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Monopolizing the Democratic Dream: The Struggle Over a Free Press in East Germany 1989/1990

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This study provides a historical analysis of the (postsocialist) transition of the East German press system from November 1989 until German unification in October 1990 and thereafter. Based on extensive archival research, it shows how West German political and economic groups shaped its transition and how they, by building market structures to their interest, hampered a profound democratic press reform. Looking at sales, ownership, and distribution infrastructures, this study reveals how West German newspaper publishers, backed by the Federal Ministry of the Interior, expanded into East Germany in all three sectors at the cost of a blossoming local press. The study, thus, fills a gap in research and literature, and helps us understand the conditions within which media systems develop in transitioning countries. It also gives insights into how economic groups might still aim to influence policy-making in modern Western democracies.

Keywords: Germany, press history, postsocialist media transition, critical political economy

> "Revolutionary times call for unusual means if one aims to support the goals of the revolution."
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> —Gerd Schulte-Hillen, CEO of the Gruner + Jahr Publishing House, March 1990 (Schulte-Hillen, 1990a, p. 8)

For many, the fall of the Berlin Wall on November 9, 1989, fostered hopes of democratic liberation and transformation. Millions of East Germans went to the streets to protest state repression and censorship, voicing their demands for freedom of opinion, freedom of information, and a free and democratic media. One year later, on October 3, 1990, the German Democratic Republic (GDR) joined the Federal Republic (FRG), reuniting Germany. Although much has been written about East Germany's subsequent media transition from a state-controlled propaganda apparatus to that of a free, democratic media system, there has been no historical analysis of the underlying political and economic forces that shaped this transition (i.e., Barck, Langermann, & Lokatis, 1999; Haller, Puder, & Schlevoigt, 1995; Schneider, 1991–1992, 1992). With the 30-year anniversary of German unification having passed, there are many questions yet to be answered: How and under what conditions was the East German media reformed and an all-German media market created? Who was successful in implementing their sociopolitical and economic interests, and what

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were the sociodemocratic benefits and losses? Answering these questions is important not only to understand this unique moment in time but also to inform current debates on media in Western democracies.

This study examines to what extent the democratic *potential* that existed at the moment of revolutionary change in 1989 and 1990 found its implementation in the postsocialist East German media. Specifically, it focuses on the transition of the press system from November 1989 until German unification in October 1990 and thereafter. It complements other recent work concerned with broader transition processes in the East German media, such as broadcasting (Tichy & Dietl, 2000) and the book market (Links, 2010). Contrary to existing research, however, this study takes a political economy perspective (Mosco, 2009): It is concerned with the tensions between the normative role news media hold in a democratic society and the economic forces of a newly developing, or rather, an established, expanding Western media market. By reassessing postsocialist history through the lens of a changing press system in the GDR, this study traces broader social, economic, and political realities of this historical moment and its lasting ramifications for Germany.

All findings are based on primary or semiprimary sources. The archival fieldwork was done in Germany, the Netherlands, and the United States. More specifically, primary sources were drawn from 11 public and nonpublic archives (e.g., national archives, party archives, publishers' archives, and so on), and seven private archives of GDR reformers, policy makers, and journalists.[1] Here, several types of historical methods were applied. First, this study examines internal government and administrative communication, policy memos, and other relevant policy documents. Second, it includes news articles in the East and West German press from 1989 until late 1990. Since newspapers and their publishers were central agents of the transition, their respective coverage of the process stood exemplary for the interests at stake. Third, this study draws from personal documents, letters, and notes of key actors, a minister's diary, and detailed unpublished minutes from meetings between newspaper publishers and political interest groups (e.g., the Federal Ministry of the Interior, the East German Round Table, the GDR Ministry of Postal and Telecommunication). This archival work was complemented by 17 nonbiographical interviews with East German politicians and journalists.[2]

This study summarizes the findings of this research. It shows how different West German political and economic groups shaped the East German media transition and how they, by following their own interests, hampered a profound media reform. It does so by giving a detailed historical analysis of the broader structural shifts within which publications were being produced and distributed. More specifically, it focuses on the issues of sale, distribution infrastructure, and ownership; it shows how a West German

[1] List of public archives: Archive Green Memory (Berlin), Archive Democratic Socialism ([ADS] Berlin), Archive of Social Democracy ([AdsD] Bonn), Archive for Christian-Democratic Policy ([ACDP] Bonn), Archive of Liberalism (Gummersbach), Archive of the Federal Foundation for the Examination and Reappraisal of the Communist Dictatorship in East Germany (Berlin), National Archive ([BArch] Berlin and Koblenz), ID-Archive at the International Institute for Social History ([IISH] Amsterdam), Archive of the Wendemuseum (Los Angeles).

