

# The high cost of Germany's political paralysis

by Uwe Friesecke

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*The following presentation was made to Schiller Institute and EIR staff members in Leesburg, Virginia on July 21.*

Things are really going fine in Germany—if you look at the Frankfurt stock market. You have an amazing surge there: In the last two months, it rose by something like 20%. All the big export-oriented companies in Germany are looking toward a great future. Why? Because, the dollar has been rising, and is predicted to go up still further; and therefore, it's clear logic that, if you want to buy a Mercedes anywhere in the world, it's going to be much cheaper, if you have dollars. And, since there are tens of thousands of people worldwide who have the money to buy Mercedes cars, it's guaranteed that the future of the Mercedes company in Germany is going to be great. So, therefore, money is flowing, and international investors are right now scrambling to get a share of the Frankfurt stock market, because the future of the export-oriented economy in Germany is just great.

Our Economics Minister Rexrodt said in an interview that he has been listening very carefully, and that he has been hearing the engine of the upswing! He was very serious. When Rexrodt came into office 18 months ago, he was absolutely sure that, in the first half of 1993, the upswing would occur. Then, only four weeks later, at a fair in Frankfurt, he corrected himself, saying, no, he has new data; but now he's *sure* it's going to be the end of 1993. And then, about three months later, he again corrected himself. But now, over the weekend, his empirical



*A memorial in Wiesbaden, Germany on July 16, for a policeman killed during the arrest of suspected RAF terrorists in Bad Kleinen. The scandal over the shootout, in which a terrorist suspect was also killed, has brought up questions about whether parts of the German government have been covering up information in a number of political assassinations in recent years.*

senses told him that he could hear the engine.

Well, if everything is just fine, then isn't it an outrage that 40 miners in a potash mine at Bischofferode in eastern Germany are on a hunger strike, and are even rejecting these well-meaning offers of the government to guarantee half of their jobs somewhere else after their mine is closed? And aren't they giving the government a bad name, because this has never happened before in Germany? A hunger strike in this determined way, against the union, against the government, has never happened before.

So why are some people "talking the situation down"? Why are they undermining the psychology of government and management in their effort to bring the economy under control?

Well, apparently a lot of people, especially by now the officially close to 4 million unemployed, have better hearing than the economics minister! They just can't hear that engine of the upswing! And a lot of people do have a better sense of reality about what's going on.

There is an insanity in terms of the economic policy, which, I think, in the United States, we have been used to for a very long time already. But you have to understand that in Germany the collapse is far faster and much deeper, in a sense. Until 1989, Germany did follow a somewhat different economic policy than the hard-core post-industrial policies of U.S. administrations since the assassination of John Kennedy. Then, between 1989 and 1991, and into the beginning of 1992, the German economic situation was carried along

by the relatively artificial increased demand stemming from German unification. That is, much of the consumer goods industry in western Germany was driven by the immediate demand for consumer goods which the eastern German citizens were able to buy from out of their savings, because their savings had been transferred at a rate of 1 to 2; and therefore, a demand was created for cars, for TV sets, for refrigerators, for furniture—or books, for example: The publishing business had a bonanza between 1989 and the beginning of 1992.

In the middle of 1992, this process came to a dramatic halt. And now the downturn of the German economy is much more rapid, much more dramatic; and the people experience it in a much more dramatic way than in other European countries and in the United States, where this has been coming more gradually, year after year. Therefore, the political and social consequences of this could be very dangerous in the short term.

### **Voices for reason**

Economically we have a disaster in Germany; politically, the government is completely paralyzed, among other things, over this shootout on June 27 between police and terrorists in Bad Kleinen a couple of weeks ago, in which suspected Baader-Meinhof terrorist Wolfgang Grams was shot in the head at close range; and they are not prepared in any way whatsoever to handle the crisis in eastern Europe and the crisis coming out of Russia and the former Soviet Union.

Yet, at the same time, you have anomalies. You have the

Balkans correspondent Victor Meier in the daily newspaper *Frankfurter Allgemeine Zeitung* in the last two weeks, blasting the British, hammering away at Foreign Minister Klaus Kinkel, and attacking David Owen and the U.N. operation in Bosnia, attacking Croatia's President Tudjman, and laying out exactly what a complete disaster is going on in Bosnia-Herzegovina. Meier went further than anyone in the international press. And the editorial line of the *Frankfurter Allgemeine Zeitung* in this respect has been not only very realistic and sober, but even relatively courageous, compared to all other voices. It is still a fact that the only government in the western world where a minister resigned in protest over inaction vis-à-vis the Bosnia crisis has been in the German government, when Postal Minister Christian Schwarz-Schilling resigned. He, together with a member of parliament, Stefan Schwarz from the Christian Democratic Union, have gone on a continuous campaign to try to do something in Bosnia—unfortunately, so far with no success. So, there is this political anomaly, compared to Italy or France, which we have to take note of; therefore, it's not a cut-and-dried situation.

