

## **January 18, 1961**

### **Letter from Ulbricht to Khrushchev**

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#### **Summary:**

Ulbricht writes to Khrushchev regarding proposals for a peace treaty/ non-aggression pact to resolve the West Berlin issue. He also discusses further plans for economic development in the GDR to "catch up" with West Germany.

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Translation - English

Dear Comrade Nikita Sergeevich!

After the discussion between us in November 1960, we find it necessary to consult with the CPSU CC Presidium on several key issues of policy towards Germany and the 1961 GDR economic policy. A number of proposals are contained in the following letter, for which we would like to know the view of the CPSU CC Presidium.

At the beginning of this year, I gave a report in the Politburo on an assessment of the political and economic events of 1960 and developed the plan for policy in 1961. What follows is the result of this discussion.

1. Proposals to move forward in 1961 with the peaceful resolution of the West Berlin issue and the drawing up of a peace treaty

Since Comrade Khrushchev's statement on the West Berlin issue in November 1958, two years have flowed by. In this time the Soviet Union and the GDR have succeeded in getting many countries to acknowledge that the remnants of the war in Germany and the abnormal situation in West Berlin must be eliminated.

The Adenauer government and the West Berlin senate have kindled a great campaign in the capitalist world for maintaining West Berlin as the forward-most base of the "western world," i.e., of NATO. The governments of the NATO countries are, however, aware that negotiations in 1961 over the elimination of the abnormal situation in West Berlin are unavoidable.

The possibilities to eliminate at least a part of the remnants of the war in West Berlin and Germany in 1961 are thus favorable, since the Adenauer government is not interested in a worsening of the situation in the period of the Bundestag election campaign, and President Kennedy in the first year of his presidency also does not want any exacerbation of the situation.

Some of the ruling powers of the NATO countries understand that with continued arming for atomic war, the main issue is the economic competition between the socialist camp and the capitalist states. Although the Adenauer government tries to create the impression that it is ready for negotiations, it applies this only to a part of the negotiations on a "controlled disarmament in the world," without West Germany making a contribution to this.

The Adenauer government refuses the conclusion of a peace treaty with the two German states, and regarding the abnormal West Berlin situation, it undertakes everything to postpone negotiations on its elimination as long as possible, but at least until after the Bundestag elections. The Adenauer government aggravates the cold war in Germany, but assumes the orientation of leading the struggle against the GDR, mainly with economic weapons, as well as with wide-reaching use of the Catholic and Lutheran churches.

Since in 1961 a temporary compromise at least must be reached between the Soviet Union and the Western powers on the peaceful resolution of the German problem and the West Berlin issue, a campaign is necessary in the entire world on the necessity of eliminating the remnants of the war in Germany and especially the abnormal situation in West Berlin.

We assume that in connection with the March session of the UN, talks will take place between the powers on the cessation of nuclear testing and the resumption of disarmament negotiations. Thus, we propose that before the March UN session our disarmament proposals for both German states will be established again in a

memorandum of the Volkskammer and the GDR government. The proposal for a ten-year peace between the GDR and the West German Federal Republic will be resolved on in the Council of State on February 27 and transmitted to the West German Federal Republic and the Bundestag.

We assume that the Soviet government and the states of the socialist camp will propose the conclusion of a non-aggression pact between both military blocs in Europe and also are ready for negotiations on possible proposals for a disengagement of the military blocs. The GDR government will base its position on the proposal for general and complete disarmament in Germany, the cessation of atomic arming and a general cessation of arming.

We propose that until the UN session, GDR propaganda for the elimination of the remains of the war in Germany will be carried out more intensively. With this we will proceed from the necessity of concluding a peace treaty with both German states and transforming West Berlin into a demilitarized free city. Regarding the elimination of the remnants of the war, the GDR demands:

The elimination of the occupation regime in West Berlin, i.e., dissolution of the Kommandantura and abolition of rights exercised on the basis of the occupation status.

The abolition of the military missions in West Berlin and the transfer of their functions to regular consulates which the states in question manage in the West Berlin Senate.

The removal of all military and other agencies of foreign powers and the Bonn government from West Berlin.