[2] Example: Gregor Gysi, Dietmar Bartsch, and Hans-Jürgen Niehof. None of the contacted West German interview partners replied during the phase of data collection (2015–2018).

political-economic order expanded into East Germany by structurally developing a press market one-sidedly in favor of West German economic interests—with lasting consequences. To this day, the newspaper market in the East of Germany is firmly in the hands of West German publishing houses. This study shows that the key to understanding these structural dependencies lies in the assertion of interests in the early 1990s.

By making this point, this study makes a theoretical contribution—first, in that a critical political economy analysis of the media transition has never been applied to the East German context. Second, it reintroduces this important-but-absent theoretical framework to the field of communication research in Germany. By presenting a highly relevant case study on recent German media history, it offers an alternative view to mainstream research on postsocialist German media.

There are two main parts to the research described in this study. The first part provides a brief historical overview to the transition period. It introduces the main actors and protest movements of 1989 and their initiatives to break the information monopoly of the Socialist Unity Party (Sozialistische Einheitspartei Deutschlands, [SED]). The second part documents the strong West German influences in this process by both the federal government and economic interest groups. Specifically, it traces the dealings of the West German newspaper publishing and printing houses Axel Springer, the Bauer Group, Gruner+Jahr (G+J), and Burda. Together, they held about 70% of the market share in the FRG and, immediately after the fall of the wall, deployed different strategies to shape the GDR media landscape. Using their considerable financial resources, the "Big Four" influenced media policies through strategic lobbying, built media and distribution infrastructures to their advantage, and, together with other financially strong West German publishers (e.g., the WAZ Group, Madsack, the FAZ group), flooded the GDR with underpriced products while simultaneously taking over former SED party newspapers and its monopoly infrastructures. Thereby, they left newly established newspapers in East Germany without a chance. This was no accident. The demise of a blossoming civic press was but as a "side effect" of an aggressive market competition on a transitioning, yet unexplored market. Its consequences shape the press landscape in the eastern part of Germany until this day.

Reforming the GDR Press

The reform goal in the GDR in November 1989 was to break the information monopoly of the SED, which could be found in content regulation as much as in media structures. The state party held about 70% of the total newspaper production of the GDR, which, in 1987, amounted to about 6.5 million copies. Among the SED-newspapers were 14 local newspapers with a circulation of 200,000 to 700,000 copies, the nationally distributed *Neues Deutschland* (circulation: 1.1 million copies), and various publications of the Berlin publishing house (Berliner Verlag). The SED, thus, owned 16 of the 39 daily newspapers (which belonged to and were financed by other parties) and administered 90% of the printing capacity and paper allocation (see Axel Springer Verlag AG, 1989). Having experienced firsthand the consequences of this monopolization in accessing, producing, and distributing information, GDR reformers in 1989 aimed at breaking these privileges.

As early as December 21, 1989, after the removal of the old government, the GDR Council of Ministers ratified the Resolution for Newspaper and Magazine Startups. Supporting the oppositional groups

of the East German Round Table, it guaranteed them equal access to media. The resolution aimed at insuring freedom of information by undermining the structural monopoly of the SED (see Council of Ministers, 1989). Shortly after, on February 5, 1990, the People's Chamber of the GDR passed the Act on Freedom of Opinion, Information, and Media. A major step in creating a free media, the act prohibited any kind of censorship and banished the monopoly of the East German Post over press distribution. The press was to be free from political and economic monopolization to, thus, be free to become a platform for public debates. Every person and legal entity in the GDR had the right to publish, print, and distribute media. Licensing was abolished; only registration was required.

This resolution was followed by a wave of newspaper startups: According to a survey of the GDR news service Allgemeiner Deutscher Nachrichtendienst (1990a), 16 newspapers were founded in early February 1990 alone, four with West German investors, others by grassroots or political groups or by regular citizens. By July 1990, about 100 of such newspapers were founded in a country with only 17 million people. While some aimed at finding new models of ownership, others were supported by West German publishers. These newspapers, however, stood for unseen ways of democratic participation and diversity, and the freedom of expression.

Simultaneously, established party newspapers (also those of the SED) claimed their political independence. Undergoing internal reforms, debates on what makes a press truly free were being held in newsrooms, articles, or letters to the editor. By April 1990, a total of three policy institutions were charged with reforming the GDR media: the nonpartisan Media Control Council (MKR); the Ministry of Media Policy (MfM), which was created after the first free election on March 18, 1990; and the Committee for Press and Media of the new People's Chamber. According to Media Minister Gottfried Müller, their aim was to guarantee a "cultivated transition to media freedom" (as cited in Brüning, 1990, para. 3). For this, he emphasized in April 1990, it was no solution to "simply adopt or imitate Western models and concepts" (as cited in Wienert, 1990, para. 5), but the GDR had to find its own path.

