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**Imaginary Walls: Communism and Capitalism in Germany**  
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*Part I. Filmexcerpt from:*

*Christina von Braun, „Die Angst der Satten. Zur Geschichte des Hungerstreiks als politischer Waffe. (1991)*

*Translation of Excerpt:*

Not every prison is a penal institution.

States, communities, even families can be experienced as prisons – compelling people to their happiness.

Every modern state has holidays dedicated to celebrating itself. In the Twentieth century, self-celebration tends to praise the state in the fight against injustice, as liberator of the oppressed, as kindly father of the ethnic or national community.

Power and care, care and power: in the modern industrial state, they form the two sides of one coin. The interdependence of welfare and power became nowhere more evident than in Germany. For forty years, two societies vied with one another, each seeking to prove that *its* state was the more humane, the more social, the healthier one. The healthy body becomes the means of self-representation for all modern societies.

Paradox: No sooner had the GDR finally managed to look like a western affluent society than the Communist state itself became superfluous.

Accommodating as it is, the ample belly of modern welfare societies has no space for grief and asceticism; whoever makes his body starve is penalized, rejected.

The Red Army Faction was – among other things – a product of West German anti-communism: i.e. a product of the competition to be the more social, the more welfare-providing German state. In this context alone, the hunger strikes of the RAF could take on the significance they did – both for the guardians of the state and its opponents. The death of RAF member Holger Meins, who perished in 1974 after fifty-nine days on hunger strike, illustrates this with great clarity. The funeral of the first political hunger casualty made it obvious that a civil war had broken out between the caring guardians of the state and the caring revolutionaries.

Rudi Dutschke: “Holger, der Kampf geht weiter” (*Holger, the fight goes on*)

And on the fight went. The state fortified itself by constructing new high security prisons. It made its enemies disappear, which, however, only made the power struggle more evident. For its opponents went on hunger strikes, and each hunger strike and supporting action ensured new adherents and the power struggle’s continuation.

‘Hunger strike campaigns in prison were accompanied by bombings and ambushes outside.

- An incendiary bomb went off in a Siemens depot in Frankfurt on 17 December 1984
- The regional computing centre in Reutlingen was bombed on Christmas Day, 1984
- Several bombings targeted US and NATO military installations
- On 30 December, 1984, an explosive device detonated in the remote communications centre of the US Army in the vicinity of Mannheim

- A Karlsruhe IT-company was fire-bombed on 20 January 1985
- One day later, on 21 January 1985, 28-year old Johannes Timbe is killed while preparing the bombing of an IT-services centre in Stuttgart-Vaihingen

Yesterday morning, prisoner Knut Folkerts aborted his hunger strike in Celle penitentiary after suffering a collapse. It was his 56<sup>th</sup> day without nourishment. He is reported to weigh just over 40 kilogram (90 pound). Folkerts asked to be moved to an intensive care unit. He did not want to die. Under police guard, he was moved by ambulance to Hannover Medical University. Since then, the hospital is being guarded by more than a thousand police officers and border guardsmen with armored vehicles.

The violence outside and the non-violent hunger strikes inside appear like polar – completely incompatible – opposites, But are they really?

Gerhard Mauz, DER SPIEGEL: ‘It is certain these years would have produced a group of young people in this country which were convinced, or who fled into the conviction, that certain things had to be changed by force, and that they could only be changed by force. Who exactly belonged to this group, and how exactly he became a part of it, these are individual storylines, biographies that also emerged out of mutual interdependence. But it is impossible to say that there unstopable causal chains, or that events were unavoidable. Unavoidable, I would say, was only one thing – and I believe this will concern people in the future much more than the question whether these were Marxists or Communists or Anarchists – in the future, one will talk about a generation that experienced with much greater intensity the fact, and which grappled more desperately with the fact, that in this world the things that need to be changed grow ever more numerous and complex, while at the same time the difficulty in changing the world grows ever more insurmountable.’

## ***Part II. Lecture***

I wanted to show you these excerpts because I think that the film from which they are taken make evident a number of points about divided Germany – which is not to say that I was conscious of these points when I made the film back in 1991. In a sense, it shows that the division of Germany went hand in hand with a shuttering off, with an ossification in *both* parts of the country. We are used to associate this isolation only with East Germany, the GDR. In reality, however, the division of Germany led to a certain stagnation in the Federal Republic, too. This stagnation can be seen inter alia in the terroristic acts of the RAF as well as in the reactions *to* the RAF – such as the construction of high security prisons and the guarding of a single convict aborting his hunger strike by one thousand armed police officers in armored vehicles. Both Germanies were care-providing states (which is more than the ‘nanny state’ US conservatives like to call the European health systems), but in the context of the Cold War they turned into controlling states, too – and this combination was reinforced by their permanent competition between each other.

That is not to say that divided Germany is an isolated case. I am convinced that in Germany, the consequences of the Cold War, of the division into East and West have simply become more visible than elsewhere. During those decades, the world over, something had been building up which – with local variations, obviously – affected all countries that were in any way party to the East-West confrontation, and I don't think it an exaggeration to say that this was true to a greater or lesser extent on all continents. During the Cold War – including its milder form, as deterrence replaced armed conflicts, such as the Korean War or the Cuban Missile Crisis – a sense of security permeated the world, a security which, however, was partially predicated on stagnation and control.

