				
6.1	11.4	3.0	79.5	82.6
Construction:				
8.6	9.0	26.3	56.2	82.5
Agriculture:				
4.8	0.1	81.6	13.6	95.1

Source: Statistisches Jahrbuch der Deutschen Demokratischen Republik 1970, p. 39.

Of the 7,745,900 employed (excluding apprentices) in 1969, 4,815,000 were employed in the above listed sectors. Of these, 3,971,400 worked in socialist enterprises (including cooperatives) or, subtracting about one million cooperative members, approximately 2.9 million or ca.60 per cent worked in state-owned enterprises in the above sectors. Of the 7.75 million employed, approximately 5.6 million (again subtracting upwards of one million cooperative members) are listed as employed in socialist (excluding cooperatives) economic organization in all sectors of the economy. (These figures are taken from SJDDR, 1970, Tables 1 and 2, pp. 52-53.)

Secondly, the limitation of analysis to the state-owned sector is dictated by the fact that it is in this sector that central control, be it state or party, is the strongest and most direct. And it is precisely the democratization of this central control and decision making that is of interest here. Alongside of this, democratic decision making and control in, say, agriculture is secondary, though nonetheless important.

25. *Gesetzbuch der Arbeit*, Article 5, 2 as cited in G. Siebert, op. cit., p. 27. Siebert cites the labor code as revised in 1966. A comparison of those passages cited by Siebert with the previous version, listed in the bibliography and the only edition available at the time of writing, reveals considerable changes, the character of which is significantly in the direction of an expansion of labor union rights.
26. *Gesetzbuch der Arbeit*, Article 12, 2 and 12, 3, as cited in Ibid., pp. 29-30. In comparison to the previous law, the revision of this very central article in 1966 shows a considerable broadening and concretization of the rights of the plant union organization.
27. See the Constitution of the German Democratic Republic (1968), Preamble, in J.E. Smith, op. cit., p. 245.
28. See Ibid., Article 44, p. 258. The constitution of 1949 included the right to strike. The significance of the strike issue in socialist states can only be grasped when the socio-economic differences between capitalist and socialist systems are taken into account. For workers in a capitalist system the strike is an indispensable instrument for increasing or even maintaining their real wage levels. In a planned socialist economy, however, one of the major goals, openly expressed and constantly stressed, is the improvement of the welfare of the working class, and although this goal may go temporarily unfulfilled due to circumstances, it can never be rescinded without placing the whole system, and especially the leadership, in jeopardy. (See H. Apel, Wehen und Wunder, p. 200). But it is in another context that this issue assumes its importance. In a capitalist system the strike is directed against private capital; it is this private, economic character which allows for its existence. It is well to note that in cases where strikes are deemed to impinge upon national interests, the right to strike is limited or can be rescinded altogether. In a socialist country, on the other hand, a strike has only one addressee: the state; no matter

how economic its overt demands it is always political. This constitutes coercion of government, and one will search western constitutions and laws in vain for express sanction thereof (thought such may of course be tolerated). But plebescitary democracy, in which tradition socialist democracy lies, can know of no objection to democratically legitimized coercion of delegated authority. The only grounds which could justify the omission of the right to strike in the GDR constitution of 1968 would therefore be the existence of other mechanisms capable of holding delegated authority responsible. In such a case the right to strike would be one of the best guarantees of its irrelevancy. (See also G. Fülberth, H. Knüppel, "Bürgerliche und sozialistische Demokratie" in H. Jung, et.al., BRD-DDR, p. 227.)

29. Hartmut Zimmermann, "Der FDGB als Massenorganisation und seine Aufgaben bei der Erfuellung der betrieblichen Wirtschaftsplaene" in P.C. Ludz, Studien und Materialien, p. 123.
30. Ibid. The importance of the conflict commissions in this context will be taken up below.
31. J. Habermas, op. cit., section 16.
32. H. Zimmermann, op. cit., p. 124. The internal quotation is from Wolfgang Beyreuther, "Die Lehre Lenins ueber die Gewerkschaften im Sozialismus -- aktueller denn je" in Die Arbeit, Nr. 8, 1962, p. 2.
33. Ibid., p. 142.
34. On the organizational structure of the FDGB and its organizational relationship to the party, see Ibid., pp. 122-3 and G. Siebert, op. cit., pp. 19-25.
35. E. Richert, op. cit., p. 94.
36. G. Siebert, op. cit., p. 13.
37. There are other basic union organizations, but for the purpose of this analysis only the BPO's are of interest. For a list of basic union organizations see Ibid., p. 21.
38. On the above see Ibid., p. 31.
39. H. Zimmermann, op. cit., p. 122.