The MKR supported a sovereign, economically and politically independent press. To this end, the council was committed to protecting the "freedom of choice for citizens from [old and] new concentration processes" (Ergebnisprotokoll, 1990), it held public hearings and formulated media reform recommendations until the unification of Germany on October 3, 1990 (see Brüning, 1990). Already in March 1990, however, council meetings were overshadowed by heated debates over the "early capitalist Wild-West practices" of West German newspaper publishers (Bächer, n.d.).

Sales

As early as December 1989, West German newspaper publishers began distributing their products in the GDR. At that time, the access to Western press products was a strong political demand in the GDR. Interim GDR-Prime Minister Hans Modrow, at his first meeting with the West German Chancellor Helmut Kohl, thus, agreed on the "mutual exchange of newspapers and magazines" between both states (as cited in "Gemeinsame Mitteilung der Regierungschefs," 1989, p. 6). The first meeting of the German-German expert group that was to deal with the technical issues for this venture took place on February 8, 1990, at the Federal Ministry of the Interior (BMI) in Bonn.

During this meeting, BMI representatives emphasized the great interest of the Federal Republic in a free and independent press in the GDR. The chair of the GDR delegation, Ralf Bachmann, emphasized, however, that several conditions needed to be met to facilitate *mutual* press imports, thus, the opening of the West German market for GDR newspapers. The scarcity of paper and resources posed great challenges. Also, newspapers from the GDR were less known in the West than the other way around. Any bilateral exchange, therefore, required "supporting advertising," several tons of paper, and "solidary support" with printing capacities (Bachmann, 1990a, p. 2). Although the BMI claimed that all proposals were to be examined, *mutual* imports never took place.

Initially, West German newspapers came to the GDR sporadically. Locally organized often in the border regions, imports soon turned more systematic. Already in mid-February, no one knew which and how many newspapers were being imported. Even the BMI admitted, at a meeting with members of the Federal Association of German Newspaper Publishers (BDZV), "there is . . . a need for regulation" (Protocol, 1990a, p. 4). Customs duties and taxes were not paid; prices were not fixed. Still, the ministry concluded that current "activities of [West German newspaper] publishers in legal gray areas" were to be continued (Protocol, 1990a, p. 4): "Until the elections, individual initiatives of publishers appear to be the only solution for distributing West German publications [in the GDR] and are being *explicitly endorsed*" (emphasis added; Protocol, 1990a, p. 4.)

In making this statement, the BMI aimed at ensuring the flow of information by means of a West German "free press" for the East German election on March 18, 1990 (heavily influenced and financed by partisan interests of the Federal Republic). In giving West German newspaper publishers the green light to explore the GDR market, however, the BMI practically supported the idea that a "free press" was to be imported to the GDR rather than to grow locally. It thereby laid the political foundations for a press transition heavily shaped by West German market interests. This also meant that early on, East German newspapers (old and new and under unclear political and economic terms) fought on several levels against a West German competition.

In early March, two weeks before the election, mass-scale imports started, and West German newspapers flooded the market. At that point, GDR newspapers still depended on the resource allocation of a centralized planned economy. This meant that paper was scarce and expensive, paper and printing quality was poor, and newspaper distribution was a constant issue. Shortly after the election, well-funded West German publishers started selling their products for heavily discounted prices. Not following the 1:3 currency exchange rate but rather a 1:1 price ratio, they sold their products for one third of their regular price and below production costs. For East German readers, this meant cheap Western publications that sold "like hot cakes" (Allgemeiner Deutscher Nachrichtendienst, 1990b). This 1:1 price war, however, was a money-losing business only financially strong publishers could afford. Their primary goal was to beat one another in winning new readers. It disadvantaged all small- and medium-sized West German publishers who could not afford to sell at such prices. It further put additional pressure on East German newspapers, not the least because their subsidies, which made more than one third of their income, ceased on April 1, 1990. In little time, they had to find other sources of income.

Most GDR newspapers first doubled or tripled their prices (see Herkel, 1990). In the search for alternative economic models, they quickly turned to advertising and West German capital. Advertising, however, required an infrastructure such as sales and marketing offices (that did not yet exist) and subscribers address lists (that they did not have). Thus, West German expertise became crucial. This—in addition to capital investments—further deepened early dependencies of East German newspapers and opened the doors for West German investors.