### **The face of unemployment**

Officially the government admits that at the end of the year, we will have 4 million unemployed. Those 4 million only include those who are completely unemployed. If you add to this, people on short work, and if you add to this the huge number of formerly gainfully employed people who simply have been put into government-financed work projects, the unemployment figure will be closer to 6.5-7 million by the end of the year. This is especially happening in former East Germany, in the new federal states, where you have such a dramatic collapse of industrial enterprises, that if the full extent were to appear on the unemployment lists, officially, there would be no way to politically control it. What they have done to cover up the reality, is mobilize millions in government funds to put people into crazy make-work projects. They have people going around picking up garbage, or environmental programs like planting trees. Planting trees in some other situations would be a good idea—but to do this as a conscious policy to replace industrial jobs, is insane.

Take a city like Brandenburg, which used to be a steel center in East Germany. In 1989, it had about 7,000 steel jobs; today there are no more than 600. This is in a city where nothing else—not the service sector or anything else—has been built up. What did the government do? Now, admittedly, one of the factors was that this was relatively older technology and much more labor-intensive methods than in the west. But you also had child care for all the factories in East Germany, so that the mothers could work. The government eliminated all this, and they created make-work programs. They also used the unemployment office to create "training" programs in such things as financial accounting. The trainees

are soon done with these courses, say after six or twelve months. And again and again it happens: Once they go through this training program, the entire class goes back on unemployment, because the jobs are not there. These people weren't trained for the free-market economy; they hadn't learned competition and all this under socialism. And the first place they compete after being trained in this free market, is on the unemployment line.

Imagine a medium-sized city—Brandenburg has a population of 200,000: The steel company has been privatized, sold to an Italian company; and of 7,000 jobs, you eliminate 6,500. Imagine what this does to a city, because each of these workers is the breadwinner of a family. And this is happening in city after city. Görlitz, which was a textile city, had 8,000 jobs in 1989, and now it's down to 500, and the remaining factory was sold off to somebody from Austria. This is happening all over in former east Germany. The process of deindustrialization there is dramatic, and this is part of the picture behind this hunger strike at Bischofferode.

### **The insanity of the 'free market'**

In the plans to sell off some of these industrial enterprises, the Treuhand—the holding company responsible for privatization—was able to claim a certain amount of initial success. Now we are getting into the second phase. Take the example of Jagdwaffen, one of the leading manufacturers of hunting rifles and other rifles internationally, located not far from Bischofferode. It was sold last year, with the agreement that there would be a certain amount of investment and a certain number of jobs preserved. It was sold to a French-Italian consortium, which probably planned all along to buy it because of the brand-name; they would just buy the name, which would eliminate competition on the world market. They made all assurances to keep the factory going; but now, six months later, they say, "Oh, we weren't told the whole truth, about all the debts outstanding. If we keep this company running, we would have to invest another couple of million deutschmarks. And we're not prepared to do that. Sorry, we're withdrawing from the sale." And the company went into bankruptcy just last week.

Even on its own terms, the Treuhand policy which was adopted after its head Detlev Rohwedder was killed in April 1991, cannot work anymore, because nobody is addressing the fundamental problem of the destruction of the export-orientation in the former Comecon market.

So, therefore, the collapse of industrial jobs and the inability to replace them with any other kind of job, is so dramatic, that rage is building up. Nobody is addressing the problem in any fundamental way—especially not the trade unions. The Bischofferode potash strike was called against the advice of the trade union. The strikers are saying, "This is our life, and we will give our life for this," and in discussion we have had with the strikers, they see how this ties into the

international crisis, especially in the production of food. This must be made into an international issue.

I think we are very close to seeing a very dramatic social and political explosion in eastern Germany, because the problem is not being addressed such as to offer any way out; people are losing hope day by day, and their anger against the West, especially against west Germans, is building up in a very bad way. Unless this fundamental problem of Germany's industrial orientation is addressed, there obviously is no solution.

