

**THE CURRENCY OF SOCIALISM:
MONEY IN THE GDR AND GERMAN UNIFICATION,
1971–1989**

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In August of 1988, an 84 year-old working-class resident of Leipzig named Erich K. wrote to the Central Committee of the East German communist party to lodge a complaint about money.¹ Ironically, he was less concerned about not having enough money than he was that the German Democratic Republic (GDR) had too much of it. Because of money, K. argued, socialism had so far been unable to create the economic conditions necessary for the liberation of humanity. Instead,

socialist states with their bank notes are enmeshed in the capitalist network of bank notes, and for this reason the socialist economies in all socialist states do not make much headway.²

The problem with money according to K. was that it derived its value from human suffering. In a reference to his military service during the Second World War, K. contended that “the trail of capitalism leads over the war dead and much other human misery, and capitalism turned all of this into money, minted increasingly from the suffering of humanity.”³ The GDR’s entanglement with capitalist money had not only impeded the economic progress of socialism, but the use of money itself had also compromised socialism’s moral superiority. To restore ethical and economic autonomy to the project of socialism, K. urged the communist party, or SED, to abolish money.

Officials at the Central Committee were greatly disturbed by K.’s letter. They arranged for local representatives of the regime to visit the elderly man in his home and “discuss” his ideas. After a brief exchange of views, the elderly man declared himself satisfied by the delegation’s explanation of socialist monetary policy. To the relief of the Central Committee, he withdrew his letter. Not two weeks later, however, K. recanted, complaining that his guests had not really engaged him in conversation because they had put words into his mouth.⁴

Incensed by K.’s open disregard for the coercive etiquette of letter-writing in the GDR and infuriated by the seeming incompetence of local authorities, the Central Committee declared that the East German central

bank was responsible for the fiasco. In a scathing letter, the Central Committee charged that the bank was unable to control the circulation of ideas in the area of its own expertise, the circulation of money. The Central Committee then demanded that Gerhard Serick, Deputy President of the bank, coerce K. into rescinding the retraction of his withdrawal.⁵

Faced on the one hand with intense political pressure from the SED leadership to silence K. and an avalanche of cantankerous letters from the elderly man on the other, Serick tried to depoliticize the affair by attributing K.'s recalcitrance to his advanced age. Noting that his ideas were "totally confused and ludicrous," Serick suggested that K. was simply senile.⁶

But even if K. *were* merely muddled and ornery, he had succeeded in agitating the communist party leadership with his suggestion that a profound discrepancy between theory and praxis existed in the GDR. Not only had K. pointed out that the party had yet to implement its egalitarian promise of a moneyless society, but he had also disclosed the extent to which the GDR was indebted to its capitalist enemies.

As K.'s case implied, the SED sought to encourage the formation of ideological allegiances through economic practice, but its attempt to govern an industrial—and divided—nation by force had instead fostered the creation of political allegiances through money. The East German mark, the SED hoped, would displace capitalist money and mores, untangle the moral inversions of capitalist logic, and distribute social justice in the place of social alienation. Yet, the intellectual debt of Marxism-Leninism to liberal economic theory ensured the planned economy's inability to function without recourse to capitalist media of exchange. The regime supplemented its authoritarian and inefficient economy through the market, importing western technology and establishing the Intershops, or hard-currency stores. In the end, the party's contradictory response to the consumer desire manufactured by the East German industrial base consisted of abjuring the West German economic model while simultaneously promoting the circulation of West German money and merchandise.

