

## Chapter 12

# Modelling Democratic Transition in Southern and Central Europe: Did East Germany Experience 'Transición' or 'Ruptura'?

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In the waves of European Union enlargement over the last three decades, most of the accession states have experienced a transition from authoritarian to parliamentary-democratic rule. Indeed, from 2007, a majority of EU member states are 'new democracies', having begun their transition from authoritarian rule in the 1970's or later. This chapter examines the various modes of transition experienced by these new EU member states, but focuses especially on the case of East Germany.

The 1989-90 regime change in East Germany is one of the best known of democratic transitions, by virtue of two media-spectacular events – the exodus of East German citizens through Hungary and the storming of the Berlin Wall – as well as its symbolic significance as the keystone of the Soviet imperium.<sup>1</sup> Because democratic change was imbricated within the process of German unification, of which the leading architects were external, the East German experience has a *sui generis* quality, and appears better suited to historical analysis than to comparative study by political scientists.

Yet there are aspects of East Germany's democratization process, notably the mechanisms by which the old regime relinquished power and acquiesced to democratic reform, that have proved amenable to comparative approaches. In the early scholarly analyses of the transition in East Central Europe, attention was drawn to features that were shared throughout the region. It was not just that outcomes (marketization, democratization), were similar, but certain aspects of the transition process too. In each case, some form of negotiation occurred. Each was characterized by the rapid disintegration of existing political institutions, by the 'aggravation of economic dislocations', by the proliferation of political movements that broke into the political arena, and by the establishment of transitory power arrangements in which opposition forces acquired varying degrees of access to the official political process (Ekiert 1991: 287).

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1 This chapter draws in part upon my "'A Very Orderly Retreat": Democratic Transition in East Germany, 1989–90', *Debate. Journal of Contemporary Central and Eastern Europe*, 14 (1) 2006.

Equally, the differences in *modes of transition* could not be overlooked. In distinguishing amongst these, analysts could draw upon a large body of literature. Portugal and Spain, among the first transitions of the so-called 'third wave', were commonly taken as representative of two distinct routes to democratization. The former exemplifies transition by 'rupture', in which an inflexible old guard fails to compromise when confronted by mass social movements, allowing hitherto marginal parties or middle-ranking officers and functionaries to replace or revolutionize existing institutions. Such transitions are rapid and forceful, involve extensive popular mobilization, and may lead to challenges to property relations. In the case of Portugal, 'the working class took the world by surprise by leading the most massive seizures of property in Europe since the Russian Revolution. Workers occupied more than 23 percent of the nation's farmland in less than twelve months and took control of more than 940 industrial enterprises' (Bermeo 1997: 308). Large sections of Portuguese society experienced a democratic ferment. Empty houses were occupied; cultural centres were established. Some events took on a carnivalesque quality, as when a golf course was occupied and opened to all – except its existing members. The old authoritarian élite lost control of the political process, usurped by radical governments which, for over a year, set about replacing or transforming existing institutions. Independence was granted to the colonies, and the vertical command structure of the armed forces was radically transformed. The middle-ranking officers who toppled the dictatorship, writes Nancy Bermeo (1997: 308), 'engineered the most extensive purges of any democratic state in the third wave, including those of eastern Europe.'

The contrasting course, exemplified by Spain in the late 1970s, is driven primarily by élites associated with the old dictatorship who accede to democratic transition because they believe it will provide them with a new formula for legitimating their rule. In reference to the pivotal role played by negotiations between regime and opposition, the model is commonly known as transition through transaction. In the Spanish case, a 'class compromise' was hammered out, in which parliamentary democracy and other concessions – including trade union representation in companies, expanded parliamentary control over the social security system, tax reform, increased public investment and a statute for nationalized industries – were offered to the left parties and trade unions in exchange for a commitment on their part to abandon their opposition to the monarchy and to the privileges of church and army, to advocate wage restraint, acquiesce to austerity measures and renounce claims for the return of funds sequestered by General Franco's regime (Maravall and Santamaria 1986; Bermeo 1997: 310). Although most of the concessions to the left listed above were not implemented, the pact, signed at the Moncloa presidential palace, served to reassure élites that democratic transition would not signal an attack on entrenched power and privilege. High levels of political violence and of strike activity notwithstanding, the Spanish working class never challenged property relations as their counterparts in Portugal had done, and neither was there major disruption to personnel continuity at the top of the state apparatus. Core sections of the old regime were integrated into the new order, with Francoist strongholds remaining in business and banking, the judiciary, the media, public administration, and the army. Symbolic continuity was assured by the persistence of the monarchy,

albeit shorn of its more imperious powers. For mainstream transitology, 1970s Spain serves as a benchmark: it is a paradigm case of a transition in which

a compromise among class interests [is] forged to reassure the bourgeoisie that its property rights will not be jeopardized for the foreseeable future, and to satisfy workers ... that their demands for compensation and social justice will eventually be met. (O'Donnell and Schmitter 1986: 46)

Alongside the two paths represented by the Iberian nations, others may be added. For the purposes of this article, the most pertinent is 'transition through extrication', introduced by Scott Mainwaring and developed by his Notre Dame colleague, J. Samuel Valenzuela. As with transitions by collapse (such as Greece in 1974 and Czechoslovakia and Romania in 1989), extrication involves a sharp break with the formal rules of the authoritarian regime. But, as with transitions by transaction, the authoritarian regime is strong enough to dictate important terms of the process, and the outgoing rulers 'hold on to power for a significant length of time beyond the onset of the crisis that sets in motion the process of transition' (Mainwaring 1992). In brief, this third category of transition describes those – such as Peru in 1980 and Uruguay in 1985 – in which the rules of the old regime are abandoned but the rulers retain sufficient strength to negotiate their retreat from power (Valenzuela 1992: 74). Valenzuela includes East Germany in this category, but does so in passing, without providing supporting evidence.

As regards modes of transition in Eastern Europe 1989-91, a number of studies have drawn attention to the distinction between Poland and Hungary, on the one hand, characterized by negotiated pacts between party-state and opposition, and East Germany and Czechoslovakia, on the other, where mass movements forced significant political concessions within a short time frame. In 1991, Judy Batt, of Birmingham University, penned an influential article that sought to explain the differences between the two paths of Eastern European transition. She discusses Poland and Hungary under the rubric 'failed reform'. In both, hopes in economic reform in the 1970's faded in the following decade as economic difficulties mounted; élites began to lose faith in the communist project, and their ability to repress or co-opt opposition diminished. The Polish Government's defeat in a referendum on economic policy toward the end of 1987, together with a resurgence of industrial action, led to the convocation of Round Table negotiations which were successfully concluded in early 1989. In Hungary, also in 1987, the need for an 'anti-crisis pact' had become apparent to leading figures in regime and opposition élites, a development that gave rise to negotiated democratization in 1989. Élites in the latter two countries, by contrast, resisted reform. The Czechoslovak and East German economies were highly centralized, autarkic, and relatively stable; the *nomenklatura*<sup>2</sup> was, in each case, unified and disciplined; and the security forces were used extensively to keep oppositional forces at bay. These were regimes which 'totally rejected reform, because they saw it as incompatible with communist power'; they therefore 'faced total and rapid collapse when confronted with the challenge of Gorbachev's perestroika' (Batt 1991: 368). In Prague and East Berlin, 'the intransigent ruling élite was unprepared for

2 'Nomenklatura' refers to the lists of senior positions in Party, state and economy.

negotiation, and collapsed in the face of spontaneous mobilization of the population' (Batt 1991: 369). In sum, democratization occurred not through negotiated transition but 'regime collapse and velvet revolution' (Batt 1991: 384). In East Germany, the government was forced to concede elections, allowing West German political parties to move in and assume command.

