



The Introduction of Piecework in East Germany, 1945-51

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Abstract

This paper examines the introduction of piecework, a key aspect of the Soviet workplace, in occupied East Germany. As elsewhere, its implementation encountered persistent hostility from the workforce. What made this episode different, though, was that this process occurred within a context of acute economic and political uncertainty. As this paper demonstrates, the party's various efforts to control the workplace laid the foundations for the Sovietisation of East Germany. This paper utilises a wide range of primary sources to recount this story. It focuses its attention not just on worker resistance, but also on the interactions between party and worker, between different organisations operating within the occupation zone, between the Soviet military and German communists, and within the party itself. It argues that the introduction of piecework was part of a dual process whereby the party acquired control of the economy and then learnt how to direct it. To achieve the latter, it first needed to learn how to control and direct itself. This paper also illustrates the importance of signalling mechanisms in a planned economy.

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Since the fall of the Berlin Wall, the significance of the German Democratic Republic (GDR) and all that it purported to stand for has been largely cast aside. Other than being a cautionary tale, the GDR as an entity simply has little to offer to contemporary political discourse. By contrast, in recent years, its experience, especially in its early formative period, has attracted a lot of attention from historians.¹ In part this burst of activity can be attributed to the opening up of formerly closed archives in Eastern Europe, but it also related to the desire to understand better how a flawed system could maintain such seeming stability for so long, and then, how all that could collapse so suddenly and ignobly in 1989. Was its demise inevitable, rooted, as it were, in the DNA of the system, or were there alternative paths that could have been taken? Much of the recent research is founded on the premise that insights and answers to such questions can be uncovered by going back to the origins of the system.² This paper is written very much in this vein. Its aim is to shed light on how aspects of the East German workplace evolved in the period between the beginnings of Soviet occupation and the establishment of a Soviet-style planned economy by 1949-50.³

Like any economic system, a Soviet-style economy is more than the sum of its parts. It is not just the formal architecture of planning and control. These were, of course, essential, but could only function if placed in a setting that was conducive. Just as organ transplants can be

¹ See, for example: Andreas Malycha, *Die SED. Geschichte ihrer Stalinisierung 1946-1953* (Paderborn: Ferdinand Schöningh, 2000); Gareth Pritchard, *The making of the GDR 1945-53. From antifascism to Stalinism* (Manchester: Manchester University Press, 2000), Norman M. Naimark, *The Russians in Germany: A history of the Soviet Zone of Occupation, 1945-1949* (Cambridge, Mass.: Harvard University Press, 1995); Wolfgang Zank, *Wirtschaft und Arbeit in Ostdeutschland 1945-1949: Probleme des Wiederaufbaus in der Sowjetischen Besatzungszone Deutschlands* (Munich: R. Oldenbourg Verlag, 1987); Gavin Benedikt, *Gründe für das Scheitern der DDR-Wirtschaft* (GRIN Verlag, 2003); and Mark Allinson, *Politics and popular opinion in East Germany 1945-68* (Manchester: Manchester University Press, 2000).

² A useful introduction to the literature is given in Karl Christian Lammers, "The making of the GDR: new research on its formative years and problems", *Contemporary European History*, vol. 11 (2002), pp. 333-342.

³ This is the period by which it is usually believed that all the key components of the planned economy were in place. See, for example: Andre Steiner, *The Plans that Failed: An Economic History of the GDR* (New York: Berghahn Books, 2010).

rejected by the recipient's body, new institutions out of touch with, and unaccepted by, the community it works for are unlikely to take.⁴

This paper examines the process whereby socialist workplace norms, arrangements, practices, values, and behaviours were introduced and gradually accepted in East Germany. Here, the focus is the formation of 'core' norms: those work habits and routines, disciplines, and modes of remuneration that was central to getting things done on the shopfloor. For the system to function, these norms needed to be broadly accepted by workers almost as facts of life; they need not be warmly embraced by them, however. In other words, the 'core' norms can be thought of as the rules of work, the rules that even the lazy, unmotivated worker takes for granted and, thus by default, accepts and lives by.

In changing the workplace, the GDR faced a formidable challenge. It is, of course, a problem that all economic systems confront, especially in their gestation periods. After all, the revolutionary new work norms based on "punctuality, respect for hierarchy, frugality, and temperance" that the factory system introduced during the industrial revolution in Britain were forcefully resisted by a first generation workforce more accustomed to relaxed, less routinised rural work.⁵ Factory norms, however, gradually took root, largely thanks to the determined use of fairly straightforward incentives – both of the carrot and stick varieties. Appropriate behaviour was rewarded with better pay, promotion and other benefits; bad behaviour with the opposite, plus the added threat of unemployment. Indeed, the existence of competitors beyond the factory's walls in itself provided strong reason for both workers and bosses to respond to and implement appropriate incentives. When this was not the case, good workers simply walked out and underperformance became entrenched.

⁴ Douglass C. North, *Understanding the process of economic change* (Princeton: Yale University Press, 2005), pp. 1-8, 65-80.

⁵ Joel Mokyr (ed.), *The British industrial revolution. An economic perspective* (San Francisco: Westview Press, 1993), p. 91. An excellent survey of this literature is given in pp. 85-99.

But how were norms established in a Soviet system largely devoid of market incentives and competitive mechanisms? This paper addresses this issue with specific reference to the introduction in occupied East Germany of one important element of the Soviet workplace: piecework (*Akkordarbeit*).

Fortunately, thanks to the seminal works of Dittrich, Ewers, Hübner, Matthes, Roesler and Zank, much is already known about the establishment of piecework in East Germany.⁶ Their research has provided a wealth of detail and set in place the foundations of our understanding of how workers perceived piecework's introduction. The story of the party's concessions and arrangements with its workers has been vividly told. Other historians have likewise emphasised the labour force's hostility to piecework.⁷ Either because piecework challenged the traditions of the German labour movement or because it upset the perceived social contract between the worker and boss, the East German labour force opposed its introduction on the shopfloor wherever possible.⁸ In the words of Kopstein, this "everyday resistance" to piecework gave rise to a "cat-and-mouse game" between the state and the working class, a

⁶ Gottfried Dittrich, *Die Anfänge der Aktivistenbewegung* (Berlin: Dietz Verlag, 1987); Klaus Ewers, "Einführung der Leistungsentlohnung und verdeckter Lohnkampf in den volkseigenen Betrieben der SBZ" (1947-49), *Deutschland Archiv* 13 (1980), pp. 612-33; Peter Hübner, *Konsens, Konflikt und Kompromiß: Soziale Arbeiterinteressen und Sozialpolitik in der SBZ/DDR, 1945-70* (Berlin: Akademie Verlag, 1975); Peter Hübner, "'Sozialistischer Fordismus'? Oder: Unerwartete Ergebnisse eines Kopievorganges. Zur Geschichte des Produktionsbrigaden in der DDR", in Alf Lütke, Inge Marßolek and Adelheid von Saldern (eds.) *Amerikanisierung: Traum und Alptraum im Deutschland des 20. Jahrhunderts*, volume 6, (Stuttgart: Franz Steiner Verlag, 1996), pp. 96-118; Harry Matthes, *Das Leistungsprinzip als Grundlage der Entlohnung in der volkseigenen Wirtschaft*, (Berlin: Verlag die Wirtschaft Berlin, 1954); Jörg Roesler, "Vom Akkordlohn zum Leistungslohn: Zu den Traditionen des Kampfes der deutschen Arbeiterklasse und zur Einführung des Leistungslohnes in der volkseigenen Wirtschaft der DDR 1948 bis 1950", *Zeitschrift für Geschichtswissenschaft*, 32 (1984), 778-95; Jörg Roesler, "Die Partei, die Tat, die Prozente und der Lohn", *Neues Deutschland: B-Ausgabe*. – 53 (1998), 13.10, p. 12; and Jörg Roesler, "'Akkord ist Mord, Normenerhöhung ist das Gleiche': eine Tradition des Ökonomischen Kampfes der deutschen Arbeiterklasse und der 17. Juni 1953", *Jahrbuch für Forschungen zur Geschichte der Arbeiterbewegung*, 2 (2004), pp. 4-17; Zank, *Wirtschaft und Arbeit in Ostdeutschland 1945-1949*.

⁷ See, for example: Andrew Port, *Conflict and Stability in the German Democratic Republic* (New York: Cambridge University Press, 2007), chapter 1; Pritchard, *The making of the GDR*, chapters 2 and 6; Naimark, *The Russians in Germany*, p. 203; Jeffrey Kopstein, *The politics of economic decline in East Germany, 1945-1989* (Chapel Hill: University of North Carolina Press, 1997), chapter 1.

⁸ Pritchard, *The making of the GDR*, chapters 2 and 6; Jeffrey Kopstein, "Chipping away at the state: workers' resistance and the demise of East Germany", *World Politics*, 48:3 (1996), pp. 394 and *passim*.

game where the state was constantly forced to put aside its plans to appease the workers.⁹

Given its ultimate fate, the GDR's "system-immanent defects" and path-dependence almost lends a sense of futility to the game.¹⁰ Demise can be read into every act.

Yet, this was surely not how the process seemed from the perspective of the late 1940s. The communist movement, and many who opposed it, most certainly did not see its actions as pointless or futile. The possibility that it might build a new and 'better' society appeared very real. Nor is it likely that its changes of direction were simply reactions to worker resistance. Such resistance was, of course, an important part of the scenario and we are indebted to those whose painstaking research has re-discovered it. Yet resistance was just one part of the story. It, and the decisions and actions of all the actors involved, need to be integrated and placed in a broader context. This paper uses a wide range of party, union, state and personal archives as well as contemporaneous newspapers, magazines and personal memoirs in an attempt to tell this fuller story. In the pages that follow, the focus is thus not just on resistance but also the interactions between party and worker, between the different organisations operating within the occupation zone, between the Soviet military and the German communists, and within the party itself.

"Ein Gewirr von Sonderregelungen"¹¹

Under the Potsdam Agreement, formulated after the defeat of Nazi Germany, a *Sowjetische Besatzungszone* (SBZ), or Soviet Occupation Zone, was set up to administer most of the eastern German territories, which would later become the GDR. The Soviet Military

⁹ The quotations come from Kopstein, "Chipping away at the state", pp. 391, 411.

¹⁰ The quotation comes from Steiner, *The Plans that Failed*, p. 7, while the reference to path-dependence is taken from Kopstein, *The politics of economic decline in East Germany, 1945-1989*, p. 197. See also: Peter Caldwell, *Dictatorship, state planning, and social theory in the German Democratic Republic* (Cambridge: Cambridge University Press, 2003), chapter 1. On the dangers of such a teleological approach, see: Port, *Conflict and stability in the German Democratic Republic*, pp. 1-2.

¹¹ "A tangled maze of special decrees". The quotation comes from Hübner, *Konsens, Konflikt und Kompromiß*, p. 21.

Administration in Germany, better known by its German acronym SMAD (*Sowjetische Militäradministration in Deutschland*), was established in June 1945. On 27 July 1945, it created eleven central administrations in areas such as: fuel supply, industry, agriculture, trade and food, transportation, communications, finance and labour and social welfare, which were charged with the duty to govern the SBZ.¹²

The SBZ was created in an environment marked by chaos, confusion and uncertainty.

Nobody knew what lay in store in August 1945, a state of uncertainty that continued for the next two years. Initially, SMAD's focus concentrated on security considerations, extracting reparations, supplying occupying Soviet forces, and feeding the local population. While SMAD reshaped the East German political order by breaking up the large estates of the *Junkers* and by merging the *Kommunistische Partei Deutschlands* (KPD) and the *Sozialdemokratische Partei Deutschlands* (SPD) into the *Sozialistische Einheitspartei Deutschlands* (SED) in April 1946, at this stage it had no intention of building socialism or a Soviet-style economy in the SBZ. Indeed, despite the private urgings of leading German communists for the immediate introduction of a socialist system in the zone, Stalin favoured a united, democratic Germany, which was disarmed and denazified.¹³ Such a position limited the power of SMAD to intervene in an economy significantly weakened by war damage and struggling to locate new supplies for raw materials previously sourced from what were now other Allied occupation zones.

Nor was there clarity as to who was responsible for the management of the economy in the SBZ. SMAD's central administration remained unregulated and largely without the means to implement measures. Economic authorities meanwhile had emerged in each of the different *Länder* (German states). Their focus was naturally regional and practical. Undesirable SMAD

¹² Steiner, *The Plans that Failed*, p. 32.

¹³ Steiner, *The Plans that Failed*, p. 17.

instructions were sidestepped, limiting any chance of policy coordination within the SBZ.

Competing with each other for scarce resources, *Länder's* policies and plans also often conflicted and heightened the economic confusion of the time.¹⁴

Inconsistency within SMAD about its goals and methods added to the confusion. Internally, the Soviets were split over whether they should immediately extract as much as they could from the occupied zone or whether they should take reparations out of on-going production. Its original policy of dismantling industries and seizing assets stymied the SBZ's ability to rebuild the economy and, hence, pay reparations. It also proved deeply unpopular among ordinary Germans and within the SED.¹⁵ In December 1946, for example, local SED in Wernigerode, a town in Sachsen-Anhalt, protested against reparations.¹⁶

Complaints also came from the top. Otto Grotewohl and Wilhelm Pieck, the joint SED leaders, along with their deputies Walter Ulbricht and Max Fechner, visited the Soviet Military Governor, Marshall Sokolovsky, in early January 1947 to plead for help. On 11 January, SMAD assured the SED leaders that the dismantling of East German enterprises would cease, but in reality waves of confiscation continued well into 1948.¹⁷ The majority of reparations, however, were now taken from current production.¹⁸ SMAD needed to meet the subsistence needs of East Germans, but without a substantial increase in production, an occupation zone suffering from the dislocation of war would collapse under the heavy burden

¹⁴ Steiner, *The Plans that Failed*, pp. 31-32.

