

“Naked Maja”—ed.], since the cover of the Windsor monarchy is falling down, but on the contrary, people are so blind and eager to make a career that they still believe in what they are told to do,” he added.

Inside the PPI, the Popular Party which replaced the Christian Democracy, there is a fight over whether the PPI should join the so-called “moderate pole” led by former Prime Minister Silvio Berlusconi in the next national elections, expected when the Dini government falls, or join the “left pole” led by Romano Prodi, former senior adviser to the Goldman Sachs investment house, who is pushing for a North American Free Trade Agreement-like free trade treaty, and promises to be more loyal to the City of London than Fini.

Also inside the PDS, which used to be the Communist Party, people are very angry at the new secretary Massimo D’Alema who chose such a “ridiculous candidate” as Prodi to lead the left, thus making sure the moderate pole wins again. Italy is the only country in the world where the left is supporting a government, led by Lamberto Dini, which is proposing an anti-popular austerity budget, which is instead opposed by the right wing. As a matter of fact Dini’s austerity budget was approved by the Italian Parliament on March 8, thanks to the votes of the PDS and the separatist Northern League.

### **Dirty tricks behind ‘clean hands’**

To make things even more complicated for both the Italian population, which is fed up with the circus being played every night on the news shows, as well as for foreign observers, who are starting to give up on understanding Italian politics, whenever there is an attempt to create a reference point, such as a newly reunified Catholic party (which would be looked at with interest in Germany and elsewhere), its proponents are suddenly hit by “Clean Hands” so-called anti-corruption investigations. This tends to confirm that there is a very political use of “justice” in Italy.

The most famous such case is the trial which opened on March 2 in Palermo against former Prime Minister Giulio Andreotti, one of the historic leaders of the Christian Democracy, and presently chief editor of the Catholic magazine *Trenta Giorni*. Andreotti used to be the most powerful politician in Italy, and in his position as prime minister, he had (like Aldo Moro, kidnapped and murdered by Red Brigades terrorists in 1978) more than once quarreled with Henry Kissinger and, more recently, with the Bush administration. His trial, together with a number of smaller scandals popping up every day in the press, is apparently aimed at eliminating the role of Catholics in Italian politics.

If confusion reigns in the Italian political panorama at least something became very clear in the first week of March: Italy should look for better advisers in economic policy, definitively drop the City of London ones and rather go with LaRouche’s proposals to stop speculation and revive industrial production.

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## **The Case of Essen**

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# **Deindustrialization takes toll in Germany**

by Birgit Vitt

Elections to the state parliament are coming up on May 14 in the key German industrial state of North Rhine-Westphalia, and the state’s supremo, Gov. Johannes Rau, is trying for the last time to get an absolute majority for the Social Democratic Party (SPD). Yet all the other possible political combinations, such as “red-green” (Social Democrats and Greens), “black-green” (Christian Democrats-Greens) or “black-yellow” (Christian Democrats-Free Democrats), couldn’t make the economic policy any worse than it already is. There is not the trace of a perspective.

Above all, for a long time there has been no politician in North Rhine-Westphalia who has felt the need to say a word about the upheavals on the international financial markets. This reality does not exist in what is still the biggest industrial region of Europe—at least, to all appearances, not in public discussion. Although the first big bankruptcies triggered by speculative business practices have reached this state, like the Herstatt failure and the downfall of Kloeckner, people prefer to stick their heads in the sand.

It is precisely in order to finally get this discussion under way, that the Civil Rights Movement Solidarity, the Germany-wide political organization founded by Helga Zepp-LaRouche, is going to be running a slate of candidates in the upcoming state election.

Even in North Rhine-Westphalia—where people are so proud of their universities and where, in 1994, the Nobel Prize in Economics was awarded to a Bonn economist for applying game theory to economics—there are a few individuals on whom it is finally dawning, after 15 years, that something like a “deindustrialization process” has happened in this region, which we are now paying for. Because, as these insightful folk say, without production there are no buyers for services.

