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## **Jonathan R. Zatin, The currency of socialism: money and political culture in East Germany [review]**

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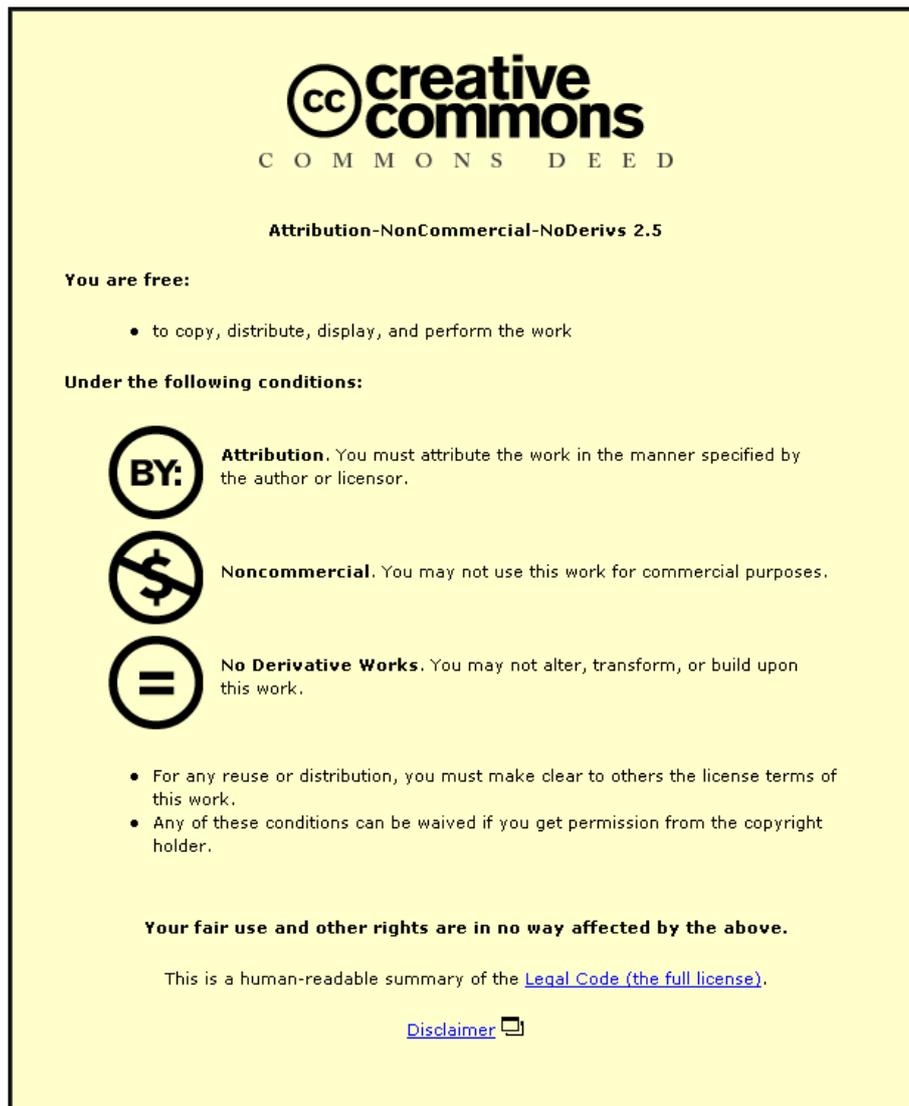
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## Book Review

Jonathan R. Zatlin, *The Currency of Socialism. Money and Political Culture in East Germany*, Publications of the German Historical Institute, Cambridge University Press, Cambridge, New York etc., Hardback, 377 & xx, ISBN: 978-0-521-86956-0

This is a terrific book, scholarly but at the same time elegantly written and entertaining. Zatlin succeeds in fulfilling a number of varied objectives, which include a detailed history of the political economy of the German Democratic Republic and an innovative account of its ultimate failure during the 1980s. He achieves this, firstly, by making the theory of money and the contradictions of its implementation the entry point from which the reader is asked to observe the forty years of economic history in the exotic and artificial construct that was the GDR. Zatlin then crystallizes his analysis of the GDR's failure, by asserting that one (key) deficiency was the monetization and commodification of economic relations in a society which was supposed to achieve precisely the opposite; by setting itself up as a (poor) competitor to the more efficiently monetized and commodified Federal Republic and, more dramatically, by using the DM as a parallel trading currency in the Intershops and exploiting official and black market exchange rates in the Exquisit and Delikat chains, the GDR condemned itself in ideological terms and in practice.