K.'s portrayal of money as a source of social injustice resonated strongly with East German Marxist-Leninists, who agreed that money could have no place in the future of the socialist state. To some extent, their mistrust of money had been shaped by the peculiarities of German economic history. The traumatic experiences of the hyperinflation during 1923, when Germans had too much money, and the radical deflation of the Great Depression, when they had too little, turned a majority of Germans away from liberal solutions to the challenges of modernity.⁷ After World War II, the return of inflation heightened the determination of many Germans to organize economic activity according to the prin-

principle of social justice. The role of money as a causal factor in German history took on new meaning in 1948, however, when the *Deutsche Mark* replaced the *Reichsmark* in the western zone of occupation and precipitated the partition of Germany into a capitalist West and a communist East.⁸ For forty years, the two German states sought to link national identity with economic organization—the social market economy in the Federal Republic, and central planning in the GDR.⁹ In 1989/90, the systemic competition between capitalism and communism would once again thrust money into center stage, as East German demand for West German marks paved the way for German-German reconciliation after the collapse of the Berlin Wall.¹⁰ For the first time in German history, money played a unifying, rather than a divisive, role. In the meantime, however, K. and millions of other Germans like him experienced money as a medium for creating social stratification.¹¹

In addition to this peculiarly German equation of money with social inequality, the East German communist party had inherited an ideological antipathy towards money from the Soviet Union. Like other Marxist-Leninist parties, the SED staked its claim to power on a scientific critique of capitalism that understood money as the locus of social alienation. The production methods specific to capitalism entail the subordination of ethical to economic values, which finds its clearest expression in the profit motive. This elevation of the market over morality, often justified by the liberal equation of private vice with public virtue, results in a profound inversion of means and ends, where the purpose of human economic production—the sustenance of life—is confused with the instrument we employ to sustain that life—the pursuit of money. We end up living to work, rather than working to live. In addition, the production relations specific to capitalism lead to a form of alienation that Karl Marx termed commodity fetishism, or the false attribution to inanimate objects of the power to gratify human needs. According to Marx, money is the quintessential commodity fetish because it

debases all the gods of man and turns them into commodities.

Money is the universal, self-constituting value of all things. It has therefore robbed the whole world, human as well as natural, of its own values.¹²

Based on these insights into the workings of capitalism, the SED sought to distinguish between “real” and “false” needs. “Real” needs, whether of a physical or spiritual nature, are generated by the material conditions of a given society in history.¹³ In contrast, “destructive, parasitical, and false (illusory) needs” consist of “needs [that] are deformed, manipulated, and in part artificially manufactured to suggest illusions to working people about their real situation in society.”¹⁴

Through this dichotomy, the SED established an equivalency between false needs and commodity fetishism, between desire and money. The planned economy, or so the SED alleged, is superior to capitalism because it removes the grounds for desire by creating social conditions in which only real needs exist. As the medium for the satisfaction of real needs, socialist money offers the opportunity to apportion the wealth of society along egalitarian lines.¹⁵

Making money worth less, however, was not the same as making it worthless. The social construction of value in the GDR was mediated not by a utopian transparency of needs, but by shortages of economic and ethical goods. The replacement of money with planning indicators did permit the party to emphasize its production priorities. The system of apportioning resources from the center, however, led to the uneven distribution and waste of resources. Freed from the threat of bankruptcy, East German factories were no longer guided by cost constraints. Ignoring costs, however, permitted inefficiencies that were eventually to overwhelm the productive capacities of the East German economy.

For consumers, the waste and inefficiency in the planned economy often expressed itself as a problem of complementarity, or the reliance of one commodity on another in order for it to function.¹⁶ To give just one example, in the summer of 1979, East Germans experienced a severe shortage of ketchup, a scarce and highly desirable commodity.¹⁷ The shortage of ketchup induced consumers to shift to mustard as a substitute. The mustard plan for 1980, however, had not anticipated such an increase in demand. The responsible factory had no difficulty producing the extra mustard, but discovered that it did not have enough jars in which to put the mustard. The production bottleneck created a minor political crisis, as East Germans were forced to eat without the aid of condiments. By April of 1980, the Politburo found it necessary to intervene by conscripting a glass factory to take up the slack in production. The glass factory had no problems meeting this revision in its plan and was able to produce several million containers. It did so, however, only by ignoring another task: producing marmalade jars.

