

First the Wall... Then the Factories

DDR Junked

The following article is an edited report by a comrade of the Gruppe Spartakus (German section of the International Bolshevik Tendency) outlining the process of capitalist restoration in the former German Democratic Republic (DDR).

Capitalist restoration in the former DDR, now the eastern section of the Federal Republic of Germany (BRD), has been a social and economic disaster. Soon after the border went down, economic planning disappeared. Foreign trade was uncontrolled and the BRD's deutsche mark (DM) simply took over. Hordes of people gathered at train stations and border crossings to try to exchange their DDR marks for BRD ones at 12 to 14 times the official rate.

The economic destabilization of the DDR accelerated in July 1990 when an "economic, social and monetary union" with the BRD was proclaimed. Historically, three-fourths of the DDR's trade had been with the Soviet bloc. Suddenly all trade had to be conducted in hard currency. The DDR's trading partners simply could not pay, so foreign trade largely collapsed. Meanwhile, capitalists from the BRD consumer goods sector moved east and voraciously bought up stores, warehouses and every link in the system of distribution. Once they controlled the retail network, the first thing they did was substitute their products for those manufactured in the DDR.

The takeover of retail marketing was particularly destructive for the DDR's collective farms, which had been the most efficient of any in the Soviet bloc. The DDR had been able to meet most of its own domestic requirements for basic foods and still have some left for export. Farming and food production collapsed very rapidly once the BRD concerns destroyed the demand for their products. If you drive through the East today, you'll see the villages and land sitting idle. Most of the collective farms have simply gone bankrupt. By January, according to Berlin's *Journal for Human Rights (JHR)*, only a quarter of the 800,000 people employed in agriculture in the DDR were still on the land. Half of those remaining are expected to be eliminated before the "rationalization" is complete.

The West German economy expanded by five percent in 1990. Most of that growth was due to increased sales of consumer goods in the East. These goods were largely purchased with unemployment insurance and other benefits paid to DDR citizens to smooth the path for reunification. BRD statistics indicate that the 1991 rate of growth fell to 3.2 percent and Kiel University's World Economic Institute is projecting real growth of only one percent this year. The German central bank reported that this year net transfer payments from West to East are expected to increase almost 30 percent to DM180 billion. Some 6.5 percent of West Germany's GNP will go east this year (*Financial Times*, 19 March). These "transfers" from the BRD treasury are ultimately paid for by the

employed workers in the West.

Annual inflation in the East was over 25 percent last year—five times the rate in western Germany. This was largely a result of the removal of subsidies on transport, rent, communication and other basic necessities. In the DDR rents had been limited to between five and seven percent of a person's income. When controls were removed last October rents soared by some 700 percent. Yet workers in the East lucky enough to have jobs earn only 30 to 40 percent as much as their colleagues in the former BRD.

Unemployment: Ex-DDR's Growth Industry

The working class of the DDR was one of the most skilled and best educated in the former Soviet bloc. Ninety-five percent of all workers had an apprenticeship. Despite Stalinist promotion of the family and considerable cultural backwardness, women had more of the material prerequisites for real social equality than almost anywhere else in the world. The Stalinist regime made a priority of providing housing for single women with children, thus removing the economic compulsion for women to remain in relationships. The DDR also had one of the most extensive systems of childcare in the world. Most workplaces were required to provide childcare on the premises and to allow working mothers to visit their children during the work shift. With full access to job training and guaranteed employment, more than 90 percent of DDR women worked, compared to only 50 percent in the BRD.

Capitalist restoration has reversed many of these gains. Women workers have generally been the first laid off. The subsidized childcare system has now been almost entirely disbanded, with the intent of forcing women back into the home. Mothers unable to afford private childcare cannot claim unemployment insurance and are reduced to welfare. Last year Kurt Biedenkopf, Prime Minister of Saxony, estimated that *two million* DDR workers, mostly women, will never work again (*Die Tageszeitung*, 7 March 1991).

