

Federal Executive of the
Young Socialists (SPD)

Young Socialists
within the SPD
Ollenhauerstr. 1
D-5300 Bonn 1
Federal Republic of Germany
T.: 0228 - 5321

SECRETARY'S OFFICE



In memory of the democratic socialism -
necessary explanatory notes to the paper
of the Ehrenberg Commission

Social democratic answers to the economic and social
challenges of the present.

WORK FOR EVERYONE
- SHAPING THE FUTURE

SPD

N.B.

According to a resolution passed at the Federal Party Conference
from 17th May to 21st May 1984 the paper of the Ehrenberg -
commission is one of a few papers the conference considered as
important for the preparations of a special party conference
about economic policies in 1986

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Translation/Übersetzung by/von :
Kenate Oppl und Peter Senft
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Federal Executive of the
Young Socialists of the SPD

Necessary explanatory notes with reference to the paper of the
Ehrenberg-commission of the Federal Executive of the SPD

Modernization of capitalism or democratic socialism

I.

"Work for Everyone - Shaping the Future" : The title of the brochure is more than just a nice phrasing. It is both the demand and the programme of the SPD for the eighties." (Willy Brandt in his foreword of the Ehrenberg-paper).

This presented paper of the Ehrenberg-commission does not live up to this social-democratic demand. Politically it falls behind the discussions within the trade unions and only insufficiently reflects the discussion within the Social Democratic Party, which can be demonstrated by a simple comparison between the resolutions concerning the economic policies of the SPD-Federal Party Conference of 1982, the draft manifesto of the SPD-Federal Executive for the European Elections just to name a few.

II.

The Ehrenberg - paper is unsuitable as a basis for resolutions at the Federal Party Conference in May. The Young Socialists will commit themselves on district and regional level to developing political - economic alternatives based on the experiences of employees during the capitalist crisis taking into account the objectives of the Social Democratic Party of Germany about the realisation of democracy in the economic and trade sector. Both in SPD-factory groups and the SPD-branches there is a deep and justified distrust of technocratic kind of social-liberal policies which covers over the conflict of interests between the interests of employers and the interests of those who are unemployed or daily threatened by redundancy.

III.

This paper presented by the Ehrenberg-commission has to be questioned in many areas as to what the specially social democratic

answers to the economic and social challenges of the present are. It is not only striking that the shaping of the future is mainly understood to be the responsibility of private enterprise and big business. The linguistic usage is particularly conspicuous and for social democrats displeasing who identify this text as a result of technocratic and "scholarly" economic considerations for whom human needs and interests and even the democratic principle are only the means and not the starting point of their politics.

IV.

Co-Responsibility or Co-Determination ?

In contrast to the union positions, but also in contrast to the manifesto of the Social Democratic Party of Germany the existing co-determination is obviously regarded as sufficient by the authors of the Ehrenberg-paper.

They understand co-determination as an instrument of incorporating employees into a capitalistic strategy of modernization ("jointly responsible part", page 6) :

"Co-determination is a precondition for a successful policy of structural change ... Changes at workplace level initiated by modernization are standing a better chance of realization if the right to co-determination is guaranteed and rights of participation and information of employees will be extended."
(page 8)

As opposed to this the majority of the Social Democratic Party, i.e. democratic socialists maintain that existing rights of co-determination are not sufficient and an enlargement of these rights is necessary at workplace level as well as at plant and enterprise level and also at macro-economic level.

This co-determination is necessary to include the interests of the majority of the population in decisions of vital importance and it has its reason in the right of employees to decide for themselves their fate and the proceeds of their work.

It is not least because of this image of man and this idea of a democratic society that union and democratic socialist ideas differ from those of economic-liberals, conservatives and technocrats. They merely fear the lack of understanding of the people affected towards

the necessity of re-structuring and they not only wish to load the negative results of their policy onto them but also wish to prompt them to being 'co-responsible' ."

We should like to recommend to the Ehrenberg-commission to only look up the ~~economic-political~~ resolution of the Federal Party Conference of the SPD in order to find out for themselves that their paper is closer to Biedenkopf (CDU-President of Westphalia and economic expert of the CDU) and Späth (Chief-minister of the Federal Land of Baden-Württemberg and Member of the CDU-Federal Executive Committee) than to any resolutions of their own party passed by a vast majority.

