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Yugoslavia and the German Democratic Republic, 1968–1974: Ideological Quarrels and the Primacy of Economic Cooperation

IZVLEČEK

JUGOSLAVIJA IN NEMŠKA DEMOKRATIČNA REPUBLIKA, 1968–1974: IDEOLOŠKI SPORI IN PRIMAT GOSPODARSKEGA SODELOVANJA


Ključne besede: SFRJ, NDR, gospodarski odnosi, socialistična globalizacija, skupno vlaganje

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ABSTRACT

Following the Warsaw Pact’s military reaction against the Prague Spring, disputes between the leaderships of the SFRY and GDR soared as well. Divergences between Yugoslav and East German socialism were once again emphasised. As a result, state visits between the leaders of the two countries were suspended for a period of six years. The analysis of the political and economic contacts between the SFRY and GDR in the period between 1968 and 1974 nevertheless reveals that during this time, multiple remarkable forms of economic affiliations were set up by Yugoslav and East German partners. During the period of complex political relations, Yugoslav and East German actors aimed for mutually beneficial economic cooperation and an alleged alternative to capitalist globalisation.

Keywords: SFRY, GDR, economic relations, socialist globalisation, joint venture

Introduction

“Srdačno dobrodošli druže Josipe Broze Tito!”

With this heading on the newspaper’s front page on 12 November 1974, Neues Deutschland reported on a “friendship visit” (“Freundschaftsbesuch”) by the Yugoslav leader Josip Broz Tito to the German Democratic Republic (GDR). Although this was not Tito’s first official visit to the East German state, the event had considerable symbolic value in the process of expressing tolerance for the political disagreements between the Socialist Federal Republic of Yugoslavia (SFRY) and the GDR, and even more so between the Savez komunista Jugoslavije (League of Communists of Yugoslavia, SKJ) and Sozialistische Einheitspartei Deutschlands (Socialist Unity Party of Germany, SED). It was the first visit by one of these states’ leaders to the other country since the Warsaw Pact’s military reaction to the Prague Spring in 1968. In the period between 1964 and 1967 – for four consecutive years – Tito and Walter Ulbricht had visited each other either in the SFRY or GDR.

In many ways, 1968 was an outstanding year in the “triangular” relationship between socialist Yugoslavia and the two German states. First, the “grand coalition” in the Federal Republic of Germany (FRG) agreed to re-establish full diplomatic relations with the SFRY, which had ceased in 1957 in reaction to the official recognition of the GDR by the Federal People’s Republic of Yugoslavia (FPRY) (the official name of socialist Yugoslavia until 1963). In the period before Bonn’s move in January 1968, both the Yugoslav and the East German leadership had been expressing their interest
in “normalising” the Yugoslav–West German relations.\(^3\) As for the relationship between the SFRY and GDR, the Prague Spring and the Warsaw Pact’s reaction to it “de-normalised” the relations between the SFRY and GDR, though not in all of its facets.

This article analyses the contacts between the SFRY and GDR from August 1968 to November 1974. This enquiry into the aftermath of the Warsaw Pact’s invasion of the Czechoslovak Socialist Republic (CSSR) in view of the Yugoslav–East German relations reveals that, despite the public quarrels between the two leaderships, the two states’ interest in mutual cooperation never disappeared. Moreover, for certain areas of cooperation, the “victory” of the Warsaw Pact in no way resembled a rupture. This article aims to contribute to the study of breaks and continuities in the contacts between states, their bureaucracies, and people in a world that has become more and more interconnected – a process in which communist leaderships also played a crucial and self-chosen role.\(^4\) Two spheres will be highlighted: (geo)political considerations and pressures; and economic developments.

Alex Callinicos propagates an “orthodox conception of agents” – that is, “the idea that action is to be explained intentionally, by ascribing to actors beliefs and desires that caused them to act in the way they did”.\(^5\) Regarding the issue of agency in the Yugoslav–East German contacts, Callinicos’s conceptions are to be explored in two ways: firstly, in view of the Yugoslavs and East Germans who were involved in shaping these contacts; and secondly, regarding the role of these states and their people in a wider framework, that of a global(ising) sphere. Undoubtedly, the globalisation processes shaped the “lived” realities of all the actors who were not only somehow involved in the Yugoslav–East German contacts but were also shaped by them. The following analysis of these two-way developments in the so-far insufficiently researched Yugoslav–East German contacts in the 1968–1974 period is based on the results of archival research, conducted in the following archives: Diplomatski arhiv Ministarstva spoljnih poslova Republike Srbije, Arhiv Jugoslavije, Politisches Archiv des Auswärtigen Amtes, and Bundesarchiv.