Officially, unemployment in the former DDR is reported at 16.5 percent, but this figure is the result of a variety of devices designed to hide the reality. Some 350,000 workers were enrolled in phony make-work schemes (which are now being wound up). In many cases they were put to work dismantling their old factories. Another technique used to juggle the figures was the creation of "short-time work." These workers put on "short time" were officially classified as employed, and still drew about 80 percent of their wages, but rarely if ever set foot in their factories. Workers were told that being on "short time" meant that they still had jobs and, one day, if things picked up and the capitalist miracle took hold, they might go back to work. This is not how things have turned out, and most short-time workers

have now been officially reclassified as unemployed.

According to the November-December 1991 issue of *Intereconomics*, four out of the ten million workers in the DDR in 1989 are out of work. Approximately a million of these workers were forced to retire early on reduced pensions. Officially, pensions in the East are about half of those in the West, but the *JHR* estimates that the three million pensioned workers in the East in fact only get about 30 percent of the benefits paid to Western retirees.

One of the little publicized features of the reunification treaty is Article 143 of the BRD Constitution, which effectively suspends elementary constitutional rights in the former DDR until 1993. Using this provision the government can “legally” reduce access to the social benefits to which citizens in the East are supposedly entitled.

Demolishing the DDR Economy

The DDR economy had serious problems, and most analysts doubted that many of its enterprises could successfully compete in the world market. Labor productivity was probably only half that of West Germany. Yet the DDR was generally considered to be among the fifteen largest economies in the world, and it was certainly the most advanced of the workers states.

In theory, when the German bourgeoisie took over the DDR, they could have continued to operate the state-owned economy and even retained some degree of planning. France and other Western European countries have functioned successfully with substantial state-owned sectors. The Ruhr, the industrial heartland of post-war Germany, was built with considerable state intervention.

Yet, unlike the former degenerated and deformed workers states, the nationalized industries in Western Europe were administered for the benefit of the private sector. French state intervention in steel and auto-mobile production was designed to maintain France as a major industrial power and strengthen the position of French capitalism in the world market. In the former DDR and the other deformed workers states, by contrast, *all* primary productive forces were collectivized and subjected to centralized state planning and administration.

From the beginning, the serious German bourgeois press was united in its absolute hatred of collectivized property. Even the most “left” sections of West German social democracy never seriously contemplated taking over and running the state-owned economy. In their minds, the DDR *Kombinats* could only be a source of unwanted competition.

One of the paradoxes of the capitalist *Anschluss* is that the workers in the East hardest hit by the economic “rationalization” are those employed in sectors considered the most competitive by world standards (machine tools, ship-building and optics, for example). While the German capitalists were initially very anxious to get access to the ex-DDR, they were soon worrying about “unnecessary production” from industry in the East cutting profit margins. Germany’s leading bourgeois newspaper, the *Frankfurter Allgemeine Zeitung*, began early on to talk about liquidating the chemical, textile, electronics

and optical goods industries as well as the remaining large-scale farms.

The BRD capitalists complain that overemployment in the former DDR tends to put upward pressure on wages. They are also frightened by the potential volatility of this highly proletarian population. Capitalist social stability requires significant numbers of “middle-class” citizens, housewives, petty proprietors and others who are not direct participants in production to counterbalance the influence of the organized workers.

On 3 October 1990, the day that reunification was formally completed, the entire DDR economy was put under the control of a government agency, the Treuhand. This body was not a holding company in the usual capitalist sense, but a tool created by the German bourgeoisie to liquidate the entire DDR economy. It has not attempted to reorganize or salvage the firms the BRD inherited. In a scandal-ridden process (exemplified by the bargain basement sale of the East Berlin NARVA light bulb factory to a West German land speculator) the Treuhand had, by the end of 1991, sold off 4,777 firms with 6,000 remaining (*Die Welt*, 8 January).

Der Spiegel (23 March) reported that in the former DDR, as of November 1991, textile production had fallen 32 percent, machine-building had dropped 37 percent, electronics was down 54 percent and optics 88 percent. Even the most ambitious West German move into the East, the Opel takeover of the Wartburg auto plant at Eisenach, involves slashing the workforce from 9,000 to 2,000. The most optimistic capitalist estimates of the future of the region project 40 percent of the labor force out of work by the turn of the century. Most commentators are closer to R. J. Barro and X. Sala-i-Martin (*Brookings Papers on Economic Activity*, 1991, No. 1), who calculate that it will take 35 years to *halve* the income gap between East and West.