In western Germany, there is no sector of the industrial part of the economy which has not been dramatically hit by the world economic depression. Take the auto industry, or the electronics industry: Every week, you have announcements of layoffs in the tens of thousands. And what is the big issue? It is the complete brainwashing of the managerial layers, who say, "Our future is going to be China." The shoe industry is producing in China, as is the textile industry. They claim there are structural problems in Germany, that it's too expensive to produce here.

The archetype is this crazy guy Frank Lopez, from General Motors, who was hailed as a hero for finally teaching German management to live up to the structural demands of a changed business world, with the catch-word "lean management" and cost-cutting. He is being paid something like DM 5 million a year to come in and be the tough guy, to force the medium-sized parts suppliers for Volkswagen to lower their prices. How do they do it? They throw people out of their jobs. They cut their work force, and in doing so, they are firing the potential buyer of a VW car! The insanity is that Lopez is now admired for having finally taught German management a lesson about how to adapt to the changed situation in the world market.

The big debate is centered around the "structural problem" that costs of industrial production are too high in Germany, making it necessary to have runaway shops to cheap-labor countries. What is awful to see, is how this argument is all the rage among an entire layer of managers.

You know from experience here in the United States what this means: This is exactly the process by which the cheap labor in the North American Free Trade Agreement was used in Mexico. The same thing is now going on in Germany. The way it worked is as follows: Under communism, East Germany was a reservoir for this sort of cheap labor. A lot of products on the world market that said "Made in Germany" were actually produced in East Germany, were bought at rock-bottom prices by West German companies—the label "Made in Germany" wasn't wrong—and resold for higher prices. In textiles, the top-of-the-line East German production went for export to the West; the next-lower quality went to the East, to Russia; and the lowest quality stayed in the country. This was true for East Germany, and also for Yugoslavia. By the end of the 1980s, a lot of the textile production

of western Europe was based in what is today the Balkan crisis area. Now that this has collapsed, they are trying to move heavily into Slovakia.

The new aspect, however, is that the original idea that characterized the German *Mittelstand*—small- and medium-sized technologically progressive industries—is left completely defenseless by the institution of these industrialists. And this is a perfect way of playing the entrepreneurs against the trade unions.

There is no sane voice from the existing institutions to say, "Wait a minute: There is a different problem here, which is the total strategic picture." So it is our job to be that voice.

The same is true for France. Recall that when the Balladur government came in, they were praised as a conservative government which would get rid of all the pitfalls of socialist experiments, the high wages, etc., and would stabilize the French economy. They managed to stabilize the French economy for about one month; the idea was that the markets had decided that the French franc would replace the deutsche-mark as the strongest currency in Europe. But in the meantime, the market decided differently, and the franc again reflected the disaster of the French economy.

This is the basis from which the political paralysis has to be understood. There is just no sign or voice of any weight right now in the institutions that would, even in a distant echo, propose the types of economic proposals of the European "Productive Triangle" that Lyndon LaRouche proposed in 1989. There are only certain pockets of resistance, such as the hunger strikers at the potash mine in Bischofferode.

This puts the German government and the miners' union in a very awkward position. They say, "No, no compromise." Well, is the union going to allow the miners to die during the hunger strike? The strikers have a rotation system: If people have to be hospitalized, others join the strike, taking their place, so they keep the action going at a very high level of morale. These are signs of where the political situation can be turned around; and the strategic issues, such as the Productive Triangle, the strategic economic situation, can then be put forward.

But as far as the governments are concerned, as far as leading associations of the entrepreneurs or the trade unions are concerned, we see an unmitigated disaster.

### **Government lacks resolve against terrorism**

Politically, we don't know what really went on in this Bad Kleinen shootout. Nobody knows, and apparently nobody is supposed to know. But its effect was to make clear to the public that the institution of the state is not capable of acting resolutely. The facts are these: The Federal Criminal Office and the GSG-9, the anti-terrorist unit of the Bundesgrenzschutz (the German national guard), were about to arrest two so-called terrorists, Wolfgang Grams and Birgit Hogefeld, who they said were in the top command level of the

Red Army Fraction. There was a shootout in which one policeman was killed and this alleged terrorist Grams was killed. At first, it looked very straightforward; but three days later, things became quite complicated. It turned out that the government had deployed something like 50 people to arrest two. Grams was shot in the head, which is very unlikely in a shootout from a relatively great distance. There are now three different expert reports, each of which draws entirely different conclusions about which weapon killed Grams. One thesis is that he was killed by his own gun, meaning either that he shot himself, or that somebody else put his own gun to his head. Another thesis is that he was killed by another gun; but all the police guns are registered, and the gun is not among those registered. Then there is speculation that special forces always run around with additional, unregistered weapons.