Ownership

As early as February 1990, the left-leaning West German newspaper *die tageszeitung* warned that "distribution and sales is one story but West German major publishers entering your press landscape by means of joint ventures is another" (Scheub, 1990, p. 124). Two months later, in April 1990, all East German newspapers stood "in negotiations over sales agreements" (Helwerth, 1990, para. 1) with West German newspaper publishers who, according to the press agency Deutsche Presse-Agentur (dpa), tried "to gain a competitive advantage by getting shares in East German publishers" (Deutsche Presse-Agentur, 1990a, p. 11).

These German-German negotiations took place in a legal gray zone. Officially, the GDR was still a sovereign country and the approval of German-German press joint ventures lay with the MKR. It allowed for Western minority interest shares in GDR newspapers. Unofficially, however, contracts and joint venture deals were closed by circumventing all state institutions. According to the West German union magazine *journalist*, these agreements were "very diverse" (Röper, 1990, p. 34), ranging from the acquisition and sale of advertising, to the printing of newspapers by West German partners to "equity investments or preliminary agreements on such" (Röper, 1990, p. 34). Alliances, however, were "in flux" (Röper, 1990, p. 34). Joint venture initiatives were under constant negotiation. These processes went so fast that only those involved knew who was negotiating with whom.

In May 1990, the GDR government tried to construct an accounting of the holdings of West German publishers in the GDR: Springer (including its subsidiaries) negotiated with a total of 11 newspapers over cooperations, joint ventures or sales. Bauer had five joint venture agreements, and five more were in preparation. G+J planned a joint venture with *Sächsische Zeitung* (circulation 544,700) and wanted to buy two magazines (see Ministerium für Medienpolitik, 1990). The list went on.

Above all, the 14 former SED local newspapers (e.g., *Sächsische Zeitung* and others) were in high demand among financially well-off West German publishers. With stable, high circulation numbers and unbroken structural privileges (in paper supply, printing, and more), they remained quasimonopolies in their respective regions and became the "prime objects" among the GDR newspapers (Röper, 1990, p. 34). According to the *journalist* in May 1990, they experienced a "never ending stream of major publishing houses" ("Schlechte Karten," 1990, p. 41) aiming to close a deal. By then, these publishing houses had already divided the GDR market among themselves. According to one G+J representative, lists circulated on which West German investors were put next to "their" needy Eastern partners. The publishers reasoned that this was because all GRD newspapers were in debt and needed investments. Their stated goal was, thus, to invest and make them competitive (as cited in Allgemeiner Deutscher Nachrichtendienst, 1990b).

The MfM, the MKR, and the GDR government, however, were critical of these developments. Media Minister Müller (1990) wrote in his ministerial diary that it was "especially worrisome" that "the old SED monopoly of local newspapers is going together with new monopolies from the West." Repeating publicly what he had noted in private, Müller urged that the new danger facing the GDR press was that "the old SED monopolies are . . . colliding with new monopolies" (as cited in "DDR-Pressemarkt ist aufgeteilt," 1990). Bauer, for example, had secured the largest piece of the GDR cake: Already by June 1990, it held 49% of six newspapers with a total daily circulation of 1.2 million copies. The publisher provided technological support and aimed at modernizing outdated print facilities (see Deutsche Presse-Agentur, 1990a). Its main competitor was Springer, whose goal, according to CEO Peter Tamm, was "to secure its position as the leading press house and major media company in Germany through its strong involvement in the GDR" (as cited in "Axel Springer Verlag mit Rekordinvestitionen," 1990, para. 4). Including its subsidiaries, Springer held shares in 30% of the total newspaper circulation in the GDR (Röper, 1990).

Müller repeatedly emphasized that these joint ventures were not legally binding, but they were agreements of intent. As of August 1990, the administrative government body and trust agency Treuhandanstalt (THA) was to be in charge of privatizing former party newspapers. Bauer & Co., however, expected the swift "conversion of declarations of intent to final contracts" (Deutsche Presse-Agentur, 1990b). And they were proven right.

The transfer of ownership of 10 former SED local newspapers, with a total circulation of 2.7 million copies and 8,000 employees, was officially administered by the THA on April 13, 1990. The board of directors approved their preliminary sale to "selected buyers"; 12 West German publishing houses won the bid (Klintz, 1991). The price: 850 million DM and an investment of 1.3 billion DM (Klintz, 1991). Although private restitution claims still needed to be examined, the deal was done and the THA had generally approved preestablished joint ventures.

According to Birgit Breuel (1993), THA chairman at the time, the core element of this restructuring process was that profitable East German newspapers (former SED local newspaper monopolies) were systematically divided among (financially strong) West German interest groups that had already asserted their claims. Though each of them was allowed to buy only one GDR newspaper in one region, the Association of the Local Press criticized that the THA, in having done so, had given well-funded, market-dominating West German publishers "a market built on unaltered structures of state centralist monopolies" (Verband der Lokalpresse, 1992, p. 2), not one that had been built by means of fair competition. Breuel (1993) stressed, however, that in the run-up to this decision, West German newspaper publishers had used their considerable media and economic power to influence the outcome in their favor.

