

Report From Germany by Rainer Apel

'We're Cutting Ourselves to Death'

Remarks by a former senior government official underline the many missed opportunities, since the Berlin Wall fell in 1989.

At a seminar of the Green Party's Heinrich-Boell Stiftung, in Frankfurt on Nov. 27, Albrecht Müller, former senior official of German governments from the late 1960s on, and for several years the head of the Chancellory planning staff under Chancellor Helmut Schmidt, lambasted the current obsession with budget-cutting as "insanity. . . We're cutting ourselves to death."

The French, Müller said, have increased public spending in select areas during the past few years, to stimulate production growth and consumption; but German governments since that of Chancellor Helmut Kohl, which began in October 1982, have added one budget cut after another, each of them making things worse.

I asked Müller why, in this current crisis, the mid-1960s Stability Law, which would enable the government to intervene, is not being used, instead of the European Union's disastrous Maastricht "Stability Pact." Müller replied that the Social Democrats as well as the Greens are followers of neo-liberalism; they don't like such laws, which for them are the Keynesian enemy of free-market ideology.

He singled out Hans Tietmeyer, the former central bank governor, as a key figure in the change of belief structures in Germany, during the 1980s and 1990s, saying that Tietmeyer's leading position in the Initiative for a New Social Market Economy propaganda machine (see preceding article), reflects that role. Müller added that the big chance to modernize and reconstruct the eastern German economy in the process of the reunification after 1989, was ruined by Tietmeyer's high-

interest-rate policy at the central bank, which killed all potential for reconstruction.

Müller's remarks serve to recall what the original designs for the future Germany were, when the Berlin Wall and the East German regime came down in Autumn 1989 (see *Feature*). Put under maximum pressure by the Allied powers (France, Britain, the Soviet Union, and the United States), the German elites were forced to accept numerous conditionalities, in exchange for agreement to reunification.

The assassination of Deutsche Bank Chairman Alfred Herrhausen on Nov. 30, 1989, removed the last gifted thinker among the bankers of Germany, who was capable of alternate designs to monetarist scripts for the reunified Germany and Europe, and Germany was pushed back to monetarist dogma.

But there still were leading individuals who revolted against these conditionalities, one of them being Detlev Rohwedder, who in late 1990 took over the chair at the Treuhand Agency, an institution created in July 1990 to transform the eastern German state-run industry.

The overall orientation for Rohwedder was, naturally, a policy of privatization and deregulation, but his own view was to preserve as much of the industrial production potential of eastern Germany as possible, especially its workforce. Unlike those who called for scrapping all eastern German economic ties to Russia and other eastern countries, Rohwedder thought that exactly these ties, developed during 40 years of post-war history, were

a bonus for the reunified Germany and for the Soviet Union.

The huge eastern German refinery complex in the "chemical triangle," Halle-Bitterfeld-Leuna, with about 60,000 industrial workers, and another 250,000 industrial jobs in related chemical production centers of eastern Germany, would have survived, in Rohwedder's design, and become the stepping-stone toward broader and deeper petrochemical cooperation with Russia and the other republics of the Soviet Union. With that as a foundation, up to 1 million jobs in eastern German industry could have been preserved.

That design was brutally destroyed, when Rohwedder was assassinated on April 1, 1991, and there was an abrupt change of policies under the new Treuhand head, Birgit Breuel, a radical privatizer and deregulator, who within only two years eliminated up to 3 million industrial jobs in eastern Germany.

This process was accelerated after the neo-liberal coup in Moscow, in August 1991, which meant the end of traditional industrial ties between the Soviet Union and eastern Germany and led to very sad scenes all over Germany's eastern regions, where ships, rail cars, harvesting machines, and other equipment lay idle, having been ordered by Russia before 1991, but never having been paid for.

The new Russian oligarchs who emerged, after 1991, were no longer interested in industrial cooperation with Germany, but only in big Western loans, part of which they used for takeovers of state-sector industries to build their own new empires, and in speculative financial operations. German banks also played a role in that—against the interests of German industry. To this day, the potential of German-Russian cooperation has remained largely untapped.