Today, 20 years later, this is easier to see. In my opinion the financial crisis that we are going through since last year resulted from a prolonged feeling of security, which in turn was rooted in a lack of insight: that the base of the economy is not as quakeproof as it felt during the times of the Cold War. The breathtaking insouciance with which the market was left to itself, the fantastical and blind belief in the market's 'invisible hand' (which was nothing else than the absence of regulation) can only be understood, if we accept that there WAS a deeply felt trust that regulation DID exist, that there ARE securities and that in fact things CAN be calculated with reasonable certainty – as indeed things used to be, before the fall of the wall. I don't think it a coincidence that the dissolution of the Bretton Woods consensus occurred during this very time. The gold standard had become superfluous in much the same way as fixed currency coordinates. When the wall came down, capitalism saw itself triumphant, which only heightened the feeling of standing on solid ground. 9/11 was the first time this ground gave way, but strangely enough the tremor did not yet lead to a questioning of capitalism as such. Rather, the problem was projected onto supposedly 'irrational' or 'vengeful' Islam, precluding all possibility of self-reflection, above all about the principles by which capitalism functions.

Paradoxically, it is the financial crisis itself which has more than anything else demonstrated that the deficiencies in handling irrationality is precisely one of the main problems of modern economic theory and practice. Paul Krugman, the 2008 Nobel Laureate in Economics, published a long article in the New York Times Magazine in which he poses the question [and I quote]: „How Did Economists Get it so Wrong? The Great Recession was the result not only of lax regulation in Washington and reckless risk-taking on Wall Street but also of faulty theorizing in academia”.<sup>1</sup> Krugman draws attention to the fact that deficiencies in handling

irrationality and the conviction about the market's predictability together form one of the most important factors in the current crisis: "As I see it, the economics profession went astray because economists, as a group, mistook beauty, clad in impressive-looking mathematics, for truth. Until the Great Depression, most economists clung to a vision of capitalism as a perfect or nearly perfect system. That vision wasn't sustainable in the face of mass unemployment, but as memories of the Depression faded, economists fell back in love with the old, idealized vision of an economy in which rational individuals interact in perfect markets, this time gussied up with fancy equations. (...) The central cause of the profession's failure was the desire for an all-encompassing, intellectually elegant approach that also gave economists a chance to show off their mathematical prowess."<sup>2</sup>

It is no coincidence that the great esteem of mathematical methods in economics, which was established by Milton Friedman's school above all others, began to grow in the early 1950s. At precisely that time, in other words, in which the Cold War came to dominate political and economic life. Underpinning this economic school, with its precise curves, numbers and statistics, which make the principle of predictability visible for all, is the same imagination and the same thinking which came with the Cold War: All may be controlled, all behaves according to predictable parameters, ergo: so does the market. To quote Krugman once again: "What's almost certain is that economists will have to learn to live with messiness. That is, they will have to acknowledge the importance of irrational and often unpredictable behaviour, face up to the often idiosyncratic imperfections of markets and accept that an elegant economic 'theory of everything' is a long way off."<sup>3</sup> Today we can observe that this is precisely the consequence of the fall of the wall: we have to learn how to live with 'messiness' – even in case this starts to blur the line of demarcation between capitalism and socialism, which seemed so clearly drawn during the Cold War.

In the meantime, capitalism has come under intensive scrutiny. This critical reflection has – on the outside – largely been absorbed into a discussion about whether Keynes was right or not. In reality, however, economic practice has long since caught up with Keynes, if it hasn't left him in its wake already. Let me quote from a recent article starting on the front page of the New York Times, published one year after the breakdown of Lehman Bros: "Government spending accounts for a bigger share of the nation's economy – 26 percent – than at any time since World War II. The government is financing 9 out of 10 mortgages in the United States. If you are buying a car from General Motors, you are buying from a company that is 60

percent owned by the government. (...) And if you buy life insurance from the American International Group, you will be buying from a company that is almost 80 percent federal owned.”<sup>4</sup> A 700 Billion program pumps taxpayer money into banks, insurance companies and two of Detroit’s Big Three auto companies. “The Treasury took over Fannie Mae and Freddie Mac, the government-sponsored finance companies that own or have guaranteed more than \$ 5 trillion in mortgages, in the first weeks of September 2008. Fannie and Freddie now buy or guarantee almost two-thirds of all new mortgages. The Federal Housing Administration guarantees another 25 percent.”<sup>5</sup> Same thing in Germany, where big companies like Opel or the Commerzbank have sought refuge under the state’s wings, and the state became the main shareholder, with the power of veto, in the Hypo Real Estate Bank. Keynes only ever talked of public expenditure and public investment. But he never envisaged state property holding of the sort which has now, in the wake of the financial crisis, become reality.

