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**Socialism with a Human Face**  
*Using Behavioural Economics  
to Understand East German  
Economic History*

Gary B. Magee  
Wayne Geerling



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Using Behavioural Economics to Understand East  
German Economic History

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ISSN 2662-6497

ISSN 2662-6500 (electronic)

Palgrave Studies in Economic History

ISBN 978-981-19-0663-3

ISBN 978-981-19-0664-0 (eBook)

<https://doi.org/10.1007/978-981-19-0664-0>

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The registered company address is: 152 Beach Road, #21-01/04 Gateway East, Singapore 189721, Singapore

## PREFACE

Like most of our peers who grew up in the West in the 1970s and 1980s, our view of life on the other side of the Iron Curtain was guided by popular culture and experiences of the Cold War. Although we had not visited the Soviet world ourselves, we understood that the lot of most who lived there was a grim one, characterised by shortages, indoctrination and oppression, all overseen by an ever-present and ruthless secret police. When one of us first had the opportunity to visit the Russian Federation in the first decade of the twenty-first century, those views still lingered in the back of his mind. Arriving at Terminal 2 (now known as Terminal F) at Scheremetyevo airport, a building which still sported the same décor it had when it was opened in the lead up to the 1980 Moscow Olympics, it felt like he had travelled back in time. Confronted by heavily armed soldiers in Red Army uniforms that had also little changed from Soviet times and then being gruffly ordered to wait in long queues to have his passport stamped by dour immigration officials, the old stereotypes rushed back, accompanied by a frisson of excitement. What awaited? An interest to find out more about the lost world of twentieth-century authoritarianism was kindled.

Fast forward ten years and we had begun researching internal German resistance to the Nazis. In the archives, we stumbled upon some interesting sources on the sovietisation of the East German workplace in the decade following the end of the Second World War. It piqued our interest; over the coming years, our scope broadened, and we began collating

material on different aspects of the economic history of the GDR. That material ultimately became the basis for this book. Widely perceived, as the most sycophantic part of the Soviet bloc, we initially expected to uncover stories of undiluted grimness. Instead, what we found was a series of fascinating accounts of how ordinary people did their best—at times with amazing ingenuity—in an environment that was far from ideal. Their stories prompted us to set down an account of East German economic history that was driven not by our Cold War perceptions, but by the realities of everyday economic life in the GDR. To achieve that new perspective, we turned to the insights of behavioural economics, a field of economics that focuses on how people actually behave, not how theory tells us they should behave.

Our realisation that behavioural economics might provide a conceptual framework for a fresh look at Soviet-style command economies also emerged from personal experience. As part of the organisation committee of a conference in Shenzhen, at which Chinese and Australian academics and public servants discussed the then-proposed free trade agreement between the two countries, we planned to host a welcome function at the Australian Consulate in Guangzhou on the evening prior to the beginning of proceedings. The invitations were sent out well in advance, yet a week before the event was due to take place, we still had not received responses from any of the invited officials from the Chinese Ministry of Commerce. Speaking to the ambassador about it, he told us not to worry. He explained: “being a function sponsored by a Western mission, they are just waiting to see if their boss accepts. Only then will they know whether it is okay to come or not. To accept before that green light is given might be a risky move”. Fortunately, two days later a senior official from the Ministry indicated his attendance and, sure enough, within 24 hours all of the other invitees had also responded in the positive. The happening caught our imagination and set in train thoughts about how such behaviour, if it were indeed the norm, might be reflected in economic activity. Those thoughts led us to behavioural economics. The rest, as they say, is history.

As anyone who has done research knows, successful research projects, while ultimately the product and responsibility of their chief investigators, require the input of many if they are to bear fruit. This project is no different. In writing this book, we have benefited greatly from the generous support of a host of colleagues and archivists from all around the world. In particular, we would like to acknowledge the wonderful

and unstinting encouragement, assistance and guidance provided by Alice Li, Sisira Jayasuriya, Judy Taylor, Suzan Ghantous, Marco Luthe, Ciaran Magee, Kevin Magee and Friederike Fischer. Without their help, insights and sage advice, we can honestly say that this book would have been all that much harder to pen.

