

ZDF/Frontal21 documentation:

"Looting the East" (Beutezug Ost)

A film by Herbert Klar and Ulrich Stoll

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1. PREAMBLE

First of July 1990. New money for East Germany.

Theo Waigel, former Federal Finance Minister:

"We had to give the people in the GDR a sign. And was the currency with which you can buy something all over the world."

The DM arrives. A hard currency for 16 million GDR citizens.

Edgar Most, Vice President of the GDR State Bank:

"With this false exchange rate we were definitively bankrupt"

The buyers from the West accompanied the new money. Many will make the deal of their life.

Werner Schulz, MEP The Greens:

"At bottom it is the biggest fraud in german economic history"

The Trust agency and the winding-up of the GDR

A film by Herbert Klar and Ulrich Stoll

Disillusionment followed on the heels of the introduction of the DM. Overnight the GDR economy is completely exposed to the international competition. Now the publically owned enterprises (VEBs) are to be made fit for the international market. To transform an entire socialist economy, *that* is the task of the Trust agency in Berlin. Investors in the West sensed the possibility of making singularly huge deals. Eight thousand GDR enterprises were on offer. Never in history were so many companies to be simultaneously privatized. Trust agency boss Rohwedder, a top manager in the West German Industry had a clear concept:

Detlev Karsten Rohwedder, President Trust agency 1990:

"The important thing is to privatize the publically- and state-owned industrial wealth of the GDR, i.e. the combines, the VEBs, wherever possible; to refloat where possible, and to close down or liquidate where unavoidable."

Werner Schulz, MEP The Greens:

"Normally you would have needed a transformation of a planned economy into a market economy. But what was done here amounts to a de-industrialization. Basically the entire industrial capital of the GDR was annihilated with one blow."

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2. FATE EXAMPLE DKK (refrigerator production) -- THE GOOD OLD TIMES

Scharfenstein lies in the Ore mountains of Saxony - for decades one of the most important industrial regions of the GDR. After WW II the Russians had dismantled the machines, and the people in the region rebuilt their refrigerator plant effectively from nothing and produced millions of refrigerators for the world market. Albrecht Meyer and Dieter Schaarschmidt spent their whole working lives in the refrigerator plant DKK.

Albrecht Meyer, former manager development DKK:

"You tend to avoid these buildings in which you earned your bread over such a long period of time. You also think of how everything here was built up, you saw the plant grow. And all of a sudden everything is gone. That makes you sad."

Dieter Schaarschmidt, former manager production planning DKK:

"This hall was crammed full, full of machines. In this hall during peak-demand times 5600 compressors were produced daily in two work shifts."

Compressors and refrigerator motors were developed and produced by this GDR flagship firm. On diverse sites 5500 employees assembled motors, refrigerators and freezer cabinets. Every 25 seconds a refrigerator left the assembly line - in total 16 million. Only a museum is left over.

Dieter Schaarschmidt, former manager production planning DKK:

"Here we have a model - the K140. 800-900 thousand were produced by 1969. It was also exported to the West, to the mail-order house Quelle under the well-known name 'Privileg'. I.e. it also found its way into households."

After *Die Wende*, DKK was still delivering to the West. Yet the *Trust* intends to close the firm, because after the introduction of the DM, DKK can no longer produce profitably. *Up to* the Currency Union DKK has no problem. The production cost of each refrigerator was 360 GDR-Marks. According to the internal exchange rate, 360 GDR-Marks correspond to 82 DM. Refrigerators were sold to the firm Quelle for 140 DM. I.e. each refrigerator resulted in a *profit* of 58 DM. *After* the Currency Union the production cost of one refrigerator rose by a factor of *four* to 360 DM. Selling a refrigerator in the West now resulted in a *loss* of 220 DM.

Ludolf von Wartenberg, chief executive (West) German Industrial Association BDI:

The dramatic of the situation came about through the forcing of 1:1 for the exchange rate DM : Mark-East, which meant an upward revaluation of the Mark-East of 400 %. In effect this made products on the world market 400 % more expensive! Such a decision is incomprehensible."