40. See also the information on nominations and election in general provided by D. Childs, op. cit., pp. 94-95. Childs reports on the increasing incidence of candidate rejection pushed through by pressure from the electorate.
41. H. Zimmermann, op. cit., pp. 124-5.
42. G. Siebert, op. cit., pp. 31-2.
43. Ibid., p. 32.
44. Georg Fülberth, Helge Knüppel, op. cit., p. 243.
45. G. Siebert, op. cit., p. 33.
46. Article 77, *Gesetzbuch der Arbeit*, valid to 1 March 1965.
47. Article 11, 1, Ibid.
48. For a list of these in the *Gesetzbuch der Arbeit*, see Article 12, 2 *Gesetzbuch der Arbeit*, quoted in G. Siebert, op. cit., pp. 29-30. For the tasks as specified in the statutes of the FDGB, Article 40, see Ibid., pp. 34-36.
49. E. Richert, op. cit., p. 95.
50. From Article 40, Statutes of the FDGB, as cited in G. Siebert, op. cit., p. 35.
51. G. Siebert, op. cit., p. 94.
52. Ibid., p. 96.
53. Ibid., pp. 81-82.
54. Ibid., p. 86.
55. Ibid., p. 87.
56. ". . . . The labor wage is established in accordance with the economic law of distribution in proportion to labor performed. It is directed towards an all-around development of the productive powers and a maximal increase in labor productivity . . . ." Article 39, 1, *Gesetzbuch der Arbeit*, valid to 1 March 1965.

57. See E. Altvater, C. Neusüss, op. cit., pp. 42-44, who examine the atomization tendencies inherent in the Czechoslovakian reform plans up to August 1968. For a critique of the Yugoslavian system, which has had considerable influence on reform ideas in the Comencon countries, see Leo Huberman and Paul M. Sweezy, "Peaceful Transition from Socialism to Capitalism?", Monthly Review, Vol. 15, No. 11, March 1964. On the controversy over moral and material incentives, see Peter Clecak, "Moral and Material Incentives", Socialist Register 1969, London, 1969.
58. Critical first of all in the sense that it is in opposition to these aspects of the wage system and state policy, i.e. critical in the sense of latent crisis.
59. W. Hofmann, Arbeitsverfassung der SU, pp. 365 and 472-3.
60. Politische Oekonomie des Sozialismus, p. 814.
61. See the remarks on this by F. Deppe, op. cit., pp. 130-4 and the sources given by Deppe. A more penetrating analysis and documentation of this cannot be given here, though it remains a point where more empirical research would be fruitful.
62. On the character of director functions in the GDR, see Ibid., pp. 121-4.
63. On this see G. Siebert, op. cit., pp. 49-50 and 61-64; R. Becker, "Die sozialoekonomische Funktion der Produktionsberatungen" in P.C. Ludz, Studien und Materialien, p. 177; H. Zimmermann, op. cit., p. 138; H. Apel, Wehen und Wunder, p. 200. Article 12, 3 Gesetzbuch der Arbeit, reads: "In case of inadequate fulfillment of tasks, violation of socialist legality and disregard for the rights of the unions by plant directors or management personnel, the plant union directorates have the right to demand of the superordinate director, that those responsible be brought to account." Quoted from G. Siebert, op. cit., p. 30.
64. E. Richert, op. cit., p. 95.
65. As quote in G. Siebert, op. cit., p. 103.
66. G. Siebert, op. cit., p. 105.
67. Ibid., p. 106.
68. J. Dornberg, op. cit., p. 255.

69. Ibid.
70. Ibid., see also G. Siebert, op. cit., pp. 108-9.
71. G. Siebert, op. cit., p. 109.
72. E. Richert, op. cit., p. 95. See also Herbert Lederer and Hans-Jochen Michels, "Sozialistische und buergerliche Rechtsordnung am Beispiel DDR und BRD", H. Jung, et. al., BRD-DDR, p. 307. "More than one third of all punishable acts (*Straftaten*) are handled by them (in 1968 it was more than 37.7 per cent)."
73. G. Siebert, op. cit., p. 110.
74. E. Richert, op. cit., p. 96.
75. It is not without significance that the first far-reaching forms of self-administration were introduced in spheres of social insurance and administration of justice, i.e. in those spheres on the not so highly politicized periphery of production and planning.
76. S. Doernberg, op. cit., p. 220, speaks of the introduction of *Produktionsberatungen* in 1954; R. Becker, op. cit., p. 169, states that they were introduced as standing organizations in 1957 and that in 1959 the implementation of Staendige Produktionsberatungen in all state industries was uniformly regulated by law. In their present form, therefore, they date back to 1959.
77. G. Siebert, op. cit., p. 51.
78. R. Becker, op. cit., p. 171. Emphasis in original.
79. Ibid., p. 170; G. Siebert, op. cit., pp. 51-52.
80. R. Becker, op. cit., pp. 170-1.
81. Members of the production councils are protected against possible recriminations by management. See R. Becker, op. cit., p. 177.
82. The objectives are to facilitate the broadest possible participation in the plant decision making process on the part of the workers with the intention that each worker become not only "worker-engineer" (promotion of technical qualification level), but also "worker-functionary" (promotion of economic-political qualification level.) See R. Becker, op. cit., pp. 176-7.



