Germany: 30 years of reunification, nothing to celebrate

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The big celebration in Potsdam for Germany’s Day of Unity had to be cancelled because of the pandemic. After 30 years of capitalist reunification, there is little to celebrate for the working class anyway. Maintaining a safe distance is not only good for the Corona danger, but also for the bourgeois fairy tale of the “predominantly” positive results. Who has reunification actually benefited? Are the still unequal living conditions, the destruction of millions of jobs after reunification merely the last deficiencies of bourgeois freedom or a necessary result of a stronger German capitalism and imperialism?

Death agony of Stalinism

The division of Germany itself was an expression of a global reorganisation after the Second World War. This world order began to totter in the course of the 1980s. Economically, the states of so-called really existing socialism, in reality degenerated workers’ states, in which a bureaucracy politically dominated the working class from the beginning, no longer had anything with which to oppose imperialism.

The German Democratic Republic (GDR) felt the effects of this crisis. On the one hand, it was chained to supply contracts with the Soviet Union by one-sided deals in the energy, machinery and armaments sectors. On the other, through its trade with capitalism it was plunged into steadily growing foreign debt. It was through this that the bureaucracy tried to satisfy the consumption needs of the working class to some extent in order to guarantee social peace in the country. But the economic imbalance grew worse, especially after the West German government extended credit worth billions in the early 1980s. By then, the general state of the GDR economy had already deteriorated dramatically.

The special circumstance of being right next door to the Federal Republic of Germany, FRG, or "West Germany" as it was generally called, established and supported by imperialism, meant that for the population of the GDR it was a showcase for a growing capitalism with a rising standard of living and apparent freedom of movement. Their own economically desolate situation, the restricted freedom of travel and the denial of democratic rights led to a ferment that manifested itself in a wave of refugees from late summer 1989 onwards. In the autumn, the population took to the streets en masse to protest, culminating in the symbolic fall of the Wall.

The leaden legacy of Stalinism, that is, the political dictatorship of a bureaucratic caste, had crushed the revolutionary traditions of the workers' movement, which had briefly flared up in 1953, raising the prospect of an all-German effort to overcome the division. The 1989 movement was led by ideologically petty-bourgeois forces who sought salvation in the establishment of democratic institutions based on the bourgeois model or in a reform of the ruling Stalinist party. The decisive questions of a political revolution and the construction of a workers' democracy and an economy based on a democratically controlled social
Setting the course towards capitalism

Large sections of the power apparatus, which had themselves lost faith in their own methods of bureaucratic planning, tried to come to terms with the opposition leadership. Both were united in their interest in diverting the movement away from any possible revolutionary development. Thus, although nominally called as elections to the Volkskammer, the GDR's parliament, those on March 18, 1990 were, in reality, bourgeois parliamentary elections. Even before that, the transitional government, still led by the SED, had already set its course for the dissolution of the GDR's non-capitalist foundations. The decision to set up the Treuhandanstalt on 1 March foresaw the dismantling of the planned economy, the monopoly on foreign trade and state ownership of production and real estate dawning on the horizon, although the abandonment of statehood was not yet under discussion.

If the GDR government still believed that it could negotiate a cautious rapprochement and a multi-year plan for possible reunification on an equal footing with the West, it was quickly disabused of its naivety. It was given the ultimate choice by the FRG government, either to accept its roadmap for rapid reunification on capitalist terms or to be responsible for the country being bled completely dry.

The incumbent German CDU/CSU/FDP government had long since sensed with predatory instinct the unique historical opportunity not only to fulfill the mandate of the Basic Law to bring about reunification according to capitalist guidelines, but also to enormously strengthen the ambitions of German imperialism on the international stage in one fell swoop. In view of the crumbling power structures of the GDR state and the growing desire for change in the country, it had grasped the now-or-never situation. The waving of the hard currency West German mark gave the expectations of the GDR population a decisive push in their direction. At the same time, it also averted the danger of a revolutionary orientation, which the GDR regime alone would not have been able to control easily.