The renunciation by foreign states as well as the Bonn government of radio stations and other state and quasi-state organs which take part in the struggle against socialist states.

The reduction of foreign troops in West Berlin with the goal of beginning their complete removal.

The abolition of agreements between the USSR and the Western powers about the military missions of the Western powers on GDR territory.

The transfer of functions still existing in four- or three-power organs, for example, the central air control, the bureau for mail and telecommunications, the travel board at the authorized

organ of the GDR, or a regulation of these issues through treaty arrangements with the GDR and the West Berlin Senate.

The regulation of traffic to and from West Berlin using the transit routes of the GDR through regular treaties with the GDR.

The GDR is prepared from its side to guarantee the traffic between West Berlin and other states, as it currently operates.

We assume that a relationship of peaceful coexistence between West Berlin and the GDR will be established. The GDR has no intention of interfering in the internal affairs of West Berlin. On the other hand, it expects that the Western powers and the Bonn

government will stop using West Berlin for warmongering and revanchist policy.

We propose that the GDR government appeal to all countries of the anti-Hitler coalition and make its stand on the issue of eliminating the remnants of the war, the drawing up of a peace treaty, and a peaceful resolution of the West Berlin issue.

The Moscow Declaration of Communist and Workers' Parties again came out in support of the transformation of West Berlin into a demilitarized free city as the best possible resolution of the West Berlin issue.

1961?

What achievable objectives do we set for ourselves regarding the West Berlin issue in

We believe it possible that the positive proposals which were made at the Geneva conference will be taken up in the preliminary negotiations between the Soviet government and the Western powers. On tactical grounds, we don't believe it is expedient now that from our side we should publicly and directly make the demand of taking up the Geneva negotiations.

Any attempt to interfere in any way in the affairs of the capital of the GDR is to be rejected fundamentally. The laws of the Volkskammer and the GDR government and the resolutions of the Berlin city parliament apply to the capital of the GDR.

Since all of Berlin lies on GDR territory, state membership of West Berlin to West Germany cannot be recognized in any way and from now on must be eliminated from every statement.

Under the condition that in West Berlin the West Berlin population decides for itself, and that no foreign states, also not the Bonn government, have influence on its internal development, we are prepared to abstain from any interference in West Berlin and to guarantee ties West Berlin will have with other countries.

The GDR government is prepared to regulate by treaty with West Berlin all necessary issues which the West Berlin Senate wants to regulate.

If the West Berlin Senate makes proposals which designate a representative for economic issues in the free city of West Berlin for the regulation of economic issues for both the GDR government and the Bonn government, we could accept this.

Regarding military traffic, pursuant to basis of agreements between the representatives of the Soviet Union and the Western powers, we propose that, as far as land traffic is concerned, it remain as it is under current regulations until the conclusion of a peace treaty. The regulation agreed upon between the Soviet government and the Western powers on air traffic concerns only military traffic. Since presently civilian air companies of the Western powers use the air corridors in illegal ways, it is important that a contractual regulation be made for civilian air traffic between the GDR and the states concerned.

We propose the consultation of a party and governmental delegation of the USSR and GDR in April 1961 with the goal of raising the authority of the GDR in future negotiations.

We propose that the oral agreement made in November in Moscow and the agreements to be reached in connection with the preparation of the trade treaty for 1961 and the economic plans for 1961 through 1965 be signed in the form of a joint declaration at the proposed consultations of the party and governmental delegations.

It must be emphasized that in connection with the four-power negotiations on the preparation of a peace treaty and the peaceful resolution of the West Berlin question, economic blackmail against the GDR will have no chance of success. The aid which the Soviet Union guaranteed the GDR must be reported publicly. The speeches and statements to be published on the occasion of the consultations of both party and governmental delegations must contribute to making the Western powers understand that a compromise absolutely must be reached in the summer of 1961.

#### The Convening of the Political Consultative Council of the Warsaw Pact States

Until now, most of the Warsaw Pact states have considered the peaceful resolution of the German and West Berlin questions as a matter which only involves the Soviet Union and the GDR. Although they report in the press about these problems, they basically feel uninvolved in this matter. Thus, we propose that after the consultation of the USSR and GDR party and governmental delegations, a meeting of the Political Consultative Council of Warsaw Pact states take place.