¹⁵ For example, in March 1946, a citizen wrote to Wilhelm Pieck, leader of the KPD, to beg for intervention. See: "Telegramm KPD- und SPD-Betriebsgruppen und Betriebsrat an Wilhelm Pieck, 13. März 1946", in SAPMO-BArch, DY 30/IV 2/6.02 (Abteilung Wirtschaftspolitik)/52, p. 303.

¹⁶ "Brief von Karl G., SED-Kreisvorstand Wernigerode, an den SED-Zentralvorstand, 16. Dezember 1946, in: SAPMO-BArch, DY 30/IV 2/6.02 (Abteilung Wirtschaftspolitik)/52, p. 53.

¹⁷ Hübner, *Konsens, Konflikt und Kompromiß*, p. 20; Kopstein, *The Politics of Economic Decline in East Germany, 1945-89*, p. 28.

¹⁸ In the period 1945-53, reparations and occupation costs from the SBZ/DDR amounted to more than \$15 billion (1938 prices). The Soviets dismantled and removed \$2.436 billion worth of industry, took \$2.614 billion in current production and nearly \$2 billion in production from *Sowjet Aktien Gesellschaften*. Matthias Judt (ed.), *DDR-Geschichte in Dokumenten: Beschlüsse, Berichte, interne Materialien und Alltagszeugnisse* (Berlin: Ch. Links Verlag, 1997), p. 116.

of forced reparations. Expressed differently, there was a vast gap between the “performance capabilities” of East Germans and the “performance demands” being imposed on them.¹⁹

The lack of clear economic direction was compounded by what was going on on the ground. Workplace councils formed spontaneously in the final days of the war, often with Soviet acquiescence. In thousands of workplaces throughout the SBZ, employees took advantage of their new-found freedom and abolished detested symbols of Taylorism, such as clocking-in machines and piecework. An egalitarian, cooperative spirit permeated the shopfloor.²⁰

Wages—either monetary or in kind—were equalised, and any profit shared among workers.

Economic necessity guided these developments. No work meant starvation for people living under foreign occupation, suffering from both the deprivations of war and ongoing reparations. The SBZ had no clear policy towards workplace relations. As Pritchard has noted: “If an economic catastrophe were to be averted, the authorities therefore had little choice but to work with the councils, for they constituted the one active and constructive force in East German industry.”²¹ As long as they did not interfere with political considerations or reparations, workplace councils were left alone—initially at least.²² By the end of 1945, workplace councils existed in most enterprises across the SBZ.²³ The communist movement, whose leaders had been advocating strong, centralised control of the economy, therefore, decided to harness the influence of these councils for its own ends. In a speech given on 29 August 1945, Ulbricht acknowledged that workplace councils had a central role to play in

¹⁹ Roesler, “Vom Akkordlohn zum Leistungslohn”, p. 784. German terms are *Leistungsfähigkeit* and *Leistungsanforderungen*.

²⁰ Kopstein, *The Politics of Economic Decline in East Germany, 1945-89*, pp. 21-22; Pritchard, *The Making of the GDR*, p. 39.

²¹ Pritchard, *The Making of the GDR*, p. 44.

²² Kopstein, *The Politics of Economic Decline in East Germany, 1945-89*, p. 22; Pritchard, *The Making of the GDR*, p. 142.

²³ Pritchard, *The Making of the GDR*, pp. 44-45; Siegfried Suckut, *Die Betriebsrätebewegung in der sowjetisch besetzten Zone Deutschlands (1945-48)*, (Frankfurt: Haag und Herchen Verlag, 1982).

reconstruction.²⁴ This embrace of egalitarianism and worker management was pure pragmatism. In an environment, where many owners, managers and employers had been tainted by their association with Nazism and, hence, driven out, someone needed to fill the void in the short term. Workplace councils thus carried great responsibilities: overseeing appointments and dismissals, monitoring prices, guarding against sabotage and implementing denazification.²⁵ They were also expected to do everything in their power to raise output and fulfil production plans. The question of how best to achieve this revealed deep schisms in both the SMAD's and SED's attitude towards labour policy, one which would resurface in different forms over the next few years.

Wage policy in the zone remained confused. Egalitarianism co-existed alongside wage differentiation and the sporadic maintenance or reintroduction of piecework. A temporary wage freeze was put in place throughout all occupied zones in 1945. New wages were supposed to correspond to existing wage laws, but exceptions were permissible in certain cases, such as when there was a pressing need for raw materials.²⁶ Early SMAD orders strengthened this "egalitarian" push: an 8 hour day (48 hour working week) was regulated in February 1946; confirmed paid holidays offered in May 1946; and in a move designed to encourage people to move back into industry, equal pay for equal work (men, women and juveniles) was established in August 1946. A minimum wage of RM 104 per month was introduced in 1947.²⁷

²⁴ Walter Ulbricht, *Über Gewerkschaften: aus Reden und Aufsätzen, volume 2 1945-1952* (Berlin: Tribüne, Verlag und Druckereien des FDGB, 1953), pp. 34-42.

²⁵ Pritchard, *The Making of the GDR*, p. 45.

²⁶ Hübner, *Konsens, Konflikt und Kompromiß*, p. 16; Zank, *Wirtschaft und Arbeit in Ostdeutschland 1945-1949*, pp. 124-25.

²⁷ SMAD Order 56 (17 February 1946): regulated an 8 hour day (48 hour working week); SMAD Order 147 (16 May 1946): confirmed paid holidays; see Hübner, *Konsens, Konflikt und Kompromiß*, p. 18. SMAD Order 253 (17 August 1946): established equal pay for equal work; see *ibid*, pp. 18-19. For the minimum wage; see *ibid*, p. 21.

The overriding concern for SMAD was to find a way to make the SBZ self-sufficient, and this could only be achieved through a rapid, sustainable increase in production across all sectors of heavy industry. Therefore, in limited, sporadic cases, performance-based incentives (usually piecework) were used in strategic industries like steel making, mining and transportation.

Thus, at the same time as wages were being harmonised across most industries in the SBZ, strong wage differentiation (*Leistungslohn*) was being introduced for “specialist workers”, such as in the railway industry in December 1945.²⁸ The mixed patterns of ownership in the SBZ, whereby *Länder*-operated *Volkseigenen Betriebe*, (VEB), Soviet-controlled *Sowjetischen Aktien Gesellschaften* (SAG) and privately-owned companies coexisted, only acted to amplify the differences in practice across the economy. Piecework was maintained in key industries, especially coal mining. In comparison to other industries, there were sufficient supplies of coal, potash and ores – but a desperate shortage of workers. At a coal mine in Zwickau, norms were even reduced by 30-40 per cent to provide a “performance incentive”, but the impetus was weak because workers who reached 70-80 per cent of their daily norm were guaranteed the same pay as those who completed it. This included a 15 per cent shift premium, additional food and luxury food items.²⁹ Wage freezes were lifted in autumn 1946 and wages in the coal industry increased by 20 per cent (now on par with metal, chemical and building industries) on the grounds of the continual coal shortage.³⁰

In 1945-46, the anti-egalitarianism of “piecework” was hard to justify, especially to the rank and file membership of the party where notions of levelling were popular. The German labour movement had a long tradition of opposing piecework dating back to the late nineteenth century. When large enterprises began adopting piecework and elements of

²⁸ Hübner, *Konsens, Konflikt und Kompromiß*, p. 17.

²⁹ Fritz Selbmann, *Ausgewählte Reden und Artikel: 1945-57* (Berlin: Dietz Verlag, 1974), p. 135.

³⁰ Hübner, *Konsens, Konflikt und Kompromiß*, p. 19.

Taylorism in the 1920s, trade unions countered with the slogan: *Akkord ist Mord* (piecework is murder).³¹ Outright union rejection gradually gave way to conciliation in the Weimar Republic: if piecework could not be abolished, then the most exploitative aspects of it would be mitigated through labour contracts.³² The KPD, however, had resolutely opposed piecework throughout the Weimar and Nazi periods, though its opposition too gave way to pragmatism in 1945 when the magnitude of the calamity facing East Germans became evident. Piecework was acceptable, but only in exceptional cases. As Roesler noted “in the East at first, not just the workers but also leading economic functionaries of the SED, sensed that the piecework wage as material incentive would be needless in a future socialist Germany, as they were acting as owners of the confiscated enterprises.”³³ Party leaders, hamstrung by circumstances and for want of any other real alternative course of action, began advocating that natural ideological drive and pure idealism could substitute for real control over the workplace. Fritz Selbmann, then the Sachsen Minister for the Economy and Economic Planning, spoke of the hopeful sign of a new relationship to work from the “activists of the first hour”, who on the basis of their “forward-looking political objectives” and “love for their people” prompted them to “take over the leadership in reconstruction”.³⁴ “While these activist movements were initially spontaneous and participation was voluntary, like the original Soviet *Subbotniki* of 1919, state involvement crept in. Communist *Subbotniks* were organised in Leipzig on 11 August 1945 under the banner: “We Communists are starting. Who will join us?” By year’s end, the *Subbotnik* had been supplanted with competitions (*Wettbewerbe*), in which district offices of the SPD and KPD in areas of Berlin

³¹ Roesler, “Akkord ist Mord, Normenerhöhung ist das Gleiche”, p. 5.

³² Roesler, “Akkord ist Mord, Normenerhöhung ist das Gleiche”, p. 5; Roesler, “Vom Akkordlohn zum Leistungslohn”, p. 779.

³³ Roesler, “Akkord ist Mord, Normenerhöhung ist das Gleiche”, p. 9.

³⁴ Selbmann, *Ausgewählte Reden und Artikel*, p. 56.

and Dresden pledged to remove war damage, save labour hours, build orphanages and provide children with toys and warm clothes for Christmas.³⁵

Yet, here the SED was just making the most of a bad situation. The wage regime which emerged in the period following *Stunde Null* (zero hour) was guided by an uncertain mix of worker spontaneity, ad hoc activism and official expedience. As Selbmann told Bruno Leuschner, head of the SED's Department of Economics and Finances: ... "the totally confused measures" of SMAD bred a "chaotic situation" and ensured that real economic control could not be established.³⁶ The material conditions for the introduction of a SBZ-wide, performance-related wage did not exist in the period 1945-47. At a time when resource shortages and bottlenecks plagued the SBZ and the worthless Nazi-era *Reichsmark* continued to circulate as official currency, money had a weak incentive effect. It made little sense to work for anything but hourly wages and these were often made in-kind in the form of food, cigarettes and clothing.³⁷

No comprehensive strategy for rebuilding the East German economy, let alone along Soviet lines, existed in the first two years after the war.³⁸ Change, when it did arrive, was to be prompted by economic crisis and the worsening relations between the Soviets and Western Allies.

First steps: "*Mehr produzieren, gerechter verteilen, besser leben!*"³⁹

In the years following the war, Soviet attitudes to the future of East Germany were conditioned by the desire not to provoke international conflicts. While the possibility of an acceptably constituted united Germany remained, Stalin did not want to give the impression

³⁵ Dittrich, *Die Anfänge der Aktivistenbewegung*, pp. 21-26.

³⁶ Selbmann to Leuschner, 16.8.1946, SAPMO-BA NY 4113/16.

³⁷ Roesler, "Vom Akkordlohn zum Leistungslohn", p. 784.

³⁸ Kopstein, *The Politics of Economic Decline in East Germany, 1945-89*, p. 22.

³⁹ "Produce more, distribute fairer, live better!"

that a new state was being built in the SBZ. When, however, in 1947 the Western powers *inter alia* reformed the Bizone, introduced the Marshall Plan and established the Ruhr Authority, Stalin concluded his one-state solution was off the cards. Coupled with the acute food shortages that followed the harsh winter of 1946-47,⁴⁰ the growing realisation that the eastern part of Germany might remain under Soviet control for some time led to a fundamental shift in thinking at the highest levels of the SBZ: some control of the economy needed to be handed over to local administration. On 4 June 1947, SMAD Order 138 established the *Deutsche Wirtschaftskommission* (DWK), or the German Economic Commission.⁴¹ Under the chairmanship of Heinrich Rau, the DWK, the first German administrative body responsible for the entire zone, was expected to coordinate all economic activities within the SBZ. The formation of the DWK, however, did not signal Soviet acceptance of the Sovietisation of the economy; rather it was a pragmatic response of SMAD to the exigencies it faced in 1947.