Why Did DDR Workers Succumb to Capitalism?

The DDR was a workers state in which proletarians were deprived of the right to organize, to discuss politics and to read and write what they wanted. They had no access to anything resembling Marxist analysis, and had learned to be suspicious of the lies of their Stalinist rulers. They lacked the tools to cut through the pro-capitalist propaganda barrage that preceded the *Anschluss*.

DDR workers had no objective interest in turning over their economy to the Frankfurt bankers. They *did* have an interest in breaking the political stranglehold of the Stalinists and running the planned economy through democratic workers councils. Under such a regime they could enjoy the political freedom that Honecker’s police state had denied them, while tapping the enormous creativity of the working masses to preserve and extend the gains of collectivized property. Most importantly, such a proletarian political revolution could have provided a powerful example for the rest of the Soviet bloc, while simultaneously exerting a powerful influence on workers in the BRD and the rest of Western Europe.

The DDR working class did not see this as an option. Events proved that their attachment to collectivized

property was very shallow. In the first few weeks of the autumn 1989 political crisis, there was widespread sentiment for maintaining the DDR as a separate state. This reflected popular fears that a conversion to capitalism would mean a loss of social benefits and a drop in living standards. In only a few weeks the capitalist propaganda machine managed to undermine this sentiment. Collectivized property was equated with Stalin-ism, and DDR citizens were promised that once the border was down everyone would have a share of “democracy” and the good life they had seen on BRD television. Tragically, there were no forces with any roots or influence in the German workers movement that sought to organize opposition to reunification. The overwhelming majority of DDR workers believed the honeyed lies of the capitalists and their social-democratic lackeys, and opted for the free market.

Once convinced that capitalist reunification was a good thing, DDR workers bypassed the social-democratic middlemen and voted heavily for the political parties most closely connected to the big capitalists. After all, they were the ones who were going to be performing the market miracle.

German nationalist sentiments became increasingly powerful as reunification gained momentum. In the first days of the mass protests the crowds chanted “We are the people,” an assertion of democratic rights against the dictatorship of the Stalinist Socialist Unity Party (SED). This was soon replaced with the cry “We are *one* people”—in other words, we are Germans. The extremely rapid shift to the right that took place in the DDR revealed that this once vigorous and politically cultured working class (which in 1953 spontaneously rose against the SED’s political monopoly and even attempted to spread their strike to workers in West Berlin) had gradually been suffocated by decades of Stalinist repression.

Strike Movement in the East

Shortly after voting for the pro-capitalist parties in the March 1990 elections, DDR workers launched a strike wave demanding BRD pay scales and contractual guarantees against layoffs. Simultaneously, DDR cooperative farmers blockaded the highways in an attempt to stop the flood of Western products that was destroying their market. Those leaders of the FDGB (the DDR trade-union federation) who had not deserted their posts tried to give some direction to the strike movement, and in many localities took the lead in organizing the protests.

This largely spontaneous working-class outburst panicked the BRD capitalists and social democrats. The Deutscher Gewerkschaftsbund (DGB—the main BRD trade-union federation) immediately dispatched thousands of organizers, with lots of hard currency and technical support, to the East to “reorganize” the unions on a class-collaborationist basis. Their first objective was to destroy the FDGB.

Using its money and powerful connections, the DGB had already gained control of a few FDGB unions and had them demand a conference. Amid an orgy of red-baiting, the DGB had its proxies put up a motion to disband the FDGB. When this passed, the next move was

to incorporate the former FDGB unions into the equivalent social-democratic controlled industrial unions of the West. After that, the DGB lost no time cleaning out the old FDGB leadership, right down to the shop stewards. Thousands of new shop stewards and trade-union functionaries were enrolled in training courses to learn the class-collaborationist norms of the DGB. The labor lieutenants of capital thus successfully diffused and strangled this round of working-class defensive actions, and consolidated their political monopoly over the German unions.

