

## The Economics of East and West German Cars

Free Market and Command economies produce and distribute goods & services using vastly different methods. Prior to reading the documents, consider the following:

- What is the significance of car *production* for individuals and society?
- What is the significance of car *ownership* for individuals and society?
- How are cars *distributed* in society? In other words, who makes decisions about pricing and allocation of this good within society?

Review and annotate the documents. Consider each document for its purpose, context, point of view and potential audience. What clues do the documents provide about life in East and West Germany, Cold War economic systems, and current economic issues?

Use the documents to **evaluate the outcomes associated with command and free market economies**. Your response should include...

- A clear, well-stated claim/argument in response to the prompt.
- At least two well-developed body paragraphs in support of your claim.
- Analysis of at least seven documents to support your argument.



West: Federal Republic of Germany (FRG)

East: German Democratic Republic (GDR)

**Document 1: “[How German cars beat British motors - and kept going.](#)” BBC August, 2013**

In August 1945 the British Army sent a major called Ivan Hirst to take control of the giant Volkswagen plant in Wolfsburg, which had been built under the Nazis to produce 'people's cars' for the German masses.

Ignoring his sceptical superiors, Hirst could see the potential amid the shattered debris of the Wolfsburg factory. Rebuilding Volkswagen, he thought, would be a step towards rehabilitating Germany as a prosperous, peaceful European ally. And of course he was right.

In the next few years, Hirst restarted production of a car we know today as the Beetle. And from then on, VW was flying. By the late 1950s, with production up and employment buoyant, West Germany was enjoying an economic miracle. The memories of Nazism were banished, and the Germans began to rebrand themselves as a forward-thinking, hard-working and supremely modern industrial nation.

In Germany, management and unions worked closely together in the interests of the common good. Indeed, by law all major German firms are required to set up Works Councils, where the bosses and the unions must work together 'in a spirit of mutual trust'. In Britain, by contrast, car factories in the 1960s and 1970s became daily battlegrounds, where militant shop stewards and complacent managers fought out an overt class war.

One fact probably says it all about the difference between Britain and Germany in the post-war years. In 1978, for every day that German manufacturers lost to industrial action, we lost ten. By the time Margaret Thatcher came to power a year later, the game was probably up for Britain's car industry. Drivers were already switching to foreign motors - not least German models such as Mercedes, Porsche, Audi and, above all, BMW, which mastered the art of high-end branding.

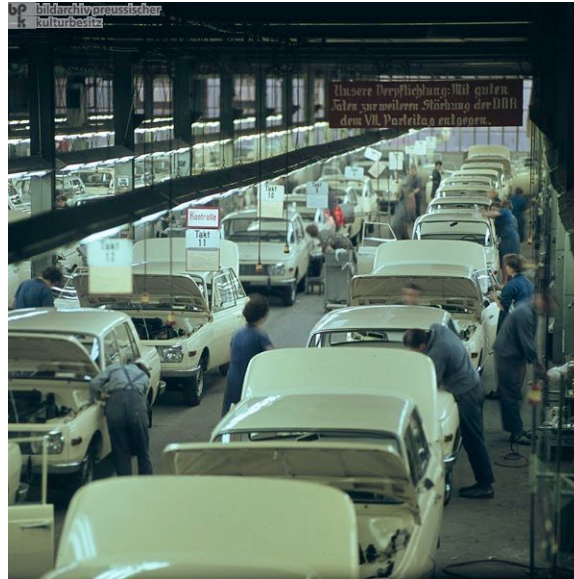


*Volkswagen Beetles in production in 1960 and 1973*

## Document 2: Production of the Wartburg 353 in East Germany (1966)

Source: German History in Documents and Images (GHDI)

The Wartburg 353, designed in the mid-1960s, was an attractive car for its day. In its early years, it was even exported to the Netherlands and Great Britain. Although engineers had plans for the ongoing development of the model, the Wartburg did not undergo further modernization – this being prevented by the strained economic situation in the GDR. From the mid-1970s, the Wartburg could no longer compete with Western cars. This photograph shows the production of the Wartburg 353 in the firm's Eisenach factory. Photo by Jochen Moll.

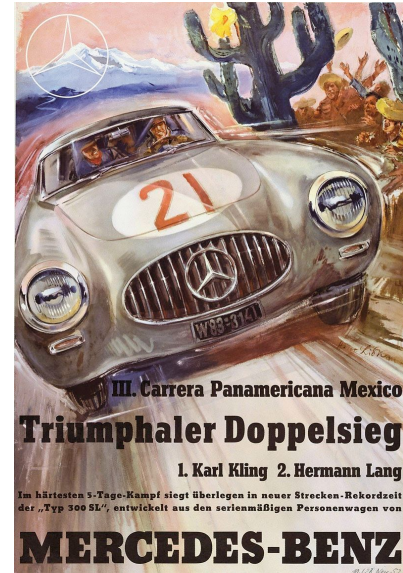


## Document 3: Volkswagen Advertisement, 1960



#### Document 4: Mercedes-Benz Pictures (see: [Mercedes History Website](#))

Similar to Volkswagen, Mercedes-Benz rebounded quickly in the 1950s and 60s. The company thrived as it produced commercial automobiles and high-class sports cars that were sold all over the world. Mercedes-Benz gained success in the American market, and soon started selling more cars internationally than domestically.