The Triangular Relationship Between the SFRY, GDR, and FRG Before August 1968

Especially in the first half of the Cold War period, for any third states, each development in their relations with either the GDR or FRG had implications for the contacts with the other German state. Concerning the “triangular” Yugoslav–German–German

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\(^3\) RS DA MSP, SSIP PA 1968 g., f. 115, fol. 43-11)/048.1/-87, 41763, Zabeleška o razgovoru Lazović Veselina sa Harry OTT na dan 5. 1. 1968.


relations, it is the afterlife of the conflict between Tito and Joseph Stalin that however particularly justifies such a characterisation. The occurrences in the SFRY–GDR–FRG relations up to August 1968, most relevant for the analysis of the Yugoslav–East German contacts in the roughly six years that followed, will be briefly outlined here.

The Yugoslav–Soviet split brought along a divide between the SED and the Komunistička partija Jugoslavije (Communist Party of Yugoslavia, KPJ), and as of the emergence of the GDR in 1949 also between the East German state and the FPRY. Moscow’s stance prevented the East German leadership from expressing any support for the possibility of the Yugoslav path to communism. The West German government was aware of the political potential of warm relations with the FPRY. If the latter would be able to settle in its new role, this could be used to show the SED that a form of socialism independent from the CPSU was viable and that the FRG was willing to cooperate with such entity. On the other hand, the FPRY needed moral and economic support in its new role as a European socialist state that acted independently of Moscow. These circumstances led to the establishment of Yugoslav–West German diplomatic relations in 1951.

The de-Stalinisation under Nikita Khrushchev became one of the core reasons why not only the Union of Soviet Socialist Republics (USSR) and the FPRY but also the GDR and the FPRY could establish new forms of cooperation. This process led to Belgrade’s decision to acknowledge the GDR officially in 1957. For the Yugoslav leadership, this move underlined its aim to establish a position between the two power blocs of the Cold War era. In reaction to this, the West German government put the Hallstein Doctrine in practice. This doctrine prescribed that establishing or maintaining official relations with the GDR by a third state – except the USSR – was understood as an unfriendly act that needed to be followed by a termination of any official relations between the FRG and the third state in question. Many forms of cooperation between Yugoslavia and West Germany, especially economic ones, were nevertheless maintained in the 1957–1968 period. This underscores that exchange and collaboration in the globalising world of the Cold War era did not depend on full diplomatic relations between two states. It serves as an encouragement to utilise an alternative understanding of the nation-state rather than perceiving it as an entity with a bureaucratic organisation that on a variety of scales acts in a similar vein.

The re-establishment of full diplomatic relations between the FRG and SFRY in early 1968 was a part of the Neue Ostpolitik, the new policy by the West German Chancellor Willy Brandt. However, the role of the Yugoslav foreign policymakers should not be overlooked. Through the rejection of the West German Alleinvertretungsanspruch (claim on sole representation), but also by opposing the Ulbricht Doctrine, accepted by the Warsaw Pact members in 1967, Yugoslavia underlined its position between the two blocs. In the SED’s propaganda, the developments in the Yugoslav–West German

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6 Dušan Nečak, Hallsteinova doktrina in Jugoslavija. Tito med Zvezno republiko Nemčijo in Nemško demokratično republiko (Ljubljana: Razprave Filozofske fakultete, 2002).
7 Theurer, Bonn – Belgrad.
relations were presented as a defeat for Bonn. However, the East German leadership was confronted with Bonn’s continuing stance that its move should not be understood as the abolition of the Hallstein Doctrine. Officially for the West German government, this was first and foremost a step contributing to the process of détente in Europe. It was a serious disappointment for East Berlin that the SKJ did not rigorously back its interpretation of the recent developments in the triangular SFRY–GDR–FRG relationship.8

The (Geo)Political Aftermath of August 1968

The Yugoslav leadership opposed the invasion of the CSSR by the USSR and their allies in August 1968. The SKJ supported the liberalisation efforts in the CSSR. Tito’s negative reaction to the events in the CSSR on the day of the invasion was interpreted by East German officials as a “contradiction of proletarian internationalism”, whereby the SFRY “formed a front with the imperialist powers”. During the invasion of the CSSR, its Deputy Prime Minister Ota Šik was in the SFRY. Throughout the 1960s, he advocated the implementation of market principles. The impression that the Yugoslavs allowed Šik to influence the course of events in his home country – and perhaps even form a government-in-exile in the CSSR’s embassy in Belgrade – was criticised. A staff member of the East German embassy in Belgrade characterised this as an attempt to “block formation within the international communist and workers’ movement”.9 The critique of the Yugoslav stance was intensified through an internal anti-SFRY campaign in the GDR. However, the Yugoslav embassy in East Berlin reported that the campaign did not yield results.10 The East Germans nevertheless remained convinced of their own righteousness: a speech by Tito in Jajce (Bosnia and Herzegovina) in November 1968, in which he underlined that the SFRY was interested in further cooperation with the Warsaw Pact states despite principled disagreements, was interpreted as a concession. They believed that Tito was practically forced to do so in order to prevent an isolated position, even within the Non-Aligned Movement (NAM).11