The new DWK immediately launched itself into an intensive debate about piecework, a debate that would ultimately lead to the adoption of the motto: “produce more, distribute fairer, live better” at the 2nd SED Party Congress in September 1947.⁴² The DWK realised that, alone, the “activists of the first hour” would not save the SBZ; the issue of material incentives and piecework was back on the agenda and now found acceptance from the highest ranks of the SED. At a SED *Parteivorstand* (Party Executive) meeting on 1 October 1947, Pieck argued that the only way to solve the problem of poor work morale was through improving the material conditions for workers. The needs of the SBZ, Red Army and reparations would continue to be met, but there was also a desperate need to ensure the

⁴⁰ Crop failure led to widespread hunger and increased worker absenteeism. Industrial production across the zone in 1947 was less than 60% of the 1936 level. “Informationsbericht Nr. 5 der Hauptabteilung 2 - Abteilung Statistik: “Die Entwicklung der industriellen Produktion in Deutschland, insbesondere in der sowjet. Besatzungszone” in DY 34/21707, pp. 6-8.

⁴¹ Jan Foitzik, *Sowjetische Militäradministration in Deutschland (SMAD) 1945-49* (Berlin: Akademie Verlag GmbH, 1999), p. 365.

⁴² Roesler, “Akkord ist Mord, Normenerhöhung ist das Gleiche”, p. 10.

delivery of German products for domestic consumption.⁴³ Drawing on the precedent set by Lenin and Stalin, Ulbricht justified the use of piecework in a “democratic economy” because this system could no longer be used for the exploitation of the workforce and the increase in production—one of its final goals—would be used for the benefit of all.⁴⁴

The new resolve of the SED was supported by SMAD. On 9 October 1947, it issued Order 234 which bore the subtitle: “Measures to raise worker’s productivity and further improve the material situation of the worker and employee in industry and transport”.⁴⁵ Dubbed the “Construction” (*Aufbau*) Order, it consisted of a broad series of measures designed to address the most urgent issues facing the SBZ: worker health and safety, output and labour productivity.⁴⁶ Point 4 of the order called for the reintroduction of piecework with priority given to the heavy industries of mining, coal, metals, machine building, electronics and transport. Although minimum wages were guaranteed under existing labour contracts, the order called for the systematic expansion of piecework wages, the clearest sign yet that wage differentiation would be centralised and coordinated from above and that material stimuli—not egalitarianism—would drive the economic revival.⁴⁷

In contrast to earlier laws and rulings, this order was: “...not an ad hoc response to economic and social problems in the SBZ”.⁴⁸ The order may have been issued by SMAD, but the main work behind the scenes came from the East Germans: the SED, *Freier Deutscher Gewerkschaftsbund* (Free German Trade Union Association or FDGB) and the DWK worked closely together on Order 234, while Herbert Warnke, President of the FDGB, and his

⁴³ “Protokoll Nr. 3 (II), Sitzung am 1. Oktober 1947”, in SAPMO-BArch, DY 30 IV 2/2.1/135, p. 2.

⁴⁴ See “Tagung vom 6. bis 7. Juli 1948”, in DY 34/26804, p. 16, and “Tagung vom 5. bis 7. Oktober 1948”, in DY 34/26804, pp. 58-59.

⁴⁵ See “Anlage zum Befehls Nr. 234 des Obersten Chefs der SMA vom 9. Oktober 1947”, in DY 30 IV 2/2.027/22 (Microfiche 1); “Befehle der SMAD” in DY 34/1093.

⁴⁶ The term “*Aufbau*” (construction) appears in many of the progress reports submitted to SMAD/SED; see “Was noch besser werden muss: Die Presse und ‘234’” (no date), DY 30 IV 2/6.02/85 (Microfiche 1), p. 1.

⁴⁷ See “Anlage zum Befehls Nr. 234 des Obersten Chefs der SMA vom 9. Oktober 1947”, in DY 30 IV 2/2.027/22 (Microfiche 1); “Befehle der SMAD” in DY 34/1093.

⁴⁸ Hübner, *Konsens, Konflikt und Kompromiß*, p. 22.

Deputy, Hans Jendretzky, edited the final text.⁴⁹ Broadly applied economic incentives, often in the form of wage differentials, were the centrepiece of a coordinated campaign from the aforementioned agencies to win the “hearts and minds” of workers. The SMAD newspaper, *Tägliche Rundschau*, printed 100,000 brochures about Order 234 on 10 October and the day before, a press conference was called to promote the order where Max Herm, Deputy President of the *Ministerium für Arbeit und Sozialfürsorge* (Ministry for Labour and Social Welfare; hereafter MAS), discussed the “wording” of Order 234 with 20 workplace councils and trade unions.⁵⁰

As noted earlier, for many workers piecework was tainted by its association with capitalist and Nazi industrial life. Workplace councils across the country had abolished it in 1945 as one of their first acts. As a result, the party anticipated significant opposition to the extension of piecework. In a sitting of the FDGB *Bundesarbeitsrat* (Federal Executive), which took place on the eve of SMAD Order 234, Ulbricht spoke of the need for a “change in attitude towards work” within enterprises.⁵¹ The order aimed to transcend traditional workplace practices. As a report rebuking the Sachsen branch of the SED for the attitudes of some of its enterprises, dated 25 December 1947, made clear more was now to be expected than just meeting targets and providing social facilities for workers. It was said that:

...we have fulfilled the plan; we have exemplary social facilities in the enterprise and with that, Order 234 is fulfilled. That shows that a large part of our comrades have not yet understood the meaning and importance of Order 234. The Order 234 is not grounded in time-imposed constraints, rather it asserts a new phase in our economic-

⁴⁹ Dittrich, *Die Anfänge der Aktivistenbewegung*, pp. 46-47.

⁵⁰ Dittrich, *Die Anfänge der Aktivistenbewegung*, p. 47.

⁵¹ Hübner, *Konsens, Konflikt und Kompromiß*, p. 28.

political development for the whole future period, in which the value of a person is related to his performance.⁵²

The party leadership's problem was that it faced challenges both from the workforce and from within. As a report sent to the SED *Parteivorstand* from a local SED group in Kösteritz in December 1947 illustrates, a "lingering egalitarianism"⁵³ among many workers was causing internal divisions within the SED.

Why is work morale sinking? Because the incentive to work is missing! The real wage, which sinks from month to month, is a fact that higher piecework rates won't change. There are only a few idealists among the workers who today can develop a better attitude towards work. The attitude which dominates is that all these measures will lead to higher exploitation and lead to little good for the majority. We must have the eyes and ears with the masses. And the masses say: don't let yourself be exploited. Don't let yourself be exploited, for you are a human being!⁵⁴

The limited powers of the DWK to curb the actions of *Länder* posed further problems for policy coordination. The DWK did not yet have the authority to impose orders and conflicting regulations and decisions continued.⁵⁵ As the Thüringen Ministry of Economic

⁵² "Bericht zum Befehl 234", 25 December 1947, in DY 30 IV 2/6.02/86 (Microfiche 4), pp. 6-7.

⁵³ The phrase and concept comes from Klessmann who sees the worker's egalitarianism as the major force shaping the early history of the DDR. Christoph Klessmann, "Arbeiter im 'Arbeiterstaat'", *Aus Politik und Zeitgeschichte: Beiträge zur Wochenzeitung Das Parlament*, volume 50, (2000), pp. 20-28.

⁵⁴ See "Zum Befehl 234 erhielten wir folgende Information, SED Zentralsekretariat", 30 December 1947, in NY 4036 (Pieck)/687, p. 45.

⁵⁵ Policy contradictions opened up in all aspects of government: from economic management to the education and justice systems and even in the administration of highways, which at this time were run differently in each of the *Länder*. As the FDGB *Bundesvorstand* noted in July 1948: "Since the regulations in the *Länder* of the Soviet occupation zone, in part, are different and sometimes also unclear, [there is a] need to strive towards a unified set of guidelines for the entire zone". FDGB: "Guidelines for Wage Policy" (*Richtlinien zur Lohnpolitik*). Resolution – Protocol of the 7th Federal Executive Sitting [of the FDGB] on 6-7 July 1948. For similar comments on the contradictions, see Selbmann, *Ausgewählte Reden und Artikel*, pp. 68-71. For the administrative chaos in the SBZ's highways, see his "Rede auf der Tagung der Deutsche Wirtschaftskommission" (speech given to an assembly of the DWK, 12 May 1948), p. 119.

Affairs bluntly asserted: “of the decisions of the Berlin Economic Commission, we will implement whatever we consider advisable and correct”.⁵⁶

The prominence and pervasiveness of workplace councils also limited the DWK’s scope for action. Issues of enterprise management needed to be negotiated with each workplace council. In these discussions, the interests of the enterprise’s workforce frequently took precedence over the needs of the economy as a whole. While this situation had been previously tolerated, the SED now saw the workplace councils as obstacles. As Selbmann explained: “we don’t want an enterprise parliament where the workplace council has to be consulted about every screw that has to be obtained, but ... a tight leadership aware of its responsibility upward and downward”.⁵⁷

The need for Soviet-style one-man-rule (*edinonachalie*) and a more centralised control of the economy were now openly acknowledged. Moreover, it came to be realised that working class resistance to piecework could, indeed should, be broken with the *assistance* of the trade union movement. Accordingly, increasing pressure was steadily put on trade unions and workplace councils to come under the control of the party-run FDGB, whose function according to Ulbricht when writing in “*Die Arbeit*” in November 1947, should be to carry out the economic-political goals of the party.⁵⁸ The party used intensive political schooling to make shop stewards and workplace councils “less responsive to pressures from below, and more amenable to manipulation from above.”⁵⁹ The SED and FDGB undertook several political initiatives throughout 1947 designed to strengthen the motivation of industry workers towards efficiency and production. A report on Order 234 from the Dresden SED

⁵⁶ DWK: Abteilung für Wirtschaftsfragen: Bericht über die Ergebnisse der bisherigen Arbeit des Abschnitts IV – Kontrolle vom 7.10.47, SAPMO-BA DY 30 IV 2/6.02/33.

⁵⁷ Winfrid Halder, ‘*Model für Deutschland*’ . *Wirtschaftspolitik in Sachsen 1945-1948* (Paderborn: Schöningh, 2001), p. 259.

⁵⁸ Walter Ulbricht, “*Die Arbeit*”, number 11, November (1947), cited in Ulbricht *Über Gewerkschaften*, pp. 181-87.

⁵⁹ Pritchard, *The Making of the GDR*, p. 146.

Parteivorstand, dated December 1947, discussed the “educational campaign” being led by the FDGB within enterprises.⁶⁰ Worker complaints of “first food, then more production” should be met with reference to Lenin’s “Great Initiative”, in which he stressed the need to first raise productivity if people wanted to live a better life. Physical strength alone could not achieve this: it also required technical improvements, better organisation in the workplace and, crucially, the introduction of piecework and wage differentials. The masses needed to be made aware of what had transpired in the SBZ since the defeat of Fascism through a “systematic educational campaign”, led by all strands of the party. In November 1947, Ulbricht wrote:

Of greater importance for the raising of worker productivity are the new work rules, which were devised by the central administration for work together with representatives of the FDGB. In these work rules it is stated that the application of piece- and accord wages should be expanded as a means to raise worker productivity and wages. While reading these regulations, old trade union colleagues will remember how they earlier fought against accord wages and the bonus system. Earlier, that was correct. After the liquidation of power of corporate and bank capital, with the existence of nationally-owned enterprises, democratic economic organs and the full rights of co-determination of trade unions we must, however, take a different position. Whoever under these new circumstances lacks work discipline, whoever does not give their all to raise production, hurts the people and serves the propaganda of the old owners, who today are interested in the lowering of worker productivity in the nationally-owned enterprises to prove that without them nothing works.⁶¹

⁶⁰ “Bericht zum Befehl”, 25 December 1947, in DY 30 IV 2/6.02/86 (Microfiche 4), p. 281.

⁶¹ Ulbricht, “Die Arbeit”, pp. 184-85.

The party needed to give and receive accurate, reliable information in order to promote and gauge the effectiveness of Order 234, an ability it recognised it presently sorely lacked. At an enterprise level, this would require the cooperation and participation of the FDGB, workplace councils, trade unions, plant managers and workers. “234 Work Groups” (*Arbeitsausschuss*) were set up to get the message down to the grass-roots, monitor progress and report back to the SMAD. It was realised that there was also a general lack of “ideological understanding” at the enterprise level and particularly in the press. The problem was twofold: a lack of systematic coordination and the failure to get a single correct message out.