The chronic shortages of consumer goods afflicting the planned economy undermined the value of socialist money. Although the East German mark sufficed to complete purchases of the basic necessities of life, such as bread and the rent, it could not overcome shortages or the unofficial forms of rationing typical of the planned economy, such as exceedingly long lines and black markets. To ensure the prompt delivery of washing machines, to reduce the long wait for cars, or simply to purchase good coffee or stockings, West German money played a prominent role. As a result, the GDR's monetary regime fragmented into two competing modes of exchange. Socialist money was used to satisfy "real"

needs, but only capitalist money could fulfil the desires of East German consumers.

As the elderly K. had noted, the GDR's entanglement with capitalist money seriously undermined socialism's political legitimacy. With the assumption of power by Erich Honecker in 1971, the GDR's reliance on the West to solve its economic problems increased dramatically. In order to curry favor with the populace and consolidate his power, Honecker launched a new economic policy aimed at shifting more resources to meet consumer demand.

Yet, political coercion and the pace of technological innovation under socialism rendered sustained economic growth impossible. The GDR was in no position to boost production of consumer durable goods. What little improvement in living standards Honecker did achieve came at the expense of long-term investment in the GDR's industrial base. By the late 1980s, the East German infrastructure had thoroughly deteriorated. In 1989, for example, 75 percent of all equipment in the East German manufacturing, mining, and energy sectors was more than 20 years old.¹⁸ In 1988, moreover, the Workers and Peasants Inspectorate, which was responsible for monitoring the state apparatus, reported that nearly half of the warehouses in the GDR had holes in the roof through which rain could drip onto food, consumer goods, and machinery.¹⁹

By the mid-1980s, the maintenance of public space had deteriorated so much that the Workers and Peasants Inspectorate felt impelled to investigate the state of sanitation in the GDR. After checking the toilets in over 10,000 stores and 6,000 restaurants, they classified more than half as substandard, the worst of which involved restaurant facilities from which fecal matter had not been removed for years.²⁰

By authorizing increases in the supply of consumer goods without a parallel increase in the productivity necessary to fund them, Honecker overextended the regime's productive capacities, driving the GDR deeply into debt with the West. In 1970, the year before Honecker's takeover, the GDR's foreign debt had risen to a record \$1 billion. Just ten years later, however, the debt jumped to \$11 billion, and would soar to \$21 billion by 1989.²¹

As the GDR's debt to the West began to surge, the party concocted a variety of schemes aimed at reducing imports. Some of the GDR's import-reduction strategies illustrate the more ridiculous aspects of the proscriptive abstinence inherent in Marxist-Leninist consumer ideology, such as the attempt by economic planners in 1977 to eliminate coffee. In support of his plan, the State Planning Commissioner declared that "the Planning Commission has not been drinking coffee for a long time, and it's all right, we're still alive"—as if the rest of the population would be as eager to forego such simple pleasures.²²

The planning apparatus also embarked on misguided attempts to engineer substitutes for imported items. In 1980, for example, East German scientists patented a method for candying unripe tomatoes as a sugar ersatz. They estimated that the process would save the GDR 3 million West German marks annually. The only problem was that East Germany had neither the facilities adequate to store the green tomatoes during the fermentation process nor the machines necessary to produce the sugar substitute—not to mention serious questions about the surrogate sugar's taste.²³ More effective, if rather desperate, were plans to sell off the GDR's gold reserves, weapons stockpiles, and even its cultural treasures, from works of art to cobblestones.²⁴ The GDR also put a price on its education system, advertising its willingness to train students who had been rejected from western medical schools in return for hard currency.²⁵

Eventually, the corrupting influence of fiscal necessity colonized areas of life officially considered ethically sacrosanct, such as health care. In 1988, for example, the GDR agreed to permit Hoechst, one of the largest West German pharmaceutical companies, to conduct tests of a new medication for high blood pressure.²⁶ Because West German authorities believed these tests posed a danger to human life, Hoechst had been prevented from testing the drug in the Federal Republic. Given the shared language and institutional history, the excellent medical training of East German physicians, and the SED leadership's willingness to overlook moral reservations, the GDR provided a perfect testing ground for life-threatening drug studies. In return, Hoechst agreed to pay 500,000 West German marks.