The Kohl government was able to dispel financial policy concerns about the high costs of a hasty unification, expressed primarily by the currency guardians of the Bundesbank, but also by the SPD opposition, by pointing out the politically favourable situation and the preparations already made by the GDR transitional government. After the GDR elections of March 1990, the outcome of which had been significantly influenced by the prospect of access to the FRG's currency, an openly bourgeois government took office as a willing servant to implement the plans of the FRG leadership. The Unification Treaty of 18 May 1990, which laid down the terms for the economic, monetary and social union between the two parts, gave the Federal Government the power to decide on all state and economic policy steps towards reunification, which was declared under Federal German law as the GDR's accession to the FRG.

Completion of the counterrevolution

It is no coincidence that the Trust Law came into force on 1 July 1990 at the same time as the introduction of monetary union and regulated the privatisation and reorganisation of national assets under German sovereign supervision. The Federal Government decided that, from July 1990 on, the staffing of the trusteeship offices would be carried out by Western representatives with experience in market economics. The Treuhandanstalt was responsible for 8,500 GDR businesses, thus putting the fate of a workforce of over 4 million people in its hands.

The second stage in the capitalist restoration of the GDR was the introduction of the D-Mark as the sole currency from 1 July 1990. This was also the fulfilment of the wishes of many GDR citizens. Although the GDR currency was exchanged for the D-Mark on a one-for-one basis, in order to benefit from the
payments, which were limited to 2,000 D-Mark per person, an application had to be made beforehand to convert accounts to D-Marks and a receipt had to be obtained from the banks, but this was only valid until 6 July 1990, so that the money could be obtained immediately. To the extent that accounts exceeded that limit, on average by GDR-Mark 4,000 per capita, only a 2:1 exchange ratio was applied. By contrast, credit balances which had not been created until after 31 December 1989 could only be converted into Deutschemarks at a rate of 3:1.

The national wealth in terms of factories and real estate, however, which under GDR law was still available to all citizens on a pro rata basis, was left to the value calculations of the free market. The majority of the population, i.e. the working class, was expropriated with practically no right of veto.

For the victory of the counterrevolution it was also necessary to eliminate not only progressive social institutions that had existed in the GDR, e.g. in the health and education systems, but also democratic achievements that had brought about the semi-revolutionary changes, such as democratic forums, comparatively wide-ranging control and transparency in the media and political negotiations.

The organised reformist workers' movement in the FRG did not lift a finger to save them, but served imperialism. As early as May, the German Trade Union Confederation (DGB) carried out its version of unification as a takeover of the trade unions in the East according to a tried and tested social-democratic bureaucratic concept, which established the strict separation of politics and the world of work and suppressed any independent activity of the working class.

For the FRG government, there was only one important hurdle left to overcome: the approval of the powers that had divided Germany after the Second World War and set them up as permanent outposts of their respective power blocs in the post-war order. A state treaty negotiated on 19 September and signed by the USA, France, Great Britain and the Soviet Union sealed the end of the post-war era and upgraded the Federal Republic of Germany as a political factor on the international stage as well. At the same time, this also revealed the weakened position of the Stalinist system, whose bloc of states was also in the process of disintegration in other regions, including the Soviet Union. The German capitalist reunification was a historical milestone for the downfall of Stalinism and the victory of imperialism. The official ceremony on 3 October, 1990, was only a formality, it completed the victory.

Consequences of unification

After 30 years, the balance is divided. The beneficial activities of the Treuhandanstalt, which lasted until 1994, virtually laid waste five new Länder, including East Berlin. The gross domestic product of the new Länder fell by 40% and industrial production by two thirds. The privatisation of state-owned enterprises brought 85% of the capital into West German ownership. Clearly, monopoly capital from the FRG benefited most from closures, the break-up of large enterprises and sales at knock-down prices. In addition, investments for the "Build East" were still heavily subsidised by the state.

All in all, large enterprises are still underrepresented in the East. Outside Berlin, a number of urban agglomerations have emerged with new technologies, especially in Saxony, while many rural areas are still structurally chronically weak. These areas are often home to obsolete industries such as lignite mining, which continue the ecologically unfortunate tradition of the GDR. The working population is ageing, and migration towards the West is still continuing. In August 2020, the unemployment rate in the eastern federal states was 7.8 %, 1.4 points above the German average.