A report on the implementation of Order 234 from Mecklenburg-Vorpommern, for example, concluded that in that *Land*:

The participation of the press in the implementation of Order 234 is weak and mainly inept. To our knowledge, no article has appeared in the Mecklenburg press of a leading government figure or politician about the decree. The examples, which are given by the press, are often exaggerated or have nothing to do with the order in reality. For example, changing the amount that should be produced is repeatedly interpreted as success of Order 234 by the press.⁶²

Such exaggerations and distortions in production numbers often had unintended consequences. An internal report from within the DWK entitled “What must become even better: The Press and ‘234’” noted:

...the impression is aroused in the labour force that the economy finds itself in a rapid boom (in part, this is because of reports of an increase in production of 30-50 per cent) and the question comes up where is all this excess production? Moreover, these figures depart from the actual purpose of the construction plan 234, which wants to

⁶² “Bericht über die im Lande Mecklenburg-Vorpommern festgestellten Maßnahmen zur Durchführung des Befehls 234” (no date) in DY 30 IV 2/2.027/22 (Microfiche 1), p. 2.

bring about a rise in worker productivity. In other words, the press must place the question of raising worker productivity in the foreground.⁶³

The Chemnitz branch of the FDGB similarly expressed “irritation” with newspaper reports which presented a different view of reality to the one it saw.⁶⁴ One such headline appeared in the *Sächsischen Volkszeitung* on 15 December 1947: “The piecework system is established”. The story reported that in the Sachsen metal industry, the number of workers on piecework rates had risen from 20 per cent at the end of the war to 80 per cent.⁶⁵ Subsequent enquiries revealed that the figure in December 1947 was a mere 13.6 per cent (a rise of 7.1 per cent from the previous October), a rate regarded as unsatisfactory.⁶⁶ The problem lay not in the fact that the information was blatantly false, rather in the signal it sent to the workers. A report from a 234 Work Group in April 1948 found: “In the press, numbers about the expansion [of piecework] are repeatedly given which are extremely exaggerated. It is even claimed here and there that the percentage has already risen again to approximately 70 to 80 per cent. Such reports must lead to neglect in the task to expand wage differentials.”⁶⁷ A similar report concluded: “These irresponsible numbers lead one to assume this important task has been ‘solved’ and is not to be worried about.”⁶⁸

Establishing Control: *Der Leistungslohn und der progressive Akkord*⁶⁹

By the beginning of 1948, the SED had demonstrated the will to take control of the economy; what it still lacked was an ability to do so effectively. Despite its hopes, the DWK simply did

⁶³ “Was noch besser werden muss: Die Presse und ‘234’” (no date), DY 30 IV 2/6.02/85 (Microfiche 1), p. 1.

⁶⁴ “Auszug aus einem Gesamtbericht des FDGB Chemnitz über die Durchführung des Befehls 234”, 22 January 1948 in DY 30 IV 2/6.02/86 (Microfiche 4), pp. 316-17.

⁶⁵ “Auszug aus einem Gesamtbericht des FDGB Chemnitz über die Durchführung des Befehls 234”, 22 January 1948 in DY 30 IV 2/6.02/86 (Microfiche 4), p. 317.

⁶⁶ “Auszug aus einem Gesamtbericht des FDGB Chemnitz über die Durchführung des Befehls 234”, 22 January 1948 in DY 30 IV 2/6.02/86 (Microfiche 4), p. 318.

⁶⁷ “Bericht über die bisherige Verwirklichung des Aufbauplans 234. Die Leitung der Verwirklichung des Aufbauplans 234”, 8 April 1948, in DY 30 IV 2/6.02/85 (Microfiche 4), p. 281.

⁶⁸ “Was noch besser werden muss: Die Presse und ‘234’” (no date), DY 30 IV 2/6.02/85 (Microfiche 1), p. 2.

⁶⁹ “Performance pay/wage differentials and progressive piecework”.

not have the means at its disposal to take on the power and influence of the *Länder* and the workplace councils. More than that, the party also began to realise it did not have the mechanisms in place, both outside and, worryingly, inside the SED, to mould convention and opinion in ways conducive to its goals.⁷⁰ As a ruling Marxist-Leninist party, it had much to learn. As a consequence, over the course of the second half of 1947 it had made relatively little progress in establishing order and control over the SBZ's economy.

Such an assessment clearly applied to its attempt to introduce piecework. At the behest of SMAD, members of the DWK travelled across the entire SBZ in January and February 1948 and compiled a series of reports on the implementation of Order 234. The picture which emerged was not encouraging. Little, if any, progress had been made in getting workers to accept piecework. Before 1945, 80 per cent of the industrial workforce performed under the piecework conditions.⁷¹ This fell to 20-25 per cent by 1946 and a half year report from MAS in April 1948 showed the percentage of workers on piecework in early 1948 had barely risen: from 23 to 26 per cent.⁷² Another report from the same period found that the rate was approximately 25-30 per cent.⁷³ Rates of piecework remained relatively high in leading industries like coal mining, which were not so affected by material shortages. Nevertheless, norm fulfilment remained below pre-war levels.⁷⁴

The DWK attributed its failure to three factors. The first was its lack of authority over the economy and inability to bring SMAD and *Länder* ministries, not to mention workplace

⁷⁰ As Selbmann noted in July 1947, the competing, often contradictory, opinions voiced by different parts of the party with respect to economic policy bred only confusion and meant that "no clear information" could get out. Selbmann, *Ausgewählte Reden und Artikel*, p. 74.

⁷¹ "Bericht über die bisherige Verwirklichung des Aufbauplans 234. Die Leitung der Verwirklichung des Aufbauplans 234", 8 April 1948, in DY 30 IV 2/6.02/85 (Microfiche 4), p. 281.

⁷² "Einschätzung der Ergebnisse des Befehls", 6 April 1948, in DY 30 IV 2/2.027/22 (Microfiche 2), p. 151.

⁷³ "Bericht über die bisherige Verwirklichung des Aufbauplans 234. Die Leitung der Verwirklichung des Aufbauplans 234", 8 April 1948, in DY 30 IV 2/6.02/85 (Microfiche 4), p. 281.

⁷⁴ Hübner, *Konsens, Konflikt und Kompromiß*, p. 31.

councils, under its control. This gave rise to inconsistencies, even inaction in parts. A report on the implementation of the order from Mecklenburg-Vorpommern noted:

Fundamental measures to raise worker performance have not been tackled so far. The only Ministry that has accomplished systematic work in the direction of the order is the Ministry for Labour and Social Welfare [MAS] while, for example, the Ministry for Economics [DWK] explained it actually ‘has little to do with the order’.⁷⁵

Further on, it added: “The subjective resistance to the implementation of the order exists in the inadequate or totally absent initiative and activities of different leading figures (Ministry for Trade and Supply, Ministry for Economics, the Agency for Economic Planning) and the unsatisfactory ideological schooling in the enterprises.”⁷⁶ These agencies and some workplace councils were accused of “indifference”, “inadequate political understanding of the necessity for the order”, “anarchism”, “corruption”, even “sabotage”.⁷⁷

The SED lobbied the Soviets for a significant extension of the DWK’s power. On 12 February 1948, they obliged with the introduction of SMAD Order 32.⁷⁸ This order gave the DWK the power to legislate and was quickly followed on 9 March by another placing all existing SMAD and *Länder* administrations under its direct control. The DWK was now the pre-eminent institution in the SBZ with unprecedented authority to manage its economy as a single zone.⁷⁹

The party moved quickly to neuter the troublesome workplace councils. In May 1948, the FDGB announced that henceforth trade unions were going to take over many of the functions

⁷⁵ “Bericht über die im Lande Mecklenburg-Vorpommern festgestellten Maßnahmen zur Durchführung des Befehls 234” (no date) in DY 30 IV 2/2.027/22 (Microfiche 1), p. 1.

⁷⁶ “Bericht über die im Lande Mecklenburg-Vorpommern festgestellten Maßnahmen zur Durchführung des Befehls 234” (no date) in DY 30 IV 2/2.027/22 (Microfiche 1), p. 3.

⁷⁷ See “Bericht über die Überprüfung der Durchführung des Befehls 234 im Lande Thüringen”, 18 February 1948, in NY 4182/1198 (Microfiche 8), p. 317; “Bericht über die Durchführung des Befehls 234”, 28 January 1948 in NY 4182/1198 (Microfiche 5), pp. 193-95.

⁷⁸ Foitzik, *Sowjetische Militäradministration in Deutschland (SMAD) 1945-49*, p. 388.

⁷⁹ Steiner, *The Plans that Failed*, p. 40.

hitherto performed by the councils, and in July 1948 the workplace councils' right of "co-determination" was heavily circumscribed.⁸⁰

The second factor that plagued the introduction of piecework was the lack of consistency in how it had been implemented across the SBZ. No common piecework system had been specified. Versions varied between regions and between enterprises. In many cases, the system in operation provided little incentive for improved performance. The old hourly wage (or shift wage for 8 hours) would be guaranteed irrespective of output, so that workers were not disadvantaged by irregular production. Workers would also be guaranteed a premium or bonus if a certain target was achieved. Often the difference lay in how the "progressive" element was calculated and at what rate of production it cut in. One such example comes from a waste disposal company in Ilse-Ost, Nordfeld. In January 1948, its workforce of 152 men was expected to clear 10,000 cubic metres of earth per day. If they failed to reach this target, they were paid according to existing standard rates (workers were placed into different groups according to skills and experience). If the workforce met the daily target, they received a standard shift wage plus a 13 per cent premium. This premium rose to 24 per cent (in addition to the shift wage) if the workforce cleared 11,000 cubic metres per day.⁸¹ A coal mine in Altenburg, Thüringen went further in its generosity by actually paying workers a bonus of RM 0.50 when they reached 6,500 tons per day in January 1948 – even though the daily target was 7,000 tons! Bonus premiums were staggered upwards, reaching RM 1.2 when the workforce delivered 7,200 tons.⁸²

⁸⁰ Pritchard, *The Making of the GDR*, p. 203. For a more general summary of the gradual dissolution of workers councils, see Siegfried Suckut, "Die Betriebsrätebewegung in der sowjetischen Besatzungszone und die Bitterfelder Beschlüsse", in IG Chemie-Papier-Keramik (ed.) *Gewerkschaften in der SBZ/DDR 1945 bis 1950: Anspruch und Wirklichkeit* (Hannover: IG Chemie-Papier-Keramik, 1996), pp. 53-65.

⁸¹ "Probeweise ab 1. Januar 1948 eingeführte und geplant Gedingelöhne und Prämien" (no date), in DY 30 IV 2/6.02/85 (Microfiche 2), p. 133.

⁸² "Technische Bezirksbergbau-Inspektion Altenburg/Thür", 10 January 1948, in DY 30 IV 2/6.02/85 (Microfiche 2), p. 135.

The third factor was that even when introduced piecework did not guarantee workers better wages. A DWK report dated 4 February 1948 conceded: “After the introduction of the piecework wage, wages actually fell in many enterprises. Comrade Rau reports this as characteristic for Brandenburg.”⁸³ Not surprisingly, workers objected, staged slowdowns and sabotaged machinery to resist its imposition.⁸⁴ The party and its organs realised that a policy of wage differentiation could only succeed if it provided workers with the resources and incentives to make piecework attractive. Real wages had to go up.⁸⁵

The DWK began work on a series of guidelines that would standardise practice across enterprises and make piecework more attractive, especially for the best workers. If implemented properly, under these guidelines, workers could theoretically earn unlimited, progressively increasing premiums over the base piece rate for marginally greater production. Implementation was problematic. In particular, it was felt that, given the limited educations of many enterprise managers, the “progressive” component of piecework may not be correctly put into practice. In Sachsen, for example, only 20 per cent of VEB managers had an education that extended beyond elementary school.⁸⁶ To counter the problem, Dr Raphael, an expert from the DWK, compiled a document that set out to dispel common misconceptions and provide facts. In “Progressive Piecework Wages – False and True”, Dr Raphael explained to readers that a genuinely “progressive” wage differential should be based on the total production, not the level above a daily target.⁸⁷

⁸³ “Für Genossen Ulbricht”, 4 February 1948, in DY 30 IV 2/6.02/85 (Microfiche 1), p. 28.

⁸⁴ Kopstein, *The Politics of Economic Decline in East Germany, 1945-89*, p. 29.

⁸⁵ See, for example, the resolutions of the FDGB: “Entschliessung zu den nächsten wirtschaftspolitischen Aufgaben des FDGB”, 14 January 1948, in DY 24/26803 (Microfiche 1), p. 81.

⁸⁶ Steiner, *The Plans that Failed*, p. 30.

⁸⁷ “Progressive Akkordlöhne - falsch und richtig”, 4 February 1948, in DY 30 IV 2/6.02/85 (Microfiche 2), pp. 97-102.

The point was illustrated with examples.⁸⁸ Assume, for instance, the following: an hourly wage of RM 1 (RM 8 per shift) and a normal shift of 4,000 units per day. If a base piecework rate of RM 2 for every 1,000 units is paid, a worker earns the same under either system if he/she meets the daily target of 4,000 units. However, if a worker exceeds the daily target by 1,000 units, he/she would also receive pay for the amount in excess of the daily target at the base rate. His/her total wage would increase in line with production increases. This situation, summarised in Table 1, describes a piecework system without progression, that is, a system where wage growth merely matches production and extra effort is not rewarded more highly than expected work.

Now consider Table 2 where a bonus of 7 per cent on top of the base rate is paid for a 5 per cent increase in production above the daily target (which equates to 4,200 units) and rises in line with the progression given in column 3. If a worker exceeds production by 25 per cent (1,000 units), he/she receives a bonus of 33 per cent on top of the base rate. This arrangement is not as “progressive” as it appears: the bonus is certainly greater than the increase in production, but only applies to the increase in production that is beyond the daily target (in this case, 4,000 units). The initial 4,000 units are still paid at the existing base rate: RM 2 per 1,000 units or RM 8 per day. In these circumstances, total piecework wage growth moves marginally ahead of the growth of production. Only when above-target production and the size of the bonus become large, do the benefits increase significantly. While an advance on the situation in Table 1, this system is only partially “progressive” in that the productive worker receives extra reward for a part of his/her work.

