West Germany

# Will the Ruhr region be de-industrialized?

by Renée Sigerson

Early this August, an internationally based financial clique decided to topple Germany's seventh largest industrial concern, the Allgemeine Elektrizität Gesellschaft (AEG), unleashing the opening phase of a full-scale economic depression. Since AEG's entry into proceedings to avoid bankruptcy, West Germany is in a state of upheaval.

One of the key personalities acting to shape the outcome of this political crisis is the chairman of Germany's "fourth political party," European Labor Party (EAP—Europäische Arbeiterpartei) chairman Helga Zepp-LaRouche. In the second week of August, Zepp-LaRouche issued three "open letters" which have been distributed in tens of thousands of copies to trade union, Social Democratic and industry groups. The documents included a critique of the "deal" Chancellor Schmidt foolishly thinks he struck with Secretary of State George Shultz to paper over the international credit crisis; a call for a mass mobilization in Germany, to have the environmentalist/terrorist "Green Party" outlawed as unconstitutional; and a detailed outline for saving Germany's economy over coming months through bold measures aimed at establishing a New World Economic Order directed toward industrialization of the Third World.

On Sept. 7, the national trade union federation (DGB) is holding mass demonstrations to protest budget cuts in social services last spring. The trade-unionists around the EAP are considering an intervention to turn that event into a mass show of support for an economic recovery policy.

## The fight around Ruhrstahl

Within days of AEG's failure, devastating reports began to be made public on the current condition of the German economy. Exports—which account for over 40 percent of industrial output—declined 4.6 percent from June to July. In some regions of the country, unemployment is already well over the national average of 7.5 percent, and recently a leading trade unionist in the industrialized Ruhr region issued a public statement that he wouldn't be surprised if unemployment in parts of that area were to hit 20-25 percent.

The semi-nationalized Volkswagen corporation has announced that at the end of September it is putting 75,000 of its 125,000 employees on reduced work hours for some weeks, as a result of a major downturn in sales.

The same clique which brought AEG to its knees—a network of Munich-Frankfurt private banking houses, represented by the Swiss-linked electronics magnate Peter von Siemens—are now attempting to condemn the Ruhr's heavy industry to contraction and cartelization.

A fight has erupted in the Ruhr city of Dortmund. In the spring of 1981, the EAP worked with labor leaders to set up a mass demonstration in Dortmund which called for the construction of a new steel foundry, named the Westphalenhütte, to replace the deteriorating, uncompetitive Phoenix foundry section of the Hoesch corporation. Following the demonstrations, an agreement in principle was reached for a DM 1.5 billion federal guarantee to back investment in the plant.

Suddenly, the Dortmund authorities were informed by the office of Economics Minister Count Lambsdorff that the government guarantee was being reviewed, on the grounds that the project had failed to attract sufficient private investment. Terming the plan too ambitious, the Ministry recommended that Hoesch cancel the new plant, and seek a DM 700 million loan to refurbish the outmoded Phoenix works.

The entire town of Dortmund is now in an uproar over the Lambsdorff affront. Fueling the anger is a report that the Economics Ministry has given approval to the Thyssen and Krupp steel conglomerates to merge their specialty steel divisions into a new firm, which could quickly become Western Europe's largest specialty steel producer.

Lambsdorff has argued that the review of the guarantee for Hoesch is not related to the Thyssen-Krupp merger, but no one in Dortmund believes him. The Westphalenhütte project was scheduled to go into effect later this year, following a merger between Krupp and Hoesch to form a new company, Ruhrstahl AG. In addition to the credit guarantee for Westphalenhütte, the federal government was committed to providing a DM 4.8 billion investment credit to Ruhrstahl AG. Lambsdorff has always opposed this expenditure.

The Thyssen corporation, which now expects to pick up the shards of reduced industrial capacity in the steel sector, is the only German steelmaker which is part of the Anglo-American "multinational corporations" network internationally. Unlike Krupp and Hoesch, for Thyssen a shutdown of German capacity can be offset by increased earnings in low-wage plants in Brazil, or even the United States. Thyssen's objective is to rationalize German steel output to conform with the Davignon Plan, the scheme for a shutdown of Europe's basic steelmaking capacity under the aegis of the European Community's Economic Commission.

In addition, since the AEG proceedings, German bankers have been disciplined to orient lending toward crisis-management and pre-depression policies. The banks have told Hoesch and Krupp officials that the only grounds on which they will finance the Ruhrstahl merger is if government investment credit backs up their risk. Lambsdorff is playing his part by trying to make allocation of that credit dependent on the banks' commitment to lend private capital.