



Faustpfand, Treuhand und die unsichtbare Hand
(Pawns, Trustees, and the Invisible Hand)

Glossary

Theatrum mundi oeconomicum
Stages of a market mechanism

Translator's note: In this glossary, the Treuhandanstalt (the fiduciary holding agency created for the national property of the GDR) is called by the common short form of its name, "the Treuhand". Unspecific use of the term "Treuhand" has been translated (fiduciary holding).

Artzt, Matthias

Engineer and member of the Round Table. „An important question that we discussed even then was that of property. Formally, the people had been the proprietors, but the possession and use of this property were in the hands of functionaries who for the greater part handled it irresponsibly." (2) Artzt's model provided for the immediate formation of a fiduciary company that would exercise the rights of East German citizens in the GDR's nationally owned property. This fiduciary company was to distribute at once a quarter of the national property to the East German citizenry.

Auction theory

A theory originating from circles close to the Federal ministry of economics that criticized the Treuhand for being too structure-oriented. It would be more consistent, this theory said, to sell the entire nationally owned property of the GDR at public auction.

Auction in the head

The Treuhand's practice was to sell companies to the highest bidder without respect for social and local economic factors.

Autania

Autania AG, a publicly traded company based in Essen, is the legal successor to the Auto Union AG of 1932. The Frankfurt-based Rothenberger group attempted to lay claims, via Autania, to the real estate and operating assets of the Zschopau motor factories as well as the Audi, Wanderer, and Horch factories.

Bischofferode

In 1993, the potash plant in Bischofferode was sold to BASF. When BASF closed the plant down, 40 employees went on a hunger strike, which drew a great wave of solidarity. The entire staff in the end received DM 7,500 each in compensation, with the stipulation that they were not to sue the Treuhand. Bischofferode was regarded as the culmination of the workers' protests against the liquidation of companies, in which the Treuhand wanted to show rigorosity.

For this strike, T-shirts with the print "Bischofferode ist überall!" ("Bischofferode is everywhere!") were produced and sold. The entire proceeds from the sale of the T-shirts amounted to DM 500,000. The money was invested into the construction of a club-house for the former workers, which today houses the museum of the Kali plant.

BMF / BMWi

Bundesministerium der Finanzen (Federal ministry of finance) / Bundesministerium der Wirtschaft (Federal ministry of economics)

Bonus system

"With the Treuhand, it was like during Fall sales. They wanted to sell the companies as quickly as possible. They had the expenses in mind that they would incur if they were to get stuck with one of the companies."

"A.S.: It is hard to imagine how one would privatize 8,500 companies (after taking them apart, there were 13,500 companies) within three and a half years. That's 10 companies per day."

"I was astonished myself. They really calculated in this kind of numbers. The managers really received a head-hunter's premium for every privatization. They were mostly young people without compunctions who wanted to get ahead and unthinkingly devolved 20 companies a day in order to cash in on the bonuses." (1)

Bundesamt für vereinigungsbedingte Sonderaufgaben (Federal office for reunification-occasioned special tasks)

The successor organization of the Treuhand between 1995 and 2000. The Office was charged with the ongoing supervision of property and land rights and continued to seek investors. The deficit it took over amounted to DM 230 billion.

Capital basis per job

A calculation was made to claim that every job in the old East German economy was founded on a capital basis of DM 150,000 per job. This capital basis was calculated including the entire know-how, operational logistics, education, machinery and processing procedures in order to maintain the job's productivity and keep it internationally competitive. At the same time, the capital basis per job in the old Federal Republic was calculated at DM 350,000.

Chemnitzer Hof

An example for the sale of operations in the hotel and restaurant businesses.

Consultants / Project developers

The Treuhand cooperated closely with consulting companies such as Roland Berger. This cooperation can also be regarded as the establishment of the consulting system within the Federal German political apparatus. Today, there is hardly a ministry without consultants—a strange coexistence between decision-makers and consulting companies that is called strategic consulting.

"I do think that consulting companies played a large role within the Treuhand. There is a sociological theory about the 'travel of ideas'—for instance, neo-liberal ideas that had been gradually seeping into the ranks of government via consulting companies since the nineties or late eighties. That began with Ronald Reagan and Maggie Thatcher, who were counseled by powerful transmitters. The McKinsey consulting group became famous for that role; just as Berger in Germany.