Extract of the resolution passed at the SPD-Federal Party Conference 1982 :

"Social - democratic perspectives to reestablish full employment."

"Many jobs are in jeopardy because of structural changes in world economics and wide-spread processes of rationalization caused by new technologies. Therefore it has become obvious that a further democratization of our economy is extremely indispensable. Only unrestricted parity between employees and employers at large scale industry level will adequately guarantee that technological and structural changes will not take place one-sidedly at the expense of the employees. Because of continuous attempts to get round legal co-determination requirements by means of business manoeuvres co-determination has to be the main focus of social democratic politics. The co-operation of strong trade unions is indispensable in order to gain social control over the technological change. If our economy is to come to terms with the comprehensive challenges we have to further develop the opportunities of co-determination. This implies the reform of the legal frame-work for trade and industry which will strengthen the rights of co-determination on management and supervisory level and ensure full parity between employees and employers. Co-determination on a macro-economic level should be ensured by setting

up economic and social councils on regional, federal and federal level.

During the eighties redistribution of productive assets has to be achieved by establishing funds through collective bargaining.

The Federal Executive of the party is hereby instructed to develop a new concept of economic democracy with special reference to the new concepts of co-determination and the sharing of employees in productive assets."

V.

Rationalization or humane labour ?

The paper of the Ehrenberg-commission reveals an euphoric approach of leading social democrats towards rationalization which is unparalleled. This is surprising because current waves of rationalization show already some significant effects as far as unemployment is concerned and because it comes at a time when trade unions are discussing necessary tea-breaks, blockades and influencing the programme of rationalization. The commission is not frequently hiding behind passive wordings such as : " We have to realize that there will be a high level of rationalization in the near future." On the contrary it develops an offensive concept of consistent rationalization at plant level with the aim to reduce costs and to strengthen world market competitiveness. "German industry is struggling at least in some areas of trade and industry to introduce new technologies in a way that international standards of productivity are kept up and new markets could be opened ... The productive capacity of new technologies has to be exhausted if the economy is to remain competitive ... New investment goods such as industrial robots should not only be produced by the domestic market but they should be used by it as well."

It will be difficult to explain why the wish to increase the pace of rationalization - and only addressing the employers - could be regarded as a specially social democratic approach to ensure employment. It is also dangerous to understand the "Campaign for new qualifications on a large scale" as an instrument to cope with the

the "Modernization and structural changes of our society". The question is what will happen if this modernization will create more unemployment and, in addition, a dequalification process? The new qualification of the employees could be regarded as superfluous.

As opposed to this democratic socialists maintain that every human being has a right to a qualifying education and to develop his ability and interests to the full, even at workplace, and therefore even at workplace, technologies and plant organisational structures have to be altered according to the interests of working people. Employment categories have to be adjusted to the needs and interests of human beings and not the other way round, i.e. that the abilities of human beings have to fit in a system of optimally rationalized employment categories. The establishing of minimum standards of working conditions, the development of alternative, technological and organisational solutions to maintain and extend existing qualifications, the establishment of veto-rights of works-councils, the exemption of technology-shop stewards from work and the prevention of unemployment caused by rationalization are essential points of a trade union orientated socialist manifesto with the human being at the centre of attention rather than the national economy.

VI.

Social consensus or offensive representation of interests ?

The Ehrenberg - commission considers "social consensus" as the reason for the relative stability of capitalism and the improvement of the living standard over the past decades and not the performance of the workforce nor the relatively favourable economic conditions. Therefore the main prerequisites for a better future is seen in a good co-operation between employees and employers, of labour and capital.

"Without the social consensus of all participants of the economy we will not achieve a permanent improvement of the current situation. Co-operation between all responsible participants will only be achieved if the social consensus, the basis of our prosperity for

many years, will be maintained."

bearing in mind the frame-work of acting capitalists and reacting employees this concept of social partnership means - opposed to all trade union understanding - the abandonment of an offensive representation of the interests of employees and a submission to "modernization" by the victims. This is why they consistently fail to notice that as far as essential issues are concerned there is no agreement between employers and trade unions (or other relevant groups of society). What remains are empty phrases, ignorance and the attempt to partly blame the trade union for this crisis.