83. See the discussion of this in Chapter One of this work.
84. R. Becker, op. cit., pp. 180-1, also pp. 178 and following.
85. On the law of 1966, see S. Doernberg, op. cit., p. 564 and G. Siebert, op. cit., p. 52. R. Becker states that the organization of production committees in their present form began in the middle of 1963 (op. cit., p. 183).
86. The official conception as quoted in G. Siebert, op. cit., p. 52.
87. Ibid., pp. 52-53. These are mainly the SED, the FDGB, the *Freie Deutsche Jugend* (the Free German Youth) and the *Demokratischer Frauenbund Deutschlands* (the Democratic Women's League of Germany).
88. Ibid., p. 53. See a similar list of tasks in D. Childs, op. cit., p. 131.
89. S. Doernberg, op. cit., p. 564.
90. H. Weber, op. cit., p. 198.
91. P.C. Ludz, Parteielite im Wandel, p. 141 and R. Becker, op. cit., p. 184.
92. Heinz Kittner and Karl-Heinz Richter, Arbeiter-und Bauern-Inspektion, neue Qualitaet der Kontrolle, Berlin (E) 1963, pp. 20-22 and "Beschluss des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands und des Ministerrats der Deutschen Demokratischen Republik ueber die Bildung der Arbeiter-und Bauern-Inspektion der Deutschen Demokratischen Republik" in Ibid., p. 82 and following, here p. 84.
93. H. Kittner, K.-H. Richter, op. cit., pp. 18-19 and 22.
94. Ibid., p. 11.
95. In the case of centrally directed industry, inspection committees exist at roughly the level of the industrial ministries. Under these are the Branch Inspections at the VVB's and the respective plant commissions. For the organizational chart, see Ibid., p. 59.

96. "Beschluss des Zentralkomitees und des Ministerrats . . . ." in Ibid., p. 84.
97. Ibid., p. 92.
98. Ibid., p. 94.
99. Politische Oekonomie des Sozialismus, p. 383.
100. H. Kittner, K.-H. Richter, op. cit., p. 26.
101. Ibid., p. 27, also p. 70.
102. Ibid., p. 24.
103. R. Becker, op. cit., p. 174.
104. H. Kittner, K.-H. Richter, op. cit., pp. 37, 38, 49, 63 and 69.
105. Arno Lange and Rainer Altmann, "Die Entwicklung der Deutschen Demokratischen Republik zum Staat des ganzen Volkes", Deutsche Zeitschrift fuer Philosophie, 13. Jahrgang, Heft 5, 1965, pp. 559-561.
106. J.E. Smith, op. cit., p. 118 and J. Doernberg, op. cit., p. 191.
107. Ibid.
108. This pronounced trend in East German agriculture, which along with the mechanization of agriculture and the accompanying specialization of agricultural labor can be subsumed under the concept of the industrialization of agriculture, provides interesting subject matter for study, which would, however, go beyond the limits of this analysis. For one, there would be the fate of cooperative-democratic institutions under progressing industrialization. On the other hand, one could study the limits, perhaps even illusions, of an "economic democracy" based on group property.
109. S. Doernberg, op. cit., p. 299 and H. Weber, op. cit., p. 109.
110. H. Weber, op. cit., p. 184. These changes do not go nearly as far as changes in other European socialist countries, especially Poland and Hungary, and must be regarded as mere beginnings.

