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Planning Without Markets: Knowledge and State Action in East German Housing Construction

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Planning Without Markets: Knowledge and State Action in East German Housing Construction

Dietrich Rueschemeyer

The question to be explored in this paper is simple and yet of some theoretical reach: How are the housing needs and the housing preferences of the population taken into account in the construction policies of the German Democratic Republic (GDR), a political economy in which state planning dominates and the role of the market is radically reduced? Answering this question is, given the centrality of housing needs, important for assessing the quality of life in this state socialist society. It may also be instructive for our general understanding of planning systems, specifically of the relation between social knowledge and state action.

The centrality of housing is obvious, both for individual households and the political economy as a whole. Housing is very expensive; even modest housing typically represents the largest single consumption investment of each household. At the same time, housing offers and defines the main space for people's personal lives. Therefore, the de-

1. This article was written before the fall of the state socialist regime of the GDR in 1989. It grew out of research building on and complementing that of Marilyn Rueschemeyer, who since 1975 has done a number of studies in the GDR exploring the relation between personal life and political-economic structures. Her most recent work dealt with social life in new towns in the Rostock-Warnemünde metropolitan area. See Marilyn Rueschemeyer, "New Towns in the German Democratic Republic: The Neubaugebiete of Rostock," in Marilyn Rueschemeyer and Christiane Lemke (eds.), The Quality of Life in the German Democratic Republic (New York, 1988); idem, "Participation and Control in a State Socialist Society: The German Democratic Republic" (Working Paper 17, Center for European Studies, Harvard University, 1988). During the summer of 1986, the fall of 1987, and the spring of 1988, I had the opportunity to interview GDR planners, architects and social scientists working at the local, regional, and national levels. In addition I had access to a variety of empirical studies and other materials used by city planners.

I wish to thank Peter Voigt and his colleagues in Sociology at the Wilhelm Peick University in Rostock, Fred Staufenbiel, Hartmut Zimmermann and Gero Neugebauer of the Zentralinstitut für sozialwissenschaftliche Forschung der Freien Universität Berlin, Arbeitsbereich DDR-Forschung und -Archiv, and Marilyn Rueschemeyer for their assistance and comments. I also wish to thank the Institute of Advanced Study Berlin, where I enjoyed marvelous working conditions during the year of 1987–1988.
mand for adequate housing—and the preferences that define acceptable as well as ideal housing conditions—will have a specially intense character. Thus it is not astonishing that the leading party of the GDR, the Socialist Unity Party (SED), has given the housing construction program a very high priority in its overall policy of social provision. What may be astonishing is rather the late date of that decision, which was taken only at the Eighth Party Convention of the SED in 1971, a quarter of a century after the end of World War II.

The role of the market in the construction and allocation of housing is radically reduced in the GDR. One indication of this is the pattern of ownership. Though private ownership of land and buildings is possible in principle, many real estate owners were expropriated in the process of reconstructing and transforming East German society after World War II, and others saw their property radically devalued by very low levels of controlled rent. At present, only a comparatively small percentage of all housing is held as private property. Owner-occupied single and double family houses constitute about twenty percent of all housing units. They are mostly located in villages and small towns. Privately owned new construction constitutes an even smaller fraction—currently about fifteen percent—of all newly built housing units. The bulk of housing, and an even larger proportion of newly built housing, is public property or is owned by state-supported cooperatives. 2

Socialized ownership is in principle compatible with the working of the market. However, the transformation of ownership patterns went hand in hand with the establishment of a planned economy operating primarily with administrative allocation mechanisms. Both the flow of economic resources for construction and repair and any transfer of house ownership are effectively subject to central planning. Exchange of housing, owned or rented, is privately initiated but administratively controlled. It is not supposed to involve payments of competitive premiums for more desirable housing, though such payments (e.g., "forgetting" about the down payment in a cooperative) are not unheard of. People pay extremely low, standardized rents that amount—measured against the cost of housing—to little more than a recognition fee. The average household pays 2.8 percent of household income in rent, single-person households 4 percent. 3

Overall, one can say with confidence that the amounts people are willing to pay for housing do not affect significantly the allocation of housing. And conversely: the rents and prices people actually pay for an apartment or a house do not express people's preferences as to the quantity and quality of housing. Not market exchange and market prices, but the plan and administrative decision steer the construction and the allocation of housing.

A brief reflection on what the market might do provides us with a contrasting analytic model. Competitive market exchange with prices responding to demand and supply "accomplishes" a number of things at once. It expresses the preferences of the participants, weighted in relation to other marketed goods and services. Yet it does so only to the extent that consumers can back up their wants with money. It allocates resources for meeting that demand, and it coordinates the behavior of many economic units. At the same time as it provides incentives to meet the expressed demand, it generates differential income flows and leads to the accumulation of economic power. The market fuses these different functions into the same process. In particular, it fuses the allocation of wealth and power with efficient coordination and communication.