In subsequent years, these models were frequently applied in comparative analyses of the East European transitions. Klaus von Beyme, for example, differentiated between 'negotiated revolution' in Hungary and Poland, the 'implosion of the Communist regime' in Czechoslovakia and East Germany, and the cases of Romania and Bulgaria, in which transition was controlled by second-rank cadres of the old regime (not unlike the 'extrication' model of the Notre Dame school) (Von Beyme 1996). Of greater relevance to this essay, due to the detailed attention paid to the East German case, was a comparative study by the US political scientist Daniel Friedheim. As with Batt, Friedheim contrasts pacted transition in Poland and Hungary (as well as Spain), with regime collapse in East Germany, Czechoslovakia (and Portugal). Whereas Batt's piece is discursive, with extensive discussion of background conditions, Friedheim proceeds by isolating two variables: regime divisions and the organization of political society. In line with a growing body of literature that criticizes mainstream transitology for its overemphasis on the degree of control that outgoing rulers exert over the transition process, with popular organization left as a residual category, he includes the latter as a core variable, and concludes that the experience of the 1989 revolutions reveals a need to 'bring society back into democratic transition theory' (Friedheim 1993: 512).

Friedheim's hypothesis is that a transition is likely to be pacted 'when the authoritarian regime is split over initiating radical reform and an opposition has had time to organize itself' (Friedheim 1993: 489).<sup>3</sup> Otherwise, where the old regime remains unified and political organizations in civil society exhibit little autonomy, transition will likely 'occur through regime collapse and the mass mobilization that then becomes possible' (Friedheim 1993: 489). Friedheim demonstrates that the higher the ranking on each variable (disunity of regime and organization of opposition), the greater is the chance of negotiated transition as against regime collapse. Thus, in the case of Spain, he highlights the regime divisions following Franco's death, and the existence of oppositional organizations in an illegal but tolerated grey zone, from which political parties could rapidly emerge, presenting premier Adolfo Suárez with well-organized negotiating partners. In Portugal, by contrast, opposition organizations before 1974 were stifled by legal restrictions and a formidable secret police; the regime, meanwhile, remained comparatively unified. The result was a 'collapsed transition', via a series of interim revolutionary governments.

If there exists one clear-cut example 'of how weak opposition and a unified, hardline regime can generate a transition through collapse', Friedheim suggests, it is East Germany in 1989 (Friedheim 1993: 511). Up until October of that year, opposition was weak, and Erich Honecker's Socialist Unity Party (SED) regime

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3 A pact is defined as a mutual understanding between regime and opposition élites about how to reach free elections, on the basis of mutual guarantees for the 'vital interests' of those entering into it. It may take the form of a round table, secret consultations, or both.

remained united. 'In this context, instead of negotiating a transition, the regime quickly collapsed, surrendering control of the streets, and even its Stasi archives, to peaceful demonstrators.' (Friedheim 1993: 511). In the process the regime did attempt to swerve onto a track of transition by extrication, by means of a pact prepared at round table talks, but this failed, largely due to the lack of organization of opposition forces (Friedheim 1993: 493-4). Being sponsored by a disintegrating regime, the East German round tables were not instances of genuine pact formation, for they merely coordinated the final details of regime implosion. Unable to locate credible negotiating partners, the GDR regime 'withered away', and surrendered power to the opposition. Rather than endeavouring 'to implement radical reform' or to 'defend itself by all available means', it simply collapsed (Friedheim 1993: 494).

The portrayal of the East Berlin regime as having 'quickly collapsed, surrendering control of the streets' (Friedheim 1993: 494), concords with that of many other political scientists, including Judy Batt, with her assessment that the 'ruling élite collapsed in the face of spontaneous mobilization', and her assigning of East Germany to the category 'regime collapse and velvet revolution'. It has also received support from historians, notably Mary Fulbrook. In her pioneering *Anatomy of a Dictatorship*, Fulbrook argues forcefully that the functionary class as a whole experienced a 'loss of the will to power' in the weeks that followed the storming of the Berlin Wall (Fulbrook 1995: 62). Up until that date (November 9), she contends, the SED was engaged in a 'desperate attempt to cling on to power', but thereafter, functionaries 'lost the will to rule' (Fulbrook 1995: 259). The picture she paints of the SED post-Wall fall is one of 'disarray ... Functionaries were resigning their positions, members leaving the party *en masse*, no decisions could be reached or carried out.' The end of SED domination, she concludes, 'was marked by the loss of its functionaries' will to rule' (Fulbrook 1995: 262-3).

In this survey, the main points of which are summarized in Table 11.1, a number of elements are uncontentious. Communism did collapse in East Germany, more rapidly than in Hungary or Poland, under greater immediate pressure from mass movements, and with a lesser role for the organized opposition. Some questions, however, deserve further scrutiny. To what extent was the SED a unified monolith before 10 November 1989? Did the regime spurn radical reform altogether? How adamant was its rejection of negotiation? In what sense did functionaries lose the will to rule? And in what ways was power 'surrendered to the streets'? In the following I present a brief history of the East German revolution, beginning with a brief discussion of Soviet economic decline before addressing the five issues on which the above questions turn: regime unity; the organization of political society; loss of the will to rule; initiation of radical reform; and the extent of negotiation. The article will find that (i) the appearance of regime unity masked major underlying divisions and declining morale; (ii) many old-regime functionaries were able to adapt to changing circumstances and to learn from experiences elsewhere in Eastern Europe; (iii) radical reform, and pact making, were taken further in East Germany than is generally acknowledged, and (iv) the loss of the 'will to power' was largely an illusion. These findings raise theoretical questions concerning democratization in Central and Eastern Europe that will be broached in the final sections.

**Table 12.1 Models of Transition**

	<i>Rupture / Collapse / 'Velvet Revolution'</i>	<i>Negotiated Transition</i>
Exemplified by	GDR, Czechoslovakia	Hungary, Poland
Reforms in 1980s	None	Failed
Regime unity (1989)	High	Low (or falling)
Political élite's commitment to Communism	Strong	Weak (or falling)
Opposition (late 1980s)	Repressed	Tolerated
Radical reform instigated by	Popular movements	Regime reformers
Transition speed	Rapid	Gradual
Functionaries' psychology during transition	Initially inflexible; then 'loss of will to rule'	Adapt and change
Political power	Surrendered to 'the streets' / opposition	Shared with opposition

### **Soviet Economic Decline: In the Shadow of the European Union**

The transformation of Eastern Europe in 1989 took citizens of the region and Western analysts alike by surprise. In the case of East Germany, no major public protests had occurred since 1953; the state seemed omnipotent. Yet something had changed. In the 1960s, SED leaders had exuded confidence. Walter Ulbricht even felt able to predict that the GDR would overtake its Western rivals 'on the economic front'. From the mid-1970s, however, signs of deteriorating confidence proliferated. Providing the backdrop to this sea change was Soviet-bloc economic decline.