#### Document 5: Stuttgart Expressways (c. 1970)

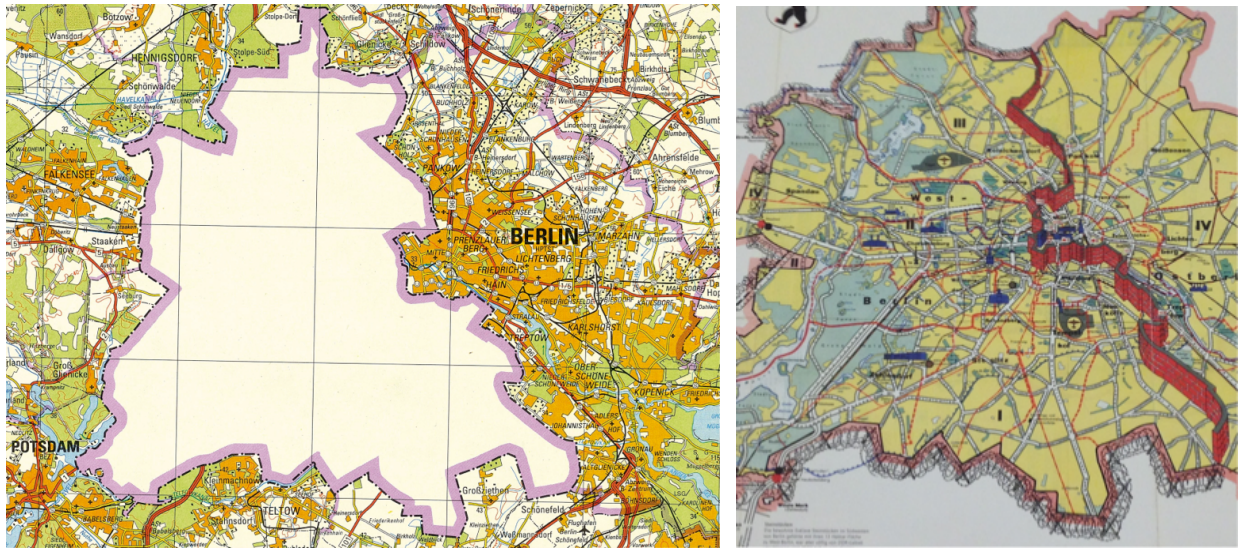
The ideal of the car-friendly city shaped efforts to rebuild large West German cities in the postwar era. As part of this movement, inner-city expressways were extended and connected to the country's highway network, thereby creating long-distance links between cities. This photo shows the expressway interchange at Charlottenplatz in Stuttgart, which, incidentally, is home to the car manufacturers Mercedes-Benz, Porsche, and Maybach. GHDI



**Document 6: Two Views of Berlin, [Here360 Blog](#) by C.J. Schuler**

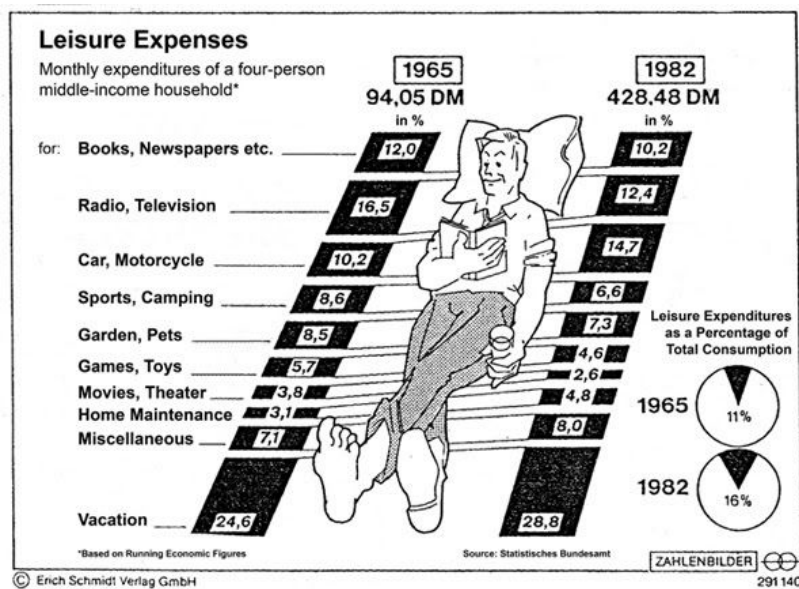
**Left:** East German Map of East and West Berlin (1960)

**Right:** West German Map of Berlin (1961)



**Document 7: Changes in West German Leisure-Time Habits, *Zahlenbilder*, 1983.**

Since the introduction of the 40-hour work week, the almost standard institution of six weeks of annual vacation, and the lowering of the retirement age, many people [now], at the beginning of the 1980s, have far more time off from work, and consequently more genuine leisure time, than they did ten or twenty years ago. \*DM=Deutsche Mark.