#### *The Relation of State and Economy*

It is common knowledge that Aristotle profoundly distrusted money (as a minted means of exchange), which slowly began to dominate the economy in ancient Greece. Credit and interest in particular attracted his scorn. In contrast to this, the economy of the West has publicly acknowledged for the last 200 years or so – at least since Adam Smith – that credit is the main engine of economic activity and growth. No credit – no innovation. That was not valid during Aristotle’s time, at least not to such a degree. Money to him was above all a means of exchange, which at the same, he informs us, is an important factor in justice and the basis of political community. On the very first page of his *Politics*, Aristotle intends to lay down a natural genealogy of the state – that is, of the *polis*, the political community – and his starting point is the community of exchange, the *koinōnia*. In the *Nicomachean Ethics*, the definition of money is preceded by several chapters devoted to the question of justice, its definition and its form. Aristotle advocates a new form of justice, based not on military power or aristocratic privilege, but rather on law, on political covenant – and in a commonwealth, he places money almost on par with the law. In the words of Marcel Hénaff: “Without a doubt, this means that in a commonwealth governed by law, the exchange of useful goods is more than just a question of subsistence. Rather, this exchange becomes a fundamental feature of justice itself, to be more precise, a feature of just relations between citizens.”<sup>6</sup> This means that already in Greek antiquity, political and economic life could not be separated. However, it was equally clear for Aristotle that a just economy forms the very foundations of the state.

Of course, Aristotle is a moral philosopher and takes an ethical stance (addressing questions that modern economists often take to be beside the point in their discipline), and when he speaks of justice, he means to address the moral dimension of the concept, too. Beyond this, however, he also believes in one of Greek antiquity's innovations: the *polis*, a commonwealth based on the idea of equality (I will leave aside for now the inequality of the sexes), and he counts money amongst its fundamental building blocks, being part of the conventional that rules a democracy. Money, he writes, 'bears that name (in Greek: *nomisma*) "because it does not owe its existence to nature, but has been posited by convention (*nomos*), and it is up to us whether we want to change or suspend its circulation".<sup>7</sup> This idea that state and economy are closely intertwined has underpinned the entire debate about the economy and the market ever since. But whereas Aristotle still regarded capital as – next to the law – an important pillar of the state, since Adam Smith the tendency is vice versa to regard the state as an important pillar of capital, or of the market. As the anthropologist and economist Karl Polanyi already wrote in his book 'The Great Transformation': „No society could, naturally, live for any length of time unless it possessed an economy of some sort; but previously to our time no economy has ever existed that, even in the principle, was controlled by markets."<sup>8</sup> His book was published in 1944, but in the financial crisis has suddenly become very modern again. He shows how the idea of the self-regulating market became basic for society and modern civilizations itself, "for it chose to base itself on a motive only rarely acknowledged as valid in the history of human societies, and certainly never before raised to the level of a justification of action and behaviour in everyday life, namely, gain. The self-regulating market system was uniquely derived from this principle."<sup>9</sup> Polanyi came to the conclusion that "the idea of a self-adjusting market implies a stark utopia"<sup>10</sup> which could not function and in fact never functioned unless pushed by laws, a large bureaucratic administration and thus the state itself – and recent developments have shown that in order to survive the 'free market' needs not only the state's administration but even its money. That precisely is the crux of the battles between capitalism and socialism: Is the economy a means to stabilize the state or is it the other way around, the state a means to stabilize the market?

### *Capitalism*

It is well worth our while to take a fresh look at the Cold War – and at the division of Germany as a reflection of Cold War events – from this perspective. In order to do this, I would like to avail myself of the theories of a political economist, Joseph Schumpeter who is

distinguished by the fact that, firstly, he wrote his magnum opus *before* experiencing the Cold War, that he was, secondly, not much taken with socialism, yet found himself forced to concede that there was something about the teachings of Marx (which he had studied very closely) and that, thirdly, he was keenly interested and very well versed in the movements of cultural history. In his early years, Schumpeter, too, had been seduced by mathematical models, but in the course of his studies he came increasingly to recognize that in order to make a science out of economics, one required not just a knowledge of sociology, but also of history: „Nobody can hope to understand the economic phenomena of any, including the present, epoch who has not an adequate command of *facts* and an adequate amount of historical *sense* or of what may be described as *historical experience*.”<sup>11</sup> He was pursuing a similar idea in his book on money, which he had set out on already in the 1920s but which was published only posthumously and in unfinished form. The introduction comes straight to the point: “The interest—often passionate, always great—which is aroused by the practical questions of money and the value of money is, indeed, to be explained only by two facts: that in a people's monetary system is reflected everything that this people wills, does, suffers, *is* and that, at the same time, a people's monetary system exerts a significant influence on its economic life and its fate generally.”<sup>12</sup>

Without a doubt, Schumpeter's most important – and in the context of the fall of the wall also most fascinating – book was ‚Capitalism, Socialism and Democracy’, first published in 1942. It sings the praises of capitalism, among whose positive attributes Schumpeter lists even crises as necessary conditions of innovation. To describe their functions he coined the term ‘creative destruction’: „The opening up of new markets, foreign or domestic, and the organizational development from the craft shop and factory to such concerns as U. S. Steel illustrate the same process of industrial mutation – if I may use the biological term – that incessantly revolutionizes the economic structure *from within*, incessantly destroying the old one, incessantly creating a new one. The process of Creative Destruction is the essential factor about capitalism.”<sup>13</sup> This aspect of Schumpeter's thought is important, because it conceives of capitalism as a process of adaptation and change whose potential consists precisely in its incalculable character, and thereby also in its unpredictability. In the context of the Cold War, this thought is of some interest, if we consider – and that is my contention – that stagnation was one of the phenomena which in retrospect can be identified as accompanying the division of the world into capitalism and communism. In this context, there was little scope for creative destruction.