The causes of the long-term decay in Soviet-bloc competitiveness are complex, but if one stands out it is that the internationalization of the world economy in the post-war period that put the region at a serious disadvantage. Its economies were relatively 'trade averse', with international trade mediated through export and import licenses and administered by cumbersome foreign trade organizations. Their limited position on world markets was expressed in non-convertible currencies, impeding multilateral trade. Trade aversion was exacerbated by the West, which treated the Soviet states as 'least favoured nations'. Comparative autarky constrained economic development, slowing technology transfer and emulation.

In this respect, West European economic integration posed an intriguing challenge to policymakers in Europe's other half. On one hand, its political motivation was avowedly anti-Soviet. Washington supported European integration as a means of buttressing post-war reconstruction, rehabilitating the FRG, and binding it and the rest of Western Europe economically into the American-dominated international monetary and trading sphere. It was a keystone in the formation of a common Western front

against the Soviet Bloc. On the other hand, West European integration provided a model of how international cooperation can boost economic growth and forge regional political cohesion. Soviet-bloc policymakers were alive to this aspect, and took steps to follow suit.

Founded in 1949 as an echo of the European Recovery Programme, the Council for Mutual Economic Assistance (Comecon) lay dormant for its first decade, during which time post-war reconstruction in the Soviet realm proceeded along autarkic lines. But in the late 1950s it was awakened by Khrushchev, apparently motivated by a concern to counter centrifugal tendencies within Eastern Europe as well as to stimulate economic efficiency. Integration, it was argued, would enable greater specialization in research and production, facilitating large-scale series production that would enhance competitiveness. Khrushchev's plans were welcomed by his counterparts in Eastern Europe, notably in East Germany. From the early 1960s, repeated attempts were made to foster 'socialist internationalization', with Comecon acting as a framework for the coordination of research and division of labour amongst participating states.

Significant movement towards integration was charted in this period. Two Comecon banks were established, in 1963 and 1970, to handle settlements in transferable roubles and to provide loans for intra-Comecon projects. Dozens of joint ventures between Comecon firms were established. A 'Soviet-world car,' the Lada, was manufactured, with components produced throughout the area. Perhaps the most notable achievement was the 'unified system of electronic computing', that strove to deepen cooperation in the field of data processing. Beginning in the late 1960s, over 20,000 scientists and engineers and around 300,000 employees in some seventy firms across seven countries were involved. Nothing equal to this happened elsewhere in the world until five or ten years later; Olaf Klenke (2001: 72) flags it as the 'world's first multinational electronics project'.

Comecon integration, however, was from its inception beset by strife. Despite some progress in the 1960s, most plans thereafter scarcely got off the drawing board. The standard explanation for the lack of success centres on the fact that, because enterprises were bound so tightly into state planning apparatuses, cooperation was invariably beset by national egotism. Even the development of a division of labour, as Marie Lavigne points out (1991: 95), could be seen as a threat to 'economic' as well as 'national' security: it 'is a risky undertaking as it may lead countries to forsake vital elements of their industrial base, leaving these to partners who may then not be able to meet their obligations.' While similar egotisms afflict international cooperation in Western Europe too, in the EU far more power is devolved either to the firm or upwards to the supranational level, both of which are at one remove from the nation state.

Conflict between Comecon members over the distribution of costs and benefits was endemic. In joint projects the tendency was for each side to attempt to impose the major risks upon the partner, and for each to seek to maximize inward technology transfer and minimize the reverse flow. East Germany, for instance, tended to find itself delivering high tech goods to the USSR but was largely excluded from forms of cooperation in which technology transfer flowed the other way. For their part, GDR policymakers behaved in similar fashion. They resisted, to give one example,

plans for the importation of computer chips from Czechoslovakia. Although the ostensible reason was Czechoslovakia's technological backwardness, one suspects that an additional motive was the Germans' jealous (or 'entrepreneurial') attempt to build and maintain a monopoly position within Comecon.

For many analysts, a good example being Harriet Friedmann (1998: 216), Comecon integration should therefore be conceived as having 'foundered upon the contradictory requirements of bloc unity and national autarky.' For Friedmann, Comecon integration and national autarky represented two competing growth strategies. The former succumbed to 'national opposition' – notably that of Romania in the early 1960s – 'which found its material basis in the [ ... ] Stalinist program of industry and autarky.' Although this explanation is not without substance, it fails to capture certain nuances. The claim that Romania's opposition to integration was driven by a 'pull to autarky' does not reveal the full story. This was the accusation levelled against it by officials of the four states that were most committed to integration: Poland, Hungary, Czechoslovakia and East Germany. Yet, in reality, Romania was steering *away* from autarky in the 1960s and 1970s at least as fast as were the other four economies. The critical difference was that its tendency, to a substantially greater extent than theirs, was towards closer trade relations with the West. From being one of the most Comecon-oriented economies in the early 1950s, Romania rapidly became the pioneer of integration with the world market. In 1972 it joined the IMF, and by 1980 its trade with other Comecon countries was, proportionally, considerably lower than that of any other member state.

Romania's behaviour was later to be replicated by its allies, all of which began to prioritize dealings with the 'non-socialist abroad' over those with Comecon partners. Increasingly the aim was to gain advantageous positions within Comecon's geo-economic enclave in order to boost exports to the world market. Soviet-bloc firms sought to import as much as possible from within the area, and maximize exports to 'hard' markets. Trade links and other ties to Western economies tended to encourage the flouting of Comecon agreements and amplified intra-Comecon rivalries. The basis for Comecon integration was steadily undermined as competition for Western markets, loans, and investment infiltrated the supposedly cooperative relations between Soviet-type economies. Each jostled for position over trade and good relations with the 'non-socialist abroad,' as manifested for example in the bilateral trade deals struck between the European Community and Hungary, Poland and the USSR.

At bottom, the contradiction that most hindered Comecon integration was not that between autarky and integration, but between integration with the East and with the world market. Romania was not simply driven by a 'pull to autarky'; if anything its behaviour gave a foretaste of the 'pull to the West' that was later to dominate Soviet economies' external relations. Underlying its reluctance to join hands with its allies was an additional factor: relative backwardness. Comecon integration, Romanian officials argued, was championed by its industrialized members for their own purposes. They had everything to gain by obstructing the development of high-tech industries in the more backward countries and encouraging them instead to specialize in supplying them with raw materials and intermediate goods. East Berlin's championing of internationalization in fact expressed 'national egotism.'