And now we find out that there was an informant, named Klaus, from Wiesbaden. You have this infiltrator, who was seen at the station where Grams and Hogefeld were arrested beforehand. There are conflicting stories, including that he was an infiltrator whom the state government of Rhineland-Palatinate had in the RAF for eight years. But if that were true, what would this say about the assassinations of Deutsche Bank chairman Alfred Herrhausen in November 1989, Treuhand head Detlev Rohwedder in 1991, and others? Either the story isn't true, or if it is true, might this mean that the RAF didn't kill Herrhausen and Rohwedder?

Remember, too, that two months ago there was a bombing attack against the new prison near Darmstadt. Now the question is, was this infiltrator also involved in blowing up this prison?

The emergence of such information shows that the government is no longer in control of its own security forces—yet another aspect of the complete paralysis of the government institutions in Germany. The result was that the last minister involved in German unity, Interior Minister Seiters, suddenly resigned only three days into the inquiry over misconduct by the security institutions. This is unheard of. After all, a minister can say, "I take political responsibility" after everything has been checked through—who did what; but to suddenly pick up and leave is very questionable. Does this mean that he knows more, and doesn't want to be involved in it? Like former Foreign Minister Hans-Dietrich Genscher, when he suddenly resigned a couple of years ago.

The other minister to resign was Transportation Minister Krause. Krause was from the east, and Seiters—before he was minister—from the west; together, they negotiated the contract which united the two Germanys. Krause was forced to resign over a minor scandal that was blown out of proportion. But he was somebody who at least had an idea of building infrastructure for transportation, and was pushing this. He was the one who put the magnetically levitated train project, Transrapid, between Hamburg and Berlin, into the

government's program. Now it is very unlikely that it will remain in the plan.

So, the two key ministers of German reunification are now out. Instead, you have disorientation. The government, in the face of the internal situation—and add to this the whole destabilization around the so-called foreigners question—is not in control of what is coming around the bend economically.

### **Crisis in foreign policy**

This is most dramatically expressed with respect to the Bosnia crisis. Foreign Minister Klaus Kinkel came to the United States at the beginning of this year to announce that he would urge the Clinton administration to support the Vance-Owen plan for the partition of Bosnia. Since that time he has been a completely negative factor in this whole process.

I think the worst thing in Europe right now is this process, because what we now see there is a move away from at least a certain alliance of the Muslims and the Croats to fight the aggressor, Serbia. Now that alliance has broken down completely, and what you get now is the most awesome, barbaric fall into an absolute hell. The crowd around Croatian President Tudjman, together with the Croats from Hercegovina, essentially told the Muslims, "You keep what you can get." The Muslims have been driven into a posture where they tried in central Bosnia to capture areas where they think they have the strength to hold them. This is a horror, for which Tudjman especially bears the blame, but for which others also have to take responsibility.

The situation is moving from one atrocity to the next. We are now facing the fall of Sarajevo. The Serbs think they have a deal between Tudjman and Milosevic, which will not be the end of the story.

One of the interesting aspects is that you have journalist Victor Meier attacking the German government for inaction, and for the first time ever, saying that it was *British* policy with the aim of encouraging the formation of Greater Serbia, and of hitting Germany on a weak flank. To my knowledge, this has not been published elsewhere than in the *Frankfurter Allgemeine Zeitung*.

### **Germany and the former Soviet Union**

Now let's look at Germany's policy toward the former Soviet Union and the rest of eastern Europe. I think that the way Konstantin George has posed it in his recent *EIR* articles has made it very clear that we are seeing a gradual—not yet dramatic—consolidation of the Greater Russia idea. The specific personalities involved are not what counts primarily—Yeltsin, Khasbulatov, Rutskoy, and so forth. But what we probably can expect, in George's estimation, is that there will soon be a change in the institutional setup of the government in Russia. Yeltsin may stay on as a figurehead, or as a compromise. It is not clear what other figure could take the

lead; but the underlying reality is that the declaration of Defense Minister Pavel Grachev from last summer is now being implemented—the idea that wherever there is a Russian ethnic group, Russia has the right to intervene.

