Report from Bonn by George Gregory and Rainer Apel

Labor takes on the Bundesbank

The national union leadership has been prodded by the unemployment numbers, and by pressure from below.

In an interview on West German TV, Heinz-Oskar Vetter, chairman of the German Trade-Union Federation (DGB), strongly denounced high interest rates as part of a monetarist policy which must be rejected because of its catastrophic effects on the economy, and on democracy and social stability.

Vetter, whose statement reflects the strong ferment that has been building up among West German labor against the Bundesbank, pointed to Britain's monetarist policy, the result of which are the present riots in every major British city. Vetter predicted the fall of the Bonn coalition government if all efforts to fight unemployment, especially among the youth, fail. "The coalition government in Bonn stands or falls over the question of securing jobs!" he said.

A leading official of the textile workers union commented, "The statement was long overdue, but it makes clear now for everyone that the DGB has finally given up its previous reservations against attacking the Bundesbank publicly and raises alarm over the [issue of] economic development."

The textile workers, whose industry, together with construction, suffers most from the high interest-rate policy of Bundesbank chairman Karl-Otto Poehl, have been mobilizing against the Bundesbank course since November 1979, when both the discount and Lombard rates were raised in accordance with Paul Volcker's U.S. measures.

The textile workers were the first trade union to send a delegation into Poehl's Frankfurt office to protest against this monetarist policy in May 1980, and the document they had prepared for this session contained a harsh rebuttal to high interest rates: "We consider it intolerable that, through such a misleading Bundesbank policy, there occur severe losses in production and growth, and an increase in unemployment."

The document accused Poehl and his advisers of ruining the weaker and favoring the "wealthier" branches of German industry by cutting the credit lines to the former. The union was thus correctly addressing the selection process this monetarist policy would bring over Germany.

This was in May 1980—the situation meanwhile has deteriorated even more, with unemployment going up drastically in July from 5.8 to 6.3 percent. In view of new layoffs, totaling 120,000 workers, and of the dangerous trend in Bonn's present austerity debate over the budget cuts, West German trade unionists have come out with demands for low-interest industrial credits through a split capital market. They have hinted that "if the economic situation keeps worsening, parliamentary action against the Bundesbank will become unavoidable, though this has always been a rather sensitive issue in this country," as aides to Ruhr DGB Chairman Bleicher and to the DGB-affiliated WSI economic research institute explained to *EIR*.

Especially in the Ruhr region, workers have shown interest in the U.S. fight against Paul Volcker, because they believe they will have to launch the same mobilization in Germany against Poehl, who has not indicated that he might change his course at all.

The chairman of the influential Ruhr DGB, Siegfried Bleicher, who denounced the "independence of the Bundesbank" in a widely publicized statement prior to the July 19-20 Ottawa summit, has been touring the United States over the month of August in order to get a personal impression of the American trade-union mobilization for the survival of U.S. industries against Volcker's interest-rate regime. Called on the phone, an aide to Bleicher explained that "politicians tend to go for austerity and for social plans, but we here in the Ruhr want industrial policy, we want our workers to keep their jobs in production!"

The Ruhr workers, who have successfully fought against the full deindustrialization of the Dortmund steel-producing region, intimate that they will launch a political mobilization for industrial investment at cheap credit, and that they are in full agreement with West German Chancellor Helmut Schmidt on this point. Schmidt himself has repeatedly stressed in recent interviews that his government considers growth policies essential, and that he is conscious of the fact that "most of our population rejects high interest rates like we have them in America and in France."