

German Labor Fight: Can Unions Back Growth?

by Rainer Apel

A July 8 emergency session of the national executive of Germany's largest labor union, the metalworkers, ended without conclusion after 12 hours' debate on the apparent issue: Find someone to blame for the failed strike in eastern Germany for the introduction of the 35-hour working week. But larger matters, of the potential to restart growth in the depression-ravaged German, and wider European economy, were also being fought over.

Backed massively by the mass media, the "reformers"—who also support the government's budget-balancing austerity policy—tried to put the blame for the strike's flop on the metalworkers union's vice chairman, Jürgen Peters. He is the main candidate for the post of union chairman, but is opposed by a strong minority that is controlled by the "reform" faction. Like all leading labor unionists in Germany, Peters is a pragmatist, but he is also a "radical" on issues of taxation, wage levels, and budget-cuts: He is opposing any "reforms" that are carried out at the expense of the workers and the low-income categories of the population. That has made Peters one of the hardline opponents to the budget-cutting Agenda 2010 project of the German government, and a prime target of the neoliberal free-trader sections of the German media.

Strike in East Derailed Policy Fight

In early April, when the metalworkers' executive had to vote on its main candidate to replace outgoing chairman Klaus Zickel in October, Zickel and the reform faction tried to push through Berthold Huber; but because labor opposition to the Agenda 2010 project is very strong, Peters won the upper hand. He was hurt, however, by his high profile in the June strike of eastern German metalworkers for the introduction of the 35-hour work week, already the standard in western Germany. Eastern German metalworkers work 38 or more hours a week, which means that during one year, they have to work one month more than their western colleagues, and as eastern wage-levels are also lower, there is a feeling of double injustice among metalworkers in the East.

The strike, which collapsed after less than four weeks for lack of broad workers' support, distracted the unions from the struggle over the Agenda 2010 and the general orientation of governmental policies. There, the metalworkers actually were much better equipped for a fight, because repeatedly, they have called for a shift away from budget-cutting, to a policy of targeted state-backed investment programs, to create jobs

and improve the tax revenue base.

In early 2002, Peters campaigned for a proposal drafted by the metalworkers union's chief economists, calling for a five-year investment program of 18 billion euros per year into projects of municipal and transport infrastructure. The main emphasis of the program, Peters said, should be on projects for "municipal and regional roads, public transportation, water supply, sewage systems, and environmental protection." Together with projects of improving the "social infrastructure" in the municipalities—such as hospitals, schools, care for the elderly—and with projects in the energy supply and housing sectors, more than 500,000 jobs could be created in all of Germany, said the union's memorandum.

The financing was to be run through the Kreditanstalt für Wiederaufbau (KfW), with involvement of the European Investment Bank (EIB), and with long-term, low-interest loans at long grace periods. "Seen from a national-economic viewpoint," the metalworkers' memorandum said, "credit-financed investments create additional income that in turn creates new demand. This stimulates production and creates more income. From that, taxes will flow into the public-sector budgets, and expenses for the jobless will be reduced. This effect alone can balance two-thirds of the original expenses. Investments in public-sector facilities in eastern and western Germany do create employment, close infrastructural gaps, and increase the national economic productivity over the mid- and long-term perspective."

Most of the time, labor leaders talk about other subjects, but that metalworkers memorandum has strong backing among union members. Its theses reflect the Europe-wide discussion, sparked by Lyndon LaRouche's proposals and Helga LaRouche's campaigns in Germany, of a similar, but bigger, European investment program.

Italian Finance Minister Giulio Tremonti made his "New Deal" proposal in early June. On June 11, the national labor federation of Germany, DGB, explicitly endorsed it in a letter to EU Commission President Romano Prodi, who had signalled support for the Tremonti Plan a few days earlier.

Depression Demands Creating Jobs

But Peters, instead of escalating this metalworkers' campaign on growth, got drawn into the dead-end 35-hours fight, which entrepreneurs facing depression bankruptcy cannot agree to. This gave the opening to the labor "reformers," with their weird support for the Agenda 2010 budget-cutting. Peters' leadership could have won allies among the entrepreneurs, against the union reformers, had they stuck to the bigger programmatic orientation.

Although Peters was able to repel the attempt to oust him at the July 8 session, the challenge of changing general economic policy orientation is still there for the metalworkers and the whole European labor movement. There is no substitute, at times of economic depression, for a program of economic recovery and growth.