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3. HOW TO BREAK THE BACK OF ANY ECONOMY - THE CURRENCY BOMB

The introduction of the DM has serious consequences. Even competitive branches of the economy such as the GDR shipbuilding industry lose their sales markets. The printing presses of the GDR combine Planeta, previously well marketable in the West, became expensive non-sellers. But the Federal government of the time under Helmut Kohl give the state of the GDR economy the sole responsibility and not the DM introduction: the GDR, allegedly a bankrupt state almost all of whose enterprises were ramshackle.

Theo Waigel, former Federal Finance Minister:

"Some people thought that the GDR belonged to the world's top ten industrial nations. That was an absolute illusion. The GDR, to put it in lawful terms, stood on the verge of insolvency."

He contests this: Edgar Most, previous Vice President of the GDR State Bank, thereafter with the Deutsche Bank.

Edgar Most, Vice President of the GDR State Bank:

"Until 1990 the GDR functioned at least to the extent that the East could itself produce all the necessities required to fulfill its own needs. Today, 20 years after the reunification, this is no longer the case. The East German Lander are no self-sufficient society. They can only exist with West support."

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4. THE ORIGINAL GOAL OF THE TRUST AGENCY WAS TOTALLY DIFFERENT

They tried to rescue the GDR wealth: the (GDR) civil liberties campaigners Gerd Gebhart and Matthias Artzt. In February 1990 at the renowned Round Table in the palace of Schönhausen in East Berlin they fought against the sell-off of the GDR and warned of a too quick introduction of the DM. Their idea: the national wealth should go to those who produced it - the GDR citizen.

Matthias Artzt, GDR civil liberties campaigner:

"The original idea of creating a Trust agency was on the one hand to give the GDR citizen the chance to act in a civil democracy and market economy as economic subject, as independent actor and citizen. For that he should also acquire his due assets."

Oberhausen palace, 12.02.1990

The future of the GDR was the subject of the Round Table. Wolfgang Ullmann from the group "Democracy now" demanded a Trust agency, but completely different to what emerged later.

Wolfgang Ullmann, GDR civil liberties campaigner:

"I intend to use all means at my disposal to achieve the creation of a Trust agency in our country to safeguard the rights of the GDR citizens to the assets of this country."

And so the Round Table charged the government with the creation of a Trust agency that was to safeguard the 16 million GDR citizens to their share of the national wealth. At home, Gerd Gebhart printed a draft of the planned share deed [Entitlement to one sixteen millionth of the GDR national wealth to the benefit of . . .]

Gerd Gebhart, GDR civil liberties campaigner:

"The crucial point is to transfer the means of production and the property into the hands of the citizens of the GDR as private owners with the prerequisite: each person acquires a 16 millionth share. And the Trust agency should organize exactly this transformation process ."

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5. ELECTIONS: THE GDR VOTERS SUCCUMB TO THE D-MARK

Shortly after the Round Table GDR, Modrow of the PDS issued an edict on the formation of a

Trust to safeguard the national wealth. Then in 1990 Lothar de Maizière's party "Alliance for Germany" won the parliamentary elections. With that, none of the alternative plans of the civil rights campaigners have any chance of realization. The goal now is a market economy modeled on West Germany. De Maizière transformed Modrow's edict "An agency will be formed to hold the national wealth in trust" to read "The national wealth is to be *privatized*". The majority of East Germans voted against an independent future for the GDR in favour of unification with West Germany.

Gerd Gebhart, GDR civil liberties campaigner:

"Because there was no real discussion about the consequences, the DM was the more attractive election program. And it is unfortunate that the alternative could not be realized."