These propositions describe a model of competitive market exchange. They are not meant to provide an adequate description of the economic realities of housing in Western capitalist countries. Yet against the background of this market model we can define more


Zimmermann et al., in the DDR Handbuch, give basic information on cooperative housing. Cooperatives require some investments from their members, part of which is "paid" in the form of labor. Eighty-five percent of the building costs are, however, financed with state credits, four-fifths of which are repaid out of the budget of the local community rather than by the cooperatives. The share of the cooperatives in housing construction has varied over time; currently it stands at about forty percent. Some differences between cooperative and public housing not withstanding (a somewhat greater personal involvement of co-op members and certain advantages they enjoy in the allocation of housing and in repairs, advantages that seem to compensate less and less adequately for the added effort), the two forms of ownership can be treated as virtually identical for most of our purposes.

3. Personal communication of Siegfried Grundmann.

558 East German Housing Construction East European Politics and Societies 559
The GDR economy is not only the most productive economic engine in other areas of basic human needs—that the interests of people with low income are relatively far better met than they would be in a market system.

The efficient allocation of resources, the coordination of different production units, and the motivation for effective work and delivery constitute serious problems in the East German construction industry, as they do in the GDR economy as a whole. But one must not underestimate the efficiency of this economy. Once housing was given a high priority in the central plan, massive housing construction was the result. The GDR economy is not only the most productive economic engine in the Eastern block: its production per capita is said to be roughly comparable to that of the United Kingdom. Yet the persistent problems of economic efficiency that do exist have a peculiar consequence in conjunction with the fact that all major decisions—economic, social, cultural, and political—are taken in highly centralized fashion at the top of the party and state hierarchies. The fusion of economic and political decision making has fostered a de facto dominance of economic considerations that pervades the whole system and constitutes, in the view of internal critics, a denaturation of socialism.

I shall focus in this paper on one aspect of this centrally administered system of housing provision: How do planners at different levels gain knowledge of the housing needs and the housing preferences of the population? What, in the language of the market model, fulfills in this planned economy the communication function of the market mechanism?

I shall formulate a few theses about housing preferences in the GDR, the corresponding planning system, and their interrelations. These will be put as starkly as possible, though I shall offer in each case the elaboration that seems necessary. Since, as educated wisdom has it, both God and the Devil are found in the detail, the elaborations may be as important and controversial as the main propositions.

1. The subjective housing interests of people can be neglected radically so that detailed knowledge about the manifold needs and wants becomes irrelevant.

The subjective interests may be neglected or at least redefined, a defender of the system might argue, because they are not necessarily identical with the "well understood" interests of people, especially when the actual interests are seen and evaluated within the whole ensemble of needs and wants, individual as well as collective. In a centrally planned system with a sufficient capacity to maintain the overall power position of party and state, the few who provide this "right" understanding as well as the overall integration can indeed act on their own conceptions of what is in the best interest of all. Though they may not be able to change people's own views, they are then in a position to radically neglect these actual subjective interests.

As a matter of fact, people's interests in acceptable and desirable housing were quite radically neglected in the GDR for a whole generation after the Second World War. In the first two decades after the war, the reconstruction and development of the basic and investment industries were decisively favored over consumption. Though initially in a better position than West Germany due to less destruction during the war and a stagnant population, the GDR was by the late 1950s in a much worse position than West Germany due to less destruction during the war and a stagnant population. The GDR was by the late 1950s in a much worse position than West Germany due to less destruction during the war and a stagnant population. The GDR was by the late 1950s in a much worse position than West Germany due to less destruction during the war and a stagnant population. The GDR was by the late 1950s in a much worse position than West Germany due to less destruction during the war and a stagnant population. The GDR was by the late 1950s in a much worse position than West Germany due to less destruction during the war and a stagnant population.

4. See World Bank, _World Development Report_ (New York: Oxford University Press), 1979, p. 127; 1980, p. 111; 1981, p. 135, for comparative figures on the gross national product per capita. These surprising figures may meet with skepticism, especially in the light of many reports of supply gaps in what both Westerners and Easterners would consider daily necessities. Yet inflexibility in meeting specific demands is not identical with overall inefficiency. The World Bank figures, however problematic they may be, do not even reflect such features as guaranteed employment, which on the one hand answers central life interests of most people, while on the other it would be considered an extremely costly policy by most economists.

One must take care not to reify the market calculus when it comes to the comparative assessment of the economic efficiency of radically different political economies. For a critique of such assessments that emphasizes the different underlying constellations of economic and political power, see Dietrich Ruesch, _Power and the Division of Labour_ (Cambridge, 1987), pp. 43–46, 180–86. For a realistic assessment of the standard of living in the GDR compared to West Germany, see the entry "Lebensstandard" in Zimmermann et al., _Handbuch_, pp. 813–16.
than a fifth of these before 1850. Even in 1971, not more than thirty-nine percent of apartments were equipped with an inside toilet or a bath or shower.