Clayton, Australia

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# ABBREVIATIONS

<i>ABI</i>	<i>Arbeiter-und-Bauern Inspektion</i>
<i>CDU</i>	<i>Christlich-Demokratische Union</i>
COMECON	Council for Mutual Economic Assistance
CPSU	Communist Party of the Soviet Union
<i>DABA</i>	<i>Deutsche Außenhandelsbank</i>
<i>DDR</i>	<i>Deutsche Demokratische Republic</i>
<i>DM</i>	<i>Deutsche Mark</i>
<i>DSF</i>	<i>Gesellschaft für Deutsch-Sowjetische Freundschaft</i>
<i>DWK</i>	<i>Deutsche Wirtschaftskommission</i>
EVT	Expected Value Theory
<i>FDGB</i>	<i>Freier Deutscher Gewerkschaftsbund</i>
<i>FDJ</i>	<i>Freie Deutsche Jugend</i>
FRG	Federal Republic of Germany
GDR	German Democratic Republic
<i>GOMZ</i>	<i>State Optical-Mechanical Plant</i>
<i>IG</i>	<i>Industriegewerkschaft</i>
<i>KdT</i>	<i>Kammer der Technik</i>
<i>KoKo</i>	<i>Kommerzielle Koordinierung</i>
<i>KPD</i>	<i>Kommunistische Partei Deutschlands</i>
<i>LITMO</i>	<i>Leningrad Institute for Fine Mechanics and Optics</i>
<i>LPG</i>	<i>Landwirtschaftliche Produktionsgenossenschaft</i>
<i>MAS</i>	<i>Ministerium für Arbeit und Sozialfürsorge</i>
<i>NÖS</i>	<i>Neues Ökonomisches System</i>
<i>NSW</i>	<i>Nichtsozialistisches Wirtschaftsgebiet</i>
<i>ÖSS</i>	<i>Ökonomisches System des Sozialismus</i>
<i>PCK</i>	<i>Petrochemisches Kombinat Schwedt</i>

PT	Prospect Theory
REFA	<i>Reichsausschuss für Arbeitszeitermittlung</i>
RM	<i>Reichsmark</i>
SAG	<i>Sowjetischen Aktien Gesellschaften</i>
SBZ	<i>Sowjetische Besatzungszone</i>
SDAG	<i>Sowjetischen-Deutsche Aktien Gesellschaften</i>
SED	<i>Sozialistische Einheitspartei Deutschlands</i>
SMAD	<i>Sowjetische Militäradministration in Deutschland</i>
SPD	<i>Sozialdemokratische Partei Deutschlands</i>
SPK	<i>Staatliche Plankommission</i>
TAN	<i>Technische Arbeitsnormen</i>
USSR	Union of Soviet Socialist Republics
VbE	<i>Vollbeschäftigteneinheit</i>
VDI	<i>Verein Deutscher Ingenieure</i>
VEB	<i>Volkseigener Betrieb</i>
VM	<i>Valutamark</i>
VVB	<i>Vereinigung Volkseigener Betriebe</i>
WAO	<i>wissenschaftliche Arbeitsorganisation</i>
WEMA	<i>VEB Werkzeugmaschinenfabrik Gera</i>
ZIF	<i>Zentralinstitut für Fertigungstechnik des Maschinenbaues</i>

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## Perceptions

In Volker Braun's 1966 play, *The Dump Trucks (Die Kipper)*, the story's main protagonist, Paul Bauch, a determinedly individualistic, cheekily irreverent, yet high performing brigade leader laments how East Germany, especially since the construction of the Wall, had seemingly lost the experimental élan of its early years and sunk into a torpor that rendered it quite simply “the planet's most boring country” (*das langweiligste Land in der Erde*).<sup>1</sup> Although the play went on to emphasise the merits of both the socialist system and of collectivism over Bauch's brand of individualism, the observation of his fictional character nonetheless hit a raw nerve, landing Braun in hot water with the authorities. Indeed, it was not until 1972 before the play was permitted to be published and performed. The stagnation that Bauch's acerbic comments alluded to resonates because it aligns with popular perceptions of life in the German Democratic Republic (GDR), both then and since: a grey and artificial land of drab authoritarianism and imposed Soviet-style communism. Perceived as a lesser, more peripheral copy of the USSR, with little scope for independent action, the GDR—and a fortiori its economic history—have rarely been a subject of great academic interest, except, of course, at that great climacteric of modern history at end of the 1980s and early 1990s, when the *SED* state, like so many other communist regimes, fell so swiftly and ignobly.<sup>2</sup>