But Schumpeter's analysis does not stop there. He was an outspoken opponent of socialism, and much of his book is devoted to arguments why in economic terms, socialism cannot possibly function. At the same time, he also describes forces of self-destruction inherent in capitalism, forces that can lead to its demise and even to its transformation and absorption into socialism. In fact, you have to read Schumpeter's interesting analyses *against* his own political attitude, as they form a sometimes striking contradiction. Yet, I find his insights very helpful for an understanding of recent developments, especially when you start asking why the Berlin Wall came down.

Schumpeter anchors this line of argument on a number of phenomena:

1. He writes that on the one hand, already early on rising capitalism led to the destruction of feudal society, by engendering a new 'intellectual attitude of science': „especially by creating the social space of a new class that stood upon individual achievement in the economic field, it in turn attracted to that field the strong wills and the strong intellects“.<sup>14</sup> But at the same time, and by the same token, capitalism also brings about „a critical frame of mind which, after having destroyed the moral authority of so many institutions, in the end turns against its own; the bourgeois finds to his amazement that the rationalist attitude does not stop at the credentials of kings and popes but goes on to attack private property and the whole scheme of bourgeois values.“<sup>15</sup> Schumpeter illustrates this tendency of capitalism to produce the tools of its own critical deconstruction with the example of the intellectuals: „If the monastery gave birth to the intellectual of the medieval world, it was capitalism that let him loose and presented him with the printing press. The slow evolution of the lay intellectual was merely an aspect in this process; the coincidence of the emergence of humanism with the emergence of capitalism is very striking. (...) From the criticism of a text to the criticism of a society, the way is shorter than it seems.“<sup>16</sup> According to Schumpeter all attempts of the European governments to bring the intellectuals to heel failed, because „any attack of the intellectuals must run up against the private fortresses of bourgeois business which, or some of which, will shelter the quarry.“<sup>17</sup> In this fraternization with its own critics, capitalism differs markedly from other models of economy: “unlike any other type of society, capitalism inevitably and by virtue of the very logic of its civilization creates, educates and subsidizes a vested interest in social unrest.”<sup>18</sup> Jumping ahead just slightly, let me point out that this tendency to breed its own critics characterizes not only capitalism, but also socialism, as I hope to show using the GDR as illustration.



2. Secondly, says Schumpeter, capitalism „also attacks its own institutional framework“. According to him, the „mechanization of progress“<sup>19</sup> changes the very nature of progress, which „tends to become depersonalized and automatized“.<sup>20</sup> This depersonalization and automatization in turn lead to an „evaporation of what we may term the material substance of property“.<sup>21</sup> Nowhere is this ‘evaporation’ more evident, according to Schumpeter, than in the disappearance of the owner-entrepreneur: „the figure of the proprietor and with it the specifically proprietary interest have vanished from the picture“.<sup>22</sup> Although a handful of companies remain in the hand of individuals or under family ownership, overall stockholders, large and small, have replaced proprietors: „The capitalist process, by substituting a mere parcel of shares for the walls of and the machines in a factory, takes the life out of the idea of property. It loosens the grip that once was strong (...) also in the sense that the holder of the title loses the will to fight, economically, physically, politically, for ‚his‘ factory and his control over it, to die if necessary on its steps.“<sup>23</sup> One of the last remaining specimen of this type of owner-entrepreneur, the German industrialist Adolf Merckle, committed suicide in the beginning of this year, just as the banks haggled over the remains of his shattered empire that he had lost with mis-speculations. The form of his death was deeply symbolic: Merckle lay down on a railway track – the symbol of old capitalism of the 19<sup>th</sup> century – to be run over by a train.

On the other hand, Schumpeter holds, the nature of invention, on which the capitalist order is built, has also changed: „Technological progress is increasingly becoming the business of teams of trained specialists who turn out what is required and make work in predictable ways. The romance of earlier commercial adventure is rapidly wearing away, because so many more things can be strictly calculated that had of old to be visualized in a flash of genius.“<sup>24</sup> This was equally as true for technological innovation as for managerial skill: „Rationalized and specialized office work will eventually blot out personality, the calculable result, the ‚vision‘. The leading man no longer has the opportunity to fling himself into the fray. He is becoming just another office worker – and one who is not always difficult to replace.“<sup>25</sup> It is important to note that these changes are effected not in spite of, but precisely because of capitalism’s inherent tendencies, which he summarized in this way: „Since capitalist enterprise by its very achievements tends to automatize progress, we conclude that it tends to make itself superfluous – to break to pieces under the pressure of its own success. The perfectly bureaucratized giant industrial unit not only ousts the small or medium-sized firm and