Attempts to significantly improve housing—as well as consumption generally—with the seven-year plan that began in 1959 failed. It was only with a change in the top leadership in 1971 that a vastly expanded construction program of housing was successfully initiated, first concentrating on large-scale housing projects on the periphery of cities, later turning to renovation and construction in the inner cities. Between 1971 and 1982, 1.2 million housing units were built (for a population of less than seventeen million), and this scale of construction continues unabated today. Though the new apartments are fairly small (on average about forty percent smaller than in West Germany), they are much better equipped than before—with bath or shower (1960: seventeen percent), built-in kitchen (1960: twenty-six percent), central heating (1960: nine percent), and other conveniences taken for granted by most readers of this paper. Two-thirds of the new apartments (1960: thirty-seven percent) have a balcony or loggia.

Why was it that housing interests, so long neglected, were now attended to at all? The main considerations seem to have been demographic, economic and political in character. There was concern about a birth rate insufficient to maintain the population, a population weakened by a massive emigration to West Germany until the border was effectively closed in 1961. There was concern about the difficulties of internal migration required for effective economic development. Industries in new locations needed housing in order to create a stable labor force. And there was concern about the widespread and intense dissatisfaction created by the shortage of housing and its deplorable quality.

Even this extremely powerful state-party system, then, could not neglect the subjective housing needs of people in the very long run. For those interests influence behavior in ways that can be countered by political means only within certain limits.

2. In the GDR planning system, the most important institutional actors in the effective assessment of housing needs are:
—first, at the political center, the triad of the Central Committee of the SED, the Ministerrat or Cabinet, and the State Planning Commission,
—second, the vertical structures of the state apparatus relevant for planning of housing provisions, and
—third, the "Kombinate" or large enterprise groups of the construction industry.

At the top, the Central Committee of the SED and its Politbureau are certainly the most decisive actors. The SED as the leading party determines basic policy. The Ministerrat stands at the apex of the administrative state structure. All but four of its forty to fifty members—mostly heads of ministries and similar departments—belong to the SED. Though long-term plans have to be approved by the national parliament, the Ministerrat has a great deal of autonomy. It constitutes the core of state decision making and policy implementation. The State Planning Commission is subordinate to the Ministerrat and functions as its main instrument of economic planning, though its work also informs the Central Committee.

This triad of party and state structure at the top of the system is closely integrated. That is assured not only by organizational and political lines of authority, but also by the fact that key persons have dual offices, thus creating direct personal linkages. While the leading role of the SED is never questioned and is firmly anchored in organizational structures and personnel policy, the state apparatus does enjoy a certain autonomy from the party. In fact, due to the concentration of technical and administrative expertise in the offices of the state machinery, one can even speak of a "far-reaching dependence of the party on the state in matters of professional competence."

The autonomy of the state apparatus appears to increase at the intermediate and lower levels. At the political center, the SED clearly plays the critical role in the articulation and evaluation of housing needs, especially in long-term planning. However, it does not have this role, it seems, at the district and local levels. Here the functionaries...
and organizations of the party appear to monitor implementation of policy and reactions of the population, but the rare direct interventions seem confined to potential political crisis situations. At these levels, dealing with housing needs is a task largely left to the regional and local organs of the state which are, of course, guided and controlled by the central state apparatus.

The state planning system relevant for housing consists of three vertical strands, each of which have offices at the national, the district, and the city or county level: the national, district, and local planning commissions, and the two ministries of construction and of transportation, both with subordinate lower level organs. They are integrated by two principles—strict hierarchization ("democratic centralism") and "double subordination." The latter principle is designed to integrate territorial and branch planning. It means, for instance, that local city planning in Rostock is on the one hand under the control of the Stadtrat, the city government, but at the same time receives in its special divisions instructions from the District Planning Commission, (especially its Bureau for Territorial Planning), the District Construction Office (especially its Bureau for City Construction), and the District Department of Energy and Transportation (especially its Bureau for Transportation Planning).

Construction is in the hands of Kombinate, a form of enterprise aggregation introduced since 1963 to rationalize planning and the coordination of production. Ultimately subordinate to the Ministry of Construction, some Kombinate are under central control only, while others are subject to both regional and central guidance. The Kombinate have to fulfill plans defined by number of apartments (rather than by usable built space measured in square yards) and at the same time stay within the projected budget of expenditures. Year-end premiums for workers as well as the careers of managers are contingent on economic success so measured. Economic success thus is a powerful goal in spite of frequent complaints about inefficiencies.

Planning proceeds in three different time frames. First, long-term planning, covering fifteen to thirty years, concerns major location decisions (e.g., Rostock as the main GDR harbor and location of ship building) and reserving areas for future industrial or housing use. Second, for industrial and housing construction as well as for transporta-

ion there exist general plans covering fifteen years. These are integrated with fifteen-year perspectives for economic planning. Finally, five-year plans are far more concrete. They are budgeted in detail and have the force of law.