As such, the GDR's history has all too readily been categorised as just another example of late-twentieth-century totalitarianism. A one-party, ideologically justified state that used terror and intimidation to exercise complete control over the mass media and all important aspects of the economy and society. Cast in this light, analysis has often been characterised by its "top down" perspective, focusing on the actions of, and policies set by, the *SED's* leadership.<sup>3</sup> Such analysis carries with it the assumptions, often unstated, that the intensely hierarchical structures of East German society operated in the efficient manner, to which they were designed, and that its citizens were largely passive actors in the story; their role was merely to implement orders dictated from above. To that end, the powers of the different branches of state were deployed, ensuring that the citizenry remained passive and obedient.<sup>4</sup> A large literature details how the secret police, the Stasi, permeated every corner of East German society and kept the totalitarian aspirations of the *SED* alive.<sup>5</sup> Told in this light, the history of the GDR, like that of the Soviet Union, becomes the story of the repression and subjugation of its people; its economic history, a boring succession of state plans and bureaucratic reorganisations and their respective failures.

Moshe Lewin has observed that as a product of the "highly structured public discourse" of the Cold War, the concept of totalitarianism reduces reality to a tendentious simplification that prevents "contextual reflection" and "obscures historical analyses".<sup>6</sup> As recent research on the GDR has revealed, it is an approach many of whose core assumptions do not align with what were the on-the-ground realities of life in East Germany. In particular, the approach overlooks the manifold and vital interactions between the ruler and ruled, a relationship that far from being one of simple command and obey, afforded considerable independence and room for action by individual actors and groups at all levels of society.<sup>7</sup> Indeed, the authority and seeming gravitas of *Politbüro* resolutions notwithstanding, many of the key decisions of implementation were not—and could not have been—made by the upper echelons of the party. The scope for effective grassroots interpretations and input remained large. Such an appraisal also extends to the process of central economic planning, which did not operate in the smooth, frictionless manner portrayed in socialist propaganda and textbooks of the era. Plans were incomplete, inconsistent, and highly changeable, leaving the onus on ministries, enterprises, and brigades to make of them what they could and to utilise whatever devices at their disposal—either inside or outside

the plan—to keep the proverbial wheels of the economy turning.<sup>8</sup> The state’s “successes”, in truth, could only be arrived at with the active engagement and involvement of large elements of the workforce and broader population. To induce that commitment from society, the state offered material rewards, security, and a modicum of stability. Thus, the relationship between ruler and ruled was a partnership of sorts, albeit one born more out of convenience than genuine love. While undoubtedly authoritarian, the GDR lacked the ability and arguably intent to be truly totalitarian. Other appellations, reflective of the inherent limits of the *SED*’s control and its willingness to extend some largesse and role to the greater population have been offered in its place, depicting the GDR respectively as a paternalistic, educational, welfare, participatory or contested dictatorship or simply a thoroughly ruled society (*eine durchherrschte Gesellschaft*).<sup>9</sup>

These new directions in the study of GDR history have sought to shift narratives away from the simple dichotomies of the older literature, such as those that pit state against society or the regime against the people, towards an appreciation of how individuals actually experienced life under the dictatorship. They have ventured to move the debate beyond fixations on the leadership and apparatus of control and terror and striven instead for an understanding of the ordinary lives that many in the GDR were able to enjoy. While this approach directly challenges aspects of the totalitarian construal of communist polities, its intention is not to legitimate or sanitise the history of the GDR, but rather to place it in a more complete and realistic perspective that accounts for all aspects of the experience. In doing so, moreover, it seeks through an understanding of the congruence of norms and the routinisation of life, to explain how people and the regime evolved to attain a degree of stability, most notably in the 1960s and 1970s.<sup>10</sup>

