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SECOND MARKETS, THIRD SECTORS, RUBBER BOOT BRIGADES: DEFINING WORK AND UNEMPLOYMENT IN POSTSOCIALIST EASTERN GERMANY

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ANGELA CATHERINE JANCIUS

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SECOND MARKETS, THIRD SECTORS, AND RUBBER BOOT BRIGADES?: DEFINING WORK AND UNEMPLOYMENT IN REUNIFED EASTERN GERMANY

By

Angela Catherine Jancius

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ABSTRACT

SECOND MARKETS, THIRD SECTORS, AND RUBBER BOOT BRIGADES?: DEFINING WORK AND UNEMPLOYMENT IN REUNIFED EASTERN GERMANY

By

Angela Catherine Jancius

The end of "real socialism" and return of mass unemployment in eastern Germany leaves us with much to think about with respect humanity's relationship to work/labor. This dissertation draws from a tradition of postsocialist ethnography that has often aspired to move beyond mere comparative description, in order to theorize trajectories.

Cold War ideologies had "black-boxed" (Latour 1987) the boundaries of debate surrounding welfare and social inclusion. When the GDR collapsed in 1989, however, it merged with a West German economy that was already struggling to maintain the shared prosperity its export market had brought, while dealing with "structural unemployment." With the swift fall of GDR industry, this debate escalated. Mass unemployment encouraged the circulation of competing ideas for reform, and eastern Germany became experimentation ground for elaborate work-creation initiatives. In media, in politics, and at lunch tables, the question of *how to deal with high unemployment* circulated. During my fieldwork in the rapidly deindustrialized city of Leipzig, I spent two years (1998-99, 2000-01) observing local struggles to redefine an answer to this question.

Following reunification, Leipzig - a city of ½ million residents - lost more than 100,000 industrial jobs. When my fieldwork began, Saxony's largest employer was a municipally-owned Leipzig work-creation firm. In the final months of my research, in November 2001, Leipzig's official unemployment rate still neared 20%, but the city had won bids for both Porsche and BMW production plants. The two automobile companies,

and the supply sector that was to grow up around them, would bring an estimated 30,000 jobs. For the city government, the Chamber of Commerce, and many workers, this heavily subsidized "reindustrialization" had become the obvious solution to the problem of mass unemployment. But the effectiveness of this model was also contested, by residents who considered more sustainable, alternative models.

I trace the hybrid development of a "noncompetitive labor market" (*der zweiter Arbeitsmarkt*) during the first decade following socialism's end, and this work-creation sphere's gradual fall from grace as the idea of a "Third Sector" gains favor, as a possible solution for the problem of mass unemployment. This shift parallels the competition of two powerful lobby fractions, whose standpoints in many respects mirror early 20th century regional debates on the "social question." Framed by the discourse of the PDS (the successor party to the Communist SED), community groups, and trade unions, at the millennium's end Leipzig's first lobby group defines itself as being *against unemployment*, and representing the voice of the unemployed. Following a mixture of Marxist and Keynesian standpoints, its main objective is to pressure the state into fulfilling citizens' "right to work." Headed by the business community and the Social Democratic-led municipal government, a second lobby sees its purpose as focusing on the needs of potential businesses and investors. The two lobby networks ignore the peripheral stance of residents who argue for more sustainable patterns of economic development.

Preface

Unemployment Futures

Scene One: The Commission For Questions Of The Future

It was a cold February afternoon, and I sat in Herr Lambert's living room, in the third hour of a heated discussion on labor politics. Before Germany's re-unification, Lambert trained engineers in the lignite mines south of Leipzig. After re-unification he worked for a while at the Unemployment Office, developing apprenticeship programs to integrate East Germans into the new West German skilled trades programs. The poor quality of retraining in the early 1990s was a main cause for long-term unemployment today, Lambert thought. Now in retirement, he was a member of Leipzig's "Work Circle for Municipal Work-Creation." We spoke about current government policies, and Lambert asked whether I had read the influential report of the Commission for Questions on the Future in Bavaria and Saxony (*Kommission für Zukunftsfragen der Freistaaten Bayern und Sachsen*). When I answered, "no," he disappeared quickly, and returned with four large volumes. Skimming over the list of authors, I noted that the German sociologist, Ulrich Beck, and several neoliberal economists were listed as Commission members. During a discussion several weeks later, Lambert and I found we were both critical of what appeared to be a dangerous assumption at the study's base - the assumption that technological change would necessarily lead to an ever-shrinking labor market. With human involvement, this was no certain future, we agreed!

Scene Two: The Laziness Debate

In an effort to integrate myself into the day-to-day activities of the unemployed, I became a volunteer English teacher at a "Job Club," at the Leipzig Center for the Unemployed (LEZ). In late April, Chancellor Schröder was quoted in the boulevard newspaper, *Bild-Zeitung*, saying, "There's no excuse for laziness" ("*Es gibt kein Recht auf Faulheit*"). In the weeks following, the "Laziness Debate" echoed through the public sphere. Members of the community center decided to rent a bus in cooperation with the regional branch of the new services trade union, Ver.di, and travel to Dresden to demonstrate "against the laziness of state and business."

Scene Three: Before The Ceiling Falls

In early May I visited the home of two women my age, sisters, who were both jobless. We sat on the terrace that warm afternoon. The two-year-old son of one sister peeked up from his hiding place under the table. I asked Connie and Britta whether they had heard of a 1996 Saxony law [§19 BSHG] enabling the Welfare Office to revoke the benefits of welfare recipients who refused to accept short-term job contracts from the government. As a historical first for the FRG, the law pushed some residents temporarily outside of the state safety net altogether, I explained, and asked what they thought. "I think it's o.k.," Connie, the younger sister, replied. "Some people I know don't want to work at all," she said. "They're content. They walk around in their gardens, or watch TV. I'm in search of some kind of change - to get out of the house before the ceiling falls onto my head."

Scene Four: Solidarity Bonbons

During the GDR, more than ninety percent of workers had been union members. When the GDR trade union association (the Freier Deutscher Gewerkschaftsbund) collapsed after re-unification, some West German trade unions found that most of their members were suddenly in the East. But the face of union membership in eastern Germany was being transformed in a second manner, as well, due to mass unemployment. Uniquely, a large lobby of unemployed former union members formed in Leipzig. Its director, Herr Gellner, had once played an important role in wage negotiations for the East German recycling industry. During privatization, he had resisted the pressure to agree with lowering the East German tariff wages. He won had this battle, but had lost the war when the entire East German recycling sector broke apart. The coalition director's voice filled with emotion:

"You know what's terrible?," Herr Gellner asked. "You only understand how the unemployed are treated once you're here yourself. Then you know what it means when politics writes you off as being lazy. We're not lazy." "What about solidarity within the DGB?," I inquired. "Unfortunately, it's not really a theme," said Gellner. "For union reps and management, the unemployed are like the sick. You know, 'he has AIDS.' Let me give you an example... The unemployed lobby had an action in Leipzig. We were the first to give out Solidarity *Bonbons* - 'Solidarity with the unemployed' was written inside the wrapper. Some people threw these back at us saying, 'We don't want anything to do with *them*.' There's so little public discussion on the treatment of unemployed. People should realize that every fourth person here is out of work."

Scene Five: The Chamber of Industry and Commerce, and the Rubber-Boots Brigade

When I began fieldwork, I was especially interested in learning about Leipzig's municipal work-creation firm, the Betrieb für Beschäftigungsförderung ("bfb"), which grew to become the largest employer in Saxony after re-unification. Bfb was affectionately called the "rubber boots brigade" because participants often did maintenance work on city-owned buildings and grounds. The nickname also made joking reference to the old GDR work brigades. After re-unification, bfb helped the city to save money by making property renovations inexpensive and re-qualifying welfare recipients (paid by the municipality) for unemployment benefits (paid by the federal government). By the late 1990s, however, both the Chamber of Skilled Trades (Handwerkskammer) and the Chamber of Industry and Commerce (IHK) accused the firm of being a "relic of socialism," and competing with the *real* labor market. I went to speak with two IHK businessmen concerned about the issue.

Herr Möller asked me to imagine a man who was trying to open a landscaping business. The man went to the bank, borrowed money, and became indebted. But competing with the service he offered on the market, the government now offered the same service, using unskilled labor and funded by tax money! Herr Grätz joined in, "Through this so-called *Zweiter Arbeitsmarkt* ("second job market"), in which the unemployed work, we have a kind of *gray* market economy, a new type of competition for businesses," he said. "It's dangerous. They should have called bfb "VEB" [*Volkseigener Betrieb,* a GDR collective firm] instead."

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INTRODUCTION

Michael Burawoy and Katherine Verdery have described the transition from "real socialism" (Kornai 1980, Verdery 1986) in Eastern Europe and the former Soviet Union as a process that is rooted in historical context and macro-political and economic structure, fed by people's imaginations of the future, and defined through "creative and resistive processes of everyday practice" (1999: 7). This dissertation draws from a now fifteen-year tradition of postsocialist ethnography, which has often aspired to move beyond mere comparative description, in order to theorize trajectories.

Early in my graduate studies Germany intrigued me as a fieldsite not merely because its eastern half had been a socialist country, but also because this merged with a western half calling itself a "social market economy." In the GDR's socialist model, markets were planned and social welfare was embedded within the workplace, within a regime of full-employment. In the West German "social market" model, labor was regulated according to capitalist laws of supply and demand, but the state was supposed to play a strong role in the redistribution of national wealth and in aiding citizens in their search for work. Indeed, West Germans tended to view their "social market economy" as an improvement over the brutal markets of *laissez faire* capitalism, and to show pride in the high standard of living their labor laws and generous social welfare provisions supported.

Cold war ideologies had structured the boundaries of debate surrounding welfare and social inclusion. When the GDR collapsed in 1989, however, it merged with a West German economy that was already struggling to understand how it could maintain the shared prosperity its export market and welfare state had brought, while dealing with the

problem of "structural unemployment." With the swift fall of industry in the former GDR this debate escalated dramatically, and in the early 1990s both East and West German social welfare models had unraveled into something much less certain, a hazy shade of gray. High unemployment now encouraged the circulation of competing ideas for reform, and eastern Germany became experimentation ground for the most elaborate of work-creation initiatives. An intricate web of EU (European Union) and federally-funded organizations were structured into an emergency safety net, holding unemployed residents in a decade-long limbo, as feasible directions for reform were debated and tried out. In the media, in politics, and at lunch tables, the question of how to deal with unemployment circulated. During my fieldwork in the heavily deindustrialized city of Leipzig (1998-99, 2000-01), I spent two years observing local struggles to redefine the answer to this question.

Following re-unification, Leipzig lost more than 100,000 industrial jobs. When my fieldwork began, in 1998, Germany's official jobless rate, concentrated in the East, had surpassed a pre-WWII record of 4.8 million and the region of Saxony's largest employer was a municipally-owned Leipzig work-creation firm with up to 9,000 short-term employees. By the time my fieldwork ended in November 2001, unemployment in Germany was still reaching record heights,[1] but the work-creation firm (now described by city officials as having served a "transitional" purpose) was being dismantled, and the city had recently won bids for Porsche and BMW production plants. The two automobile companies, together with the supply industry that was supposed to rise up around them,

[1] Saxon unemployment soared to a new post-re-unification height in 2002, when the region reached an annual average of 405,250 jobless (Leipzig Unemployment Office Monthly Statistics Report. December 2002).

would bring an estimated 30,000 jobs to the region.[2] The city government and business community celebrated the auto industry's arrival as if it were the obvious solution to a ten-year struggle against mass unemployment and political instability. After being on life support for a decade, this old industry and trading city had regained its "industrial heart"! Parallel a parallel development, Leipzig had also become a testing site for a series of welfare reforms (the merger of unemployment and welfare offices, for example), which were slated to become part of Chancellor Schroeder's belt-tightening federal reform, Agenda 2010.

It was not until the final months of my fieldwork that "reindustrialization" and sweeping welfare reform became the official solution to the dilemma of mass unemployment. Moreover, the long-term feasibility of this path (in light of a thirty-five-year pattern of deindustrialization in developed countries, and BMW's proposal to issue "Auto-Industry-Greencards" to lower-paid Czech and Polish workers) remained highly contested, even during this early planning phase. If re-industrialization and welfare cuts could not convincingly *solve* mass unemployment, what could? At the political margins, two counter-hegemonic solutions were debated: the labor movement and the GDR's old Party elite demanded a return to their "right to work." Meanwhile, church activists, ecological groups, and former GDR "dissidents" continued to discuss possibilities for a "Third Way," and to debate what this might mean. Sometimes, but not often, these two alternative lobbies interacted. In this dissertation I explore the events, networks, and discourses that define and strengthen certain local models for solving unemployment, while weakening the feasibility of other possible outcomes. It is also an ethnography

[2] BMW planned to employ 5,500 workers. Porshe's small, mostly automated plant employed 370 workers in Leipzig.

about human beings' relationship to labor/work, and their localized struggles to redefine the political-economy of this relationship a decade after socialism.

Fieldwork and Methods

I first visited Leipzig for a DAAD[3] summer language program, in the summer of 1997. Already interested in what had happened to the city's more than 100,000 industrial workers after most of its factories had been shut down or greatly reduced in size, I became intrigued by the municipally-owned "work-creation firm." Employing roughly 8,000 workers at the time, the Betrieb für Beschäftigungsförderung ("the Firm for Work Support"), or "bfb" as the firm was called, had been the largest employer in Saxony for several years. Returning to Leipzig for exploratory fieldwork (1998-99), I focused initially upon this unusual institution. But it soon became clear that the work-creation firm had powerful critics, who had other opinions about how social welfare and work-creation should be structured in eastern Germany, and I decided to broaden my analytical framework to include this discourse. I organized a multi-site field study, centered around interest groups and organizations who played an important role in local unemployment politics. Parallel to this, I conducted 111 formal, semi-structured interviews (usually taped) with unemployed residents, social workers, local business leaders, and public officials. The interviews included 55 male and 56 female participants (see Appendix 1). Additionally, I created a multiple choice and short-answer questionnaire with parallel themes, which I posted to an internet site describing my fieldwork, and left for people to fill out at two community centers. I received 53 responses. Finally and not to be excluded, during three years of residence in Leipzig, I learned a great deal from friends

[3] The German Academic Exchange Council.

and neighbors, almost all of whom had personal experience of joblessness after re-unification.

From the fall of 1998 until the summer of 1999, a large part of my exploratory research included familiarizing myself with Leipzig's many unemployment and social welfare related organizations and lobbies. I later returned to this difficult task, in 2000. These groups were church-related, business-related, union-related, municipally-affiliated, and linked with political parties. They sometimes specifically targeted helping the young or the old, substance abusers, the indebted, women, immigrants, or the disabled; some were originally organizations of the GDR, and others had sprung up as recently as the *Wende* (or "turn around," as the transformatory period of Germany's re-unification is called).[4] Some were the new branch affiliates of West German organizations. Others, such as the Catholic charity group, Caritas, had existed before WWII, but later developed parallel, like-named counterparts in East and West Germany during the cold war. Charting the parallel and diverging traditions, networks, and political affiliations of these social organizations was both a fascinating and challenging task.

EU and federal *Aufbau Ost* ("rebuilding the East") economic support made training and counseling the unemployed one of the best financial opportunities for businesses and organizations in post-re-unification eastern Germany. Understanding the proliferation of unemployment and work-creation related lobbies, and the reasons people chose to join or avoid them, enabled me to trace the economic success and political ties that different groups maintained. Realizing this, I knew it was important to spend a portion of my time in the field observing local networks as they formed and switched

[4] See Chapter Two.

allegiances, shared members, invented standpoints, and fought over funding. During any given week in Leipzig's busy public sphere, up to a dozen meetings were held on the topic of joblessness.

After exploratory fieldwork in 1998-99, I returned to Leipzig for dissertation research, from June 2000 until November 2001.[5] Three years had passed since my first visit, and the city continued to transform, as it had done with great rapidity since 1989. By 1997, the construction boom had passed its final peak, and in 1999 one rarely heard the sound of a jackhammer. There were fewer dilapidated buildings, and the renovation of city hall and the train station were complete. Yet, despite these outward changes, people's experiences during the GDR, and their memories of socialism had not simply faded. The federal government might choose or feel pressured to follow a pattern toward neoliberal political-economic reform, but this would represent a break from the political-economic traditions of both Germanies. As ethnographers working in Eastern Europe and the former Soviet Union have frequently reiterated (i.e. Berdahl 2000, Burawoy and Verdery 1999, Hann 2002, Mandel 2002), counter to the ideological arguments of "transitology" theorists the direction in which economic reforms was headed following re-unification was not linear, but open-ended.

The continuance of old hierarchies and beliefs makes conducting research in postsocialist Europe a challenge for younger scholars, like myself, who visited the region for the first time after "real socialism" had ended. During fieldwork I found myself struggling to build an internal lexicon of dismantled factories, occupations no longer existing, subtle cues marking old hierarchies, and joking references to a Pushkin poem.

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[5] With the aid of a German Chancellor Scholarship from the Alexander von Humboldt Foundation.

My husband, a west German journalist, moved with me to Leipzig in 1997 and was a valuable discussion partner when it came to reflecting on the outwardly realigned, and yet historically incongruent structures and traditions of the Old and New Federal States. As a West German, Daniel's experiences as an outsider differed from my own, as an American. Divided Germany had been a microcosm for cold war polarities (Borneman 1992). Interestingly, however, a decade after re-unification tensions between the country's former halves were in some respects greater than they had ever been – as any *Ossie* (East German) who had moved westward, or *Wessie* (West German) living in the East would attest. Native Leipzig residents frequently spoke of their mistrust of West Germans, whom they stereotyped as greedy capitalists and colonizers.

My husband worked as a staff editor for Leipzig's monthly city magazine, *Kreuzer*, and as a media analyst and freelancer. Hence, while my days were spent at places such as the welfare office, and community centers for the unemployed, he met regularly with public officials, artists, and business leaders. I found that having access to the internal dialogue taking place between local media and politicians was an important supplement to my own fieldwork, predominantly with residents at Leipzig's social periphery.

For this multiple-site ethnography, I created a methodological strategy of short-term participant-observation stays, with groups and organizations centrally involved in local unemployment politics (see illustration #1). Additionally, my fieldwork included taped and un-taped interviews, the weekly attendance of public meetings, and a continuous scouting over newspapers, think-tank reports, and archives. Studying local work-creation politics during a period heated discussion offered the opportunity to

observe competing models of economic knowledge: some which would become "expertise," solidified through political and legal structures, while others would be only marginally influential, or fall out of discourse entirely. Bruno Latour's concept of "black boxing" (see Latour 1987, 1991) offers a useful way to conceptualize this process. When a new technological model or policy proposal is first introduced, Latour describes it as being a set of ambiguous and debatable standpoints and figures. Through discourse, political struggle, the production of "authorities," and the accumulation of stockpiles of information, a fixed protocol slowly sets into place. Once a body of knowledge is solidified through official procedure, it could be seen as being placed within a "black box." This conceptual sphere of taken-for-granted knowledge/policy remains stable for a time, until its meaning is once again questioned. I imagined myself observing this process in Leipzig. Following the dramatic events of re-unification, what aspects of GDR labor and social welfare were still being enacted, or idealized? And what was happening to the West German "social market economy" model? If cold war models had fallen out of their black boxes, a post-cold war cognitive replacements were currently in the making.

To understand the wide range of beliefs about unemployment and social welfare, and how these were changing a decade after socialism, I spent a month as an "intern" at Leipzig's Unemployment Office, another at the Leipzig Department of Economic Development, and two at the Betrieb für Beschäftigungsförderung (a work-creation firm that until early 2002 had been the largest employer in Saxony). I taught English at a community center for the unemployed, and took part in a business start-up seminar and in two Networks devised to fight regional unemployment. I kept up with activities at two

occupational training centers, took part in a "bartering ring," and conducted between one and several weeks of research at a number of other local organizations, including: the Office of Welfare, the Chamber of Industry and Commerce, the community initiative, Agenda 21, the Chamber of Skilled Trades, the Business and Innovation Center, the Saxony Branch of the National Union for the Unemployed, the Church of St. Nikolai, a homeless shelter, a youth center, the central trade union offices (DGB), and the Leipzig branch office of for the European Union's European Social Funds (ESF) program. Over a 2 1/2 year period, I attended local public meetings and demonstrations weekly, and conducted taped interviews with unemployed individuals, social workers, and public officials. Beyond formal interviews and participant-observation, I also learned a great deal from friends and neighbors, with whom I took part in frequent social activities.