With its neo-liberal consultants, the Treuhand, especially during the Breuel era, was an attempt to undermine the customary German model of a social market economy. I would not say that it was a conscious attempt. It was more of a component of the ideological

weather change. I think that specific things were no longer desirable: strong unions and shop councils. Instead, the individual freedom of entrepreneur and the democratic option of Shareholder Value, and all this ideological stuff.

A.S.: But the contradiction is, is it not, that the consulting companies who had this on their agenda were paid to an extremely large extent from state funds. Just as the privatizations were subsidized by the state through the Treuhand. From the neo-liberal perspective, that is absurd." (1)

Contract supervision

After the dissolution of the Treuhand, the successor organizations will have to ensure over the course of decades that the conditions stipulated in sales contracts—for instance, payment of installments toward the sale prices, or employment guarantees—are being kept, while the property can change hands all the time.

Count Matuschka / National property fund

Consultant; favored the concept of a social market economy by giving GDR shares away to East German citizens. The citizens were then to be able to sell their shares to investors or entrepreneurs. His model was that of a GDR Holding Co. / National property fund.

"To daimler"

A rumor about the negotiations with companies over their privatization was that shop councilmen could be persuaded by promising them a Mercedes. The councilmen were "daimlered."

December 2, 1990 / Bundestag (Federal diet) elections

First all-German Bundestag elections, in which the CDU in coalition with the FDP wins the majority.

Deficit / Inherited obligations repayment fund

A.S.: "I wonder, especially in view of the current debates over the public debt, that the debts caused by the Treuhand do not appear in the public consciousness, perhaps because they have been charged to the so-called Inherited obligations repayment fund, which does not appear in the federal budget."

M.G.: "It does not appear because the red-green federal government took over a gigantic mountain of debt, which resulted from, among others, the extreme mistakes made within the Treuhand. However, all of this concerns the policies of the federal government under Kohl, of which the Treuhand is only one phenomenon. One must always keep the fact in view that the Treuhand was an administrative company founded by the state, with people like Theo Waigel and Kohl in the end setting the policies." (1)

Destruction of commodities, private purchases, new commodities

In a form of anticipatory obedience due to the upcoming introduction of the German Mark, many stores in the East had already thrown away local products, stopped selling them, and bought products from the West, joining the German Mark economy.

Development companies

During the second half of the Treuhand's time of operation, after the first social fault lines resulting from the privatizations had become visible, the new states, the government and the Treuhand between them founded companies that were to keep so-called industrial core areas going by virtue of special subsidy programs, e.g., the Atlas company in Saxony, which looked especially after the agglomeration of electrical and mechanical engineering there.

Economic democracy / The third way

Initiative Peace and human rights (IF+M)

The third way was the attempt to sketch a third form of economic system between capitalism and a planned economy. "At first, there were different models of what was to happen with the national property, but the underlying idea that the citizens of the GDR were its legitimate owners was still the basis of all considerations. One of the latter was the idea of an Economic democracy, a parity-based participatory system involving consumption and production cooperatives." (1)

EKO Steel

An example for the sale of businesses in the steel industry. After Krupp had declined to take it over, EKO Steel, one of the GDR's largest steel combines in Eisenhüttenstadt, went to the Italian Riva group for DM 120 million. Riva made it one of the preconditions for the sale that the other steel operations in the GDR were closed down. In turn, Riva had to issue employment guarantees.

Electricity market

The GDR electricity market was taken over by the West German utilities Bayernwerk, Preussen-Elektra and RWE. They insisted on their monopoly, based on a contract already entered by the GDR government.

Employment creation measures (ABM) / ABS

ABS positions were paid for by the Treuhand. These positions were offered through 160 different companies that were created to compensate for the unemployment resulting from privatization. See: Rehabilitation companies.

ABM positions are the results of employment-creation measures that were initiated all over the Federal republic by the Federal labor institution.