Piecework becomes truly “progressive” when the rewards of exceptional labour are applied across all production (i.e. up to 5,000 units), not just the amount above the daily target (i.e. on

⁸⁸ The following examples are adapted from: Progressive Akkordlöhne - falsch und richtig”, 4 February 1948, in DY 30 IV 2/6.02/85 (Microfiche 2), pp. 97-102.

a maximum of 1,000 units). Only then does it lose its “*Mordlohn-Charakter*” (murder wage character).⁸⁹ In Table 3, such a “progressive” element is added to the arrangement. In this case, the bonus, once earned, is applied to the base rate across all output. The result is wage growth that runs well in excess of production growth at all levels. The full effort of the good worker, it is argued, is acknowledged and rewarded. Nor would such “progressive” piecework lead to a wage explosion that might jeopardise the financial viability of enterprises. Dr Raphael contended that the scale economies wrought by greater production would lower overall costs sufficiently to make “progressive” wages affordable.⁹⁰

Table 1: Example of piecework without progression

(1) Total Production (units)	(2) Increase in total production (%)	(3) Total wage earned $\{8RM \times [(col. 2/100) + 1]\}$	(4) Increase in total wage earned over RM8 (%)
4,000	0	RM 8	0
4,200	5	RM 8.4	5
4,400	10	RM 8.8	10
4,600	15	RM 9.2	15
4,800	20	RM 9.6	20
5,000	25	RM 10	25

⁸⁹ “Progressive Akkordlöhne - falsch und richtig”, 4 February 1948, in DY 30 IV 2/6.02/85 (Microfiche 2), p. 101.

⁹⁰ “Progressive Akkordlöhne - falsch und richtig”, 4 February 1948, in DY 30 IV 2/6.02/85 (Microfiche 2), p. 101

Table 2: Example of piecework with ‘apparent’ progression

(1) Total Production (units)	(2) Increase in total production (%)	(3) Bonus added to the base rate and applied to above-target production only (%)	(4) Total wage earned for production up to 4,000 units (RM)	(5) Total bonus earned for above-target production (RM) <i>[(col. 1 - 5000)/1000] x [(col. 3/100)+ 1]</i>	(6) Total wage earned <i>[col. 4 + col.5]</i>	(7) Increase in total wage earned over RM8 (%)
4,000	0	0	8	0	RM 8	0
4,200	5	7	8	0.43	RM 8.43	5.4
4,400	10	12	8	0.90	RM 8.90	11.2
4,600	15	18	8	1.42	RM 9.42	17.7
4,800	20	25	8	2	RM 10	25
5,000	25	33	8	2.66	RM 10.66	33.3

Table 3: Example of piecework with ‘true’ progression

(1) Total production (units)	(2) Increase in total production (%)	(3) Bonus added to the base rate and applied to above-target production (%)	(4) Base rate per 1,000 units at different levels of total production (RM)	(5) Total wage earned <i>[(col. 1/1000) x col. 4]</i>	(6) Increase in total wage earned over RM8 (%)
4,000	0	0	2	RM 8	0
4,200	5	7	2.14	RM 8.99	12.5
4,400	10	12	2.24	RM 9.86	23.1
4,600	15	18	2.36	RM 10.86	35.8
4,800	20	25	2.50	RM 12	50.0
5,000	25	33	2.66	RM 13.3	66.3

Adopting common guidelines for piecework, however, was not enough. Tax reform was also needed. Offering workers the potential to earn a higher wage certainly induced many to adopt piecework, but at the same time, confusing and contradictory tax laws across the SBZ undermined the inducement. Income from overtime, as well as night shifts or Sunday work was partially or fully tax free, yet workers who earned monetary bonuses for exceeding norms paid higher levels of tax.⁹¹ In February 1948, a report from the Maximilian Steel and Iron works concluded: “The introduction of piecework has met resistance because most of the wage differential has been reduced significantly due to the taxation of the bonus.” And further on: “This bonus is lost by 80 per cent of single (non-married) workers due to taxation. Therefore, workers are not prepared to cross over from daily wages to piecework.”⁹² Another report received by the DWK entitled “Examples of Income Tax Deductions from Piecework” found that most workers were losing more than half of the additional earnings to tax.⁹³

In March 1948, the DWK issued orders that workers who transferred to piecework or other types of wage differentials were to be guaranteed an income 15 per cent higher than what they received previously.⁹⁴ In June of that year, a sitting of the SED *Partei Vorstand* upheld the initial guarantee of minimum earnings (115 per cent of the basic wage) and made piecework earnings theoretically unlimited in amount.⁹⁵ A report from a “234 Work Group” in April 1948 claimed that:

The tax question has by now been decided. All state governments have issued decrees, whereby performance bonuses in future are tax free. As the FDGB in Brandenburg

⁹¹ Dittrich, *Die Anfänge der Aktivistenbewegung*, p. 51.

⁹² “Eisenhüttenwerk Maximilian-Hütte - landeseigener Betrieb”, 20 February 1948, in DY 30 IV 2/6.02/87 (Microfiche 3), p. 203.

⁹³ “Beispiele für Lohnsteuer-Abzug bei Akkordlohn” (no date), in DY 30 IV 2/6.02/87 (Microfiche 3), pp. 189-91.

⁹⁴ “Richtlinien zur Akkordlohnarbeit”, 15 March 1948, in DY 30 IV 2/2.027/27 (Helmut Lehmann), p. 1.

⁹⁵ “Protokoll Nr. 81 (II), Sitzung am 1. Juni 1948”, in DY 30 IV 2/2.1/204, p. 9.

reports, this has had an extraordinarily positive effect in the enterprises, somewhat similar on its part to the previous announcement of distributing additional food.⁹⁶

“Germany had made little progress with the previously little known progressive piecework”, the report continued, and “one must always stress the contents of the progressive piecework, since when correctly introduced, wages can go up in leaps and bounds. Therefore, stronger propagation and introduction of the progressive piecework is also necessary.”⁹⁷ An example was provided of a wire transmission department at a steel mill in Hettstedt, Sachsen-Anhalt. Every machine had a normal production per shift. If workers reached their daily target, each would receive a 10 per cent bonus on top of the base piecework rate; and if they exceeded norms by 20 per cent, this bonus would rise to 15 per cent. Production per head went up from 4.3 tons to 6.95 tons and performance per hour rose from 24.6 kilograms to 38.9 kilograms. The report found that workers also took more care with tools and materials and with better use of work time were able to make the same amount with fewer workers (from 132 to 92). The average wage per hour rose from RM 0.99 to RM 1.58, while the highest paid worker now received RM 2.10. The overall wage bill remained unchanged as the earnings were split among fewer workers. In the period from October 1947 to February 1948, norms were exceeded each month and average monthly performance per worker rose 30 per cent.⁹⁸

Yet, this example was an anomaly in many respects. The shortage economy and soft budget constraint enterprises operated under led to the hoarding of labour (due to its scarcity).

Enterprise managers responded by setting weak output norms that workers could easily meet

⁹⁶ “Bericht über die bisherige Verwirklichung des Aufbauplans 234. Die Leitung der Verwirklichung des Aufbauplans 234”, 8 April 1948, in DY 30 IV 2/6.02/85 (Microfiche 4), p. 283. A resolution from a sitting of the Federal Executive of the Free German Trade Association, held a month later, promised a wide-ranging reform, which would lower tax rates or the tax-free threshold, and strive for a unified set of guidelines across the SBZ. See “Beschuß - Protokoll der 7. Bundesvorstandssitzung am 6. und 7.7.1948”, 9 July 1948, in DY 34/26804 (Microfiche 1), pp. 16-17.

⁹⁷ “Bericht über die bisherige Verwirklichung des Aufbauplans 234. Die Leitung der Verwirklichung des Aufbauplans 234”, 8 April 1948, in DY 30 IV 2/6.02/85 (Microfiche 4), p. 283.

⁹⁸ “Bericht über die bisherige Verwirklichung des Aufbauplans 234. Die Leitung der Verwirklichung des Aufbauplans 234”, 8 April 1948, in DY 30 IV 2/6.02/85 (Microfiche 4), pp. 283-84.

and exceed, thereby raising total wages and making their enterprise more appealing on the labour market.⁹⁹ In a letter to Rau, a senior SMAD official complained that by September 1948, 80 per cent of workers at the Maximilian Steel and Iron works were on “progressive” wage differential, yet norms were based on the average performance for July and August (the lowest months in the last 18 months). This led to a wage explosion of more than 60 per cent, though year-on-year productivity actually fell by 24 per cent.¹⁰⁰ Similar examples were supplied from foodstuff, coal and industry enterprises.¹⁰¹

Serious divisions were also emerging in the SED over the direction of wage policy. As wages seemingly spiralled out of control, a bureaucratic battle raged behind the scenes over the primacy of “progressive” wage differentials. Selbmann, now DWK Deputy Chairman, and Gustav Brack, Head of MAS (the organisation largely responsible for implementing Order 234), held opposing views. Selbmann believed that finding ways to increase work effort was the central issue and that workers would only take up piecework if it remained “progressive”. In other words, wages needed to stay high to stimulate workers to work harder. By contrast, Brack contended that the primary focus of policy should be output, not wage, growth. Wage growth that outstripped productivity growth only raised costs and choked off the expansion of output. Wages needed to be held in check until production had risen.¹⁰²

An internal document from the DWK hints at how bitter the dispute between the administrative agencies responsible for implementing the order had become.¹⁰³ Entitled “Draft: Resolution in the Question of Wage Policy and Collective Bargaining Policy”, the

⁹⁹ Kopstein, *The Politics of Economic Decline in East Germany, 1945-89*, pp. 29-30.

¹⁰⁰ “An den vorsitzenden der Deutschen Wirtschaftskommission”, 23 December 1948, in DY 30 IV 2/2.027/27 (Microfiche 1), p. 48.

¹⁰¹ “An den vorsitzenden der Deutschen Wirtschaftskommission”, 23 December 1948, in DY 30 IV 2/2.027/27 (Microfiche 1), p. 48.

¹⁰² See “An die SED Vorstizenden Herrn Wilhelm Pieck und Otto Grotewohl”, 21 September 1948, in DY 30 IV 2/2.027/27 (Microfiche 1), p. 13 and “An den vorsitzenden der Deutschen Wirtschaftskommission”, 23 December 1948, in DY 30 IV 2/2.027/27 (Microfiche 1), pp. 48-52.

¹⁰³ “Entwurf: Entschliessung zur Frage der Lohn- und Tarifpolitik” (no date or author), in DY 30 IV 2/6.02/88 (Microfiche 1), pp. 37-50.

document speaks of “a series of open errors on the part of comrades in the party, administration and the unions”, who used material shortages as an excuse for not devoting enough energy towards Order 234.¹⁰⁴ “The underestimation of the ideological schooling of the workers has led to them not yet recognising the new relationship to work.”¹⁰⁵ In a shoe factory in Magdeburg, for example,

A female worker explained, in response to a query that she was probably in the position to make 130 pairs of shoes instead of 120, that she only made 120 because she received the same income as for 130. Workplace councils and enterprise leaders explained: ‘The time of piecework is over: piecework is murder.’ When the question was raised: whether it was known that coal miners work under the earth in bare feet because there are not enough shoes they saw the error of their ways.¹⁰⁶

This criticism was part of a growing, more general, realisation among the SED leadership that simply having a clear party line would achieve nothing if there were no mechanisms to convey that message clearly and speedily down to the shopfloor. These mechanisms needed to be found, strengthened and systematically coordinated. In this light, the DWK noted in early 1948 that the press should be better used to propagate the nascent activist movement.¹⁰⁷ That movement was struggling to gain traction in the community because the term “*Aktivist*” actually had no precise meaning and was often applied to all workers in an enterprise.¹⁰⁸ The DWK argued that the term should be exclusively reserved for above average performance, that is, those workers who raised productivity or lowered costs through suggestions,

¹⁰⁴ “Entwurf: Entschliessung zur Frage der Lohn- und Tarifpolitik” (no date or author), in DY 30 IV 2/6.02/88 (Microfiche 1), p. 37.

¹⁰⁵ “Entwurf: Entschliessung zur Frage der Lohn- und Tarifpolitik” (no date or author), in DY 30 IV 2/6.02/88 (Microfiche 1), p. 37.

¹⁰⁶ “Entwurf: Entschliessung zur Frage der Lohn- und Tarifpolitik” (no date or author), in DY 30 IV 2/6.02/88 (Microfiche 1), pp. 37-38.

¹⁰⁷ “Was noch besser werden muss: Die Presse und ‘234’” (no date), in DY 30 IV 2/6.02/85 (Microfiche 1), pp. 1-2.

¹⁰⁸ “Was noch besser werden muss: Die Presse und ‘234’” (no date), in DY 30 IV 2/6.02/85 (Microfiche 1), pp. 1-2.

discoveries, or through the reaching of higher norms.¹⁰⁹ It was a theme that would be returned to later in the year.