The process sped up dramatically following the five-power agreement on May 22 to partition Bosnia. The disaster, in particular, is that in a part of the world that was not regarded by Russia as their area of influence—that is, Bosnia-Herzegovina—the West failed to act. Now if they failed to act *there*, what does that say about the areas that *are* regarded as their sphere of influence, i.e., the Baltics, Ukraine, the Black Sea? And so, we have seen a tremendous escalation since May 22 in the crisis with Ukraine, the crisis around the Baltic republics, and the march toward regaining the coastline on the Black Sea, especially this operation in Abkhazia, where Georgia is involved.

I think it would be a big illusion to think that this process will just go on forever: There are branching points, and there conflict points where actual clashes—say, between Ukraine and Russia—could erupt and go completely out of control.

What is the West going to do then? What is the West going to do if the Russians take Estonia, or Lithuania, or anything else?

We see that Poland suddenly agreed to a military cooperation agreement with Moscow. If we had told them a year and a half or two years ago that they would end up doing this, they would have all protested vehemently. We see that Hungary, over the issue of getting military equipment, is being driven back into the arms of the Russians, because the Russians have converted part of their debt to Hungary into the delivery of MiG-29s and other matériel. Why? Because Hungary was denied any NATO protection, there weren't even any talks about military protection or political agreements for possible defense protection vis-à-vis Serbia, in particular, by the West.

So, the process that's going on in Russia is a clear consolidation of moves toward the Greater Russia idea, which was originally the idea of the Third Rome. It's not immediately dramatic, but it is clearly there, and it could advance into a situation where the point of conflict with the West could take place. There's just no doubt about it.

Lyndon LaRouche stressed in his "EIR Talks" radio interview today that, apparently, there is a faction in the West that is playing with fire, for instance, in the case of Tajikistan, to try and provoke a Great Russian-Third Rome faction coming into power as an imperial faction in Russia.

It is truly a very bleak picture. The worst aspect of it, though, is the degree of brutality, the amount of cynicism about the situation in Bosnia, etc. The press has made a conscious decision to black out 80% of what really is going on. If you compare the pictures of Americans in Des Moines or elsewhere lining up for water, and you see the social comments on it, yes, it is a tragedy; but the same water

queues in Sarajevo are being shelled by the Serbs, and 20 people are killed in a line of people trying to get fresh water.

The western policy is not not only to not do anything, but essentially to close off Bosnia, allowing this conflict to go into a phase where they bleed each other to death, until—according to their crazy idea—the war will stop, because everybody is dead. That is a strategic conception held by people determining policy!

This strategic immorality with respect to the Bosnia crisis is the worst of all. The economic crisis is bad enough; the political paralysis is bad enough; but it is the western political institutions knowing full well that this is going on in Bosnia, and deciding not only to do nothing, but to also try to cordon it off from public consciousness.

We will pay very, very dearly for this immorality.

### The LaRouche movement's intervention

The intervention of the Schiller Institute with its June 4-5 conference in Bonn [see *EIR*, June 25, 1993] was very important for mobilizing political forces in both eastern and western Europe to combat the immorality of geopolitics. But, what was striking about the Bonn conference was that we had high-level representation from Russia, Ukraine; we had people from Poland; we had former Foreign Minister Separovic from Croatia, etc. But did we have *any* elected official from the United States? from Italy? from France? from Germany? None.

This is probably the best expression of the immorality and bankruptcy of political institutions in the so-called western governments and western nations.

In Germany itself, the Civil Rights Movement Solidarity is beginning to launch election campaigns for next year, when there will be 12 elections on various levels. Our first campaign is the Munich mayoral campaign of Elke Fimmen, which will be run under the slogan, "Ja, wir haben das Patentrezept" ("Yes, we do have the patent recipe"). You see, all these politically correct politicians and journalists have been saying for the last 20 years that there is no "patent recipe" to solve Europe's problems. If you argue that you have a concept which might solve the crisis, you are labeled as "authoritarian." Helga Zepp-LaRouche first put this slogan out during the administration of Helmut Schmidt in the 1970s, when Schmidt said, "Ich habe kein Patentrezept," to which she replied for the European Labor Party, "Wir haben das Patentrezept," which referred to LaRouche's whole strategic package for a new world economic order.