"Finally, by the mid-nineties, there were subsidies from the Treuhand for employment creation measures, since they realized that the methods of their privatization became politically untenable. Even politicians like Kohl and Labor Minister Blüm, who otherwise hid behind the institution of the Treuhand, realized that (...). I followed that in a concrete example. The Parchim hydraulics factory had produced hydraulics parts for agricultural machinery. The company had a very strong eastern market that broke down with the collapse of the GDR and the run-up to reunification. After massive payroll cuts, they founded a so-called rescue company, an employment creation company. I was involved as the representative of a consulting company that was close to the unions. We developed projects together with shop councils. We were more or less successful with our project.

The problem with such projects was always that they were limited-time only. The neo-liberal critics often called all employment creation measures, including those in the West, so much occupational therapy that would work only for a few years. Then people would be unemployed again and live off the state." (1)

Federal chancellor / Federal minister of finance / Federal minister of economics

"The Treuhand was also a fig-leaf. In a very German manner, an administrative authority was inserted in order to provide cover for the political measures proper. Theo Waigel was never in the line of critical fire. In the line of fire were the president of the Treuhand or her managers. Waigel more or less gave the directives, and Kohl could always face the public and say: Some things may be going wrong at the Treuhand, but they have to do it like that. That's what we created the office for, so to speak, so that the experts do it right."

A.S.: "But isn't that always a hen-and-egg question. I don't really believe that persons such as Theo Waigel hold the power to make decisions of their own. I believe that he only fulfilled a function, even if he governed the Treuhand from the background. But there is also the influence of circles in the economy that used their proximity to the CDU for their business purposes. I cannot distinguish the tools from the instigators: Kohl, who lets himself be celebrated as the chancellor of reunification and promises blossoming lands, the various press appearances with Birgit Breuel, finally the tomatoes that landed on Kohl in the late nineties. But that is after all only a vent. For in the end, this is about a whole conception of property, of the law and of good housekeeping." (1)

Gebhard, Gerd

Physicist, member of the group Free researchers' collective for self-organization. In February, 1990, he publicly announces the foundation of a fiduciary company called: Holding Treuhandgesellschaft Volkseigentum (Fiduciary Holding National Property). This fiduciary company was to create a space where the former GDR's companies could self-organize and get prepared for the future economic situation.

Gemeinschaftswerk Aufschwung Ost (Shared endeavor revival east)

On March 8, 1992, the federal government initiated the Gemeinschaftswerk Aufschwung Ost, a funding program for the economic development of the new states. Aufschwung Ost issued low-interest credit for new enterprises and improved the transportation infrastructure and communal facilities. During the first two years, DM 24 billion were available. Of these, 6.5 billion were spent for transportation infrastructure, 5.5 billion for ABM (employment creation measures) and a large sum for schools and other municipal facilities.

Goosens-Redley procedure

A procedure used by the Treuhand to assess companies. See under: Operations assessment grades

Härtol

An example for the sale of businesses in the chemical industry. Taken over by the Mannheim-based Fuchs Petrolub company. It was a condition for the inofficial award of the chemical business, which was fit for international competition, to the Mannheim company that old SED functionaries were permitted to retain their positions, with the approval of the Magdeburg Treuhand and against the employees' protests.

IFA Ludwigsfelde

An example for the sale of businesses in the automotive industry. In February, 1991, the company was taken over by Daimler Benz. The plant produces trucks for Daimler Benz. Of the old staff, nearly 2,000 employees were retained.

IG Farben

Important National-Socialist trust whose structure was divided up after World War II into four companies—BASF, Bayer, Agfa, and Hoechst. A publicly traded dismantling company IG Farben i.A. (in Abwicklung [in dismantlement]) laid claim to real estate covering 150 million square meters.

Joint venture (Leipzig trade fair)

Shortly after the Treuhand was founded, in March, 1990, functionaries of the nationally owned companies had already met managers of the leading western trusts at the Leipzig trade fair and made arrangements regarding the sale of especially valuable operations (so-called file pieces). The Treuhand had to recognize these sales after the fact. See under: Privatizations at the first Treuhand.