Meanwhile, the SED continued its internal battle over wage policy. The internal report mentioned previously openly criticised wage differentials, which did not take “the financial viability of the enterprise ... into consideration.”¹¹⁰ Several high profile figures were castigated for their over-enthusiasm. Nevertheless, in September 1948, Selbmann still maintained: “I regard it correct from the outset to treat the question of progressive wage differentials as the dominant question.”¹¹¹ In an article published in the magazine, *Die Einheit*, Warnke likewise argued that the progressive wage differential was the only correct wage system.¹¹² Indeed, as late as November 1948, despite the growing criticism and calls for tighter norms from within the SED and from SMAD, Rau could still counter with a different message: “A further question which needs to be cleared is that of norms. One always speaks about the setting of new norms. That appears to be premature and harmful.”¹¹³ Further on, he added: “We have, for example, in a resolution one such sentence which says one must establish performance norms in all enterprises. That sounds smart and correct; we also believed that it was right. And yet it is false.”¹¹⁴

The lack of consensus on priorities and norms created confusion in enterprises. Amidst acrimonious claims of “opportunistic conspiracy” and “sabotage”, the SED referred the

¹⁰⁹ “Was noch besser werden muss: Die Presse und ‘234’” (no date), in DY 30 IV 2/6.02/85 (Microfiche 1), pp. 1-2.

¹¹⁰ “Entwurf: Entschliessung zur Frage der Lohn- und Tarifpolitik” (no date or author), in DY 30 IV 2/6.02/88 (Microfiche 1), p. 38.

¹¹¹ “Entwurf: Entschliessung zur Frage der Lohn- und Tarifpolitik” (no date or author), in DY 30 IV 2/6.02/88 (Microfiche 1), p. 39.

¹¹² “Entwurf: Entschliessung zur Frage der Lohn- und Tarifpolitik” (no date or author), in DY 30 IV 2/6.02/88 (Microfiche 1), p. 39.

¹¹³ “Entwurf: Entschliessung zur Frage der Lohn- und Tarifpolitik” (no date or author), in DY 30 IV 2/6.02/88 (Microfiche 1), p. 40.

¹¹⁴ “Entwurf: Entschliessung zur Frage der Lohn- und Tarifpolitik” (no date or author), in DY 30 IV 2/6.02/88 (Microfiche 1), p. 40.

matter to the SMAD which eventually ruled in favour of Brack's position.¹¹⁵ The DWK was admonished for "irresponsible behaviour". Lowering norms had led to a "disproportionate growth in wages and production costs", which "threatened the currency and financial system" and made many enterprises "non viable". A potash-coal mine in Bernburg, for example, was allegedly using norms which corresponded to 40 per cent of the 1943 levels. That meant the same work performance in 1948, when compared with 1943, cost DM 2.37 instead of DM 1.10.¹¹⁶ The DWK was ordered to work on a new set of guidelines: norms were to be tightened across the board and progressive wage differentials limited to essential industries and linked to the lowering of production costs.¹¹⁷

Tightening control: "Freund Hennecke gab das Signal"¹¹⁸

The new guidelines were released on 29 September 1948 and made applicable to all VEB and SAG enterprises. At their heart lay a new principle: that "the basis of the wage differential is shaped by the work norms, which are established in the enterprises according to normal performance."¹¹⁹ Normal performance now corresponded to the time it took a majority of workers to do the job. Time studies (*Zeitstudien*) would be used to determine the "average

¹¹⁵ See "An die SED Vorstizenden Herrn Wilhelm Pieck und Otto Grotewohl", 21 September 1948, in DY 30 IV 2/2.027/27 (Microfiche 1), p. 13 and "An den vorsitzenden der Deutschen Wirtschaftskommission", 23 December 1948, in DY 30 IV 2/2.027/27 (Microfiche 1), pp. 48-52.

¹¹⁶ "Entwurf: Entschliessung zur Frage der Lohn- und Tarifpolitik" (no date or author), in DY 30 IV 2/6.02/88 (Microfiche 1), p. 40. On 20 June 1948, the Reichsmark and Rentenmark (RM) were abolished in the western occupation zones and replaced with the Deutsche Mark. The RM was still legal currency in the Soviet occupation zone at this time and the currency flooded from west to east, leading to inflation. The Soviets responded with their own currency reform. In the first stage, old RM notes had special coupons stuck on: residents received 70 such coupon Marks at the rate of 1:1 against the old RM. On 24 July 1948, a completely new set of banknotes was issued: the coupon Mark was exchanged at 1:1 against the DM of the *Deutschen Notenbank* (which became the official currency); see Steiner, *The Plans that Failed*, pp. 42-43.

¹¹⁷ "An den vorsitzenden der Deutschen Wirtschaftskommission", 23 December 1948, in DY 30 IV 2/2.027/27 (Microfiche 1), pp. 47-48.

¹¹⁸ "Friend Hennecke gave the signal". This comes from the song "Good luck! The Hennecke song", which was adopted by the Free German Youth (FDJ). NY 4177/3, "Glück auf! Das Hennecke-Lied", p. 61.

¹¹⁹ See "Richtlinien zur Lohngestaltung in volkseigenen und SAG-Betrieben. Beschlossen vom Sekretariat der DWK am 24.9.1948" in DY 34/26804 (Microfiche 3), p. 247; "Protokoll Nr. 119 (II), Sitzung am 11. Oktober 1948", in DY 30 IV 2/2.1/239, p. 11; "Die Lohnfrage in den volkseigenen Betrieben", in DY 30 IV 2/6.02/88 (Microfiche 1), p. 51.

time”. This was the first widespread introduction of what would later become known as a *Technische Arbeitsnorm* (TAN), or technically-based work norms.¹²⁰

To alleviate workers’ fears, work norms were only supposed to rise when “technical conditions” changed, not through higher performance of the workers alone. Wage commissions were set up within enterprises to deal with issues of norm setting and verification. Work norms were communicated to workers via pay slips and displayed on noticeboards within the enterprise.¹²¹

These changes took place against the backdrop of the inaugural two-year plan (1949-50), which set the ambitious task of raising production, in comparison with 1947, by a minimum of 35 per cent, worker productivity by 30 per cent, total wages by 15 per cent and lowering costs in VEB enterprises by 7 per cent.¹²² Rises in worker productivity in the second half of 1948 had been offset by an even higher rise in total wages.¹²³ A 2:1 ratio of productivity growth to wage growth was considered the benchmark to keep enterprises viable while ensuring the state met the goals of its two-year plan.

These guidelines set out to expand the number of workers on wage differentials. The “progressive” element still existed in theory and without limits, but in addition to being restricted to priority industries like iron, coal, metal, machines and transport, its payment was now linked to “genuine” work norms, an enterprise lowering costs and required permission

¹²⁰ See “Richtlinien zur Lohngestaltung in volkseigenen und SAG-Betrieben. Beschlossen vom Sekretariat der DWK am 24.9.1948” in DY 34/26804 (Microfiche 3), p. 247; “Protokoll Nr. 119 (II), Sitzung am 11. Oktober 1948”, in DY 30 IV 2/2.1/239, p. 11; “Die Lohnfrage in den volkseigenen Betrieben”, in DY 30 IV 2/6.02/88 (Microfiche 1), p. 51.

¹²¹ See “Richtlinien zur Lohngestaltung in volkseigenen und SAG-Betrieben. Beschlossen vom Sekretariat der DWK am 24.9.1948”, in DY 34/26804 (Microfiche 3), p. 247; “Protokoll Nr. 119 (II), Sitzung am 11. Oktober 1948”, in DY 30 IV 2/2.1/239, p. 12.

¹²² “Beschluss-Protokoll der 1. Bundesvorstands-Sitzung vom 4. und 5.1.1949”, in DY 34/26805 (Microfiche 1), p. 8.

¹²³ “Beschluss-Protokoll der 1. Bundesvorstands-Sitzung vom 4. und 5.1.1949”, in DY 34/26805 (Microfiche 1), p. 9.

from the relevant industry authority.¹²⁴ Performance bonuses (*Leistungsprämien*) were also offered for suggestions which raised productivity or led to cost savings.¹²⁵ To make piecework more appealing, tax rates on wage differentials were also lowered.¹²⁶

To monitor these work norms, workers on wage differentials were handed out wage slips (*Wohnzettel*) before the commencement of each job, which made clear exactly what was expected of them. These slips detailed every aspect of the job: type of work, quantity produced, time allowed for production, set up time, total time used, allowance for contingencies, total time allowed, cost per minute and percentage of norm fulfilment.¹²⁷

Parallel to the extension of “progressive” wage differentials in 1948, offices for work preparation (*Arbeitsvorbereitung*) were created within enterprises and a “Central Commission for Time Studies” (*Zentrale Ausschuss für technische Arbeitsnormung*) was established in May 1949 within the DWK.¹²⁸ The main task of this commission was to introduce TANs, which would become the basis of future work norms.¹²⁹

Selbmann gave a wide-ranging talk on the issue of technically-based norms to the SED *Partei Vorstand* in July 1949, which is useful to quote at length. It demonstrates the party’s—and his—new outlook.

Now comrades, the foundation of wage differentials is the application of technically correct work norms. I believe, one must finally ask ourselves: what then are technical

¹²⁴ See “Richtlinien zur Lohngestaltung in volkseigenen und SAG-Betrieben. Beschlossen vom Sekretariat der DWK am 24.9.1948” in DY 34/26804 (Microfiche 3), p. 248; “Protokoll Nr. 119 (II), Sitzung am 11. Oktober 1948”, in DY 30 IV 2/2.1/239, p. 13; “An den vorsitzenden der Deutschen Wirtschaftskommission”, 23 December 1948, in DY 30 IV 2/2.027/27 (Microfiche 1), p. 47.

¹²⁵ “Anweisung für die Überprüfung und Neufestsetzung von Arbeitsnormen in den der HV. Leichtindustrie unterstellten volkseigenen Betrieben gemäß der Anordnung der DWK betr. Richtlinien zur Lohngestaltung in den volkseigenen und SAG-Betrieben vom 29. September 1948, Ziffer 20” in DY 34/26804 (Microfiche 3), p. 2.

¹²⁶ “Betr. Steuerreform Stand der Besprechungen per 27.9.1948”, in DY 34/26804 (Microfiche 3), p. 257.

¹²⁷ See “Richtlinien zur Lohngestaltung in volkseigenen und SAG-Betrieben. Beschlossen vom Sekretariat der DWK am 24.9.1948”, in DY 34/26804 (Microfiche 3), p. 248; “Protokoll Nr. 119 (II), Sitzung am 11. Oktober 1948”, in DY 30 IV 2/2.1/239, pp. 13-14.

¹²⁸ Matthes, *Das Leistungsprinzip als Grundlage der Entlohnung in der volkseigenen Wirtschaft*, p. 135f

¹²⁹ “Lohnpolitik und Kollektivverträge”, in DY 34/26809 (Microfiche 1), p. 57.

work norms? Under technical work norms, so much stuff is spoken about today in our industry, without one being clear about what technical work norms are. I believe one should study the gigantic struggle which the Soviet Union had to introduce technical work norms. There is a plethora of material and literature about this. Wherein lies the struggle for technical work norms in the Soviet Union? It lies in the fact that in place of work norms, based on estimates or experience, technical based norms exist. I believe that it is also important for our industry. Technical work norms – one must express that openly – are not somehow guessed or are work norms by rule of thumb, rather technical work norms rely on the exact determination of times and studies of work. That has been the point of the battle for technical work norms in the USSR.¹³⁰

Of course, the implementation of TANs, let alone getting workers to accept them, was beset by problems. The hope was that workers, together with enterprise managers, and under the leadership of the unions, would agree the piecework rate and time permitted. The outcome should be “technically justifiable” and “socially responsible” norms.¹³¹ Circumstances, however, practically ruled out a lengthy consultative process and standardised measures. Over a relatively short period of time, thousands of work norms needed to be checked and newly established. In many cases, work studies were replaced with stop watches. Even more frequently, time studies were forgone and figures based on capacity (*Kapazitätsberechnungen*) and experience (*Erfahrungswerten*) used instead.¹³² Interruptions in production because of supply bottlenecks, ongoing dislocation from the war and reparations also made it impossible in many cases to set appropriate work-based norms.

If norms were set too high because these conditions had been ignored or officials had been too vigilant with their stop watches, workers would lose wages unless a correction was made

¹³⁰ “Tagung des Parteivorstandes am 20. und 21. Juli 1949”, in DY 30 IV 2/1/67, p. 270.

¹³¹ Selbmann, *Ausgewählte Reden und Artikel, 1945-57*, p. 135.

¹³² Roesler, “Vom Akkordlohn zum Leistungslohn”, p. 792.

to the time permitted for a job. Furthermore, a switch from “experience statistics” to TANs would reduce the scope for wage increases. Workers knew this and were determined to defend their wages through the maintenance of soft norms.¹³³

A distinctive feature of this new SED approach to wages was that it was accompanied by an orchestrated campaign from the centre to overcome such resistance. This was a campaign that for the first time coordinated all party, SBZ and state organisations. Trade unions became “transmission belts” for party policy, while the ad hoc, “sporadic character”¹³⁴ of the activism of the early post-war years was transformed into a series of systematic, planned and integrated movements all pushing a single, unambiguous message. Heroic feats of labour and socialist competition now became key weapons in the party’s arsenal of influence.

First in the SED’s sights was the workplace where competing voices continued to confuse the message. The assault on the workplace councils that had begun in the summer was intensified. At a FDGB conference in Bitterfeld on 25-26 November 1948, workplace councils were abolished in enterprises where more than 80 per cent of the workforce was organised into official trade unions. Shortly thereafter, this ruling was extended to all enterprises. Workplace councils were deemed no longer necessary.¹³⁵ Unions would now take orders from above and assist in the introduction and promotion of wage differentials based on the *Leistungsprinzip* (performance principle).

