

EAST GERMANY: CONQUEST, PILLAGE AND DISINTEGRATION

by James Petras

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Introduction

The newspaper headings read, "Eastern Germany slips toward economic abyss" and "Eastern Germany sliding into ruin." By early 1991 it was evident that the West German annexation of the East was having a long-term devastating effect on industry, agriculture, social services, income and employment throughout the former German Democratic Republic. Prior to the annexation, the G.D.R. experienced a labour shortage, depending on migrant laborers from overseas and neighboring countries. By January 1991, unemployment reached 8.6 percent of the nine million labor force with massive firings projected for 1991: 700,000 public employees, 550,000 in the electrical and metal industries, 400,000 farm workers and 1.5 million workers in manufacturing industries dependent on exports were expected to be out on the streets. Estimates run as high as four million unemployed workers, almost half the labor force within the next two years. With declining employment and large-scale factory closings, East Germany, which, under collectivism, boasted of a per capita income comparable to many Western countries, is, under capitalist rule, experiencing a precipitous decline in living standards. According to authoritative West German spokespersons, over two-thirds of East German industries will be closed down, the bulk of the successful agricultural cooperatives will be dismantled and the majority of cooperative farmers dismissed.

Since World War Two, no country has suffered such a disastrous reduction in

living standards and economic activities in such a short time through deliberate policies of government as is occurring in East Germany today. The transition from collectivism to capitalism is not only an extraordinarily costly process for the East German working class, but promises to continue so for the foreseeable future. One Bonn forecaster predicted a "healthy economy" by the year 2000, while others speak of 15 to 20 years before life in the East resembles life in the West. What is absolutely clear, however, is that in the run up to annexation, the initial predictions of 'short term' hardship have all proven to be false. The West German invasion of the Eastern market has created deep structural dislocation that will have enduring negative effects. The number of new unemployed in Leipzig exceeds those finding new employment by a six to one ratio.

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to capitalism and the precipitous decline when it was exposed to the full force of West German capital. Ideological rhetoric obscures the comparative historical experiences before and after annexation. The "failure of Communism thesis" engages in invalid "evaluations" of the performance of East German producers by excluding the powerful impact of West German intervention in the transition: the hostile state policy promoting dumping of West German goods on Eastern markets, the rupturing of Eastern enterprises, foreign trade relations through the monetary union, etc. The West German capitalist regime's policies created the disastrous outcomes its ideology predicted — the failure of Eastern public enterprises.

The blanket condemnatory rhetoric found in the notion of the "failure of Communism" may satisfy the emotional needs of its proponents, but it overlooks the various phases in the evolution of collectivism to capitalism and the problems engendered in each phase by forces external, as well as internal, to the changing systems. Moreover, in a broader historical perspective, the notion of the "failure of Communism" is a premature judgement, pending the performance of the emerging period of capitalist development. If current ruinous developments in East Germany continue, the Communist period could very likely be seen as a relatively successful period compared to the Nazi past and the catastrophic present. Given the decades' long time frame for economic recovery in the East currently set forth by the much more somber East German spokespersons, one can ask whether the alternative of steady growth, within a framework of democratic planning and selective

gradual market changes and a democratic political system might not have better served the East Germans in place of the hideous losses and mass dislocation they are suffering with the annexation policy.

The Politics and Strategy of Annexation

How did East Germany, the most developed country in Eastern Europe, with an expanding industrial base, a reasonably healthy agricultural sector and secure export markets, slide into ruin? What were the processes and structures that catapulted the East from the 'second world' to the 'third'? Essentially, there are several interrelated phases that have to be analyzed, beginning with:

(1) The long-term West German political and economic strategy of massive subsidization of immigration of skilled labor from the East and the subsequent strategy of highlighting socio-economic promises far beyond anything attainable in the near or distant future. The policy was based less on any rational economic calculus designed to integrate Eastern labor into a free and affluent society, but rather linked to a dual political strategy of subverting Eastern collectivism and annexing the territory and people.

(2) Within this imperial framework, the West Germans negotiated a deal with the Gorbachevian neo-liberals, trading off promises of vast economic aid, technology and investment to the USSR in exchange for cutting loose East Germany, thus combining a double squeeze on the GDR: from above and the outside and within and the inside.