What ideas do we have of a compromise that should be achieved before the West German Bundestag elections?

Our starting point is that the elimination of the remnants of the war and the preparation of a peace treaty is a complicated struggle. Since the unclarities in the Berlin position have been eliminated, especially through the Soviet note on the non-existence of the four-power agreement, and we have clarified the role of Democratic Berlin as the capital of the GDR, conflicts will develop over the elimination of the various remnants of the second World War and the peaceful resolution of these issues. In this conflict, the Bonn government will use all possibilities for influence in the capital of the GDR with the help of its agencies and especially the church. The Bonn government will try to disturb the execution of our economic plans through a selective embargo. We must prepare ourselves for various complicated conflicts. The result of the conflicts will then be manifested in the negotiations of the four powers. In the negotiations, the enemy will use flight from the Republic as the most important argument. Therefore, the economic stabilization of the GDR so as to reduce flight from the Republic is the main task in 1961.

We believe it is possible to reach a compromise in 1961, i.e., to eliminate only some remnants of the war and to handle the other issues in negotiations on the preparation of a peace treaty.

The core of the compromise is to give the 2 German states 1 1/2 to 2 years for negotiations on the preparation of a peace treaty, disarmament and the establishment of peaceful coexistence as the preparation for later reunification. We assume that the Soviet Union could propose again to consider, in the sense of its earlier proposals in connection with a non-aggression treaty between the NATO states and the Warsaw Pact states, the formation of an all-German commission (a "German peace commission"), whose task it is to bring about a rapprochement of both German states and to find a general basis for the conclusion of a peace treaty with both German states in connection with disarmament in Germany.

During the agreed upon time the four powers should prepare in a joint commission the fundamentals of a peace treaty and the convening of a peace conference for the peaceful resolution of the German question.

Regarding the West Berlin issue, negotiations should be conducted about an interim resolution for the next two years along the lines of the Soviet proposals.

We assume that on the occasion of the consultation of the party and government delegations of our two states, the Soviet government will state that the conclusion of a peace treaty between the Soviet and GDR governments with the participation of the states of the anti- Hitler coalition which are prepared for this, will be unavoidable if the Western powers do not arrive at a compromise in the course of the next months.

In order to influence the other states, we propose:

a) The transmission of a statement by the Volkskammer to the states of the anti-Hitler coalition as well as to the neutral states on the question of the peace treaty and the West Berlin question.

b) A personal letter from the Chairman of the GDR Council of State to President Kennedy after he comes into office.

c) A letter from the National Front of Democratic Germany to the most important parties in the states of the anti-Hitler coalition and in the neutral states.

2. Several problems of the 1961 economic plan which have not yet been able to be clarified

The achievement of political success with regard to eliminating the remnants of the war and the safeguarding of peace require serious progress in 1961 in the economic stabilization of the GDR. Without doubt, we have achieved success with regard to increasing work productivity and the standard of living. The difference vis-a-vis West Germany, however, did not decrease in 1960. Domestic difficulties in fulfilling the plan due to late and insufficient material supplies have even grown. The greatest discontent among the workers and the intelligentsia has led to work stoppages at many factories. The reason is that the economic plan did not correspond with the supplies in many cases.

In 1958 at our 5th Party Congress and with the preparation of the Seven-Year Plan we took into account that a certain stagnation would occur in West Germany's economic development and that a heavier supply of raw materials crucial for our economy could ensue from the USSR and the other socialist countries. West German development, however, has gone a different way. West Germany had the strongest increase in the growth of production and consumption in 1960 since the end of the war, and thus far nothing indicates that this will change. The increase in gross production in West Germany was about 12% in 1960, while the growth in production in the GDR was 8%. Investment is also very high in West Germany. The most important firms were further rationalized and brought to a high technical level. West Germany increased salaries by about 9% and shortened working time, so that the five-day week exists already in some firms. Wage agreements were concluded for the metal and graphics industries, which foresee a gradual shortening of working time to the 40-hour week by 1965. Such salary increases and working hour reductions are not a part of our plan.