The 1990 mass actions by workers and collective farmers scared the BRD government into pouring money into the East to soften the impact of the huge social dislocations of capitalist restoration. It also stiffened the resolve of the BRD capitalists to liquidate DDR industry and atomize this explosive working class. The German rulers recognized during the summer of 1990 that they had a potentially explosive situation in the DDR, and that they possessed no reliable instruments in the East to suppress growing proletarian resistance. So they moved up the date of the *Anschluss*.

From Stalinists to Social Democrats

One of the most striking features of the collapse of the DDR was the complete demoralization of the Stalinists. While SED leader Erich Honecker was bitterly rejecting Gorbachev’s market “reforms,” much of the cadre of his party had apparently already begun to adopt the perspectives of social democracy. In the 1980s, as the DDR was busy “normalizing” relations with the BRD, there was considerable sentiment within the SED bureaucracy for a political dialogue initiated by the Social Democratic Party (SPD). The result was an extensive series of political/ideological discussions, codified in *Streit der Kultur* (joint declaration of the SED/SPD, 1988).

While BRD rightists vilified the social democrats for playing footsie with the SED, these discussions helped undermine the morale of a significant layer of middle and upper-level Stalinist cadres. They gradually came to accept the social-democratic thesis that any system based upon collectivized property is incapable of sustained growth, and concluded that the only role for a workers party is to bargain over the terms and conditions of wage slavery.

The SPD’s *Ostpolitik* reinforced the effects of Gorbachev’s turn toward “market socialism.” The result was the ideological collapse in the ranks of what had appeared to be a monolithic Stalinist formation. In the summer of 1989, when Hungary opened its border with Austria, tens of thousands of the DDR’s best workers began fleeing to the West. This, combined with massive demonstrations in the autumn demanding freedom to travel and democratization, shook the morale of the regime. By late 1989 the Stalinist bureaucracy had lost confidence in its ability to rule. When the SED elected a new leadership in early 1990, the proto-social democrats within it moved into the top positions. The SED passively accepted capitalist reunification and reconstituted itself the Party of Democratic Socialism (PDS), a slightly left social-democratic formation. Relegated to the status

of a minor opposition party in the DDR parliament after the March 1990 elections, the PDS limited its objectives to agitating for better conditions for DDR workers in a reunified Germany.

Armed Bodies Fail to Defend Collectivized Property

All the repressive organs of the DDR—the secret police, the army and the police—proved completely subservient to the Stalinist bureaucracy. The “armed bodies” remained passive, as the bureaucracy capitulated and collapsed. The fearsome Stasi (secret police) were told to remain in their barracks and not to bother anybody—and that is what they did.

By early 1990 the army had begun to dissolve. The DDR had what was probably the most highly trained and best equipped army in the Warsaw Pact, but suddenly the soldiers began to walk away from their posts and go home. In the six months after Honecker was deposed, the army shrunk from 173,000 to 90,000. Some lower-ranking officers tried to sign up with the BRD army. A few hundred were accepted. The higher ranks remained passive and most of the top-ranking officers were pensioned off. After reunification almost all who remained were discharged, although some noncommissioned officers were kept.

Even before reunification BRD officers had begun to take over DDR army units. They disbanded regiments and integrated the remnants into the BRD army. At no time did any DDR police or army units attempt to resist capitalist reunification. The only independent initiatives were the creation in early 1990 of a few scattered soldiers’ committees. But these committees limited themselves to demands for better housing, wages and working conditions.

The DDR police were also incorporated without difficulty. While the tops were replaced by police officials from the West, most rank-and-file cops in the East today are holdovers from the DDR. Former SED members and current PDS members are being weeded out, but the police in the East are still not considered entirely trustworthy by their new bosses.

Most of the top civil bureaucracy was dismissed, particularly in the fields of law, education and state administration. Bonn sent large numbers of administrators east to take their place. A partial exception to this pattern is in industry, where some old SED bureaucrats have been allowed to stay for a while. This is because, within the SED, the section of the bureaucracy charged with administering industry was the first, in its majority, to go over to capitalism.