Over the last 20 years, this efflorescence of research has enabled great strides to be made in our understanding of the actuality of many aspects of life,<sup>11</sup> work,<sup>12</sup> sport,<sup>13</sup> love,<sup>14</sup> national identity,<sup>15</sup> youth,<sup>16</sup> technology,<sup>17</sup> culture,<sup>18</sup> human rights,<sup>19</sup> and politics<sup>20</sup> in East Germany. The view of a monolithic, all-powerful state, dominated by Stasi machinations and brutality, has now been tempered by a more holistic appreciation of the experience of living under the dictatorship. As some have argued, for those who had to endure it, there eventually came to be something of normality to their existence.<sup>21</sup> One important consequence of this recent

body of scholarship is that we now have a more realistic, multidimensional account of much of East German history.<sup>22</sup>

The economic history of East Germany, by contrast, does not seem to have been as well served by recent research. While there are exceptions, fewer economists and economic historians have been drawn into exploring the intricacies of the East German economy from new or different perspectives.<sup>23</sup> Rather, most work in the field continues to focus its attention on the economy's failure. Often, that demise is simply stated as being inevitable, its failings merely deemed immanent to the system itself.<sup>24</sup>

Firmly grounded in neoclassical economic theory, such analyses set the structure and performance of the socialist command economy against the hypothetical benchmark of a freely operating market economy.<sup>25</sup> Not surprisingly, given that planned economies by definition reject market mechanisms such as price signals and consciously avoid market fluctuations that lead to unemployment and instability, they do not fare well in such comparisons. In making those choices, however, planned economies expose themselves to significant misallocations of resources and other inefficiencies. These drawbacks in turn ensure that less than optimal levels of economic growth and welfare are obtained. Yet, it is worth pointing out that the planned economy is not alone in receiving such an assessment. Similar, if less dire, predictions are made about all policies within a capitalist economy, such as increased welfare provisions or some form of price controls, which are seen to distort the natural workings of markets.

According to mainstream economic analysis, planned economies such as the GDR's are afflicted by two fundamental and interrelated problems.<sup>26</sup> First, there is an information problem. In a market economy, prices play a vital coordination role. Since prices generated by market interactions reflect trading conditions, their value at any point in time contains information of paramount importance to buyers and sellers operating (or planning to operate) in a given market. Prices, thus, act as simple, readily available information-laden signals that allow individuals in that marketplace to make rational decisions, which, when implemented in unison, enable an equilibrium to be struck. If a planned economy is to function without such market-derived price signals at a level of performance comparable to that of a market economy, its planners need to find other means to gather all the information on the demand and supply of each product required for them to arrive at similarly optimal decisions. Given the great volume of information involved in such an

exercise, meeting this requirement is practically impossible and cognitively challenging to implement, even more so in an era without advanced information technology. As a result, economic problems cannot be resolved optimally in a planned economic system.

Second, planned economies are typically depicted as suffering from what economists call complex principal-agent problems. That is to say, within a planned economy, there is an inherent conflict in priorities between those who make the decisions (the principal) and those who are supposed to act on their behalf (the agent). The principal-agent problem stems from the fact that an agent may have incentives to act in a way that is contrary to the best interests of the principal. Within the planned economy, the principals are the central planners, who issue orders, and the agents are those who are empowered to implement those orders. However, for this arrangement to work, the incentives of the implementers have to align with those of the planners. Yet, the structure of the planned socialist system creates incentives and opportunities for implementers to deceive the planners and circumvent many of their orders. This possibility arises because planners are reliant on implementers to provide them with the necessary information to make meaningful orders and to supervise the work of the implementers. Implementers, however, have an incentive not to supply the planners with full or completely accurate information, as they know such information is used to determine the orders that shape their own work and remuneration. More demanding orders simply make the attainment of bonuses and rewards harder. Therefore, in their reporting to the planners, there exists a strong incentive for implementers to underrepresent their on-the-ground capabilities and inflate their need for additional resources. In doing so, they hope to ensure that softer targets are set by planners. Existing privileges and rewards would also be maintained, possibly even augmented, by such behaviour. Given that implementers face soft budget constraints (*viz.* their enterprises could not go bankrupt or be forced to close because of debt), there are no consequences for enterprises that choose to falsely inflate costs. One way for planners to overcome this tendency is to scrutinise implementers and their reporting more assiduously. In effect, to the extent this is possible, this amounts to planners inserting themselves directly into actual economic processes and observing and acquiring the required information themselves. Yet, while the supervisory abilities of communist states were extensive, such scrutiny in practice could only ever be partial. The alternative course of action for the planners is to design a