‘expropriates’ its owner, but in the end it also ousts the entrepreneurs and expropriates the bourgeoisie as a class which in the progress stands to lose not only its income but also what is infinitely more important, its function. The true pacemakers of socialism were not the intellectuals or agitators who preached it but the Vanderbilts, Carnegies and Rockefellers.”<sup>26</sup>

Such terminology – ‘expropriation’, a bourgeoisie in loss of its function, capitalists that become ‘pacemakers of socialism’ – seem to be taken straight out of socialism’s rhetorical toolbox. However, other Schumpeter descriptions – employees’ reluctance to identify with their company, an increasingly schematic technicality of inventions, bureaucratization of management – belong to the typical canon of descriptions applied to socialist economies. In fact, Schumpeter saw in them one of the chief obstacles for a socialist economy, which does not prevent him from describing them as characteristics of capitalism. Alone phenomena such as the constantly increasing size of companies, the automatization and bureaucracy of businesses point to an approximation between capitalist and state-owned or public service enterprises.

3. Third point: Along with the function of the capitalist entrepreneur, Schumpeter argued, the idea of an „industrial dynasty“ based on a fortune or a company was bound to disappear,<sup>27</sup> one of the consequences being the disintegration of the bourgeois family: „To men and women in modern capitalist societies, family life and parenthood mean less than they meant before and hence are less powerful molders of behavior.”<sup>28</sup> And this, in turn, had consequences of the behaviour of *homo oeconomicus*: „With the decline of the driving power supplied by the family motive, the business man’s time horizon shrinks, roughly, to his life expectations. (...) He drifts into an anti-saving frame of mind and accepts with an increasing readiness anti-saving theories that are indicative of a short run philosophy.”<sup>29</sup> This embrace of a ‘short time philosophy’ could be studied in great detail during the recent financial crisis – and it continues to cause problems in the conflicts over the bonus payments of the finance professionals. With the dissolution of the family, Schumpeter addresses a phenomenon which is generally blamed on socialism. Schumpeter sees the ebbing away of family cohesion as on the one hand a factual consequence of the pension systems advocated and institutionalized by social movements – on the other hand, he says with great clarity that this ebbing away is a constituent feature of capitalism itself. For „the Evaporation of the Substance of Property“<sup>30</sup> has not just led to a decrease in birth rates – as Schumpeter points out „capitalist inventiveness produces contraceptive devices of ever-increasing efficiency“<sup>31</sup> –, but also to

the dissolution of marital bonds. He concedes that Marriage as an institution remains, but „the marriage rate proves nothing because the term Marriage covers as many sociological meanings as does the term Property. (...) It does not matter how many marriages are dissolved by judicial decree – what matters is how many lack the content essential to the old pattern.“<sup>32</sup> It’s not entirely surprising to find that Schumpeter concludes that „feminism (is) an essentially capitalist phenomenon“,<sup>33</sup> while in conservative slang it’s usually called a socialist invention.

From his insights into the development of capitalism, Schumpeter deduces that „there is inherent in the capitalist system a tendency toward self destruction (...); those factors make not only for the destruction of the capitalist but for the emergence of the socialist civilization“. <sup>34</sup> He goes on to qualify this position, arguing that perhaps ‚destruction‘ is the wrong word, and ‚transformation‘ would be more appropriate. But his conclusion is quite clear: „The outcome of the process is not simply a void that could be filled by whatever might happen to turn up; things and souls are transformed in such a way as to become increasingly amenable to the socialist form of life. With every peg from under the capitalist structure vanishes an impossibility of the socialist plan.“<sup>35</sup> And then his executive summary: „The capitalist process shapes things and souls for socialism. In the limiting case it might do this so completely that the final step would not be more than a formality.“<sup>36</sup>

What if the fall of the wall were to have been ‚not [...] more than a formality‘? Schumpeter predicted, as many of his contemporaries did, that the confrontation between socialism and capitalism would be *the* faultline of worldwide conflict in the postwar era. But knowing the end of this conflict eluded him: the ‚peaceful revolution‘ which in the past 20 years we have grown accustomed to viewing either as a ‚miracle‘ or else as the triumph of capitalism. But in fact, as Michael Meyer has shown in his new book, ‚The Year that Changed the World: The Untold Story Behind the Fall of the Wall‘, the idea that capitalism won the Cold war was but an illusion (an illusion as he writes that had its part in triggering off the next illusion: that of an easy play in the Iraq conflict). It is interesting that Meyer uses exactly the same term as Krugman to describe the events of 1989. According to him they were shaped “by the logic of messiness”.<sup>37</sup>

Perhaps the fall of the Wall, historically unique as it no doubt is, was the symptom of a ‚messiness‘ in quite another sense: a symptom of the approximation of capitalism to

socialism. Schumpeter lists the social mobility which capitalism brings along with the dissolution of class structures; he speaks of ‚the Evaporation of the Concept of Propriety‘, points out the bureaucratization of big companies and their monopoly power and he laments the dissolution of bourgeois norms and family cohesion. All of this ‚shapes things and souls for socialism‘. Seen from this perspective, capitalism appears almost as an „Intermezzo“ (Schumpeter<sup>38</sup>) en route to the ‚classless society‘. Marx predicted the collapse of capitalism. As it turned out, ‚socialist realism‘ did the collapsing. In retrospect, however, one might think that de facto, capitalism may also have paved the way for a new conception of socialist society. The first signs of this can be discerned in Germany now twenty years after the Fall of the Wall – for example in the electoral success of the Left Party a few weeks ago: The ‚Left‘ started out as a party of GDR nostalgics (if not restitutionalists) and is now represented nationwide in Germany.

