

# A balance sheet of Germany's “Magdeburg model”

## The PDS-supported Red-Green coalition in Sachsen-Anhalt

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*Last month's regional elections in the German state of Sachsen-Anhalt resulted in a continuation of the so-called “Magdeburg model”—a Social Democratic Party (SPD)-led government that rules with the support (“toleration”) of the Stalinist Party of Democratic Socialism (PDS), the successor to the Socialist Unity Party that wielded power in the old East Germany.*

*In the future the policies of Minister-President Höppner will be even more dependent on the PDS, following the failure of the Greens to win representation. Minister-President Höppner, together with the PDS, maintain that such a government will be best able to fight the radical right-wing German People's Union (DVU).*

*This myth, however, has already been disproven by the election. Contrary to the claims made up and down the country by the PDS parliamentary spokesman Gregor Gysi, four years of the Magdeburg model have not led to a general swing to the left. Instead, for the first time a radical right-wing party, the DVU, has been able to enter a parliament in the east of Germany. Our correspondent Verena Nees visited Sachsen-Anhalt before the election to investigate the Magdeburg model. Here is the balance sheet of this regime.*

Sachsen-Anhalt, once the industrial centre of the DDR (East Germany), has today the highest unemployment in the whole of Germany. The last official report gave a figure of 24.1 percent (March 1998). In addition to the approximately 300,000 unemployed there are some 100,000 people who do not have a proper job, but are instead employed in various temporary occupational programs (ABMs) and training schemes.

Nearly one out of every five youth under the age of 25 is unemployed. In some areas the situation is much worse. In Bitterfeld, formerly the centre of the chemical industry, unemployment has doubled from 14 percent in 1996 to over 28 percent today, following the expiration of redevelopment programs in which many workers were temporarily employed pulling down buildings and disposing of the waste. The number of social welfare recipients in Sachsen-Anhalt has increased by over 20 percent since 1994.

In the regional elections in 1994 the people's anger over growing social misery and unemployment was expressed in a considerable growth of support for the PDS. The PDS, for its part, made an offer of “toleration” to the SPD, and so helped to bring to power the Red-Green minority government of the former church functionary Reinhard Höppner.

The hopes of many that such a government would at least blunt the devastating effects of the policies of the national government were quickly dashed. That the Höppner coalition appointed as economics minister the former Treuhand Manager Klaus Schucht (SPD), the man responsible for winding up the chemical industry in the triangle of Bitterfeld-Halle-Leuna, made the political line of the new state government clear: it adapted its policies seamlessly to those of the national government in

Bonn and the former CDU regional government of Christoph Bergner.

Last December, with the help of PDS votes, the new budget for 1998 was passed by the parliament in Magdeburg—the fourth austerity budget in a row. Like the previous budgets, the new one called for cuts in social welfare programmes. Savings were made in the areas of employment policy, social welfare assistance, funds for the building of hospitals and general financial grants to the communities. Further cost reductions were to come through staff cuts.

The Höppner government maintains that it was forced to reduce expenditures because of the cuts program in Bonn. In reality, during its entire period in office, the coalition has adopted the same maxim as the Kohl government—take from the poor and give to the rich.

In past years billions of marks have flowed from the regional treasury to investors, businessmen and the other beneficiaries of the reunification of Germany. The French mineral oil concern Elf Aquitaine received around two billion DM for the rebuilding of the Leuna 2000 refinery. When the refinery goes into operation it will employ just 550 workers, with an additional 2,000 distribution and maintenance jobs in the region. At one time 27,000 were employed at the Leuna works.

A 1.1 billion DM sponsorship was given to the investors of Sket, the former heavy machine factory named “Ernst Thälmann”. Of the former 13,000 jobs at the facility, a mere 400 are presently employed in five small work shops. Huge sums were also made available for the building of three big shopping centres in front of the gates of Magdeburg, providing a few low-wage jobs.

In relation to the occupational schemes, which are partly financed by the region, there has been one corruption scandal after the other. A short time ago in the town of Burg the head of the town-run ABM occupation scheme “SQI” was arrested on charges of embezzling ABM funds and lining his own pockets.

In addition to the PDS, the Red-Green Höppner government has an additional important prop—the trade unions of the DGB. Some of the regional union functionaries occupied SPD seats in the parliament: for example, Andreas Steppuhn, the chairman of the building workers union (IG Bau), and Rita Mittendorf, the assistant chairperson of the teachers union (GEW). Andreas Steppuhn helped draw up the tariff deal for the east German building workers which made possible wage cuts of 10 percent.

In February 1997, together with the GEW, the Ministry of Culture in Magdeburg drew up a particularly special wage deal. In exchange for limited protection against redundancy, teachers were required, beginning in August 1997, to accept a reduction in salary of up to 19 percent, while working the same hours. Through this measure the government was able to save the equivalent of 3,000 teachers' salaries in 1997 and 1998 alone.

Nursery workers were also forced to take wage cuts last year. The public

sector unions GEW and ÖTV accepted deals breaking up the old tariff conditions in order to slash work hours, with a corresponding loss of take-home pay.

Thus, with respect to wage cuts in the public sector, the Magdeburg Red-Green coalition has indeed proved to be exemplary.