For, thanks to its 'advanced technological capacity within the eastern bloc,' as Raymond Stokes has put it (2000: 134), 'the country stood to gain from agreements to specialize, since it was likely to benefit from export of high-value-added machinery and equipment to its socialist neighbors.' Given the stark economic divisions and political power differentials within the Comecon region, a relatively equitable integration of Comecon along the lines experienced in Western Europe was never a realistic proposition.

### **Intra-élite Tensions**

As national autarky and the Soviet-bloc cohesion began to give way to an orientation to external markets, ideas of a socialist market economy and political pluralism gained ground throughout the region. Unlike Hungary, East Germany did not experience open intra-élite divisions. But it did experience the same underlying problems. For the economy of the GDR, as for Hungary and Poland, the 1980s was a lost decade, marked by decreasing competitiveness and an unsustainable debt burden. In East Berlin, as in Warsaw and Budapest, élites were torn between commitments to existing structures of accumulation, ideologies, and international alliances, and an imperative to economic restructuring and revitalized engagement with Western businesses and states. Increasingly, competition with the West was augmented by cooperation. Autarky was abandoned. Détente, and expanding trade relations, encouraged a proliferation of collaborative ventures and associated political negotiations that helped to modify perceptions of the West.

Over the course of the 1980s, acute tensions developed over international economic policy. Some sections of the élite banked on furthering détente and cooperation with Western firms and states. This strategy, they were well aware, was potentially dangerous. In the archives of the old regime one finds repeated warnings that that Bonn's support for economic cooperation 'is a plank in the FRG's strategy of achieving reunification'. Such fears, however, were taken much more seriously by the opposed group, for whom the emphasis was 'communist internationalism', understood as reaffirming East Germany's orientation to Comecon and the Warsaw Pact. They too perceived the need to pursue economic integration, but held that this should occur above all within Comecon.

In the late 1980s these divisions were exacerbated by renewed economic difficulties that demanded urgent action. With East Germany's balance of trade declining precipitously, new policies were sought. Some functionaries advocated expediting direct cooperation with Western businesses. Without support from West Germany, the head of economic planning Gerhard Schürer warned, the GDR would 'be unable to find anyone else to take twenty billion dollars of debts off our hands' (Schürer 1992: 142). Others were aghast at the dependency upon Bonn to which this path would lead: it would turn the GDR into an 'object of exploitation' for West German business.

A second economic policy debate turned on reductions in state expenditure. With powerful claims – from workers, enterprise managers, and from international banks for debt servicing – for diminishing revenues, SED leaders looked to slash spending.

In 1988, Schürer proposed that consumer goods subsidies, the microelectronics industry and the security forces were suitable candidates for cuts. However, powerful constituencies backed the status quo in each of these areas, and Schürer's suggestions were for the most part rejected (Roesler 1993: 569). Later the same year the politburo did agree to reduce the budget for consumer subsidies and for the security services. Although a relatively moderate measure it nonetheless led, for the first time in the Honecker era, to open resistance from government ministers, seven of whom refused to accept the decision (Hertle 1996: 72).

Tensions over economic policy were overlaid by the challenge posed by 'new thinking' in the USSR. Moscow's reforms undermined the confidence of official East Germany. For many, Gorbachev came to symbolize an untrustworthy ally and a worrying decline in Soviet power, while for others he represented resolution and initiative, qualities that the domestic leadership blatantly lacked. Throughout the apparatuses of power there was considerable sympathy for glasnost and perestroika. Interviews with SED functionaries and Stasi officers reveal that criticisms of the leadership were widely held, if rarely articulated.<sup>4</sup>

Neither the defenders of orthodoxy nor the reformers possessed clear ideas as to how to extricate the country from economic decline. From the mid-1980s, politburo member Siegfried Lorenz recalls (Schütt 1992: 148–154), 'there was no doubt that fundamental changes and reforms were necessary in the GDR. There was much discussion about this ... . And yet at the end of the day we just kept our mouths shut. Ultimately, we had no plausible and comprehensive alternative.' This was no cohesive, ideologically-fired élite. On the contrary, policymakers were losing faith. By the late 1980s a survey of security élites revealed that only about half found Marxist-Leninist ideology credible (Thompson 2004: 76). Behind the façade of unity, profound policy disagreements existed, divisions that were to manifest themselves in 1989.

### **'The Edifice of Rule Starts to Crumble'**

The series of sensational reforms in Hungary and Poland in early 1989 were described by an incensed Erich Honecker as 'the visibly accelerating erosion of socialist power, achievements, and values' (Hertle 1996: 92). The SED leadership behaved as if stunned. Outwardly, East Berlin maintained a stiff silence, punctuated by declamations of the unity of the socialist bloc. Those in charge held faster to the certainties that had underpinned their survival thus far. The crisis intensified in the summer, with the westward emigration of East German citizens. Hemmed in by Soviet ambivalence, Hungarian 'treachery', and by the GDR's reliance upon international banks and upon Bonn, the SED leadership was ill equipped to respond. Diplomatic representations to Budapest were fruitless, revealing the East Berlin regime's impotence to the populace and the world.

As morale declined amongst the SED's supporters, citizens began to organize. In the first months of 1989 a rash of small protests attested to rising confidence of the

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4 Interviews with Michael Brie, Helmut Meier, Rolf Richter, Berlin, 1994.

'grassroots' opposition groups. By late August at least 17 initiatives existed which aspired to establish an independent oppositional presence. Of these, New Forum made the greatest impact. Within fourteen days of its formation some five thousand had signed its list of supporters.

The uprising itself began in Leipzig, when street demonstrations of would-be emigrants were joined by 'here-stayers' calling for reform. The regime was determined to crush the movement but buckled. A number of factors explain its failure, including the number and determination of demonstrators and Moscow's refusal to commit troops, but also divisions within the SED leadership and the willingness of senior police officers and middle-level officials to negotiate with protestors. The continued growth of demonstrations revealed the exhaustion of a strategy based upon police methods and weakened its authors, notably Honecker himself. With Gorbachev's tacit approval, members of the Central Committee and Politburo plotted his removal, which they secured in mid October.

The new SED leader, Egon Krenz was a cautious and conservative figure, and his administration could hardly be described as reformist. However, in his inaugural speech he did promise that the regime 'will introduce a *Wende* [turnaround], with immediate effect'. The *Wende* involved the renunciation of armed force in favour of conspiratorial techniques of counter-subversion, coupled with some immediate concessions and promises of significant reform. These measures, it was hoped, would boost the new government's credibility, and enable the demonstration movement to be contained. Whereas repression had provoked protest, SED leaders believed, concessions would appease it. They assumed that several months breathing space would be gained in which to retrench and restructure. The *Wende* was designed as a holding operation, providing a framework within which the *nomenklatura* could begin to restructure itself in an orderly fashion. But these hopes were to prove illusory. The *Wende* reforms failed to dampen the popular movement. To the contrary, the numbers filling the streets and squares climbed exponentially.

In this potted summary of the early stages of the revolution, some divergence from the assessments outlined in the first section of this article may be seen. The GDR was not as autarkic as Batt maintains. Regime unity was more fragile, and the opposition more organized, than Friedheim suggests. But these differences are of emphasis only. They modify rather than challenge the image of a unified, intransigent ruling élite, poorly equipped to adapt to changing circumstances, unprepared for negotiation, and facing an unfolding crisis in which the drive for change came from below.