The State of the Left

SED/PDS cadres and most former SED members are being subjected to a continuing massive witchhunt, spearheaded by the social democrats. At every step, instead of resisting, the PDS has capitulated. It has only very timidly attempted to give any leadership to the spontaneous defensive actions of the embattled working class. PDS groups in the workplaces have been disbanded, and PDS members in the trade unions are in-

structed not to run for even the most minor office, including shop steward. The PDS now has very little influence in the working class, nor for that matter, does any other ostensibly socialist group.

The German left has been badly disoriented by the momentous events of the past several years. Among the ostensible Trotskyist formations, the German followers of James Robertson’s American-based political obedience cult (currently known as the Spartakist Arbeiterpartei Deutschlands—SpAD) initially aimed at “unity with the SED,” and mistook the counterrevolution sweeping the DDR for a “proletarian political revolution.” (For more on the SpAD’s peculiar Stalinophilic performance during the last months of the DDR, see “Robertsonites in Wonderland,” 1917 No. 10).

Most of the rest of the supposedly Trotskyist left were so deeply Stalinophobic, and so hypnotized by the “mass movement” against the SED dictatorship, that they closed their eyes to reality and hailed each step toward capitalist restoration as a progressive development. The same ingrained Stalinophobia has led some of them to support the witchhunt against the PDS.

Lessons of 1991 Strike Wave

In the spring of 1991 there was another round of massive working-class resistance in the East. By this time the reality of life under capitalism had dispelled many earlier illusions. Strikes, led by shop stewards’ bodies, broke out in industries slated for liquidation. An alarmed DGB leadership moved in to grab control of the demonstrations, call off the strikes and divert the protests into an endless series of pointless meetings, assemblies, rallies and marches. Top DGB leaders from the West monopolized the stage at every event, while the shop stewards leading the struggles were not allowed to speak. The boring bureaucratic speechifying eventually demoralized the strikers and dissipated the energy of the protests. The immediate danger passed.

Militants within the shop stewards’ bodies who wanted to escape the control of the DGB apparatus should have attempted to set up a representative body to coordinate the protests and to provide the organizational framework to push the struggle forward. This would have meant a political fight against the class collaborationism of the social-democratic tops. Our comrades in the Gruppe Spartakus intervened with a program that showed the way out of the impasse (see box).

One key factor in the defeat of the 1991 upsurge was the failure of the workers in the West to respond to the rebellion in the East. In the West, the main struggle of the workers has been to resist getting stuck with the bill for the *Anschluss*. Thus far the DGB has successfully resisted the “reunification” of the workers movement across the old border. For example, the DGB tops negotiate separate contracts, naturally with different expiry dates, for workers on each side. In April 1991, at the height of the strikes, the DGB called a meeting in East Berlin for metal workers from the East to protest the collapse of their industry and the loss of jobs. Workers flocked from every corner of the former DDR. Yet this

massive meeting was scheduled for a weekday, during working hours, to ensure that metal workers from West Berlin could not attend.

Workers in the DDR grew up in a society where rent, food, clothing, childcare, transportation and even furniture were all subsidized. Today they are experiencing capitalist social Darwinism first hand. As prices soar and unemployment benefits run out, as more firms go bankrupt and jobs disappear, life for many workers has become a struggle to survive. There is a growing gap between the attitudes of workers in the West, whose real standard of living remains among the world's highest, and the mood of the workers in the East, who are rapidly becoming bitter, atomized and demoralized. The crime rate is rising; domestic violence, alcoholism, drug abuse and prostitution are increasing dramatically; serious psychoses are on the increase and the suicide rate has doubled.

In recent months a new wave of plant occupations against the destruction of jobs has swept the steel mills, factories, mines and shipyards in the East. These actions have had very little economic weight since the Treuhand does not really care if the enterprises go bankrupt. Although these strikes often demand no more than "socially acceptable" privatization, some of them have won partial concessions because of the capitalists' fear of social unrest.

Attacks on West German Workers

Reeling under the combined pressures of the enormous costs of reunification, an international economic downturn and sharpening global competition, German capitalism has stepped up its attacks on the working class. Bonn ran the national debt up to DM1.1 trillion in 1991. This represents 3.7 percent of the Gross Social Product, compared to 3.5 percent for the U.S. According to Lothar Mueller, President of the Bavarian Central State Bank, the national debt will hit DM2 trillion in 3 years (*Der Spiegel*, 23 March).