set of incentive compatible rewards (i.e. rewards that align the interest of planners and implementers) that encourage the implementers to comply voluntarily. While socialist systems like the GDR's regularly experimented with a variety of rewards and reforms that aimed to achieve this goal—always touted as the perfecting of the planning mechanisms—none was ever found that could adequately counteract the powerful incentives that inhered in the system for implementers to mislead and deceive planners. Economic efficiency and dynamism as a consequence remained elusive.

As a result of these immanent weaknesses, the planned economy, *ex hypothesi*, was doomed always to underperform relative to economies adhering more closely to the principles of free markets. As the economic historian Albrecht Ritschel concluded his analysis of the GDR's poor growth performance, "it was the transition to communism itself which had a hysteresis effect on productivity". As such, he averred, the economic history of the GDR could be rightly perceived as little more than "an exercise in futility".<sup>27</sup>

The belief that, in its conception, the planned economy was inescapably flawed has largely become received opinion, is widely accepted by most historians of East Germany. Even those who have sought to offer more nuanced accounts of other aspects of life in the GDR appear to defer without demur to such an assessment. Thus, to take one prominent example, Mary Fulbrook, who, while not really focusing that much on economic matters in her work, nonetheless variously refers to the GDR's "economic shortcomings", "declining performance", and "ailing" or "failing" economy, as a major inhibiting factor.<sup>28</sup> Jeanette Madarász likewise, echoing criticisms of the economically irrational bent of the system, opines that the "political dodging", which "diluted economic logic ... was a fundamental line running through the entire economic history of the GDR".<sup>29</sup> None of these statements are necessarily problematical, of course. The economic logic underpinning them is consistent and meaningful. The facts also lend support. The GDR's economy was indeed inefficient, very much as predicted by theory. Rather, the point we make here is merely that the perception of GDR economic history as essentially a story of the unravelling of a fatally flawed economic system is well ensconced, while many alternative perspectives and issues that may address the functioning, as opposed to the failings, of the system largely lie fallow.

More concerning is some of the more extreme interpretations expressed across the broader historical community, where the East German economy is dismissed out of hand as a washout and mocked with colourful epitaphs likening it to a “circus show” or “Potemkin village”.<sup>30</sup> One Berlin-based museum dedicated to life in the GDR, heavily frequented by local and foreign tourists, thus begins its description of East German economic history in the following manner:

The works of DDR economists resembled that of medieval alchemists, labouring for a tyrannical overlord in an attempt to turn base metals into gold. Some even began to suspect that their labour was in vain, based, as it had to be, on false premises. Just as feudal lords had proven resistant to all evidence, the SED blocked their ears to any protests and merely ordered their minions to redouble their efforts.<sup>31</sup>

Suffice it to say, East German economic history was not as clear-cut as this imaginative account maintains. While there is no doubt that the system was grossly inefficient, deeply damaging to the environment, and incapable of keeping up with the West, the fact of the matter is that, despite its weaknesses, it did not simply collapse. Nor, it should be added, did anyone seriously believe for most of its existence that it would. The East German economic system did in fact “function” at some, if rarely optimal, level for four decades. It was also capable of some achievements, even if these tended to be blown out of proportion by the outlandish propaganda of the regime.

In truth, the image of an inevitably doomed economy has gained prevalence only since the demise of the system itself. In many instances, its embrace is a form of post hoc rationalisation. Western specialists working on the East German economy in the 1980s certainly did not perceive it as an irredeemable basket-case. A Western handbook written in 1987, thus described the GDR as “a world-ranking industrial country”,<sup>32</sup> whose “growth displayed dynamism, despite the increasing external and internal problems”<sup>33</sup> and whose “economy by any reasonable measure ... [was] functioning well”.<sup>34</sup>

Such authors, of course, may have misjudged the resilience and potential of the economy and society, but their belief that the system was capable of functioning at some acceptable level is not unfounded and readily finds support in the works of contemporary scholars. Raymond Stokes, thus, notes that the GDR, despite all its drawbacks, operated

as “a modern technological state” with “a system of innovation that was able to deliver some minimal level of technological excellence into the GDR economy and industry”.<sup>35</sup> Living standards, too, did improve markedly across the forty years of the GDR’s existence, even if the rate of improvement did lag significantly behind that of the Federal Republic.