Zatlin does not overwork this core insight, nor drift into the dangerous (not to say dull) waters of "demonstrating" a theoretical hypothesis. Rather he tells an enthralling story which interweaves the philosophy of money as intellectual history with the ideological history of the SED, with the improvisational shifts in the Politbüro's policy and with the social history of the population as it struggled to cope with the smoke and mirrors deployed by their shabby, mendacious and increasingly desperate leaders.

For this he deploys an impressive range of sources including, most fascinatingly, the reports of the Stasi concerning the 'mood of the people' and – in implicit criticism – the way that state policy was risking the loyalty of the mass of the population through ill-judged policy. He also uses interviews with former citizens of the GDR as well as with key actors in the political and economic elite of both German states, including Hans Modrow, Gerhard Schürer, Klaus Höpcke and Christian Scholwin, as well as Bundesbank presidents, Karl-Otto Pöhl, Hans Tietmeyer and Helmut Schlesinger. Zatlin therefore avoids the dullness of many histories of the GDR while satisfying the usual requirements of good scholarship. One of the delights of the narrative is the frequent use of the jokes that circulated in the later years of the GDR which mocked the hypocrisy of the Politbüro leadership. For example, in reference to the Delikat stores which stocked luxury goods from the West and which earned the state hefty profits from its abuse of both the FRG and the GDR's own consumers, one joke asked: 'What is the phase of transition from socialism to communism called?' Answer: 'Delikatism' (269)

Aside from the well-known nonsenses of state-planning creating alternately supply-bottlenecks and wasted surpluses, Zatlin also focuses on the particular disaster of the GDR's foreign economic policy which was directed increasingly to the reduction in the state's indebtedness to West Germany. The re- (or mis-) allocation of the GDR's

resources to generate export earnings as a means of debt repayment involved the cardinal neglect of investment – in new, modernized infrastructure and production capacity – and the consequent legacy of low productivity and environmental degradation which accumulated during the fateful 1980s. Responsibility for this ‘cannibalization of the East German industrial base’ (126) is laid fair and square on Honecker and his right-hand man, Günter Mittag. Despite mutterings within the Politbüro and the wider party and despite the criticism of Mittag’s leadership by the Stasi from the mid-1980s onwards, the shambles persisted right to the end and the surreal celebration of the GDR’s fortieth anniversary in October 1989. Zatlin acknowledges that the GDR did not collapse like several developing countries in the 1980s nor default on its debts, like Poland and Romania and thus describes its failure more in societal and ideological terms, inasmuch as ‘the SED’s economic policies generated the very kinds of social inequities based on material and spiritual want for which it criticized the West. ... (S)ocialist money, which was supposed to act as a conduit for social justice, had become a source of shortage and a symbol of disenfranchisement. By the 1980s, moreover, the glaring incommensurability between the SED’s aims and its accomplishments had destroyed communist ideology as a political force’ (322).

It is difficult to do justice to a book of this quality and this scope in a short review. It might also seem churlish to find fault with such excellent history as Zatlin presents the reader. I would nevertheless suggest that an account of the GDR’s failure would also need to include a consideration of the extraordinary external circumstances of the country’s birth, the particular role of its foreign midwives, the dubious behaviour the domineering parent and the latter’s crucial removal of protection at the high point of the country’s crisis in the autumn of 1989. That said, there is little doubt that Zatlin’s history of money and political culture in the GDR will become standard reading for present and future students of central European economic and political history. And so it should. It is a wonderful example of the best kind of history.

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