During semi-structured interviews, I questioned residents about their biographies, their opinions about regional labor politics, and their ideas about how high unemployment should be dealt with. I asked people about their biographies and expert opinions in an equal fashion, regardless of whether they were categorized as "unemployed," or were serving as "experts," in a professional or advisory role. I often found the distinction between "layman" and "expert" to be quite fuzzy, in fact. At Leipzig's Department of Economic Development, the Assistant Director was quick to relate his job refilling soda machines, after the *Wende*. And most of the staff at charity organizations, "Job Clubs," and community centers were hired on two-year, government-subsidized job contracts (ABM). Today, they were social workers and experts, but tomorrow they might also be in a line at the Unemployment Office. Community center

staff often openly related this irony, as a way of illustrating their solidarity with the unemployed.

During interviews, I also asked about political participation: Did a person support a particular party, organization, or model? Had he or she taken part in a demonstration, written a letter to the editor, or joined a community organization? Were there specific changes related to labor that the person would like to see altered within his or her own life, or within the community? This line of inquiry enabled my interview partners to link their conceptual understanding of economic justice, to individual life experience, and social and political activities. By ascribing to the background questions such as, "Why do you believe you are unemployed?," or "What will you do now?," I placed the jobless on equal footing with policy-makers and business owners, allowing them not only an opportunity to share their biographies, but also to reflexively interpret political and economic events.

Some of my field sites were set up through personal contacts. Most, however, were organized by faxing formal requests to directors and public relations officials, explaining the project and my wish to visit and/or take part in activities at their organization. Requests were granted almost without exception, and my visits were usually interpreted within the popular German tradition of training "interns" (*Praktikanten*). Though it was clear that my research visit differed from the usual "internship" that was typical for a German in his or her early twenties, in offices I was nevertheless usually introduced as "the intern," i.e., the young visitor who would have many questions. This status worked rather well, allowing me the freedom to conduct

fieldwork, while also placing my hosts in the position to serve in an official capacity as mentors, rather than feeling as if they were merely objects of my study.

In concluding this section, I would like to make a final observation with regard to the influence of class background upon a researcher's subjective experiences in the field. During fieldwork, I found it interesting to note that my own experience of growing up within a downwardly mobile working-class family, in a heavily deindustrialized city on the East Coast of the U.S., played a significant role in shaping social relationships. I am sure that having this background aided me in gaining entry into communities where I would have otherwise been excluded, or at least not respected. At the Leipzig Business and Innovation Center, staff members were eager to host an American Ph.D. candidate. But at gathering places for welfare recipients and the unemployed these same titles were inappropriate to emphasize, and had the potential of branding me an untrustworthy conversation partner. In instances when anti-American or anti-middle-class (or *Bildungsbürger*) sentiment ran high, I found that sharing my background as the daughter of a pharmacy clerk and a construction worker made a great difference. It eased people's suspicions with regard to my intentions for conducting research.

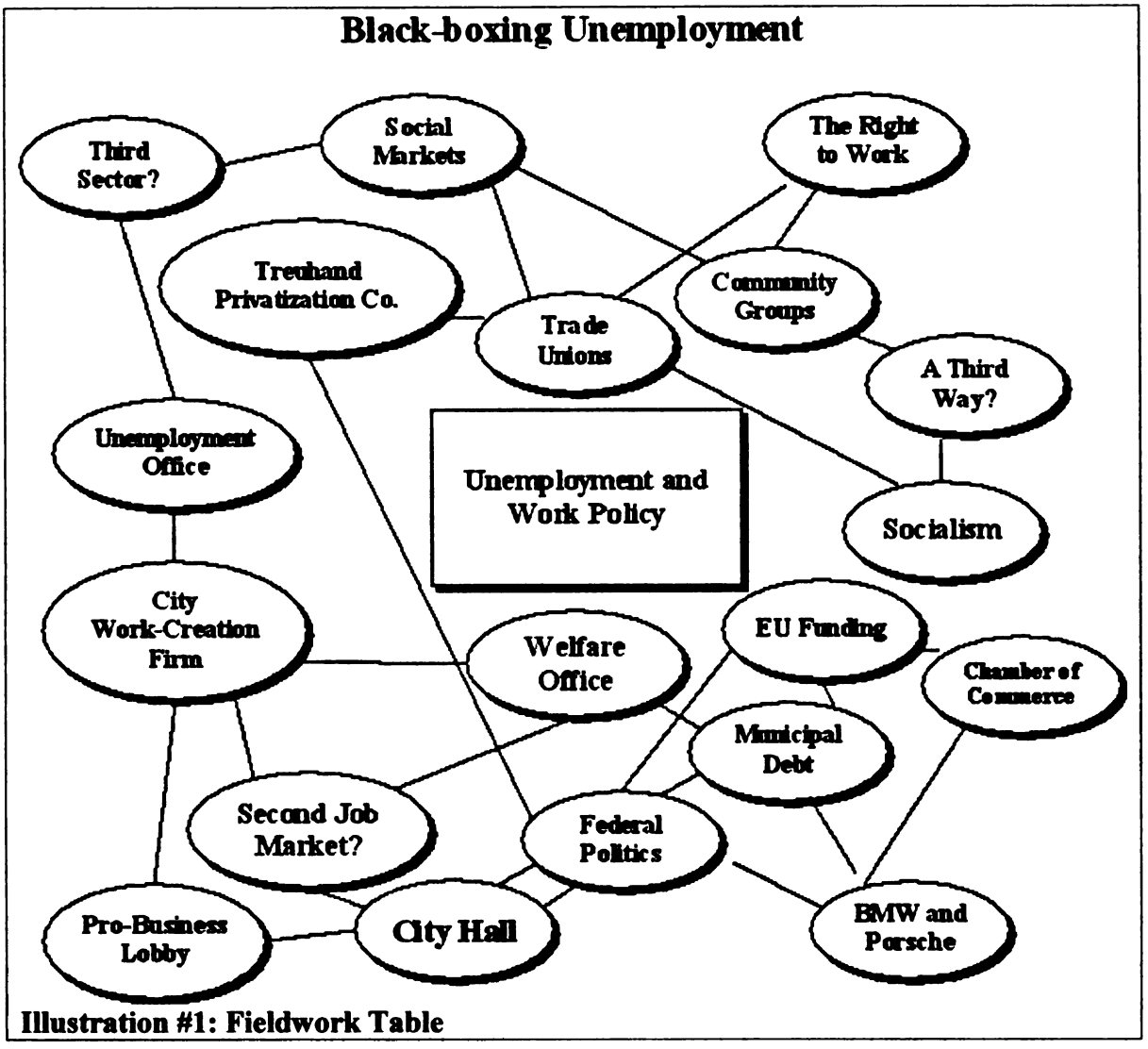

Illustration #1: Fieldwork Table

Chapter Outline

Going back to 19th century discourse on the "social question" of unemployment and poverty in the growing industrial centers of Europe, my first chapter looks at the concept of "unemployment" in social theory and in history, and contextualizes this study within anthropological literature on work and unemployment. I describe the competitive quest toward "full-employment" during the cold war, and present an overview of the economic collapse and restructuring that took place in eastern Germany following re-unification.

Drawing from personal accounts, Chapter Two focuses on the narratives of four union leaders involved in the struggle against industry closures. Although these men had different opinions about socialism and communism, they shared in common the belief that the almost complete dismantlement of GDR industry and firms was unnecessary, and had been orchestrated by a corrupted power elite (their description of this elite differed), responsible for robbing wealth and social welfare from the region.

In Chapter Three, I illustrate how the merger of East and West German social welfare ideologies led to the popularization of a hybrid new labor sphere, a government-subsidized *zweiter Arbeitsmarkt* ("second labor market"), after re-unification. By the mid-1990s, Leipzig's municipally-owned work-creation firm (the Betrieb für Beschäftigungsförderung) grew to become the largest employer in the region. Its charismatic director mobilized state and European Union funds for projects premised upon the idea that technological unemployment was inevitable. The firm provided an inexpensive labor force for renovations, saved the city tax money, and appeased a strong "right to work" lobby (a merger of the labor movement and old GDR power networks). In doing so, it managed to create a functional - if albeit strained (and unspoken) - symbiotic relationship between old and new power hierarchies for a time. By the end of the 1990s, following increasing criticism from the business community, this relationship and the work-creation firm itself had dissolved.

Chapters Four through Six turn to the issue of social welfare. Chapter Four documents the growth of an "emergency safety net," built by community groups and occupational training organizations. The availability of a substantial amount of state redistributed wealth offered an opportunity for semi-autonomous community groups to

pool resources, and gain local political influence. Still, the effectiveness of their lobbies was limited by their almost complete dependency upon municipal, federal, and EU funding. Realizing this, in the late 1990s East German community groups began to consider how they might adapt the "Anglo-American" idea of a "nonprofit sector," to create a possible source of autonomy. Chapter Five looks at the bureaucratic power of state control by focusing on the social rules governing welfare's distribution, at the Leipzig Unemployment Office. Beneath the guise of rationalism, personal relationships and particularistic rules often guide social workers' decisions on the allocation of resources. I argue that in Leipzig the old GDR ethic of a "right and duty to work" was particularly influential in guiding patterns of favoritism.

Chapter Six focuses on the tension between local interest groups lobbying "against unemployment" (including PDS "right to work" fractions), and those lobbying "for work." As the "right to work" lobby lost influence in city government, it retreated to the grassroots level. The municipal government meanwhile strengthened its relationship with the business community, and began a campaign to introduce new policies for welfare reform, and to woo the automobile industry to Leipzig. They worked hard to present city government as "business friendly" and devoid of any remnants of the socialist era.

However, the struggle between the "right to work" lobby and the "pro-business" lobby did not represent the only possible solution to the problem of unemployment. In Chapter Seven I pay recognition to the "alternative" solutions that have been largely ignored by city officials and the business community. I begin with some suggestions made by residents during interviews. I then focus on the "alternative" path represented in

the faded networks of the citizens groups who led the movement for political reform in the late 1980s. During the "round table" discussions of 1989-1990, these groups were concerned with issues such as ecology, human rights, and social equality, and they supported the idea of a "Third Way" government. The marginal political influence of the GDR's "intelligentsia" following re-unification has been attributed to the argument that they were unable to build a trusting relationship with the working-class. If their faded but still existing networks are to play a role in future politics, the gap between workers' concerns about unemployment, and church and citizen groups' interests in the idea of a "Third Way," will need to be bridged. The final section of this chapter includes an interview with one resident who moves between both groups, and reflects on the macro-political and economic issues that he sees as an inherent part of the problem.

Chapter Eight returns to the present, as a moment in time, and to a public forum at St. Thomas' Church in Leipzig, where residents debated unemployment policies, and possible directions for economic reform. Here, religious and market discourse mingled in a discussion of morality and social inclusion. Although which social welfare model should be used remained a point of debate, everyone wished to figure out some structural way to deal with joblessness and increased inequality. People seemed most intrigued by ideas relating to the "community economy" and to the "third sector." Their discussion ran interestingly parallel to debates about the "social question" which had taken place in Leipzig a century earlier. It was a discourse that increasingly directed people's attention away from "the state," and toward the idea of "civil society." But this concept was "Janus-faced," as Michael Burawoy has noted: Civil society's false appearance of autonomy from the state represented hegemony. However, it was simultaneously a

conceptual sphere that offered "a terrain for challenging that hegemony" (Burawoy 2001: 3). German discussions of the "Third Sector" have been influenced by international pressures toward neoliberal reform, but also by a counter-hegemonic discourse emphasizing the need for a "Third Way," which criticized laissez faire capitalism, and promoted support for social inclusion and sustainability, local economies.

CHAPTER ONE: WORK, UNEMPLOYMENT AND (DE)INDUSTRIALIZATION

Unemployment in History and Theory

This opening chapter focuses on how people have conceptualized work and unemployment since industrialization, how beliefs about wage labor have related to policy, and how these policies have been implemented within the context of German re-unification.

It was only in the late 19th century that "unemployment," defined as a condition during which individuals were unable to sell their labor on the market, first became a social issue in industrializing Europe and North America. With the introduction of wage labor people began equating the concept of "work" with "employment," and regulating it to the abstract realm of the "labor market." Marx critically observed that capitalism had transformed this creative and fulfilling endeavor of "work" (*Arbeit),* into "labor power" (*Arbeitskraft*): the potential utilization of work, for the purpose of accumulating wealth (1957[1867]: 138). When sold on the market for material survival, work was no longer an activity that enabled people to fulfill their potential as human beings, Marx argued (see also Sayers 1988). Instead it became an alienating and "dehumanizing" act, through which the very essence of an individual's humanity was lost. The worker "no longer fe[lt] himself to be anything but an animal" (1978[1844]: 74).

Interestingly, depression era ethnographies depicting the first wave of mass unemployment one half century later, described a social experience that mirrored the alienation Marx and Engels had attributed to labor's commodification. One classic ethnography of joblessness was Jahoda, Lazarsfeld, and Zeisel's community study, *Marienthal* (1960[1933]), describing an Austrian town that experienced near total

unemployment after its textile factory shut down. Schooled in the psychological tradition of Vienna, the authors distinguished five stages (shock, optimism, resignation, despair, apathy) during which the unemployed were isolated from the stability of their old lifestyles. Other depression era research focused on the psychological effects of joblessness over time (i.e. Bakke 1933, Beales and Lambert 1934), and observed people's shared sense of sympathy with the unemployed. In the context of mass unemployment, those not personally jobless still knew neighbors and relatives who were. Anthropologists who have written about unemployment and deindustrialization more recently (e.g. Hall 2003, Howe 1990, Moser 1993, Nash 1989, Pappas 1989, Pine 1996, Rehn 1988, Wight 1993) have consistently described this same pattern of alienation.[6] "What seems universal," Gregory Pappas wrote in a study of unemployment in Barberton, Ohio, "is the manner in which members of a society lose self-respect and a sense of well-being when their usual modes of attaining satisfaction are disrupted" (1989: 127).

Since anthropological studies of work and labor became popular during the 1970s, they have largely taken a comparative approach. The ideology of the industrial work ethic quickly became taken-for-granted in the growing cities of Europe and North America (e.g. Thompson 1966), and social scientists were equally susceptible to its doctrine. Although anthropologists such as Malinowski and Firth included domestic and reproductive labor in their description of work activities observed during fieldwork (see Narotzky 1997: 39-41), only after "deindustrialization" began sweeping through old

[6] In a comparative essay on the social anthropology of work, Chris Hann notes that once the industrial work ethic is internalized, "one would rather be an alienated worker, than alienated *and* unemployed" (1999: 51). [Translated from German].

centers of industry did social scientists begin to problematize the male-breadwinner model of the 40-hour work-week in the "West," and to begin looking at "work" in a more holistic light. Industrialization had equated labor with the narrow concept of "employment," and "deindustrialization" now forced unemployed factory workers and social theorists alike to move beyond these conceptual boundaries.

Anthropology's interest in the broader meaning of work came also at a time when the discipline was growing in size, and struggling to break from old disciplinary boundaries (and the "mythology of the pristine primitive" [Wolf 1982: 18]). Initially, the subject brought scholars from diverse theoretical backgrounds into the same publications. Sandra Wallman's edited volume on *The Social Anthropology of Work* (1979) and Gershuny and Pahl's research on "household" and "underground" economies (Gershuny and Pahl 1980, Pahl 1984) set a foundation for ethnographers to begin exploring the ambiguous distinction people made between the work that took place in the "formal labor market" (i.e. taxable wage labor), and work activities that took place outside of this sphere. Herbert Applebaum soon followed suit with two books on *Work in Market and Industrial Societies*, and *Work in Non-Market and Transitional Societies*, (both published in 1984). The Society for the Anthropology of Work was established, and other collections followed (e.g. Calagione, Francis and Nugent, eds. 1992; Gamst ed. 1995).

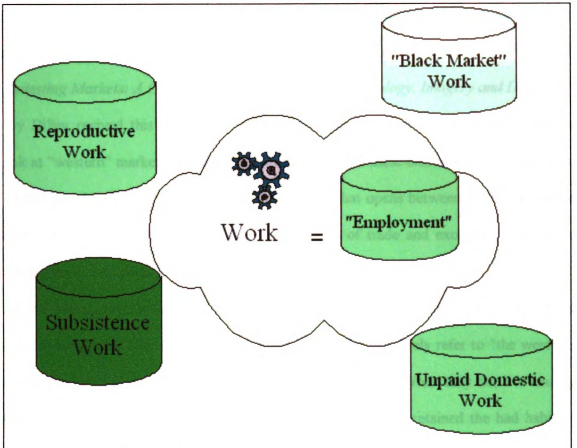

Illustration #2: "Work" Is Equated with "Employment"

Within this comparative framework, feminist and Marxist anthropologists focused specifically on "means of livelihood," in an effort to more broadly depict work as a productive and reproductive application of human energy, which could not be equated with the narrow concept of "employment." A new emphasis was placed upon kinship and alternative modes of production (e.g. Godelier 1977, Meillassoux 1978). Godelier and Meillassoux's move away from the structural determinacy of Althussier was mirrored by a similar trend within British cultural studies. E.P. Thompson (1966) and Raymond Williams (1977) wrote about work and class identity as it was shaped and experienced in everyday life and popular culture. While Althussier had emphasized the dominance of superstructure, this new trend – which was influenced by the ideas of

Bourdieu and Foucault – focused upon the impact of cultural models, or belief systems, upon patterns of economic structure and social change. In a collection of essays entitled, *Contesting Markets: A General Introduction to Market Ideology, Imagery and Discourse*, Roy Dilley revived this tradition in economic anthropology with the threefold aim: to look at "western" market discourses, to consider the role these discourses played in social practices, and to "grasp the implications of the gap that opens between the limitations of market discourse and the alternative understandings of trade and exchange that can be recognized if we attend to the particularity of other times and other places" (1992: 1). Dilley's agenda remains current today, but there has been one significant paradigmatic shift. Fifteen years after the cold war's end, anthropologists rarely refer to "the west" as an imagined spatial and cultural entity (e.g. Anderson 1991). When they do, it is usually with reference to an historic event. While I believe we have retained the bad habit of often objectifying a "folk-other," this objectification is now less likely to be bound within a specific geographic range. This trend illustrates the extent to which the cold war's end, and the parallel development of new media, has dramatically transformed the anthropological imagination.

Today, the study of alternative modes of production remains a popular pursuit. In my own specialization of postsocialist Europe, it has become a central theme of inquiry. In an effort to illustrate that the arrival of "capitalism" has not deterred people from employing a mixture of market and non-market strategies, as they struggle to make ends meet, ethnographies of this region of the world have looked at begging (Stewart 1998, 2002), bartering (Woodruff 1999), "economy of favors," (Berdahl 1999a, Ledeneva 1998), "women's work" (Pine 2002), the fate of collectivized farming (e.g. Abrahams ed.

1996, Creed 1995, Buechler and Buechler 2002, Lampland 2002), "fuzzy property" (e.g. Verdery 1996), and the return of migratory subsistence hunting (e.g. Plumley and Donahoe 2001, Habeck 2002), among other themes.

The end of "real socialism" and the return of mass unemployment in reunified eastern Germany leaves us with a great deal to think about with respect humanity's relationship to work/labor. Mirroring the experience of deindustrialization that wage laborers in the "West" had dealt with for more than three decades, with the Berlin Wall's collapse East Germans suffered a similarly painful enlightenment when their constitutionally guaranteed "right and duty" to work disappeared.[7] Unemployment quickly became the most politicized topic in the country, and it remains so today.

In an ethnography of deindustrialization and postsocialism, one must take into account the fact that labor's commodification is only one potential route toward alienation. But within the context of labor's commodification, unemployment, or the segregation of workers into special programs (e.g. for the "less competitive"), was most certainly another. In this study I have attempted to incorporate both a population's experience of mass unemployment, and its attempts to build a counter-hegemonic discourse that contests the legitimacy of large export-driven industries and harsh laissez faire markets. In acknowledging this duality, I avoid the trap into which

[7] By the time East Germans experienced mass unemployment, most westerners had come to perceive deindustrialization as an unfortunate, but taken-for-granted reality of advanced capitalism. From coal-miner closures in Great Britain and Germany's Ruhr region, a pattern of across the U.S. "downsizing," this was something that had been "happening all over the place, for years." In western politics and scholarship, there was nothing *new* about deindustrialization.

André Gorz fell in the early 1980s, when he contended that deindustrialization might be a cause for celebration. Finally, workers were freed from the ideology of the industrial work ethic, which had clouded their minds and tethered their bodies for a century (Gorz 1982)! This is what Marx had wanted, after all! Deindustrialization was no cause for celebration. And yet, the return of unsustainable large industries, and the ideology of the industrial work ethic, was unlikely to provide an adequate solution to the problem of joblessness and growing social inequality either.

The divided states of the FRG and the GDR took separate paths in attempting to deal with this issue of alienation. Both of these paths lost at least partial legitimacy following the cold war's end. One outcome of this, I argue in this ethnography, is that people found themselves returning to the very "social question" that had originally framed political-economic discussions on unemployment, when it first became a social problem 150 years ago. It is toward this circular polemic that I now turn.