The situation with regard to employment policy is no better. Since October 1997 there has been “an emergency programme for social welfare recipients “ in Sachsen-Anhalt. Following drastic cuts by the state-run employment agencies in the money made available for occupational schemes, the role of the above-mentioned emergency programs has been to make new cheap labour available for such schemes.

In addition, the Magdeburg coalition sponsors hired help, part-time work and the employment of the long-term unemployed in small businesses, such as the building industry, hotels, laundries and cleaning agencies. These are given grants towards paying wages, on the condition that after four years they maintain themselves independently. It is obvious that these companies attempt to carve out niches in the market by exploiting their cheap labour advantage to sell at reduced prices.

The Red-Green coalition proudly boasts of its support for women: this consists principally of a short, three-month practical placement programme (practicum) financed by the state. The employers are paid by the state for the practicum, which is a source of low-wage labour later on. Nevertheless, after the three months a large number of the women are made redundant.

The following case from Magdeburg speaks volumes about the character of these measures: A woman who undertook a three-month practicum with a baker reported that she often returned home after 13 hours of hard work. “We did everything we were told and kept our mouths shut, in the hope that we could keep our jobs after the practicum,” she said. But after the three-month period the baker sacked them. A short time later he took on new labour—once again financed by the state’s women’s support programme.

Höppner boasts about what he has done for the youth. Sachsen-Anhalt is the only state in Germany that has found apprenticeship places for all school leavers in 1997. But here too it is necessary to examine the facts more closely.

Youth who, for example, acquire a place in an “apprenticeship school” program can undertake the theoretical part of learning a trade at school, and only after that catch up on the practical part with a sponsor outside of the school. These youth have the status merely of school students, and therefore do not receive a wage like other apprentices.

If, as expected, the youth becomes unemployed following his schooling, he can be hired for a year by an occupational scheme known as the “special programme for unemployed youth”. For a low wage he is expected to carry out heavy work in parks, such as renovation work, the construction of bicycle paths, etc. Should the youth lack a complete apprenticeship, he will be offered a three-month training course. One can imagine what kind of qualifications can be provided in such a short period of time.

The program for youth in Sachsen-Anhalt resembles the policies of the Socialist Party government of Lionel Jospin in France, which is supported by the French Communist Party, the sister party of the PDS. As in France, Höppner’s employment policy for youth has two aims: to remove the youth temporarily from the streets and so forestall a social rebellion, and use them to drive down wages overall. The programme offers the youth no prospect for a decent future. Little wonder that since the election of the Red-Green coalition in the autumn of 1994 in Sachsen-Anhalt, neo-Nazi groups have won influence among frustrated youth.

The employment policy of Höppner is in many respects indicative of the policy that will be pursued by a future SPD government in Bonn. With the motto: “Better put them to work than pay for unemployment”, the intention is to use the army of unemployed as a reservoir of cheap labour.

It is no accident that Minister President Höppner is the co-author, along with the economics spokesman of the SPD Gerhard Schroeder, of the economic guidelines decided upon by the SPD a short while ago. At the heart of this programme is the introduction of part-time work and cheap labour on a massive scale, based on the American model. From the pen of Schroeder and Höppner the document says that state funds, which up until now have been used to support the unemployed, should be utilised for “new jobs with low hourly wages.”

Up until now the PDS has played a key role in the implementation of these policies. The opposition of the party’s 21 state deputies and 891 town and local representatives has been limited to words only. In practise the party is an important factor for stability, recognised by both the state government and business organisations. “In Sachsen-Anhalt the pact with the devil has the peculiarity that the devil is quite reliable,” said Hans Jochen Tschiche, the leader of the Bündnis 90-Green fraction in Magdeburg, in a press interview at the end of last year. “When agreements are concluded, the PDS sticks to them.”

The PDS maintains that with a strong PDS faction in parliament and through extra-parliamentary movements it will be possible, in the interests of the people, to put pressure on an SPD-Green government. In reality it is quite the opposite. The Höppner government could only impose its austerity measures with the help of the PDS. As the speaker of the finance ministry Theo Struhkamp emphasised, without the PDS nothing would be done. This is the essence of the Magdeburg model of government.

Struhkamp went on to explain that this also applied to the latest austerity budget. The PDS protested vehemently against some points of the budget, but after discussions and some very slight changes, the majority of the PDS faction agreed to the plan.

The PDS has supported all of the attacks on social welfare over the past four years. Their unwavering excuse is: we have been able to avert even worse cuts.

On those occasions when the PDS has genuinely exerted pressure on the Magdeburg government, it has done so with one primary aim: to make money available for east German small businessmen, amongst whom can be found many of the former economic cadre and functionaries of the old Stalinist SED.

Höppner’s employment policy based on public funding for low-wage work fits in with the plans of the PDS for a “publicly sponsored occupational sector.” For a long time the PDS has demanded that public sponsorship money should be made available not to unemployed individuals, but rather to small projects and workshops in east Germany to “improve the situation of small and middle-sized employers,” increase their economic flexibility, and thereby contribute to a situation in which “such businesses can be newly founded” and their products and services be developed “according to the needs of the market” (Resolution of the PDS conference in Schwerin, January 1997).

In the communities of Sachsen-Anhalt, 37 of the local town mayors are PDS members and the party has revealed itself to be a typical bourgeois and pro-employer party. Working with either the CDU or SPD, it attempts to attract businesses by selling property at rock-bottom prices and making huge subsidies available to investors.



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