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6. FATE EXAMPLE DKK -- RESULT OF THE CURRENCY BOMB & A CONCERTED WEST RALLIES AGAINST EAST COMPETITION

That is what remains of the refrigerator plant DKK Scharfenstein, a GDR company that could even supply the West: from the middle of 1990 after the introduction of the DM, DKK only made losses. The freezer cabinets and refrigerators could not even be sold at production cost level.

Albrecht Meyer, former manager development DKK:

"According to the Trust, the company did not work economically. The only option was to turn off the lights. The fate of DKK was practically settled."

The Trust intends to close DKK in summer of 1992. Several thousand employees face unemployment.

Prof. Rudolf Hickel, economist University of Bremen:

"It has to be obvious to everyone that if this extremely strong DM, that if it were to be transplanted into the GDR systems from one day to the next, then it must produce something akin to a monetary big bang. And it angers me to this day, that the dimension of this bang was totally ignored."

The Scharfensteins have not yet given up. In cooperation with Greenpeace they develop the world's first eco refrigerator that does not use the notorious greenhouse gas CFC. They receive 70 thousand pre-orders. The DKK people regain their hope. But the Trust set about to torpedo a presentation of the new eco refrigerator. And the overpowering competition in the West combines to malign the eco refrigerator. The West German refrigerator manufacturers send a warning to 50 thousand retailers. They claim: the coolant of the DKK appliance were inflammable, therefore a source of danger in use.

Albrecht Meyer, former manager development DKK:

"The competitors wanted to prevent the sale of this appliance, and to further diminish the prospects for the DKK plant in Scharfenstein, so that in the end the plant would have to close."

And that was the end of this eco refrigerator. Instead, the competitors in the West adopted the allegedly so dangerous coolants themselves. Today these are standard worldwide. But the DKK engineers had to give up.

Dieter Schaarschmidt, former manager production planning DKK:

"Wenn the machines are dead, it's like taking farewell from a living being. That's the feeling when you know for sure that it's finally finished. And yet the hope of a new start never stops germinating. But it really is finished. It's really the worst moment."

Hundreds of firms share the fate of DKK. They were wound up despite good products. Critics accuse the West German industry of having suppressed possible competition in the bud.

Prof. Rudolf Hickel, economist University of Bremen:

"The economic associations in West Germany had a substantial influence placing the question of which ex-GDR company be given a chance of survival, which should be closed, and which is designated for further development into the hands of the competitors, i.e. the steel barons and the other top managers of the West German industry. These took over the job, made the decisions."

Ludolf von Wartenberg, chief executive (West) German Industrial Association BDI:

"This accusation alleges a very, very large influence by the industry. In reality, on the invitation of the Trust, the Federal chancellor and the government very, very many managers and independent business owners looked at the undertakings in the East in order to examine the feasibility of investing in them, or of integrating them, or determining whether a production-sharing with West German products were possible."

Autumn 1990. Politicians had promised green pastures. But the West German industry is driven primarily by its self interest.

Werner Schulz, MEP The Greens / Trust investigation committee:

"No-one was interested in the existence of another car manufacturer in East Germany. No-one was interested in having a producer for CFC-free refrigerators in the East. These enterprises were recognized as competition and quite consciously eliminated. The interests of the West German industry lay purely in branch sites, in subsidiaries, in extended workbenches."

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7. FATE EXAMPLE WBB (heat + power plant production) -- CRIMINAL ACTIVITY EASILY OVERSEEN IN THE RUSH

And so, in the Trust there was an endless coming and going of business managers from the West. They could choose from eight thousand large GDR enterprises with 32 thousand locations. The sales were intended to bring the treasury billions. The first head of the Trust, Rohwedder, likes to be seen as "renovator with heart". In the beginning, the former Hoesch manager believes that he can save many enterprises and associated jobs.

Rohwedder estimates the total value of the GDR economy optimistically. "The whole outfit is worth 600 billion DM." The net asset value of the GDR, a huge sum. And this does not even include company land ownerships. Few years later, the Trust agency will leave behind 250 billion DM in debt, following a dramatic economic collapse.