Joint venture

"The former GDR's enterprises needed not only a new owner or cash flow, they need for example certain continuing education programs. There were debates about creating networks involving western partners. But there was also a lot of distrust, as the West German businesses were often not interested in a company at all. They were interested in a take-over only in order to then re-sell and run away. Building trust in such situations was very tricky. Such networks for the continuing education of an operation's own staff might perhaps been an alternative model." (1)

July 6, 1990 / Wage demands of the IG Metall (metal workers' union)

Six days after the introduction of the German Mark, the IG Metall held a demonstration in Berlin in favor of equal pay for equal work.

"It has been insinuated, maliciously, that the unions, dominated by the Western states, wanted to raise wages only so that even more businesses in the East would go bankrupt. They probably didn't want that to happen. But of course, interests were present that favored an increase in wages so that the companies would go bankrupt even sooner." (1)

June, 1990 / Balance sheet law

The law stipulates that upon introduction of the German Mark, all property of East German companies must be listed in German Mark amounts. For some companies, the production of these balance sheets took more than two years.

“One has to see, of course, that with the sudden loss of their eastern markets, especially by virtue of the fast introduction of the German Mark, many eastern companies were at once exposed to competition on a global market. Of course, many were no match to this task. One can say that this was a political mistake, which however was exploited by many West German companies in order to buy up their competitors, shut them down, and cash in on their real estate.” (1)

Mr. Jüttemann

Mr. Jüttemann was a shop councilman at the potash plant in Bischofferode. He bought a share in BASF and protested against the business's liquidation in front of the company's shareholder meeting in Ludwigshafen.

Kali AG

An example for the sale of businesses in the mining industry. See under Bischofferode.

Kreditanstalt für Wiederaufbau (Credit institute for reconstruction)

The successor institution of the Federal office for reunification-occasioned special tasks was the Credit institute for reconstruction. To this day, the Credit institute for reconstruction is the largest landlord in East Germany. It supervised more than 2,000 privatization contracts and pieces of real estate. See under: Contract supervision.

Law regarding the sale of nationally owned enterprises (1990), Law regarding priority for investments (1991), Law regarding the removal of impediments to investments (1991), Law regarding credit taken out by the Treuhand (1992), Law regarding changes to the law governing property (1992)

During the years of 1990 to 1992, a series of laws was passed that accorded as much autonomy as possible to the Treuhand and strictly limited parliamentary control over the privatization proceedings. This concerned also political influence over and the social responsibilities of the Treuhand. The laws by and by turned the original situation regarding ownership in nationally owned enterprises on its private-capitalist head, creating great advantages for investors.

Maastricht treaties

The Maastricht treaties were signed on February 7, 1990 by all ministers of the European member states. They created the conditions for the eastward expansion of the E.U. and for the European economic and monetary union. A condition for the latter was the uniformization of the security, social, interior, and economic policies of the individual countries. Maastricht took effect on November 1, 1993.

Management buy-out

During the second half of the Treuhand's time of operation, the concept was adopted that staff could buy their own companies. That concerned ca. 3,000 businesses.

"Management buy-out is a part of the whole story of the rehabilitation companies. Not enough managers were found for the devolution of the businesses, and so little by little the idea took hold that eastern managers should perform the devolution of their businesses themselves, an idea that was also supported by the unions. Another idea was to create networks: supplier networks, purchaser networks, to see how to explore markets together." (1)

Management limited partnerships

Because time was running out, the Treuhand in some rare cases during the second half of its time of operation transferred leadership of former nationally owned enterprises into the hands of the previous management. The management led the company without owning it.

March 13, 1990 / Interflug

On March 13, 1990, Lufthansa took over 26 percent of the GDR airline, Interflug. In a ballot, 7,000 employees voted in favor. Interflug's president Klaus Henkes viewed this decision as a symbolic appropriation of the company by its employees.

March 18, 1990 / Volkskammer (People's chamber) elections

With the Volkskammer elections of March 18, 1990, and the clear victory of the "Demokratischer Aufbruch" ("Democratic departure"), the GDR government suffered a significant loss of influence over the conversion of the nationally owned enterprises. "Demokratischer Aufbruch" was a conservative collective movement. The citizens' initiatives received less than 5 percent.

Market exit expenses

Indicates the expenses associated with the creation of a job in the second labor market (see ABM / ABS) that is to prepare for a possible return to the first labor market.