As regards subsequent events, however, my interpretation deviates substantially from those of Batt, Friedheim and Fulbrook too. In the following, it will be argued that East Germany in 1989 does not readily fit into the 'rupture / collapse' model of transition. The opposition movement of the late 1980's in East Germany was somewhat stronger, and the SED more divided, than commonly supposed. SED leaders proved capable of learning, and they did instigate radical reforms. Reformist leaders such as Hans Modrow embraced parliamentary democracy under duress, but their revised attitudes to democracy and the market were not simply a product of adaptation to changing circumstances. The ground had been prepared in the 1980s, with the erosion of élite beliefs in 'Marxist-Leninism'. Although negotiation was not as central to the transition process as in Poland or Hungary, pact making involving

regime and opposition did occur, at the Round Table. In the same period (winter 1989-90), the established 'bloc' parties disengaged from the SED, helping to create a pluralist political landscape, before merging with their West German counterparts. Power was not surrendered to protestors on to the streets, but was passed to reformists, most of whom had occupied senior positions in the old regime. By and large, the East German élite did not lose the 'will to rule'. As elsewhere in Central and Eastern Europe, existing élites by and large adapted to new circumstances. Economic leaders (such as *Kombinat* General Directors) repositioned themselves, hoping to emerge from the transition as managers or even owners of private companies; police chiefs, army officers and state officials strove to remain at their posts; even SED functionaries hoped to remain influential players, in a competitive party field alongside their erstwhile allies of the 'bloc parties' and citizens' movement groups. Although German unification, and the determination of West Germany's rulers to impose its structures on the East, ensured that East Germany did not experience what Adam Michnik (in Nagle and Mahr 1999: 202-3) has called the 'velvet restoration' of old élites that was experienced elsewhere in Eastern Europe, in the first year following the uprising these hopes were realized to a significant degree. Not only was the Modrow administration committed to minimising élite replacement, so too was its CDU-led successor. It is therefore one-sided to describe the end of the SED regime under the rubric 'collapse'. Rather, it wound down its affairs and restructured – and it was assisted in this, albeit with reluctance, by the citizens' movement. As a transition to democracy, this was closer to the 'extrication' model than to that of 'collapse'.

### **Polish Lessons**

Faced by mounting popular pressure, most of the East German élite chose not to raise the white flag but to adapt to the changing circumstances. They showed an ability to learn, notably that certain strategies, notably Honecker's attempt to clamp down on dissent and the *Wende* project of appeasing protest with sops, were futile or counter-productive. They were also keen to learn from the experiences of their counterparts elsewhere. After Honecker's downfall, Poland entered the frame as a 'reference state' – defined by Nancy Bermeo (1992: 283) as a polity that, by virtue of 'geographic proximity, cultural similarity, shared history, or some combination of the three', serves as a point of comparison for policymakers elsewhere. From the vantage point of the Polish Communist party (PZPR), it was engaged not in a project of maintaining existing institutions but of restructuring such that core goals could be advanced and élite replacement minimized. In general terms, the aim was to restructure élite organization from a centralized *nomenklatura* model to a Western-style formation. The dismantling of the *nomenklatura* system had begun with a Round Table agreement that had originally been envisaged 'as initiating a four-year transition period towards full democracy, pluralism and marketization under conditions of general, if loose, Communist domination during which the PZPR would learn how to maintain its rule through competitive methods' (Sanford 1997: 178). The Communists' plans began to unravel when the PZPR was trounced

in national elections in June 1989. However, while the new government was headed by a Solidarność advisor, Tadeusz Mazowiecki, Communists retained control of the Interior and Defence ministries and the government operated through existing Communist institutions, as modified by the Round Table.

It was at this juncture that Egon Krenz journeyed to Warsaw to seek advice from his Polish comrades. One of these, General Jaruzelski, reassured his guest that he didn't find liberal democracy to be the evil that they had once assumed, and that democratic reform did not threaten the *nomenklatura's* core commitments to capital accumulation, social control and political stability. Just as, in the USSR, glasnost was vital to winning allies to the cause of perestroika, so, in Poland, democracy could prove an indispensable means of selling austerity to a sceptical public. Nor did democratization equate to capitulation. 'We have, of course, transferred the enterprise', the General continued, drawing a telling analogy between the Communist élite and company directors, 'but have secured for ourselves a controlling stake, in the shape of participation in the government, security forces and army, and the office of president.' Of greater significance than these tools of control, however, was the degree to which old regime and opposition élites could find common ground. 'In respect of cooperation within the coalition, it is the shared position with regard to the interests of state that is central. Here, I find myself on the same terrain as Prime Minister Masowiecki' (Krenz 1999: 207). In Poland at the time, *nomenklatura* privatization was already well under way, and although Jaruzelski did not yet know it, was destined to be successful for much of the old élite. Entrenched antagonism between Communist Party and opposition began to give way to a fragmented system, in which Solidarność factions in the *Sejm* were later to make common cause with the Communist successor party (Social Democracy of the Republic of Poland) on a variety of issues, including electoral law.

Krenz did not return from Poland fully convinced of the need to follow Jaruzelski's advice. Yet he could not ignore the parallels. Like Poland in the 1980s, his country was in the throes of economic crisis, a major reform initiative (the *Wende*) had failed to restore regime legitimacy, and the prime obstacle to future, SED-led, reform was dwindling public trust. If Krenz's ostensibly reformist administration was to retain any credibility, major concessions would be inescapable. As in Poland, the only viable course seemed to be democratization, and *nomenklatura* privatization.

By early November, the more far-sighted SED leaders were becoming convinced that, whatever the end goal, the impending transition could not but involve a conciliatory approach to the citizens' movement organizations. The Central Committee was advised by Lorenz that, 'a situation has arisen whereby we must approach certain representatives of 'New Forum' in a constructive way, particularly those who seek to prevent chaos – those who show clearly, and in public, a willingness to exert a calming influence' (Hertle 1997: 199). At the same gathering, another Party notable also declared that negotiations with the citizens' movement would be necessary, and sweetened the pill for sceptical sections of the audience with the counter-intuitive argument that this would in fact provide the best means of 'demonstrating, in practice, our power and our leading position' (Hertle 1997: 336).

In the same period, major reforms were announced, measures that would inexorably undermine the SED's power monopoly, including greater independence

for the ‘bloc parties’, the media, and parliament, the dissociation of Party and State, and permission for citizens to travel freely to the ‘non-socialist abroad’. In brief, the fall of the Wall was not quite such a sharp watershed as some historians have suggested, for far-reaching reforms had been initiated already in preceding weeks; indeed, such reforms – of travel rights – precipitated that event.