(3) Within this process of economic pressures from labor flight, facilitated by Soviet disengagement, the Eastern economy began to falter, weakening the regime's hold on managers and technocrats and spurring mass movements led originally by leftist intellectuals and students. From the West German perspectives, the intellectual movements had the virtue of opening space for direct intervention from the West and undermining the regime. Moreover, the intellectual 'leadership' lacked any coherent program or organizational ties with the working class, farmers or employees. This made it easy for the West Germans to displace them once the intellectuals had accomplished their historic mission, i.e., mobilizing the populace, paralyzing the economy and undermining the collectivist regime.

(4) Battered by a weakened economy and lacking political support, the

Communist regime began to open its economy to capitalist investors and to deregulate the economy in hopes of negotiating financial aid from the West German state. The West German state, sensing the vulnerability of its adversary: (a) refused any large-scale aid to the government, conditioning it on the setting of elections, (b) intervened in East Germany in the social-political movements with a demagogic nationalist campaign of prosperity through unity, thus displacing the previous 'independent leftist leadership, (c) maximized short-term consumer benefits for East German visitors as down-payments on the promised future.

(5) Having isolated the regime politically, having taken the political initiative from the domestic opposition, and having paralyzed the economy, the West German leadership and political party machinery steamrolled into the East, presenting voters with the 'choice' of national unity and prosperity or 'division and crisis.'

(6) The political imposition of the West over the East was the forerunner of the economic. The immediate function of the new regime (more accurately, the imperial Western state over the Eastern nation) was to promote economic conquest, flooding the Eastern market with goods, thus provoking a boom in the West, while decimating industries in the East. The currency union favoured West German trade and appropriation of Eastern industry and real estate, while destroying Eastern trade relations and export industries. The real meaning of 'unification' was annexation for colonization: the loss of political independence was the precondition for Eastern subjugation to Western market forces. The 'colonial relationship' revealed the promises of prosperity through unification to be merely a propaganda ploy - a short-term expenditure by the West to be followed by a massive lucrative long-term exploitative relationship afterward.

(7) Once in place, the colonial relationship required that the state maximize concern for promoting Western capital pillage and minimal state concern for Eastern social and economic interests. The practice of Western colonial pillage of resources and markets was rationalized in the name of 'uncompetitiveness'

and 'outmoded public enterprises' in the East. As Western pillage and rape of the local economy thrust half the labor force out of work and plunged living standards and the economy on a vertical decline, Western ideologues sought to rationalize the process by extending the time frame for prosperity into the next century.

(8) Accompanying the political annexation and economic pillage is social and cultural disintegration and extensive political purges: massive purges of teachers, university personnel, civil servants and managers; seizure of Communist Party buildings and facilities; appropriation of low rent, public housing and its transfer to real estate speculators; the end of public subsidies to art, sports and support systems for the family. The unleashing of racist and chauvinist political currents on the one hand and commercial sex and porno-business on the other. The result is the massive growth of a new kind of bi-partisan authoritarianism at the top and crime and racism at the bottom. The elimination of social programs that bound working class communities together hit female workers the hardest: most are scheduled to lose jobs, maternity leaves, free day care centers and nursery schools, professional opportunities and, in a short period, abortion rights.

The phases and structural relations leading to the current East German catastrophe have much in common with processes in the rest of Eastern Europe. The reasons the socio-economic situation is much worse in East Germany is because it has been formally annexed and colonized. Lacking even a minimalist national state to shield it, industry and employees are much more vulnerable to the avaricious forces of Western capitalism. Contrary to most Western (and many Eastern) oracles, East Germany would not have a "privileged position" by being 'part' of dynamic Western Germany. On the contrary, East Germans are a defenseless people subject to a hostile state take-over. Like many of the hostile corporate take-overs, East Germany is being stripped of its valuable assets, its labor force is slashed, its markets taken over by the subsidiaries of the hostile raiders. Even the doctrinaire free-marketeers in the Polish and Hungarian regimes have had to limit their privatizing and denationalizing zeal in the

face of national popular protest. In East Germany, the state is German, "we are all Germans now," right? Wrong. The two Germanies exist more than ever, more sharply defined by their asymmetrical relations to the market, capital and

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the state. In the West, the power of the market, capital and state reinforce the capacity to appropriate wealth from the East. In the East, the German state, capital and market forces reinforce the power to disarticulate the economy, disintegrate community values and atomize the labor force.

Today yesterday's promises of prosperity ring hollow: even the West German leaders do not dare utter them; the broken promises of glitter and gluttony clash too starkly with the grim emptiness of closed factories and long lines of tight lipped unemployed passing store windows of fancy appliances. The great deception and its recognition poses the need to rethink the nature of the transition, to reconceptualize the nature of the issues involved, the role of different social forces, the conflicting interests and movements in order to examine the alternatives for the future.

