

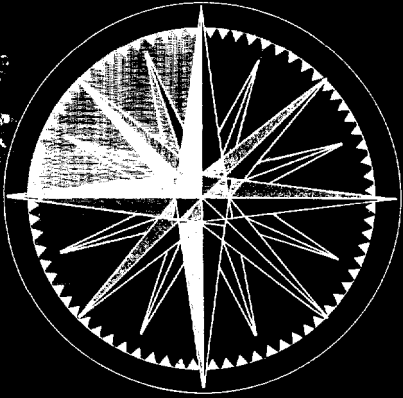
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SPECIAL REPORT

CHANGE IN EAST GERMANY

CENTRAL INTELLIGENCE AGENCY
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CHANGE IN EAST GERMANY

A kind of ersatz stability has been growing in the Soviet Zone, the so-called German Democratic Republic (GDR) during the last three years. Erection of the Berlin Wall in August 1961 was the turning point that forced the East German people to accommodate to Walter Ulbricht's regime. From this accommodation, the regime has gained enough security and self-confidence to enable it to satisfy pressures both from the outside and within for some relaxation of domestic policies and a general overhaul of the country's economy. With these developments a sense of national self-interest has begun to evolve. While the regime has as yet had no cause to regret these changes, it is still too early to be confident that it will not backtrack.

Popular Attitudes

The majority of East Germans remain anti-Communist but with decreasing emotionalism. The popular temper is no longer one of potential revolt. Many of the really dissatisfied East Germans fled through the open Berlin border before the wall closed it in mid-August 1961. Among those who remain, there is a general attitude of acquiescence encouraged by the presence of 20 Soviet divisions, by the efficiency of the security apparatus, and by a few key concessions granted in the last year or so.

This new attitude is reflected in the slow but steady rise in the levels of economic productivity, and in a general decrease in the incidence of barn burnings and industrial sabotage. It is also illustrated in the surprisingly small number of pension-age East Germans who have opted to remain in the West

since the regime began allowing them to visit relatives in West Berlin and West Germany last November.

With the relaxation of domestic tensions, East Germans have come to express their complaints openly. These center on the lack of personal freedoms--particularly the freedom to travel--a sense of being cut off from developments elsewhere in Europe, and the disparity between their standard of living and that of the West Germans. Even rank-and-file party members feel free to criticize and frequently deride official explanations of foreign and domestic political developments.

The regime's most significant shortcoming in the eyes of the people--a liability also recognized by the leadership--is its character as an unpopularly elected government running an artificially created portion of a Greater Germany. In a

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"poll" last December the central committee found that the people generally do not support or understand the party's ideological and political policies, particularly with regard to West Germany. To meet this problem, propaganda techniques were revamped.

Only the youngest generation, however, is likely to respond positively to the new approach. A poll conducted by the West Berlin Senat after the first Christmas Pass period reflected the first signs of a sense of national identity and consciousness among East German youth. To cultivate such sentiments the regime sponsored a nationwide youth convocation last May--the first of its kind in ten years.

Economic Reforms

Recent reforms in the economy grew out of the failure of earlier, quite unrealistic plans to "overtake and surpass" West Germany. Retrenchment brought obvious benefits in 1963-64, reducing the backlog of unfinished investment projects, ending foreign trade deficits, and greatly easing inflationary pressures in the consumer market.

At the same time, Ulbricht pushed the development of a new program to create popular confidence and to reassert a sense of purpose, the so-called "new economic system of planning and management." Ulbricht set out to win over the technical elite--engineers, economists, and executives--who previously had been ignored by his planners and alienated by his economic poli-

cies. He offered them increased responsibility and greater incentives and, with their support, proposed to test the idea that the productive techniques of Western management can be blended into a planned economy.

The introduction of the "new economic system" began with the reorganization of the industrial associations into super-enterprises somewhat resembling major subsidiaries of a large Western corporation. Reforms in prices, planning, and banking are being introduced in stages. The "new economic system" has brought administrative order into the East German economy and seems to be working fairly well. But without more basic reforms it is unlikely to lead to any significant increase in the presently disappointing rate of economic growth.

Economic retrenchment and reform, however, have given some relief and encouragement to the long-suffering population. The process of easing inflation was painful--wage cuts and price increases for consumer goods--but produced welcome results. Daily necessities now can be bought without queuing and are generally affordable. There is renewed hope of further improvement in living conditions.