Planning is based on information and proposals flowing from the various local and regional offices and agencies toward the center and on decisions and instructions from the top down. The brief sketch just given of the agencies involved suggests that the often-voiced criticism of an "economistic bias" of the system very likely reflects an important reality. Long and short-term industrial plans as well as the cost considerations of central planners and of the construction corporations dominate the planning process. These plans include a recognition of elementary subjective housing needs—for housing that is "safe, warm, and dry," as the formula goes, and also for housing that offers a minimum of comfort and privacy. But the planning system as described so far has little capacity or interest to ascertain the more differentiated housing preferences of people. These housing interests concern primarily a greater variety of housing fitting the variety of individual needs, an urban or suburban environment that offers more than the minimal supply of public institutions and stores, and reasonable proximity to work and to more specialized leisure facilities.

In theory, it is the city government that should articulate these more complex housing preferences of the population, because city government is not only the level of the planning system closest to the consumers but also the main contract partner for the construction corporations. However, it is indicative that the most relevant city offices are subordinate to the Construction Ministry and the State Planning Commission, an arrangement favoring priorities of the building industry and of overall production planning rather than the forceful expression of people's needs and wants.

The Kombinate represent the same orientation except that it is here narrowed to the enterprise group, its technical and economic problems and the interests of its managers and workers. Aggregating many enterprises in larger organizations not only had the effect of rationalizing planning and its implementation, it removed the possibility of imposing on them the discipline of competition and it created agglomerations of power more responsive to the planning center than to consumer
demand. The Kombinate may function well at the disposition of the ministry but neither they nor the industry planners are accessible to broader considerations that include more sensitivity to consumer interests, however justifiable these may be in terms of a more comprehensive conception of the collective interest.

The most common way of expressing this state of affairs is the ever-present reference to "ökonomische Zwänge," economic constraints, under which all housing construction has to operate. Such assumptions (and myths) about what is economically possible and impossible substitute a language of unalterable objective constraints for the discourse of public choice.

3. The three sets of institutional actors are well coordinated. Internal conflicts are muted.

The triad at the political center, the state apparatus concerned with housing, and the Kombinate of the construction industry form a rather well-integrated institutional structure. Divergent interests and disagreements do exist, but the institutional coordination functions relatively well. In fact, viewed from a sufficient distance of abstraction, the different organizations and agencies can be treated as a single corporate actor, organized for coherent action at least as well as, say, the four branches of the U.S. armed forces.

Divergent interests—about regional advantage or disadvantage, about alternative use of economic resources, about economic in contrast to other considerations, such as aesthetic or political goals—are voiced and fought for within and between these organizations, but the "fights" mainly take the form of verbal arguments and do not involve substantial retaliation or threat of retaliation. I am concerned that this proposition not be accepted too easily as obviously true. In fact, I was inclined to expect the opposite when I began my research, namely that there would be conflicts of considerable magnitude though shielded from public view. How then can the muting of conflict be explained, or at least made plausible?

Centralization of decision making means that conflicts are pushed upward in the hierarchy rather than fought out at intermediate levels—provided they are important enough to be pushed up (which may have a rough correspondence to being important enough to be fought about).

Aggregation and conflict resolution at the top moderate the intensity of interest antagonism though they cannot eliminate it.

Long-term planning also serves as a peace-making mechanism. The closing of the inner harbor in Rostock fifteen years hence is more easily accepted by people with vested interests than an immediate change. However, once this decision is accepted for the future, many intermediate issues in contest are more easily amenable to compromise. This irenic mechanism works in other political systems as well; it was skillfully deployed, for instance, by the protagonists of abolishing the compulsory retirement age in the United States.

Another mechanism moderating conflicts between opposed interests is growth. Relative loss is more easily absorbed if there is absolute gain for all. Fast growth in completed housing during the last decade and a half may have muted conflicts in this area more than in other parts of the political economy.

Finally, many conflict issues are blocked off by unquestioned assumptions shared by the managers of all relevant organizations. These assumptions are by no means exclusively of an ideological nature. Fundamental ideological-political positions, for instance on private property in the means of production, do have this consequence, but so do long-established policy decisions about, say, the provision of a universal minimum standard of living, and even unquestioned assumptions about what is economically feasible.

All of these premises of policy behavior, shared by the relevant party and state organizations, are firmed up and protected by ideas that a skeptical outsider may consider mere veneer but that for most organizational managers are an important component of their self-conception and self-respect—ideas about the common good and the importance of cooperation. These can draw on a stock of conceptions and a language of duty and motivation older than recent ideologies: "Wir alle sitzen im gleichen Boot. Wir ziehen am gleichen Strang." (We are all sitting in the same boat. We are pulling the same rope.) Or negatively, about
validity under the special conditions of the GDR in the 1970s and hierarchy are concerned, in the West as well as in the East. The claim needs are. Yet even this predicting twenty-five years that it is relatively obvious what the most press­ing radical neglect, there are mechanisms that signal the

4. While the major decisions on housing construction are concentrated in organizations that are able to treat people’s needs and wants with radical neglect, there are significant mechanisms that signal the housing preferences of the population to the planning apparatus. A first set can be described as quasi-market leverage.