Still, this "handover" was not because of the market alone; it required political backing. Early on, the course of the federal government was set to German unity. In this, it decided "against any experiment" (Dussel, 2004, p. 245), meaning the government's primary goal was not to endanger established structures in FRG. This made their takeover in East Germany the only possible solution, which also applied to media.

Of course, officially, the BMI and other federal ministries reasoned with the principle of state neutrality in media matters. This meant, among others, that the responsibility of privatizing former SED

newspapers lay entirely with the THA. The THA, however, was an administrative body whose political agenda (set by the federal government) was *not* to ensure press diversity by means of ownership. Its assigned task was to keep newspapers afloat and jobs secure (thus, to keep former SED personnel), *not* to break former monopolies, and to prevent future ones from developing or to consider any such continuities an issue. On the federal level, it was decided not to expand this task. Internal communication reveals how any concerns about press concentration were pushed aside in favor of fast privatization. An initiative in the BMI to urge the THA "to disentangle the former regional newspapers into smaller units as far as possible and to allow smaller and medium-sized publishers to acquire shares" failed (Protocol, 1991, p. 1). This was partly because of conflicts among federal ministries, jurisdictional disputes, and the passing of responsibilities but certainly also because of pressures exercised by the potential well off buyers who aimed at closing the deal.

Its result was press concentration: Within two years, the number of newspapers in East Germany fell drastically (with a significantly higher concentration of ownership than in the West). Of the original 120 new newspapers founded in 1990, only about 65 newspapers from about 50 publishers were left in May 1992. By November, the number had fallen to 50 newspapers from 35 publishers (Verband der Lokalpresse, 1992). Thus, whereas in 1991 a good 62% of East Germans were still able to choose between two local newspapers, by 1995, almost two thirds of all East German districts were dominated by a single local newspaper—always the former SED newspaper (Mohl, 2011). While no comprehensive study has yet been done on the consequences of this concentration on the content of these newspapers, some research suggests that with the disappearance of the smaller competitor, the quality of reporting of the dominant (former SED) newspaper declined significantly, possibly because of less controversy and topicality, increased usage of press releases, or other reasons (Kunz, 1994).

Distribution Infrastructures

The key to understanding any of the processes described so far is the press distribution system. This is because none of the above (such as massive imports or predatory pricing) would have been possible without the needed infrastructures (logistics, transportation, retailers, and more). Thus, the question of how newspapers (East and West) made it to their readers became the most hotly debated issue during the press transition in 1989 and 1990, while the building of these infrastructures shows how different West German economic interests became its driving forces.

Initially, the East German Postal Service held a monopoly over distribution. Its poor infrastructures, however, constrained the circulation of higher numbers of East and West German publications. Aware of the need for reform, the interim Modrow government, in November 1989, aimed at modernizing the postal system. There were no financial resources available for this reform.

Simultaneously, West German publishers, independent of each other, started lobbying efforts over distribution. Bauer contacted the GDR government on November 16, G+J on November 29, and Springer on December 20. While Bauer aimed at opening the GDR for Western (primarily its own) products, G+J and Springer each sought to be the exclusive West German partner in a distribution joint venture with the GDR and aimed at quasimonopoly positions in other media sectors also (such as newspapers production, printing, and advertising). Both made West German advertising the core source of revenue for the reform of

distribution. According to the G+J model, for instance, West German advertising aired on East German television was to pay for the modernization of the distribution system and pay for the import of West German printing products (Concept, 1989). For, in the GDR and different from Western systems, newspapers were first bought by the post and then resold to the readers. It was a system that depended on high demands and low supplies because any unsold copy would have meant a financial loss for the post. The business concepts of G+J and Springer now introduced private enterprise strategies to these existing planned economy structures. The subsequent message of their concepts was that a reform of the entire GDR press sector was possible by means of advertising revenue and without any additional government investments.

This idea became the basis of *all* distribution reform initiatives in the GDR. The G+J proposal, with its corresponding business model, was turned into policy drafts. When the Ministry of Postal and Telecommunication (MPF) learned of this and saw its own monopoly position endangered, it took over. In December 1989, the MPF emphasized that it was "necessary . . . to make use of the competition [of West German publishers] in negotiations" to, thus, "create favorable conditions" for the post (Ministerium für Post- und Fernmeldewesen, 1989, para. 2).