#### *Creative Destruction in Communism*

Naturally, the way that capitalism paved for socialism is not a one way street. It is equally as true that socialism effected ‚the shaping of things and souls for capitalism‘. In any case the speed at which the formerly socialist countries have morphed from planned economies into market economies, with the supply of consumer goods which forms the basis of all capitalism, is striking. But lack of goods is not the only way in which socialism paved the way for capitalism. On quite a different level, we can revisit Schumpeter’s ‚creative destruction‘ in socialism – and in this scenario, too, intellectuals play an important part.

There can be no doubt that the GDR was founded with more idealistic principles than the Federal Republic, as evidenced by the radical break with the foundations of National Socialism. In the GDR, 90 percent of the old judges and state prosecutors and around 80 percent of teachers were fired in 1945/46, as opposed to the Federal Republic, where the majority of judges and teachers were able to continue practicing, and where their thought and mentalities continued to be felt for a long time. As the historian Lutz Niethammer and others have demonstrated there were in fact – and in spite of the famous de-Nazification processes – more National Socialist party members – ‚PG‘ – in certain West German ministries and agencies than during the Third Reich!<sup>39</sup> Going beyond this, however, the GDR also attempted the radical elimination of the bourgeoisie as a class. Many children of academics were denied higher education and entry to the universities for this reason, whereas the children of workers and peasants were prioritized and emphatically supported in their education, including

academic learning. This generation, the first to participate in the socialist drive to bring about the demise of the bourgeois class, was born, as it were, along with the GDR and had reached by the 1980s an age which brought its members up against the ‚glass ceilings‘ of socialism. It was a generation which had been steeped in the values of enlightenment during their upbringing, which had access to higher education, to knowledge and which consequently at some point could hardly help but start thinking independently. Schumpeter has described just how great a debt the rise of the Intelligentsia owed to the foundations that were laid in early capitalism (printing press) and which the rotary press continued to strengthen. The simultaneous rise of capitalism and of humanism is no coincidence, according to him. In just the same way, this generation of critical thinkers – and it was an entire generation which all of a sudden took that great big liberating gulp of breath in the autumn of 1989 – owed its inception, its existence and its ability to think to all that the GDR had done to educate its members. The state had tried to lace its education with ideology. Mixing the two could work for a while, but to the extent that this generation came of age, the less willing it was to swallow the prescribed ideology. Yes, it wanted socialism – but an enlightened socialism, a socialism of grown-up citizens. And at this precise point, this generation found itself pushing limits in the GDR. 40 years German Democratic Republic – it was meant to be a jubilee. But it turned out to be the year, too, in which a generation reached the point at which it would no longer support its disenfranchisement – and it was the GDR state itself – a socialist state – which had nurtured this generation. Paraphrasing the title of a famous book by Wolfgang Leonhardt (Die Revolution entlässt ihre Kinder“ (The Revolution dismisses its Children), one could call 1989 the year in which ‘the children dismissed their revolution’.

#### *The Wall in Retrospective*

To conclude, I want to show you, briefly, a study of the perception of the other Germany from school textbooks of the GDR and Federal Republic. The study was published in 1970 and drew on materials dating from the 1960s. It shows clearly – especially in retrospect – just how artificial, or if you like how imaginary, the intellectual wall between East and West Germany was. The author, Horst Siebert, studied the didactic materials of comparable stages in secondary education. In the case of the GDR, he analyzed the textbooks for ‚Staatsbürgerkunde‘ – roughly: citizenship education – newly created in the 1957/58 school year.<sup>40</sup> In polytechnic secondary schools, the subject was taught in the ninth and tenth grades, in the extended secondary schools – ‘Erweiterte Oberschulen’ – until grade twelve. We are dealing, in other words, with students aged fourteen to eighteen. The textbooks were oriented

along the political and ideological lines laid down by the SED and as a consequence subject to frequent change. In the ninth grade – the overall content of which school year was summarized under the motto ‘The path and goal of socialism’ – forty-two percent of the syllabus were devoted to the Federal Republic. Three main topics were studied in citizenship education: ‘1. Developmental Laws of Human Society. The Communist Manifesto; 2. Capitalism and Socialism; 3. The GDR: A Workers‘ and Peasants‘ State. Most space was allotted to the second section. The twelve prescribed classes were devoted to the following topics you can see on the foil:

<b>First Unit</b>	<b>The Nature of the Exploitation System in West Germany</b>
1 <sup>st</sup> Lesson	General Characteristics of this Exploitation; does it still exist in the FRG today?
2 <sup>nd</sup> Lesson	The permanent Aggravation of Exploitation in the FRG
<b>Second Unit</b>	<b>The State Monopolistic Hegemonic Rule in West Germany</b>
3 <sup>rd</sup> Lesson	The Domination of the West German Economy by Monopolies
4 <sup>th</sup> Lesson	The Alliance of the Power of the Monopolies with the Power of the State
5 <sup>th</sup> Lesson	The Present Effectiveness of the State in the Interest of the Monopolies
6 <sup>th</sup> Lesson	The Intensification of Class Opposition Due to the State Monopolistic Hegemonic Rule
<b>Third Unit</b>	<b>The Particular Aggressiveness of West German Imperialism and Militarism</b>
7 <sup>th</sup> Lesson	The Aggressiveness of Imperialism
8 <sup>th</sup> Lesson	Total Mobilisation Due to State Monopolistic Formation of West German Society
9 <sup>th</sup> Lesson	Militarism as Main Instrument of Reinforced Aggressiveness of West German Imperialism
10 <sup>th</sup> Lesson	The Misanthropic Character of the Imperialist System in West Germany
<b>Fourth Unit</b>	<b>Overcoming the Imperialist System in West Germany and the Perspective of Socialism</b>
11 <sup>th</sup> Lesson	The Solution of the Power Question According to the Historical Mission of the Working Class
12 <sup>th</sup> Lesson	Socialism – the Legitimate Alternative to the State Monopolistic Hegemonic Rule in West Germany

Today, one can only be amazed at these course titles. But even back in the day, they must have appeared strange to the students – and these were adolescents, not children – who knew what was going on in the FRG. The Wall had been constructed, and there was intensive propaganda as well as a strict regime of checks and controls. But families in the GDR were constantly in touch with relatives in the FRG, visits were possible, and in many parts of the GDR, you could receive Western radio stations. Still, they might have gone along a certain time, but not forever. In fact, the ideologically colored topics and the vocabulary of these ‘educational units’ must soon have become an insult to critical minds. Also, in spite of the fact that there was a vivid interest in matters concerning West Germany, culture and history of the Federal Republic were practically absent from the school books. According to Siebert, “even in terms of sheer enumeration (...) companies and industrialists outnumbered politicians and parties”.<sup>41</sup> The opposition capitalism - socialism, on which this whole section was based, was completely artificial (especially if we recall Ludwig Erhard’s ‘Social Market Economy’), and it was precisely this artificiality which robbed it of all persuasiveness. (I am talking here exclusively about the intellectual persuasiveness of these syllabi, not of the fear spread by the SED and the Stasi political police). “West Germany’s secession”, i.e. the creation of the Federal Republic, the 11<sup>th</sup> and 12<sup>th</sup> grade textbooks inform us, had been “a sign of weakness” of the capitalist system<sup>42</sup> and had necessitated the “subsequent foundation of the GDR as a countermeasure”<sup>43</sup>. Further: „The policies of the SED alone reflect the intentions of the entirety of the German people”.<sup>44</sup> The close association of the Federal Republic with the US and the predominance of capitalism „preclude reunification from the SED’s point of view”.<sup>45</sup>

The artificial division found a completely different expression in the textbooks of the FRG: the GDR was almost entirely absent from them. East Germany was simply omitted – a bit strange for a country which had, after all, written reunification into its constitution. While topics such as Communism, the Eastern Bloc or Totalitarianism made it on to the syllabus of Political Science (‘Staatskunde’), on average just 5% of these textbooks covered the GDR. This disinterest in the GDR reflected the West Germans’ general lack of interest in the GDR and their ignorance of its protagonists, institutions and events. GDR culture, too, was hardly overexposed in the textbooks. Passages about the political system usually culminated in the “quote: ‘The party is always right’”<sup>46</sup> Occasionally, a muted comparison between the Nazi regime and the GDR was hinted at, for example in rhetorical questions such as “Why did

Hitler and the SED destroy federalism?”<sup>47</sup> Just like in the GDR, the textbook authors placed the main emphasis not on encouraging the formation of an independent, well-founded personal opinion by the students, but on self-representation through delimitation vis-à-vis the GDR. Unlike in the GDR, however, mass media – even critical mass media – enjoyed a wide circulation in the Federal Republic. One might well have expected, therefore, a sort of counterweight from that quarter. In vain. The GDR was not a subject for the public sphere.

I conclude. Before National Socialism, Germany was home to a highly developed form of capitalism, as well as to one of the largest and most potent workers’ movements represented by the trade unions, by Social Democrats and the Communist Party. After the demise of National Socialism, the division of Germany turned this social diversity into a strict dichotomy which, over the course of forty years and try as it might, could never dissimulate just how precariously anchored in economic, political and intellectual traditions it was. School textbooks are but one example. The ‘peaceful revolution’ or the ‘miracle’ may be another. For twenty years now, the different levels once again mix. It may be that these ‘Elective Affinities’ engender a new synthesis fusing the advantages (or maybe disadvantages) of both socialism and capitalism. Be that as it may: Germany – divided Germany – was one of the laboratories in which, during the Cold War, the developments on both sides of the Iron Curtain could be observed. By the same token, Germany today could turn into one of those countries in which we can observe whether capitalism and socialism really have both been ‚shaping things and souls’ for each other. This could be one possible path among others leading towards the ‘messiness’ we will have to learn to live with after the end of the Cold War.