Despite Tito’s statements, an all-encompassing rapprochement in the Yugoslav-East German political relations did not yet materialise. A case in point is the interpretation of the developments during a preparatory meeting for the Conference on European Security and Co-operation (CSCE) in Vienna in December 1968. Several months after the invasion of the CSSR, an alleged Yugoslav and British proposal for the inclusion of a separate agenda point regarding the prohibition of the interference

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8 DE PA AA, M 1, C 359/75, Zur Wiederaufnahme der diplomatischen Beziehungen SFRJ - Westdeutschland, 2 February 1968.
9 DE PA AA, M 1, C 1.570/72, Einschätzung der Haltung des BdKJ und der SFRJ zur Lage in der ČSSR, 19 February 1969.
11 DE PA AA, M 1, C 1.570/72, Einschätzung der Haltung des BdKJ und der SFRJ zur Lage in der ČSSR, 19 February 1969.
of a state into the internal affairs of another state was perceived as a direct attack against the Brezhnev Doctrine – the taken-for-granted right of the CPSU to counteract any “antisocialist” forces in its sphere of influence.\(^\text{12}\) The Yugoslavs were aware of the pivotal role of the CPSU concerning the way in which its relations with the Eastern Bloc states would further develop. The visit by the Soviet leader Leonid Brezhnev to the SFRY in September 1971 was crucial in this sense: the SKJ became convinced of a mutual Yugoslav–Soviet interest in détente. This enabled an intensification of cooperation, also with the Soviet satellite states.\(^\text{13}\) In this regard, Tito’s visit to the GDR in November 1974 can be interpreted as a rather belated symbolic expression of rapprochement. Already in December 1972, the two sides in principle agreed to such a visit during a meeting between Stane Dolanc, Secretary of the Executive Bureau of the SKJ’s Presidium, and Ulbricht’s successor Erich Honecker.\(^\text{14}\) A Yugoslav report on a meeting between Džemal Bijedić, President of the Federal Executive Council, and Honecker in May 1973 spoke of an “emphatically friendly atmosphere”, which had been unimagimable in the previous years.\(^\text{15}\)

Although the CPSU played a prominent role in the Yugoslav–East German relations, these were also shaped by other factors. Following the FRG’s adherence to its claim on sole representation after the re-established full diplomatic ties with the SFRY, the German Question remained a determinant in the Yugoslav–East German relations. The incorporation of West Berlin in the agreements between the SFRY and FRG through so-called “Berlin clauses” was, for instance, opposed by the GDR.\(^\text{16}\) The Yugoslav approval of several preferences of Brandt’s *Sozialdemokratische Partei Deutschlands* (Social Democratic Party of Germany, SPD) was elucidated by Dolanc during a meeting with Karl Kormes, the East German ambassador to the SFRY in the period between 1969 and 1973. Dolanc re-emphasised the importance of accepting the political similarities as well as differences, not only between communist and social-democratic parties but also between two communist parties.\(^\text{17}\)

The SFRY’s role in multilateral initiatives caused mixed feelings in East Berlin. Immediately after the resumption of full diplomatic relations between the SFRY and FRG, the prominent Yugoslav role in the NAM was seen as a possible chance to convince the other members of the movement to recognise the GDR officially. The FRG’s stance that such a step by non-European NAM states would be interpreted as interference in the process of détente in Europe – the Scheel Doctrine – was lambasted as a

\(^{12}\) DE PA AA, M 1, C 367/75, Brief Ziebart an Hienzsch, 24 January 1969.


\(^{16}\) DE PA AA, M 1, C 1.420/70, Zwischeneinschätzung über die Weiterführung und Koordinierung der Aktivitäten zur Veränderung der jugoslawischen Haltung in der Westberlin-Frage, 19 July 1968.