In 1960 in the GDR the possibility of obtaining our most important raw materials was significantly impaired. Imports from the USSR could be increased by only a scanty 2

percent over the previous year. Imports from West Germany sank by 10%. To keep our economy in line, therefore, we had to increase imports from capitalist countries by almost 30%. These imports are still not sufficient and have led to serious difficulties in supplying industry with raw materials in 1960. But since we did not have sufficient export goods to pay for these imports, we had to have a short-term debt to the capitalist countries of about 550 million hard currency marks. We must pay back a big part of this debt to the capitalist countries in 1961, i.e., we must supply goods to these countries for which we will receive no imports.

The statement of the Bonn government that it would carry out the struggle against the GDR mainly by economic means and through an intensification of the cold war forces us to execute a change in the design of our Seven-Year Plan. On the basis of the consultations in November it is necessary to carry out special measures in 1961 and 1962 to make the GDR economy as much as possible independent from disruptive measures by West Germany. We ask your opinion on our view that the following things are the most important in the GDR in 1961:

- 1.) Making the GDR economy independent to a significant degree from West Germany with regard to the supply of crucial materials.
- 2.) Achieving a stabilization which enables continuous production in the factories.
- 3.) Reducing debts to the capitalist countries so that we will not have a situation as in 1960 where the GDR was not capable of paying for a time. This means that it is necessary to increase the GDR's foreign trade with the Soviet Union and the socialist countries.

The main contents of the November consultations last year was to make joint commitments for a close tie of the GDR economy with the Soviet Union, so as to achieve stability in the GDR economy and to make our economy independent from the disruptive actions of the West German imperialistic and militaristic circles.

Thus, the task of the delegation under the direction of Comrade Bruno Leuschner, which will come to Moscow in the next days, is to agree on the basis of the November meeting how the merging of the GDR economy with the Soviet Union should occur in the next two years and how this should be expressed in the trade treaty.

We are aware that we cannot entirely fulfill entirely the key economic goals in 1961. The Politburo views the situation in the following way--first the development of the GDR economy must be made stable and the greatest possible guarantees must be made against disturbances in the socialist construction of the GDR by the imperialist forces in West Germany. This is a basic condition for the successful resolution of our main economic goals.

At the consultations in Moscow, you drew it to our attention that even with a resumption of the trade treaty between West Germany and the GDR, we will only have a breathing space. After the trade treaty with West Germany is again in force, we intend to use this trade economically. With this, we take into account that the Bonn government, just when we decisively demand the elimination of the remnants of the war, will make create difficulties for us by with the denial of the supply of certain crucial materials through a selective embargo. Thus, we will strengthen the campaign to secure the GDR economy through our own production from the disruptive actions of West German militarists and to gradually bring about interconnection with the USSR economy.

The projected GDR economic plan for 1961 foresees an increase in industrial production of about 7 percent. The Seven-Year Plan foresaw more than 9 percent.

Just by this growth in production, with which we will remain even farther behind West Germany, we cannot even out the balance of payments of foreign trade for 1961. The delegation led by Comrade Leuschner must clarify the following issues with our Soviet friends:

1.) How can we actually supply crucial materials (sheet steel, pipes, etc.) which we ourselves cannot produce and which we should not obtain from West Germany in the interest of gradually making ourselves independent?

2.) Which metallurgical equipment can the Soviet Union supply to the GDR, or the supply of which metallurgical equipment through the GDR can the Soviet Union forego, so that the production of sheet materials and special steels can be increased in the GDR? This is additionally necessary, since the small amount of certain special steels will not be able to be obtained from the Soviet Union, in the future, since this is very complicated. In addition, the supply of construction machines was discussed, but was not exactly agreed upon. This question is important both for the building industry and for the reconstruction of the city center.

3.) Although we have already reduced the increase in industrial production to 7 percent, we cannot equalize the balance of payments in foreign trade for 1961. We have a deficit in the balance of payments of about 1.35 million hard currency marks, of which more than 800 million hard currency marks are to the USSR and more than 500 million hard currency marks are to the capitalist countries. We are not in the position to pay for the promised imports from the USSR entirely with exports. Thus, we request crediting the account vis-a-vis the Soviet Union, which is about 170 million rubles (800 million hard currency marks), whereby this credit can be repaid beginning in 1966.