Modernity and the "Social Question"

Textiles, steel and coal, the rise of banking and large business cartels, the boom of the chemical and electrical industries: at the end of the 19th century Germany had become Europe's most industrial country, in a transformation many believe to have been particularly quick and brutal (see Ritter & Tenfelde 1992). At the time, people referred to unemployment and the related problem of rising urban poverty as the "social question," and debated possible solutions. During the Bismarck Era, unemployment had come to increasingly be seen as a concern for national governments. Countering this, church charities and liberal reformers followed a Malthusian line of reasoning, calling for

educational programs and a good dose of moral virtue for the poor, as an alternative to the institutionalization of state mechanisms (Hong 1998; Peukert 1986). From the opposite end of the political spectrum, Marx said he also mistrusted the idea of national unemployment insurance, arguing at the Gotha Socialist Worker's Party meeting in 1875 that all policies of the state would inevitably represent the interests of the bourgeoisie (Marx 1978[1875]).

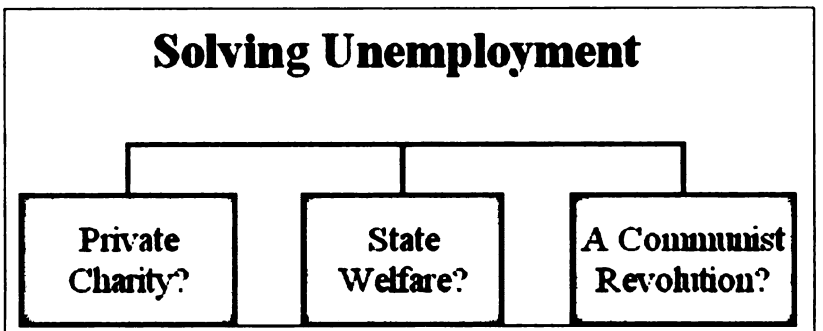

Illustration #3: Solving the Social Question

But support for state intervention grew in the late 19th century, as joblessness came increasingly to be seen in a "scientific" light, as the natural outcome of cyclical market downturns. In an effort to appease a growing and volatile worker's movement, in the 1880s Bismarck set up the first national welfare insurances for health, worker injury, and retirement. Legislation for the Unemployment Insurance Law was passed in 1927, in line with a similar trend throughout Europe and North America. By the early 20th century, successful steps toward the rationalization of the welfare state led social scientists to believe that modernity would eventually offer a solution to the social ailments that had accompanied economic growth. Hence, when the great depression brought mass unemployment in 1929, John Maynard Keynes wrote assuredly of a "temporary phase of maladjustment" (1963[1930]: 364).

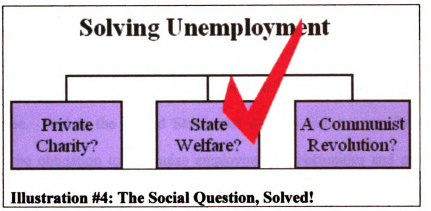

Illustration #4: The Social Question, Solved!

In the early 1930s the Weimar Republic's fledgling welfare state was overwhelmed when regional unemployment rose for the very first time in wage labor's history, to levels as high as 30%. After seizing the Chancellorship in 1933, Hitler maintained his popularity largely through the implementation of a series of national work-creation schemes (Evans and Geary, eds. 1987). As a result, after the war social upheaval was a danger that even fiscal liberals such as the Austrian School economist, F. A. Hayek, took seriously. Hayek, the economist whose ideas would inspire Thatcher and Reagan, believed that no democratic government could remain stable long with unemployment levels higher than 10% (Hayek 1944). Today, Germans still use the link between high unemployment and the rise of National Socialism as a political tool to criticize the popularization of neoliberal economic reform.

Thus, the lessons of the great depression and World War II were enough to convince state governments in both the socialist East and capitalist West to prioritize "full-employment," defined in the West as a 40-hour workweek for a male head-of-household, and in the East as a week of similar length for a labor force of both sexes. The perceived equilibrium of full-employment now became a primary goal in the competitive quest for social prosperity in an escalating "cold war." In the postwar era,

modernization theory was at its height, and there was a degree of shared faith in the nation-state's ability to improve "structural" problems, such as joblessness. The "right and duty to work" for men and women was written into constitutional law throughout Eastern Europe. And in the United States and western Europe, new labor laws gave governments the obligation to maximize employment opportunities and protect and aid citizens without work, as illustrated in documents such as the U.S.'s 1946 Full Employment Act and in the EEC's[8] European Social Charter of 1961, or in the United Nations Human Rights Declaration of 1948 (Article 23, Paragraph 1), which declared: "Everyone has the right to work, to free choice of employment, to just and favorable conditions of work and to protection against unemployment." The postwar strategy of the West, which assigned the responsibility of finding work to the individual with the support of the state, was seen as clearly opposing socialism's road to "full-employment," which emphasized the absolute responsibility of state. Although their paths certainly differed, both in the East and the West "full-employment" was a common utopian goal on the agenda of the nation state.

"Full employment" was also a goal of particular interest for Germans – who had seen the role unemployment played in the rise of National Socialism, and had lived in a land split by and enmeshed in a discursive paradigm that revolved around the rights of labor. In *Belonging in the Two Berlins* John Borneman argued that East and West German dualities represented a microcosm of larger cold war dynamics (1992: 2-3). This pattern was clearly visible in the FRG and the GDR's competitive policies to alleviate joblessness, perceived historically to be the root of poverty. Within the first two decades

[8] The European Economic Community was the precursor to the EU.

of the postwar period, the governments of East and West Germany both made claim to having successfully institutionalized "social progress," and both assured their citizens that the harsh economic conditions of the pre-WWII era would never again exist within their national borders.

Ludwig Erhard and other "ordo" liberals[9] from the Freiburg School implemented a "social market economy" model in West Germany after WW II, which (along a Keynesian line of thinking) was based upon the conviction that "free markets" operated optimally under a wide net of social protections - including health, unemployment, retirement insurances, and an overall improvement in the social environment of communities and workplaces (Erhard 1958). The diverging interests of workers and entrepreneurs could be solved if all citizens shared in the country's material well-being, the Freiburg School argued.

When official unemployment fell below 2% in West Germany in 1956 (despite immigrants from East Germany and "guest workers" from the Mediterranean), people who had lived through the war were glad to hear their government announce that poverty had officially been "solved" (e.g. Huster 1994: 33). By 1962, unemployment levels in West Germany dropped even further, to less than 1%. In 1967, the Law for Promoting Stability and Growth was passed to ensure that this newly achieved equilibrium of "full-employment" (defined as an unemployment rate of less than 0.9%) would be sustained (Hardach 1976: 201). When joblessness later rose and wage values fell after the 1973 oil

[9] A school of German liberalism created by jurists and economists (Wilhelm Röpke, Walter Eucken, Franz Böhm, Alexander Rüstow, Alfred Müller-Armack), who were part of the Freiburg School during late 1920s. They published a journal called *Ordo*. They defined themselves as "liberal," through their belief in the market economy's ability to create democracy and material well-being. Their idea of "ordo" referred to the argument that an economy needed social *order* to function optimally.

crisis, West Germany's political left began to argue that "social poverty" was the new problem. But the Christian Democratic Union (CDU)-led government dismissed the debate, pointing out that social welfare programs guaranteed every citizen an *Existenzminimum* (see Hanesch 1994, Geißler 1976), which included the essentials of food, clothing, and shelter.

In the GDR, and throughout Eastern Europe and the Soviet Union, the "right to work" had grown to become a central legitimizing force for Party rule. It was written into Article 5 of East Germany's constitution in 1949, and expanded in the Labor Code of 1961, which placed a second emphasis on the *duty* to work, making the "asocial" behavior of refusing employment a punishable crime. As the social historian Dorothy Wierling described, the GDR's socialist work ethic of the 1950s emphasized: "giv[ing] one's best, based on the realization that everyone profits from collective effort and that every contribution counts. 'As we work today, so will we eat tomorrow' was the slogan on factory posters [...]" (1996: 47).[10] Officially, unemployment and poverty were both eradicated by the early 1960s (Bundesministerium für innerdeutsche Beziehungen 2000[1985]), making it henceforth a taboo subject for social scientists to research.

After the Cold War: Salvagability and Dismantlement in Leipzig

Originally founded as a Slavic settlement at the intersection of two Roman trade routes, before WWII Leipzig was one of Germany's most heavily industrialized cities, with a famous trade fair, the most banks in the country, and the largest train station in

[10] For further reading on the meaning of industrial work in the GDR, see also: Berdahl (1999b), Bittner (1998), Lüdtke (1994, 2001), Roesler (1994), Rottenburg (1991), Wierling (1996), Wieschiolek (1999, 2000).

Europe. The triangle formed by the cities of Dresden, Leipzig, and Chemnitz was called Germany's "industrial heart," a tradition that would continue during the GDR (when Saxony became the "industrial heart" of the GDR). In the 1980s, 39.5% of Saxons labored in industry (Gebhardt 1994), producing 75% of the GDR's textiles and, together with Brandenburg, 83% of the country's primary fuel source of lignite (brown coal). During socialism most of Leipzig's half-million residents worked in textile and machine construction, in the chemical industry, and in the lignite mines on the city's southern belt. They also worked in government posts, for Karl Marx University, and for the Leipzig Trade Fair. The largest number of residents held manufacturing jobs (90,000) in one of city's 790 plants.

Following Tiananmen Square and Mikhail Gorbachev's *Perestroika* reforms, by the autumn of 1989 thousands of East Germans were fleeing westward through the newly opened boarder between Hungary and Austria, or seeking asylum at FRG consulates in East Berlin, Prague, Warsaw, and Budapest. New oppositional groups, such as "New Forum" and "Democracy Now," demanded sweeping political reforms. Within this climate, the Monday evening peace prayers at St. Nicholas' Church in Leipzig began attracting thousands of visitors and spilling out onto the market square. By the end of October, weekly "Monday Demonstrations" were drawing 300,000 participants, and sparking protests in other cities.[11] On November 9th, three days after a Leipzig Monday

[11] For two detailed English historiographies of the Leipzig demonstrations, see: Wayne Bartee, *A Time to Speak Out: The Leipzig Citizen Protests and the Fall of East Germany* (2000), and Richard Gray and Sabine Wilke, ed., *German Unification and Its Discontents: Documents from the Peaceful Revolution* (1996).

demonstration of ½ million participants, a protest of similar size in Berlin culminated in the Berlin Wall's destruction.[12]

The reform communist Hans Modrow was appointed as the new Prime Minister, and in a series of "round tables" the leaders of citizens' groups met with state officials to discuss the possibility of a "third way" government. But under the pressure of a floundering economy and Chancellor Helmut Kohl's offer to annex the GDR under Article 23 of the FRG's constitution, these discussions were soon pushed to the wayside by a second debate, on *how quickly* the two German states should re-unify. Kohl threatened to withhold economic aid to the East if his ten-step plan was not adopted. A March 18, 1990 election resulted in an overwhelming majority for the conservative CDU party, whose rise to power assured political support for Kohl's plan for rapid annexation. The West German SPD and Green Parties had both been hesitant to support re-unification, fearing that it was not be in the best interest of either country. As a result only the CDU was the only West German party to build a strong political platform in the East before the election.

With all steps toward re-unification in place, on the 3rd of October 1990 the GDR officially ceased to exist. The Free State of Saxony, which had been dismantled during the GDR, was re-established following the October 14, 1990 state elections. Many West German civil servants were recruited into high-ranking state and city government posts,[13] including the North Rhine-Westphalian Ministerpräsident, Kurt Biedenkopf,[14] who

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[12] See Gray and Wilke's chronology of German Unification (1996: xxxi – lv).

[13] I heard estimates that more than 800 civil servants had been recruited from Saxony's official partner state of Bavaria to serve in key positions of state administration. Many *Beamte* were also recruited to Saxony from Baden-Württemberg.

[14] The former Ministerpräsident of North Rhine Westphalia, and later General Secretary

became Ministerpräsident of Saxony, and Leipzig's new Social Democratic mayor, Hinrich Lehmann-Grube, who came from Hanover.

The dissolution of East German national sovereignty was finalized with the treaty of the German Economic, Monetary, and Social Union (GEMSU). After a half century of separation, the New Federal States, or New Länder, now worked to restructure themselves in relation to western German and western European markets. The monetary union exacerbated East Germany's economic "turnaround," by making East German prices suddenly too expensive for old Soviet trading partners. The restructuring was also reinforced by the dissolution of the Soviet trade network, COMECON, in 1991.

Through the GEMSU, a newly-created Treuhand holding company (THA, or *Treuhandanstalt*) was given the task of privatizing or liquidating 8,000 East German VEBs (large, state-owned corporations, or *Volkseigene Betriebe*) within a four-year period. Of Leipzig's 90,000 manufacturing jobs, following Treuhand only 19,000 remained (OECD 2001). Ironically, Treuhand was originally conceived during the round table discussions, as a trust for the re-allocation of state-owned (or "people's") property, through a collective share-holding system (Luft 1992). Reversing this original idea that Treuhand should serve as a safeguard against the takeover of private capital from the West, the holding company was instead restructured to become the primary instrument in facilitating this very process (Fischer et al 1993, Köhler 1994). The state property Treuhand managed included 8,900 *Kombinate* (larger work collectives) and at least 45,000 individual factories and work places. Between 1990-1991, the former GDR's Gross National Product dropped by two thirds (Institut für Arbeitsmarkt- und

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of the CDU.

Berufsforschung 1998: 6). Layoffs and restructuring began in 1990, and continued at a relatively steady pace until September 1993, when the Treuhand holding company completed its task of privatizing 407 and liquidating 207 collective firms in the greater Leipzig area (Seidel 1994: 29). The high number of "privatized" firms is misleading here, because at the end of Treuhand's four-year term, many firms not yet privatized were recategorized as "ABS Enterprises" ("Labor Promotion and Structural Development Enterprises"). Organized with the help of labor union advisors from the Old Federal States, these "legal entities" allowed former VEB employees to maintain old salaries while laying their factories to rest (see Wieschiolek 2000), trying to create spin-off industries, retraining themselves, or remaining in a reserve pool.

Modernization theory, now packaged in a discourse of postsocialist "transition," became the driving force behind eastern Germany's economic restructuring. Reminiscent of the Marshall Plan's postwar recasting of western European markets, the economic discourse of the West German politicians and business consultants who were now running the show in the East, promoted the image of an idyllic prewar Saxony, while simultaneously emphasizing the region's newfound, postsocialist "flexibility." Meanwhile, much less attention was being given to the fate of GDR industries and collective firms, and the struggles of small, local businesses.

In his 1990 re-election campaign, Chancellor Helmut Kohl had promised East Germans a rapidly "blossoming landscape." Kohl's platform was the German variant of "shock therapy" (Sachs 1990), an economic approach to postsocialist development that dismissed the idea of round table discussions and gradual reform, and instead favored rapid economic restructuring (Bryant and Mokrzycki 1994: 60-61). The more quickly

planned economies could be dismantled, it was argued, the more quickly the regional economy of eastern Germany could begin to mirror West German patterns of prosperity and growth.

During socialism, Leipzig was called the "window to the East," for its international trade fairs. After re-unification, Chancellor Kohl's decision to invest DM 1.3 million into a New Leipzig Trade Fair was praised by Christian Democrats, and the general public, as a means of reinvoking an image of pre-socialist grandeur for the city. The same symbolism was applied to the migration of more than 100 private banks to Leipzig in the early 1990s. Economic planners advertised that Leipzig was the second-largest "bank city" in reunified Germany (next to Frankfurt am Main). Though this banking trend was reversed during the mid-1990s, through a series of mergers, for a time this initial euphoric climate gave people the impression that perhaps with the help of the FRG Leipzig's pre-cold war, pre-WW II, pre-depression era heyday might indeed be quickly reborn. A community center volunteer in her fifties told me she knew Leipzig would make it (literally that "*Leipzig kommt*," the city's post-re-unification marketing slogan) after hearing about the banks: "I went to public meetings and stood at the microphone, telling people what I thought - Leipzig would be alright because the banks had come, and they'd bring money."

The image of a quickly "blossoming landscape" in Leipzig was dashed several years after re-unification, as it struck people that the trade fair was failing, the lignite mines had closed, and the city had altogether lost more than 100,000 jobs in industry (Leipzig Office of Employment 1995). The large majority of the East German VEB's and *Kombinate* had not been successfully privatized by Treuhand, and between 1990-

1991, the former GDR's Gross National Product dropped by two thirds (Institut für Arbeitsmarkt- und Berufsforschung 1998: 3). The national Institute for Employment Research observes a 1/3 reduction in employment during the early 1990s (Institut für Arbeitsmarkt- und Berufsforschung 1998: 2). A more critical estimates argues that by 1992 the GDR's labor force of 9.7 million had been reduced nearly in half (see Lutz and Grünert 2001: 139), and that of the 2.47 million men and women employed in Saxony in 1989, by 1994 a mere 412,000 permanent wage labor positions remained (Bramke 1998).

Residents described the first wave of layoffs as following soon after re-unification, in the winter of 1990-91. One woman who had been active in Monday Demonstrations spoke of observing a direct link between the political upheaval before re-unification, and the economic upheaval thereafter: "On October 9th [1989] I was terrified of getting shot. My husband said 'stay home,' but I told him that wasn't an option. We said goodbye to the children, and if we weren't home by 8 p.m. a friend should take them to their grandparents, in the country... And then, so quickly, we were the Federal Republic of Germany. It was an open field! And the old factories were all shut down, and boarded up. All you need to do today is drive around Leipzig, and you'll see them everywhere, the empty factories."

Women were hit especially hard by the layoffs, in a pattern that was similar throughout postsocialist Europe. Socialism had promoted women's full integration into the workforce, and by the late 1980s 91% of East German women were employed. This contrasted with a 51% employment rate for West German women (Borneman 1992: 59). In the FRG, tax incentives and child rearing benefits encouraged women to stay at home (Hoecklin 1998, Sharp and Flinspach 1995), and working mothers were generally

stereotyped as neglectful. After re-unification, the luxury of not having to work released East German women from a "double burden" (Corrin 1992, Kolinsky 1989, Rai et al. 1992) of housework, childcare, and employment[15] (Rudd [in press]), but also took away the legal employment rights that women in socialist Europe had come to expect (Berdahl 1999a: 193-95; De Soto and Panzig 1995; Gal and Klingman 2000; Rosenberg 1991). As a Leipzig woman explained: "In GDR times, women worked and took their children to daycare. No one, and certainly no *man*, said a thing about it. All women worked, and now none of them do, but are instead forced to re-orient (*umdenken*) their thinking."

Women were twice as likely as men to lose their jobs (European Commission 1995: 15). Socialist countries had promoted women's full-employment as a way of dealing with labor shortages, but also as an important legitimization marker for an ideology that was struggling to "live up to its own pretensions" (Burawoy and Lukás 1992: 139). When the Berlin Wall fell, previously abolished gender divisions in labor reappeared in full force. In sectors of industry and technology men consistently took positions formerly occupied by women (Institut für Arbeitsmarkt- und Berufsforschung 1998: 8). Older workers were also most likely to be pushed out of the workforce (especially women). The percentage of employed East Germans between the ages of 55-59 dropped by two-thirds during the Treuhand restructuring (Institut für Arbeitsmarkt- und Berufsforschung 1998: 8).

During my fieldwork, 65% of Leipzig residents were of working-age (OECD 2001), and the city has an estimated shortfall of between 50,000 (OECD 2001) and 55,000 (Tiefensee 2000) jobs. After the construction boom and now that many long-term

[15] The socialization of women's full-employment had not resulted in a more equal sharing of housework and parenting, between men and women.

jobless women have accepted early retirement or slipped into welfare, the official percentage of unemployed women in Leipzig (18.1%) has fallen to slightly less than that of unemployed men (23.3%) (City of Leipzig 2004). Unemployed young people has also been a serious concern for the region. Re-unified eastern Germany has had an official unemployment rate for people younger than 25 of roughly 11% percent (OECD 2001), but this figure excludes welfare recipients and people with lengthened university stays and in government training programs.

Mass unemployment has subsequently led to an almost 20% decrease in population size: In 1989, Leipzig had 530,010 residents. By 1998 this number dipped to 437,101 (City of Leipzig 2002),[16] becoming the inverse parallel of the industrial boom of one hundred years before, when Leipzig's population swung from 215,987 in 1889 to 456,156 in 1900 (City of Leipzig 2002: 23). Official unemployment rates, which swung between 17-20% in the first decade following re-unification were kept from spiraling further only through a complex network of expensive federal and EU work-creation initiatives.

The planned growth sectors of banking, media, trade, and biotechnology remained a disappointment at the millennium's end. Roughly 40,000 new service sector jobs were created in Leipzig during the first decade of the *Wende*, but these barely compensated for the GDR jobs lost in nonindustrial sectors such as government, military, and education. One engineer who supported the city's reindustrialization, and scoffed at the idea of focusing economic development efforts around the service sector, joked: "How would you do it? You cut my hair, and I'll cut yours?"