Now, the Chamber of Industry and Commerce (IHK) in Essen has come to this conclusion, in a study entitled “The Industrial Development in the Essen IHK District from 1977 to 1992,” released in February. The Essen IHK District comprises the cities of Essen, Oberhausen, and Mülheim. It is a district distinguished by mining, steel production, machine toolmaking, and other industrial operations of the sort disparaged today by many as industrial “dinosaurs.” The period covered in this study is informative, insofar as it encompasses



*In a protest against deindustrialization in the Rhine region, steelworkers "bury" German anthracite coal at a demonstration in Bonn in 1993.*

the whole period of the Rau state administration's so-called restructuring policy.

### **Developments since 1977**

The figures for the Essen industrial-commercial district can be compared with the trends in the same timeframe in the nearby Ruhr region; in the state to which both districts belong—North Rhine-Westphalia; and in the German Federal Republic as a whole. By and large, the Essen district comes out the worse in all these comparisons.

At the outset of the period studied, more than 50% of the official workforce (those who pay into the social insurance system) were active in the sectors of energy, mining, industry, and construction. In 1992, this "blue collar" ratio had fallen to 39.3%. The service sector had increased its job offerings in the "general services"—which includes, for example, tax consultants, lawyers, medicine (+45.7%), credit institutions and insurance (+25.7%), as well as the public and semi-public sector (+27.6%). For the individual cities the following shift occurred: In Essen in 1977, some 53.7% were active in services, but in 1992 this climbed to 64.1%. In Mühlheim in 1977, some 57% were active in production, and 15 years later, 9% fewer. In Oberhausen, 63% of the active workforce was employed in productive industry in 1977, and by 1992, only 46%. This trend is also manifested in the gross production of goods. In Essen, the share of the producing industries in the gross product stood at 38%, in Mühlheim 42%, and in Oberhausen 38%. In the Ruhr region it was 41%, in North Rhine-Westphalia 43%, and in the Federal District (around Bonn), 42%. The Essen IHK District therefore gets the worst of the comparison.

This, of course, has also had its impact on the number of

people active in industry. The total shrunk from 126,235 to 79,695 (down 36.9%). When we look at specific sectors, the operations of raw materials and goods producing firms lost 15,902 jobs, while in capital goods production, 12,294 workers were laid off; in mining, 11,657; and in consumer goods producing firms, 6,824. The unemployment rates in December 1977 were at 6.4%, and they climbed continuously to 15.8% until 1987. They sank during the next five years to 10.4%, but since December 1992 they have climbed again. The drop in this figure was certainly a result of the short-term positive effects of German reunification. In absolute numbers, we end up with a rise in joblessness of 107%, in other words, the region went from 22,240 unemployed in 1977, to 46,064 in June 1993. The ratio between the number of jobless and the number of available jobs (to say nothing of the type of work) climbed from 6 to 19 per job.

This observation must be seen together with population trends. The number of inhabitants of the Essen industrial-commercial district shrank during the period of the study by 4.9%, from 1,082,854 to 1,030,256. This would be an even more negative statistic except for the shift after the fall of the Iron Curtain. Even here, the Essen IHK district, in comparison with the Ruhr (−0.3%), the whole state of North Rhine-Westphalia (+3.8%), and the states of the former West Germany as a whole (+6.4%), is much worse off.

Energy demand sank by 43.2%. According to studies, the reason for this is better energy utilization, changes in structural processes, the shutdown of operations or sectors, and conservation measures. The lion's share of it, however, is due to decreased production of coal and coke, because among others, Thyssen ceased its steel production in Oberhausen.

The inferences which are drawn from these trends in the Chamber of Industry and Commerce study show clearly what the problem of economic policy is in Germany. Above all, they lack any broader vision for economic development out beyond the state borders of North Rhine-Westphalia or the Federal Republic of Germany. Since they stay within the existing framework of thinking, what comes out is a mixed bag of good and bad proposals. Thus the proposals range from seizing onto the environmental market as the motor for growth, to more useful ideas such as strengthening small and medium-sized businesses, setting up job retraining programs, reducing environmental taxes, and improving the transportation grid.

The fact is, as long as the basic principles of physical economy are not scrutinized, and first and foremost, as long as there is no clearheaded analysis of the scissors relationship between production and financial development which currently prevails internationally, and also in Germany and North Rhine-Westphalia, the spokesmen for the economy, the political parties, and other social organizations will not be able to put forward any proposals which will lead to the solution of the crisis and the elimination of joblessness.