Hans-Peter Gundermann, manager from the West German oil industry is called on as commissioner to privatize the whole energy economy of the GDR. He transferred to the Trust in the autumn of 1990. Why?

Hans-Peter Gundermann, former Trust commissioner:

That's exactly what Dr. Rohwedder asked me. He said 'Why are you coming to the Trust?' And I replied 'I come from Magdeburg [GDR] and I am so delighted over the German reunification that I am glad to be able to help in leading the former GDR back to Germany'."

Gundermann is responsible for 260 thousand employees in 200 large enterprises. These are to be sold to investors, or be closed down. The potential buyers sense big deals, want to screw down the prices and get rid of as many employees as possible. One of the firms Gundermann is to privatize is the Wärmearlagenbau [Heating Plant Construction] in Berlin, WBB, the largest GDR enterprise for heat and power plants and district heating pipes. WBB also produces heating appliances for households. As senior executives, Wolfgang Weber and Dieter Stephan worked here for decades. In 1991 they were optimistic over the move into the market economy, even planned to acquire parts of their company.

Dieter Stephan, former department head WBB:

"We were very well-placed with regard to technology and workshops. We had modern production centers, we had qualified personell, and would also have mastered the expected upturn in sales."

Then, Weber and Stephan were convinced that the firm had sufficient asset reserves to be able to hold its ground on the free market. In 1990 WBB owns 38 million DM worth of property, 153 million DM in cash assets, including customer prepayments. With debts amounting to 31 million, this leaves a substance value of 160 million DM. Moreover, WBB expects payments in the order of hundreds of millions from existing orders. A solid enterprise fit for the market? The view of the Trust is totally different.

Hans-Peter Gundermann, former Trust commissioner:

"The prospects for WBB in 1991 were not good! A successful switch to a market economy was doubtful. The 1200 employees were a huge handycap. They now had to pay them in DM-West, and that was only possible if corresponding turnover could be generated. And that was highly improbable."

The Trust estimates the company assets as much less than 160 million. According to the Trust, WBB is *virtually worthless*. In an internal instruction the Trust declares "According to the current accepted doctrine the determining factor in the sale of a firm is in general the earning power." The earning power, i.e. in 1991 the expected turnover of WBB is much smaller than the substance value.

Hans-Peter Gundermann, former Trust commissioner:

"The earning power is the normal method to asses a concern. That is a given fact. Low earning power, therefore low value. The substance value plays no role."

In this manner, firms like WBB become bargains for buyers, also for criminal buyers. Criminal director Heinz Jankowiak had a mandate from the Berlin public prosecution department to investigate criminal practices in connection with the Trust activity. Jankowiak and his special inquiry unit ZERV investigated hundreds of cases of so-called unification criminality, also the case WBB.

Heinz Jankowiak, Inquiry Group Unification Criminality ZERV:

"An estimate of how good the market chances of a firm are depends not only on the earning power but also on the means available. And in this concrete case, it was also the way the prosecutor's office saw it. WBB had orders. Under a proper management there was a very reasonable chance for earnings. Taking this into account, in my view it is immoral to solely use the earning power as the one and only criterion.

GDR networks and West German speculators team up. In the case of WBB, top managers scheme with prospective buyers from the West, systematically devalue the company. The work force only discovers this later.

Dieter Stephan, former department head WBB:

"There was swindle ad nauseam. And the top management gave us the order to see to it that the assessment produces low figures. Take for example the construction trailer: Such a trailer had a cost of 20-25 thousand GDR Mark. After the reunification and subsequent revaluation of the firm, this trailer cost only 1 DM! And at that point I could not suppress the impression that this enterprise was being consciously undervalued."

The West German business man Michael Rottmann profits from this. He pays just 2 million DM for the Heat and Power Plant manufacturer with 1200 employees and valuable properties. Rottmann makes great promises.

Michael Rottmann, WBB buyer 1992:

"Building power stations like bread buns with the most modern technology and highly specialized employees."