In Munich, we are participating in the mayoral elections which were called suddenly. This will build up toward state and federal election campaigns, where we hope to run slates next year, and build up the Civil Rights Movement networks nationally.

The Schiller Institute just had two successful conferences in Prague, Czechoslovakia with representatives from all the

political parties and the press; there was a good meeting in the capital of Slovakia, Bratislava. And we expect we will soon be print a translation of LaRouche's book *So, You Wish to Learn All about Economics?* in Ukraine. I think Ukraine is probably the one country that has had the most intense ant-IMF discussions in the former Soviet bloc over the past couple of months.

It's a tough battle situation, with a dramatic collapse of existing institutions, and a wide-open opportunity for changing them.

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## The real story behind the spy scandals

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*During the discussion period after his speech, Friesecke elaborated on the political embroglio in Bonn:*

The spy scandal, where it has "suddenly" come out that there is a list of 2,000 leading figures from west Germany who were on the payroll of the East German secret police—the Stasi—is indicative of why Germany can be so easily paralyzed by these scandals.

It worked this way: When Willy Brandt was on his deathbed last year, Chancellor Helmut Kohl visited him, about a month before he died. Kohl had already been briefed on the fact that there was a list of 2,000 names of politicians, business leaders, journalists, and others in KGB files that were taken to Russia from the Stasi files. The question was, how to deal with this problem, without tearing Germany apart politically.

Kohl agreed to solve it, as they say, "the Wehner way," using the methods of the late Herbert Wehner, whose faction was known as the Kanalarbeiter, the "sewer workers" who did the dirty jobs. The individuals named on the list would be gradually removed from Social Democratic Party's parliamentary caucus. And now the truth is coming out, that a minimum of 25 members of parliament had been on the payroll of the East German intelligence agency, the Stasi, for decades. And the way to solve it "Wehner-style" was to gradually move them out of the center of politics, out of the party caucus, and just forget about them. This would dissipate the potential for scandal. Apparently Brandt and Kohl agreed to do exactly that.

But this points to something else. The most important person in this Stasi network is Alexander Schalck-Golodkowski, and he is not being touched. All sorts of other people are being touched, including a man named Vogel, a lawyer, who would act as a go-between for spy exchanges between the Americans and the Soviets in Berlin. He obviously ensured he was paid well for his services, since he drove a Mercedes. He was the typical back-channel agent who covered up the dirty work in public by acting as the attorney for

east German communist boss Erich Honecker. For example, if somebody wanted to emigrate from East Germany and he owned a house, they would go to Vogel, and offer their house. Vogel would negotiate to have a top party official or a Stasi official get the house in exchange for allowing the person to leave the country.

Egon Bahr, Willy Brandt—everybody knew this was going on. During the 1970s, the *Ostpolitik* was largely trade in people, with a lot of money changing hands. Suddenly Vogel is arrested and indicted for tax fraud. It's a typical method of scapegoating a lower-level official.

But the real top guy, Erich Honecker, was gotten out of the country by a scummy deal, on the basis of medical testimony that he would die in three months—that was Christmas last year. Now, he's still living a happy life in Chile. The other top character is Schalck-Golodkowski, who was involved with Tiny Rowland and every dirty aspect, who is living a happy life in Bavaria protected by a combination of French, American, British, German—plus a deal with Russia, who knows?—intelligence services.

This list of so-called revelations of 2,000 Stasi collaborators probably has a lot of truth, but also has a lot of misleading, coverup information.

## Maintaining the Yalta deal

The real dirt is the fraud of postwar policy, especially in Germany. The west German government was involved, together with the Allies, to keep this Yalta deal over Germany going for all these years. And the agreement between Brandt and Kohl—Brandt is one of the people who probably knew the most about it—still has not come out to the full extent.

This year, the anniversary of the events of June 17, 1953, had interesting aspects, which suddenly came out in public, ironically from Egon Bahr, who probably is a KGB-Stasi asset. But he provided an interesting detail which tells you something.

On June 16, 1953 and in the days immediately preceding, workers began going on strike in East Germany. The official history was that this was limited mostly to East Berlin, and therefore it was an isolated event; the construction workers from East Berlin held a march, and the Russians deployed tanks to crush it.

Now, because of the old communist files that historians have access to, we see there is quite a different story. There is actually footage and photographs of what happened that can be freely shown for the first time in history. During the days building up to June 17, 1953, there was a widespread strike wave throughout East Germany—cities like Halle, which is the center of the chemical industry. There was a mass strike wave of a minimum of close to a million people, demanding not just economic improvement; the story until now was that the discontent in East Germany was because the construction workers didn't like the pressure on them to

increase productivity. But this was a full-fledged mass strike movement against the government.