### **‘We Are Not Deserters!’**

The breaching of the Wall was unquestionably a demoralising experience for its guardians. In the aftermath, the regime was subjected to a lengthy period of intense and unremitting pressure from the street movement, and from its own base, and began to disintegrate. ‘Pressure is bearing upon us from all sides’, Egon Krenz confided to his diary, ‘Pressure from “below” and pressure from “without”’: The street demonstrations, the demoralization of the Party, the break-up of the socialist fraternity, the rise of anti-socialist forces, the anti-GDR policies of Bonn, all this influences the situation’ (Krenz 1999: 305). The exigency of stemming legitimacy decline led to an accelerated turnover of personnel in the apparatuses of power. The collective resignations of Politburo and government, already on November 7, were followed by that of the Stasi leadership. The SED continued to haemorrhage, losing hundreds of thousands of members in a matter of weeks. In the security forces the picture was likewise one of disintegration. Police officers joined street demonstrations. In the army, officers were presented by soldiers with the alternative of acceding to demands for reform or facing mass desertions. Even the Stasi was not immune to tendencies of decay.

These manifestations of disintegration eroded the effectiveness of the apparatuses of power and generated an atmosphere of impending collapse – one which thickened when old-regime institutions accelerated the destruction of files. But these institutions did not in fact ‘dissolve’, and neither did the ‘will to rule’. The breaching of the Wall demoralized the élite, yet its commitment to retaining control of the transition process remained intact. Initially, it was hoped that new travel freedoms and personnel turnover would deflate the protest movement, rewarding the regime with a breathing space in which to broaden its power base and restructure. Although less taut and increasingly frayed, the reins of power remained in the hands of the SED leadership, passing via Krenz to Hans Modrow. It was widely believed in SED circles that, if further reforms were made and the citizens’ movement courted, the march route could be pulled back onto the tracks of ‘passive revolution’ (or ‘transition through extrication’), characterized by limited popular involvement and gradual institutional and personnel change.

In this, SED leaders were encouraged by auspicious signals from Moscow. In November, Foreign Minister Edward Sheverdnadse indicated that the USSR would continue to guarantee East Germany’s sovereignty. Gorbachev, when addressing East European leaders at the Kremlin in early December, conceded that their task was a difficult one but enjoined them to retain command: ‘We’re no longer in a situation of finding solutions; rather, the task is simply to control the wagon and keep a grip of the reins’ (Krenz 1999: 348). For the most part, East German functionaries

identified with this spirit; they came to redefine their role, in the words of one SED leader, as guardians of 'an orderly transition to a new society' (Zimmermann and Schütt 1992: 229).

The reforms implemented by Hans Modrow's new government in the month that followed the Wall's fall transformed the polity, and to the extent that they were entered upon hastily, as a last-ditch response to the ongoing exodus and protests, metaphors of discontinuity (such as 'collapse') are warranted. Yet elements of continuity were present in equal measure. The regime resembled a vessel which, although badly holed and possibly sinking, remained afloat and largely responsive to the actions of the crew, most of whom remained at their stations. One should resist the temptation of allowing the noisy splashes of change, as captain and first mate were thrown overboard, to drown out the underlying hum of continuity. Modrow himself was undoubtedly committed to reform but his face was hardly new. His government was dominated by the SED, and although only a third of its ministers had served in the previous administration the remainder were promoted from within the middle and upper ranks of old-regime institutions.

The new government instigated a radical reform course. The apex of power shifted from SED General Secretary to Prime Minister, and the Council of Ministers was freed from its subordination to the Politburo. Significant steps were taken towards more transparent and democratic governance. The political process was democratized, as symbolized by the appointment of a commission to investigate functionaries' privileges and corruption, and by the Attorney General's initiation of proceedings against members of the security forces accused of abuses against demonstrators. The SED retreated from its role as ligature of the arteries of power and adopted instead the structure of a western-style political party. On December 1 its 'lead role' was struck from the constitution and the National Front was dismantled, formalising the independent status of the formerly SED-loyal 'bloc parties' - Christian Democrat Union (CDU), National Democratic Party (NDPD), and LDPD. In the economic sphere, too, far-reaching change was in the air. Already before the fall of the Wall SED leaders had propounded radical economic reform, and thereafter the only serious debates (if the question of German unification is set aside) concerned the tempo of change and whether some loosely defined Third Way of 'market socialism', as propounded by the SED, or privatized market capitalism, should be the goal. Private property rights were expanded. Prices were oriented to world market levels, and cooperation between *Kombinate* and western firms was expedited.

Seeing that the wind was turning, thousands of loyal supporters of the old regime began to abandon Communism, command economy, Moscow and all, to become more or less devout supporters of market capitalism. The embrace of economic and political liberalization affected all sectors of the élite but was most pronounced amongst senior members of the bloc parties, individuals who had been faithful servants of the old order and had benefited from the sinecures that such positions brought but who could more readily divest themselves from associations with Communism. A representative example was CDU leader Lothar de Maizière who, in November, was able to describe socialism as 'one of humanity's most beautiful visions' yet, only months later, presided over his party's election campaign that treated the socialist values of rival parties, including the SPD, with vitriol (Teltschik

1991: 38). The ease with which so many functionaries appeared to discover that socialism had been flawed all along and that market capitalism and parliamentary democracy represented a desirable alternative was striking, and a popular epithet was coined to describe the spectacle. ‘Wrynecks’ they were called, after the bird that can effortlessly swivel its head 180 degrees.’<sup>5</sup>

### **General Strike or Round Table**

Simultaneously with the restructuring of institutions and economy, the new administration under Modrow also stepped up its engagement with the citizens’ movement. Against a background of radicalizing protests, enlisting the aid of moderates seemed the only way of restoring stability and helping the regime to regain a modicum of credibility.

It is commonly supposed that, as bargaining power shifted from the SED to opposition forces, political initiative and actual power automatically followed (see for example Welsh 1994: 394-7). However, it would be more accurate to say that, as their bargaining power lessened, the old regime parties managed, with more than a little success, to maintain the initiative, and political power. Consider, by way of introduction to this argument, a strategy discussion involving Modrow and Wolfgang Schwanzitz, at a meeting held at the latter’s inauguration as chief of the secret police.<sup>6</sup> ‘The GDR’s situation is considerably more serious and much more difficult and complicated than it appears from outside,’ Modrow lamented, referring to the economic crisis and the unceasing exodus. As to the protest movement, no amount of concessions seemed able to placate it. Schwanzitz also warned of the danger of instability. ‘Time is pressing, like a hand on our throats’ he said, ‘we must get this pressure off us. ... our power is at stake, we should have no illusions about that.’ The two agreed that the top priority was to win back public trust. ‘The game that we should play’ with the ‘friendlier’ sections of the movement (the citizens’ movement organizations), Modrow proposed, is to draw them into cooperation with established institutions; Offer them a morsel of power, above all, at local-level ‘round tables’. Then, when their representatives are shouldering a portion of responsibility and carrying the can for unpopular decisions, their allegiance to the state will be cemented even while the key centres of authority remain untouched.

