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GDR: 25th anniversary

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COMMENTS

GDR

25th Anniversary

On October 7 the GDR celebrated its 25th anniversary. A quarter of a century ago the provisional Parliament of the then Soviet occupied zone of Germany proclaimed the "first German workers' and peasants' state" — the German Democratic Republic. Long before the celebrations the brigades and factories, house-communities and individuals day after day announced extra performances in honour of this day which was celebrated with great pomp and many proud references to the economic successes.

These references are not unjustified considering the GDR's most unfavourable initial position after World War II. The disproportions within the GDR's economic structure, caused by the division of Germany, set a big problem. Besides, the adaptations necessitated by this situation had to be undertaken by this economic torso under complicating conditions as compared with the Federal Republic of Germany. It did not suffice alone to rehabilitate the capacities destroyed by the war — above all for constructing vehicles, machinery and instruments, and those of the iron and steel producing industry as well as of the precision instruments manufacture — in addition up to 1954 industrial dismantling had to be endured and reparations paid to the Soviet Union. Moreover, the GDR did not — like the Federal Republic — obtain rehabilitation loans from a third party, the Americans. And, at least up to the building of the wall in 1961, the emigration of East German citizens to the West also impeded growth policy.

Measured by this initial situation the GDR's economic development, called an economic miracle by its Government, is remarkable indeed. From 1960 to 1973 for instance the GDR's national income in real terms has grown on an annual average of 4.6 p.c. (Federal Republic 4.2 p.c. only). After five five-year plans since its foundation the GDR thus advanced to the 10th place on the world ranking list of industrialised countries — as measured by industrial production — and as the country with the highest living standard and productivity has reached a top position within Comecon.

The good production results are mainly a consequence of relatively high investments. The gross capital investments for instance from 1960 to 1972 increased annually by 6.4 p.c., in the Federal Republic by 5.2 p.c. It is true, though, that these

high investment rates did not allow for a noticeable improvement of the population's living standard — neither during the reconstruction phase of the fifties nor during the sixties. Tendency changes in this field can only be noticed since the beginning of the seventies when all Comecon-countries became more consumption-minded. But also in the foreseeable future a catching up with or even overtaking of the Federal Republic, as formerly aimed at, will be out of the question. If e.g. in 1969 the average income of employed persons in the GDR was about 29 p.c. below that in the Federal Republic, in 1971 this difference amounted already to 37 p.c. And this trend should have continued also during the last three years. It should, however, be remembered that the so-called social consumption (e.g. expenditure on cultural and social services, science and research) and public "gratuitous" performances (health service, training and education) — the latter being partly in advance of those in the Federal Republic — play a major role in the GDR.

Although the present economic development is taking a satisfactory course, two aspects must not be ignored in future. On the one hand, today just the same as 25 years ago, shortcomings in planning, preparation, management and operation of investment projects are to be diagnosed leading over and over again to production and supply deficiencies, which impair the efficiency of investments and with that the long-term growth chances. On the other hand, the last years' results have been obtained with an utmost strain on resources. Therefore the question arises for how long the population's extraordinary readiness for hard work will continue particularly since its attention is increasingly called to the fact that the problem is not only one of higher production but also of neutralising the permanent delays and faulty developments seeming to be conditional on the system. ogm.

Club of Rome

Mankind at the Turning Point

The Club of Rome, an international group of scientists, industrialists and businessmen dedicated to meditating on the future of the world, two years ago shocked the international public with a report called "The Limits to Growth". Dennis Meadows and his research team of MIT, the Massachusetts Institute of Technology, had fed statistics on population and natural resources into computers and obtained fatal results, accord-