On the evening of June 16, the East German government of Walter Ulbricht fled to the Russian base in Karlshorst in Berlin. The government had already been toppled, and the strike committee put out a call to the rest of the country for a general strike on June 17. This call was given to the Radio in the American Sector (RIAS), and the responsible journalist at RIAS at the time was Egon Bahr. Egon Bahr was about to read this call over the air waves in the evening of June 16. And now he reports that that when he was about to read this, the liaison officer of the Americans came into the studio, and said, "Are you crazy? Do you want to start World War III?"

And that was it. The call was never broadcast.

In other words, the western governments—including a speech by Inter-German Affairs Minister Kreiser in Bonn on the evening of June 16 which called for calm—wielded the threat of a nuclear war in order to let the resistance and the uprising in East Germany die out.

But what was really happening in East Germany on the evening of June 16? Moscow was indecisive. They had made no decision, and didn't know what to do. The Ulbricht government fled to Karlshorst. Soviet High Commissioner Semjonov, who later was the ambassador to Bonn, of "détente" fame, gave the order from Berlin—not from Moscow—to deploy Russian tanks and Russian soldiers. The order did not come from Moscow: The West was not faced with the resolute threat of the Soviet government against this; but their indecisiveness essentially delivered the uprising to the Russian troops.

And now the irony goes even further: It is now clear that 20 *Russian* soldiers shot by the Russians, because they had refused to open fire on Germans.

So, this whole myth which was built up over the postwar period is being shattered. And everybody is afraid that the truth about postwar history, the truth about how the Yalta agreement worked—June 17, 1953; Hungary in 1956; the Berlin Wall in 1961; Prague Spring in 1968—is coming out more and more, because the official documents are becoming available. Therefore, you suddenly get this operation, where they say, "Oh yes, we're going to publish everything, we're going to publish this list of 2,000 agents."

This is not going to be the truth. The truth is on a different level, and it comes out in such events. In Halle, for example, the workers just left the factory and were about to storm the Stasi headquarters, as they did later in 1989. The communists were not prepared; nobody had any orders for what to do, and if the West had moved in any way at all, this nightmare of post-Stalinism wouldn't have happened. This crack in the power of the Soviet empire could have been used to free eastern Europe—and the West sold it out—lock, stock, and barrel.

## Third World needs German potash

by Rainer Apel

"The world potash market has been hit hard by a combination of overcapacity and cutthroat competition. Approximately one-third of the world's 36 million ton capacity is not being utilized." Those are the terms which Germany's Treuhandanstalt—the holding company charged with privatizing the former assets of the communist German Democratic Republic—used in a background memorandum to justify its decision to drastically reduce the number of jobs in Germany's potash industry. But all the ballyhoo in the German media about the alleged existence of "overcapacity" (even though some potash industry experts don't share that view), has not brought the Treuhand an inch forward in determining what the future will look like in Bischofferode, a small town in the eastern German state of Thuringia where 700 miners are in a standoff with the German government over the plan to shut down the Thomas Müntzer potash mine. Instead, according to the memorandum, "the Treuhandanstalt has commissioned the London investment bank Goldman Sachs to work up a comprehensive plan for privatizing eastern Germany's potash industry."

### Such 'help' Germany doesn't need

Goldman Sachs is already the Treuhand's exclusive adviser in the strategy to privatize other branches of east German industry. This has resulted, for example, in a 68% drop in the number of jobs in those establishments overseen by the Treuhand's Dresden office alone. Such figures pose the question of what interests are motivating the London "experts" to deindustrialize eastern Germany's economy on a scale comparable to what Henry Morgenthau—father of the infamous Morgenthau Plan—proposed back in 1945 but was fortunately unable to carry through to completion.

Another memorandum prepared by the expert Peter Arnold from Switzerland for the state government of Thuringia, makes entirely different prognoses for the future of Bischofferode's potash production. His report sees good sales opportunities in markets overseas. Similar evaluations can be heard circulating internally in the western German potash industry, even though their public statements say the contrary. For example, a spokesman for the Kassel firm Kali und Salz AG conceded that the demand for fertilizer in the developing countries would be enormous, were it not for the fact that the governments there lack the financial means to import it. The