

Report from Bonn by Rainer Apel

Globalizers coming under attack

Some politicians are demanding an end to the destruction of the labor force by "downsizing" and "outsourcing."

So far, there have only been hints that Germany may face a hot autumn of labor protests and political strikes, which will be begun shortly after the end of the summer holiday period on Sept. 7, with a national day of action by the national labor federation, DGB, in several big cities. In the beginning phase, this new wave of protest certainly will need some time to pick up the momentum that it showed in the May-June period, which culminated in the biggest-ever labor rally of 350,000 or more in Bonn, on June 15. But there is something that promises to make this new protest wave even more forceful, by late October or early November, which is the fact that the economic debate in Germany meanwhile has made the monetarist banks, the globalizers, and the corporate "downsizers" much more the target of criticism. The labor unions can be expected to be influenced by this progress in the debate, and it will become visible in their slogans and campaign arguments.

While in the spring, many experts were still trying to propagate the "U.S. model" or the "British model," as "proving that deregulation and downsizing creates millions of new jobs," the weeks since then have seen those "models" discredited in the eyes of many experts, and there is now more awareness of the U.S. or British critics of those "models."

A prominent example of this development is Rainer Eppelmann, the national chairman of the CDA, the Christian Democratic Union's labor committees, who toured the United

States in mid-June and returned with the idea that initiatives like those taken in the U.S.A., to use the state taxation policy as an instrument of favoring firms that employ new workers, should also be launched in Germany.

Eppelmann was briefed at the U.S. Department of Labor about this kind of legislation, and early in August, he called for a special tax to be raised from those firms that have a radical downsizing approach. The revenue from this tax should be used to support firms that show a commitment to employ new workers, but which lack the funds to do so (and get no money from the banks, either)—which is the situation that many of the medium-sized industrial producers find themselves in, at the moment.

Other politicians have proposed somewhat similar legislation, for example, giving considerable tax breaks to firms that employ new workers, while keeping the full tax on those that fire workers and invest abroad. A variation of this theme is the proposal, made by many these days, to have a dual taxation policy, differentiating between firms that employ new apprentices, and firms that don't.

There are also initiatives under way to retaliate against firms, especially in the construction sector, that cheat both the tax collector and the labor unions, by refusing to pay the minimum wage and by employing cheap labor from low-wage countries in the European East, as well as from Britain, Ireland, and Portugal, instead. The state governments of Bavaria, Saxony, Saarland, Hesse, and Rhine-

land-Palatinate have already announced such legislation, to get more Germans employed in construction projects.

This legislation amounts to a ban from public sector infrastructure and construction projects against all those firms that outflank the minimum wage regulations. At a time of deepening economic depression and shrinking private-sector projects, such state intervention to discipline the firms in the construction sector has more chances to be successful than it has in the past.

This new legislation also provides useful protection for those German firms that pay the minimum wage or more, against firms that don't, through the state-guaranteed funds which the favored firms receive, for carrying out the projects. This gives the firms a guarantee also to be able to pay those minimum wages—which is something that they have problems in doing, under the brutalized, deregulated free market conditions that have dominated the employment market in Germany in the last decade.

What is becoming visible in these initiatives, is a return to the principle of state intervention, and it is a first counterattack against the globalizers and downsizers. This comes in the context of the broader political backlash against the austerity dictates of the Maastricht Treaty, which *EIR* reported on last week.

The next step has to be a policy that forces the banks to pull back from financial speculation and to return to real industrial investments. The fact that the "Tobin Tax" proposal, for a tax on speculative investment in the United States, has surfaced in a number of political statements across the political spectrum, in recent weeks, indicates that this may well be the direction which the debate will take, this autumn.