The most important effect of such leverage derives from occupational qualification. Occupationally qualified people have some leeway in deciding where to work; since their contribution is in demand, they also have leverage in asking for the housing they desire.

Except for the cadres of the leading party and the state, people are free to move within the GDR, and they can change jobs, but it is not easy to actually do so because housing is still in short supply. Another factor that reduces geographical mobility is the fact that nearly all women work outside the house. A move therefore entails either the separation of partners (here it helps that distances within this country are not extreme) or the necessity to find two jobs in the new location. For these reasons geographical mobility is comparatively limited in the GDR. 10

The same reasons also explain why mobility is concentrated among the more qualified. They have the leverage to overcome these difficulties as well as to claim the more desirable new housing. And the proportion of those who are qualified is indeed higher in the new towns and housing developments than in the population at large.

The leverage effect of qualification is typically mediated through the employing enterprises and institutions seeking to retain their valuable workers or, in case of expansion, attract new ones. Employee fluctuation is a negative indicator of enterprise performance and is carefully watched, and housing is one of the determinants of a stable and satisfied labor force; that it is hard to attract additional workers from other locations without adequate housing goes without saying. Regional and local government organs, the agencies most directly involved in local housing and its allocation, are formally charged with supporting the enterprises in their territory. This makes for a formal and direct link between the housing concerns of enterprises and the local administration of housing. In addition, the larger enterprises have considerable de facto leverage because they are in many ways an important help in community policy. The housing preferences of qualified workers, then, acquire an aggregate significance via the personnel needs of enterprises. At the same time, they are reinforced by the often quite significant power of economic enterprises.

If a person with special qualifications has also a degree of control over who gets the products or services, the leverage inherent in qualification can be individualized: the person can establish “connections” valuable in a variety of contexts, including housing. Such connections are very important in the GDR—as the basis of privilege and as the object of resentment. They constitute in fact a third currency, next to the GDR’s own Mark and the West German D-Mark, which is the

10. See Siegfried Grundmann and Ines Schmidt, Wirtschaftliche und soziale Aspekte der Migration (Berlin, 1998).
currency used in special shops and restaurants as well as in a privileged import service. In housing this may mean that one can bargain for an early assignment of housing, that one has the connections to get a specially desirable apartment, or that one is able to face the manifold problems of material and labor associated with the construction or repair of one's own house.  

For a long time the leverage effect of qualification was primarily used to get any adequate housing at all. And the new housing offered in large developments of five to six-story walk-ups and eleven-story elevator-equipped apartment houses was adequate indeed by comparison to the cramped and uncomfortable housing that was commonplace before. Increasingly, however, qualified people look for a higher level of quality, more special features, and for an attractive location—proximity to work and the central city, shops and institutions in the neighborhood, and landscape as major considerations. Sensitive planners can judge from the demands articulated by qualified people at different levels the outlines of future housing demand. After all, it was the need to keep qualified labor mobile that, together with only a few other factors, forced the planning system to engage in the present housing program in the first place.

The second quasi-market effect derives from a possession of something that is in principle more tenuous than the possession of scarce skills. People occupying older housing—not infrequently in desirable locations, often with more space than needed, and sometimes with attractive qualities (outside appearance and varied problems of disrepair aside)—have quite reliable protection against expulsion, both de jure and de facto. This means that the supply of new housing will not free this desirable older-housing space, held by an aging population with shrinking households, unless the new housing meets commensurate criteria of desirability. The resultant pressure (like the first, a nonprice market effect) is real even if it does not immediately and directly influence the construction of new housing. It either will exert such influence after a while or it will create mounting problems.

This mechanism has a reverse corollary already briefly mentioned: For the very large proportion of people who presently occupy rather unsatisfactory housing, any alternative is preferable, and so certainly are apartments in new housing developments that provide a space with some reasonable relation to household size and that offer such conveniences as inside bathrooms, easy garbage disposal, and development-wide heating systems. This second, "relative satisfaction" mechanism, also a nonprice market effect, has eased the task of planners in the past decades. In particular it has eased the burden of identifying the housing preferences of the population with some precision. However, the balance between these two conditions is shifting, and will shift even more rapidly during the 1990s, in favor of the first, exerting more and more pressure to create housing that fits individual preferences. This may come as a nasty surprise to planners who took for granted the preponderance of the "anything is better than what we have" demand as the normal state of affairs.

5. A second set of mechanisms signaling the housing preferences of the population to the planning apparatus consists of special roles and institutions designed to link the major decision organizations to the base.