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[16] City boundaries were resized in 1998, recalculating Leipzig's population at 491,086. In late 2002, the current population is 493,923, showing a slight growth trend.

The first time I visited this old trade city, the abandoned factory plots and gray empty buildings left a strong visual impression. Still captured in those empty buildings was the paradigm of industrial production that had framed so many debates on poverty and self-fulfillment, the role of government and the nature of the market. At the time, I thought this era may have come to an end for the city. But as it turned out, the engineer's criticism of the service sector was shared by the newly elected municipal government: Leipzig would regain its "industrial base," after all.

CHAPTER TWO: REFLECTIONS OF INDUSTRIAL COLLAPSE

Moving ahead in our story, by the time of my fieldwork the factories that turned peasant into proletariat and work into wage labor had become empty husks of scrap metal and old brick. The strange Taylorist practice of competitive production - adjusted in the GDR to follow the logic of planned markets - had screeched to a halt, bankrupt and "outdated," with the same brutal suddenness with which had it all started. The "deindustrialization" that had occurred in western Europe and North America over several decades, had taken place in post-re-unification eastern Germany within just a few short years (Bramke and Heß 1998).

Germans referred to the early years of re-unification as the *Wende*, a word that literally meant "turn around," and was first used in a political context as a campaign slogan for the Christian Democratic Party, in 1982. It was again coined during Chancellor Helmut Kohl's re-unification campaign several years later, and quickly became associated with the historic demonstrations in Leipzig and Berlin, during the fall of 1989. Since then, the idea of the *Wende* has come to represent the complex series of events surrounding re-unification (see also Buechler and Buechler 2002: 10; Ten Dyke 2001: 217-18). In eastern Germany, people also associated the *Wende* with a period of dramatic social and economic upheaval. Leipzig residents frequently grasped at phrases like "before the *Wende*," and "during the *Wendezeit*" (the "time of the *Wende*") when discussing work, economy, and daily life. Without such phrases, those who reached adulthood in the GDR would lack the basic vocabulary needed to describe key events in their biographies.

Turning our clocks back to the *Wendezeit,* one thing, as I have noted, was certain: few residents imagined the disappearance of two-thirds of Leipzig's industry, not even if re-unification were to occur. "On November 9, 1989, I'd worked for thirty years in the mining industry," a retired engineer explained to me. "Naturally, it hadn't been obvious at all. In my company we had the rare luck that our general director worked in a so-called 'capitalist country,' and so we understood what was happening. He told us how it was going to develop - that everything would be shut down." A woman in her mid-thirties reflected, "I thought there'd be democracy first of all, that we'd be able to take part in decisions, we'd be able to travel. But I never thought we'd even become one country again. That was a time when everything really hung in the air. Unemployment had been unthinkable."

This point was recounted many times. A social work professional told the same story: "There must have been some who saw it coming, but never in the manner that it crashed onto us, where the entire industrial base was liquidated, with unemployment coming at a million-fold intensity. Some unemployment did exist in the GDR, in an entirely different context. But this mass phenomenon as it's developed in the last decade ... when we started out [in social work] in 1990, this really wasn't foreseeable."

Though a number of studies have been written on Treuhand and eastern Germany's economic restructuring following re-unification, very little attention has been paid to local interpretations of economic collapse. A body of ethnographic writings does exist on daily life and the industrial work ethic in the GDR, but the focus of this literature has primarily been upon capturing the essence of old socialist worldviews and patterns of daily life, before their disappearance. My own inquiry was somewhat different, because I

did not ask former industry workers to focus upon work life during the GDR, but rather to describe how they believed the economic collapse occurred, and what they believed should be done. This placed the focus of inquiry upon the process of social change and shifting power structures in the post-re-unification period.

This chapter looks at deindustrialization through the subjective narrations of four Leipzig union representatives. Local interpretations of eastern Germany's economic collapse offer a perspective that often sharply contrasts with that of government documents and official reports. Overwhelmingly, residents described a pattern - which has not yet been (and may never be) adequately quantified by social scientists - of the rapid transfer of East German capital into the hands of a business elite, who were often described as West German. While local interpretations of this process varied, their stories shared one element in common: I found no East German native resident, regardless of professional or political background, who had expected factory closures to take place on such a totalizing scale. This general shock supported an observation expressed by all four union leaders in the following pages, that the entire process had been guided by the interests of a political and economic elite, without the consent or support of most residents.

"Deindustrialization" is not an instantaneous process, devoid of human participation, after all. As with "industrialization," it represents a political, social, and physical endeavor, and a frame for realizing capital interests, at critical point along modernity's timeline. In the context of Leipzig, a small business elite's interest in potential economic gain had clearly outweighed the social and economic value of "full-employment." For those who would argue that industrial dismantlement offered the

environmental benefits of improved health and quality of life, one must acknowledge the quick dismantlement of more sustainable sectors, such as the GDR recycling and printing industries. One must also recognize that this criticism was not voiced when the decision was to reindustrialize Leipzig was made a decade after re-unification.

The four union representatives were each deeply engaged in struggles to save large industry during the *Wendezeit*. The men all held decision-making roles in trade unions during the *Wende*, and were therefore able to describe the process of factory closings with more clarity than many of their peers, though I found that their accounts still represented popular lines of argumentation. After the *Wende*, all four became actively engaged in fighting regional unemployment: through community initiatives, union-related lobbying, and municipal policy advising. It was through this involvement that I came to know each. Their engagement in unemployment politics was a commonality in biographies that were otherwise politically quite dissimilar: Herr Müller was a West German unionist who came to Leipzig in 1990 to play an advisory role in the public services trade union, ÖTV. Herr Pacher was a former East German trade union (FDGB) representative at the large crane production company, Kirow-Werk, who was ousted by his colleagues in 1989 and ended up on the management side of his capsizing VEB. Herr Gellner and Herr Schmidt both experienced workplace discrimination during the GDR, and both became active in union politics during the *Wende*. Gellner unsuccessfully negotiated to save the East German recycling sector, and Schmidt was still fighting to retain the remnants of his East German hydraulics company, Ostar-Hydraulik.

Together, the interviews offer a glimpse into the complex series of events taking place during this period of regime change and industrial collapse, and the power struggles

that were a part of this process. I begin with Herr Müller, whose description was peppered with a chronology of political and historical detail. As the only West German in the group, Müller acknowledged his role as an advisor and outside observer by withholding usage of the pronoun "we" throughout the narration. He described an internal revolt within the East German trade union, FDGB, as a political turning point in 1989, and talked about workers' disbelief at the fact that there was so little demand for East German industrial products after the *Wende*, despite the money invested in factory renovations. The markets had simply changed.

Herr Müller: On May 8, 1989, opposition-minded people were writing 'no' and drawing lines across their ballots. So the SED supervised the polls, and started an open fight. Everything went quickly from there. In Leipzig and Berlin, groups like the Arbeitsgruppe Betrieb und Wirtschaft [Workgroup Firm and Economy] tried to build an opposition from inside of the state enterprises. Before, people had only been willing to take defensive positions - the unions should protect workers, not question the system. But now some were also trying and take over the firms. After October 3rd the [East German trade union] FDGB was gone and the ÖTV [the BRD service sector trade union] was official. Lots of people stepped in all at once, the unions held an internal vote. They began setting up new offices. Then in the winter of 1990, the first wave of layoffs began.

I could give you the example of Kirow-Werk. They belonged to a large combine called Tagraf, that was in Leipzig, Magdeburg and Wurzen. They produced cranes, and sold these in the Soviet Union, which sent them to Egypt, Vietnam, sometimes to Hamburg and Rotterdam. Workers thought they just needed to get over a transition period, and needed capital so they could keep producing. They figured they just needed some new production contracts, because they weren't well known yet in the West. They never assumed that one day somebody-or-other would come here and say that on the world market the company was redundant anyway, that they should find something else to produce. Computer chips or information technology.

Interviewer: I heard that the Monday demonstrations actually led into demonstrations against unemployment, and that these were led by the trade unions.[17]

Herr Müller: Union strikes in early 1991 were organized by IG Metall when it became clear that re-unification wasn't going to bring quick prosperity or production

[17] Led by the Saxon metal worker's union, Saxon IG Metall.

contracts. Hungarian, Czechoslovakian, Soviet, and Bulgarian markets broke off because they couldn't pay for products that were suddenly five times as expensive. And for the West, the products didn't have the right quality, at least not in mass. So in '91 the trade unions tried to follow in the tradition of the Monday demonstrations, with demos against unemployment. You know, like those that were originally for democracy and against the SED. They started the Monday demonstrations up again, demanding work and to retain their firms, and sending a signal to the federal government - because at the time it looked like the government didn't want to set up any special subsidies for the former GDR.

Herr Müller had described the overthrow of the East German trade union 1989, by workers demanding political change. The revolt was part of a takeover that led to the GDR's dissolution. But much to workers' surprise, in reunified Germany, German industries were quickly going bankrupt.

Our next narration comes from Herr Pacher, a man who had been one of the East German FDGB (Freie Deutsche Gewerkschaftsbund) union organizers, ousted from leadership during the political uprisings that accompanied the Monday Demonstrations in Leipzig. Pacher had worked for the crane production company, Kirow, which had been described in Müller's narration, and described his feeling as if his co-workers thought too little about the far-reaching consequences of their decision to take control of the collective firm away from the East German union. During the two years I conducted fieldwork as a part-time volunteer at the community organization where Herr Pacher later worked, we had many political discussions and I came to understand how much this man wished that the GDR had never collapsed - not only perhaps due to his fallen career prospects, but also because, to him, Germany's re-unification represented the next phase in the acceleration of capitalism, as predicted by Marx.

Herr Pacher: In the metallurgy union, we were the ones who closed the tariff agreement (*Betriebskollektivvertrag*). That was a waltz with everything in it -

vacation days and terms, worker's safety, etc. I worked in Kirow-Werk, where they produced steel cranes. It was a weapons factory during the war, so we were renamed after Sergei M. Kirov - you know the Stalin protégé, who was assassinated... In 1989, well, they voted us union leaders (*Gewerkschaftsleitung*) all out of office. You know how it was. They said, 'he needs to go, and he needs to go.' But I mean you can't just let everything fall, go out the door and say, 'that's that.' There were no replacement candidates. Someone would run into my office and say, 'Do you know what's going to happen now? What's going to happen now, if you've all been voted out?' I would say, 'Well, what do you think is going to happen? Now we need to find new candidates, and then we'll have to see.' That's how it went... You have to imagine, people were excited and angry, and acted without thinking. They just said, 'he needs to go, and him, and him,' without really thinking what would come next.

Interviewer: What demands were they making?

Herr Pacher: There weren't really any demands in that sense, just the general political demands, that you can read about everywhere. As it took root, for instance they claimed that we were delaying vacation schedules, that we made too much money, and other silliness. Incredibly silly claims, really. You know, it was like those films [of the *Wende* demonstrations] shown on television sometimes. A little drama, but then when you look beneath, that wasn't really how things were. If it *had* been, they would have locked me up probably. You'd have to visit me in jail.

Interviewer: And what happened next?

Herr Pacher: Well, after we were voted out... I should mention that I had a secure job contract through the union, and through them a secure position in the company. It was sometime around December 18, 1989. So in February 1, 1990, I had a new contract as a researcher for the supply director, a kind of personal assistant. And in the meanwhile, I helped those interested find new union representative candidates. Then the Citizen's Committee (*Bürgerkommittee*) was founded, and they were investigating everything and thought they would find whatever secrets within the Party, the union, etc. But there really weren't secrets. I have to admit there'd been a lot of secretiveness, and this had been our fault. But in the end it came out that that's not how it was. So now we had new union reps. Meanwhile, the first layoffs were taking place in preparation for GEMSU [the German Economic, Monetary, and Social Union], coming up on October 3rd. The *Volkskammer* decided to reunify under Article 23. And in clear text that meant everything that existed in the GDR, including the good things, would be let go. Imagine you want to live with your aunt, well then you have to do what your aunt says. One really has to look at it at that mundanely. Then there was the Treuhand holding company that was supposed to sell off the VEBs. Its successor organizations are still around.

Interviewer: Did you stay on at Kirow?

Herr Pacher: After I left union representation I was just a regular employee, and then the joke of the century went loose. I had to let the first group of people - there were 180 of us in the supplies division, and I had to assist in laying off the first hundred of them. I was the director's assistant, and my signature went on the layoff papers, and I was at the interviews.

Interviewer: You organized the layoffs? That must have been hard.

Herr Pacher: It was as if I'd put on another hat, but I was still the same man. That was the constellation.

After representatives from the FDGB were voted out and Citizen's Committees were established within the VEBs to build new unions and find different representatives, people like Herr Gellner, our next narrator, came into office. These new representatives did not agree with Herr Pacher's statement that the claims of corruption had been "incredibly silly." They believed strongly in the necessity of political reform - whether through a revisionist path within the GDR, or through Germany's re-unification. In the interview below, Herr Gellner observed that many former SED members (shuffled out of union jobs, but well-educated and often retaining job security) would find their way into management positions. Herr Pacher's story had supported this thesis.

Gellner described how his ideals were dashed when he realized that new management was apparently uninterested in saving the former-GDR recycling industry, nor did it seem to support a "fair wage" for the East. From Gellner's perspective, West German investors were leaving the important decisions to an East German-based executive directorship, which was unfortunately now controlled by a corrupted elite of former Party members, interested only in the bottom-line of profit-making, by turning the newly-opened East German labor markets into the kind of low-wage labor sector that had not existed in the postwar FRG before re-unification.

Herr Gellner: After the *Wende*, I was worker's council chairman (*Betriebsratvorsitzender*) and then regional worker's council chairman (*Gesamtbetriebsratvorsitzender*) in the recycling industry. I made the GmbH management very uncomfortable because I knew their GDR political background, and this put me in an uncomfortable position too. My demands were unrealistic for them, wanting the same wage for the same work ... What's, after all, a trade union's normal objective. Management wanted a 30% wage cut. But I knew that the supposed business losses were due to bad investments in the double-digit million DM range, that they'd just thrown into the sand. Then they wanted me, as union representative for the East region, to agree to sink the tariff wage by 30%. I wouldn't take part. That wasn't my decision, it was the union's. So we explained this to them and they said, 'o.k. then, we'll just close your shop, and that will be the end of the story.' I knew about the past of those people, so we went over their heads and tried to speak with the executive directors [in western Germany], to tell them and also to ask, 'why a wage decrease?' They sent us the report on the proposed shutdown and alternative outlooks. The union council carefully worked through this thing, this long report, but the director just pushed our work to the side and said, 'I don't want that. I want a 30% tariff wage reduction.' If that's the way it was, good then, tough against tough. We knew that if our firm sank the tariff wage, it would pull the entire East recycling industry with it. We couldn't let that happen. So they shut down the branch where I worked. Twenty-five people let go, because of me. No one officially said it, but that's what happened. And since then I've been unemployed and fiddling around with different activities, you could say.

The next narration focuses on Herr Schmidt, who suffered from workplace discrimination during the GDR, as Herr Gellner had, and who also became a union leader during the *Wendezeit*. Schmidt had worked hard to save his *Kombinat* from dismantlement, as a union negotiator in the company's work council. The council's goal at Ostar Hydraulik had been to invest in training and new technology, and to adapt the hydraulics industry for western markets, after they were shut off from East Bloc markets when the German currency union made prices too high for their old customers. But the potential West German buyer organized by the privatization company, Treuhand, had not really been interested in investing, Schmidt believed. After Ostar-Hydraulik opened its records, and eagerly awaiting assistance in its adaptation to a capitalist market system, the West German firm turned down the offer for a merger, and instead used its

knowledge of Ostar-Hydraulik's records to underbid them, and steal away their customer base.

Herr Schmidt: I was raised in a Christian household, and so wasn't allowed into a college-preparatory program (*Erweiterte Oberschule*), where there was only space for a certain percentage of worker's and farmer's children. I wanted to study biochemistry or technical chemistry, so I went to night school for the *Abitur*. But after I enrolled I was ex'ed, that is exmatriculated, from the university for refusing military duty on religious grounds. They'd accused, 'he doesn't want to cooperate with the state.' So the alternative now was going to work, and since I already had some training I got a job in the metal industry in a large firm. Until the *Wende* I worked in a drill production plant. With the political *Wende* came the West German social system, and I was given the opportunity to become a union representative. My co-workers said: 'You do it! You've always voiced people's opinions, and always stood up for things!' Through this avenue I then became the worker's representative on the executive work council of the large cooperative, Ostar-Hydraulik. And this work council had the task of making the massive layoffs socially tolerable.

Ostar-Hydraulik built the hydraulic navigation systems for everything from cranes to ships: the machine navigation, the drill machines, the threshing machines, ship navigation, and fishnets. All of that was done through electro hydraulic motors. Our market had been the Soviet Union, Poland, Hungary, Romania, Czechoslovakia, everybody in the East Bloc. But after the German currency union, we had to pay for things in West German Marks and sell our products for West German Marks. But our customers hadn't had this *Wende*. They were still using rubles, złoty, and crowns, and couldn't suddenly pay prices that were five times higher. So Ostar's markets were closed, even though the demand was there.[18] We had 16,000 employees [nationally] but no longer any turnover. Too many people for the few things that were still being produced. In the beginning we had the idea that a company or branch in West Germany would want to take over and help us with the transition into a market system. But that was an illusion. They had no intention of doing that, and we realized it too late.

Interviewer: How do you mean?

Herr Schmidt: At the time of re-unification, the economic systems East-West were completely different. The West German firms wanted to sell their products there, where we were, and we were simply in the way. Under the illusionary play that they would take us in and help us like brothers, a firm in our branch used the

[18] In addition to competition from firms in western Germany, in 1991 the Eastern trading network, COMECON, fell apart. Manufacturing output in eastern Germany dropped to one-third of its 1989 levels (Dininio 1999: 4).

Treuhandanstalt to request our revenue files, so they could set themselves up as our competitors.

Interviewer: So the West German firm never had an interest in buying Ostar-Hydraulik?

Herr Schmidt: That's what Treuhand wanted them to do, supposedly. Under the conditions of the purchase, the buyer was allowed to learn everything, and review all of our records. When a business said, 'I'd like to purchase this firm,' Treuhand made all of the company files available. The huge machine construction and hydraulics company, Mannesmann/Rexrodt, came to Treuhand. They took a quarter of a year to study all of our records, to copy them, review the products and prices, and then to say, 'sorry, we're not interested.' So we sat there, with our 16,000 people. Treuhand told us, 'you've got no revenue, and too many people,' while meanwhile Mannesmann went into the East-Block and underbid us. All of the Soviet farm equipment was running on hydraulic navigation, and our team still traveled out to do the repairs. We were forced, now, to come to them with West prices, and at the same time Mannesmann came and offered to do the work for 30% less.

Illustration #5: Sign reads, "Office Space for Rent"

Conclusion

More than a decade after Germany's re-unification, people remained divided in their opinions about the dismantlement of East German industry. West Germans who

lived in the East tended to agree that the dilapidated factories had not been salvageable. A West German resident might point out, for instance, that soot poured from the stacks at the lignite refinery in Espenhain[19] so thickly that residents in the southern part of the city needed to clean a residue from their windows each week. This example would be used to make the general statement that all GDR industries were irreparably outdated, and heavily polluting to the environment.

Those East Germans I spoke with who had experienced discrimination during the GDR, or had perhaps been called "dissidents" due to the critical political stance they had taken during the 1980s, tended to agree with West Germans that the dismantlement of VEBs was for the best. However, this group's critical sentiments usually reflected a desire to get rid of the organizational structure of GDR workplaces, or to enforce environmental protections, rather than to dismantle GDR factories entirely. These former hard-line regime critics, which represented perhaps 20% of population older than thirty-five, simply saw workplace collectives and other things associated with the hierarchies of socialism, as an organizational system that was part of a world best forgotten.

As the narrations in this chapter have shown, it was tenuous to draw a clear dividing line when it came to judging who was to blame for the fact that more East German businesses were not salvaged. Gellner observed that a cadre of corrupt former SED members took over the management of the former-GDR recycling industry, but for Schmidt it was the West German business partner who was to blame. Herr Pacher blamed the capitalist system in general, but also his co-workers at Kirow-Werk, for having lost their faith in socialism. By demanding reforms, he thought, his co-workers

[19] For case studies of Espenhain see for instance Michael Hoffmann (1995), Ketzer (1998), and John Eidson (1998).

had opened Pandora's box, and now everyone was suffering the consequences. Finally, Herr Müller, the West German union representative who had attempted to give me an "objective" overview, did not blame West German industry specifically, but described the dismantlement of GDR industries as the unfortunate, but probable, outcome of exposure to global markets.

To draw one commonalty from the portrayals depicted in this chapter, I can say that all four men seemed to agree that industrial collapse in the East was influenced strongly by a political and business elite's belief that more could be gained from dismantling East German factories and VEBs, than from salvaging them.