**Document 8: Letter by Anton S. to the “Prisma” Programming Office of GDR Television**  
*Due to East Germany’s shortages of materials and labor-intensive (people, not machine) production processes, East German consumers had to wait more than ten years to get one of the nation’s two car models, the Wartburg or the Trabant. Anton S. just got his Wartburg.*

Esteemed Prisma collective!

On February 8, 1989, my family was fortunate enough, after waiting 15 and a half years... to buy a Wartburg 1.3. Expectantly, we went... to the car dealership. After a four-hour wait, we were shown a car, a Wartburg 1.3. With the words: “This is your car; have a look. In the meantime, I’ll get the papers ready!,” the process of “purchasing a car” was over and done with. I, for my part, didn’t notice any problems with the car in the showroom... So we were now in possession of our car. The dealership... has a sales office for car accessories. Shouldn’t they be able to sell protective seat covers ... and hubcaps for new cars?... Do we have to drive all the way to Berlin for that? If we have to drive from our village to Berlin for every little thing, then our eighteen days of annual vacation simply won’t suffice...

On the drive home... air from the side vent was blowing directly in my face. That meant it was adjusted improperly. By turning the vent blades, I tried to find the correct setting. Both blades fell into the panel. I was able to fix these small problems on my own at home. [After only a few days of driving] the battery... was almost completely drained. After a thorough inspection, I noticed that the contact switch in the trunk was bent out of shape and disconnected. Consequently, the light in the trunk had been burning since... the day we bought the car. The result was a totally discharged battery. It was caused by the fact that the bracket on the trunk hood that triggers the switch extended too far inside. By re-bending the bracket, I fixed the problem. In the process, I noticed that the latching mechanism for the trunk... only worked on the left side. The right side wouldn’t lock into place.... When I was driving home [another time, two days later] it began to rain hard, so the windshield wipers were supposed to swing into action. But [neither] windshield wiper moved. After turning off the engine, I could hear that the wiper motor was turning, but the blades weren’t moving. This was because the nut had come loose from the wiper shaft and the connecting levers were dangling about. I fixed this problem, too...

After a longer drive... I noticed that the transmission was making strange noises. This prompted me to visit... my authorized repair shop to have the car thoroughly inspected. [The garage] immediately sent a report regarding an issue covered by warranty to the Eisenach Auto Factory. April 12, 1989, was the day the representative from the Eisenach factory arrived....

Unfortunately, our vehicle wasn’t the only one exhibiting serious defects; there were five or six others... After the factory representative, colleague K., carefully inspected my car, referenced my notes, and took a test drive to determine the nature of the defects, we had an unpleasant discussion. There were no objections with regard to the “transmission” problem. A new one would be installed, and the doors (they stick) [would be] realigned. But nothing else, colleague K. said, was covered by the warranty. The drivers are also defective. I was told that this stems from their very construction, which I did in fact understand. However, it’s still a construction flaw!

... But what is the point of all this care, if after only 6-8 weeks rust starts emerging from all of the Wartburg 1.3's seams? After remarking that my family and I deserved a good product for the good money we earned through our labor, I was told that this wasn't his problem and that, after all, I didn't have to buy this car. He also said he was willing to pay me 30,200 Marks for the Wartburg 1.3, and then the car would be his!... Do I have to stand for such impertinence? ... Can we afford this, especially now in the lead up to the local elections on May 7, 1989?

Sincerely yours,

Anton S.

*Source: "Brief Anton S. am Redaktion 'Prisma' des Fernsehens der DDR" ["Letter by Anton S. to the 'Prisma' Programming Office of GDR Television"], April 14, 1989, in Stiftung Deutsches Rundfunkarchiv, Historisches Archiv, Zeitzeugensammlung, no call number, reprinted in Matthias Judt, ed., DDR-Geschichte in Dokumenten. [GDR History in Documents]. Berlin, 1998, pp. 142-43.*

**Document 9: Passage from *GDR Guide: A Journey to a Bygone State*, DDR Museum.**

... methods of transport in the GDR were not free but were still inexpensive. This did not make them reliable. The trains of the Imperial German Railways (itself an anachronism in a Socialist society) were dirty and full. A single flake of snow was often sufficient to result in disruptions and canceled trains due to "extreme weather conditions." Passengers on the bus and tram networks could tell a similar story. Forty years of minimal investment in the transport system produced a uniform wish: everybody wanted a car.

The "Trabi" was not the only car on offer: the Wartburg was manufactured in Eisenach, and Socialist brother states delivered Skodas and Ladas. Nevertheless, the leading figures of the republic preferred the Western luxury model Volvo. Despite such variety, the Trabi remained the uncontested symbol of East German mobility.