\(^{17}\) AJ, A CK SKJ, f. IX, 86/1-175-236, fol. IX, 86/1-217, Zabeleška o razgovoru Dolanca sa Kormesom, 2 February 1971.
“political form of neo-colonialism by Bonn.”\textsuperscript{18} Regarding East Berlin’s wish of including both the GDR and FRG in the World Health Organisation (WHO) and eventually the broader United Nations (UN), it foresaw a potential supporting role of the SFRY. However, the East German foreign policymakers did not simply abandon the possibility of a Yugoslav proposal to change the NAM’s course from an anti-imperialist towards an anti-Soviet orientation. The confirmation that the movement’s consultative meeting in Belgrade in 1969 did not result in such a turn of the NAM in the run-up to its third summit, which was to be held in Lusaka in September 1970, was embraced by the East German leadership.\textsuperscript{19} Moreover, in the same period, the East German foreign policymakers underlined that the Yugoslav stances towards the U.S. actions in Vietnam, the situation in the Middle East, and particular aspects concerning European security were rather similar to theirs. The (correct) perception that the SKJ did not solely address the latter issue as a matter of class – that is, a conflict between socialism and imperialism – was nonetheless condemned by the East German side.\textsuperscript{20}

Despite the way in which the world started to become more and more interconnected during the Cold War era, the contacts between Yugoslav and East German citizens did not increase considerably in the 1968–1974 period. One of the major reasons for this was the concern of the East German officials that GDR citizens could escape to the West via the SFRY. Those that were granted permission travelled to the SFRY with various purposes, including health treatments along the Adriatic coast for patients suffering from asthma and skin diseases, and exchanges of academicians, musicians, and members of mass organisations.\textsuperscript{21} Before the invasion of the CSSR, a modest number of East German tourists could visit the SFRY. This came to a halt in August 1968, followed by the attempts of the SKJ to lift the tourist traffic ban. Only as late as in 1974, as the last member of the Warsaw Pact, the East German leadership decided to resume what was, in the words of Oskar Fischer, Deputy Minister of Foreign Affairs, a “strictly organised tourist exchange”.\textsuperscript{22} Among others, East German childless married couples and people with relatives in the “non-socialist foreign countries and West Berlin” could not visit the SFRY as tourists.\textsuperscript{23} During the negotiations with the Yugoslavs, the East Germans wanted to alleviate the financial burden related to tourist visits of approximately only 2000 GDR citizens per year to the SFRY. They requested that a similar number of Yugoslav tourists spend their holidays in the GDR.\textsuperscript{24} The fact that both sides addressed the issue of (allowed) tourism predominantly from an economic perspective was in line with the many occasions during the process of the political

\textsuperscript{18} DE PA AA, M 1, C 219, Niederschrift über die Aussprache Winzers mit den Leitern der arabischen und afrikanischen Vertretungen in Berlin, 16 February 1968.
\textsuperscript{19} DE PA AA, M 1, C 373/75, Einschätzung des Konsultativtreffens der nichtpaktgebundenen Staaten in Belgrad, 22 July 1969.
\textsuperscript{20} DE PA AA, M 1, C 367/75, Zur Rede von Tepavac vor der Bundesskupstina am 26. 11., 4 December 1969.
\textsuperscript{21} DE PA AA, M 1, C 220/70, Vorlage betrefft Durchführung von Heilkuren in der SFRJ, 26 May 1967.
\textsuperscript{22} DE PA AA, M 1, C 371/75, Brief Fischer an Markowski, 14 February 1973.
\textsuperscript{23} DE BArch, DC 20-I/4/3009, Richtlinie zur Durchführung des organisierten Tourismus zwischen der DDR und der SFRJ ab 1974.
rapprochement between the SFRY and the wider Eastern Bloc when both the Yugoslav and East German policymakers stated that the economy undoubtedly needed to be seen as the most important area of cooperation between the two states.\(^25\)

Continuing Economic Cooperation

In May 1964, the Joint Committee for Economic and Scientific-technical Cooperation (hereinafter: Joint Committee) between the SFRY and GDR was established. This body coordinated the intensification of the collaboration between Yugoslav and East German economic units. The sharp words that Belgrade and East Berlin used to express their different stances towards the Prague Spring and the Warsaw Pact five’s reaction to it did not bring this to a halt. Moreover, thanks to the coordinating role of the Joint Committee, in the 1968–1974 period, multiple forms of cooperation were set up that were, until the fall of the Berlin Wall, among the most remarkable forms of economic affiliations between Yugoslav and East German partners. This contributes to my impression that the following quote does not tell the whole story: “The most disturbing factor in Yugoslav trading relations with the Eastern bloc was, however, political. The crises in their relationship in the late 1940s and early 1950s, and again after 1968, demonstrated that during these critical times, the Eastern bloc would use trade relations as an instrument of political pressure on Yugoslavia.”\(^26\)

Despite the use of economic pressures that the USSR and its satellite states exerted against the SFRY, the Yugoslav–East German relations underscore that mutual interest in economic cooperation never disappeared, despite the political rows surrounding the Prague Spring.