During fieldwork, I generally observed that former active Party members and people who had been unemployed for some time (especially older blue-collar workers) represented the harshest critics of Treuhand. Those most embittered by the economics of re-unification would say with certainty that collective firms had been sold off, piecemeal, to West German companies, interested only in subsidy monies, and in shutting down their competition. In contrast, local residents who had been critical of the GDR system tended to believe that long-term high unemployment in the East was the fault of an inept cadre of old Party members, still wedged firmly into key positions in local politics. But again, one must emphasize that subjective line of such stereotypical groupings. When the Berlin Wall fell, some Party officials (called *Wendehälse*, or "turn-necks") were opportunistic enough to quickly exchange *das Kapital* for a copy of Adam Smith's *Wealth of Nations*, and many long-term unemployed were still nonetheless happy that they no longer had to deal with the pressure toward political conformity, that had existed in the GDR.

The first decade following re-unification has been a subject of much reflection for East Germans. Everyone old enough to remember the GDR shares the comparative perspective of having experienced labor and welfare policies under two quite different national regimes. Drawing from this comparison, many of my discussion partners reflexively depicted industrial collapse as an extremely complex process, which had culminated ad the result of many smaller developments. Though people interpreted industrial collapse differently, and hence (as we shall see in later chapters) their opinions about future actions also varied, most local residents shared in common their shock at Leipzig's almost complete deindustrialization, and most also remained very sympathetic toward the situation of the unemployed.

CHAPTER THREE: SECOND MARKETS AND RUBBER BOOK BRIGADES?

During fieldwork, I was fascinated by the interesting classificatory distinction people made when talking about "work," and the "labor market." Leipzig residents regularly made reference to a "competitive labor market," which they contrasted with work that took place outside of this sphere, in a federally subsidized *zweiter Arbeitsmarkt* (literally: the "second labor market"). At the Leipzig Unemployment Office social workers explained to me that one-in-four jobs listed in their database fell into this category. These were not "real" jobs and this was not the real labor market either, they explained.

Debates about the *zweiter Arbeitsmarkt*[20] in Germany had become symbolic of the widespread uncertainty people felt toward the direction of labor and welfare reform since re-unification. During socialism, welfare structures had been interlinked within workplace collectives, in a regime of full-employment. Socialism's guarantee of a "right to work" had been based upon the Marxist belief that under capitalism the sale of labor, and the subordination of the individual to the division of labor had alienated workers. In a socialist state, work was supposed to once again become a creative joy, and an activity that allowed individuals to fulfill their human potential, while also supporting collective interests.

Reunified Germany's notion of a "social market economy," which incorporated a safety net at its base, was interestingly also seen as a model that contrasted with *laissez faire* capitalism. In achieving prosperity through a "social market economy," West

[20] I retain the German "*zweiter Arbeitsmarkt*," because the translation (literally: second labor market) may remind readers of the similarly-sounding term, "second economy."

Germans were in effect attempting to prove Marx wrong, by illustrating that it was possible to take the *alienation* out of capitalist labor, to *humanize* work (e.g. Vilmar 1973). Still, unlike socialism the FRG's "social market economy" was seen as setting clearing boundaries between the production and redistribution of wealth. If labor markets were not kept separate from social welfare, it was believed, the "invisible hand" of the market would not function.

Especially since the early 1990s, economic anthropology has moved more toward the study of how people conceive of market systems (i.e. Dilley ed. 1992; Carrier ed. 1997, Gudeman 1990, Gudeman 2001). In this chapter, I introduce the *zweiter Arbeitsmarkt* as an economic concept that teeters between formal acceptance by experts and public officials (leading to its incorporation into textbooks and long-term policy measures), and rejection as a formal economic model, and its concurrent expulsion from policies. Teetering in this ambiguous space of questionable legitimacy, the *zweiter Arbeitsmarkt* became a focal point of political interpretation and assessment. Critics of the *zweiter Arbeitsmarkt* said this idea/policy measure had crossed the line, dangerously blurring the sectors of production and redistribution. Proponents claimed the state had a duty to support their "right to work."

Birth of A New Sphere of Labor

The standard definition of the *zweiter Arbeitsmarkt* was dependent upon the belief in an *erster Arbeitsmarkt* (a "first labor market"): this labor market was the "real" one, and abided by the laws of supply and demand. Within this context, the *zweiter Arbeitsmarkt* took on the role of social welfare, to become a sector for people who

needed help keeping or obtaining work. The roots of this distinction traced back to West Germany in the late 1960s. During this prosperous time, the unemployment rate was less than 1% and guest workers were being recruited from the Mediterranean. Worried that the good fortune of the postwar period might not last, the government passed the Law for Promoting Stability and Growth in 1967, whose counter-cyclical measures aimed to support and stabilize full-employment (meaning an unemployment rate of less than 0.9%). This Keynesian-based policy was followed with the 1969 Labor Promotion Act (*Arbeitsförderungsgesetz*, or AFG), which provided a legal framework for "active" labor policy.

As noted in Chapter One, such a perceived equilibrium of "full-employment" had only been a social goal since the late 19th century, and then only within the context of industrialization. After WWII, "full employment" formed a pivotal base for the way national economies, social security systems, households and daily lives were structured, and by the 1960s both East and West Germany claimed to have achieved this goal (which they defined it differently). The 1973 economic crisis brought an end to the realization of "full-employment" in West Germany, however. The unemployment rate climbed above one million in 1975, and doubled again by 1982, reaching 7.5%. There was a growing awareness of the speed with which technological change could transform economies and displace workers (i.e. Bell 1973; Braverman 1974). In 1982, the German Evangelical Church – which had a tradition of involvement in social issues - published a book on unemployment and social ethics, within which they considered the possible applications of the new Labor Promotion Act. Because the market's cyclical structure would always displace some workers, they reasoned, the government should create a space for people

who were more vulnerable to long-term unemployment. They referred to this as the "*zweiter Arbeitsmarkt*."

It was election time and the Social Democrats picked up the term in their campaign, proposing a "*zweiter Arbeitsmarkt* nation-wide" and lauding Hamburg's experimentation with government-subsidized jobs, called ABM (*Arbeitsbeschaffungs-maßnahmen*). Ambiguous from the beginning, the idea of the *zweiter Arbeitsmarkt* gained definition through its use in regional employment generation policy. Those who rejected the concept placed the term in quotations, referring to a "so-called *zweiter Arbeitsmarkt*." Members of the Evangelical Church claimed that they wanted a work sphere for people with physical handicaps and learning disabilities, in other words for those people who were by nature "less competitive," but not a subsidized work sphere that battled general unemployment (Steinjan 1986). Meanwhile, the labor unions saw ABM as a low-wage sector threatening job security and subtly introducing "flexibility" to German markets. They complained that its participants were not counted in unemployment statistics (König 1987).

Municipal governments welcomed the federal funding, though, and by the mid-1980s West Germany had more than 100,000 ABM workers (Ehrlich 1997: 54-55). Supporters of the *zweiter Arbeitsmarkt* interpreted its function in different ways. All agreed that "useful" (*sinnvoll*) activities should be supported (from gardening, to university posts, to retraining firms in Saarland), and that these not compete with the "real" labor market. But should projects be designed to prepare participants for regular employment? Taking seriously the "end of work" thesis (i.e. Rifkin 1995), programs in Nürnberg and Hamburg were set up under the rubric of "alternative economy." Premised

upon the belief that the official labor market was shrinking due to technological change, these low-tech, ecological projects were designed not to help prepare participants for the regular labor market, but rather simply to give them something to do.

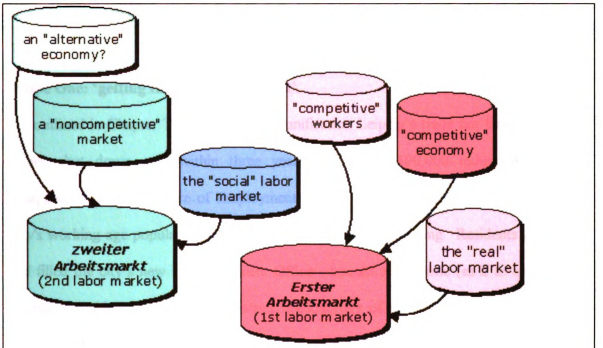

Illustration #6: Black-boxing the "zweiter Arbeitsmarkt"

The *zweiter Arbeitsmarkt* comes to Leipzig

As one might imagine, this ambiguous economic sphere took on new dimensions in the context of German re-unification. The remainder of this chapter focuses on enactments of the *zweiter Arbeitsmarkt* in Leipzig. From my observations, it appears that post-re-unification labor politics can be divided into three phases: 1) in the early 1990s this fuzzy labor sphere was utilized as a short-term tool for the economic "transition." 2) With protests against unemployment mounting, political rhetoric reinterpreted the *zweiter Arbeitsmarkt* as uniquely beneficial for regional economic development in the East. 3) No longer considered innovative, in the late-1990s the *zweiter Arbeitsmarkt* was seen to

perpetuate the work culture of socialism. Policy-makers now focused on "de-centralizing" projects. For most inhabitants of eastern Germany, this decade of reinterpretations meant that the rules of the market often seemed contradictory, and sometimes even intentionally evasive.

Phase One: 'getting them off of the street'

As outlined in Chapter Two, following re-unification Leipzig's trade fair failed, its lignite mines shut down, and within three years more than 100,000 industrial jobs had disappeared (Leipzig Office of Employment 1995). In the early 1990s, one third of the city's working-age population was looking for a job or in retraining. Residents young and old filled the city's new Unemployment Office - housed at the time (as if to symbolize a changed world order) in the old district headquarters of the Ministry of State Security. An engineering instructor described the 1990 school year's end, when young people no longer in apprenticeships crowded the already filled new Unemployment Office. The man spoke of long evenings in a chaos of paperwork, aligning East and West German occupations and devising "re-training" programs: "I thought to myself," he said, "we've got to at least get them off of the street."

The *zweiter Arbeitsmarkt* became one of the main policy tools for "getting them off of the street." Planners envisioned it as a "transitional" sphere, into which sections of the labor force could be temporarily shifted while the regional economy was being restructured. Niches were earmarked for future Leipzig markets: services, banking, trade fairs, machine construction, and media. Anthropologists working in post-socialist Eastern Europe have criticized this evolutionist perspective of "transition" theory

(Berdahl 2000; Burawoy and Verdery 1999, Hann 1994). Chancellor Helmut Kohl had promised a "blossoming landscape" in eastern Germany, and the *zweiter Arbeitsmarkt* was to offer the city's displaced workers a space to conduct "useful" (*sinnvoll*) activities until the new labor markets matured. Short-term ABM and retraining programs were a base for the "transitional" labor sector. In addition to the ABM contracts, SAM, or "structural adjustment measures" (*Strukturanpassungsmaßnahmen*), were also introduced for specific economic development projects in the New Federal States. Workers might be employed through an SAM contract to complete an environmental cleanup for a factory that was closing, for instance. The SAM program was phased out by the mid-1990s, and for the sake of simplification, I will henceforth generally refer to the ABM program, which was also commonly used as an umbrella term. As a final addition, government work-creation programs for welfare recipients were also interpreted as falling within the *zweiter Arbeitsmarkt*.

At a height in 1992, the federal government supported one-half million ABM positions, three-quarters of which were in the New Federal States. An additional number of East German workers were employed through SAM contracts, or were receiving welfare monies (a figure that would steadily climb, as unemployment insurances began to run out in the mid-1990s. A complex system of transitional economic projects sprang up, such as the ABS enterprises (Labor Promotion and Structural Development Enterprise), which were founded with the aid of West German union advisors, during the privatization of GDR work collectives. West German union representatives, who had begun using ABM as a tool for dealing with structural adjustment in deindustrializing regions of West Germany during the 1980s (Müller 1992), helped former VEB employees pool

themselves into these "legal entities," where they could maintain old salaries while laying their factories to rest (see Wieschiolek 2000), while trying to create spin-off industries, retraining themselves, or remaining in a reserve pool. Borrowing from this model in a unique initiative, the City of Leipzig built its own municipal work-creation firm, called bfb - the Betrieb für Beschäftigungsförderung ("the firm for work support"). If the "transition" went smoothly, by the mid-1990s work-creation subsidies in the East would be lowered to western German levels, and ABS enterprises would dissolve into the private sector.

In principle, the *zweiter Arbeitsmarkt* should lead to, but never compete with, the commercial sector - this regulation had been applied in West Germany to a small, supposedly "less competitive," segment of the population. But in eastern Germany, where subsidized jobs now made up one quarter of available positions, the rule of noncompetition caused new problems. Men and women who had imaged and prepared for work in capitalist markets found themselves instead in a limbo of "useful," but not "productive," labor. In the following illustration, this limbo becomes one occupational trainer's poetry theme:

Illustration #7: The text reads: "Now you know you're too old, though you still want a wage. No demand for that - the first labor market - everything's been tried! 'There's supposed to be a second one.' You strive now for this. And after years it works, you're in a retraining program." (Printed with permission of Ingrid Sperber)

The stigmatism associated with programs for a "low-skilled" workforce had been transferred onto a broader context. Unemployed East Germans fended off accusations of laziness and state dependency, often made by conservatives from the Old Federal States. However, it was not a lack of skill or desire, in fact, that best characterized *zweiter Arbeitsmarkt* participants. It was their belonging to groups discriminated against in periods of high unemployment: recent immigrants, women, young adults, and older workers. More often turned down for regular employment, these groups were quickly over-represented at bfb. Meanwhile, it was difficult to organize a secondary work sphere when restructured markets showed no clear direction for growth. "[ABM] is supposed to make people fit for the so-called first labor market," a woman complained to me, "Only ... you can make them as fit as you'd like. There's no work out there, in that first labor market."

There were also reasons to support the *zweiter Arbeitsmarkt*, and these sometimes appeared to overshadow difficulties, especially in the early years of re-unification. This sector provided work, after all, and paychecks had government backing - something valued in a region where the bankruptcy rate of new businesses was very high and people were often not paid on time. For the majority of Leipzig's unemployed, the *zweiter Arbeitsmarkt* was preferable to no work at all. In September 1996, as ABM funding cuts drew nearer, 250 thousand protesters mobilized in six different cities. Reminiscent of and drawing strength from the rebellious Monday demonstrations, thirty-five thousand people gathered in Leipzig's Johannapark and demanded workplaces. The GDR's constitution had guaranteed a "right to work," and many interpreted a similar promise in the Federal Republic's constitutional law. Germany's largest Trade Union Association,

the DGB, now stood firmly behind ABM jobs - the government should encourage work, and not neoliberal budget cuts. Or had it forgotten the state's obligation to support full-employment? Heeding to protests, federal work-support funds were extended. From this point onward the question of how to make the "first" labor market grow and "second" one shrink has been the echoing *Leitmotiv* of national politics, and a source for cynicism among the jobless.

Phase Two: the rubber-boots brigade

Over the next two years, eastern Germany's allotted ABM quota roller-coastered up and down, appearing in regional programs in different forms. Leipzig's work-creation firm, bfb, gained national recognition in 1997, when it was lauded by the press as an example for other cities (i.e. *Kölner Stadtanzeiger* 1998; *die tageszeitung* 1997; *der Spiegel* 1998; *Süddeutsche Zeitung* 1997; *Die Zeit* 1997). Such models were desperately sought in a year when the national unemployment rate, concentrated in the East, had climbed to a WWII record of 4.7 million. At this point, a charismatic figure enters our story. Matthias von Hermanni, who had been involved in "alternative economy" programs in Hanover, was the founding director and inspiration of bfb. He had managed to drop Leipzig's welfare rate to the lowest in the country by enforcing a little-known law (§19 BSHG) that enabled municipalities to revoke benefits from welfare recipients who refused a viable work offer. Newspapers across the country quoted von Hermanni, as he claimed, "I've got work here for everyone, absolutely everyone." Von Hermanni presented his municipal work-creation firm at the Christian Democratic Union's 1997 national party convention, where it was warmly praised. Soon, other cities were

establishing similar work-creation programs, and also employing a mixture of ABM and welfare recipients to work on underfinanced municipal projects.

I first visited the grounds of bfb in the fall of 1998. With about 8,000 workers at the time, the work-creation firm had become the largest employer in all of Saxony.[21] I knew some people called it a model for new welfare politics, and others lamented that it was a relic of socialism: a state-owned work collective, affectionately nick-named "the rubber boots brigade" (*die Gummistiefel-Brigade*) - what else could it be? On the edge of the city, a second headquarters of the secret police had been transformed into a work-creation village: a wood-cutting shop, a printing press and newspaper, horse stables, a machinery. In other locations, bfb workers maintained a glass recycling center and botanical gardens, and renovated a camping resort and several farm grounds that dated back to the seventeenth century.

Von Hermanni had been able to popularize the *zweiter Arbeitsmarkt* by bringing together two very different political interests. His use of a "good poor, bad poor" work ethic (whose roots trace back to Martin Luther in this very region) advertised a "right to work" and thereby won strong support from the SED's successor, the Party of Democratic Socialism (PDS). Cutting welfare costs and using ABM and welfare recipients as a cheap municipal labor force, on the other hand, seemed like a good idea to many West Germans, and was also strongly supported by the Christian Democratic Party. "Politicians in the West - the Green Party, the SPD - would call it forced labor," one native resident of Bayern told me, "but what they're doing in Leipzig, it's creative."

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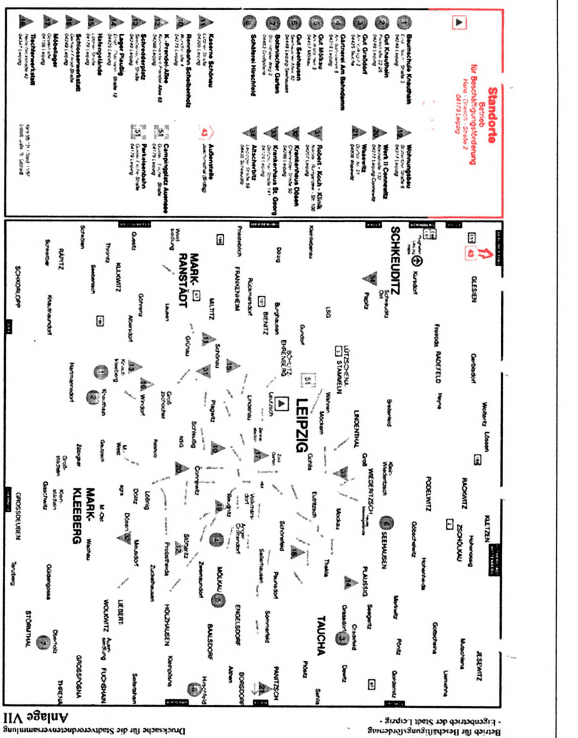
[21] The official height of employees at bfb, was the statistic of 8,900 workers, reported by local media during the spring of 1999. I made occasional visits to speak with staff during this time, and was told that in the early months of January-Feb 1999, there were up to 9,200 workers.

Illustration #8: This map documents the current worksites of bfb in 1997: the agricultural and garden sites = green circles, construction projects = green triangles, clinics = red triangles, recreational grounds = red squares (bfb 1997).



Another West German man visiting Leipzig said, "In Berlin we also have the problem that schools and hospitals are in poor condition, and that there's no money to renovate them. It's terrible to think that people are sitting at home, cashing in on welfare, cashing in with nothing to do. I find it contagious, the very idea of an operation taking care of things Leipzig can't otherwise pay for, while also guaranteeing a workplace for welfare recipients."

When I asked bfb's press speaker to reflect on the firm's popularity, she explained that it needed to be seen as a response to a larger social transformation:

> Interest developed from outside [of Leipzig], at a point when we were also interested in opening a dialogue. Certain questions needed to be thrown out. 'Where was subsidized work heading?,' for instance. It had come to the stage where we said, 'Good. Everyone come here, then, and take a look around. You can take part in the discussion.' Because it really needed to be clear: 'Is ABM just a short-term phenomenon?' 'Is subsidized work temporary, or is society transforming?'"

When I asked what she meant by this, the native Leipzig resident clarified:

> As we spoke about it, it became more evident. It became clear that the world really was changing. The transformation, the *Wende*, had been an East German problem at first, but not anymore. Conditions for labor were changing all over the world, and we wanted to discuss how work-creation should fit into this process. We saw that, in eastern Germany, we had experience in this area.

The press speaker's explanation, which mirrored that of other bfb executive personnel, revealed a broader ideological framework surrounding the application of *zweiter Arbeitsmarkt* measures. During bfb orientation programs and in the local press, von Hermanni went even further, to promote the conviction that the *erster Arbeitsmarkt* (the "real" labor market) was inevitably shrinking, and that a non-competitive sphere of labor needed to grow, to serve as a kind of resting ground for individuals who could not keep up with global, competitive markets and flexible specialization. This line of

argumentation had become popular in Germany especially through the influence of the prominent sociologist, Ulrich Beck, whose essays often appeared in newspapers, and who had served on regional development advisory boards in the East. What bothered me were the undertones of social Darwinism.