In the West the attacks on living standards which began last year are increasing. Wage settlements in 1991 averaged about 7 percent, but this was well behind the increase in the cost of living. Income, insurance, tobacco and many hidden taxes went up. The tax on gasoline alone went up *55 cents per gallon*. The British *Financial Times* reported on 19 February that, "Net wages dropped between 1.1 and 3.3 percent between October 1990 and October 1992." Apprenticeship training programs have been cut back; spending on education is down; health care cuts introduced in 1989 reduced the medical budget 9.5 percent in the first year alone. Pensions have been "adjusted"—to keep people working longer. Chancellor Kohl was reported to have approved an increase of only 2.7 percent in state pensions, well below even the ludicrously low 4.2 percent official annual rate of inflation. Some bourgeois experts have suggested that workers would need wage increases of 12 percent just to catch up.

The bourgeois media is full of stories from the capitalists and their flunkies accusing the workers of wrecking the economy. Economics Minister J. Moellemann is demanding a statutory limit of 5 percent on pay rises for

civil servants and calling for breaking the traditional system of national wage agreements in favor of increasing disparities from one region to another, especially between East and West. He is also demanding "greater flexibility of working times," i.e., a longer working week.

Saddled with the openly pro-capitalist DGB bureaucracy, the workers in the West have generally been slow to react, but they are beginning to show signs of restiveness. *Der Spiegel* (24 February) reported a survey indicating that 78 percent of West Germans have reached the limit of their willingness to shoulder the costs of reunification. Workers in the declining steel industry settled this spring for a 6.4 percent pay increase, but other large unions such as the OTV (which represents 4.67 million public workers) and the powerful metalworkers union are demanding pay rises closer to 10 percent.

The difference in material circumstances between workers in the East and West has naturally produced differences in consciousness that are compounded by the cultural differences that arose over the past four decades. Workers in the East see those of the old BRD as arrogant and unsympathetic, while workers in the West see those from the former DDR as lazy, passive and easily manipulated.

The Way Forward

When workers in the former DDR, acting alone, occupy the idle factories, they are only sitting on properties that the Treuhand is planning to liquidate anyway. Only by connecting their desperate plight to the struggle against the capitalists' attacks on the workers of the West can the workers of the ex-DDR put up an effective resistance. Workers in both sections of Germany have a common enemy in the German ruling class and their agents who control the DGB. The Trotskyists of the Gruppe Spartakus advocate demonstrations, strikes and factory occupations against the capitalist assault. We also call for workers in the East to organize sizeable delegations to go directly to workers in the West—especially in the highly industrialized Ruhr—to appeal for solidarity strikes and other forms of support.

The more politically conscious layers of the Western working class already know that what is taking place in the East poses a serious threat to their living standards. The German bourgeoisie intends to make the working class pay for reunification. To do that it must further slash living standards and social benefits and rip up the decades-old social contract.

The DGB tops' control of the unions, which the capitalists exchange for guaranteed labor peace, can be broken by a militant response from the base to the capitalist offensive. The inability and unwillingness of the official leadership to resist creates the possibility of a political realignment within the unions and the explosive growth of a militant left wing. This in turn poses the question of leadership and program. While participating in every struggle of the workers to defend their past gains and win new concessions, it is the duty of class-conscious militants to struggle within the unions for a program that addresses more than just the immediate issues facing one or another section of the class. It is necessary to

connect these struggles to the fundamental question of which class shall rule.

The German bourgeoisie is driven by the logic of global competition with Japanese and North American imperialism to step up its attacks on German workers. In this situation effective defensive struggles can ultimately pose the question of power. This is a question that can only be answered by a revolutionary leadership

with roots in the working class. Such an organization, standing in the tradition of the Bolshevik Party of Lenin and Trotsky, must possess both the programmatic capacity and the political will to struggle for the overturn of the whole system of capitalist exploitation, with a perspective of forging a workers Germany as part of the Socialist States of Europe. ■