In the aftermath of the second Berlin crisis, West Germany lost confidence in the use of economic measures to secure change, and turned back to the Rapallo approach to trade.

As a result of crisis, West German trade with the GDR fell by 10 per cent between 1960 and 1963. Following the NATO pipe embargo in 1962, FRG–Soviet trade, which had been largely unaffected by the Berlin crisis, slackened, to the advantage of West Germany’s West European competitors. Adenauer’s ‘policy of strength’ was further undermined as West Germany’s allies embarked upon the first global attempt at détente in the early 1960s and sought to increase trade with the Soviet bloc.

Yet, at the same time, West Germany’s integration into Western Europe under Adenauer’s chancellorship was a success. In the mid-1960s, at a time when West Germany was poised to become the ‘economic giant’ of Western Europe, but was still a ‘political dwarf’, ‘buying peace’ became the basis for the new Deutschlandpolitik and Ostpolitik.

In this chapter I will examine the economic and political factors which shaped FRG–Soviet trade and interzonal trade (officially designated ‘inner-German trade’ since 1967) in the 1960s, i.e. the factors which determined the economic basis for Brandt’s new Ostpolitik in 1969.

1. THE TRADE ISSUE AFTER THE BUILDING OF THE BERLIN WALL

In 1961–2, the rapid increase in political and economic problems in East Germany enforced a pause in East German progress toward autonomy within the Soviet bloc. Khrushchev’s delay in signing a
peace treaty with East Germany was no doubt a matter of tactics in his dealings with the Western powers over the future of Berlin. But it also revealed Soviet dissatisfaction with the comparatively slow progress of the East German economy, and Moscow’s awareness of difficulties within the East German communist ranks.¹

In October 1961, the GDR Seven Year Plan contained far-reaching measures to achieve complete independence from West German imports and further integrate the economy with that of the USSR, despite ‘serious shortcomings and plan failures’ in many sectors of the East German construction industry.² There were also continued difficulties with the potato harvest, particularly with the delivery of the crop to the state purchasing agency.

The boycott of the spring 1962 Leipzig Trade Fair by a majority of West Germany’s industrial concerns, including Krupp and several other major steelmakers, was a testimony to the shock produced by the building of the Berlin Wall. But the effect was only short-term. According to observers familiar with the thinking of some of West Germany’s top industrialists, no new philosophy of East–West trade had taken hold (New York Times, 28 January 1962).

The main concerns of industry were economic, not political. Because of the low East German share in total West German trade (2 or 3 per cent), there was little visible concern among West German manufacturers over a roughly 10 per cent drop in interzonal trade in 1961. But the argument that one cannot both ‘trade with the devil’ and help West Berlin had only momentarily won out. Many companies still considered commercial links the best insurance against political excesses by the East German government. There was in this sense a degree of consensus between industry and other domestic critics of Bonn’s inflexible policy towards the East.

Despite the unusually tense political climate created by the building of the Berlin Wall, trade between West Germany and the Soviet Union continued to expand.

In the period 1960–2, FRG exports to the USSR rose from DM778 million to DM826 million. In the same period, West German deliveries to the GDR fell from DM898 million to DM823 million.

It may be that the USSR sought to undermine any remnants of FRG bargaining power in interzonal trade by diverting FRG exports towards herself and then re-exporting them to the GDR.³ In 1961, for the first time, West German imports of Soviet oil almost fulfilled the quota allowed under the FRG–Soviet trade agreement (Financial Times, 29 May 1962). Late in 1961 the Soviets made direct overtures