Rottman buys the WBB concern via a Swiss firm, the Chematec AG. This firm is unknown in the energy sector, resides at times in an inconspicuous residential house.

"How do you check out a prospective buyer like the Chematec AG in Switzerland?"

Hans-Peter Gundermann, former Trust commissioner:

"Good question. Extrapolating, it would mean we should have checked 8 thousand prospective buyers. Later this number grew to 14 thousand, because the firms were split up. We would have had to drive to each buyer with a team and carry out an examination. This was factually impossible. We didn't have the means for that."

Heinz Jankowiak, Inquiry Group Unification Criminality ZERV:

"During a meeting, the Trust had told us once that the Trust was not in a position to carry out thorough examinations because of the political pressure to act quickly and dispose of that which had to be disposed of; the checks had to be fairly generous. And it's certain that things slipped through that would have deserved a thorough check.

The WBB executive management paid 2 million DM to Chematec for 'consultancy services'*. With this money, Chematec bought WBB. The new owner proceeded to grant loans using the WBB assets: 43 million DM to a company in Switzerland, further 39 million to a Lichtenstein firm. After that, WBB is insolvent. Rottmann closes the concern down and sacks most of the work force. Then he sells the WBB properties. For the company headquarters at a top quality location in Berlin and for the production centers he obtained 147 million DM. The Trust had rated the buildings as fairly

worthless. Rottmann took the money and left the country.

*) Source: Judgement of the district court Berlin

Wolfgang Weber, former department head WBB:

"The goal was: to carve out the company, sell all the properties, pull the money out. The continuing fast manpower reduction made this quite clear. In other words, there was no enterprising interest to sensibly continue a business like the WBB."

The man to whom the Trust had entrusted the WBB could hide abroad for 14 years and dodge arrest. Many years later, Rottmann Rottmann was caught in England, and in Berlin in December 2009 sentenced to several years jail for embezzlement. The company assets, almost 200 million DM, were never found. Weber, Stephan and more than 1200 colleagues lost their jobs. And also a part of their pensions, which were reduced by 10-15 % because the Trust had classified WBB not as production company but as pure service provider.

Wolfgang Weber, former department head WBB:

"The Trust declaration that WBB was no production company has negative consequences for the former employees up to the present day. The engineers don't receive their entitled pension as stipulated by the Unification Agreement and the associated legislative provisions. A part of the pension is withheld or permanently axed."

Survivable publically-owned enterprises (VEBs) are processed in the same manner as WBB: sold off at a loss, pillaged, closed down. After the DM introduction, the industrial production of East Germany is halved *within a few weeks*. In March 1991, of formerly 6 million employed workers, 2½ millionen lost their jobs. The Trust became the target of rising criticism. Also Helmut Kohl, the "Chancellor of the reunification", experienced the wrath of the disappointed East German population at first hand. On the first of April 1991, Trust president Rohwedder was murdered. The murderer escaped unrecognized. It was suspected that he came from the RAF terrorist group. The assassination has not been cleared up to this day. The Lower Saxony politician Birgit Breuel became Rohwedder's successor.

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8. AFTER THE MURDER OF ITS HEAD: THE TRUST STAYS FAITHFUL TO ITSELF

Birgit Breuel, Trust president 2. April 1991:

"That was a completely senseless act. Nothing is going to change in the work and in the results, we will continue in his (Rohwedder's) spirit."

The new head of the Trust even increased the speed of privatization and closing of the East German firms. Breuel is at one with the West German industry, 'there is no alternative'.

Ludolf von Wartenberg, chief executive (West) German Industrial Association BDI:

"Looking back, there was no alternative to instructing the Trust with the task of privatising as quickly a possible. That was Rohwedder's creed, and the creed of Birgit Breuel. And that was pulled through more or less, naturally with some wrong decisions or a few cases where tricksters more or less climbed onto the bandwagon. But I must say, on the whole there was no alternative. And it went

well."