During the first years of the Joint Committee’s existence, an intriguing development took place: the distinctions between the economic principles of the SKJ and SED remained striking, but in certain ways, they were brought more in line with each other than ever since the emergence of the GDR. With the Yugoslav economic reforms of 1965, the opening of the economy to the world market under the guidance of the SKJ – a process which, according to Vladimir Unkovski-Korica, originated from the immediate aftermath of the Tito–Stalin split – intensified and was perhaps even finalised.\(^27\) The reforms granted enterprises permission to strive for profit maximisation and to establish more or less independent forms of cooperation with foreign partners. In the GDR, the New Economic System of Planning and Management, introduced in 1963 (\textit{Neue Ökonomische System der Planung und Leitung}, NÖSPL; later renamed to \textit{Ökonomisches System des Sozialismus} or the Economic System of Socialism, ÖSS) included aspects that greatly differed from the economic guidelines previously


championed by the SED. These new directions were characterised by Ulbricht as a necessary “symbiosis of plan and market”.28 To a certain extent, inter-company market competition was allowed. Although central planners remained the architects of the economy, enterprises were granted more autonomy in several aspects of their business operations. During its 1965 visit to the GDR, a study delegation of the SKJ detected a lack of attempts to reshape the social relations in the framework of the NÖSPL. Still, it was highlighted that the “first steps of decentralisation” had been taken.29

Despite the positive initial results, it turned out that the NÖSPL / ÖSS would not be the way in which the SED could fulfil its goal of surpassing the West German economy. The planned economic dash through mass investments – also to enable a curious temporary import boom from the FRG – never reached its envisioned second phase and thus resulted in increased dependence on the West German economy. As early as in February 1968, the SKJ became aware of Honecker’s discontent with the ÖSS and believed that the performance of the East German economy and forms of decentralisation was related to that. The statements in which Honecker expressed that opinion were interpreted as “indirect polemics” with the Yugoslav system. Honecker’s personality was a worrying factor too: he was characterised as a “rigid and unyielding bureaucrat”.30 When it comes to the SKJ’s concerns regarding the total abandonment of policy directions that underlay the NÖSPL / ÖSS, the role of Günter Mittag was highlighted. Mittag had been among the main architects of the reforms. The mutually opposing circles that started to emerge and surrounded Ulbricht, on the one hand, and Honecker, on the other hand, changed Mittag’s stances, though: an SKJ report stated that Honecker had convinced him with the plea for a return to more centralised forms of economic organisation. In April 1968, concerns were expressed over the potential ability and willingness of East German conservative forces to adversely affect bilateral cooperation.31

However, it was too early for serious worries: in that same month, an outstanding Yugoslav–East German agreement was signed. In 1967, the Yugoslav leadership had decided to further intensify the process of opening up to the world market by allowing the emergence of joint ventures between the Yugoslav enterprises and foreign partners. At that time, the SKJ welcomed the detected increasing interest of the representatives of multiple East German ministries and the Staatliche Plankommission (State Planning Commission, SPK) in cooperation with the SFRY, which was interpreted with reference to the East German reforms.32 In light of this, it is not surprising that the first joint venture between a Yugoslav enterprise and an associate from the

Eastern Bloc emerged with an East German partner. On 20 April 1968, the Yugoslav enterprise Cinkarna and the East German Vereinigung Volkseigener Betriebe Lacke und Farben (VVB LuF) signed an agreement on the joint production of titanium dioxide (TiO$_2$) in the Slovenian city of Celje. The initial production capacity of 20 kilotons per annum (kt/a) was foreseen. The process that had led to the agreement was shaped by a variety of actors, from Cinkarna’s director Franjo Klinger to the members of the Joint Committee.33