*Translated by Henning Grunwald*

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<sup>1</sup> Paul Krugman, *How Did Economists Get it so Wrong?* The Great Recession was the result not only of lax regulation in Washington and reckless risk-taking on Wall Street but also of faulty theorizing in academia. In *New York Times Magazine*, September 6, 2009, S. 36-43, S. 37.

<sup>2</sup> Krugman, S. 37.

<sup>3</sup> Krugman, S. 37.

<sup>4</sup> *New York Times*, Monday Sept. 14<sup>th</sup> 2009, front page und page 10.

<sup>5</sup> NYT, ebda.

<sup>6</sup> Marcel Hénaff, *Der Preis der Wahrheit. Gabe, Geld und Philosophie*, aus dem Französischen von Eva Moldenhauer, Frankfurt/M (Suhrkamp) 2009, p. 493.

<sup>7</sup> Aristoteles, *Nikomachische Ethik*, V,8 1133 a 28-29.

<sup>8</sup> Karl Polanyi, *The Great Transformation: the political and economic origins of our time* (1944), foreword by Joseph E. Stiglitz, Boston, Mass, (Beacon Press) 2001, S. 45.

<sup>9</sup> Polanyi, S. 31.

<sup>10</sup> Polanyi, S. 3.



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- <sup>11</sup> Joseph Schumpeter, *History of Economic Analysis*, London (George Allen & Unwin) Ltd. 1954) p. 12-13. Emphasis in text.
- <sup>12</sup> Joseph A. Schumpeter, *Das Wesen des Geldes*, 1970, S. 1. English: *Money and Currency*, introduction by Richard Swedberg, in: *Social Research*, Vol. 58, No. 3, 1991, p. 499-543, p. 504.
- <sup>13</sup> Joseph A. Schumpeter, *Capitalism, Socialism and Democracy*, (1942) 3rd edition, New York (Harper & Row) 1950, p. 83
- <sup>14</sup> Schumpeter, *Capitalism*, p. 124.
- <sup>15</sup> Schumpeter, *Capitalism*, p. 143.
- <sup>16</sup> Schumpeter, *Capitalisms*, p. 148.
- <sup>17</sup> Schumpeter, *Capitalism*, p. 150.
- <sup>18</sup> Schumpeter, *Capitalism*, p. 146.
- <sup>19</sup> Schumpeter, *Capitalism*, p. 131.
- <sup>20</sup> Schumpeter, *Capitalism*, p. 133.
- <sup>21</sup> Schumpeter, *Capitalism*, p. 142.
- <sup>22</sup> Schumpeter, *Capitalism*, p. 141.
- <sup>23</sup> Schumpeter, *Capitalism*, p. 142.
- <sup>24</sup> Schumpeter, *Capitalism*, p. 132.
- <sup>25</sup> Schumpeter, *Capitalism*, p. 133.
- <sup>26</sup> Schumpeter, *Capitalism*, p. 134.
- <sup>27</sup> Schumpeter, *Capitalism*, p. 156.
- <sup>28</sup> Schumpeter, *Capitalism*, p. 157.
- <sup>29</sup> Schumpeter, *Capitalism*, p. 161.
- <sup>30</sup> Schumpeter, *Capitalism*, p. 156.
- <sup>31</sup> Schumpeter, *Capitalism*, p. 158.
- <sup>32</sup> Schumpeter, *Capitalism*, p. 157.
- <sup>33</sup> Schumpeter, *Capitalism*, p. 127.
- <sup>34</sup> Schumpeter, *Capitalism*, p. 162.
- <sup>35</sup> Schumpeter, *Capitalism*, p. 162.
- <sup>36</sup> Schumpeter, *Capitalism*, p. 220.
- <sup>37</sup> Michael Meyer, *The Year That Changed The World. The Untold Story Behind the Fall of the Berlin Wall*, New York (Scribner) 2009.
- <sup>38</sup> Schumpeter, *Capitalism*, p. 130.
- <sup>39</sup> Lutz Niethammer, *Die Mitläuferfabrik*, Berlin 1982.
- <sup>40</sup> Horst Siebert, *Der andere Teil Deutschlands in Schulbüchern der DDR und der BRD*, Hamburg (Verlag für Buchmarktforschung) 1970.
- <sup>41</sup> Siebert, p. 41.
- <sup>42</sup> Zit. n. Siebert, p. 46.
- <sup>43</sup> Siebert, p. 46.
- <sup>44</sup> Siebert, p. 47.
- <sup>45</sup> Siebert, p. 49.
- <sup>46</sup> Siebert, p. 87
- <sup>47</sup> Zit. n. Siebert, p. 89.