Hans-Peter Gundermann, former Trust commissioner:

"I fear that there was no alternative. The problem is, as I said earlier, that thousands of books have been written on capitalism landing in communism, but none whatever on the reverse case. And we had to enact this on stage without a score, without a well thought out basis."

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9. PER DECREE: TRUST MANAGERS ACT WITHOUT LIABILITY, AND RECEIVE SPECIAL REMUNERATION FOR SPEED

. . . without a well thought out basis, and in the beginning without an effective control, the Trust managers privatize the GDR economy in record speed. They even receive a premium for quick firm closures - a fatal inducement to wipe out. The Trust managers need not fear any consequences for mistakes and negligence, because Finance minister Waigel has ensured that the Trust managers *cannot be held responsible for wrongdoing*. On request from the Trust, Waigel ruled that the Board and the administrative advisory council be released from liability for gross negligence. And down to the level of division heads (referents) he ordered exemption for minor negligence. "Yours faithfully, your Theo Waigel".

Theo Waigel, former Federal Finance Minister:

"It was sensible and right to adopt these exemptions. Otherwise we wouldn't have found qualified people, qualified experts for this highly risky job of making decisions quickly."

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10. BANKS DEVOUR BANKS, OBSCURATION & CRIMINAL SCHEMING

Criminal director Uwe Schmidt had to concern himself with the possible consequences of these exemptions from liability. At that time he was special investigator for unification criminality. His specific area: the takeover of East German credit institutes by West German banks. Schmidt investigated dubious flows of money in the East Berlin Trade Bank (Deutsche Handelsbank AG). While he was investigating, the Trust sold the Trading Bank to the West German *Bank für Gemeinwirtschaft* (Bank for public enterprise), and this bank had little interest in coming to terms with the past.

Uwe Schmidt, Inquiry Group Unification Criminality ZERV:

"Here we had a fundamental problem. Under the influence of the new owner - the shareholder - the cooperation with the prosecuting authority was massively reduced."

Schmidt was hot on the trail of the (illegal) transfer of millions effected by GDR networks. He noticed that the Trading Bank changed hands for an unusually low price. In an internal dossier, Schmidt's investigation group made serious allegations against the Federal government that was responsible for the bank sale. "With the accelerated sale of the majority stake in the Trading Bank, the government robbed itself of substantial possibilities of clearing up the asset situation.

Theo Waigel, former Federal Finance Minister:

"We followed every allegation. Not only did we do that ourselves, we also mandated attorneys to follow up every allegation, investigate every liability possibility. And the investigations concerning

the means by which the SED (East German Unity Party) transferred capital abroad or used it elsewhere continue up to the present day. I.e. we were not idle."

The bank deal was later the subject of a parliamentary investigation commission. Volker Neumann was SPD (socialists) representative in this commission. He accused the Federal government of the time of having obstructed a clarification.

Volker Neumann, Parliamentary Investigation Commission GDR assets:

"In reality they didn't want us to obtain more information probably because we were in a position to hear witnesses, and had access to all documents. The Federal Audit Court didn't have this possibility. Quite obviously this fear sat deep in our colleagues of the government coalition."

And so the deals of the West German banks never reached the public eye. The Investigation Commission stopped its work in 1998. But the Federal Audit Court report divulged how West German banks cashed in millions at the time of the reunification as they swallowed East German credit institutes at bargain prices. Because the Federal Audit Court report contains details of the bank deals it has been held secret up to today. One example is the East Berlin City Bank (Stadtbank), which was bought by the Berlin Bank for only 49 million DM. The Federal Audit Court criticizes that the price was set too low, because with the purchase the Berlin Bank also obtained 11.5 billion DM in credit claims. And these claims were virtually cash-in-hand and should have been taken into consideration when setting the sales price, and they were in any case guaranteed by the Federal government.

Werner Schulz, MEP The Greens / Trust Investigation Committee:

"The West German banks made a big killing because they got the entire financial sector of the GDR in one go, including all issued credits that were hugely increased in value due to the currency conversion."