If we move from nonprice market effects to special roles and offices set up to monitor housing needs and preferences, we encounter communication mechanisms that vary very much in their scope and in the nature of their impact, and that enter the decision-making process in different ways. These roles and institutions—the channels through which the wishes and dissatisfactions of people reach the decision-making organizations—are difficult to study with any subtlety from the outside; yet a few descriptions and interpretive guesses are possible. One mechanism that seems of considerable importance is the system of petitions (Eingabenwesen).

Petitions or complaints can be directed to any office—at any level—

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11. Single-family houses are, as noted, fairly rare in the GDR. Under conditions similar to the West, they would be the ideal housing for a large proportion of East Germans, too, as I shall argue below. Under present conditions, they are not terribly expensive to buy or to construct. (A simple, prefabricated single-family home costs about 250 marks per month after the foundation and basement are built, either with one's own labor or paid for with savings; this is comparable to a rent of about 150 marks for an apartment of similar size, paid from monthly income that varies from 600 to 1500 marks or more for each earner in a household.) More important than the monetary cost differences, and acting as a brake on the price of individual housing, are the costs in the "third currency" of equipping and maintaining a house on one's own. Sometimes enterprises or agricultural cooperatives help their workers with these problems. "In the countryside, people have to build their own houses if they want any housing," was one informed comment.

12. See Grundmann and Schmidt, Wohnmacht. 

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570  East German Housing Construction
of the party or the state administration, though they will then be rerouted to the appropriate branch and level. Petitions are made frequently. As they have to be answered within a prescribed, brief period of time, they are felt to be a real burden by many administrators. They often receive only a brief stereotypical response, though sometimes they do bring forth the desired action. In some ways they represent the opposite of a well-functioning "connection": one resorts to them only when there is little in the relationship that is worth not disturbing by a formal complaint. It is cheaper than resorting to a lawyer in the West, but as one hesitates there to take that step, one is likewise hesitant to make a complaint.

Why should petitions be an important channel communicating housing needs if they are resorted to only in rather impersonal and otherwise hopeless situations and if the response often is just a formal bureaucratic explanation? It is not so much the individual exchanges of complaint and response that are significant, but the aggregate analysis of petitions that each communal or territorial unit of government has to make and report on every quarter-year to the next higher level of government. Officials of the district government of Rostock described with some precision the place of housing complaints in the overall picture of petitions (prominent, though declining, and focusing on the quality of housing and on repairs).

The "Eingabewesen" must be recognized as a mechanism of information about housing needs that is, within certain limits, quite effective, certainly more than I anticipated. In the aggregate it functions as a rough but reliable indicator of where the main problems lie. Yet it is a system for complaints. As such it informs about the development of relative deprivation and felt injustice; it focuses on deviations from the existing level of housing and is rather mute on desires and preferences for the future.

While the system of petitions is quite clearly a republic-wide phenomenon, other linkage institutions and roles may vary much more with local conditions. In Rostock (as well as in some other places) it was claimed with some credibility that regular meetings of members of the city's parliament and administration with their constituents were important vehicles for local government to learn about problems and preferences in housing.

Similarly, and perhaps even more important, members of the architectural staff of the city of Rostock act as liaison architects, keeping in touch with specifically assigned areas of new housing. Within the constraints set by central economic planning, they then try to take some of the problems of the existing developments into account in the design of new ones. The new towns between Rostock and Warnemünde are considered throughout the Republic as particularly successful. Aside from Rostock's advantages as the GDR's international harbor and an expanding industrial location, insiders as well as outsiders attribute this to an effective collaboration between the different strands of the planning system both in the district and the city, to a special sensitivity of the architectural planners to individual and social needs (a sensitivity that is important even if often frustrated), and to an esprit de corps among architects and local planners that feeds on success (however modest if judged by the most demanding standards).

As mentioned earlier, the leading party leaves matters of housing and city planning (aside from the most fundamental planning decisions, which are made at the central level) to the organs of state. The role of the party at the local and regional level appears to be largely limited to questions of power maintenance. Where problems with particular conditions of housing led to substantial dissatisfaction of a politically relevant nature (evident for instance in a low level of voting participation), local and regional party organs have been known to intervene also in the area of housing construction, if that was seen as the source of the problem.13