A Russian word meaning "companion," many Trabis remained a trusted friend to many East Germans. first as a dream (waiting times for a car could stretch to 16 years) and then as a status symbol and hobby. The construction of this "cardboard box with an engine" was so simple that the happy owner was usually able to repair the majority of faults themselves. Made of Duroplast, a mixture of cotton felt and plastic, the housing was lightweight, rust-free and saved expensive metal imports. Should the traveller have ambitious plans -- such as a trip to Bulgaria -- he would be careful to bring the requisite tools and mechanical manuals so as to ensure a safe return.

## Document 10: Trabant Jokes

- **What does the '601' in Trabant 601 stand for?** 600 people will order one, but only one will get it delivered. (Or, by 1990: There are 600 cars on the lot, but only one customer.)
- **Why does a Trabant have a heater at the back?** To keep your hands warm when you're pushing it.
- **How do you double the value of a Trabant?** Fill up the tank.
- **Why do East-Germans have trouble driving the Trabant?** Because the wheel keeps pulling toward the west.
- **What do you call a Trabant on a hill?** A miracle.
- **What do you call a Trabant with brakes?** Customized.
- **What goes on pages 4 and 5 of the user's manual?** The bus schedule.
- **Why is a Trabant considered the longest car?** There's 8 feet of car, followed by 50 feet of smoke.
- **How do you measure the acceleration of a Trabant?** With a calendar.
- **When does the Trabant reach its top speed?** When it's towed away.
- An East German driver pulled into a service station and asked, "Can I get a windshield wiper blade for this Trabi?" The mechanic looked the car over for a long time and finally said, "Okay, it's a trade!"
- An East German worker's five years were up, and he went to take delivery of his Trabi. He asked the company's representative, "Can I get a car with seat belts?" "Sure," said the representative, "and while we're at it, we can give you one with two-tone paint, air-conditioning, and an AM/FM/Longwave/Shortwave radio!" Mortified, the customer mumbled, "Now you're just making fun of me." "Well," roared the representative, "who started it?"

## Document 11: One of *Time Magazine's* "50 Worst Cars of All Time"

**1975 Trabant:** This is the car that gave Communism a bad name. Powered by a two-stroke pollution generator that maxed out at an ear-splitting 18 hp, the Trabant was a hollow lie of a car constructed of recycled worthlessness (actually, the body was made of a fiberglass-like Duroplast, reinforced with recycled fibers like cotton and wood). A virtual antique when it was designed in the 1950s, the Trabant was East Germany's answer to the VW Beetle — a "people's car," as if the people didn't have enough to worry about. Trabants smoked like an Iraqi oil fire, when they ran at all, and often lacked even the most basic of amenities, like brake lights or turn signals. But history has been kind to the Trabi. Thousands of East Germans drove their Trabants over the border when the Wall fell, which made it a kind of automotive liberator. Once across the border, the none-too-sentimental Ostdeutschlanders immediately abandoned their cars. Ich bin Junk!



**Document 12: East German Cars on Budapest Roadsides (Summer 1989)**

As part of its political reforms, Hungary began dismantling its frontier barriers to Austria on May 2, 1989. This afforded East German citizens an unexpected escape route; the “Iron Curtain” had suffered its first tear. This picture shows numerous East German “Trabants” and “Wartburgs” parked on a Budapest street. East German refugees had driven to Hungary in these cars but abandoned them when they fled to the West. Photo: Ulrich Hässler. GHDI



**Document 13: Traffic at Border Crossing Near Rasdorf in Hesse (November 19, 1989)**

In the days after the fall of the Wall, the inner-German border was opened; lines of people and cars filled with GDR citizens crossed into the West. GHDI



### Document 14: The Stock of Motor Vehicles

“Total stock” of motor vehicles includes motorcycles, cars, vans, trucks, and tractors  
All numbers are in thousands, so 4,489 actually equals 4,489,000

Federal Republic: West Germany

GDR: East Germany

Motor vehicles			
Year	Total	of those	
		Cars	Trucks
in thousands			
Territory of the former Federal Republic			
1960	8,004	4,489	681
1970	16,783	13,941	1,028
1980	27,116	23,192	1,277
1985	30,618	25,845	1,281
1990	35,748	30,685	1,389
1991	36,529	31,322	1,440
Territory of the former GDR			
1960	1,426	313	119
1970	2,979	1,166	186
1980	4,612	2,678	234
1985	5,282	3,306	221
1990	6,903	4,817	264

Source: Federal Office of Statistics [Statistisches Bundesamt], ed., *Datenreport 1992. Zahlen und Fakten über die Bundesrepublik Deutschland [Data Report 1992. Numbers and Facts about the Federal Republic of Germany]*. Bonn, 1992, pp. 376-77.