This meant that between January 5 and 11, 1990, the ministry held bilateral talks with the management boards of G+J, Springer, Bauer, and the publishing house Burda. Its plan to take advantage of the competitive situation did not work out, however. Instead, on January 11, the publishers announced that they had consolidated their interests and were to submit a new, joint concept within a week. It took five days (Schulte-Hillen, 1990b), which was when the "Big Four" sent their draft of an agreement between the MPF and their own cartel for building a private-public distribution joint venture for the GDR. Although in language the draft was like the Springer concept, its financing scheme was based on the G+J advertising model. This also meant the joint venture was to work according to "market principles" and was "not subject to planned economy or comparable regulations on part of the GDR" (Concept, 1990, p. 4). It was, thus, a semipublic enterprise within a socialist-planned economy that worked entirely according to private market criteria. "I believe," wrote G+J CEO Gerd Schulte-Hillen, "with this draft, we have created a solid basis for cooperation" (Schulte-Hillen, 1990b, p. 2).

From this moment on, the Big Four cartel stood in joint negotiations with the MPF, and soon after, on January 23, 1990, all parties signed a provisional partnership agreement. The joint venture was to exclusively handle the retail sale of West German press products sold in GDR currency (Mark) at the 1:3 exchange rate. For this, the Big Four were to invest 60 million Marks in the first year. But since selling the entire range of West German publications was logistically impossible, only an initial selection of 100 publications was to be imported. Chosen "according to comprehensible criteria . . . generally defined based on marketability" (Concept, 1990, p. 5), their distribution was to start in early February 1990.

The consequences of this agreement were far reaching. First, it meant that the East German Post (with its outdated infrastructures) was to continue distributing East German newspapers whose numbers had increased significantly. Thus, not much changed for them except that their distribution problems increased and that part of the joint venture profits were to pay for modernizing the postal system. Second, the question of which West German publications were to be imported became a major issue. This was because, according to internal MPF documents, the "publications included for the starting phase of

distribution were coordinated with the [Big Four] publishers" (Ministerium für Post- und Fernmeldewesen, 1990, p. 3). This meant that 70% of the publications were those of the Big Four—the criteria of marketability played into their hands while it left out less profitable products. This meant a head start in the acquisition of new buyers in the GDR and the expansion of already existing dominant market positions in the East.

By January 26, 1990, the agreement was turned into a policy draft and submitted to the GDR Council of Ministers who was to decide on the matter on February 1. In the meantime, several meetings took place between the MPF and the Big Four to negotiate the details of the deal. At that point, small- and medium-sized West German newspaper publishers had also learned of the planned distribution joint venture. Having been left out of the initial publication list, within days, they started a full-blown information campaign against the planned "deluxe-distribution-model" (Kühner, 1990). Under the leadership of the medium-sized publishing house Jahreszeiten, they demanded fair competition and equal market chances for *all* press products in the GDR. Their arguments, however, related to West German publications only and almost entirely ignored East German interests.

The campaign reached its peak when the CEO of Jahreszeiten, Thomas Ganske, approached the East German Round Table with an appeal on February 3, 1990. This was because earlier, the Council of Ministers had, without much debate, rejected the bill and passed it onto the round table for further consideration. Now, in the run-up phase to its decision, all involved West German parties (smaller publishers, the major publishing houses, independent distributors) took extra lobbying efforts to provide "necessary information" (i.e., Protocol, 1990b). Jahreszeiten, for instance, protested against the "secret negotiations" between the post and the Big Four and enclosed detailed documentation of those talks (Ganske, 1990).[3] All involved parties stressed the importance of a "free press" in the GDR.

In mid-February, the round table, under heavy criticism of the MPF, rejected the bill and passed it to the MKR. This meant that the MKR had to deal with the major issue of distribution at its constitutive meeting on February 21. It neither had office equipment nor sufficient personnel. Still, the council, without executive or legislative power, was now the sole institutional body to decide on the import of West German print media and the restructuring of press distribution. For this, it needed time to evaluate the situation, but time was scarce. The first free election in the GDR was scheduled for March 18, 1990.