May 1990 / International treaty

The international treaty ratified by the Volkskammer of the GDR contains the economic and monetary union and that of the social insurance systems with the FRG. The international treaty took effect on July 1, 1990.

Minol

An example for the sale of businesses in the petrochemical industry. Minol was at first taken over by the Paul Neuling trading company and the Neuling Minol chemistry company. This take-over was a case of real estate speculation and of the misuse of subsidies in the amount of millions. In 1993, Christian Neuling was the chairman of the committee of the Treuhand that was to inquire into graft charges.

Narva

An example for the sale of businesses in the electrics industry. Maker of lightbulbs in Berlin. After the collapse of the GDR, Narva had cooperated with Osram. However, Osram pulled out because the rehabilitation was too costly. Narva began its own fight for survival, trying to save the 5,000 jobs by developing, among other things, an everlasting lightbulb. This fight for survival ended with the sudden death of the director. Shortly before the final liquidation, the staff held public actions such as selling lightbulbs in the streets in front of the Berlin city hall. The real estate was bought by the Roland Ernst group at a good price.

Neptun AG

An example for the sale of businesses in the shipbuilding industry. The Treuhand assessed all shipyards as being in principle capable of rehabilitation. Neptun AG fused with the Warnow Werft and Mathias Thesen Werft shipyards, Warnemünde and Wismar. The Treuhand undertook to pay for the welfare plans and for old obligations amounting to ca. DM 4 billion. The payroll was cut to a third.

Nordenergie Werke

An example for the liquidation of businesses in the nuclear industry, and for the problems of nuclear waste disposal.

Operations assessment grades

In order to assess the prices at which a business would sell, there were, among others, methods that counted the operation's last business year—i.e., the business year during the political collapse of the GDR—as the decisive year. The best and worst business years were added and subtracted from this business year to arrive at an index concerning average profits. So-called soft factors—for instance, motivation and experiential knowledge of the staff, importance for the local labor market, etc.—were not considered in these assessments.

Penalties / Renegotiation

Penalties were imposed against investors who bought a business with the stipulation that they would retain jobs and make investments. When that was not the case, they had to pay a fine. Some investors included this fine in their calculation of gains and losses since it covered only a small percentage of what they would have had to pay for the promised jobs. These penalties were created after 1992 under public pressure. "There was no self-criticism. The introduction of the penalties was not justified; instead, they were presented as a fact, not as a reaction to so many buyers dismantling the businesses in the East and selling the parts, and not caring about the employees." (1)

Personal consultant

"All managers at the Treuhand had their personal consultants. I sat, so to speak, in the antechambers and spoke to the consultants. They all wanted to make the best possible use of the contacts from their time at the Treuhand for their own careers. I think the personal consultants are an especially good example for that." (1)

Plamag

An example for the sale of businesses in the printing and paper industries. Maker of printing machinery in Plauen. Plamag was immediately sold to FAG Kugelfischer, as the business was fit for international competition.

President

"Mrs. Breuel was already vice president of the Treuhand when Rohwedder was still its president. Rohwedder was a Social Democrat and entrepreneur. I do not think that he advocated this ideology of privatization only. Privatization trumps rehabilitation, this slogan definitely came from Mrs. Breuel. Rohwedder's murder remains unsolved to this day, and there is wild speculation about why he was murdered. Mrs. Breuel was, so to speak, the Treuhand's Lady Thatcher. In retrospect, I find it highly remarkable that a president, together with his or her managers, had the power to perform the privatization of an entire national economy." (1)

Privatizations at the first Treuhand

The sale of especially valuable businesses (so-called file pieces) was arranged already before the Treuhand existed, at the Leipzig trade fair, between functionaries from the nationally owned enterprises and the managers of West German companies.

For instance, Siemens AG bought: Fernmeldeanlagenbau Magdeburg (telecommunications), Görlitzer Maschinenbau (mechanical engineering), GRW Teltow, Kabelwerk Meißen, Kabelwerk Schwerin (cables), Nachrichten-Anlagenbau Dresden, Leipzig und Magdeburg (communications equipment), Nachrichtenelektronik Greifswald (communications electronics), Numerik Chemnitz (numerics), Starkstromanlagen Leipzig und Rostock (high voltage equipment), WSSB Berlin.