### Document 15: “Differences between East and West” *Der Spiegel* (November 12, 1990)

After the fall of the wall *Spiegel* Magazine conducted a survey to figure out “What unites and separates Germans in East and West?” Afterwards they wrote about the results. Excerpt below:

The addiction of East German car fans – who were condemned to drive Trabis all too long – to faster and more comfortable Western automobiles is one of the most striking pan-German impressions of the year. But differences in car ownership will remain considerable over the long run. In the West, three out of four households have a car on the road or in the garage (to be more precise: at least one car, since one in five households has a second car). In the East, barely more than half of all households have a car.

Their cars are also a lot older and less powerful. Half of all cars are at least eight years old (in the West only a quarter). In the West, only four percent of private cars have less than 45 horsepower; in the East that figure is 43 percent.

**Document 16: “End Near For E. German Car: Country's Symbol Of Failure On Road To Museum”** April 21, 1990, By Ray Moseley, *Chicago Tribune*. [Edited Excerpts]

... Now that East Germany is moving toward monetary union with West Germany, it is hardly surprising that the Trabant-known more familiarly as the Trabi-apparently is headed for the automobile industry scrap yard.

It might not be accurate to call it the Edsel of Eastern Europe-after all, 3 million have been produced since 1957-but no one seriously imagines East Germans will go on buying the Trabant when they have West German marks to spend...

...“This factory is a producing museum,” acknowledges Juergen Schiebert, press spokesman at the Trabant factory in Zwickau, a southern town near the Czech border... The factory is a dark, dingy red-brick building where the work is highly labor intensive and the workers` mood is as somber as their surroundings.

Production reached a peak last year of 146,000 cars, and East Germans normally had to wait up to 15 years to buy one. There is no waiting list now. “The Trabant is almost dead,” said Karsten Reimann, 41, an assembly line worker. “We are surprised it is still being built. The domestic market has dried up, and we are only producing for export to Socialist countries.” Even that market is expected to vanish soon. Other East European countries are unlikely to spend scarce hard currency to buy the Trabant.

Meanwhile, West Germany`s Volkswagen is planning to move into Zwickau with a \$3 billion investment. The automaker will build a new plant near here that will produce Volkswagens for the East European market starting in 1994. Limited production of the Polo, the smallest of the VW line of cars, will start in the Trabant factory later this year. A similar development is taking place at Eisenach, where East Germany`s other car, the Wartburg, is produced. Opel, a General Motors Corp. subsidiary, plans to produce its cars in the Wartburg factory.

In the short term, there will be massive unemployment in the auto industry, affecting not only the plants in Zwickau and Eisenach but their hundreds of small supply firms as well. Dieter Voigt, chief of the state vehicle conglomerate IFA, has said about 100,000 people-70 percent of the automotive and supply workers-could lose their jobs. The Trabant factory employs 11,500. The VW plant will use robotics and other automated devices unknown in the Trabant works, and will be able to produce more cars with fewer workers. So cutbacks are likely to be severe.

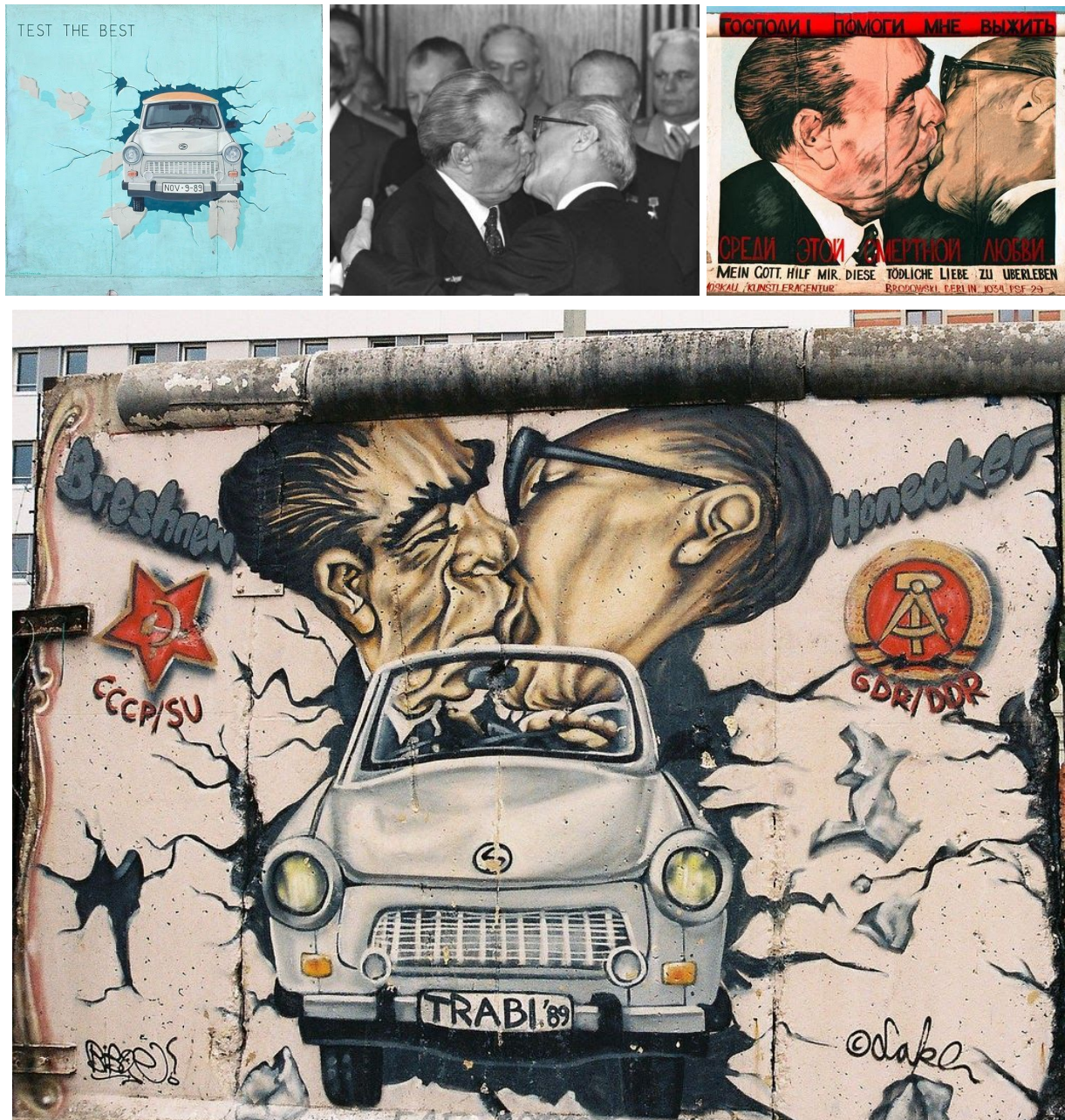
Reimann, married and with one daughter, figures he is an early candidate for dismissal. He has been with Trabant four months, after the mine where he worked shut down. “Those who came here recently will be sacked first,” he said. “I have no idea what I will do when this job is gone.”