Modrow and Schwanzitz’s intentions were clear, but their realization depended upon an unknown factor: the reaction of the citizens’ movement. On the very day of Schwanzitz’s inauguration, the outlines of its response began to take shape, in the form of an appeal by Democracy Now for ‘democratic parties’ to begin negotiations at a national ‘Round Table’. Hardly had the appeal been announced than it was taken up positively by parties of the old regime. For them, Dieter Rucht has written, ‘the Table was an unwillingly accepted but necessary means to retain power by a strategy of co-optation’ (Rucht 1996: 41). It helped them to regain the initiative at a time when the citizens’ movement was still finding its bearings following the fall of the Wall.

5 The German word, *Wendehals*, puns on ‘Wende’.

6 The full document is archived in BStU, ZA (ZAIG 4886).

The emerging rapprochement between regime and citizens' movement was put to the test in early December, a turbulent period marked by protest radicalization. Prisons erupted in revolt, with inmates demanding an amnesty, reform of the criminal code, improved conditions, and participation in prison decision-making. The movement began to enter the workplaces too. In the South, a wave of industrial action occurred, affecting a hundred workplaces and tens of thousands of workers. It crested on December 6, with a general strike call from Karl-Marx-Stadt New Forum, and strikes in several towns, including a general strike in Plauen.

For New Forum, this was the first of two defining moments. Its leadership was aware that the opportunity existed for the SED regime to be swept from office. 'Power to New Forum!' was a popular slogan on demonstrations. Delegations from several major factories approached New Forum bearing the message 'We're prepared to strike; just give us the signal.'<sup>7</sup> On the other hand, New Forum had already committed itself to inter-élite negotiation at the Round Table, and this depended upon a spirit of compromise with the regime that would be negated by support for mass action. Its leaders had to decide which way to jump: Round Table or general strike, negotiation or 'ruptura'. After a somewhat confused debate they opted for the former, and took their seats at the Table, the declared aim of which was to seek ways 'to overcome the crisis' (Lohmar 1995: 66).

The second defining moment occurred a month later. In the intervening period the regime had retrenched. In late December the promised disbanding of the secret police had been postponed until the following summer. At the Round Table, government representatives prevaricated, particularly with regard to dissolving the Stasi. In this context, and against a backdrop of economic breakdown and mass emigration, opposition leaders demanded that the government resume progress on Stasi reform. If not, they warned, up to a million workers in the South were prepared to take political strike action. Indeed, a strike wave was already underway, across the country, with a variety of economic and political aims, including expedited democratization and Stasi dissolution.

Yet again, citizens' movement leaders faced a dilemma. The opportunity to push for rapid democratization was apparent. Yet, as in December, the fear that continued popular action would lead to chaos weighed heavy. Regime spokespeople such as SED-PDS leader Gregor Gysi appealed to these fears, urging movement leaders to 'join with the SED-PDS in appealing for calm' (*Neues Deutschland*, 18 January 1990). As in early December, the movement was at a crossroads. 'Had the civic movement been prepared to more fully exploit the situation', Steven Pfaff (1999: 425) observes, 'it is likely that the Modrow government could have been compelled to take much more radical steps or have collapsed completely. Of course, this is precisely what the civic movements feared – a popular upsurge they could not fully control.'

What did result from this, the popular movement's final upsurge, was a strategic shift on the part of government. From mid-January onwards it became markedly more cooperative towards the opposition. At the Round Table, the SED collaborated with the new forces on drafting a constitution for a democratic GDR and, in February,

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7 New Forum spokesperson Klaus Wolfram, interviewed in Berlin, January 1995.

opposition members were invited into a Government of National Responsibility. However, the more significant phenomenon of the time was not the co-optation of new forces but cooperation between the established parties of Germanies East and West. In February, the West German CDU formed an alliance with its namesake in the East – alongside a small citizens' movement group, Democratic Awakening and, later on, another bloc party, the German Farmers Party (DBD) – while the western Free Democrats (FDP) hitched up with the two remaining bloc parties, the LDPD and the National Democratic Party (NDPD). Following elections in March, these parties, alongside the SPD, formed the GDR's final government, a caretaker administration that ruled until October when the GDR ceased to exist. Although some ministries were occupied by former oppositionists, this was no government of 'new forces'. Rather, it was dominated by former functionaries from the middle and upper layers of the bloc parties, typified by the new premier, Lothar de Maizière, who had been a senior figure in the (eastern) CDU since 1987. 'All the three major players with whom Kohl formed the Alliance for Germany,' Dirk Philipsen has pointed out, 'namely the General Secretary of the CDU, Martin Kirchner, the chairman of the CDU and later Prime Minister, Lothar de Maizière, and the chairman of Democratic Awakening, Wolfgang Schnur, had for many years served as Stasi informants' (Philipsen 1993: 337). Both Kohl himself and his government, Philipsen adds, 'possessed conclusive evidence of this fact at the time.'

### ***Nomenklatura Privatization***

The story of Eastern Europe's transition is one of a learning process, in which functionaries came to see that although democratization would spell the collapse of the *nomenklatura* system, it need not spell the demise of their class's power. Communism itself was dispensable; and functionaries generally paid obeisance to Marxism not as a guide to, but as sanctification of, their Party's practice. For company managers, state officials and a range of other élite groups, their allegiance to the Party was a particular form of organising their loyalty to, and identification with, the national ruling class. Industrialists, Chris Harman points out (1990), did not care too much about ideology, providing they could run their enterprises successfully, accumulating capital to protect their very substantial privileges. They would hold party cards because party membership helped them to succeed – and because the party helped stamp out dissent among the workforce. But they did not take the party's avowed beliefs seriously.

This style of 'pragmatic' Communism was also pervasive in the state apparatuses, and even amongst Party cadre. Soviet-type institutions were given support in so far as they provided a viable framework for the achievement of economic growth and social control, but could be discarded without undue fuss when these conditions no longer obtained. This accounts for the 'Wryneck' phenomenon – the easy abandonment by Eastern European élites of what had appeared to be deeply held beliefs.

As Harman has argued (1990: 66), in a comparison between the transitions in Eastern Europe and regime changes of earlier times, a ruling party and a ruling class are never quite the same thing. The former *represents* the latter, binding its

members together in a common discipline which helps them achieve their common goals against the rest of society. But the class can preserve the real source of its power and privileges, its control over the means of production, even when the party falls apart. This was shown in Germany, Italy, Portugal and Spain after the fall of their fascisms.

In the post-fascist cases, the unitary party that bound industrialists, landowners, police chiefs, army officers and government ministers into a tight network disintegrated, but, a measure of élite replacement and reforms to corporate ownership notwithstanding, was replaced in each instance by a pluralist political system that preserved the class divisions upon which capitalist order rests. In Eastern Europe, changes to ownership structures were greater, but here too, 'the enterprise heads, the ministry officials, the generals, even most of the police chiefs, remain[ed] in place'. They did not abdicate but sought positions in new or reformed institutions, establishing new political parties and creating new structures of accumulation.

Harman's study, published in 1990, was prescient. As the years have passed, evidence has accumulated that shows high rates of élite continuity in Eastern Europe. In 1996, a concise summary was published by John Higley, Judith Kullberg and Jan Pakulski. During and after the transitions of 1989-91, they conclude (1996: 137), communist leaders scrambled to protect their power bases or to create new ones. Their maneuvers were varied. Some negotiated places for themselves in postcommunist regimes through the famous "roundtable talks." Many cashed in the credits they had accumulated through patron-client networks and appropriated large parts of state-industrial enterprises ("*nomenklatura* privatization"); still others colluded in "mafia" activities to profit from weakened state oversight and regulation.

