

## Report from Bonn by Rainer Apel

### Labor initiatives in eastern Germany

*The free market invasion forces labor to develop a genuine industrial strategy, adopt an international perspective.*

**T**he economic situation of the five eastern German states is absurd. Of 6 million industrial workers and 4 million public and service sector workers, 2 million are jobless and another 1.8 million on short-work. About 70-75% of eastern Germany's exports to Eastern Europe and the Soviet Union have collapsed in the past 12 months. At best, exports to the Soviet Union this year may reach 30% of 1989 levels.

No industrial region can survive a collapse of that scope. And indeed, East Germany did not survive it, but merged with West Germany on Oct. 3, 1990. Most of the collapse occurred after unification, but cannot entirely be blamed on the market economy of western Germany wiping out uncompetitive eastern German firms.

To a great extent, the collapse was pre-programmed in the early 1980s, when a severe economic crisis hit communist-run East Germany, followed by the crisis of 1987-88, which led to the stream of 340,000 refugees into West Germany in the summer and autumn of 1989. This is just to note that the economy of East Germany would have collapsed in any case sometime in 1990-91, along with the collapse of the Soviet Union and East European economies.

It is the social services net of the west German system that has prevented some of the worst effects for eastern Germans. Were the west German economy not in such relatively good shape, as compared to most other Western industrial nations, the 16 million eastern Germans would be faced with austerity as brutal as the East Eu-

ropeans and Soviets are now facing.

But Germany is faced with a fierce Anglo-American trade war, and Bonn is pursuing a muddling-through policy of compromise and dissent with Washington and London.

Expected to lose about 30% of its export markets in machine-tools and industrial products in the West in 1991, western German industry is trying to "export internally" to the eastern states. At the same time, Bonn is observing the restrictive production quotas of the European Commission on steel and farm products. This means that most of the production in eastern Germany is seen as "superfluous for the time being."

There are new investments being made in the eastern states, but they are developing slowly, with 3-400,000 new jobs expected to be created while 3-4 million will be abolished by year end. This "market economy" is meeting resistance from eastern German labor.

This author attended a June 8 meeting organized by the Schiller Institute in Wolfen, at the heart of the "chemical triangle" that covers a large part of the state of Saxe-Anhalt. Factory councilors were at the meeting, among them workers of the two biggest chemical production sites—Bitterfeld and Schkopau—of the Brandenburg steel plant, and the heavy machine plants of Magdeburg (SKET) and Leipzig (Takraf).

Discussion was sparked by a keynote speech by Schiller Institute chairman Helga Zepp-LaRouche, and by Jonathan Tennenbaum of the Institute's task force that is working on

Lyndon LaRouche's concept of the "Productive Triangle."

It turned out that eastern Germans are less scared about nuclear power than western Germans. They endorsed the building of new nuclear power plants.

The "chemical triangle" of eastern Germany is the last one in Europe to still produce aluminum. Before, it operated on an outmoded lignite-based energy cycle that was state-subsidized by the communist regime. With nuclear energy, large-scale production of aluminum, which is otherwise "migrating" to the Mideast, will be feasible. This is one of the proposals worked out by a committee of factory councilors and researchers in the region.

Modern infrastructure development is another initiative of the committee, which has planted the idea in the minds of politicians for a magnetically levitated railway link from west-ern to eastern Germany.

The fact that none of these labor initiatives has received a positive response in western Germany has led to bitter disappointment and radicalization. The lesson to be learned—painfully, as was visible at this Wolfen meeting—is that even the best ideas of the labor movement can't win if they are not made part of a broader spectrum of activities. Labor in Germany has to fight the free market economy in an alliance with labor in other countries. Labor's perspective must be broadened to cope with the political reality which is international in scope.

It was resolved at the Wolfen meeting that "open letters to labor" be printed and distributed. These letters will report and comment on key labor issues such as the debate on the new papal encyclical against free market ideology, or updates on the labor struggles in the Americas against George Bush's North American Free Trade Agreement.