The regime has promised to improve the quality and assortment of consumer goods and the availability of services, and the first results have begun to appear, although the consumer is still far from satisfied. Without promising, the regime has also encouraged the people

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to look forward to a five-day work week within the next few years. As a result, although East Germans have no prospect of "catching up with" West Germans, they are conscious of being better off than at any time since World War II.

Travel Reforms

The regime has also taken the first steps toward alleviating the people's sense of isolation. Since last November, pension-age East Germans (65 for men, 60 for women) have been permitted to visit relatives in West Berlin or West Germany for up to four weeks a year. Three million of East Germany's 17 million people are eligible for these visits, and 1.5 million are expected to take advantage of the opportunity. Under the Berlin pass agreement, arranged initially for Christmas 1963 and renewed in 1964, West Berliners may make four one-day visits to relatives in East Berlin each year.

While the East Germans welcomed these programs, they were critical over the requirement that Berlin pass visitors must exchange a minimum amount of currency at an artificially low rate, and that pensioners must not accept the West German Government's grant-in-aid of 50 deutsche-marks. These programs have increased popular pressures to further widen travel privileges.

Juridical Reforms

The regime also is trying to soften its reputation for hard-fisted justice by emphasizing

"corrective treatment," imposing generally milder sentences, and resorting in many instances to restrictive measures short of imprisonment.

Last October, Ulbricht announced the regime's first large-scale amnesty which freed some 10,000 political and common criminals over a two-month period.

Before the amnesty, between July and September 1964, West Germany had been allowed to ransom between 800 and 1,000 political prisoners for payments in goods and cash. Another release-for-ransom deal involving 1,000 prisoners is currently under way.

Policy Toward Intellectuals

The regime's cultural policies have been ambivalent. Some of Kafka's works, once all banned, now are being published, partially in response to pressures from other Eastern European countries. Writers denied publication only a year ago now appear occasionally in the regime-controlled press, receive official recognition for controversial works, and are permitted to lecture publicly--even traveling to West Berlin to do so.

On the other hand, the regime has been fighting a rear-guard action to prevent artists and intellectuals from challenging the basic tenets of Marxism-Leninism or its self-appointed role as cultural arbiter. Last April, Ulbricht convoked the Second Bitterfeld Conference for the purpose of urging a return to "socialist realism" under regime guidance. Addressing the

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party plenum last December, ideologist Kurt Hager sternly warned that the regime would not permit the watering down of its cultural policies at the behest of "revisionists" inside or outside the bloc, and that "bourgeois decadence and abstractionism" would not be tolerated.

The case of Robert Havemann, a professor at Humboldt University, illustrates the regime's ambivalent policy. A year ago he was ousted from the party and fired from the university for lecturing on the necessity of liberalizing Communism. In December, he was interviewed by a Western journalist, presumably with official knowledge. The interview, published in the West German weekly Der Spiegel under the title "Marxism Suffers From Sclerosis," urged fewer controls and claimed that the GDR had far to go in de-Stalinization. Nonetheless, he has not been imprisoned and is still allowed occasional contacts with foreigners.

Religious Policy

The regime has struck a bargain with the Evangelical Church, the major religious faith in East Germany. The basis of understanding is that organized religion will not be harassed if the clergy supports the regime's political goals.

After quiet and delicate negotiations last spring the regime released imprisoned clergymen. West Berlin Bishop Dibelius announced in October that, for the first time since 1933, no pastors were in prison anywhere

in Germany. Church officials also report a rise in the number of baptisms, confirmations, and marriages, and a concomitant decline in the number of people apostatizing and undergoing secular regime-sponsored confirmations. The regime also is permitting church-oriented convocations, and allowing clergymen to travel abroad to international meetings such as Vatican II and the recent Pacem in Terris conference in New York.

A significant concession to private conscience was the creation last fall of labor battalions--unique in Eastern Europe--in which conscientious objectors could fulfill their military service obligation. The number of conscientious objectors now reportedly exceeds the total in West Germany.

Of course, the situation is still not ideal from the church's point of view. The six theological faculties and three church training centers provide too few graduates--about 85 a year--to staff the country's 4,500 pastorates. In the Saxony church district, for example, only 1,000 of the 1,350 pastoral offices are filled. Bishop Dibelius has warned that it would be "pure nonsense" to assume that the regime had embarked on a liberalization process.