Although the individual economic situation for most people in the five new Länder improved soon after the Anschluss, the pace of catching up slowed down in the second decade and finally stagnated. In terms of
wage development, the East continues to lag behind the West by 540 euros gross in 2020. In terms of pensions, the East is ahead, but only because more women in the GDR worked and earned better than in the West.

However, women are also among the losers of unification. The reactionary bourgeois social order disadvantaged women, who were able to develop greater economic and social independence in the GDR. They were among the first to be made redundant after the reunification or to be downgraded in terms of wages and economic status.

On the whole, reunification brought capital an increase in the reserve army of labour, which it used to undermine working class rights through increasing precarity, temporary work, the erosion of employment conditions, job insecurity, combined with insecure life planning, as well as privatisation and the dismantling of public services.

Year after year, the state and the social security system have pumped billions of euros into the reconstruction of the East, largely paid out of the pockets of all wage-earning workers - in both East and West - through social security contributions deducted from wages and the so-called solidarity contribution. Only West German capitalists and wealthy heirs profited from the special depreciation, takeover and liquidation premiums, investment subsidies and compensation for expropriation of production or real estate that had been carried out in the GDR.

Strategic significance of German reunification

The annihilation of the GDR workers' state with its non-capitalist foundations meant a defeat for the world proletariat, which is all the more serious because it was carried out practically without a struggle. The failure of the German labour movement, including the West German Left, which completely misjudged or underestimated the historical dimension of the process and especially the necessity of intervention, was blatant.

While reformism remained apathetic or actively pursued the demobilisation of the working class in the East, a large part of the centrist left clung to the petty-bourgeois reformist illusions of the GDR civil rights activists and dreamed of a partial state solution and a compromise with Stalinism. Instead it should have carried the resistance into the working class on both sides and prepared it politically and organisationally with a programme of demands for revolutionary reunification.

Not only the achievements of a workers' state were liquidated, but the territory was turned into a parade ground for a socio-political counterrevolution. The bill which FRG capital presented to the working class in the West for the passive toleration of restorationist unity was relentless and had to be paid with the weakening of its own fighting potential against all the following offensives of capital.

German imperialism triumphed straightaway. Reunification had an effect on the international recognition of its efficiency which should not be underestimated. However, the decisive factor was to have created a geostrategic launch pad with the newly won hinterland in order to push ahead with the recapitalisation of the crumbling Eastern bloc.

Secondly, even more German weight could be brought to bear in the EU. The broadening of the power base also made it easier to implement projects such as the introduction of the euro as an important bargaining chip for intra-imperialist competition.

BRD imperialism in crisis mode
The current crisis of globalisation has revealed the vulnerability of capitalism worldwide and has not stopped at the FRG imperialism. According to the Ifo Institute, the investment backlog for new businesses in East Germany was already making itself felt as a downward trend in 1996, partly due to a lack of skilled workers, even in large companies. Convergence in productivity per employee, 14,000 euros less in the east than in the west, has also stalled since the turn of the millennium.

Structural problems of inequality even at home could not be solved: Municipal debt, the poverty gap continues to widen, the gap between urban and rural areas, insecure prospects for the majority of the population, let alone for the masses of the imperialised countries, who have been plunged into even greater misery.

The ambitions of FRG imperialism were first dampened by the failure of its plans for an EU constitution in 2003 and thus the political rise to an imperialist superpower that could have defied the USA and the rising China. Economically, Germany’s supremacy within the EU remains undisputed, but the difficulties in politically translating economic leverage against the blocking nationalisms there are increasing. The EU cannot come up with uniform, clear positions in world politics: there is limited scope for active military action to further its own interests. The Non-Proliferation Treaty continues to prevent the Federal Republic of Germany from gaining international military recognition.

A few years ago, hardly imaginable instabilities overtook the country and, on the one hand, did not necessarily make it easier for capital to govern, and, on the other hand, brought the success of right-wing populism, which has gained ground especially in East Germany, reflecting the, for the time being, last consequence of the victorious counterrevolution and the capitulation of the labour movement.

Protest movements such as those against the Hartz laws from 2003 onwards, which were a mass force, especially in the former GDR, make it clear that this is not a law of nature. The working class can certainly be won over to a progressive, class-struggle programme, if it is resolutely promoted, in East and West.