During a meeting between Ulbricht and the Yugoslav Foreign Minister Marko Nikezić three days after the TiO$_2$ agreement had been signed, it turned out that the former was not informed of the initiative by his staff. Once Nikezić’s East German counterpart Otto Winzer elaborated on the joint venture, Ulbricht welcomed the upcoming agreement. He called the possibility to establish other joint ventures “economically interesting” and underlined the political potential of such economic ties. Ulbricht explicated the importance of the intensified cooperation between socialist states.34 However, the responsible East German lower-level officials considered acquiring the TiO$_2$ produced in the SFRY only after they had concluded that the possibilities of producing it in the GDR or importing it from one of the Eastern Bloc countries was not possible. For the Yugoslav side – or more precisely, for Cinkarna – the joint venture form was a pragmatic acceptance of the East German preference. It would enable Cinkarna to acquire East German technical equipment and financial assets to effect a transition from a predominantly metallurgical enterprise to one with a focus on the chemical industry. As it was, after a thorough inquiry into the variety of potential cooperation forms, the East German side had come to the conclusion that a joint venture not only enabled it to secure the long-term importation of TiO$_2$, but would also allow it to benefit from the logic of capital accumulation in the (expected) case of positive financial results. Moreover, it would enable the VVB LuF to influence the construction phase and production process as much as possible.35 In the period immediately after the introduction of foreign investment legislation, the foreign partner of a joint venture on Yugoslav soil could “generally” have a maximum share of 49%.36 “The legal framework nevertheless included the possibility to establish a joint directorate. As for the TiO$_2$ plant, it was established by the directors of Cinkarna and VVB LuF.

The high expectations on both sides that this joint venture would have a trailblazing effect regarding the future economic cooperation between Yugoslav enterprises and partners from the Eastern Bloc, particularly in areas such as the chemical industry and metallurgy, would only be partially realised. In the period researched by this article,
only one other joint venture between a Yugoslav enterprise and a partner from the Eastern Bloc was established, while at the same time dozens of joint ventures between Yugoslav enterprises and Western partners emerged.\(^{37}\) Whether the Yugoslav stance towards the events in the CSSR contributed to this lack of other joint ventures with Eastern Bloc partners is hard to assess, since many other forms of cooperation between the SFRY and the Eastern Bloc countries were set up in the years following August 1968. Moreover, Kormes advocated for a stronger accentuation of the meaningfulness of the TiO\(_2\) agreement.\(^{38}\) However, it is likely that the course of events from the signing of the agreement between Cinkarna and VVB LuF until the launch of production in 1973 made the East German bureaucratic bodies wary of establishing other joint ventures. Several Yugoslav–East German “general agreements” on long-term cooperation concerning a specific material such as zinc, for instance, were nonetheless concluded in the early 1970s. These general agreements shared several important facets with the joint venture agreement but made the East German partner not responsible for the potential losses. This possibility – and not only that of capital accumulation – also needed to be taken into account all of a sudden, following Cinkarna’s financial problems during the construction phase, which (partly) resulted from as well as affected the TiO\(_2\) project. In the most critical instances, the East Germans did not hesitate to ignore the decentralised economic organisation in the SFRY and directly addressed governmental representatives instead.\(^{39}\)

Lower-level officials were important actors in the emergence of cross-border exchange and interaction between the states that formed the Eastern Bloc.\(^{40}\) Concerning the Yugoslav–East German contacts, such lower-level officials and – regarding the SFRY – non-state economic actors would shape similar forms of cooperation despite the Iron Curtain and the political disputes over the Prague Spring between the state leaderships. For instance, the cornerstones of the general agreement on the long-term export of aluminium produced in the SFRY to the GDR were established by these actors. In 1970, negotiations between the two sides resulted in the GDR granting a loan in the total amount of USD 66 million to implement an intensification program at TLM Boris Kidrič (Šibenik) and Jadranski aluminij, or Jadral (Obrovac), both from Croatia. The mutual benefits or even the necessity of the deal were bluntly expressed by Annemarie Mai, an East German member of the Joint Committee: “If we do not build with them and guarantee their sales, who will? […] On the other hand, if we do not build in Yugoslavia and secure the aluminium, we have difficulties with the continuous supply from the Western countries. They can greatly influence our development path – whether fast or slow – if we would depend on them for aluminium!”\(^{41}\)

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37 On 5 May 1969, an agreement was signed between Konus (Slovenske Konjice) and the Czechoslovak enterprise Masný průmysl – oborové ředitelství. Cf. Sukijasović, Joint Business.

38 DE PA AA, M 1, C 1.165/72, Brief Kormes an Ziebart, 1 December 1970.


The intensification programme at TLM Boris Kidrič and Jadral needed to enable the delivery of 50 kt/a aluminium to the GDR from 1974 onwards.42

The growing discontent with the SED’s policies among the East German factory workers, in the Freie Deutsche Gewerkschaftsbund (Free German Trade Union Federation, FDGB), and in Moscow enabled Honecker to topple Ulbricht in 1971. This was in line with the “Unity of Economic and Social Policy” (Einheit von Wirtschafts- und Sozialpolitik), officially adopted at the 8th Party Congress of the SED in June 1971, which had to be achieved under the guidance of the bureaucratic bodies in East Berlin. In the Honecker-led GDR, the self-assigned task to compete with the FRG was perceived differently than in the NÖSPL-era under Ulbricht. It was based on the consultations with Moscow. Confronted with a vulnerable economic position with respect to the West itself, the East German leadership stressed the negative consequences of the SFRY’s gradually increasing dependence on the Western economies due to a variety of ties. Therefore, it expected a further increase of pragmatic stances of the Yugoslav leadership.43