### Document 17: Berlin Wall Graffiti

This Berlin Wall Trabant painting (far left) by Birgit Kinder is on a segment of the Berlin Wall on the east bank of the Spree River... [and] commemorates not only the breaking of the wall in November 1989, but the ubiquitous Trabant—the car driven by most East Germans in 1989.

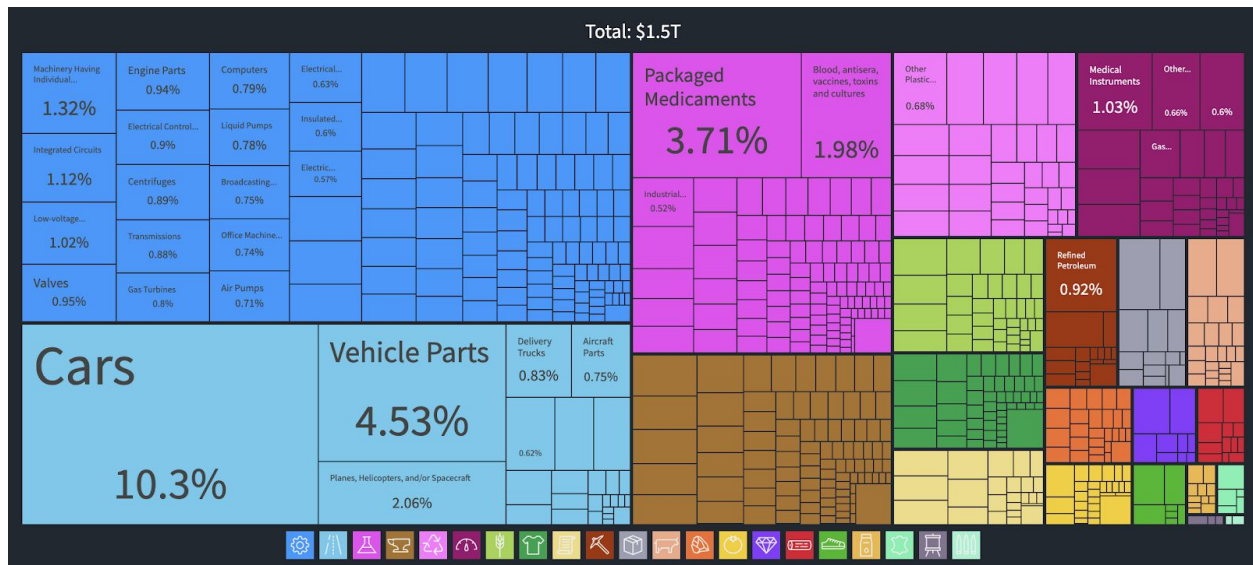
Source: ([Making the History of 1989](#))

The Berlin Wall graffiti at the bottom combines the Trabant image with the iconic photograph of Erich Honecker (East Germany) kissing Leonid Brezhnev (USSR) and the 1990 graffiti of this kiss, “My God, Help Me to Survive This Deadly Love.”