In the Politburo we have examined again in as serious and comprehensive a manner as possible all sides of this issue and related issues.

If it is not possible to give us this credit, then we cannot maintain the standard of living of the population at the level of 1960. We would enter into such a serious situation in supplies and production that we would be faced with serious crisis manifestations, since we would then have to reduce imports of steel, non-ferrous metal, textile raw materials and food, and in addition export goods which are absolutely necessary for supplying the population and for making important investments.

It is unpleasant for us that every year we must direct such requests for help to the CPSU CC Presidium. We will justifiably ask: What are the causes for this, and how must things continue until 1965? We came to agreement on the most important control figures for 1966-1980, but the questions of the economic foundation in 1961-1965 for the fulfillment of these future tasks requires more clarification and agreement.

In order to resolve the basic problems of the GDR and to catch up with West Germany, we must invest more in the GDR for several years and must bring about a close economic association, a merger with the USSR economy. There is no other way.

We are a state which was created without having and still does not have a raw material base, and which carries out the competition between both systems with open borders.

A reason for the difficulties lies of course in the fact that we as the workers'-and-peasants- state for all of Germany must bear the weight which resulted



from the crimes and devastations of Hitler's Germany. In addition, the production apparatus in the eastern part of Germany was more heavily destroyed than in West Germany. While in the first ten postwar years we paid reparations by the withdrawal of existing plants and from current production, West Germany made no compensation from current production, and instead received in addition large credits from the USA to save the monopoly capital system and German militarism. We devoted many resources in the first ten years to bring the production on line in Wismut [an East German-Soviet joint industrial enterprise] and to sustain it. Of course, this was all necessary to reduce at least a portion of the destruction which the Soviet Union had suffered, and to strengthen the Soviet Union as the center of the socialist camp. These circumstances, however, brought us enormous difficulties in the competition with West Germany. West Germany could make large investments and achieve an extraordinary modernization of the production apparatus at a very early point on the basis of the millions of aid from the USA. Until the pardoning of reparations in 1954 the per-capita investment in West Germany was double as high as in the GDR. In the years 1950-1959 taken together, the per-capita investment in West Germany reached 7,400DM, while the economic strength of the GDR enabled per capita investment of only 4,650DM. With this we had a strong investment capability only from 1956 on, i.e., we had a significantly later starting point for the modernization of our production capacity than West Germany. Corresponding to our total population, we needed to have 50 billion marks more invested in comparison with West Germany.

This is the main reason that we have remained so far behind West Germany in work productivity and standard of living. Due to this, a constant political pressure from West Germany could be exercised over us. The booming economy in West Germany, which is visible to every citizen of the GDR, is the main reason that over ten years about two million people have left our Republic.

In this situation we were and are forced, to reduce at least gradually the difference in standard of living, to spend continuously more for individual consumption than our own economy has permitted and now permits. This means a constant burden of renovating our production apparatus, which can't be continued for long.

Of course, we have achieved a lot. In comparison to the people's democracies and also to other capitalist countries, we have a high level of production and work productivity. But we are far from being in a position to catch up with West Germany in the difference in production, in investment and in work productivity.

The complicated situation in foreign trade and our great dependence on imports has forced us always to export the overwhelming part of our high quality equipment so as to pay for the import of raw materials and food.

This is the situation in which we find ourselves and which forces us to request credit aid from the USSR.

We request clarification with Comrade Leuschner regarding the open questions of the GDR's economic plan for 1961 and for help so that the plan can be completed.

Further, Comrade Leuschner is instructed to carry out the agreed consultations about the broadening and deepening of our economic relations for the resolution of the basic problems of our economy in the years 1962-1965.

We propose to the CPSU CC Presidium that an official confirmation of these proposals take place with the visit of a party and government delegation in the USSR.

We think you very much for your efforts and help. With communist greetings,  
the first secretary of the SED CC

W. Ulbricht