The hitch was that Hoechst wanted to use patients in an already advanced stage of illness for a double-blind study in which half the patients would receive a placebo. The risks were serious, as one concerned member of the East German medical community pointed out. Worried that "the contract will . . . be based on a one-sided consideration of money," he sought assistance from the secret police against the Ministry of Health and the economic apparatus. The Stasi agreed to help prevent the tests—less because of the ethical questions raised by the study than for security reasons. If news of the test was leaked, the Stasi reasoned, it could "be used for negative political activities against the GDR, including blackmail." This incident and others like it complicate arguments that seek to reduce the life of the GDR to the coercive excesses of its secret police.²⁷ As I try to demonstrate in my dissertation, representatives of the SED's economic apparatus were capable of an even greater disregard for human life in the pursuit of money than the most cynical Stasi officers.

By far the most important source of hard currency, however, was the Intershops.²⁸ Much like the Soviet *Beriozka*, the Czechoslovak *Tuzex*, the Polish *Pewex*, and the Bulgarian *Corecom*, the East German Intershops were initially designed to offer inexpensive Western goods exclusively to Western tourists as a way of supplementing the GDR's hard-currency receipts. These similarities ended in 1971, when Honecker embarked on an aggressive expansion of the Intershops, not only increasing their number but also opening them to East German citizens for the first time.

The economic decision to expand the sphere of Intershop activities was reinforced throughout the 1970s by Honecker's political decision to respond positively to the overtures of detente. The liberalization of travel arrangements between the two Germanies made it feasible for large numbers of West Germans to travel to the GDR for the first time since the Berlin Wall went up. Naturally, West German visitors brought with them West German currency, increasing the circulation of West German marks in East German hands. Gifts from family and friends constituted the main source of western currency. The result was a flourishing illegal market for goods and services in return for West German marks.

Trade on the black market had always represented a challenge to the party's power because it took place beyond the purview of the plan and embodied an alternate system of values in competition with the planned economy. To reduce the scope of black market trade, the party moved it inside the Intershops, which opened their doors to East Germans in 1974. The result was a sharp increase in the GDR's intake of hard currency, soaring from 170 million West German marks in 1971 to 1.2 billion in the revolutionary year of 1989.²⁹

Officially sanctioning the use of Western currency, however, did little to make the West German mark less attractive. Instead of reducing the presence of Western money and all that it symbolized, the Intershops only made the extent of its circulation more apparent. The gradual depreciation of the East German mark, moreover, took on a political dimension once the regime gave its official blessing to a two-currency economy, in much the same way that the party leadership's public preference for Volvos devalued the domestic automobile industry.

In addition, conceding the Intershops such a large role in the retail sector encouraged the very social stratification based on commodity fetishism that the SED was nominally devoted to eradicating. Most of those blessed with West German money owed their access to it to ties of family or friendship—which automatically excluded most party members, who were obliged to cut off all contact with the Federal Republic. Rather than rewarding people loyal to the regime, then, or improving the position of the working class, the Intershop system privileged the very people whose sympathy for the GDR was most likely to be the least enthusiastic.

Yet, the social value of West German money was not restricted to the ability to purchase high-quality commodities, or even the prestige attached to these products because of their scarcity or western origin. Rather, the West German mark was imbued with the nimbus of an alternative value system in direct competition—ideologically and monetarily—with the GDR. For this reason, official sanction of trade denominated in hard currency was tantamount to legitimizing capitalist relations, leading to an increased orientation towards western consumer goods and a serious threat to the GDR's currency. Ironically, the SED's own economic practices were eroding the ethical and financial ground on which socialism stood.