The Big Four cartel soon took matters into their own hands. On March 5, they single-handedly installed their own proprietary system: they divided the GDR into four zones of distribution, one for each publisher, to jointly distribute mainly their own publications. This territorial cartel started with about 3,300 sales points; Bauer in the north, G+J in the Berlin area, Frankfurt/Oder, Burda in the southern region of Thuringia, and Springer in the rest of the south. Dpa called it the "Press-Coup of the 'Big Four'" (Deutsche Presse-Agentur, 1990a, p. 4). It was illegal according to federal law, and it caused consternation among all GDR civic groups and media policy institutions. They protested without much consequence. Since the publishers' scheme began only two weeks before the election, the GDR government had little chance to regulate it. The GDR Council of Ministers underlined, however: "The de facto monopolized distribution of

[3] This letter was also signed by representatives of EHAPA-Verlag, Gong-Verlag, Verlagsgruppe Handelsblatt, Jürg-Marquard-Gruppe, Sebaldus-Verlag, and Spiegel-Verlag.

print media by certain West German publishers clearly leads to a strong distortion of competition and would be *inadmissible* under the antitrust law of the FRG" (emphasis added; Arnold, n.d., para. 3)

The council recommended East German publishers to draw attention to these issues by means of their newspapers and to immediately ask the new government to act against unfair competition. What followed shortly after, however, was the 1:1 price war.

Attempts by the MfM to break the publishers' cartel by means of two resolutions in May 1990 failed; an infrastructure put into place proved hard to dismantle. The ministry's initiative to support the development of medium-sized and local press distributors independent of publishers (according to the West German model) were boycotted by the Big Four, who refused to supply their products. Subsequent appeals of GDR institutions to the federal government "to influence the major publishers to cease their actions and return to normal business conduct" (Bachmann, 1990b, p. 2) were rejected. The federal government claimed to have no say in the matter, for it had no "legal jurisdiction" over press distribution or price policies of West German publishers in the GDR (Hübner, 1990, p. 2). The BMI underlined:

> In how far publishers from the Federal Republic of Germany might be circumventing legal regulations in the GDR does not fall within the assessment and jurisdiction of the Federal Republic of Germany. A breach of federal law does not apply. (Hübner, 1990, p. 2)

Despite this rather neutral reply, the BMI did play an important role. On the one hand, it held meetings with the major publishers and other West German (*not* East German) interest groups. It thereby developed its own policy principles on press distribution in the GDR in close cooperation with them (i.e., Protocol, 1990a). The relationship of the BMI to the Big Four was, in fact, so close that the initial response to a protest letter of GDR representative Bachmann to the BMI came from the Big Four—not by mail but by means of a press release. In it, the publishers claimed the GDR had asked the ministry to stop press distribution, which was an interference in the freedom of the press (Bachmann, n.d.).

The BMI also took a central regulatory role: It made clear that any distribution system in the GDR needed to support a diverse press but that any such system needed to be built in coherence with federal competition law to avoid any "damaging changes in the distribution system" in the Federal Republic (Pressedienst des Bundesministerium des Innern, 1990, p. 2). The aim of the BMI was, thus, to keep press distribution in the GDR *compatible enough* for it to be eventually modified and incorporated into a well-established West German system. To this goal, the BMI and the Federal Cartel Office asked the Big Four to adjust their distribution model by means of introducing a minimum of antitrust standards. This meant more diversity by means of diverse ownership shares. In doing so, the BMI set clear guidelines ensuring the future interests of the FRG, but it did this at the expense of newspapers in the GDR. They still depended on the outdated, unreliable postal distribution system. Just getting the paper to the newsstand was, for many, a daily struggle.

When Springer introduced a more diverse model (still dominated by the cartel but with East German shares) on April 4, 1990, the Cartel Office declared it to be "tolerable" (Hübner, 1990, p. 2). Better, it was tolerable *enough* for the GDR. Market-domineering media producers remained in central positions in press

distribution until the unification of Germany. It was only in mid-August 1990, with German unification looming, that the Cartel Office contacted Springer. The office made clear that it had declared the publisher's model to be "tolerable" under two conditions: first, that no independent distribution system was in the making, and second, that the publishers did not further consolidate their interests (Cartel Office, 1990). According to the office, both criteria were not met. An independent system was in the making, but the publishers used their economic power to obstruct it. Further, the purpose of their current system was "to organize press distribution according to the interests of the shareholding publishers" (Cartel Office, 1990, p. 3). This practice, "questionable in matters of neutrality . . . limits competitive opportunities of smaller publishers in publishing and in establishing their less popular publications on the market," for instance, by economizing distribution in the interest of bigger publishers (Cartel Office, 1990, p. 3). In November 1990, and after German unification, the Cartel Office terminated the publishers' cartel. Distribution, however, remained an embattled sector until July 1992, when a compromise was found between independent distributors and those with shareholding publishers (Klammer, 1998). To this day, press distribution infrastructures in the eastern part of Germany differ from those in the former Federal Republic. Various local press distributors are still diversified holdings of various publishers.