The Party

In the last 15 months, Ulbricht has further rehabilitated and in some cases readmitted to party membership many of his real or imagined opponents of the past. These include former

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politburo member Paul Merker, former justice minister Max Fechner, "revisionist" economists Fritz Behrens and Arne Benary, and ideologue Wolfgang Harich.

The East German people probably are not convinced by the regime's continually expressed intentions to liberalize domestic policies, even though there are signs that this time the leadership means it. Rather surprisingly, Ulbricht referred favorably on two occasions in the last six months to the controversial critique of Soviet-directed Communism by the late Italian Communist leader, Palmiro Togliatti. A dominant theme at the December plenum of the central committee and in the subsequent lower level party elections was that officials must be more sympathetic and responsive to popular opinion.

The party is faced with the necessity of attracting technocrats into its ranks to help with economic reform. However, their admission--many of them are opportunistically rather than ideologically motivated--causes strains with the older generation of orthodox, militant Communist functionaries.

For the moment the basic power structure remains unchanged. Personal antagonisms among the top leaders are kept in check by the dominating figure of Ulbricht. Since the Wall, the aging first secretary has become something of an "elder statesman," a court of last resort, and has delegated more and more of his responsibilities to others. Relatively young experts like Guenter Mittag and Erich Apel exercise the power of immediate decision.

EAST GERMANY'S TOP THREE



HONECKER



ULBRICHT



STOPH

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Erich Honecker appears to run party affairs on a day-to-day basis as Ulbricht's undisputed deputy there. More recently, he also seems to have handled some governmental matters, normally the prerogative of Premier Willi Stoph, who after achieving that office last September suffered a period of eclipse until May Day this year.

Reasons for the Reforms

Pressures on Ulbricht to institute the past year's reforms have come not only from inside the GDR but also from the USSR and the East European countries. He had long been able to evade de-Stalinization by pleading that East Germany's exposed position on the bloc's western frontier demanded a garrison-state atmosphere. As a result, East Germany and its party were more and more turning into Stalinist fossils and becoming a source of general embarrassment to the bloc.

East Germany's vulnerable position was brought home to Ulbricht when the loosening of intrabloc ties revealed an increasing willingness on the part of brother satellites to ignore East German state interests. Poland, Rumania, Bulgaria, and Hungary in the last two years have signed trade agreements with West Germany that include West Berlin, which East Germany considers a separate political entity. There is some evidence that Pankow fears that Moscow might ultimately make a deal with the West at East Germany's expense.

The reforms are intended to improve East Germany's initiatives abroad. The economic reforms are also intended to make East Germany more competitive in foreign markets, both in the bloc and in the West, by upgrading products and modernizing business methods. Steady progress is required if East Germany is even to hold its own in today's markets.

The reform program also is closely linked to the GDR's policy toward West Germany. For example, Pankow portrays the Berlin pass agreement, signed with the West Berlin Senat, as supporting the GDR contention that West Berlin is a separate political unit--one of the three German states, which can and must learn to work amicably with each other. Ultimately, the reforms seem designed to help establish an atmosphere conducive to direct East - West German negotiations and to take advantage of West Berlin Mayor Brandt's view that West Germany can ameliorate living conditions for the East German people in exchange for economic concessions.

From the standpoint of its internal policies, the Ulbricht regime apparently hopes that a measured degree of unorthodoxy and flexibility will enable it to win popular commitment to its objectives. The reforms so far enacted, however, have not greatly affected the lives of most East Germans. Their loyalties are still doubtful. But for the relatively few--e.g., factory managers and farm chairmen--whose support in the first instance

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is necessary, new incentives should prove efficacious.

Prospects

The reforms suggest that, even as elsewhere in Eastern Europe, a new and more realistic element of national self-interest is affecting East German policy. Responding primarily to pressures from the Soviet bloc, East Germany has embarked on a new course.

While there has been no retreat since Khrushchev's ouster, neither have there been new concessions. The regime now appears to be marking time, assessing the results so far. The central committee plenums in December and April were distinguished by

an undertone of caution in all but economic policies. It appears doubtful that Ulbricht will carry through his promise to add duplicate candidates to electoral lists this year, to increase pensions, or to lengthen vacations.

However, the future of the present trend is not assured. There are strong conservative forces within the party opposing even those reforms already granted. There are several reports, for example, that the Ministry for State Security bitterly opposes the Berlin pass agreement and the pensioner visits. Ulbricht's incapacitation or death could serve to spark a conservative resurgence. (SECRET NO FOREIGN DISSEM)

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