For example, the *Genossenschaftsbank* (GDR cooperative bank) went to the West German DG_Bank* for 106 million DM. The Federal Audit Court regards this price as too low, because the DG-Bank also possessed outstanding credits of 15,5 billion DM. A secure income, because the Federal government guaranteed the payment of these loans - a billion DM present.

*) Unclear from the context exactly which bank is meant (Eulenspiegel)

Prof. Rudolf Hickel, economist University of Bremen:

"The decisive thing is that the liability for the outstanding credits did not lie with the banks i.e. not with the Deutsche Bank. Rather, for example regarding firms (as debtors), the liability lay with the Trust agency. You could describe this as a private takeover strategy whose costs and risks were socialized over the taxpayers via the instance of the Trust agency."

Theo Waigel, former Federal Finance Minister:

"At that time we had appraised the things and gave nothing away. On the contrary, our goal was to obtain as much revenue as possible because that was in our own interest. Everything we received served to reduce our debts to a degree. But of course we also needed the banks."

The Federal government did not react to the criticism of the Federal Audit Court. And the head of the Trust? In her book, "Lacking a historical model", Birgit Breuel praises a Trust agency that did everything right. She adds: "The Trust would of course never have been able to live up to the

expectations of a German audit court."

Werner Schulz, MEP The Greens / Trust investigation committee:

"Well, that is the understanding of Freehand, not of Trust. And that's exactly the way Birgit Breuel had undertaken the job. She was given a free hand for all these decisions. No-one put a spoke in her wheel, no-one looked over her shoulder. The finance ministry exercised no supervision.*

*) Trust ~ Treuhand, lit. 'Faith-hand'

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11. RESTRUCTURING LIKE PRESSING QUADRATIC PINS INTO ROUND HOLES, PRINCIPLE OF CENTRALLY DIRECTED ECONOMY - EXAMPLE HOUSING CONSTRUCTION

The banking privatization had devastating consequences for the GDR industry. For example Eisenhüttenstadt, once a model socialist town. After mass layoffs in the steelworks - the dominant employer - the population dropped until today by 40 %. The aftermath: many homes are empty, whole prefabricated housing estates have been torn down.

Eva Thiedemann, tenant:

"I went down to the rubbish container as the excavators came, and saw how a piece was ripped out of the middle of the block. That was an impressive feeling. It's a piece of the past that is lost."

In 1972 the married couple Thiedemann moved into the housing block near the steel works. With the demise of the steelworks, the housing block emptied. The Thiedemanns are one of four remaining tenants of originally 25. The homes for the steel workers of Eisenhüttenstadt were state-financed, with profits of the steel works. GDR combines like the steelworks Eisenhüttenstadt produced with profit up to the reunification. The profits had to be given to the state. From these collected profits, funds flowed via the State Bank back to the individual publically-owned enterprises (VEBs), for investments, company housing, kindergartens and cultural facilities - the money cycle of a centrally directed economy. Today, the homes of the steel workers can no longer be run at break-even. Verena Rühr-Bach of the housing cooperative sees the privatization politics of the Trust as being responsible for this. The East German housing cooperatives are today still burdened by a debt of 10 billion DM.

Verena Rühr-Bach, housing cooperative:

"The debts were incurred during the time of the reunification. In GDR times, we received loans for housing construction from the state. I.e. we had no formal credit agreements, but the state paid the interest for the loans. And after the reunification, these loans were simply written into our balances - someone had to get them. And because we were the owners of the houses, the DM-balances law stipulated that these debts must appear in the housing cooperative balances. And so we now have fictive loans in our books and these burden us to the present day.

Fictitious credits. Because in the GDR the profits from the production of steel and the expenses for homes were elements in a state directed economy. [Then came the privatization, and] state loans were transformed into debts with private banks as creditors. A burden until today.