Conclusion

The struggle over press freedom in the GDR was driven by two seemingly opposing ideas: a "free press" by means of a "free" expanding West German market (FRG) or by means of regulation for domestic growth (GDR). The free market won, though, of course, not "deregulated" because any market-driven reform requires some sort of regulatory framework. The question, thus, must be whose interests were taken into account and whose were not. In the case of the GDR press transition, the interests of GDR newspapers (especially those newly established) fell through the cracks. Structurally disadvantaged in many respects and still restricted by a planned economy, they fought against aggressive marketing strategies, outdated printing facilities, and paper scarcity, to name a few obstacles, simultaneously. Ultimately, they were taken over by their West German competitors or went bankrupt.

This was possible because the German press market was effectively united by May 1990. This meant that West German newspaper publishers, following their interests, introduced the organizing principles of a privately held press market to the GDR and pushed the limits of these principles to a point that would have been illegal in the FRG. And although it is true that the GDR population demanded access to Western press products, this demand structurally played into the hands of major West German newspaper publishers. This was not the least because early political agreements on bilateral press imports between both German states hid economic realities: A technically superior, commercially organized West German press generally competing in an oversaturated market met an East German press landscape of high demands and low supplies. East German newspapers did not have the resources for additional production, not to speak of coming close to the quality standards in the FRG. The agreement between Kohl and Modrow in 1989, thus, provided the political basis for a one-sided press transfer of West German products to the GDR. This perspective on the transition period fits into the broader critique of the "free flow of information" doctrine of the 1970s and 1980s and the alleged exploration of new (media) markets by means of using democratic ideals to justify the building of structural dependencies (i.e., Schiller, 1975) and as a smokescreen for anticompetitive behavior.

In the GDR, this exploration came by means of massive press imports and the use of predatory pricing by major West German newspaper publishers. Their goal was to gain a competitive advantage over one another, which disadvantaged smaller West German publishers and put East German newspapers (new and old) under high pressures. With the ceasing of subsidies, financial investments became necessary and opened the door for West German advertising and capital investments. In the end, the decision of the federal government to not break monopolies of former SED local papers but to pass them on to well-funded West German investors went against any initial reform impetus of GDR civic groups. It further proved disastrous for most newly established newspapers.

Their eventual demise stood for more than the dying of a press; it meant the death of a piece of the democratic dream of 1989. Experiences, ideas, and initiatives of how to build a free press based on GDR experiences were run over. The failure to take these initiatives seriously during the transition in 1989 and 1990 makes this historic period a lost window of opportunity, not the least because a sovereign East German press never developed. To this day, market concentration and high barriers to market entry define the East German press landscape that still is in firm West German ownership. This is part of the reason why East German voices (newspapers, journalists, and so on) are still a minority in the German press sector (Pürer & Raabe, 2007).

The key to understanding these issues lies with the press distribution system in 1989 and 1990. Mass imports and sales, and accelerating early markets pressures, would not have been possible without the necessary infrastructures. More importantly, however, early lobbying efforts never allowed an independent media policy to develop in the GDR.

G+J and Springer decisively shaped, if not provided, distribution policy reform ideas. This means that GDR policy documents were largely based on the interests of West German publishers aiming for quasimonopoly positions in the GDR. For the GDR government, these proposals promised an easy way out of financial misery. The subsequent singlehanded takeover and monopolization of press distribution, however, disregarded *all* interest groups in the GDR. Springer, Bauer, G+J, and Burda created structures that one-sidedly went in their favor. The consequences of this scheme affected all other sectors and eventually favored also other West German publishers.

As stated, these developments required a political framework. This was provided by the federal government. The interests of the BMI aligned with those of the financially strong publishers in the goal of bringing information from West Germany to a GDR readership. The motive of the BMI was the election in March 1990; the publishers aimed to explore a new market. The BMI, claiming a lack of jurisdiction, thus took advantage of the publishers' market drive to influence the political process in the GDR and, thereby, accelerated the early unification of the German press market. Protests by GDR political or civic bodies and attempts at regulation were rejected or ignored.

This story, more complex and detailed than can be shown here, is untold in research and literature. Its theoretical contribution lies in showing how early structural dependencies were built based on West German political and economic interests. These dependencies still exist today. Though any such macro-level focus necessarily leaves out other important questions, such as the role of readers' demands and the

changing coverage in reforming GDR newspapers, this case study helps us to better understand the conditions within which media systems develop in transitioning countries. Research on postsocialist or postauthoritarian countries all too often emphasizes the democratic turn during any such transitioning. This study has shown, however, how media companies, left to their own devices, undermined a blossoming civic press in their aim to gain a competitive advantage. Similar developments can be seen in other Eastern European countries (i.e., Bajomi-Lázár, 2003). By looking at how media groups shaped policies and infrastructures in the GDR early on, this study further gives insights into how these groups might still aim to influence policy-making processes in modern Western democracies.

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