

## Report from Bonn by Rainer Apel

### The rise of corporatism

*The corporatists here favor loosening economic ties to the West, and an economic axis with Moscow.*

In West Germany, corporatism made a step forward over the Easter Weekend. One of the first news items was the collapse of the Maximilianshütte Steel Plant—the only big facility in that industry in South Germany—with 4,500 jobs. The company had been known to be in deep trouble before. The reasons management gave for filing Chapter 11 bankruptcy were very peculiar, however. They spoke of a “preemptive bankruptcy, saving most jobs, to avoid a full bankruptcy expected later this year.” This statement was also supported by the shop-stewards.

The action came at a time that the metalworkers union was close to a national strike.

The riddle was solved on Easter Sunday, when one of the country's most high-profile corporatists, former Minister of Economics Karl Schiller, warned in an interview with the mass-tabloid *Bild am Sonntag*: “A strike now would be dangerous.” A national strike in the metal industry would, said Schiller, push the country into “real danger, throwing an already weakened recovery off-balance completely.” He recommended that metalworkers and management sit down in a round-table and solve the problems “on a reasonable basis.”

This “round-table reason” was originally invented by Schiller, a Social Democrat, in 1966, when he was cabinet minister in the grand coalition government. This historic period was characterized by wage freezes and fiscal austerity. Even a special “conjunctural tax” was invented to fund costly job creation and adjustment pro-

grams. At the same time, the corporatist regime promoted extended economic cooperation with Moscow as “politically reasonable.”

Queried on his anti-strike statement by journalists, Schiller said his ideas were “becoming very popular among the labor unions now.”

As if to illustrate this, the metalworkers union signed a wage agreement the same day, late Tuesday night, April 21. A meagre increase of 3.5% for 1987, another 2.0% in 1988, and another 2.5% in 1989 was signed. New wage talks are not planned before the spring of 1990. Given the inflation rate, this contract amounts to a wage freeze over the three-year period.

What makes the agreement even worse, is the fact that it also sets a timetable for a further reduction of weekly working-hours from 38.5 now to 37 hours by spring 1989. For 3.8 million workers in the metal industry, this means less work, and therefore less income. Why did a labor union that had just spoken of a big strike, sign such a contract?

The answer is to be found in the German banks, the core of corporatism in the country. The banks encouraged industry to adapt itself to the loss of export markets, especially in Ibero-America, and to reduce investments in highly indebted countries of the Western Hemisphere generally. The banks have been telling industrialists to seek “joint projects” with the Soviet Union to secure future revenues.

The banks also have a handle on the labor unions, because they hold the thin thread by which the bankrupt,

formerly powerful economic empire of the labor movement hangs. Neue Heimat, the labor unions' construction and public housing giant, now burdened with a total debt of 17 billion deutschemarks, is run by the creditor banks under a tight trusteeship. Just a few days before Easter, the banks agreed to delay the Neue Heimat bankruptcy by another year until the end of 1988. Was labor's price for that favor the decision to stop the metal strike?

It goes without saying that the banks also played a decisive role in the Maximilianshütte affair.

Here, at the end of the metal strike before it began, and with the “look to the East,” the corporatist wheel comes full circle. All of the big German banks will participate in an East-West seminar on the financing of joint ventures, to take place in Moscow at the end of May. And the same day the metalworkers dumped their strike, Minister of Technology and Research Heinz Riesenhuber signed a long-term cooperation agreement in Moscow on “industrial application of nuclear technology.” As Riesenhuber said: “This involves the modernization of 78 Soviet nuclear reactors, meaning contracts in the range of several billions. This also secures jobs.”

German corporatism wants deals with Gorbachov, who has already responded appropriately, by having his spokesmen term the visit of German State President Richard von Weizsäcker (May 17-22) “an event that bears political importance far beyond the merely bilateral relations between Bonn and Moscow.” Weizsäcker's trip is to create a political climate favorable to bankers' meetings in Moscow a week later. There is a risk in the game, however: Gorbachov won't play by the rules, and this will discredit the plot sooner than many in the corporatist cabal may wish.