The FDGB began to propagate wage differentials actively in the first half of 1949. Its *Bundeschvorstand* produced “schooling material for enterprise functionaries”, which aimed to explain similarities and differences between piecework wages and wage differentials. The

¹³³ Roesler, “Akkord ist Mord, Normenerhöhung ist das Gleiche”, p. 12.

¹³⁴ The “sporadic character” quotation comes from Selbmann’s talk “Die Aktivistenbewegung” given at the 1st activists conference of the DWK in November 1948, the text of which can be found in Selbmann, *Ausgewählte Reden und Artikel*, pp. 131-33.

¹³⁵ Suckut, “Die Betriebsrätebewegung in der sowjetischen Besatzungszone und die Bitterfelder Beschlüsse”, p. 62.

rationalisation of work norms under capitalism, most notably through Taylorism and REFA, was contrasted with the emphasis on *Leistungssteigerung* (improving worker productivity) in nationally-owned enterprises, whose benefits flowed to all workers.¹³⁶ Various newspapers and magazines, including *Die Freie Gewerkschaft*, *Die Wirtschaft* and *Neues Deutschland*, were used to convey the message.¹³⁷

The SED also felt it needed a positive role model to inspire workers to take up differential wages and TANs; it found one in Adolf Hennecke. The heavy propagation of the activist movement from October 1948 can be viewed as an acknowledgement from SMAD and the SED that the system was struggling to change traditional workplace conventions. A new, stronger signal was needed to get the system to operate.

On 13 October 1948, Adolf Hennecke, a coal miner at the Oelsnitz Coal Mine in Erzgebirge, brought in 24.4 cubic metres of coal during a single shift, a feat which exceeded his work norm by 387.3 per cent.¹³⁸ The episode gave birth to the Hennecke Movement. There was nothing spontaneous or miraculous about Hennecke's achievement. His record attempt was planned by the Sachsen branch of the SED, indeed stage-managed, more than a year in advance. The initial impulse came from a visit to a large factory in the USSR where the leader of the Sachsen SED, Otto Buchwitz, was able to witness first-hand the putative benefits of Stakhanovite workers.¹³⁹

¹³⁶ Roesler, "Vom Akkordlohn zum Leistungslohn", pp. 790-91. Also, see Selbmann's comments on the difference between progressive and reactionary norms: "Tagung des Parteivorstandes am 20. und 21. Juli 1949", in DY 30 IV 2/1/67, pp. 270-71.

¹³⁷ Hans Heinz Schober wrote the following in "Einheit" (Unity), the theoretical magazine of the SED: "Millions of workers stand aloof; they have not recognised the changes. For them, rationalisation and improvements in performance, accord and efficiency wages are the same. For sure, we are not totally innocent in this situation because in our minds many uncertainties still rule. To eliminate these uncertainties is an urgent task of our party functionaries and our comrades active in the economy." See Hans Heinz Schober, "Rationalisierung oder Leistungssteigerung?", *Die Einheit*, issue 7, July (1948), p. 605. Other examples include: Max Friedrich, "Refa und wir", *Der Volksbetrieb*, issue 5, May (1948), p. 75; Willi Stoph, "Weitere Steigerung der Arbeitsproduktivität", *Neues Deutschland*, number 151, 2 July (1948), p. 4.

¹³⁸ Adolf Hennecke: "Drei Tage wußte ich nicht, was ich bin", in NY 4177/6, p. 25.

¹³⁹ Report to the SED Party Executive, 20-21 October 1948; see DY 30 IV 2/1/55, pp. 50-51.

The Hennecke shift was prepared four days earlier when the management of the mine, along with representatives from other mines, functionaries of the SED and FDGB and colleagues from the *Tägliche Rundschau*, gathered to discuss ways of promoting an activist movement.¹⁴⁰ In a speech delivered to the SED *Parteivorstand* on 20-21 October 1948, Buchwitz revealed the extent of this involvement:

We do not want this record performance of a coal miner to be regarded as a one-off record performance of a worker, which has been completed; rather we look at it from the following perspectives. We were pleased—unions and the party—in the past when the first activists stepped forward. Since then, we have aimed to make a movement from the first beginnings. That was for us, as we must openly concede, not successful, and yet it is a necessity in the interest of fulfilling the two-year plan to develop such a movement.

One should not imagine for a moment that this was a chance accomplishment, but we consciously developed this case. I would like to say a few words about this: our goal was to find a way that we could develop an activist movement. We said to ourselves that for this we needed a central figure, a personality, and I am perfectly happy to admit that we were influenced that we needed someone like Stakhanov here. We searched for a man, and the district leadership helped us. Director Wellershaus searched for a man and we proceeded from the thought that, best of all, we would take him from coal mining, because that is the basic material we need for everything in the economy. Director Wellershaus looked for a long time, and then found the coal miner Hennecke, whose production already surpassed that of his colleagues. In the course of the following weeks, he was brought along by Wellershaus. Hennecke only came to

¹⁴⁰ See Dittrich, *Die Anfänge der Aktivistenbewegung*, p. 68; Rainer Gries and Silke Satjukow, “Von Menschen und Übermenschen: Der ‘Alltag’ und das ‘Aussertägliche’ der sozialistischen Helden”, *Aus Politik und Zeitgeschichte: Beiträge zur Wochenzeitung Das Parlament*, volume 52, issue 17, (2002), pp. 39-46.

us in 1945 [*sic*]¹⁴¹ but with enthusiasm and the thought his colleagues would support him. “I organise myself in the hope to establish the unity of the working class”. That was, from the outset, his ambition.¹⁴²

Yet, in spite of all this planning, not to mention what was to come, the initial reaction to Hennecke’s feat was painfully reserved. Unbriefed, cautious local party officials and trade unionists did not know how to react and awaited a clear signal from the leadership as to the event’s importance.¹⁴³ That sign came three days later when an open letter from the party leaders appeared in all newspapers across the SBZ praising Hennecke’s ‘groundbreaking act’.¹⁴⁴ The official campaign had begun. In the days that followed, a stream of articles lauding Hennecke and reinforcing his significance appeared in the press. The *Tägliche Rundschau* was typical of the coverage. It explained to its readership: “In this way, the coal miner Adolf Hennecke established an unprecedented record in worker productivity in German coal mines and through this created an undisputed new era in the battle of German workers to reconstruct the German economy destroyed through war”.¹⁴⁵

The deeds of Hennecke were further popularised and mythologised through songs and poems, films and newsreels, special activist pledges and uniforms, billboards and posters, pins and medals. Schools and streets were even named after him.¹⁴⁶ The campaign made Hennecke a

¹⁴¹ Buchwitz is almost certainly mistaken here about the year. Hennecke was sent to the party school in August 1947, not 1945. See: Adolf Hennecke, *Aktivisten zeigen den Weg*, (Berlin: Verlag die Wirtschaft Berlin, 1948), p. 15.

¹⁴² Report to the SED Party Executive, 20-21 October 1948; see DY 30 IV 2/1/55, pp. 49-52.

¹⁴³ This event illustrates succinctly how important clear signalling mechanisms were in Soviet systems. Without them, the rank and file cannot tell which of the plethora of events and orders should be given priority. On the delayed response to Hennecke, see: Detlev Balke, “Der den Ring sprennte – und von Walter gerügte wurde”, *Neues Deutschland: B-Ausgabe*. – 53 (1998), 13.10, p. 12 and Gries and Satjukow, “Von Menschen und Übermenschen: Der ‘Alltag’ und das ‘Aussergewöhnliche’ der sozialistischen Helden”, p. 42.

¹⁴⁴ Adolf Hennecke, *Aktivisten zeigen den Weg*, (Berlin: Verlag die Wirtschaft Berlin, 1948), p. 21.

¹⁴⁵ Hennecke, *Aktivisten zeigen den Weg*, p. 21. For a general summary, see Stefan Poppitz, *Der Beitrag des Zentralorgans der SED 'Neues Deutschland' zur Popularisierung der Aktivisten- und Wettbewerbsbewegung in den Jahren von 1949 bis 1955* (Leipzig, 1982).

¹⁴⁶ For the songs and poems, see NY 4177/3, “Lied der Brigade Berkenhagen”, p. 39; “Brigadelied”, p. 40; “Werter Genosse”, p. 43; “Adolf Hennecke”, p. 58; “Gruss den Aktivisten!”, p. 59; “Glück auf! Das Hennecke-Lied”, p. 61; “Hänneke-Lied”, p. 65. Also see Gries and Satjukow, “Von Menschen und Übermenschen: Der

household name. He apparently received thousands of letters and telegrams of congratulation from young workers and school children, many clearly sincere, who saw in his movement an opportunity to improve working conditions; by the summer of 1949 up to 60,000 of these Hennecke activists had placed their faith in the power of socialist competition to transform the Eastern zone.¹⁴⁷

Once the movement had taken root, the SED and SMAD, which had shown great interest in developments, began to shift their attention to those who followed Hennecke as well. The priority became the promotion of “production activists” within individual factories and ensuring that “Henneckists” (as they became known) were properly rewarded for their deeds.¹⁴⁸ Old Stakhanovite films were shown; the movement was actively promoted in newspapers and journals; and workers were encouraged to “Keep up with the Progressivists”, local heroes of labour, whose example would supposedly inspire fellow workers to similar heights.¹⁴⁹

The immediate response from workers to the Hennecke movement was, of course, largely negative.¹⁵⁰ It, after all, threatened existing norms and wages. Nevertheless, this movement and the system of socialist competition it engendered from October 1948 became one of the most important signalling devices at the party’s disposal to influence attitudes to wages, norms and shopfloor practices. The movement was soon centralised and directed from above.

On 17-18 November 1948, the DWK invited 45 outstanding Hennecke-Activists to a

‘Alltag’ und das ‘Aussergewöhnliche’ der sozialistischen Helden”, pp. 39-46 and Naimark, *The Russians in Germany*, pp. 200-01. On the role of film in such campaigns, see: Ian Christie and Richard Taylor (eds.), *The Film Factory: Russian and Soviet Cinema in Documents, 1896-1939* (London: Routledge and Kegan Paul Ltd, 1994) and Mira Liehm and Antonín Liehm, *The Most Important Art: Eastern European Film after 1945* (Berkeley: University of California Press, 1977), especially pp. 76-95.

¹⁴⁷ Hennecke, *Aktivisten zeigen den Weg*, p. 17; Naimark, *The Russians in Germany*, p. 200.

¹⁴⁸ For a general summary, see Naimark, *The Russians in Germany*, pp. 198-204.

¹⁴⁹ For films, see Adolf Hennecke, “Kann der sowjetische Film unserer Aktivistenbewegung helfen?” and “Das neue Leben”, NY 4177/7, pp. 12-13. For a summary of the journal/newspaper response, see Herbert Warnke, “Die Hennecke Bewegung”, *Die Einheit*, issue 12, December (1948), pp. 1121-27. Naimark provides a good overview of this period, see Naimark, *The Russians in Germany*, pp. 198-204.

¹⁵⁰ Report to the SED Party Executive, 20-21 October 1948; see DY 30 IV 2/1/55, p. 50. See also NY 4177/3, pp. 66-67, 69, 71; “Drei Tage wusste ich nicht, was ich bin”, in NY 4177/6, p. 24

workshop in Berlin. The “Berlin Resolution”, as it became known, was designed to broaden the base of the activist movement, which in the short-term would help the party meet the requirements of the half-year plan of 1948 ahead of schedule and prepare for the first two-year plan of 1949-50.¹⁵¹ The FDGB organised the first “Hennecke Activists” conference on 4-5 February 1949, where workers met and pledged to spread the movement through a series of competitions, staged to commemorate key dates, anniversaries and upcoming economic plans.¹⁵² Socialist competition commissions were set up within enterprises to oversee these events. In October of the same year, the FDGB organised the inaugural “Day of the Activists” competition to commemorate the first anniversary of Hennecke’s record breaking shift. The goals of such competitions were by then well known: to lift production; to recognise activists and innovators in production; to broaden the activists’ movement; and to eliminate all errors and weaknesses in work.¹⁵³ By 1951, the system of socialist competition was embedded enough for the FDGB to call for the first “mass-based initiatives” as a prelude to the first five-year plan. Approximately 1.6 million workers participated.¹⁵⁴

If viewed purely from the perspectives of whether they increased labour productivity or convinced workers of the need for higher norms, then the activist movement and socialist competition clearly failed. Such is the standard interpretation, rightly offered by most historians.¹⁵⁵ Many in the SED leadership undoubtedly knew this too, which begs the question: why then did socialist competition remain a visible feature of East German society till the end? Looking at the origins and rationale of the movement in 1948, rather than the productivity gains it failed to deliver over the coming four decades, offers an explanation that

¹⁵¹ Hennecke, *Aktivisten zeigen den Weg*, pp. 54-55.

¹⁵² “Genossinnen und Genossen!” (no date), in NY 4177/8, p. 94.

¹⁵³ See the following brochures: “Den Helden der Arbeit Gebührt Ehre und Ruhm”, “Tag der Aktivisten”, “Analyse über den Aktivistentag am 13. Oktober 1949”, in DY 34/20651 (no page numbers).