The ready recognition of such economic capabilities arguably suffers from what Mary Fulbrook has labelled the “contamination effect”, the tendency for researchers to allow what we know to be wrong, harmful and immoral about the GDR—its lack of democracy, its authoritarianism, its persecutions and terrors—to shape our perceptions of all other aspects of the GDR experience.<sup>36</sup> Thus, any positive economic outcome is dismissed as either being based on a falsehood or being the by-product of one of the system’s evils. Either way, by acknowledging such achievements, it is felt that one runs the risk of either being duped by the regime or white-washing it. In practice, though, such a position merely acts as a hindrance to objective analysis.

We believe that a richer and fresher economic history of the GDR is possible and strongly concur with Hartmut Berghoff and Uta Andrea Balbier’s observation that:

The time is ripe to put aside the simplistic narrative that regards the GDR economy primarily as a failure and as nothing but an example of the inherent deficiencies of central planning, especially when contrasted with the outstanding economic success of the Federal Republic. The story is much more complicated.<sup>37</sup>

The aim of this book is to contribute to that peeling away of layers of rhetoric and assumptions that cloak the East German economy and to begin exploring its underlying functioning from fresh perspectives. In his masterful analysis of the origins of the geopolitical crisis of July 1914, Christopher Clark usefully reminds us that:

Questions of why and how are logically inseparable, but they lead in different directions. The question of *how* invites us to look closely at the sequences of interactions that produced certain outcomes. By contrast, the question of *why* invites us to go in search of remote and categorical causes ... The why approach brings a certain analytical clarity, but it also has a distorting effect, because it creates the illusion of a steadily building causal

pressure; the factors pile up on top of each other pushing down on the events; ... actors become mere executors of forces long established and beyond their control.<sup>38</sup>

Clark's point is that by focusing on the *why*, the danger is that an important part of the story, the agency of those actually engaged, will be lost. We believe the same danger is clear and present in GDR economic history. Concentration on questions as to why the GDR failed has as a by-product a tendency for researchers to write those engaged in the day-to-day running of the economy out of the analysis, thereby constraining the depth of our understanding of how the economic system actually worked. The focus of this book is, in the parlance of Clark, resolutely on the *how*, although, we are, of course, aware and motivated by the fact that by knowing more about the *how*, we will also inform our answers to the *whys*.

Unencumbered by political preconceptions and concerns, we believe that a more realistic understanding of East German economic history can be gleaned than that which is offered by stagnant debates about the clash between two rival systems. Extracted from its Cold War context and all its legacies and informed by contemporary ideas and thinking, East German economic history, like its political, cultural and social cousins, can thus begin to be normalised and analysed for what it was, rather than that which it symbolised. The title of this book—a play on the famous call for a socialism with a human face (i.e. a democratic socialism liberated of Stalinism) during the Prague Spring<sup>39</sup>—thus reflects our desire to understand the system by looking at the humans who operated it and made the important, as well as quotidian, decisions that made it work, rather than at the external projections of the system itself.

To make such a break requires recognition that the economic system was more than the sum of its policies and institutions, that its ability to function and perpetuate itself hinged integrally on how people working in the system actually operated and interacted within those structures. As Jeanette Madarász has astutely deduced, “a desideratum of historical research on the East German economic system would include an analysis of vertical relations between the central decision-making powers, the middle level and the grassroots”.<sup>40</sup> We agree. To do that, though, new concepts and a recharged and updated toolkit are required. To that end, our research draws heavily on insights gleaned from behavioural economics, a highly influential field of study whose objective is to reveal

how people actually behave in real-world circumstances—and why—rather than on how they are expected to behave according to abstracted neoclassical economic theory. Its goal, thus, is to create a more realistic account of economic life.<sup>41</sup> As such, it seems fit for the purpose at hand.