How is it possible for social democrats to ignore that the fight for sufficient places of vocational training represents a conflict with employers which could probably only be solved by raising para-fiscal taxes for companies not offering any places to train and inter-company places of vocational training? No answers are offered by phrases like for instance: "Offering places of vocational training and eliminating youth unemployment is therefore one of those duties we have to confront." (page 10)

One of the few positive statements towards trade union-positions is the announced support for the demand of reduced working hours ("We support the trade unions ..."). But what will happen if strikes will be necessary to enforce the 35-hour week which considerably upset the "social consensus" with employers? Will the fight for reduced working hours be an unwelcomed disruption of a policy of modernization as far as the social democrats are concerned? The trade unions are not made responsible for employment but for the cash value. This is giving a broad hint not to put the success of rationalization at risk by wage and salary claims. (page 7)

Moreover even the necessity of wage reductions is emphasized initially for the public sector only and this is exemplified by giving the popular example of teachers (who are relatively high paid in the Federal Republic): "Within the foreseeable future we have to take into account that within the public sector salaries and wages will rise less than national income. Therefore increasing employment in this sector is only possible if wages and salaries are adjusted to the different situation" (page 9). In exemplary employer's language ("necessity of adjustment") they demand from employees a reduction of income and vaguely point out the possibility of new

places of work without revealing political interests, preconditions and alternatives.

Democratic socialists are in contrast in favour of supporting the interests of employees and the trade unions against a voluntary submission to the interests of employers according to the formula of "social consensus".

VII.

Savings policy or employment scheme at the expense of the capital and the wealthy ?

The culmination of the proposals of the Ehrenberg-commission is to mark up the FDP (=liberal) orientated economic policies of the late Schmidt - Administration as the social democratic manifesto : "We will continue the policy of consolidation initiated by the social li-beral coalition, although we will continue to take the economic development into account. The recognition that " it has become necessary to consolidate the state finance " is nothing else but a social-liberal version of a governmental savings policy which has exploited the socially weak and the employees by billions. The employers, however, have remained almost unencumbered or even benefited from this policy. This budget policy had been massively attacked by the people concerned and the trade unions at the end of the Schmidt-administration. But it was put into practice just like the increase of the arms budget which also coincided with the reduction of the social security budget. It is true that reduction of income in the public sector as announced by the Ehrenberg-commission would definitely be the continuation of the policy of the social-liberal coalition, but it will increase the level of unemployment and therefore it can hardly be part of a social democratic manifesto to safeguard employment.

Clear statements about contents and quality of an offensive employment scheme like, for example, the ideas of the DGB, the Federal Republic's equivalent to the TUC, cannot be found. It is more than pathetic if the social democratic 'Shaping the Future' with the motto 'Work for Everyone' limits itself to mentioning the Future Development Plan of the years 1978 - 1980 as an example one has to follow, to demand a special budget "Employment and Environment".

All this should be financed by reducing some subsidies and tax allowances and "just to consider a medium term net product tax." As opposed to this democratic socialists see a possibility to improve the financial situation by charging the capital and the wealthy and by raising capital by borrowing from the Federal Bank at low interest rates. Even at times of social conflicts it would be possible to establish a long term employment scheme.

According to the proposals of the DGB this should have an endowment of at least 10 billion Deutschmarks. This is intended to be invested in sectors of social needs and socially necessary products at the same time. The link between a workshop level initiative of alternative production and local and regional development schemes and an employment scheme on federal level would create jobs on the one hand and meet urgent social needs on the other hand.

On top of that there should be a minimum security guaranteed for everyone and apart from a minimum wage there should be a minimum pension of, for example, 1,000 Deutschmarks (about £ 250.00 pounds) per month.

VIII.

Armament or alternative production ?

The commission acknowledges that "the world-wide arms race has led to overloading and wasting of our production facilities and has thus diminished living standards." Indeed we can take it now for granted that it is possible to create more employment with the same amount of investment in the civil sector than in the military sector. Similarly there are no reasons for doubting that there might be any technological difficulties to reorganize military production into production of socially necessary goods. To underline this point one should refer to the example of shop-floor level action groups for alternative production in the Federal Republic and in other countries.