## Document 18: What does Germany Export? (2018)

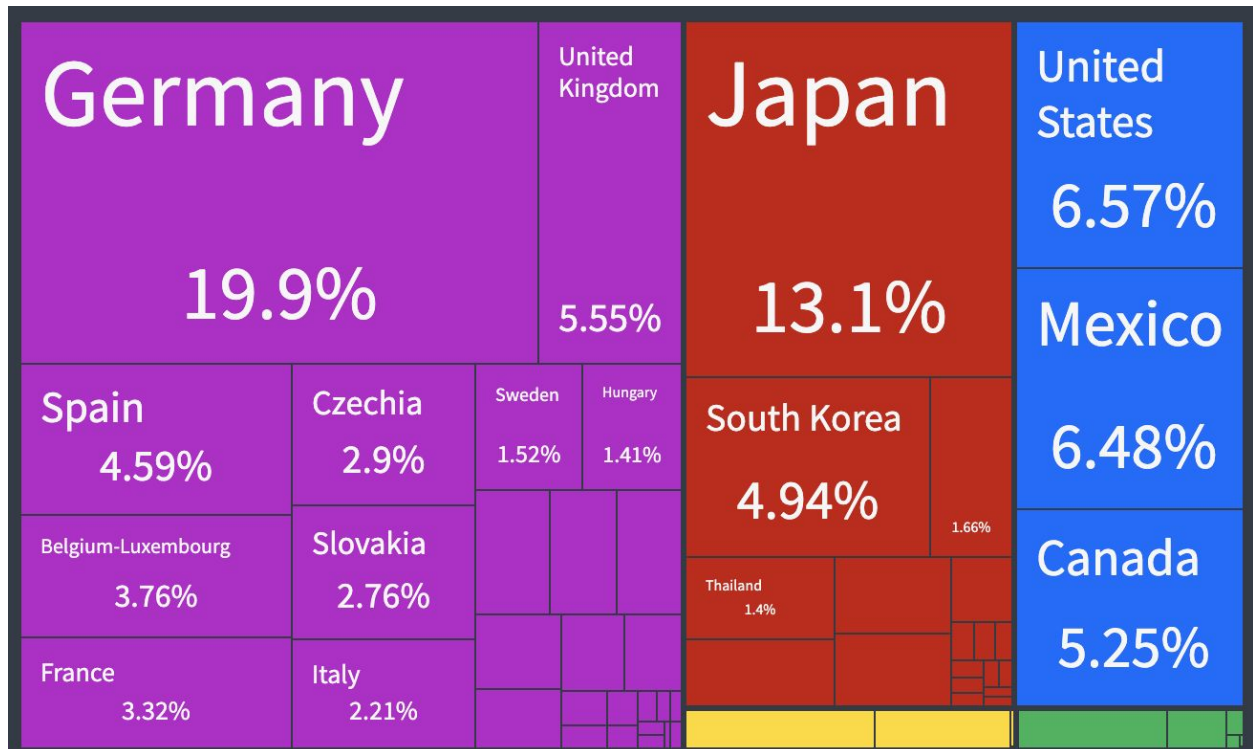
Source: [Observatory of Economic Complexity, Germany Profile](#)



The OEC site also offers export data about individual German states.

## Document 19: Top Exporters of Cars (2018)

Source: [Observatory of Economic Complexity, Cars Profile](#)