Reconceptualizing the Transition

Democratic revolution and national-unification are the two terms which have gained greatest credence in interpreting the process preceding and accompanying the changing relations between West and East Germany. But they are terms that are fraught with ambiguities and, when applied to the real processes that occurred, they fail to illuminate the emerging relations or structures of power.

The first question that arises concerns the appropriate conceptual framework for understanding the transition from 'two Germanys' to one. The notion of national unification implies a negotiated process of equals, based on shared interests and values in which the two previous nations retain or enlarge their prior levels of life, in a mutually beneficial manner.

and initiatives designed by the West German government to undermine the East German economy and authority. The East German regime was, particularly from 1989, constantly on the defensive, lacking any alternatives to those put forth by the West or, if they did present them, they usually took the form of attempting to simply modify conditions set forth from Bonn. Policy on private investments, electoral timetables, the role of Western parties in the electoral process — in each case, the East would formulate a reformist policy (foreign investment to 49% ownership, elections within a year, prohibition of outside intervention in the elections, etc.) and then under Western pressure concede. The process was, in effect, characterized by ultimatums, pressures, concessions, leading to a new round, ending in the obliteration of the East German political identity.

The very magnitude of the inequalities between the two political entities was an important factor in the one sidedness of the process. But, in itself, it was not a determinant. Many cases of unification between unequals do not lead to the disappearance of one of the parties. In the German case, West Germans viewed the inequalities in resources as the basis, for an unequal role in deciding the process and, more important, translated relative inequalities into absolute domination in the aftermath.

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The unilateral and dominant role of West Germany in orchestrating the transition and the national fervor that its leaders evoked obscures the fact that there was and are real differences in interests and values between the two

regions and their social classes. By focusing on those common features, 'nationality' defined by language, a whole range of social class, cultural and value distinctions were blurred: the West German capitalist regime emphasized the freedom of the market, while Eastern workers sought full and secure employment; the West German regime favoured individual affluence, East Germans a social safety net. In the transition, these profound differences in values and interests (private over public, individual competitive over social welfare), were not taken into account — rather the West Germans temporarily submerged them under their nationalist-chauvanist rhetoric: 'one people, one nation, one government.'

In the East, there was a tacit understanding that these differences would be accommodated within the new union. In the West, there was a different conception: in the aftermath of annexation, the West German interests and values would prevail. The two stage process from value and interest hegemony (nationalism) to absolute imposition of class ideological and economic domination is evident in the socio-economic organization of post-annexionist East Germany: unemployment skyrockets, while market relations favour West German products, corporations and real estate interests at the expense of local industries, communities and tenants.

The outcome of the transition, far from "enlarging their prior levels of life in a mutually beneficial way", has profoundly deepened the social and economic cleavages: while the West has boomed from exports and cheap labor, Eastern enterprises have been driven bankrupt and its workers have lost their past social benefits without gaining any new private sources of income.

Clearly, the German transition does not meet any of the conditions describing 'national unification' — neither the process, nor the emergent structures or relations can be explained within that conceptual framework.

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An alternative and much more fruitful conceptual approach lies in the notion of imperial annexation. This concept allows us to understand the process of unilateral expansion by a dominant political-economic power against a weaker adversary, the rejection of negotiation by equals in the name of national superiority and the imposition of a political agenda. The tactics of sustained 'bleeding' of human resources, the use of economic pressures and conditional aid are standard operational procedures of imperial countries in forcing dependent regimes to adopt the dominant powers' economic and political

agenda. In the contemporary German case, however, the imperial goals go far beyond economic exploitation through a pliant client regime to the recolonization and wholesale appropriation of the local economy. The version of imperialism is closer to nineteenth century colonialism than it is to late twentieth century dependency. The process of appropriation of local real estate, land and markets, the displacement of labor and the creation of a vast cheap labor pool follows closely the imperial-colonial annexation patterns than anything resembling the unification of two modern nations. The downward pressures on the living standards in the East, accompanied by the

upward thrust of economic activity in the West closely resembles the development-underdevelopment pattern observed in other imperial-colonial experiences. The new structure of power centralized in Bonn, the bankruptcy of local and state governments in the East, hardly speaks to a 'national' union, but of a patron-client relationship, of domination and subordination. The emergence of regionally based mass mobilizations of farmers, teachers, unemployed workers against the West German dominated state speaks to the deepening cleavage and continuity of the two Germanys: a capitalist West and a proletarian East — without Stalinist intermediaries.