Democracy, they added, did not constitute a major threat to established élites in the region: Instead of having to fight tooth and nail to defend their power and status, most élites associated with the old order have adapted to democratization without major loss. ... nothing approaching a "revolutionary" circulation of élites occurred; in this key respect there were no Central and East European revolutions in 1989-91.

In a monograph published the same year, Klaus von Beyme made the case that in contrast to democratic transitions from right-wing authoritarian dictatorships, '[t]here was no fundamental turnover of élites' in Eastern Europe' (von Beyme 1996: 67-8). In no former wave of democratization, he continues, 'were the reformed forces of the old regime able to make a come-back so quickly as in Eastern Europe'. Perhaps the most notorious case is Russia, where the private sector is dominated by former Soviet monopolies seized by ex-Communist officials who have become the core of a semi-criminalized business class. This 'new' capitalist class is so extraordinarily intertwined with the state that Russia's post-transition economic system is described by the Financial Times as 'a corporate state, ... a new form of state capitalism' and by one prominent liberal politician, Grigory Yavlinsky, as 'a 100 per cent merger between business and the authorities' (Cohen 2000: 142).

In East Germany, the alchemy that saw a portion of the 'old' bureaucratic power transmuted into investments in the embryonic new Germany was an important aspect of the transition period. The process began towards the end of 1989 and continued apace in 1990 under the coalition government of Lothar de Maizière. Under Modrow,

the liberalization of land and property markets enabled thousands of functionaries to exploit the resultant opportunities, buying up land and scooping luxury properties at bargain basement prices. Those in positions of economic authority, and with appropriate connections and knowledge, were able to siphon 'people's own' funds into their newly-established firms or bank accounts, transferring large sums with a few strokes of the pen. Loopholes in the State Treaty (which unified the currencies of the two Germanies) enabled functionaries to convert colossal sums of GDR Marks and 'transfer roubles' into Deutschmarks at parity, by illicit methods. In such ways, Martin Flug has described (1992: 26), thousands of members of the old regime, including the 'dissolved' Stasi, became German unification's victors, through the back door.'

As the 'communist' élites filed across their hastily constructed bridge to capitalist democracy, two striking phenomenas could be observed. One was the readiness with which most of them shed the ideological commitments and trappings of their previous calling. Senior army officers, to give an example that stands for many, happily exchanged the title 'Genosse' [comrade] for 'Herr.' Managers resigned their SED membership in droves, and actively sought partnership with the western 'enemy'. The second phenomenon of note was that although, unlike elsewhere in Eastern Europe, the transition necessitated the sacrifice of many of those most implicated with the old regime, this process took place much more gradually than is usually thought. In mid-1991, élite replacement had been minimal. In the economy, 70–80 per cent of directors and managers of the *Kombinate* had been managers before 1989. In politics, it was largely middle and lower officials who were able to remain active; hundreds of the bloc parties' elected representatives in the new Germany had been activists or functionaries in the old GDR. In the army, the vast majority of senior officers were retained, albeit at one rank beneath their existing station. As to the administrative élite, some took the opportunity of early retirement while others engineered their transfer to offices with greater prospects. In the legal élite, 78 of 1,300 judges were forced to resign by June 1990, but the remainder were allowed to 'cleanse' their files of incriminating documents pending re-election.

In the long run, of course, German unification led to far greater élite replacement in the former GDR than elsewhere in Eastern Europe. Indeed, for this very reason the threat of unification had haunted SED leaders throughout the transition period. For them, it sharply exacerbated the dilemmas of liberalization. When, for example, Krenz had listened to General Jaruzelski's cheerful descriptions of the 'shared position with regard to the interests of state' between Communist Party and Solidarność leaders, the East German leader had found little comfort. The question 'But what are the interests of state?' nagged at him. It highlighted the distinction between his precarious situation and the General's. 'However great the extent of reforms in Poland, the state remains Poland', he wrote in his diary (Krenz 1999: 207); 'But what if the SED loses? Without it the GDR would not exist. ... There would be no *raison d'être* for two capitalist German states. The GDR's existence as a German state depends upon its socialist nature.'

## Epilogue: German Unification and the European Union

Although the focus of this chapter has been upon domestic developments within the GDR, the end of the Cold War and German unification were to have far-reaching effects on the European Union. With the fall of the Berlin Wall and the withdrawal of Soviet troops from Eastern Europe, the threat that had helped to bring the EU's founder members together was, at a stroke, removed. This posed, more starkly than ever, the question of a common European security system. It raised the possibility of the eastwards expansion of the EU, and it altered the elaborate internal balance of relations between the EU's larger member states.

To begin with the last of these, the EU had originally developed around a strong and equal France–Germany partnership, with France exercising a political and military lead, and Germany economically dominant. Two other similar sized states, Britain, Italy, provided the other legs of the main table, so to speak. With German unification, one of those four ‘legs’ suddenly became far larger, by population, territory and, albeit to a lesser extent, GDP. Germany was now fully sovereign, and its geostrategic situation changed too: from its previous frontline position, it now came to occupy a pivotal position with European trading networks, and became the largest trading partner with all Central European states. This marked a major expansion of influence for the FRG, one that for long had perforce been advanced only subtly, through *Ostpolitik*. Moreover, whereas in the 1980's two of the three EU accession states had been culturally and geographically close to France, in the 1990s the enlargement zone was in more German-influenced regions.

In the early 1990s, Germany's stabilising role with the EU seemed to vanish, and in some respects it became a disruptive factor. Economically, Germany experienced a unification-induced boom which, due to the enormous transfer expenses involved, caused interest rates to soar. Due to the Deutschmark's centrality in the European Monetary System the rest of the European Union was forced to raise interest rates, even though economic conditions were unlike those obtaining in Germany. The upshot was a series of foreign exchange crises, culminating in the expulsion of Britain and Italy from the European Exchange-rate Mechanism. Ideologically, Germany experienced a period of heightened nationalism. Its foreign policy stance, in addition, grew more assertive, with minesweepers and troops despatched to the Persian Gulf, Iran, Cambodia, and Somalia, and the Luftwaffe to Serbia. United Germany was no longer so willing to defer to French political leadership; it now sought a political role commensurate with its economic strength.

Superficially, these developments seemed at the time to presage a new German arrogance, one that could spell long-term difficulties for the European Union. In fact, Bonn was careful to embed its new assertiveness within a renewed commitment to the EU. In the years in which unification was being implemented, a period of rising nationalism, fascist movements, and a widespread uncertainty as to Germany's new role and intentions, Chancellor Helmut Kohl was ever keen to insist that his goal of rapid unification would occur in tandem with a firmer embedding of Germany within the EU. France, and other member states, grasped the opportunity, and pressed for further political integration – notably by expediting a common security and foreign policy – and further economic integration, in the form of currency union.

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