The GDR's Failure to "Overtake without Catching Up" (July 30, 1970)

Abstract

A conservative West German journalist describes East Germany's failed attempt to surpass the Federal Republic in terms of economic productivity by investing heavily in technological innovation in key industries. He then compares productivity and the cost of living in East and West.

Source

The Slogan: Overtaking without Catching Up

The economic problems of the "GDR" stem, among other things, from the shortcomings of the New Economic System of Planning and Management (NES). Three important elements are missing from this system: a free, self-regulating market, prices that react flexibly, and local initiative instead of centralized regulation attempts. Even NES ideologues are well aware of these drawbacks.

But according to party dogma, no one is allowed to even conceive of such an analysis, lest he be accused of Ota Sik[1] revisionism, and as always administrative ideology proceeds according to the recipe: whatever the party says is wise and always correct, it is law as it were. So now the "blue ants" of the Schöneiche Horticultural Production Cooperative [*Gärtnerische Produktionsgenossenschaft* (GPG) *"Schöneiche"*] are building mini-tents out of scrap iron and foil, under which they want to cultivate 85,000 heads of cauliflower.

The "serious shortfalls" in the production of industrial consumer goods are also described in the "GDR" press as being "caused by the weather." Horst Werner, deputy minister for light industry, reported to the alarmed *Volkskammer* committee for trade and supply that production in fifty light industry plants had been temporarily suspended, and he estimated the plan deficits at 195 million marks. How this relates to the "weather"—when the consumer goods factories have problems not with volume, but with assortment, quality, delivery dates, and contracts—remained unanswered. Committee members expressed doubts regarding the clothing, furniture, shoe, knitwear, and stocking industries—a bad omen for what will soon await central German shoppers in stores.

Forging Ahead at All Costs

As so often in the history of the "GDR," the SED leadership is trying to get out of the economic crisis by forging ahead at all costs. When Khrushchev announced the program of catching up with the United States, Ulbricht came out with the short-term, economic slogan of catching up with the Federal Republic. Today, after the gap in labor productivity between the "GDR" economy and the West German economy has remained constant at 34% (internally they conceded 25%), and has even grown in some important branches, the SED chief cannot once again serve his followers the same old slogan of chasing after [the FRG] and gradually getting closer. The new magic words to spruce up the self-confidence of the functionary elite and the people of the state are "overtaking without catching up."

West German industries, they say, cannot be overtaken economically with their own outdated means. They argue that research findings, licenses, patents, and ideas imported from western countries always reflect yesterday's state of technology and the science and research of the day before that. Going faster, so the argument goes, is only possible with completely new and innovative ideas and pioneering

industrial achievements, with products, product groups, and production processes whose usage requirements and cost efficiency are superior to comparable offerings on the world market and to international industrial standards.

The illusory nature of this kind of overtaking on a broad scale is familiar to people in East Berlin. Yet in order to force the success that the party elite so desperately needs, the strategy of ruthlessly concentrating science, research, national income, and investment strength on a few "structure-determining" products, product groups, and factories was developed. Accordingly, the economic and investment potential of the "GDR" was concentrated on roughly one hundred plants in 1970. Similarly, in 1969, the number of plants to be automated was limited to 87. They say that it would not correspond to the "severity of the class struggle" to sprinkle 33 billion marks of investment onto several thousand companies as though with a watering can.

Serious Consequences

This high concentration—as the SED leadership emphasizes—comes with serious consequences. With a planned investment increase of 11.4% compared to 1969, the SED shifted the bulk of investment to industry—where investments are supposed to grow by 20% in 1970—at the expense of other areas. Furthermore, there will be rigorous concentration within industry itself. Thus, investments in the chemical industry, which is admitted to be only 40% as productive as its counterpart in the FRG, are increasing by 50%. Investments for local, infrastructural, and other social projects have been reduced even more and are only being distributed to the few structurally important ventures.

As a result, central German economic and social developments are getting distorted in a new way. A few hundred prestigious and representational centers, whose names keep appearing in the speeches and resolutions of the party leadership, are thriving on the sunny side of "GDR" socialism; tens of thousands of combines, plants, agricultural cooperatives, and communes are languishing even more pathetically on the shady side. SED propaganda calls it investing in the future—an imaginary golden future, which, to be on the safe side, refers less to the 1970s than to "extended time periods," with an eye toward the year 2000.

Work Productivity Comparison: FRG and "GDR"

The production per employee in the "GDR" is lower by:	**(in %)**
Energy and fuels	9
Light industry	22
Food industry	23
Electro-technology, Electronics, Appliances	32
Building materials	36
Machines and vehicles	44
Textile Industry	45
Chemical Industry	46
Iron and steel industry	56
Total industry	34

Cost of Living and Prices

(Federal Republic = 100%)	**Relative price (in the GDR)**
Food and foodstuffs, drinks, and tobacco	127
Thereof:	--

Bread and baked goods	53
Field vegetables	67
Fresh meat	102
Citrus and tropical fruits	314
Fats and oils	158
Coffee beans	450
Tobacco products	121
Clothing	152
Household items	163
Heating and lighting	53
Accommodation	44
Cost of living, overall	121

NOTES

[1] Leading Czech economic reformer, discredited by the Soviet intervention in 1968—eds.

Source: Werner Barm, “Die Parole überholen, ohne einzuholen,” *Die Welt*, no. 174, July 30, 1970. Republished with permission from the author.

Translation: Allison Brown

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