For their part, East Germans who had no access to hard currency sought to appeal to the regime's egalitarian sensibilities against the Intershops, flooding the regime with letters of complaint. One woman, for example, charged that

the GDR is a socialist state, in which the privileges of certain people should be abolished. That is why I am indignant about the Intershops in this country.³⁰

Many letters written to party officials, however, journeyed on to the next logical step. They inverted the relation between egalitarian ideology and divisive practice, demanding uniform access to West German money, and the Intershops along with it, as a right that should be accorded everyone in keeping with the regime's advocacy of social equality. Another woman wrote Honecker to demand that "in the future, West German marks are to be part of monthly salaries" so that everyone might have the opportunity to shop in the hard-currency stores.³¹ In another curious reversal, many East Germans linked moral probity to Western money. One man, for example, denounced

the corruption and fraud blossoming in all walks of life. As a Christian, I don't want to be involved in this. The only way to remain honest is to obtain West German marks. That's why I would like to apply for 50 percent of my salary to be paid out in West German marks.³²

Clearly, the population was increasingly inclined to link economic performance, as measured by the supply of Western currency, to questions of political power.

What began as an attempt to modernize the retail sector in order to consolidate the rule of a new political leadership ended up intensifying the contradictions inherent in the GDR's approach to consumer sovereignty. Although expanding the Intershop retail chain helped ease the financial crisis brought about by Honecker's policies, it also unleashed

the demons of Western consumerism and national division, deepening social stratifications that could not be explained away by Marxist-Leninist ideology. East Germans were tantalized by the glimpse of Western consumerism provided by the Intershops, which functioned as enclaves of capitalism on socialist soil, yet they were frustrated by the unequal access to it.

In fact, the division between the Intershops and the black market, between the East and West German mark, and between socialism and capitalism reinforced a growing split in the planned economy. The SED was unable to reconcile its ideological aspirations—a society free of the social alienation represented by capitalist money and merchandise—with the practical exigencies of governing an industrial society by force. The party attempted to manage the needs of socialist consumers by turning to the West, but this policy introduced currency and commodities that had been produced according to a system of valuation that was antithetical to socialism. Worse, the appearance of new and high-quality goods on the East German market, combined with the officially sanctioned method of distributing them via access to West German currency, only engendered the very same commodity fetishism that the SED publicly vituperated.

The SED's attempt to control what money can buy, as well as what purchase it has on human imagination, failed. By 1989, the party's preference for financial expediency over ideological consistency had consumed both the GDR's economic strength and its political legitimacy, as some East Germans were permitted to consume what they could of the West, while the others were left with nothing to consume but the ideology itself.

Notes

¹ The Federal Archives granted access to this and other petitions on the condition that the privacy of East German citizens who wrote letters is preserved.

² The German, replete with idiosyncratic spellings, runs: "Die sozialismuslichen Staaten sind mit ihren Banknoten mit in das kapitalistische Banknotennetz mit hinein verstrickt und darum kommt die sozialische Wirtschaft in allen sozialischen Staaten nicht so richtig voran" (Bundesarchiv Berlin (BArchB), DN10 3287, petition from 23.8.88 to the ZK, p. 1).

³ *Ibid.* See also BArchB, DN10 3287, K. to SED, 10.11.85, and K. to Honecker, 20.6.77.

⁴ BArchB, DN10 3287, petition to Herzog, Abteilungsleiter Zahlungsverkehr, Staatsbank Leipzig, 25.11.85.

⁵ BArchB, DN10 3287, Ehrensperger, Abteilung Planung und Finanzen, to Bruno Meier, Stellvertretender Präsident der Staatsbank, 7.9.88. See also BArchB, DN10 3287, Gerhard Serick to Manfred Wackernagel, Abteilung Planung und Finanzen, 20.11.85.

⁶ BArchB, DN10 3287, Serick to Ehrensperger, 9.9.88.

