Labor, industry demand a solution

Germany, too, is getting hard hit by the economic crisis, while Kohl offers platitudes about the free market.

The last week of February began with a demonstration against the policy of the government: The big industry associations boycotted Chancellor Helmut Kohl's roundtable on labor and investment policies on Feb. 24. They did so because of Kohl's habit of lecturing attendees on the thing he has the least knowledge of—economics.

The labor side of Kohl's roundtable is also discontent with his tales of a non-existent economic recovery in the five east German states. Heinz-Werner Meyer, national chairman of the DGB, the German Labor Federation, told Kohl that after examining "considerable investments" allegedly made in east Germany, most were in the service sector and very few were in the producing sector.

Broadening discontent with Kohl's policy is, as the commitment of unions to launch longer strikes during this year's tariff talks indicates, adding to labor radicalization.

On Feb. 25, workers of the Wismar MTW shipyard on the Baltic coast, which still employed 3,000 two years ago, occupied the facility to underline their demand for job safety and guarantees for shipbuilding in the future. MTW is slated for closure because the government has not been able to come up with a program to secure the 20,000 jobs in east Germany's shipbuilding sector. Only 3,000-4,000 jobs are to be kept, and this means the closure of whole facilities—MTW being only one.

What makes the situation now even worse, is that it was decided in Bonn on Feb. 25 not to extend the special payments for those on short work in the east beyond Dec. 31, 1991. This means that no less than 500,000 workers who are either partially employed or are paid without working (and thus kept out of the jobless statistics), will lose their jobs in the next weeks and months.

Anticipating this change, which will push the east German jobless rate from its present 16.8% to beyond 20-25% within a few weeks, all 63 eastern members of the Bonn parliamentary group of the Christian Democrats met with Kohl to raise the alarm. They were hoping to extract a promise from him to save the most volatile sectors of the eastern industry from collapse by turning them into state enterprises. This, they argued, would secure 200-300,000 jobs in the 15 biggest firms in steel, mining, and shipbuilding. Kohl refused to make promises, lecturing, instead, about the "inevitability" of moving the eastern economy from state management to free market conditions.

Kohl's free market ideology has also come under increasingly open attack from the Christian Democrats in the east German state governments. Telling, in this context, was an essay published Feb. 11 by Kajo Schommer, minister of Economics and Labor Affairs in Saxony. Leaving the eastern economy to free market forces, Schommer warned, "denies them all chance of recovery." Instead, state intervention should create equal conditions for enterprises of all sizes (i.e., no preference for cartels), prevent entire branches of the economy from collapse (no de-industrialization), and keep industrial firms that are now in too bad a condition for privatization (outmoded machinery, heavy debt, etc.), under a state umbrella. Schommer's remarks were the more remarkable as he was among those who were vehemently defending the flag of market economy against state intervention only a year ago.

The key to secured industrial employment in eastern Germany is three urgent steps: 1) canceling the old debt which causes, because of the high interest rates, more expense to the taxpayer than writing it off would now; 2) launching big public projects that can employ several hundred thousand workers quickly; and 3) creating a new system for productive industrial credit at low or, preferably, no interest rates.

Steps one and two have been called for in numerous initiatives from east Germany in recent weeks. Christian Democrats from the states of Saxony and Thuringia already called on the Finance Ministry in Bonn to cancel what was then DM 100 billion ($62 billion) in old debt that remained on the books of the former state sector industry which blocks any development. Among the bigger projects proposed is a new initiative Feb. 23 by the Free Democrats of the state of Brandenburg for a track for the magnetically levitated Transrapid train from Berlin to Dresden. This project alone would employ 150,000 jobs in construction and high-tech industries.

What is missing in the debate is a discussion of proposals for a new credit system, like the one worked out by Lyndon LaRouche. His ideas are studied behind closed doors, but Bonn has restricted discussion of new policy initiatives. Now, economic reality is asserting itself, and more people are thinking about entirely new approaches. This will increase the pressure on Bonn to change policies—or fuel a campaign for a new government.