Phase Three: a full circle

In 1999, the Leipzig Chamber of Skilled Trades declared war on Matthias von Hermanni and his "rubber-boot brigades." The Union attacked bfb's ecological slaughterhouse, saying it competed with the commercial sector. It had the capacity to prepare 25 pigs, 5 cows, and 15 sheep or goat for slaughter each day - with the support of taxpayers! This kind of planned market politics would ruin the city's fledgling small businesses. Many began to worry about what bfb would grow into after the municipal properties had been renovated. Tensions mounted, and political parties joined the debate. In a regional scandal, von Hermanni was accused of using city money to rent construction equipment for building his home. In November, he was suspended from duties, and even thrown in jail for a time. Five thousand bfb supporters blocked the road in front of city hall and demonstrated for his release. In a rally, they demanded: "von Hermanni is innocent! The city can't destroy the second job market, what will happen to bfb?" In the following months bfb came under new management, and was decreased in size until ultimately, in February 2002, the work-creation firm's closure was announced.

Municipal and federal labor policies in Germany became critical of what was now referred to as the "normal," or "traditional," ABM program. A new variant of the policy was supported, called "Contract-ABM." In this model, federally subsidized, short-term

jobs were offered to private commercial enterprises that fulfilled certain criteria. With these revisions it was argued that the state's commitment to social welfare could be maintained without creating competition with the "productive" sector - the commercial sphere. In Leipzig, "traditional" ABM was still supported, but now only for "nonprofit" sector positions. In post-re-unification eastern Germany, elderly and disabled care and counciling services have been heavily dependent upon short-term, ABM positions. Officials at the Chamber of Commerce (who now have veto power over individual *zweiter Arbeitsmarkt* applications) felt that the business community should continue to allow nonprofit sector ABM jobs. Reflecting on this, two East German businessmen did speak critically with me about the brutality of markets like those in the U.S., which "run on their own." But they were also very critical of the *zweiter Arbeitsmarkt*, and ideally wished there was a feasible way to make this work sector disappear. They maintained that it would have to be carefully regulated – because this "gray market" of post-socialism endangered small business growth, and it was this vicious circle that caused the region's high unemployment.

I was given copies of charts and reports documenting the Chamber of Commerce's (IHK) efforts to rework the proper roles and boundaries of the *zweiter Arbeitsmarkt*. In the future, when a community organization applied for an ABM post, a new list of criteria, drawn up by the Chamber of Commerce, would be used to determine whether the proposed position was in competition with the *erster Arbeitsmarkt*:

Conclusion

The West German work-creation programs that were developed during the early 1980s promoted social equality through a classic postwar model of full-employment. This model contrasted with the response of some other capitalist countries to the economic crisis of the 1970s. In Great Britain and the United States, rising unemployment and social welfare costs were resolved through the structuring of low-wage labor sectors, decreased benefits, and the expansion of "nonprofit" or "Third Sector" activities. Another fuzzy labor sphere (see Chapters Six), the "Third Sector," represented the growth of private social welfare services, often in alignment with the dismantlement of state social welfare programs.

In the early 1990s, West Germany's use of the *zweiter Arbeitsmarkt* as a preventative safety net was transferred to the New Federal States. There, it was influenced both by the ideology of "transition" politics, and by the conviction of many residents that it was the state's responsibility to provide work for the unemployed. In the mid-1990s, dissatisfaction with work-creation politics culminated on both ends of the political spectrum - leading economic liberals to appeal for an end to interventionism, and trade unions and the PDS to demand more workplaces. The two polarized perspectives merged to create such hybrid structures as Leipzig's work-creation firm, bfb, which integrated neoliberal labor reform with elements of socialist workplace nostalgia.

Debates on the *zweiter Arbeitsmarkt* in Leipzig were a discursive part of a larger ongoing discussion: on how to balance production with the redistribution of local and global wealth, and whether markets could be "social."

CHAPTER FOUR: A SAFETY NET

In this chapter, I concentrate on the flip side of industrial dismantlement: the changing dynamics of social welfare. While the rapid privatization and factory closures was something over which most East Germans had little control,[22] on a municipal level people were able to exert some influence over social welfare. In the absence of shop floors and factories, institutions that provided welfare and training also became new points of orientation. They provided activities for people (in the "*zweiter Arbeitsmarkt*" and through education), and offered social venues where they could discuss social welfare and labor reform, and to become politically involved. Power over the organization and the redistribution of available social welfare resources in Leipzig was divided, fivefold, between: the municipal government (ran the welfare office, bfb, and other programs), the unemployment office (the local branch of a federally centralized Bundesanstalt für Arbeit), an interlinking network of church and community groups, the chamber of commerce (whose lobby represented local business interests), and occupational training organizations (run on both a for-profit and non-profit basis).

The corruption and poor organization of job training and social welfare expenditure was cited as a main reason for the continued existence of long-term, high unemployment. And just as Marx had theorized the alienation of the individual through the rise of wage labor, Weber had feared the dehumanizing character of modern bureaucracies. During their quest to find work, unemployed East Germans were coming into contact, and learning a great deal, about such bureaucracy. And by the late 1990s, many had lost patience with a system that offered a limbo of temporary work contracts,

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[22] This was a process guided by a (predominantly West German) political and business elite.

but had not managed to lower unemployment or create any sense of long-term economic stability. They lamented Chancellor Helmut Kohl's false promise of a "blossoming landscape," and a "quick transition." In the fall of 2000, as the country celebrated the tenth anniversary of its re-unification, Wolfgang Thierse, one of the few East German Parliamentary members, warned that unequal regional economic development threatened to create a permanent *mezzogiorno* between the East and West.[23] At a meeting of the Leipzig Network Against Unemployment, the words of one community center social worker captured the growing sense of exhaustion and uncertainty. "Do we even know that the ABM program is helping?," she asked. "Sometimes I feel as if ABM is doing the opposite of helping. Things seem to be spiraling downward, and people have all become somehow broken. They all need psychiatrists. I do, too. [...] The East has no future, without employment."

The millennium's end encouraged experts at City Hall and the Chamber of Commerce to present the last decade as "phase of learning," and to reflect positively on the establishment of new policies in the next decade. Saying that he felt more certain about policy changes than he had in the past, one Leipzig Department of Economic

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[23] During visits to western Germany, I was amazed to see the extent to which people lacked interest or sympathy for developments in the former GDR. Even younger West Germans, who had only experienced the last decade or two of the cold war, often related the belief that West Germans heavily subsidized the East, with little gratitude in return. Increasingly, West Germans cited re-unification as the main source of social, political and economic problems (East German support for the right-wing political party, the NPD, during the 1998 elections was given as a popular example). Polls revealed that 2/3 of West Germans had never visited the New Federal States (with the exception of former East Berlin). When I became a Chancellor Scholar with the Alexander von Humboldt Foundation, I was able to discuss current politics with a number of high-ranking officials, as part of a small group of young American scholars. When meeting with members of Parliament and the SPD cabinet in Berlin, I was surprised by the conservative distance with which they approached topics relating to eastern Germany. Despite re-unification, they continued to refer to the region as if it were a foreign country.

Development planner added that there was also a necessity: "We began with the ABS enterprises. They had the task of cleaning up the factory grounds, and of retraining. The second phase was when ABM became a special niche. By 1993-94, it had expanded into its own autonomous *zweiter Arbeitsmarkt*... which leads us to the third phase. It now becomes clear that this pattern can't continue, the *zweiter Arbeitsmarkt* can't be allowed to develop its own momentum. We have to make sure that we return to the competitive job market (the *erster Arbeitsmarkt*), and that's the point we've reached today: In the long-term, going in the other direction isn't economically feasible."

The Failed Rationalization of Welfare

By the early 1960s the GDR had officially "solved" unemployment and poverty, which were seen as two structural effects of capitalism (Bundesministerium für innerdeutsche Beziehungen 2000 [1985]: 856). Leipzig's Unemployment Office, or *Arbeitsamt*, was dissolved in the early 1950s (Leipzig Office of Employment 2000). Seen as superfluous, welfare offices nationwide were dismantled in 1978 (Bundesministerium für innerdeutsche Beziehungen 2000 [1985]: 857). The SED did establish an "Office for Work" (*Amt für Arbeit*), but this served a function quite different from that of the *Arbeitsamt*. Rather than helping unemployed people find work, at the *Amt für Arbeit* government employees made sure Leipzig's VEBs had an adequate supply of labor, and that everyone's "right to work" was recognized. They also kept record of the "asocial," and illegal, behavior of individuals who chose to drop out of the workforce. Konrad Jarausch uses the term "welfare dictatorship" (*Fürsorgediktatur*) to describe the

"basic contradiction between care and coercion" characterizing SED social welfare policies (Jarausch 1999: 60).

Aside from the institutionalization of standard social security measures - such as retirement, maternity leave, childcare, health insurance, and worker's compensation - many aspects of the GDR's safety net were informally woven within the workplace. In the patchwork manner in which problem-solving took place under budgetary constraints and a socialist tradition of favor exchange and networking, many of the social needs of individual workers were dealt with informally. One woman described being allowed to work part-time (with full-time pay) at her food preparation job with the Leipzig Trade Fair, while taking care of her elderly mother. When her mother died, the woman's part-time social work activities ("helping out" the elderly) continued. She described finding fulfillment in this work, and being remorseful when she had to give it up after re-unification, due to the lack of proper formal training. Her story was an example of one of the many negative descriptions I heard about the poor organization of occupational training in the early 1990s: "After re-unification, I continued helping the elderly, through *Volkssolidarität*.[24] But we were told that we needed qualifications. So, for two hours in the evening, after work, I took an elderly care class. But at the end of the year we were told that our qualification wouldn't be recognized, and we wouldn't receive certificates."

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[24] The *Volkssolidarität* began when volunteers offered meals and shelter for war refugees in Saxony, to support "*das große Aufbauwerk*" (the great rebuilding task) of the socialist state. During the GDR period, it operated under a centralized leadership, primarily offering cultural and social activities for youth and seniors. After re-unification, its membership dwindled from two million to ½ million. Today, the Saxon chapter of the *Volkssolidarität* (106,000 members) negotiates commercial discounts for senior citizens, coordinates social and cultural activities, and offers inexpensive group insurances for the seniors. Due to its older membership, and reputation of being a social space for the nostalgic, the group is targeted by the East German Communist successor party, the PDS, as an important constituency.

In another example, an unemployed building engineer illustrated the GDR's work-based safety net by telling me of how she had been required to pick up her colleague, a heavy alcoholic, on her way to work each morning. The colleague had tried to bribe her so that she could be left home. And this would have been a lot easier, the engineer said. But in the GDR, everyone needed to be carried along. "After re-unification, those troubled cases were the first to be let go," she reflected.

Indeed, care stations and welfare and unemployment offices quickly re-appeared, becoming new points of orientation. During two weeks of fieldwork at the Welfare Office in April 1999, I asked the caseworker I was assigned to tag along with whether she and her colleagues had also been engaged in social work during the GDR. No, the entire profession of "social work" had been seen as extinct in the GDR, she explained. Most of the women currently working at the Welfare Office (more than ninety percent of the staff were female) had formerly worked in the field of health care (*Gesundheitsdienst*), and "social health care" (*Sozialgesundheitsdienst*). Retraining programs were organized to transfer workers from these occupations into the field of social work.

The air of complete control that the Welfare Office supervisor held over her staff made me wonder what her position had been before the *Wende*. In later interviews, I heard complaints from a number of unemployed residents who believed that too many former career Party members now worked at the Unemployment and Welfare Offices. Those who had suffered discrimination or been supporters of regime change were most likely to observe the perseverance of old power hierarchies, and to claim that ABM and occupational training positions were now being handed out following the same pattern of networking and favoritism that had existed during socialism, whereas those unemployed

who had not suffered discrimination during the GDR often complained of unhelpful caseworkers and poor organization, but not of the existence of old power hierarchies.

"It's like falling into a wasp's nest," an unemployed schoolteacher and New Forum[25] member described. "I go to the Unemployment Office, and tell them my biography. I tell them all of the details, and then watch the curtains fall... I can sense it immediately, when someone was rooted in the Party. And they always say, 'we can't type that into the computer, that won't go in.' I say, 'so take out a piece of paper, and write it down. You have to, that's my biography, and you have to acknowledge it.' They ask me why I've applied for a position. For ten years I've applied, for ten years I've gone through that psycho terror, and never had a chance. You understand, don't you, about who has a chance at the *Arbeitsamt*?"

A resident who wished to bring awareness to the under-researched history of the Unemployment Office in eastern Germany presented me with a copy of the salvaged November 1989 minutes of a General Party Meeting in Karl-Marx-Stadt (now Chemnitz), recorded a few weeks following the Berlin Wall's collapse.[26] The transcript documented Party members' worries about the direction of political change following the New Forum's rise to power, and their discussion of how SED comrades might gain positions of power in the new regime. It documented their discussion of the possible return of unemployment under the reformed government, and mentioned "Comrade X's" application for the directorship opening at the Office for Work. A governmental review

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[25] An East German political group founded in the late 1980s, which was responsible for leading protests, and demanding fundamental reforms.

[26] AKG/Kontrollgruppe Karl-Marx-Stadt. Bandabschrift. *Protokoll zur Dienstversammlung des Leiters der BV vom 23.11.1989*. Courtesy of Helen Jannsen, Forum Verlag Leipzig, who obtained it through the German Freedom of Information Act request from the BStU, Bundesbeauftragte für die Stasi-Unterlagen.

process in the early 1990s purged many high-ranking Party members who had obtained such posts.

Until 1997, when a new structure was built, Leipzig's Unemployment Office resided in the rooms of the old GDR Office for Work, which was housed, in the old district headquarters of the Ministry of State Security (the *Stasi*, or GDR secret police). Interestingly, I could find no chronology documenting the Unemployment Office's re-establishment after the *Wende*, and so I submitted a written request for more information. Several weeks later a Leipzig *Arbeitsamt* research staff member replied to my letter, explaining that unfortunately there was no documentation of the bureaucratic restructuring that had taken place during this chaotic period. The researcher was able to confirm that 214 employees (or 90%) of the staff from the old Leipzig Office for Work were given positions in the Unemployment Office, following background checks.

Entrusted with the task of ensuring that the GDR labor force was properly organized, and that its "full-employment" policy was enforced, most employees at the Office for Work had been Party members who strongly supported the GDR's labor policies. One notable effect of this transfer of staff was that social workers during the early years of the *Wende* continued to feel it was their duty to focus on every citizen's "right to work," and on getting the unemployed "off of the street," rather than considering the quality or appropriateness of the apprenticeships, retraining, and work-creation programs to which people were assigned. While this pattern was a natural response to the combined variables of rapid industrial dismantlement and the availability of billions of EURO in social welfare subsidies, it could also be aligned with GDR's interpretation of workplace social inclusion. Those who were shuffled into retraining, subsidized

apprenticeships, ABS enterprises, and SAM and ABM posts were technically no longer "unemployed," and above all, this was what mattered.

Despite the investment of more than 500 billion EURO into eastern Germany's economic development by the millennium's end, unemployment levels continued to reach record heights and temporary, low-status positions (such as those in the *zweiter Arbeitsmarkt*) had become commonplace. Leading figures in the Leipzig business community complained that the *zweiter Arbeitsmarkt* was much too large, and that the heavy burden this placed upon the competitive labor market was creating a downward-spiraling economic trend. A city official whose job it was to help businesses relocate to Leipzig, argued: "One has to move away from this insanely inspired system of subventions in Germany. Soon a business owner won't be able to make any money without receiving subventions, and an employee won't be able to do anything, without having a hammock somewhere, to lie in. That leads us, *summa summarum*, to a frightening level of immobility."

Although I never came across a Leipzig resident who shared the neoliberal belief that the country's welfare state should be reduced to the extent that it had been in my own country, the United States ("we're not barbaric," was the reply of one Chamber of Commerce representative to my suggestion of the American social security system as a possible role model), there were many who complained about corruption and poor organization. The business community and local government were concerned with limiting a reportedly corrupted *zweiter Arbeitsmarkt*, for example, and many unemployed were convinced that the *Arbeitsamt's* organizational structure was not working in their favor.

The Limits of Flexibility

Complaints about poor organization were often directed toward occupational training firms. Subsidies for training made up a significant portion of the EU, federal and municipal financial support available to individuals, and this placed occupational trainers in a position to profit greatly. During the GDR, occupational training had taken place directly at the workplace. But when Leipzig factories closed down all at once, the GDR's occupational training tradition went with them, replaced by a flurry of independent firms. During a high point in the early 1990s, there were more than 1,200 registered occupational training firms in Saxony. By 2001, this figure had sunk to 360-400 (Bräuer 2001: personal interview). The firms came mainly from the West, but were also established locally, and during the *Wende* the majority of the city's working-age population went through their doors. Their contracts often came directly from the Unemployment and Welfare Offices. The firms proposed programs and, if approved, these were offered at no cost to qualified unemployed residents and welfare recipients. There were good firms and bad ones, I was told, and unfortunately a system of oversight had only recently been implemented. People related stories of unprofessional instructors and no assistance in job placement. They also accused firms of knowingly "over-flooding" the market, by training too many individuals in certain popular occupations.

The apprenticeship tradition in Germany, Austria, and Luxembourg, required formal training and certification to practice almost every profession: from florist, to computer technician. Training usually took several years, and (in the absence of subsidies) could be quite expensive. Unemployed residents described misguidance in choosing an occupation as a point of great frustration during the early 1990s as they

struggled to imagine what occupations would be in demand in the new, market economy. They soon discovered that a significant percentage of the new occupational training firms were structured with a bottom line of profit, and not necessarily their own best interest, in mind. Before the *Wende* training programs had always led into permanent positions, and it had also been common for a person to work at the same *kollektiv* his or her entire adult life. Coming from this social environment, a system in which one was trained by an independent contractor and given no assurance (and sometimes no likelihood) of employment seemed both illogical, and unjust. People complained that occupational training should have been better aligned with labor market demands. After the *Wende*, people had wasted too much energy learning things they would never be able to apply in an employment context.

In the early to mid-1990s, there was a surplus in the number of Leipzig residents retrained in retail sales, for example. This occupation had held a high social status during the GDR, I was told, and people also expected a dramatic increase in the number of shops. Unfortunately, this was not enough to absorb the thousands of women and men who decided to train in this profession. A woman described taking part in a two-year retail sales training and apprenticeship program, after being laid off from a printing press job in 1991. She spoke of poor instruction and authoritative abuse from her trainers, and said she had been unable to find employment afterwards (citing a flooding of salespeople into the market as the reason): "The program was offered by the Unemployment Office through one of those dubious firms from the West, and the apprenticeships were all at large department stores, like Horten, where I ended up. There was never any question of hiring us, the store already had its own personnel-in-training. They received money from

the Unemployment Office to take us in, and sent their own trainees on unpaid vacation [...]. And we were supposed to be trained in the different areas [of sales], but I was never even let onto the cash register. If we complained, [the training firm] threatened to withhold our certificates." The flooding of the retail sales labor market impacted unemployed women especially.

In the late 1990s, a more severe case of market flooding affected men and women in construction work occupations. When I first visited Leipzig, in 1997, it seemed already clear that the city's construction boom was waning (most of the inner-city had been renovated, many new buildings had been built, and government real estate subsidies were running out). But the Unemployment Office Job Center continued to offer a variety of training program in construction work.[27] As a result, in 2001 there were twice as many (7,000) unemployed construction workers (Leipzig Office of Employment 2001) than unemployed in any other single occupation. A former ABS enterprise manager - a woman who saw herself as a social activist and who was involved in several work-creation projects, especially with unemployed youth - gave the following description of her attempts to forecast the labor market, and deal with this crisis:

> There were some 300 occupational training firms in Leipzig. They came from the Old Federal States, and made a quick buck [sic] here, by no serious means. But we had thousands of people who needed to begin doing something, and at the time we thought, 'what should we do?' So we advised our engineers to become construction engineers. The draftsmen became building draftsmen. Everyone went in that direction, and now a few years later, we stand here and the

[27] It was explained to me by a retired employee that the Unemployment Office staff was so overwhelmed by its workload that it tended to give autonomy to the occupational training firms with which it contracted, and offer whatever apprenticeships they made available. In 2002, when Leipzig became the first model city for the 2003 national welfare reform, Agenda 2001, the availability of appropriate (and requested) retraining from the Unemployment and Welfare Offices was one of the central policies to be implemented.