The Ehrenberg - commission could not finally make up its mind to formulate the demand to create governmental agencies for reorganizing arms production into production of socially necessary products

or to freeze or reduce armament spending or to favour unilateral disarmament. We have to fear that behind the well-known phrase "we favour the demand of serious world-wide steps of disarmament" the hidden intention to continue the policy of armament at the expense of the social security sector in the future (this is, of course, because of the 'other side' is to blame). As opposed to this the armament budget has to be regarded as an important source of finance for an employment scheme to improve the living conditions for the people.

IX.

Capitalist market economy or democratic socialism ?

The prominent idea in the paper of the Ehrenberg - commission is that the 'social market economy' will provide the means to solve the current problems (by the way 'social market economy' has been developed as a cover name for capitalism by the conservatives; employees and other people affected daily realise how 'social' it is). The central issue is to seriously believe that capitalist employers will eliminate unemployment, which is predicted to have risen to 4 to 6 million by 1990.

"Social democrats in the Federal Republic assume that there is a market economy based on a social contract. One important aim of our policy of improving the regional structure has to be the modernization of our economy ... The responsibility to achieve this task remains with the employers."

The role of the state is mainly seen in having to "assure reliable frame-work conditions for the economy" and it should encourage employers "to reorganize and modernize existing enterprises and establish new enterprises!"

Although the commission verbally demands "to fight the concentration of power" and "to develop free enterprise based on the free-market-system", in practice we have to envisage the promotion of business concentration and the formation of European enterprises which are difficult to supervise and to control: "Europe needs the closer co-operation of companies." (It is out of the question that the paper refers to a European initiative in favour of co-determination or to control multi-national companies.)

For democratic socialists in contrast it is absolutely clear that if the market takes matters into its own hands there will be no solution. This ^{is} because primarily employers are not interested in solving problems of society. Therefore it is necessary, in addition to the development of counter-power by employees, to intervene politically. This means to encourage industry safety regulations, acts to reduce working hours and co-determination to ensure higher taxation for the capital and the wealthy up to the determination of new structural developments in the sections of steel production, ship-building industry, pharmaceutical industry and production of energy. Economic interventions by government require not only power of enforcement (which could be ensured by nationalisation and participation of enterprises) but also new instruments such as investment registration offices and publicly owned enterprises at any level to ensure that industrial policies and industrial development principles of the government are put into practice. The reorganization of the armament budget and the elimination of the causes of pollution and the endangering of environment (at this point we would like to point out that the Water Tax Act does not fulfill the role of example as the Ehrenberg paper would like to make us think, page 9) all require central political interventions in the interest of employees and in the vital interest for the benefit of mankind.

X.

It is necessary to draft an alternative paper.

The sociological approach and the image of a human being are not acceptable as they are laid down by the economic and fiskal working party of the SPD-Federal Executive chaired by Herbert Ehrenberg. In addition the results are not sufficient to describe either a democratic socialist political idea nor to solve the problems of society. "Touching up" (a phrase used for collective agreements which touched up during the life time of a collective agreement because of excessive profits) or alterations in detail are almost impossible. Therefore it is necessary to draft an alternative paper. Crucial points of a manifesto labelled "Work for Everyone - Shaping the Future" would have to be in accordance with the positions of

the trade unions and the new social movement :

- enforcement of the 35-hour-working-week and a reform of the Working Time Regulation Act (of 1958, which still stipulates the 48-hour-working-week as Federal Law)
- stipulation of minimum standards of conditions of work, development and installation of humane technological solutions and provision of veto-rights to be enforced by works councils
- creation of a scheme of minimum security for everyone, especially a minimum pension of, for example, 1,000 Deutschmarks (about £ 250.00 pounds) per month
- the setting up of a job creation scheme financially secured by 50 billion Deutschmarks to improve living conditions and the production of socially useful goods
- freezing and reducing the armament budget and directing these funds to alternative production
- expanding co-determination for employees at workplace, plant and enterprise and on the macro-economic level (locally, regionally and nationally).
- increase of public funds by reduction of tax allowances, higher taxation of capital and wealthy people, raising funds by borrowing from the Federal Bank at low interest rates and reducing particular subsidies
- increase of governmental intervention in the economy by means of nationalization and setting up agencies like investment registration offices and public-ly owned enterprises to influence the economic development.