⁷ For more on the German economy between 1918 and 1945, see Gerald D. Feldman, *The Great Disorder: Politics, Economics, and Society in the German Inflation, 1914–1924* (New York

and Oxford, 1993); Harold James, *The German Slump: Politics and Economics, 1924–1936* (Oxford, 1986); and Richard J. Overy, *War and Economy in the Third Reich* (Oxford, 1994).

⁸ For the immediate postwar period, see Mary Fulbrook, *Anatomy Of A Dictatorship. Inside The GDR 1949–1989* (Oxford, 1995), Christoph Kleßmann, *Die doppelte Staatsgründung: deutsche Geschichte, 1945–1955* (Bonn, 1991); Norman Naimark, *The Russians in Germany. A History of the Soviet Zone of Occupation, 1945–1949* (Cambridge, Mass., 1995), and the still very impressive Hermann Weber, *Geschichte der DDR* (Munich, 1989).

⁹ For more on the social market economy in the Federal Republic, see Anthony James Nicholls, *Freedom with Responsibility: The Social Market Economy in Germany, 1918–1963* (Oxford and New York, 1994). For more on the planned economy, see Jeffrey Kopstein, *The Politics of Economic Decline in East Germany, 1945–1989* (Chapel Hill and London, 1997).

¹⁰ For more on the collapse of the Berlin Wall and the revolution, see Hans-Herrmann Hertle, *Chronik des Mauerfalls. Die dramatischen Ereignisse um den 9. November 1989* (Berlin, 1996); Hertle, *Der Fall der Mauer. Die unbeabsichtigte Auflösung des SED-Staates* (Opladen, 1996); Charles S. Maier, *Dissolution: The Crisis of Communism and the End of East Germany* (Princeton, 1997); Konrad Jarausch, *The Rush to German Unity* (New York, 1994); Uwe Thyssen, *Der Runde Tisch oder wo blieb das Volk? Der Weg der DDR in die Demokratie* (Opladen, 1990).

¹¹ For more on German monetary union, see Dieter Grosser, *Das Wagnis der Währungs-, Wirtschafts- und Sozialunion. Politische Zwänge im Konflikt mit ökonomischen Regeln* (Stuttgart, 1998); Otto Singer, “Constructing the Economic Spectacle: The Role of Currency Union in the German Unification Process,” in: *Journal of Economic Issues*, 4/1992; Hans-Werner Sinn and Gerlinde Sinn, *Kaltstart. Volkswirtschaftliche Aspekte der deutschen Vereinigung* (Tübingen, 1993).

¹² Karl Marx, “Zur Judenfrage,” in: *Marx-Engels Werke (MEW)*, vol. 1 (East Berlin, 1981), p. 374.

¹³ This is Marx’s definition of need as expressed in: *Das Kapital*, MEW, vol. 23, (East Berlin, 1970), p. 185. It appears in slightly different form in official GDR literature, such as Willi Ehlert et al. (eds.), *Wörterbuch der Ökonomie Sozialismus* (East Berlin, 1984), pp. 136–7.

¹⁴ Horst Seeger (ed.), *Lexikon der Wirtschaft. Volkswirtschaftsplanung* (East Berlin, 1980), pp. 86–7; p. 86. For more on Marx’s conceptualization of need, see Agnes Heller, *Theorie der Bedürfnisse bei Marx* (West Berlin, 1976). For more on the SED’s application of the category of need to the production and distribution of consumer goods, see Dorothea Hilgenberg, *Bedarfs- und Marktforschung in der DDR. Anspruch und Wirklichkeit* (Cologne, 1979). For more on the official approach to consumerism in the GDR in the 1960s, see Ina Merkel, “Der aufhaltsame Aufbruch in die Konsumgesellschaft,” in: *Neue Gesellschaft für bildende Kunst* (ed.), *Wunderwirtschaft. DDR-Konsumkultur in den 60er Jahren* (Cologne, Weimar, and Vienna, 1996), and Ina Merkel, *Utopie und Bedürfnis. Die Geschichte der Konsumkultur in der DDR* (Cologne, Weimar, and Vienna, 1999). For a highly suggestive account of socially mediated desire that employs the planned economy as a reference point, see Slavoj Žižek, *The Sublime Object of Ideology* (London, 1989).