13. There exist a number of other organizations that in theory were designed to mediate between popular sentiments and the actions of the political center. Prominent among these are the mass organizations affiliated with the SED (union, youth organization, women's organization, cultural clubs and associations) as well as the (formerly) subordinate "bourgeois" parties. Together with other organizations, these were organized locally as the "National Front" under the leadership of the SED. On closer inspection, they seem however to play only a very limited role in the residential areas. (Marilyn Rueschemeyer, "Participation and Control.") Another institution that could play a role in linking the housing interests of the population to the actions of the planning apparatus is the "Workers' and Peasants' Inspection" (ABI—Arbeiter- und Bauerninspektion). Founded in 1962, the ABI is a huge organization with full-time functionaries and (on paper) a quarter of a million volunteers. As an instrument of "people's control," it is to monitor the implementation of party and state policies. The ABI was never mentioned by my interviewees in discussions of housing construction and planning, though Erich Honecker, then First Secretary of the SED, mentioned in a speech to party secretaries in the spring of 1988 that the ABI had carried out an evaluation of housing allocation in a hundred counties of the GDR. It seems that the ABI confines itself largely to the control of behavior contravening or circumventing planning directives. Its role in communicating popular housing interests appears to be minimal.
6. Finally, the planning apparatus acts on systemic analyses which include attempts to ascertain the housing preferences of the population.

Systemic analyses seem to be especially congenial to a centrally planned political economy. We have already seen that the institution of petitions is probably the most effective through the aggregate analysis of complaints. This constitutes a crude form of systemic analysis of the place and character of housing interests within the broader ensemble of popular needs and wants, though it focuses on complaints and on current problems.

One might expect that the hegemonic party would have a very strong interest in feeding people’s preferences into the central decision-making process. One could support such an expectation not only with Leninist theories about the guiding role of the party and the interplay between praxis, analysis, and such guidance; one could also point to the central importance of housing for the well-being of people and thus for the balance of their satisfactions and dissatisfactions. Yet systemic analyses of people’s housing interests and preferences are much more limited than such considerations would lead one to expect.

Systemic analyses do exist. But those that most effectively guide the state apparatus and the relevant state enterprises, are administrative labor force development and on the allocation of economic resources. Their data base consists primarily of demographic, technical, and economic information. Aggregate constraints get attention that consumption preferences do not. This is because there is no equivalent analysis of the importance of social research, the nature of its impact, and the limitations of its scope.

First, social research very clearly takes second place to economic and technical information as an input to planning. It does not have the same quantitative comprehensiveness nor the same qualitative sophistication as technical and economic analyses have. And it is symptomatic that social research has implications for production has a special salience. The sociology of work has a specially prominent place, and the theme of a major sociological conference, “Social Forces Advancing Economic Development,” is indicative of the same orientation.

Second, the results of research on housing needs and housing preferences play a greater role by creating in the planning apparatus a diffuse sensitivity for the changing everyday needs of people than as specific information that shapes particular planning decisions. Social research on housing and on the social aspects of city planning does not produce

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numbers and indices that enter the planning calculus, but it does shape the outlook of a slowly growing number of planners. This influence may not yet be very strong but it has grown, and it is perhaps to this influence on broad attitudes that one should look for the greatest potential impact of social research in the future. Social research may be able to increasingly shape the unquestioned premises that inform the central planning process.

Third, the results of social research are limited in their time perspective. They do not in any significant way transcend the description of the current situation and of the recent changes that led to it. One reason for this limitation is, of course, that the people themselves cannot articulate their own future needs and wants. Their aspirations do transcend the current situation but not by very far. Realistic acceptance of constraints reduces frustration; it also makes people more about their own future needs. And social science has no adequate theory for the prediction of needs.

How, then, one may ask skeptically, can serious predictions about the future be possible at all? One way might be to make theoretically guided extrapolations from comparisons with other countries, e.g., to compare the GDR with similar countries, such as Scandinavia, the Netherlands, West Germany, and, after appropriate adjustments, make a reasonable assessment of the future demand for single-family houses. The current production of such houses (one in ten housing units) is almost certainly too small to meet the future demand, both in view of the comparative evidence and given the intensity with which people in the GDR cultivate their gardens and expand their garden houses.

16. The impact of social policy research seems to have this diffuse character very generally—in East and West, in different historical periods, and in different policy areas. See Bjorn Wittrock, Peter Wagner, and Helmut Wollmann, "Social Science and the Modern State: Knowledge, Institutions, and Societal Transformations," in Wittrock et al. (eds.), Social Science in Social Context: The Policy Orientation and Beyond. National Experiences in Comparative Perspective (forthcoming). Among the more important general reasons may be the non-specialized character of political decision making. Another (and not altogether unrelated) factor is perhaps that social research deals with much more recalcitrant objects than technical and economic analyses, namely with people who interpret policies and react to them and with areas of behavior that are not (as in economic or bureaucratic relations) structured predominantly toward a single or a few dimensions of success and failure, of gain and cost, etc. . . . Market and bureaucratic behavior is thus more easily predicted and steered than family and leisure-time behavior.