Daimler Benz bought, through its subsidiary, AEG: Lokomotivbau und elektrotechnische Werke Hennigsdorf (railway and electrical engineering), Märkische und Hanseatische Energieversorgung (utility), EAW-Zähler Berlin (power meters), Starkstromanlagenbau Dresden und Magdeburg (high voltage equipment), TRO Berlin, Görlitzer Elektroschaltgeräte (electrical engineering), Stromversorgung Meißen (utility), Postautomation Berlin Marzahn (postal automation), Gefrierschränkefertigung Scharfenstein (freezers).

VEBA and DEA together bought the Schwedt refinery (PCK) in order to ensure supplies to Aral gas stations and the heating oil distribution of Veba's subsidiary, Raab Karcher.

Rehabilitation companies

"Rehabilitation companies were discussed, I believe, in 1993. It is true, the ideology was still that privatization trumped rehabilitation. But the rehabilitation companies were a tacit admission that the previous strategies were creating problems. Thuringia and Saxony were home to the first rehabilitation companies subsidized by the federal government. There was an understanding that East German managers should also receive greater promotion at these rehabilitation companies. After all, the previous strategy had been to mow down more or less the entire uppermost leadership and replace it with West

German or western European managers. These rehabilitation companies received strong support from union representatives, especially from the IG Metall and IG Chemie (metal workers' and chemistry workers' unions). These rehabilitation companies were not especially touted because there was a fear that this model might draw the attention of politicians from the conservative government, leading them to kill it. Officials continued to preach the doctrine of fast privatization." (1)

Robotron

An example for the sale of businesses in the electronics industry. The business was sold to the dummy firm Berliner Merkur in order to appropriate Robotron's real estate holdings. This deal is one of the most spectacular cases of corruption at the Treuhand, in which persons from the Treuhand bureaucracy and former Stasi functionaries attempted to make a lot of money for themselves.

Shares / Bonus coupons

This model provided for the issuance of capital stakeholder documents to East German citizens in the amount of DM 25,000 each. Citizens were to be able to sell a certain part of these documents to investors or entrepreneurs. The eastern SPD suggested giving East German citizens shares in the amount of ca. DM 40,000. These shares were to be exchanged for shares in publicly traded companies, government bonds, or real estate property. A fiduciary bank, controlled by parliament, was to supervise 10 to 20 regional investment companies.

Shop council

"There was of course also the influence exerted, very ambivalently, by the unions. The Eastern unions were taken over by the Western unions. It was said that the unions strongly represented the interests of West German labor and not those of East German workers. Thus, they indirectly even aided in the transformation and dismantlement that was the order of the day. For their clientele was less concerned. The unions, after all, had more members in the West, and felt more obliged to them. The East German unions had also lost members because many had become unemployed." (1)

Social compensation plan /

Social compensation plan guidelines for the promotion of labor, employment, and structural development (ABS)

On April 13, 1991, after the first wave of strikes triggered by massive payroll cuts, Social compensation plans were instituted in cooperation with the German union federation and the German white-collar employees' union, developing, among other things, rehabilitation companies. Since 1993, 150,000 people were employed by such ABS companies. Their tasks included clearing and safe waste disposal, tearing down industrial installations and recultivating the areas left behind.

Treuhand / administrative council / executive council

The Treuhand's administrative council had 24 members, of which eleven seats were intended for managers from FRG businesses, eight for politicians, and four for the unions,

as the representatives of the workers. The executive council included 17 seats: ten from business, four from politics, one seat each for the government, the chairman, and the deputies.

“The mentality at the Treuhand was: there is no alternative. There is no alternative to the neo-liberal (TINA), a slogan that they had adopted from Thatcher’s government. This was not said officially. The decisions of the Treuhand had something mechanical to them, one great institute for economic devolution. They presented themselves to the press as people who wanted to work themselves out of their job as quickly as possible.”

A.S.: “—so a kind of show, an Olympus of becoming-unemployed where the executors present themselves as future unemployed, which was cynical given their salaries and compensations.”