Two ideas from behavioural economics in particular figure prominently in our work: prospect theory and information cascades. Both concepts, which are discussed at length in Chapter 2, shed light on how people really make decisions in a world of uncertainty, deficient information, and cognitive frailties. By combining the intuition and insights of behavioural economics with detailed archival research from a wide range of records at all levels of the East German economy (from *Politbüro* down to individual factories) undertaken at the German Federal Archive (*Bundesarchiv*), the Main Brandenburg State Archive (*Brandenburgisches Landeshauptarchiv*), and the Berlin City Archive (*Landesarchiv Berlin*), this book hopes to begin the process of recasting our understanding of aspects of the GDR's economic history.

To achieve that goal, it utilises detailed cases studies taken from every decade of the GDR's existence. The case studies selected relate to central themes of the economic history of East Germany: piecemeal and the establishment of the socialist workplace (Chapter 3), the Mitrofanov Method and the search for productivity growth (Chapter 4), the Schwedt Initiative and the drive for socialist efficiency (Chapter 5), and the decision to accumulate foreign debt and the resulting emergence of the financial crisis (Chapter 6). Together with the theoretical and synthesising chapters (Chapters 2 and 7), these case studies build a picture of what we believe a new, more humanised, GDR economic history might look like. For those more interested in the case studies themselves, they will find that each chapter has been written so as to allow it to be read in isolation without necessarily losing context or understanding. That said, we believe that a richer understanding of every case study can be had by reading Chapter 2 first. There, readers will find a fuller explanation of all the relevant concepts from behavioural economics.

As the previous paragraphs have made clear, it is worth emphasising that this book does not purport to offer a chronological overview of all aspects of East German economic history. This is not its purpose, and others have already ably done that.<sup>42</sup> Nor does it aim to be encyclopaedic, although readers will find in this volume very comprehensive accounts of our four chosen case studies. Instead, to reiterate, the intention of this book is essentially twofold: (1) to offer new ways of understanding and

interpreting East German economic history and (2) to provide detailed illustrations on how that new approach can be effectively implemented. If, in doing so, we stimulate readers' interest in East German economic history and encourage them to begin contemplating it in new, more interesting ways, then our work will have been successful.

## NOTES

1. Volker Braun, *Die Kipper* (Berlin: Aufbau Verlag, 1972).
2. Donna Harsch, *Revenge of the Domestic: Women, the Family, and Communism in the German Democratic Republic* (Princeton: Princeton University Press, 2007), p. 15.
3. For example, see: Klaus Schroeder, *Der SED-Staat: Partei, Staat und Gesellschaft, 1949–1990* (Munich: Carl Hanser Verlag, 1998); Klaus-Dietmar Henke (ed.), *Totalitarismus* (Dresden: Hannah-Arendt-Institut für Totalitarismusforschung, Berichte und Studien, Nr. 18, 1999); and Peter Grieder, *The German Democratic Republic* (Basingstoke: Palgrave Macmillan, 2012), p. 3.
4. Michael Gehler, *Three Germanies: From Partition to Unification and Beyond* (London: Reaktion Books, 2021), p. 164; Anna Funder, *Stasiland: Stories from Behind the Berlin Wall* (Granta Books, 2011).
5. See, for example, Gary Bruce, *The Firm: The Inside Story of the Stasi* (Oxford: Oxford University Press, 2010); Jens Giesecke, *The History of the Stasi: East Germany's Secret Police, 1945–1990* (London: Berghahn, 2014).
6. Moshe Lewin, *The Soviet Century* (London: Verso, 2005), pp. 271–273.
7. Mary Fulbrook, *The People's State: East German Society from Hitler to Honecker* (New Haven: Yale University Press, 2005), pp. 139 and 295; Corey Ross, *Constructing Socialism at the Grass-Roots: The Transformation of East Germany, 1945–65* (London: Macmillan, 2000), *passim*, but especially pp. 3, 203, and 210; Sandrine Kott, *Communism Day-to-Day: State Enterprises in East German Society* (Ann Arbor: University of Michigan Press, 2014), especially pp. 6–8; Mark Allinson, *Politics and Popular Opinion in East Germany, 1945–68* (Manchester: Manchester University Press, 2000), pp. 166–167; and Jeanette Z. Madarász, *Working*