> construction industry has sunken completely into the ground. Our locksmiths have meanwhile retrained themselves as drywallers, and now we don't have enough locksmiths. And except for the most talented they won't find their way back... It's a crime... we had so much machine industry here, we had the very best people. They had hands like gold, our people, they were very well-trained. True, they worked for thirty years in the same [metallurgy] firm – I did too – that's how it was. But whenever new technology came in, they were always trained. When the industry crashed, the young people said, 'I'm not going to learn drill making, or cutting, I'm going into something else.' That something else was construction, but ... how could we have imagined the direction things were moving?
>
> The people over fifty, they've grown smaller, but they'll make it around the bend. But the worst part for me is, what if nothing is done for the young people? That's why I've done this. That's why I've hired [the young secretary]. My God, we do have a responsibility, I thought. Those few Marks she earns, they'll just have to come from somewhere. This is how we have to think. The young people who end up on welfare, it's horrible. So many come here, looking for help finding a job. They've studied, but find nowhere to put their knowledge to practice [...]. So we're proposing a project to the Unemployment Office, to retrain long-term unemployed construction workers, young people, as industry machinists – as welders and locksmiths. It would start in two years. BMW is coming, and I think our proposal has a good chance.

At the two occupational training firms in which I conducted fieldwork, staff admitted that corruption had sometimes been a problem during the early 1990s. But regulations had been set in place, and things were improving, they argued. The problem today lie not with them, but with the Welfare and Unemployment Offices. At the first firm, located on the grounds of the old GDR crane factory, Kirow, a multimedia instructor shared her puzzlement at the Unemployment Office's seemingly random selection of students for her class. Upon closer observation, she noticed that all of their last names began with "R" or "S." Obviously, the two caseworkers responsible for these letters of the alphabet had gotten together and decided to clear out their inbox, she complained.

Like the first occupational training firm, the second one, IBIS, had received multiple EU and municipal grants, and defined itself as socially engaged. The firm was originally from the Old Federal States, but its Leipzig personnel were from the region. When I

wandered into IBIS' computer lab during my first visit, I found a group of men talking and using the internet. One sipped from a bottle of Jägermeister. "Is there anyone who works here?" I asked, not thinking of double meaning of my question. "Here, nobody works," replied a man at the back of the room. It was a somber statement, and no one laughed.

Later that day two IBIS occupational trainers told me the story of a young woman they knew who had applied for a secretary apprenticeship at the Welfare Office, through the federal youth ABM program, "JUMP." JUMP was funded entirely by the federal government (interested employers had access to a free labor pool of 7,500 unemployed Leipzig residents under the age of twenty-five) and designed to help unemployed young people move into new careers. The trainers described Welfare Office caseworkers as often disinterested in the dreams of young people. Rather than assigning this woman a secretarial job, the caseworker assigned her a minimum wage job cleaning toilets, a position the trainers felt should never have been offered through the JUMP program. But some case workers thought unemployed young people were in need of discipline, they said. The young woman soon quit, and her welfare benefits were revoked. She moved into an abandoned apartment, bought a dog, and slept with men for pocket money.

Parallel to the many younger unemployed who became disillusioned and chose to exit the system, I was impressed with the equally stressful determination of many older residents to refashion themselves for the new labor market, and prove they could handle anything. I think for instance of Maria, a petite sixty-year-old woman in my English class at the Leipzig Center for the Unemployed (LEZ). Maria dyed her hair neon red, and spoke energetically. In the GDR, she had been a saleswoman at the Leipzig Trade Fair.

After re-unification, she held an ABM post at city hall, in a project to reimburse Jewish families for property lost during National Socialism. Most recently, Maria was unemployed, and was taking my English course to prepare herself for an upcoming two-year European Social Funds "EUROPA Secretary" training program. When it began, she would study intensive English and Spanish. Maria made it clear that this would not be a leisure activity for her. At sixty, she was prepared to throw all of her energy into a new career.

The Birth of Leipzig's "Nonprofit Sector"

Community church groups and youth clubs for the unemployed sprang up rapidly after the *Wende*. These many small organizations defined themselves as "filling in the gap," by offering advice and services the jobless would not otherwise receive from the government. They provided free counseling, job training and volunteer programs, *zweiter Arbeitsmarkt* jobs, lobby work on behalf of the unemployed, and social activities. They varied somewhat in character and offerings, but served many parallel functions and competed for the same subsidy monies.

So many care stations for the jobless and needy sprang up in the first decade following the *Wende* that even staff members at the organizations could not keep track of them. Typically, the community groups and youth clubs had between 1-3 permanent staff members and additional support staff in ABM posts. The result was the emergence of a temporal class of professional workers doing administrative and counseling work on renewable two-year contracts. Wanting to change this instability, community organization staff often argued that the government should make some of their ABM

posts permanent. Leipzig community organization staff were also becoming very curious about the money-raising potential of the U.S. "nonprofit sector." I was sometimes asked to explain how nonprofit organizations in the U.S. worked, and whether all Americans were involved in "volunteer work," as people had heard. In reunified Germany the legal entity most closely resembling the small non-profit organization was the *Verein*, or "association." Garden clubs, sports groups, community choirs and related organizations usually obtained the status of an "association" (*gemeinnütziger Verein*) in order to keep a nontaxable bank account for membership dues. In the Old Federal States the vast majority of *Vereine* were not primarily associated with social welfare or charity-related activities. Since the Weimar Republic, when social welfare was definitely established as the responsibility of a rationalized, state-led system of "social services," or *Sozialfürsorge*, and not private or individual charity (Jarausch 1999: 59), there had been little need in the FRG for private welfare charities.

But after re-unification, *Vereine* were established throughout eastern Germany with the specific purpose of doing social and charity work. ABM contracts and available EU and federal grants led to the development of semi-privatized sphere of social services. But rather than drawing funds from private charities (in what Leipzig professionals referred to as the "Anglo-American" tradition), the eastern German "nonprofit sector" drew its support almost entirely from the state. The fact that most staff members were hired on temporary ABM contracts illustrated the significant limits of this sphere's autonomy. While an organization could apply for the renewal of an ABM position, there was no guarantee the contract would go to the same individual, for example. The Unemployment Office argued that if this were done, the individual might feel as if he or

she held a "regular" job. The *zweiter Arbeitsmarkt* was not supposed to offer permanent employment. As a result, at the time of my fieldwork the organizations doing community and charity work in Leipzig were all working with a constantly rotational staff. In many places, such as at the Leipzig Center for the Unemployed (LEZ), the director's position was also funded as an ABM post. This made it difficult for the staff to create an agenda, and to plan projects.

Illustration #9: A Leipzig Coffee Shop and Job Club

Leipzig's many small community groups had begun to network, however, and in the late 1990s they set out to categorize their activities, and create a detailed directory. They knew that federal and EU subsidies would decline in the next decade,[28] as European

[28] Eastern Germany will for instance lose its priority status for European Social Funds in 2006.

Social Fund grants were redirected toward EU expansion. Through funding cuts, Leipzig's chaotic emergency safety net was being gradually streamlined. Recognizing this, but also recognizing the government's increasing support for the idea of a "third sector," community groups in Leipzig began to more aggressively study the "Anglo-American" nonprofit model.

CHAPTER FIVE: THE UNEMPLOYMENT OFFICE

Regardless of the important social role and lobby function community groups played, the municipal government in close connection with the Unemployment Office retained control over the allocation of most of the financial resources available for social welfare. And for the unemployed, no institution carried more symbolic weight than the Unemployment Office. A body of anthropological research conducted inside of state unemployment and welfare institutions has consistently described the impersonal and bureaucratic environment of these institutions (e.g. Andersson [in press], Haney 1999, Rehn 1988, Susser 1982, Susser 1993). And yet, beneath the guise of rationalism, personal relationships and particularistic rules often guide social workers' decisions on the allocation of resources (e.g. Kingfisher 2001, Lloyd 1998, Piven and Richard Cloward 1993[1971], Wadel 1979). Drawing from my experiences as a visiting "intern" at Leipzig's unemployment office, or *Arbeitsamt*, in this chapter I focus my attention on the rules of inclusion and exclusion surrounding the bureaucratic allocation of resources. In Chapter Four I argued that the transfer of caseworkers from the GDR Office of Work to the new Unemployment Office, following re-unification, resulted in a continued emphasis upon the official work values that had been promoted by the GDR state (i.e. the "right" and "duty" to work). In the following pages, I will illustrate how clients who embodied these appeared to be favored by social workers. In the second section of the chapter, I argue that this pattern of favoritism began to shift in the late 1990s. Following the business community's criticism that the ABM program and the municipal work-creation firm supported a work culture of "socialism," the city government began to draw resources away from these old networks. We see the dynamics of this restructuring in the

following glimpse into activities at the *Arbeitsamt*.

A Bucket of Old Rivets

In February 1999, after asking a member of bfb management to place me in contact with the *Arbeitsamt*, I received a call from Frau Wolf,[29] one of the social workers who supervised the ABM program. She had called to invite me to an orientation program for new ABM workers, to be held on the grounds of bfb. The administration of the municipal work-creation firm was tightly interlinked with that of the Unemployment and Welfare Offices, and oddly enough my interest in the Unemployment Office was leading me now, back to the work-creation program. Much to my surprise, I was told that a private van would be sent to pick me up at 7:30 a.m. the next morning. A number of ABM workers had been retrained as drivers, in the service of mid-level *Arbeitsamt* employees who needed to travel.

The apartment my husband and I lived in at the time was in an unrenovated *Altbau* (literally "old building"), in a largely abandoned section of the working-class neighborhood of Schönefeld. I was on my way to the basement for coal (which many people in this quarter still used for heat) when the Unemployment Office van arrived, ten minutes early. The GDR workday had begun 7 a.m., and earlier, and older residents still liked to rise with the sun, and get started. The driver waited as I carried my bucket of lignite bricks up to our apartment, and returned with my coat and bag. Stuffed animals sat on the van's dashboard, and folk music (*Schlagermusik*) played on the stereo. Herr Hardach's friendly, professional composure made me initially take for granted that he

[29] All names have been changed in this chapter, and the dialogue has been re-organized, in a manner as to preserve the anonymity of my discussion partners.

was a regular employee at the Unemployment Office. But no, he had once been a machinist and now had a two-year ABM contract. This was his fourth ABM, he said, and after this, "we'll see."

We drove to the Unemployment Office to pick up an apprentice social worker, who would join us. A commercial for the Unemployment Office's youth work-creation program, "JUMP," played on the radio, and we fell into the joking dialogue that I would learn was an important communication pattern among Unemployment Office staff. Taking things light-heartedly shielded caseworkers from the earnest gaze of the jobless, and was an effective method of displaying power and enforcing social control. The van arrived at bfb's main grounds. We entered the administrative building, and went into a room where Frau Wolf and other caseworkers excitedly passed around files and spoke on the phone. There would be 200 new ABM-"*Kräfte*" today, I was told, down from 300 the month before.

We went to the cafeteria building, where the new recruits were watching a video orientation. In it, former bfb workers gave testimonials, affirming that it was "useful work, we do here." When the film ended bfb's director, Matthias von Hermanni, entered to address the group. "If you're a woman older than 44 or a man older than 54," he said, "You need to come to terms with the fact that you aren't going to work in the *erster Arbeitsmarkt* again." There were educational opportunities at bfb, he continued, but they should be realistic enough to know that these would not likely lead to new careers. Instead, women might wish to take a sewing class, in order to have something to teach their grandchildren, for example. Von Hermanni said he knew that hearing this was difficult, but thought honesty was important.

He said that most importantly the new recruits should know not to play around. If they choose to act immaturely, they should realize that their co-workers were watching them. Everyday he received complaints (mimicking a woman's voice: "The lanky one, the big woman. She stands around all day, doing nothing"), and did not enjoy such phone calls. Those who did not wish to work should leave now, he said. Two women stood up and left.

The new ABM workers were given four work sites to choose from, and truck drivers, electricians, and interior construction workers were recruited for special assignment. The botanical gardens might be an interesting place for women to work, von Hermanni noted. Everyone was then asked to take their paperwork to the Unemployment Office table, for processing. I sat at the far end of this table, observing their shy, respectful approach. Although there were asylum-seekers and college graduates at bfb, from their clothing and accents this group of applicants seemed distinctly working-class, and distinctly Sächsisch. Some people ran into friends, and chatted while waiting in line. Many had actually worked here before, I learned, and were returning after a year-long pause. Some obviously suffered from substance abuse. Their sentences were slurred, their eyes distant.

The Unemployment Office staff returned to the administration building, where one of the social workers received a call from a woman who had missed the orientation. "You'll have to apply again," she told her. "There are no ABM left." She had exercised one of the more important unwritten rules of social work: separate the "hard-working" from the "lazy."

Anthropologists studying unemployment have often noted the important categorical strategy of modern welfare states to divide the "good poor" from the "bad" (Howe 1990, Hall 2003, Pappas 1989, Susser 1996). The "bad poor" included rule-breakers, and among these were sometimes "foreigners" and "outsiders," who were unfamiliar with the rules. Indeed, after hanging up the phone this woman joked that the caller must have been a *Wessie* (i.e. West German). Only a *Wessie* would ignore a letter telling her to show up at 8 a.m., and think she could simply telephone instead. Soon after this exchange, a man entered the office with a similar request. He had received his letter from the *Arbeitsamt* only yesterday, and had even brought his former employer to vouch for his generally strong work ethic. The caseworker at the front desk said she sympathized, but the man should not have come late, because now there were "no jobs left." When I later asked whether this were truly the case, the caseworker replied this was their only way of dealing with the many illegitimate excuses. They would check and see whether this man's letter had really been printed just yesterday, she said.

Throughout the day, I noted with disturbance that the caseworkers' jokes were often at their clients' expense. This atmosphere of joking was obviously something to which they felt entitled, as compensation for having to deal with the jobless, day in and day out. It was their small bit of comic relief, and their most strategic tool of informal power. A woman now entered the room, laughing loudly and holding a letter. "You will not believe this one!," she exclaimed. She read aloud a man's complaint that his teeth had become so rotten, he could only eat soup and wet bread. He asked the Unemployment Office for dental insurance. The caseworkers agreed that the letter

should be forwarded to the Welfare Office. The man's spelling and grammatical errors continued to entertain them for several minutes.

With the paperwork on file, Frau Wolf said we could now take a trip to visit several of bfb's *Güter* (the old municipal agricultural estates, placed in the work-creation firm's care for restoration). We piled into the *Arbeitsamt* van, and drove first to Herr Hardach's home, to pick up his wife. The Hardachs were old friends of Frau Wolf, I realized, and this was going be a pleasant outing rather than a stressful day of orientation and paperwork. An American guest should be entertained. We arrived at Mölkau Gut, at the northern edge of the city. A cluster of restored 17th century farm buildings surrounded a long rectangular courtyard. I was told that the restoration of these buildings was being done by individuals with substance abuse problems, and that this was proof that these people were not "useless." Look at the wonderful work they had accomplished, after all!

We were given a tour of the Mölkau metallurgy, where four men worked with traditional tools and methods, dating back to when the farm estate was built. A bucket of metal rivets salvaged from a demolished building was being reworked into an iron gate. On the second floor, a man used blacksmith's tools and a stone hearth to craft the rods. I joined Herr Hardach, who stood eyeing a manual blade-sharper, and asked whether he knew how to run the machine. "You put the rod in here, and turn this crank [...]." Yes, he said, this was the kind of work he used to do. At the end of the tour an old man wearing the traditional uniform of his trade, came to ask a favor of Frau Wolf. Their handshake and jovial small talk preserved a style of networking that was clearly distinct from the way either might behave toward a West German colleague. In the East German

tradition, being at work was not only about producing a product, but also about building social relationships. The craftsman wanted to ask Frau Wolf for another worker. But he wanted a hard-working one, and not some one from the Welfare Office.

We returned to the van, and as we drove on, other bfb projects were described to me. I was asked to observe the wonderful craftsmanship of renovations, and the overall "usefulness" of completed projects. This discourse was certainly meant to reassure the unemployed of their good work, though it was admittedly patronizing and unaccepting of criticism. But it also represented the deep sense of insecurity East Germans continued to feel in relation to "the West." So much had been demolished, so rapidly, and so many jokes had been made at their expense, that there appeared to be a collective psychological need to prove that the stereotypes lain upon them were wrong. Countless times, people pointed out, 'Not everything in the GDR had been terrible.'

Illustration #10: Gut Mölkau

As we arrived at the bfb greenhouse entrance, in Plaußig, we interrupted the work of a woman who was sweeping the driveway. Observing the *Arbeitsamt* van, she

scowled. To my surprise, my companions observed this frown and laughed. "Oh, but she does really look sour, don't you think?" one person explained. Circling the grounds and returning to the front gate, my hosts were given a second opportunity to poke fun, for we had interrupted the woman's work once more. She must have been assigned by the Welfare Office, and could not be one of *theirs*. "Look at her now! Now she's really mean! Look at that face!"

Finally, we drove on to Mölkau Gut, where an ecological restaurant and a small petting zoo were run by bfb workers. In the entranceway leading into a large dining hall, glass cabinets displayed small handicrafts that had been made by bfb workers. We took a tour around the petting zoo (working with animals was therapeutic for the unemployed, I was told), and ended our day with lunch.

Purposeful Work

Because I spoke of wishing to learn more about the selection criteria for those who received ABM positions, Frau Wolf told me that she would have her driver pick me up again, next Thursday. That morning in her busy office her colleague, Frau Schmidt, gave me a five-minute overview of their official criteria. To qualify for an ABM position a person needed to be unemployed for at least one year, and could not be receiving welfare money. Each unemployed person was assigned a caseworker, Frau Schmidt explained, and each caseworker was responsible for ABM in a specific area of the city. She said that she was currently working to remedy the problem that a person living in the far north might be assigned to an ABM position in the far south, simply because this was the area his or her caseworker handled. It seemed more logical to me that an ABM

position would be assigned in relation to a person's interests and abilities. Marx, after all, had argued that human beings needed work that suited their personalities and talents, in order to be happy and fulfill their potential. But this ideal had not been realized during "real socialism," nor in any other political economy. And at the Unemployment Office it certainly seemed only a peripheral objective. As the saying goes, beggars cannot be choosers. I told Frau Schmidt that I had spoken with middle-aged women who had previously done office work, but were now being assigned to manual labor outdoors, even work such as moving rocks to clear the grounds of the old stadium. I wondered whether this was the best utilization of their skills. She explained that welfare recipients were given preference for jobs at bfb,[30] and that mostly outdoor work remained for ABM workers. What this meant, she said, was that the people who avoided working the longest were then given the best jobs. Obviously, there was a degree of open hostility between the bureaucracy of the Welfare and Unemployment Offices. Because the work-creation firm was in the business of finding work where none had existed before, I wondered why they did not simply develop more office or archival projects. In von Hermanni's vision, the unemployed industrial or office worker seemed best-suited to ecological farm work and simple manual labor.

It had been my hope to spend the day, observing caseworkers at the *Unemployment Office*. But Frau Wolf had ideas for more interesting engagement. We were in her office perhaps a mere half-hour when I learned that another field trip had

[30] Following a revision of Saxon law in 1996, any welfare recipient who refused a valid job offer from the government could be denied benefits. During the late 1990s, this law was used to make many of Leipzig's welfare recipient's work at bfb. Because they were forced to work at the municipal work-creation firm (as opposed to ABM reciepients, who applied for work), they were also given 'first pick,' from the available jobs.

been planned. Frau Wolf, Frau Schmidt, the secretary, the intern, two employment control officers, and myself piled into the van with Herr Hardach, and set off to one of Leipzig's most popular tourist attractions, the Völkerschlachtdenkmal, a war memorial celebrating Napoleon's defeat. The structure was in desperate need of repair due to water damage, they said, but because the city had no funds, bfb workers had completed the first stage of restorations. We took the stairwell down into the monument's three-level basement, which went 250 feet into the ground, and it was explained that this entire space had not long ago been filled with mud. Bfb workers had worked by torchlight, transporting filled buckets up the slippery stone stairs, and had sealed the cracks in the memorial's foundation. It had been "purposeful work," of which they could feel proud, the caseworkers said.

After this, the group spontaneously decided to visit the Kongresshalle, a municipal building bfb workers were currently renovating. As the van drove up, workers scattered to find the project director, and we were asked to wait for a few minutes, while the site was prepared for us. We were then given a tour of the large building, from basement to attic. Some of the walls were being ripped down and rebuilt by unemployed young men, receiving apprentice training in woodwork and construction. Our guide showed us the hay and wood shavings used as insulation. "And they say the GDR didn't make anything good! This stuff kept the buildings really warm. It was great." One of the *Arbeitsamt* controllers drew me aside, and pointed toward a group of women sanding down doors, in the main hall. She wanted me to observe how exceptional it was that women were willing to do this work – work that West German women would not be caught dead doing! I asked whether they were also working toward a skilled trades

certification, and whether she thought many would go on to work in construction. They would need formal training before being allowed to do this work professionally, I knew. No, they were not in apprenticeships, the controller explained, because there were unfortunately few job openings for women in construction work. The law required construction companies to provide separate toilet and shower facilities for women, and because this was expensive the companies tended to save money by not hiring any female workers. Ironically, East German women were being portrayed as tough enough for manual labor, yet due to high unemployment and the lax enforcement of anti-discrimination laws, they were only able to do such manual labor on a non-skilled, *zweiter Arbeitsmarkt* basis [similar in the GDR]. The inexpensive renovation of the Kongresshalle saved the city expenses on a short-term basis, but what long-term prospects did it offer for the thirty-year-old woman who stood in front of me, unenthusiastically sanding this door?