“They wanted to present themselves as problem-solvers and not as problem-administrators.”

A.S.: “The Treuhand’s rule of thumb was: the longer a company remains the Treuhand’s property, the higher the political goals and not the economic ones.” (1)

Treuhand / founding

“The specific occasion for the founding of a fiduciary holding company (Treuhand) was February 7, 1990. Kohl had invited the ministers without portfolio for this day. And they had asked for credit in the billions. Kohl rejected this. On the same day, we also heard an interview with the president of the USA, Bush, who said: now all that remains is the incorporation of the GDR into the FRG according to article of 23 of the German Basic law. That was a Friday. On that evening, the researcher’s collective sat down together in Potsdam and, over the weekend, drafted the concept for the founding of a fiduciary holding company that would maintain the East German citizenry’s stakeholder’s rights in the national property of the GDR.” (2)

“The Treuhand was after all founded at the initiative of the citizen’s movement. Their idea was that the people of the GDR, the owners, so to speak, would really take control of the businesses. The federal government adopted this idea and gave it a different interpretation—in the direction of an administrative authority. So in the end one can say: the attempt was made to found an administrative authority that would sell the national property. But the idea that this is national property was altogether abandoned. Now it was more about seeing how to extract value. It was said, these businesses have a certain value, and we will sell them at this value. The money we will use for the reconstruction of the East. So in the beginning, a net profit was expected. Later the intention was even to sell this Treuhand model, even though it was not a success, to the Baltic states.” (1)

Treuhand limited companies

TLG—Liegenschaftsgesellschaft (real estate company) of the Treuhand, Ltd.

EXHO—Immobilienverwaltungs (real estate administration) Ltd.

FREHO—Immobilienverwaltungs (real estate administration) Ltd.

GPD—Gesellschaft zur Privatisierung des Handels (company for the privatization of trade), Ltd.

TFG—Treuhandanstalt-Forstbetriebs (forestry) Ltd.

BVVG —Bodenverwertungs- und Verwaltungs (real property exploitation and administration) Ltd.

GVVB—Gesellschaft zur Verwaltung und Verwertung von stillgelegten Bergwerksbetrieben (company for the administration and exploitation of closed mining operations)

DUHO—Verwaltungs (administrative) Ltd.

EWN—Energiewerke Nord (Power plants North)

MTC—Maschinenhandel (machinery trade) TC, Ltd.

TOB—Treuhand Osteuropa Beratungs (Eastern Europe consulting) Ltd.

THV—Versicherungsvermittlung (insurance mediation) der Treuhandanstalt, Ltd.

Treuhand managers

„The Treuhand’s managers came from the West. In my view, there were two types. Some really wanted to help build something, and were soon frustrated by, among other things, the policies of the Treuhand. Then there were especially the young and ambitious managers for whom this job was a stepping-stone of their career. A successful privatization was concluded for them when they had the next higher position. They strictly adhered to the “plan target” to privatize as quickly as possible. They were rewarded for selling quickly.” (1)

Ullmann, Wolfgang / Democracy now

Wolfgang Ullmann was a member of the Round Table and of the citizen’s initiative “Demokratie Jetzt” (“democracy now”). He was a minister without portfolio and a founding member of the Treuhand. He argued that the option to distribute shares to the citizens of East Germany be set down in the statutes.

Veritas

An example for the sale of businesses in the textile and apparel industries.

WMF Aschersleben

An example for the sale of a toolmaking, electrical engineering, and machinery business. The operation was also sold to FAG Kugelfischer.

This is a first version of a glossary that is to be updated continuously with further commentary. The commentary is composed from interviews and other sources.

(1) Mike Geppert in an interview with Andreas Siekmann, November 6, 2005 in Berlin.

Mike Geppert is a sociologist and during the early nineties worked as a lecturer in the fields of industrial and business sociology at the Humboldt-Universität. He did a project on the organizational structure and the strategy of the Treuhand. He now teaches at the School of Business Management, Queen Mary College / University of London, and is currently interested in multi-national corporations and their international strategies.

(2) Matthias Artzt, in: Der Treuhandkomplex, Währungsunion und seine Folgen, Deutschlandradio, 2005