Edgar Most, Vice President of the GDR State Bank:

"The basic principle was, that with such credits (i.e. via the monetary system) we have a control

over the economy. Accordingly, every enterprise was duty-bound to take up these credits in order to finance its production.

After the currency union, the GDR banks were privatized. Now the (GDR) firms had to pay back those state loans in hard DM to banks at market interest rates. The former publically-owned enterprises suddenly have 177 billion DM in debts. In actual fact these are not debts in the normal sense of the word.

Prof. Rudolf Hickel, economist University of Bremen:

"The debts, in particular those incurred by the municipalities, that came about through communal home construction and that appeared in the GDR state balance, have now [through the action of the Trust] been attached to the municipalities. And this is a serious mistake of the unification process - at that time I had repeatedly pointed that out. The mistake consisted of not having made a 'haircut' i.e. not having said, we will start from scratch. The illusion behind maintaining and processing some manner of debts was quite, quite wrong."

The Thielmanns have lived here for 38 years. Now they must move out of their home. Their house block will be demolished. And so the East German housing cooperatives still have billions of Euros in debt, also for homes that no longer exist.

Eva Thiedemann, tenant:

"That we have to repay debt that we had never incurred . . . The system here was different. There was no buying of property - in the GDR property belonged to the state. Why have we now been burdened with these debts and have to pay them off month after month? In my view it's a plain injustice."

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12. 1994 - END OF THE REIGN OF TERROR: THE PROUD RESULT

In 1994, after four years, the Trust ends its work. The Trust leaves behind 250 billion DM in debts. In the Federal household they are booked in a so-called *Erblasttilgungsfonds* (legacy-burden-paying-off-fund). Until today only one third has been paid off. In 1994 Trust head Birgit Breuel looked back on her work with satisfaction. Today she is no longer available for an interview.

Werner Schulz, MEP The Greens / Trust Investigation Committee:

"What remains is a big mountain of debt that has been hidden in the Erblasttilgungsfonds (legacy-burden-paying-off-fund). And incidently, Greece is not the only country, heavily indebted, that can experience the sudden wonder of landing in insolvency. Our own state had also set up an enormous shadow household. And had built a unity based on credit which we all have to dearly pay for, and which has indebted us up to our collars until today."

An entire national economy was transformed, from socialism à la GDR into the market economy West German style.

Prof. Rudolf Hickel, economist Univ. of Bremen:

"85 % of those GDR firms that could be saved, landed in the hands of West German firms. And foreign companies are also involved. And when we complain that East Germany no longer has any important firms whose central function, whose top management and ownership is located there,

then that is due to the politics of this Trust.

Twenty years ago the DM came to the East, and with the DM came the market economy. Until today many former GDR citizens mistrust this economy. Today, one person in four still sees himself as loser of the reunification. The politics of the Trust contributed substantially to this. The Trust privatized, closed down, and invited participation in an unprecedented plunder operation.

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Abbreviations

BDI	German Industry Association [<i>Bundesverband der Deutschen Industrie</i>]
GDR	German Democratic Republic [<i>DDR</i>]
MEP	Member of the European Parliament
PDS	Party of Democratic Socialism: Successor of the GDR Socialist Unity Party and predecessor of the eastern arm of the party "The Left" [<i>Die Linke</i>]
The Trust (agency)	Die Treuhand(anstalt)
VEB	GDR publically owned enterprise [<i>Volkseigener Betrieb</i>]
<i>Die Wende</i>	The turning point i.e. peaceful revolution in the GDR leading to reunification
ZERV	Central inquiry group for governmental and unification criminality [<i>Zentrale Ermittlungsgruppe für Regierungs- und Vereinigungskriminalität</i>]

Video:

Has been removed from the ZDF-Mediathek.

Has been removed from youtube (<https://www.youtube.com/watch?v=gsu0jxxso2s>)

http://www.dailymotion.com/video/xt2olx_frontal21-dokumentation-beutezug-ost-zdf_news

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