However, at this stage of the globalising world market, the SED itself could not be averse to pragmatic decisions. These were envisioned as a path through which an alternative to capitalist globalisation could eventually materialise. In this regard, the TiO$_2$ plant in Celje should – not only concerning the cooperation between a Yugoslav enterprise and an East German state combine – be perceived as a symbol of “trans-bloc” cooperation: since, in 1968, neither the Yugoslav nor the East German partner possessed the technical know-how to set-up a TiO$_2$ factory, its construction would take place under the guidance of the French company F.P.C. Thann et Mulhouse, which also provided the operating license for the plant in Celje.44 Although this cooperation went rather smoothly, a problem with another Western company that was involved, Lurgi (FRG), led to staggering reactions of the East German side. Lurgi was responsible for the supply of a filter system to the TiO$_2$ plant in Celje, which caught fire on 7 June 1973. This was one of the reasons why only 20% of the production planned for 1973 was completed.45 Despite the aforementioned series of problems, because of the growing need for TiO$_2$ in the GDR, the East German side was profoundly interested in exploring the possibilities for the enlargement of the production capacity in Celje as early as 1974.46

Throughout the 1968–1974 period, a trend of even more strictly controlled coordination of the East German positioning towards Yugoslav economic partners such as Cinkarna can be detected. This concerned a wide variety of East German institutions. In line with the SED’s stance towards tourism exchange with the SFRY,

42 DE PA AA, M 1, C 889/76, Botschaft zur Innen- und Außenpolitik der SFRJ, 2 October 1974.
43 DE PA AA, M 1, C 861/76, Informationsbericht Botschaft Belgrad Nr. 1/71.
44 DE BArch, DA 1/10069, Kurzinformation über die Betriebe, die während der Reise der Volkskammerdelegation der DDR vom 5. bis 8. 12. 1972 in der SFRJ besichtigt werden sollen.
contacts between the Yugoslav and East German workers in this period were negligible, certainly when taking into account the staggering amount of Yugoslav Gastarbeiter (migrant workers) in the FRG. In the framework of the circulation of technical assets involved in the GDR’s investments in the Yugoslav industries, East Germans would visit the SFRY – for example Celje – to oversee the implementation processes. These were predominantly temporary work visits, though. Concerning the reverse, Hotel Panorama in Oberhof was, for instance, built by the workforce of a Yugoslav construction company. Belgrade’s wish of that Yugoslav workers could be further engaged in the GDR was nevertheless not accepted. The tight control of the economic contacts with Yugoslav economic entities, exerted by the East German state institutions, should, however, not be interpreted as an overall limiter of cooperation.

Several months after the indefinite abandonment of the ÖSS, the SKJ was remarkably positive about the GDR’s economic prospects. It even expected new investments by the GDR in the Yugoslav economy. The general easing of the inter-bloc relations at that time undoubtedly contributed to the SKJ addressing the changes in the GDR in this rather mellow manner. A second important factor seems to have been the Yugoslav recognition of the miscellaneous connections between the Soviet Type Economies (STEs) and capitalism: “globalisation invited imitation” not only in the era of the NÖSPL / ÖSS, but also afterwards. The Yugoslav government thereby tried to take advantage of the failed attempts – also Ulbricht’s, among others – to significantly increase the cooperation between the member states of the Council for Mutual Economic Assistance (CMEA) in the 1960s and early 1970s, including the “coordination of the commercial and economic interests with respect to the SFRY”.

For example, it kept requesting to change the clearing system that underlay the SFRY’s trade relations with the various Eastern Bloc countries. Despite the partial success, for example during the negotiations with Hungary, Belgrade’s attempts did not yield results with respect to the GDR. Given the relatively successful East German economy, East Berlin was, paradoxically, in the position to benefit from the competition and dissenion between the CMEA countries and, in a broader framework, the socialist states. Of course, this was only a temporary and, once again, a paradoxical boon, however.