¹⁵⁴ Dittrich, *Die Anfänge der Aktivistenbewegung*, p. 154.

¹⁵⁵ See, for example, Naimark, *The Russians in Germany*, pp. 202-4; and Kopstein, “Chipping Away at the State”, p. 408.

does not place ideological blindness or “political ritual” at its core.¹⁵⁶ To be sure, socialist competitions were ideological, propagandist exercises, but it needs to be asked: to what purpose such contrivances? The answer offered here is grounded in basic pragmatism: to instil, and then maintain, core socialist values and conventions in the East German workplace. In Soviet-style economies, socialist competition was one of the relatively few means available to ruling parties, such as the SED, to signal their intent and directly influence core norms.

Despite resistance at grass-roots level, most workers gradually accepted the need – if purely for cynical or selfish reasons – to adopt wage differentials. From the earlier sections, we know this was linked to weak norms and the opportunity to earn unlimited progressively increasing wages (at least initially). The example of activists like Hennecke was a counter to the soft norms prevalent in most enterprises. Though trailblazing acts failed to inspire widespread copycat record setting, they did demonstrate both official determination and a potential to raise production. Hennecke and others like him also clearly revealed the intent of the authorities to snuff out once and for all the egalitarianism of earlier years. However, perhaps their most important significance was the unambiguous signal they gave to workers that hard work, commitment and acceptance of the new shopfloor realities would be rewarded.

The party had come to recognise that mercenary reasons could work where appeals to ideological purity, class solidarity, or morality failed. At the first Activist Conference in November 1948, Selbmann could thus declare:

...It is necessary to show the individual activist that his best performance improves not only the situation of our people but also his own personal situation. That is only achievable when the worker knows that when I exceed my work norm by so and so

¹⁵⁶ Kopstein, “Chipping Away at the State”, p. 407.

per cent, my wage rises. Only then is the incentive given for a broader en masse commitment of our workforce to the goal of peak performance.¹⁵⁷

The number of workers on wage differentials increased steadily from 1949. By 1951, the rate was twice as high as 1948, three times as high as 1946-47, and higher than the number of piecework workers in Western Germany.¹⁵⁸ Nearly two-thirds of industry workers were on wage differentials—double the amount of 1948.¹⁵⁹ Outright opposition to piecework dissipated when workers realised they could make the system work for them. Nominal wages continued to rise during the first two-year plan of 1949-50 and the opening of state-run retail stores and restaurants (*Handelsorganisationen*) in November 1948 meant Germans in the SBZ could legally shop ration-free for the first time since 1945.¹⁶⁰ Moreover, by this time in excess of 60 per cent of industrial output was being produced by state-owned enterprises, the entities over which the party could exert maximum influence.¹⁶¹ In this environment, performance-based wages started to make sense to workers because, following the currency reforms of June and July 1948, money now mattered again. Looking back at 1950, *Die Wirtschaft* could report:

through the intensive ideological schooling work of the unions and the ever stronger advantages handed out to the workers, who comprise the percentage of workers on wage differentials, those who exceed their work norms earn more and can now buy additional items. The rejection of wage differentials will soon be overcome.¹⁶²

¹⁵⁷ Selbmann, *Ausgewählte Reden und Artikel*, p. 136.

¹⁵⁸ Matthes, *Das Leistungsprinzip als Grundlage der Entlohnung in der volkseigenen Wirtschaft*, pp. 53. 63.

¹⁵⁹ Matthes, *Das Leistungsprinzip als Grundlage der Entlohnung in der volkseigenen Wirtschaft*, p. 63.

¹⁶⁰ Mark Landsman, "The Consumer Supply Lobby—Did it exist? State and Consumption in East Germany in the 1950s", *Central European History*, vol. 35, no. 4, p. 484; for a general summary, see Judd Stitzel, *Fashioning Socialism: Clothing, Politics and Consumer Culture in East Germany* (Oxford: Berg Publishers, 2005).

¹⁶¹ Steiner, *Plans that Failed*, p. 29.

¹⁶² Roesler, "Vom Akkordlohn zum Leistungslohn", p. 794.

Further on, it added: “we can establish that there is hardly any rejection of wage differentials by workers at the nationally owned enterprises.”¹⁶³ Even allowing for exaggerations in the numbers, and notwithstanding the high expectations of the SED, FDGB and DWK, the attempt to introduce wage differentials from 1948 cannot be categorised as a failure in terms of getting workers to accept, if reluctantly, a key element of the Soviet workplace at any rate.¹⁶⁴

It was, of course, hardly an unalloyed success either. The acceptance of piecework came at the expense of TANs: soft norms made piecework more appealing to workers, but undermined the attempt to link norms to productivity. All attempts to standardise work norms through time and work studies were resisted by the workers. The SED set ambitious targets for raising norms in the second half of 1949 and work preparation bureaus were created in all main branches of industry in the third quarter of 1949. Yet, once again cautiousness prevailed and by the end of 1951, only 10 per cent of norms could be classified as technically based.¹⁶⁵ Norms would remain a sensitive and unresolved issue for the next few years, eventually coming to a head in 1953 when the SED arbitrarily called for them to be increased by 10 per cent in honour of Ulbricht’s birthday. The workers revolted.

Conclusion

In outline, the story this paper tells is familiar: introducing piecework in East Germany was a long, torturous struggle beset by resistance and requiring frequent adaptations and the overcoming of many obstacles. Yet, the paper has also brought other elements, typically left unconsidered, to this story. Above all, it has shown that the history of piecework in the SBZ amounted to more than the SED’s fearful responses to worker resistance. The introduction of

¹⁶³ Roesler, “Vom Akkordlohn zum Leistungslohn”, p. 794.

¹⁶⁴ Hübner, *Konsens, Konflikt und Kompromiß*, p. 40.

¹⁶⁵ Kopstein, *The politics of economic decline in East Germany*, p. 34 cites Klaus Ewers, *Der Konflikt um Lohn und Leistung in den Volkseigenen Betrieben der SBZ/DDR* (PhD University of Osnabrück, 1985), p. 119.

piecework was in fact an integral part of a dual process whereby the party acquired control of the economy and then learnt how to direct it. To achieve the latter, it first needed to learn how to control and direct itself.

The party's path to Sovietisation was neither clear cut, unidirectional, nor even assured. In the immediate aftermath of the war, egalitarianism pervaded the workplace. To the extent that policy existed at all, it was marked by ambiguity, contradiction and confusion. The SMAD, SED, *Länder*, workplace councils—and from June 1947 the DWK—all coexisted and often operated at cross-purposes. SMAD Order 234 in October 1947 marked the first major attempt to alter labour practices in East Germany. Yet, its implementation proved problematic. Even with Moscow's go ahead, the SED and DWK lacked the means and ability to take decisive action. Two things were missing: the political power and authority to act and the support mechanisms to convey its messages to workers and enterprises and influence shopfloor conventions.

SMAD Order 32 in February 1948 tackled the first weakness, finally empowering the DWK and turning it from one of numerous, competing economic authorities in the SBZ into its pre-eminent. The second requirement took longer to meet. The development and systematic coordination of “transmission belts”, party discipline, campaigns, activist movements, and socialist competitions evolved over the course of piecework's introduction. Their evolution was hardly exogenous; rather it was shaped by experience and the encumbrances the SED encountered along the way. The party learnt by doing.

This paper has shown the particular importance to planned, hierarchical societies of mechanisms, by which those in authority can clearly signal their intent, instructions and priorities. In such settings, independent signals such as prices become meaningless and citizens are compelled to find ways to discern which of the growing volume of often

contradictory directives flowing down from above need to be heeded. Here, the role of signalling becomes vital. The state needs to find ways to get its message to the public in a comprehensible, unambiguous manner. There needs to be coordination between all branches of the party and state. Multiple messages merely breed confusion. An interesting feature of properly signalled information is that it exhibits increasing returns as those who first receive and embrace the message, by their example, amplify it for others and set off further waves of acknowledgement and changed behaviour. Eventually, through a succession of such waves, the new behaviour becomes the norm. We believe that the topic of signalling within Soviet-style economies warrants further analysis, not least because it suggests that the information problems of these systems were not restricted to the flow of information up to the centre, but also included getting the right information from the centre down to the enterprise and shopfloor.¹⁶⁶

This paper has also challenged the view that the SMAD and SED had a fully developed model for Sovietisation from the start and that the resistance of the workers prevented this from being realised. As Kopstein asserts: “in essence, Order 234 was a full-blown transfer of Soviet-style labour relations to East Germany”, but eventually the political authorities retreated “in the face of labour’s continued resistance on the shop floor”.¹⁶⁷

As we have shown, such a view significantly undervalues the other forces and pressures at play that were influencing SMAD and SED decision making. Nor did Order 234 signify the beginning of the “full-blown” Soviet workplace in the SBZ. It was introduced at a time when there was no unified economic authority in the zone. The DWK remained relatively weak and was months away from being able to assert itself forcefully.

¹⁶⁶ The authors are currently working on a paper that expands this idea of signalling. For a succinct explanation of the information problem in a planned economy, see Steiner, *The Plans that Failed*, pp. 5-6.

¹⁶⁷ Kopstein, “Chipping away at the state”, pp. 399, 405; Klessmann, “Arbeiter im ‘Arbeiterstaat’”, pp. 20-28.

None of this, of course, should be taken to imply that we believe that worker resistance was unimportant. We do not: everyday resistance mattered and the SED certainly did react to it. Our contention is that the party's response was not simply to acquiesce to workers' demands; rather it was to step back and devise better ways to influence them in future. It was a strategy that was not without success. From 1949, when material incentives were better structured, the uptake of piecework did gather momentum. Not unlike the first industrial workforce in Britain, East German workers' resistance waned when they saw their pay increase. Perkins' description of industrial revolution Britain resonates with the East German experience: "by and large, it was the prospect of higher wages which was the most effective means of overcoming the natural dislike for the monotony and quasi-imprisonment of the factory".¹⁶⁸

Moreover, as Hübner has previously noted, the line between the ruler and ruled, central to the resistance argument, is not easily drawn.¹⁶⁹ Reality is far more complex. In the late 1940s, the SED was not yet a tightly organised entity set above the workplace and separated from the people. Many of its activists were workers and genuinely shared their co-workers' fears and beliefs. As we have seen, this led to division and uncertainty even within the SED. The party versus the workers scenario does not completely ring true.

There is a deeper issue here too. The existence of worker grievance and everyday resistance does not in itself necessarily imply anything. Both occur to some extent in all workplaces, in all systems, especially when work norms are challenged and changed. Attempts to increase work rates and reduce pay foster discontent and opposition in market economies too. Indeed, it could be contended that there is even a sense in which a modicum of everyday resistance could be a positive thing, a safe way for the labour force to express its dissatisfaction without challenging the foundations of the system. For Marxist-Leninist states, where expression is

¹⁶⁸ Harold Perkins, *The origins of modern English society, 1780-1880* (London: Routledge, 1969), p. 130.

¹⁶⁹ Hübner, *Konsens, Konflikt und Kompromiß, passim*.

severely curtailed, such a safety valve could be particularly valuable. Yet, this assumes that things do not get out of hand. The impact everyday resistance makes depends on two factors: whether the conditions that prompt it remain, decline or intensify and whether those who are being resisted are able to address the sources of the grievances or at least sideline them.

Resistance deepens and becomes problematic when both of those factors steadily move in the wrong direction.

The events of 17 June 1953 illustrate the point. The June uprising was sparked by a major political miscalculation by the SED. In May, it had simultaneously raised production norms and prices on food, health care and public transportation, actions that together threatened to lower workers' wages by as much as a third.¹⁷⁰ Not surprisingly, the workers took to the streets. While these demonstrations also provided a forum for political grievances to be openly aired, they were motivated overwhelmingly by material concerns. In this regard, it is noteworthy that workers quickly began returning to work when the hated measures were lifted and *before* the Soviets intervened.¹⁷¹ Many workers may have resented SED policies, which undermined their standard of living, but most did not take the opportunity to challenge the conventions of the new workplace. Piecework and production norms remained; just the levels at which they were set were recalibrated.

By the early 1950s, the SED had thus successfully built the core of a Soviet-style economy in the GDR. In saying that, it is worth emphasising that that is not the same as claiming that the SED had built a system that was *economically* successful. As time would show, it clearly had not. The on-going resistance of workers was one reason why it did not succeed, but, as the

¹⁷⁰ Kopstein, "Chipping away at the state", p. 412.

¹⁷¹ Kopstein, "Chipping away at the state", p. 413; Arnulf Baring, *Der 17. Juni 1953 in der DDR* (Cologne: Kiepenhauer und Witsch, 1956), p. 89. As Lammers noted, it was "striking ... how soon normality returned after the uprising of June 17 1953"; see Lammers, "The making of the GDR", p. 337. For an excellent analysis of the ambiguities of the popular consensus in East Germany, see: Allinson, *Politics and popular opinion in East Germany 1945-68*.

massive literature on the weaknesses of Soviet-style planned economies reveals, it was just one of many.¹⁷²

¹⁷² For a comprehensive overview of that literature, see: János Kornai, *The socialist system: the political economy of communism* (Oxford : Clarendon Press, 1992).

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