¹⁵ Compare Alec Nove, *An Economic History of the U.S.S.R* (London, 1989), especially pp. 20–36, 109–125; and Thomas T. Hammond, “Leninist Authoritarianism before the Revolution,” in: Ernest J. Simmons, *Continuity and Change in Russian and Soviet Thought* (Cambridge, Mass., 1955), pp. 144–156.

¹⁶ The problem of complementarity achieved popular notoriety in the GDR in the early 1980s through the East German pop-star Nina Hagen’s song “Michael, du hast den Farbfilm vergessen.” Although the text does not directly mention the shortage of color film—presumably to pass the censors—the lyrics contrast the colorfulness of the singer’s experience with the frustrating black and white record her lover will leave her.

¹⁷ The following account is derived from BArchB, DE1 53092, Komitee der Arbeiter-und-Bauern-Inspektion, 29.4.80, pp. 63–69, and BArchB, DE1 53092, State Secretary Heinz

Klopper, "Stellungnahme zur Information über Kontrollergebnisse des Komitees der Arbeiter-und-Bauern-Inspektion zu Ursachen von Verstörungen bei Senf vom 29.4.1980," 9.5.80, pp. 46–7.

¹⁸ Bundesbeauftragter für die Unterlagen des Staatsicherheitsdienstes der ehemaligen Deutschen Demokratischen Republik (BStU), Arbeitsbereich Mittig, Nr. 58, "Zu den ausgewählten Problemen bei der Durchführung der Beschlüsse des XI. Parteitag der SED zur ökonomischen Entwicklung der DDR," pp. 16–7, and Anlage 6, "Anteil alter und neuer Anlagen am Ausrüstungsbestand der Industrie," p. 42; *Neues Deutschland*, 11.1.90; Bryson and Melzer, *The End of the East German Economy*, p. 87; Kusch et al., *Schlussbilanz*, p. 56.

¹⁹ Stiftung Archiv Parteien und Massenorganisationen der DDR im Bundesarchiv (SAPMO-BA), DY 30, Vorläufige SED 41853 [Band I], Komitee der Arbeiter- und Bauern-Inspektion, Arbeitsgruppe für Organisation und Inspektion beim Ministerrat, Staatliche Finanzrevision, [no date, but most likely 8.9.88], Anlage 1, p. 5). Other problems included the high humidity registered in warehouses, as well as the use of aging storage space, some stretching back even into the fifteenth century (see the documents in SAPMO-BA, DY 30, Vorläufige SED 41853).

²⁰ SAPMO-BA, DY 30, Vorläufige SED 41853, Band II, Komitee der ABI, Inspektion Handel und Versorgung, "Bericht über Ergebnisse der Massenkontrolle zur Durchsetzung von Ordnung, Sauberkeit und Hygiene in gesellschaftlichen Einrichtungen des Territoriums—Bereich Handel und Versorgung," 24.5.88.

²¹ See, for example, BArchB, DE1 56323, "Zu den Ursachen der Verpflichtungen der DDR gegenüber der NSW," p.1; BArchB, DE1 56296, Schürer, "Zusammengefaßte Einschätzung zum Entwurf des Fünfjahrplanes 1976–1980," 6.10.1976, p. 9; and BArchB, DE1 56320 VK 12. Tagung, 17/18.11.89, p 143. For an in-depth analysis of the GDR's debts and its political consequences, see Jonathan R. Zatin, *The Currency of Socialism. Money in the GDR and German Unification, 1971–1989* (PhD. Dissertation, University of California at Berkeley, December 2000), particularly chapter 3.

²² BArchB, DE1 56348, "Interne Beratung mit E. Honecker z. Schrb. 14.3.77," p. 113. It is worth mentioning that East German coffee was often mixed with chicory to make it go further.