The world market changes in the aftermath of and during the 1973 oil crisis and stock market crash resulted in a new intensification of the expression of concerns over the SFRY’s balance of payment by the East German embassy in Belgrade. In the Honecker-led GDR, the attempts of the SKJ to turn the economic tides through an intensification of self-management principles were denounced. The path adopted by the SKJ during its 10th Congress (in May 1974) and the new 1974 Constitution were

49 Dale, Between State, 110, 215, 216.
50 DE PA AA, M 1, C 338/75, Informationsbericht Botschaft Belgrad Nr. 20/70, 27 October 1970.
51 DE PA AA, M 1, C 330/75, Informationsbericht Botschaft Belgrad Nr. 1/72, 13 January 1972.
52 DE PA AA, M 1, C 889/76, Zur Innen- und Außenpolitik der SFRJ, 2 October 1974.
 perceived as an incomprehensible adherence to the Yugoslav system. The Yugoslav side recognised the persistence of this general attitude within the higher echelons of the SED. One month before Tito’s friendly visit (“Freundschaftsbesuch”) to the GDR in November 1974, it was estimated that the Yugoslav–East German relations would develop in accordance with the broader relations between the SFRY and the Eastern Bloc, but sometimes with a delay. However, the GDR’s interest in economic cooperation was characterised as “most concrete and long-term”. Keeping in mind the continuous economic bonds with the GDR despite the political disputes surrounding the invasion of the CSSR, the SKJ could address the reemphasis of the inward-looking economic logic of the SED rather pragmatically. The Yugoslav leadership encouraged further cooperation between the SFRY and GDR, while any (minor) attempt by the latter to put ideological pressure on the former was rejected. During Tito’s visit to the GDR, the Yugoslav side experienced “how extensive the possibilities for future cooperation, especially in the economic sphere” were.

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**Conclusion**

The resumption of mutual official visits by the leaders of the SFRY and GDR in 1974 did not mean that all of the disputes between them had been resolved. This can be explicated with reference to a position paper concerning the SFRY’s stance towards the CSCE by the East German Foreign Ministry of 12 November 1974 – the very first day of Tito’s visit to the GDR. Several standpoints – undoubtedly related to the SFRY’s outlook on the Warsaw Pact’s invasion of the CSSR in 1968 and, in a broader manner, its security position as a country that bordered the two power blocs of the Cold War era – were condemned. Among them were the pleas for the disclosure of defence budgets and the obliged announcement of troop movements, made in the framework of the CSCE. However, that very same framework and the all-around détente process were parts of the more far-reaching developments during which the SFRY and GDR became more entangled with each other.

As this article has highlighted, during the 1968–1974 period, the Yugoslav–East German economic contacts were strengthened in a variety of ways. The special character of such affiliations was evident also in November 1974. During the month when Tito visited the GDR, a long-term cooperation agreement between the electrical goods manufacturer Gorenje (Velenje, Slovenia) and the GDR was concluded. Following the language used in East German policy documents, it was an agreement between, on the

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56 DE PA AA, M 1, C 394/78, Zur Haltung der SFRJ auf der europäischen Sicherheitskonferenz, 12 November 1974.
one hand, the East German Ministry of Foreign Trade and the SPK, and, on the other hand, the director of Gorenje.\textsuperscript{57} The more decentralised Yugoslav economy, where the directors of companies were enabled to contribute to the creation of economic ties that were, in the case of the cooperation with the GDR, established in close cooperation with representatives of East German bureaucratic bodies, underlines the following: actions and biographies (not included in this article) of a variety of actors need to be taken into account when analysing contacts between two states and their inhabitants.

Given the political crisis in the Yugoslav–East German relations after the Warsaw Pact’s invasion of the CSSR, the intensification of the Yugoslav–East German economic cooperation in that period should not be interpreted as a clear-cut rapprochement between the Yugoslav and Eastern Bloc socialisms, as became apparent by the SED’s generally successful attempts to prevent the establishment of transnational connections between the Yugoslav and East German citizens. However, a purely top-down understanding of the foreign economic contacts of any state does not reflect “real” events: in the period when the leaderships of the two states avoided direct contacts with each other much more than before August 1968, mostly lower-level East German officials were involved in establishing the forms of cooperation with Yugoslav partners. With their efforts, these officials and the Yugoslav non-state actors operated – undoubtedly with a certain level of approval from the SED and SKJ, respectively – in line with the broader development of an increasingly integrating global market that surpassed the outer edges of the two main blocs. Although the permission of trans-bloc circulation of money, equipment, and knowledge was not utterly self-initiated, it needs to be stressed that the overall increasing global economic activities were, in a peculiar way, not simply a restricting factor in the Yugoslav–East German economic contacts in the 1968–1974 period. It encouraged actors in two disparate socialist states to intensify their economic \textit{pas de deux}, albeit in a steadily growing web of financial pressures spun both by the Western economies and by themselves.

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