17. Rolf Kuhn, in Lusttag, p. 258, speaks of the "still very widespread wish to have a single family house (especially among younger families)," but sees it as a desire for privacy and variety that could also be satisfied with appropriately designed apartment houses. In a different context he notes that sixty to seventy percent of all households would like to have their own garden. (ibid., p. 147). It is very likely that the desire for a single-family house will increase rather than (as apparently anticipated by Kuhn) decrease with a rising standard of living in the GDR. This was the case in West Germany, where the proportion of the population expressing this wish increased from roughly a third in 1955 to sixty-four percent in 1969 and seventy-one percent in 1974 (Ernst May, "Wohnungsbau," in R. Jaspert (ed.), Handbuch moderner Architektur (Berlin, 1957); W. Gläser, Wohnungsgründung in der Währungswirtschaft (Frankfurt, 1980); both cited in Beyne, Der Wiederaufbau, pp. 251–52.

Planning Without Markets: How Do People's Housing Preferences Enter the Planning System?

"Accident surely plays a large role in that," said one city planner when I put my general research question to him. Another answered with a long laugh. Both implied the same failing in the planning system which was pinpointed in the line of a theater play by Volker Braun ("Übergangs-gesellschaft") that met with laughter and applause in a recent East Berlin production: "Accident gains—due to planning—in importance."

The centrally planned housing construction of the GDR does not indeed respond very well to differentiated preferences, beyond the provision of basically adequate housing on a mass scale. While it can reasonably be argued that given the rather extreme problems of housing, such responsiveness was until now neither appropriate nor necessary, there is a growing awareness that the criteria for success will shift rapidly toward individualized needs and wants once the sheer quantitative housing shortage is overcome. The questions explored in this paper will then acquire greater and greater importance.

It is not easy to predict how the planning system will respond to this impending change. Among the options discussed in the GDR are a greater reliance on, and support for, self-help in remodeling and reconstruction and the creation of a higher-priced supply of better-quality housing. The latter option, which would follow the precedent of policy for other consumption goods (like clothing), carries the danger of making the low-income groups into a more sharply set off lower class and of turning some of the housing developments, now class-integrated, into something more resembling the public housing slums of the West.

One may be tempted to anticipate another change in the planning system as productivity increases and extreme housing shortages are being eliminated—namely a decline of the now pervasive "economic" production orientation of the system as a whole. That, how-
ever, seems to be a very unlikely development unless the system is drastically transformed. For that orientation has above all two major structural foundations. The first is the fact that since the political system is so much directly responsible for the economy, the ineluctable scarcity of economic goods is politicized, and this in turn imposes a strong productivity orientation on politics—on the state as well as on the dominant party. The apparently greater differentiation between party and state apparatus at the intermediate and lower levels might be seen as a response to this. But it is a response that can only somewhat ameliorate but not really change the basic pattern. Second, the “production orientation” is not just a matter of attitudes and decisions; it is, as we have seen, structurally embedded in the organization of the planning system and the established power relations between its different parts. For both reasons, present policy orientations are, barring major political and economic changes, likely to continue.

How can the many give expression to their consumption interests? Fundamentally in two ways—through collective organization and through individual action that has market or quasi-market effects; or, in the language of Albert Hirschman, through “voice” and through “exit.”

It is not without irony that in the GDR we found nonprice market mechanisms to be rough, but nevertheless quite effective channels for communicating broad-based housing needs, while autonomous collective organizations are of no importance whatsoever. All other relevant communication mechanisms were organs and initiatives of the centrally organized state and party system. One can of course see the party, the union, the state apparatus as well as the state and cooperative enterprises as collective organizations representing the interests of the people. And the official ideology does so. One must then, however, ask the questions that are critical for the assessment of any organization designed for the collective pursuit of shared interests: Who defines the collective goals in operative detail? Who resolves conflicts between several collective goals? Who makes the decisions balancing competing interests of different groups? And how responsive are the collective decision makers to the ideas and preferences of the rank and file? There is little doubt that in the GDR these decisions are taken in highly centralized fashion and with a great deal of autonomy vis-à-vis the ideas and interests of the vast majority of the population. Collective organization is either made impossible or it is, following the principles of “democratic centralism,” extremely hierarchic and oligarchic in nature.

Our findings, finally, suggest a remarkable formal parallel between market systems and planned political economies. In both, the flow of information about needs and wants is tied to the possession of power. In the market system of the West, effectively conveying one’s housing preferences is largely contingent on sufficient income and wealth. By contrast, the leverage of differential income and wealth is reduced in the GDR, virtually to the point of elimination. But the leverage of qualification (as well as that which derives from the actual possession of desirable housing) does play a significant role. And the largely autonomous role of the state and party planning system rests on a tremendous concentration of collectively organized power. The flow of information within the state apparatus depends on more subtle, but nevertheless real power differences—for instance between offices articulating popular needs and wants and organizations representing production interests, or between architectural and city designers and economic planners, These internal divisions are nearly unaffected by independent organizations that would independently articulate consumer interests and lend their support to factions within the state apparatus. Such outside influence, based on the social power of different socioeconomic groups (derived primarily from wealth and different levels of collective organization), is characteristic of Western state planning and of course, supplements the market mechanism here, too, even though it plays a much less significant role.