111. E. Richert, op. cit., p. 307.
112. Ibid.
113. On the role and functions of the Council of Ministers, see D. Childs, op. cit., pp. 84, 101 and 126-7. According to Childs, the Council of Ministers is "much more of a SED-dominated body than the Council of State and a body of economic experts. . . ." (p. 84).
114. F. Deppe, op. cit., pp. 116-7.
115. Politische Oekonomie des Sozialismus, p. 345.
116. Ibid., pp. 345 and following. Economic optimization itself is understood as "a process of progressive cognition. . . . In this optimization process original calculations or assumptions . . . must frequently be made more precise or also be corrected as new knowledge is gained" (p. 348). See also the discussion on plan continuity and flexibility by Georg Klaus, "Der Plan als kybernetische Kategorie" in Marxismus in unserer Zeit, Sonderheft I der Marxistischen Blaetter, 1968, pp. 185-7.
117. G. Siebert, op. cit., p. 56.
118. Ibid., pp. 56-57. According to Siebert, these discussions vary in quality and intensity from plant to plant.
119. Politische Oekonomie des Sozialismus, p. 338.
120. Jürgen Harrer, Heinz Jung, "Das oekonomische System in der BRD und der DDR", H. Jung, et. al., BRD-DDR, pp. 86-87.
121. G. Siebert, op. cit., p. 57.
122. Gesetzbuch der Arbeit, Article 10, 2 (valid to 1 March 1965).
123. Gesetzbuch der Arbeit, Article 5, 3, as amended in 1966, quoted in G. Siebert, op. cit., pp. 27-28.
124. As quoted in Ibid., pp. 63-64.
125. Ibid., p. 64.
126. "Basic wages and salaries are agreed upon by the Central Executive Committee of the respective union and the appropriate industrial ministry acting as state contract party. These are then contractually stipulated in the

'Rahmenkollektivvertrag' (Basic Collective Contract). Such a contract also contains the basic regulations concerning working conditions in the various branches of the economy as well as length of vacation, working hours, etc. All other agreements . . . are made in the plants themselves: in the *Betriebskollektivvertrag*." G. Siebert, op. cit., p. 64.

127. According to H. Zimmermann, op. cit., p. 127, it was the practice prior to 1964 to issue more or less binding BKV master drafts. This policy of central direction was dispensed with in 1964.
128. On procedures, see G. Siebert, op. cit., pp. 64-65.
129. F. Deppe, op. cit., p. 127.
130. On the content of various BKV's, see G. Siebert, op. cit., pp. 66-75. On general aspects covered in these contracts see F. Deppe, op. cit., pp. 127-8.
131. G. Siebert, op. cit., p. 65.
132. S. Doernberg, op. cit., p. 509.
133. E. Altvater formulates the problem of democratization at this level as follows: "The prerequisite for the democratization of central decisions is therefore the explicit formulation of alternatives, i.e. the formulation of several optimal plan variants among which one must be chosen. In the long run, the choice of optimal plan variants can take place democratically only when the process of choice itself is institutionalized. Since, however, plan formulation and choice do not entail purely economic decisions, but above all political decisions, the democratization of decisions must be political democratization." Altvater, op. cit., p. 286.
134. The inclusion of the plant social program into the economic plan logically presupposes this. It can also be interpreted as the recognition of the fact that the workers in the plant are in fact capable of such rational and practical program formulation.
135. Critical is used now not only in the sense of crisis, but more explicitly in the sense of rational critique.
136. The term is from P.C. Ludz, "Entwurf. . . ." in Ludz, Studien und Materialien, p. 47.

137. This articulation is, of course, to be in conformity with the socialist system; it is in part predisposed. Thus when a plant union organization takes a case to the public media, seeking redress from higher authority, it is addressing itself to this authority. But at the same time it is addressing itself to public opinion; the case takes on the character of an exposee which threatens to expose the higher authority also where it doesn't act in accordance with socialist legality or socialist principles.
138. For a good discussion of this point, see U.-J. Heuer, op. cit., pp. 166-172.
139. See Marx's discussion of this category as well as the other two in K. Marx, Grundrisse, p. 74.
140. H. Marcuse, op. cit., p. 249. "Whether the working day is reduced to five hours and less or not, whether the individual's free time is really his or not, whether he must 'earn his living' by procuring the necessities of life or not, whether he can freely choose his occupation or not -- all these can be verified by the individuals themselves. No matter how regimented and manipulated the latter may be, they will know whether communism thus defined is a fact or not."
141. W. Hofmann, Arbeitsverfassung der SU, p. 527. Emphasis in original.
142. See the report of Andreas Kohlschutter, "Sie sagen 'Ja' zu ihrem Staat" in Die Zeit, Canada Edition, Nr. 32, 25. Jahrgang, 11 August 1970.
143. E. Richert, op. cit., pp. 80 and 308. See also the foregoing discussion, pp. 299-308.

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