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Report from Bonn by Rainer Apel

The biggest strike wave since 1974

If Chancellor Kohl stays loyal to the austerity policy of the International Monetary Fund, Germany is heading for disaster.

The threatened strike of 130,000 steel workers, which would have affected whole sections of the automotive industry and other still-profitable branches of the German economy, was averted in a last-minute effort in late January, with a management-labor compromise on a wage increase of 6.4%. But the steel settlement gives no reason for relief on the labor front.

Other big strikes may still occur. The first round of wage negotiations for 4 million metal workers begins in mid-March, and 3 million public sector employees and 1.2 million construction workers may launch strikes in April or May. Some 430,000 banking sector employees, whose negotiations had broken down at press time, may be on strike by the end of February.

The last time so many workers were on strike at one time was the spring of 1974, when protests of metal and public sector workers contributed to the fall of Chancellor Willy Brandt.

"This isn't 1974, and I'm not Willy Brandt," declared Chancellor Kohl, calling for a tough line against the labor demands.

This is not 1974, indeed—it is worse. All sectors of export-oriented industry in the 11 west German states have been hit hard by the collapse of world markets. Metal-processing firms will lay off at least 50,000 this year.

The jobless rate in the five east German states is 16.8% now, meaning that, including those who have been put on short-work, 3.2 million out of the 8.5 million working population of the five states are without regular work. Another 500,000 workers and employees are slated to lose their jobs this year. In some regions of east Germany, where industrial output has dropped by 50-60% compared to 1989, the jobless rate has jumped to 40-50%.

This is the result of a deindustrialization policy of the government, the banks, industry in the western states of Germany, and the Treuhand agency in Berlin, which inherited the 6 million workers and employees of the former East German state. The Treuhand, which is in charge of the privatization of the former state sector, has come under heaviest attacks by labor and politicians in the east German states, but the real culprit is the Finance Ministry in Bonn, which controls the Berlin agency.

Finance Minister Theodor Waigel objects to any discussion of changes in the Treuhand concept. Rejecting the idea of canceling the 110 billion deutschemark debt that the east German state sector firms inherited from the communist regime—a move that would have relieved the Treuhand from servicing this debt—Waigel focused on controlling costs.

This means that firms labeled "outmoded" or "unproductive" by the high standards of western Germany will not receive any new loans from the Treuhand to keep their production going, but only loans to shut them down. Thus, firms labeled "productive" or "capable of modernization" are being forced to produce mainly to cover at least part of the old debt, compounding eastern Germany's many problems.

This is a domestic version of the International Monetary Fund's system in Germany, run by the order of the government. Its effects on the economy of the more powerful west German states have not been felt much so far, but the much weaker economy of eastern Germany is experiencing the same type of collapse that any other East European or Third World country does, under the dictate of the IMF.

All of this goes along with the high interest rate policy of the German central bank, which makes industrial loans too expensive for the firms of east Germany to afford, forcing them to depend on the small Treuhand fund of DM 6 billion, and other credit programs that are state subsidized and, therefore, are available at slightly reduced rates.

Gaining access to those funds, means that the east German firms have to agree to a drastic reduction of their work force, by at least 50% within a period of two or three years, beginning in 1991. This approach, which aims at increasing the productivity of select firms—rail car builders and producers of engines—through a modernization of the machine park, a streamlining of management and supplies, could be acceptable, on the condition that there were a state program for big public service projects that would create a lot of new jobs over the short term.

But no such program exists. Using fiscal austerity as its main argument, the government in Bonn, trying to avoid borrowing new money at high interest rates, calls for wage discipline in the western states to extract funds for the big deficit-spending operation in the eastern states. A big confrontation with labor is ahead, which Chancellor Kohl may lose, as Chancellor Brandt did in the spring of 1974.

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