²³ SAPMO-BA, DY30, Vorläufige SED 34603, Komitee der Arbeiter-und-Bauern-Inspektion, "Information über die Kontrolle zur Verminderung von NSW-Importen durch beschleunigte Produkteinführung der Spitzenleistung 'Verarbeitung von grünen Tomaten zu Dickzuckerfrüchten zur Substitution von Zitronat'," 1.6.82.

²⁴ BArchB, DE1 56349, "Anlage Nr. 8 zum Protokoll Nr. 50 vom 28.11.72, "Vorschläge zur Lösung von Problemen der Zahlungsbilanz für das kapitalistische Wirtschaftsgebiet bei der Fertigstellung und Durchführung des Volkswirtschaftsplanes 1973," p. 336, authorizing the sale of 50 million DM worth of art objects, antiquities, and arts and crafts objects. See also Honecker's comment that "I assume that we are not hoarding for a state of war" approving the sale of weapons from emergency reserves, as well as the green light for the sale of gold reserves, in: BArchB, DE1 56348, "Beratung beim Generalsekretär des Zentralkomitees der SED, Genossen Erich Honecker, zur weiteren Durchführung des Planes 1977 und zur Zusammenarbeit des Volkswirtschaftsplanes 1978 am 2. Juni 1977," 2.6.77, p. 166. A reference to gold sales also appears in: BArchB, DE1 56323, "Betreff: b. Stand der Zahlungsbilanz der DDR gegenüber dem nichtsozialistischen Wirtschaftsgebiet 1978 und 1979 sowie erforderliche Maßnahmen," 1.2.79, p. 12.

²⁵ BArchB, DL2 995. Bulgaria also offered cheap medical training to Greek medical students.

²⁶ The following information is drawn from BStU, MfS-ZAIG 14614, Hauptabteilung XX/3, "Bericht. Medikamententestung in der DDR," 18.2.88, pp. 23–4.

²⁷ See, for example, Armin Mitter and Stefan Wolle, *Untergang auf Raten* (Munich, 1993).

²⁸ Surprisingly, this includes the vast sums earned from the amount of hard currency that Westerners were obliged to exchange per day (the *Mindestumtausch*). In the first six months

of 1989, for example, the GDR earned 135.8 million DM from these transactions, versus 120.6 million in the first half of 1988 (SAPMO-BA, DY 30, Vorläufige SED 41757, Ministerium der Finanzen, "Information über die Entwicklung der Einnahmen aus dem verbindlichen Mindestumtausch, dem zusätzlichen Währungsumtausch, den Visa-, Straßenbenutzungs- und Genehmigungsgebühren sowie der Ausgaben für private Reisen der Bürger der DDR in das nichtsozialistische Wirtschaftsgebiet und der Einnahmen und Ausgaben der DDR aus dem privaten Reiseverkehr gegenüber der Deutschen Bundesbahn im 1. Halbjahr 1989," 4.8.89, p. 4.). Of course, Intershop profits were dwarfed by the total of all lump sums payments made by the Federal Republic to "compensate" the GDR for the burdens of keeping communication between the two countries open, including maintaining transit highways and delivering mail. After 1982, however, Intershop revenues became the largest single source of hard currency, exceeding the 520 million DM the West German government paid annually for highway maintenance and transit costs, which was the largest component of the lump-sum payments.

²⁹ See the reports in SAPMO-BA, DY 30, Vorläufige SED 42023, and BArchB, DL2 992, Panse, "Geschäftsbericht 1989," 2.2.90, p. 14.

³⁰ BArchB, DL2 930, petition from 4.2.88.

³¹ BArchB, DN10 931, Wunsch, Bezirksdirektion Erfurt, "Analyse über die Entwicklung der Eingaben im Verantwortungsbereich der Bezirksdirektion Erfurt, 2. Halbjahr 1988," 23.12.88.

³² BArchB, DG7 VA-1813, petition from 16.5.89.