

## Report from Bonn by Rainer Apel

### They are still not doing their job

*The big labor protests against budget cuts will be in vain, if the labor leaders continue to back an "energy tax."*

No doubt, the ongoing nationwide mobilization of the German labor movement against the government's planned deep cuts in the social and labor affairs budgets is building momentum, and it is impressive. With an average turnout of 50-80,000 workers of the various unions engaged in daily warning strikes over the first two weeks of June, and the national rally in Bonn of up to 250,000 union members, on June 15, the labor movement has shown that it can mobilize. ■

For a European country that has had a strong postwar reputation for labor peace, the June 15 event, involving all 16 member unions of the DGB national labor federation, is something that has only occurred every 15-20 years. With 9.4 million members, the DGB is a political factor that cannot be ignored. The "quiet" on the labor front, is key in the productivity and reliability of German industry, and it ensures that the quality of industrial products does not suffer the kind of sabotage that workers commit in countries that have deep disregard for the workforce. Substandard production is still very rare in Germany's industry.

Certainty of receiving fair pay, contributes a lot to the pride German workers put in the "Made in Germany" label. However, German ideologues who have borrowed massively from the London-based cult of liberalism and deregulation, tend to deny this fact.

Ironically, this was confirmed in a survey by the London-based Business Council, which concluded that, while

German industrial products certainly rank among the most expensive in the world, the clear advantage that German products have over their competitors, is their extremely high quality. The reason, the survey said, is that the average, steadily employed German worker whose job is well-paid, lives up to this job security with high reliability.

The Bonn government, influenced by the deregulation and budget-cutting ideologues, risks destroying this very advantage, and that will prove more damaging, in the long term, than any wage cuts. German labor leaders have also tried to address this, in order to revive the social consensus between labor, management, and the government. But the government, prompted by the International Monetary Fund, decided not to listen, and suddenly decreed cuts in the range of DM 25 billion for FY 1997. This broke off the Bonn roundtable talks on budget problems between labor, management, and the government in late April; since then, labor has escalated its protests.

But the ongoing labor mobilization suffers from a dangerous flaw: The unions have no program for a serious alternative to monetarism, but they do have some aspects of a potential alternative. Criticism of the financial speculation and hostile takeovers at the expense of industrial jobs, has become a prominent feature in labor's political agitation.

On June 11, Dieter Schulte, the national chairman of the DGB, reminded the government and the other critics of labor, that "management

mistakes or worse" in the spectacular cases of financial fraud, illegal transfers, and ensuing corporate collapses over the last two years—Schneider, Balsam, Kloeckner, Daimler-Benz, Vulkan—have racked up economic damages of DM 10 billion. Schulte and other labor leaders have called for a special tax on speculation, and for legislation making speculation with corporate funds a crime, holding managers personally responsible.

Calls for measures against speculation, and especially against derivatives, unfortunately, are not at the center of the DGB mobilization.

What is, rather, is its demand for an "energy tax," to increase tax revenue and ease the budget pressure. Designed as a compromise between the strong ecologist currents inside the labor unions and the government, at the expense of industry, the DGB approach is a dangerous compromise with the monetarists—who, in any case, are looking for ways of increasing the tax burden on industry, which is alleged to "consume too many resources" (which the monetarists perhaps think could be better spent on debt service).

The DGB energy tax campaign puts labor at odds with energy-intensive industry. Knowing that, labor leaders are calling for an "energy tax" on the condition that the energy-intensive industry be exempted. This, however, will necessarily turn the energy tax into a tax on private consumption, which will hit working and retired people, who already account for most of the private consumption that is taxed. The speculators, who spend their money mostly abroad, meanwhile go untaxed.

If the DGB leaves the speculators untouched, it will leave its own union members unprotected, and this is one of the big, indirect messages of the labor mobilization for the June 15 event.