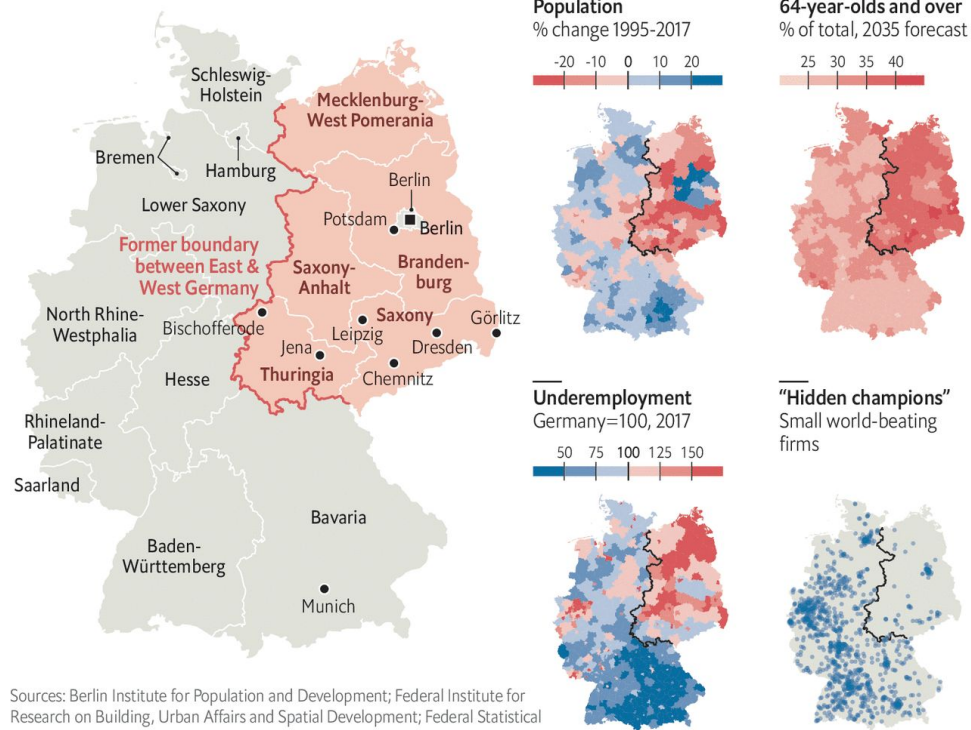


## Document 20: Headquarters of Major German Companies and Brands



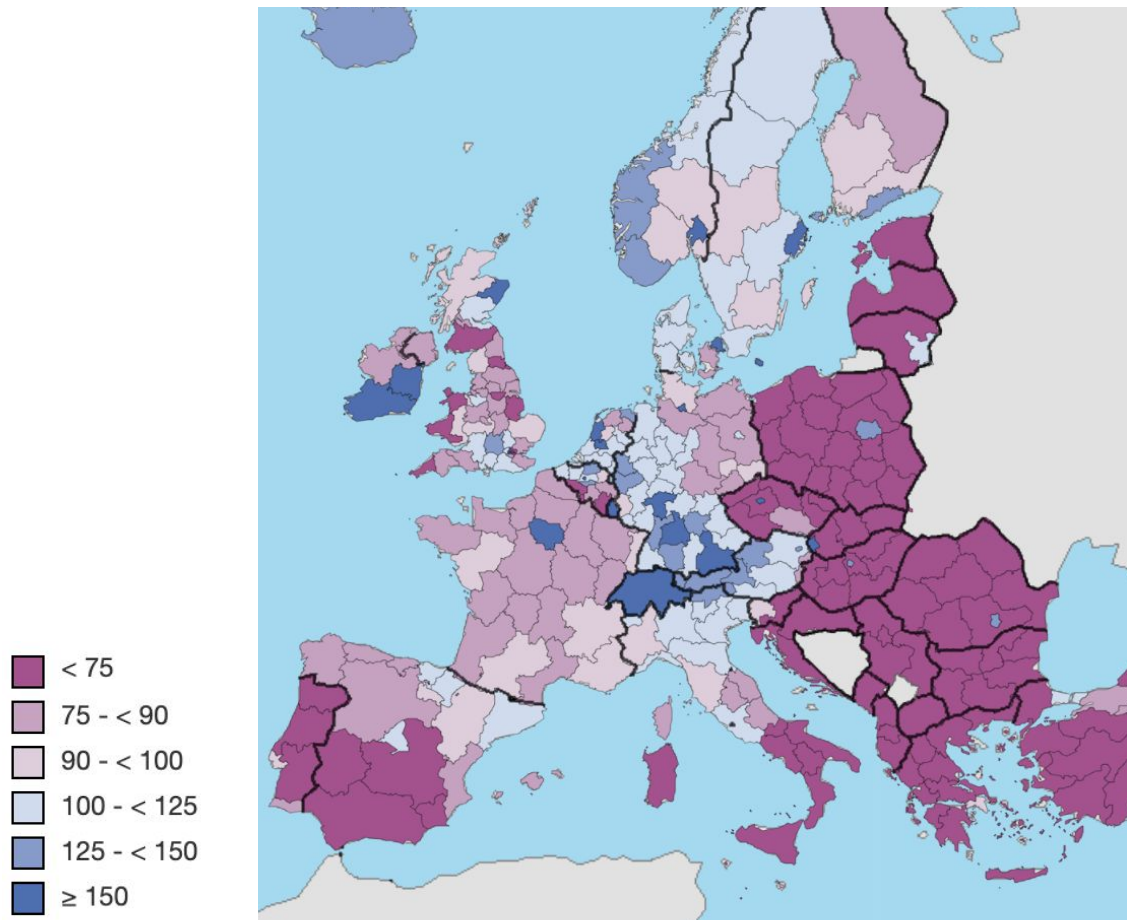
## Document 21: Still Catching Up, *The Economist*, October 31, 2019

### Still catching up Germany



Sources: Berlin Institute for Population and Development; Federal Institute for Research on Building, Urban Affairs and Spatial Development; Federal Statistical Office; Halle Institute for Economic Research; Professor Hermann Simon  
The Economist

Document 22: GDP/per Inhabitant in Europe, [Eurostat Regional Yearbook 2018](#)



GDP per inhabitant, 2017 in relation to the EU-28 average, EU-28 = 100

Recommended: Access the same statistical atlas to view Unemployment, Long Term Unemployment, Median Age, Total Population Change, Gross Value Added per Hour Worked, and many more indicators to compare these former nations.

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