A Tightening Belt

Over the next few weeks, I was invited back to the *Arbeitsamt* whenever special events were planned. ABM management liked to accompany the *Arbeitsamt*'s public exhibits at different local trade fairs, and they often invited me to join them. At the "Free Time and Sport" trade fair, I was invited into a backroom for shots of Campari, and this together with the large glass of beer I was offered with lunch left me rather inebriated. I accompanied the Unemployment Office staff to the neighboring bowling alley exhibit, for a game of ten pins. On another occasion, I felt particularly guilty when we opened the door of the ABM office, to see a long line of people sitting on the floor in the

hallway. Several stood and came toward us, but the supervising caseworker dodged them curtly, explaining that she was on "field duty" (*Außendienst*). A group of social work management, the favorite secretary, and I then piled into the van, made several stops to pick up children and spouses, and spent the day at the zoo (where many of the animal attendants were bfb workers). My presence was light-heartedly mentioned as a good excuse for the trip.

When I returned to continue dissertation fieldwork in the Fall of 2000, I realized it was difficult to understand what to make of these adventures with the *Arbeitsamt* staff. By this time, I had interviewed many unemployed individuals, and a number of caseworkers. But my attempts to observe daily office work had failed, leading me only on these "field duty" trips where, as the "American intern," I appeared to be something of a status marker. While these trips had been educational for me, they did not seem like an effective use of state resources. Still, I was also unsure how typical they were, and decided to contact Frau Wolf once more, to see if she might allow me to return for a followup visit. In early January 2001, she invited me for a "surprise engagement."

Illustration #11: The Leipzig *Arbeitsamt*

I offered to take the streetcar this time, rather than being picked up. Full buses and streetcars always emptied out, at the stop in front of the *Arbeitsamt*. The new building with its large windows, white walls, and shiny steel staircases, was the destination of all of the passengers on this route. I made my way through the crowded hallway to Frau Wolf's office. Much as I remembered it, the phone was ringing, and caseworkers were walking in and out, carrying files and joking with one another. As in Erving Goffman's "frontstage"/"backstage" dramaturgical model (1959), the jovial atmosphere contrasted with the depressive mood of the unemployed, standing and sitting outside in the hallway. Similarly, the internal exchange of favors between caseworkers contrasted with the "no excuses" handling of clients. Frau Wolf's driver (no longer Herr

Hardach) was showing off several "furbies" (stuffed animals), he had recently bought for his nephew, and the secretary was asking for assistance in writing a request for a telephone bill subsidy to compensate the work-related calls she made from home. The telephone rang, and rang, and the staff grumbled, because we were supposed to be preparing to leave for "field duty."

Just then, a man knocked, and entered the room. His broken German and clothing suggested that he was a recent immigrant, perhaps from Kazakhstan or Albania. Although the man was middle-aged, Frau Schmidt asked, "What can I do for you *young man*?" Interrupting his answer, a colleague who had also just entered drew the social worker's attention, "Ah, *young woman*, what do you think of these!," she asked, referring to the furbies. The talking dolls were designed to mimic the human voice, and this noise added to the sound of a repeatedly ringing telephone. Frau Schmidt turned to the visitor again, and asked what he wanted. But again before he had a chance to speak, she told him to come back later. He should visit his caseworker, she said. Struggling with German, the man hesitantly replied that he had been sent to speak with Frau Schmidt. Was she Frau Schmidt? "If you're looking for an ABM job, there aren't any right now," Frau Schmidt replied. "That's the problem," she whispered to me.

The act of seeking welfare assistance places one within the lowest social ranking, and the act of being a less articulate foreigner makes it even less likely that one's voice will be acknowledged. But, as I would learn over the course of the day, this group of social workers' access to ABM funds was indeed more limited than it had been a year before.

As it turned out, Frau Wolf, her secretary, and I were to be judges for a cooks' apprenticeship exam at bfb. We drove to the main bfb grounds, which I noted were more run-down than they had been previously. This was due to funding cuts, Frau Wolf explained. At the educational center we were met by the occupational training director, Frau Lehmann, who remembered me from my earlier fieldwork. According to rumor, she said, bfb's new directors were going to lay off the entire social work and administrative staff. At City Hall, the work firm was now increasingly seen as contributing to the municipal debt, and the professional employees were their largest expense. Frau Lehmann did not think they could run bfb without social workers and teachers. Those who ended up here were usually so depressed and far gone that they would otherwise fall apart, she said.

We went into the dinning area of an adjacent building, for lunch. A display of the youth-ABM cook training program hung on the wall. Frau Lehmann related the history behind the pictures, pointing out that the apprentices now finishing the program had only recently received their uniforms, and that they had passed a hat around to buy the food needed to give this exam. The cooks here today had completed two years at bfb, ¼ of which had been in training. The remainder of the time they had worked either in the main canteen, or at the Mölkau Gut restaurant. But because these were not certified restaurants, only their "theoretical" apprenticeship training would count. They would need an additional 1-½ years of "practical" training in certified restaurants before being qualified to work as cooks. Unfortunately, said Lehmann, not enough restaurants were willing to take on apprentices.

Three of the four women preparing our lunch today were in the federal youth-ABM program, JUMP, one of whom would soon go on maternity leave. The fourth was in her forties, and starting a new career. The cooks' trainer commented that he was proud of this woman, for being a true role model and inspiration for the young people. Upon hearing that the woman was a welfare recipient, Frau Wolf laughed and said she must be an exceptional case, but then thanked her for the good work. Over the course of the next hour I was treated to a shrimp cocktail, chicken and mango strips, mushroom soup, a pork entrée, and crepes for dessert. I am a vegetarian, and had not eaten meat in more than a decade. But as one of six judges, I could think of no easy way out of the situation, and decided to smile, and make an effort to eat the food.

An empty plate was set at the head of the table, for bfb's absent co-director. He had sent word that we should begin without him, and this gave the others an opportunity for open gossip. One of the two new co-directors was praised for making an effort to learn people's names, and greet them in passing. The other, the one who was late for lunch, was supposedly aloof.

The training staff spoke of having received a 20% pay reduction during sick leave, and Frau Wolf agreed that something fishy was going on with ABM wage adjustments. Not long ago she had received a pile of applications for employees whose professional status she was supposed to adjust to lower levels. But they had been hired at one professional level, so how could this change? This would permanently affect their careers, after all. She said she had refused to sign the papers. Another trainer asked Frau Wolf for help in securing his colleagues' jobs. Teachers in their mid-fifties would not be able to find anything else if their ABMs were not renewed, he worried. A few things

could still be done, Frau Wolf assured, mentioning that anyone 55 or older with a one-year ABM could automatically have it renewed for a second year. The man seemed relieved, but Frau Lehmann said she was sure the entire system was breaking apart, noting that she now received people with six-month ABM contracts. Since when had these existed? Frau Wolf had never heard of these, either. In several months, I would interview an assistant manager who had already (at this time) been hired to assist in organizing bfb's dismantlement. Ten months from this lunchtime gathering, bfb will have been shut down, and prepared for auction. For the moment, however, this information was unknown to everyone present, though it was knowledge to the absent co-director.

Frau Lehmann reflected that she would like to learn more about acquiring EU money for her apprenticeship program. She read all the time in the newspaper that there was "more money available than there was to spend," and felt that it was a shame they were scrapping pennies together to buy material for their aprons. She said she understood teaching, but not fundraising, and felt that her hands were tied, without the administrative power to push the needed paperwork through. She had a million ideas, which she wrote onto memos, Frau Lehmann said, but these just sat on the director's desk, ignored. Frau Wolf assured her that the *Arbeitsamt* was willing to help improve this situation if they could, and suggested they meet for coffee.

As we ate dessert, the co-director finally came, but said he could only stay a few minutes. His colleagues moved him encouragingly into his seat, saying that he should "really eat something." After a few bites of pork, the cooks were invited out and praised

for the meal. The director was then off to his next meeting, and the pedagogical and social work staff spoke of how impolite he had acted, considering the "girls' hard work."

Conclusion

In this portrayal of the bureaucracy of social welfare in an everyday context, I have focused on power hierarchies, and access to resources. Those unemployed who were denied assistance were frequently categorized as "lazy," and as rule-breakers. In their day-to-day interaction with the unemployed, social workers seemed more likely to share their access to federal work-creation funds with those with whom they shared social networks, and common values regarding the rights and duties of workers. Frau Wolf had acted as a special advocate for the employment rights of people who appeared to be "hard-working," and to follow certain rules. In a postsocialist context, the depiction of welfare recipients as being especially "lazy" reflected the assumption that anyone who tried hard enough to find a job would at least receive an ABM position. Those who received welfare money (paid by the city government), were seen as contributing to the municipal debt, and as not fulfilling their "duty" to work. Whereas those who received unemployment (redistributed from federal rather than municipal coffers) were seen as getting back what they had already paid into social security taxes. Following this logic, they were receiving ABM posts and financial compensation as part of the state's acknowledgement of their "right to work."

In an interesting assessment of the rationality within the administrative redistribution of social welfare relief, Frances Fox Piven and Richard Cloward (1993 [1971]: 147-48) argued that public agencies catered especially to the clientele who more

likely to represent "a supporting (or threatening) constituency," citing, for example, those constituents who had links to organized labor. In line with this argumentation, those unemployed workers who received ABM posts at bfb seemed more likely to be residents with active ties to labor unions, the PDS, and the Leipzig Center For the Unemployed. Thus, ABM positions were being distributed in a manner that appeased the "right to work" lobby, and many caseworkers - having themselves been transferred from the GDR Office of Work (whose purpose it had been to enforce this right) - were also supportive of this cause and its proponents.

As we saw in Chapter Three, during the early 1990s city officials from western Germany made use of the GDR ethic of a "right" and "duty" to work, in the administrative policies at the municipal work-creation firm, bfb. In a hybridization of regulatory bureaucracy, the ideological force of the GDR work ethic was mixed with neoliberal welfare theory, which was only recently becoming popular in the FRG, following re-unification. Together, this merger of old and new bureaucracies of welfare regulation successfully kept unemployed workers from revolting, despite their experience of the most rapid and large-scale process of deindustrialization ever orchestrated in the absence of warfare. By the end of the 1990s, the regulatory power of the socialist work ethic was of fading value, and its enforcers - administrators like Frau Wolf - were losing access to knowledge and resources, and their social networks were losing strength.

CHAPTER SIX: BEING 'FOR WORK-CREATION,' VS. 'AGAINST UNEMPLOYMENT'

This chapter contrasts two lobby fractions in Leipzig. Structured by the discourse of the PDS (the successor party to the Communist SED), small community groups, the trade unions (to some extent), and the Saxony chapter of the National Union for the Unemployed, the first lobby defined itself as being *against unemployment*, and representing the voice of the unemployed. Its political-economic model represented a mixture of Marxist and Keynesian standpoints, and its main objective was to pressure the state into fulfilling its duty of providing citizens' with their "right to work." The networking power of this lobby lay in its ability to successfully mobilize large numbers of people, and create a lasting public awareness for the situation of the unemployed. The "right to work" lobby also maintained connections with the local media, and its activities were usually covered by the city's daily newspaper, the *Leipziger Volkszeitung*.

Headed by the business community and the Social Democratic-led municipal government, the second lobby defined its purpose as being *for work-creation*. To solve the city's economic problems, the "Work Circle for Municipal Employment Policy" (*Arbeitskreis für kommunale Beschäftigungspolitik*) believed attention should not be focused "unproductively" upon the negative discourse of the unemployed, but rather on the needs of potential new businesses and investors (although they argued that by supporting business growth, they had the unemployed's interests in mind). The "right to work" lobby was seen by this camp as belonging to a dying school. It was the business community that was ultimately being asked to create jobs, after all. And counter to what socialism might have led anyone to believe, jobs did not grow on trees. The work-creation lobby's power lie at the heart of the city's political-economic nexus: in city hall,

in the Chamber of Commerce and in the Chamber of Skilled Trades. The trade unions also had a presence.

Some Political Context: Europe's Most Dangerous Man

From mid-1998, when my fieldwork began, until December 2001 when I left Leipzig, I observed the "right to work" lobby's gradual exclusion from city government initiatives. Rather than fading from mainstream political consciousness altogether, however, its members found footing in a network of community groups. By building a network of educational, recreational, and social welfare resources for residents, the worker's lobby moved gradually into a grassroots, oppositional role. It is difficult to estimate how long it will retain this lobbying strength, because its most active participants in 2000-01 were in their fifties and sixties. When the City of Leipzig won its bid with BMW in the summer of 2001, the "right to work" lobby's attempts to gain the ear of local politicians was effectively sealed off. The municipal government's "business-friendly" self-presentation had paid off, and Mayor Wolfgang Tiefensee gained a reputation as a player, and a golden boy for the Social Democratic Party in the new, Berliner Republic. The "right to work" lobby became a bad connection for the municipal government to have.

To understand the dynamic between the "Network Against Unemployment" and the "Work Circle for Municipal Employment Policy," it is useful to turn our clocks back several years, to the mid-90s, when western Europe was debating the European Union Maastricht Treaty and the currency union's belt-tightening budget criteria, and trying to decide whether the economic benefits of implementing neoliberal reforms were going to

outweigh the social costs. Political parties to the left blamed neoliberalism for causing Europe's unemployment crisis, and political parties on the right saw neoliberal policies as the cure.

To give a few examples of the discourse being played out: In 1996 the German National Bank president, Hans Tietmeyer, made a public call for market flexibility and deregulation, warning that Europe's currency union would otherwise surely fail. Stabbing back, the French sociologist Pierre Bourdieu deconstructed Tietmeyer's argument in an essay published in French and German newspapers (*Die Zeit* 1996), stating that "flexibility" was a step backwards, a step away from democracy. Countering such leftist critiques in a public address in April 1997, the German President Roman Herzog insisted that deregulation and economic restructuring were desperately necessary: "What's wrong with our country?," Herzog asked. "A comparison with America shows [...], Germany is at risk of falling behind (*Süddeutsche Zeitung* 1997).[31] That same month, "Everyone Else is Creating Jobs, But not Us" was the cover title of Germany's most popular political magazine, *Der Spiegel*. In 1997, the FRG's official unemployment rate, concentrated in the East, climbed to a WWII record of 4.7, and the country's labor policy received the worst ratings of the OECD.

Debates over how the crisis of unemployment should be dealt with were taking place locally, regionally, nationally, and internationally. In Leipzig, public demonstrations against unemployment, attracting thousands of participants, had become commonplace. People clearly decided that some kind of change was inevitable. And in an interesting development, rather than electing those who supported deregulation, in

[31] Translated by author.

September 1998 Germans voted a Social Democratic/Green Party coalition into federal office, and an East German Social Democrat as the new mayor of Leipzig. Angry that Chancellor Kohl's promise of a "blossoming landscape" had not materialized, East Germans voted for the opposition. Germany's new Chancellor, Gerhard Schröder, had been active in the SDS during the sixties. His more radical friend, Green Party member Joschka Fischer, a former streetfighter with ties to the anarchist Red Army Fraction, was Germany's new Foreign Minister. The former trade union leader, Walter Riester was the new Minister of Economy. Finally, one of the SPD's most prominent voices from the "Old Left," Oskar Lafontaine, was the new Minister of Finance. Placed in a key position to influence EU finance policies, Lafontaine set out to impose new regulations on European corporations, and heavier taxes on the upper-middle class. A British boulevard newspaper soon labeled Lafontaine "the most dangerous man in Europe" (*The Sun* 1998).

This overview of national and EU developments illustrates the political volatility of the decade immediately following the cold war's end. Germany's newly-elected political network was unstable, we would soon learn. But political and economic developments that in retrospect seemed clear, were at the time not obvious at all ("Is it real or is it fabricated?" the French anthropologist Bruno Latour asks. "You have to choose, you fools!" [Latour 2000: 267]). What had seemed like the beginning of a new "black box," a new red-green political economy, and a state that protected its citizens from corporate greed, and emphasized social responsibility in politics - turned out to be *a move in the wrong direction*.

In the first year-and-a-half of the new regime, the Social Democrats and the Greens were no more successful at lowering Germany's unemployment rate than their

Christian Democrat/FDP predecessors had been. In the fall of 1999 it became public that Schröder and Lafontaine did not agree nearly as much as they had appeared to when they stood on election day, hand in hand on the podium. One day in early January 2000, after a private meeting with the Chancellor, Lafontaine announced his resignation as Finance Minister and also as head of the Social Democratic Party, citing irreconcilable differences and a desire to spend more time with his family. The "Old Leftist" was retreating into the private sphere, where he subsequently disappeared from view.

Back in Leipzig, people began to speak of this as a sign of a changed political climate. The "right to work" that this politician from the deindustrialized mining region of Saarland had championed, was perhaps really no "right," after all.

A "Right" Becomes A "Wrong"

On September 21, 2000, the *Leipziger Volkszeitung* (*LVZ*) published an article announcing that the Leipzig Center for the Unemployed (LEZ) was inviting "Trade Fair City residents, politicians, and business people" to a conference, for the purpose of establishing a network "in the fight against unemployment" (*Leipziger Volkszeitung* 2000). The LEZ director was quoted stating that she expected a "clear response" from government and business on this proposal.

A social scientist at the small Leipzig research institute, ZAROF, bragged about her organization's role in offering guidance for the network: "The Network Against Unemployment came into existence in large part through us, in that we assisted them with the activities that needed to take place, and what they should be concerned with. And we knew this very concretely. We knew that there was an initiative in Dresden [a

city hall taskforce against unemployment], and so we brought together the community actors from Dresden with the potential community actors from Leipzig."

At LEZ, the community advisor placed in charge of the Network confirmed that they had spent the last 1 ½ years trying to create a Taskforce (*Beirat*) at city hall, modeled after initiatives in Thüringen and in Dresden. The Taskforce would have needed the support of all political parties, however, and the CDU and the SPD refused to take part. Only the smaller parties, the Greens and the PDS, had agreed. Following their failure, LEZ decided to organize a Network Against Unemployment instead.

The ZAROF social scientist explained that when she went to Leipzig city hall with news of LEZ's proposal, municipal officials decided to hire her think-tank to write a report documenting the activities of Leipzig community groups involved in unemployment issues. After reading the report, the city decided against the Taskforce, she explained. How, then, would it respond to LEZ's request for a Network? A *Leipziger Volkszeitung* article published in September 2000 answered this question. The City of Leipzig would create its own "Work Circle for Municipal Employment Policy," with a special "Taskforce for Economy."

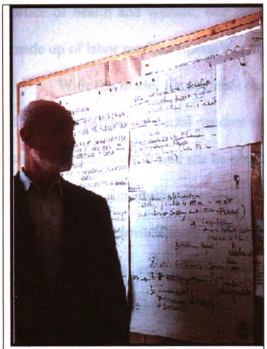

Illustration #12: At city hall an official shares a brainstorming chart for the new Work Circle

I had written to the Office of Economic Development at city hall, requesting an opportunity to visit. After calling a second time to follow up on the letter, in mid-February I received a telephone call from a city hall official who said that my inquiry had come at just the right time, and I could join him in making the rounds to discuss the new Work Circle with some of its invited participants. Herr Braun's office was dusty, and his desk was piled high with books. Scattered among them were English and Russian dictionaries from a recent business trip to Poland, where he had needed to juggle several languages. Unfortunately, people were forgetting Russian, but they had not yet learned English well, he said. Herr Braun gave me a copy of the organizational chart they had drawn up for the new Work Circle. There would be five branches: one for the general municipal administration, one for the department of youth and recreation, one for the

office of health and welfare, one for representatives from the business community, and made up of labor market experts and representatives and advocates of the unemployed.

With the model for the new organization in hand, we headed off to meet our first discussion partner, a social worker from the occupational training firm, IBIS. In the street car, Herr Braun told me he understood what it felt like to be unemployed. His wife was currently unemployed and it was extremely hard for her. He had also been unemployed for several months during the *Wende*, and could tell me the exact dates, he said. To make ends meet, he had even filled soda machines. Imagine, a city administrative planning official, filling soda machines! We spoke about Herr Braun's expectations of the new Work Circle. It would only work if people decided to act together rather than just talking and arguing, like they often did, he thought. But one has to try, regardless. Under Mayor Lehmann-Grube, the old city administration had created bfb and then just left employment policy alone, said Herr Braun. *This had been a mistake.*

On the administrative side, Herr Braun said there were definitely some things that needed to be dealt with. At the moment, a person receiving welfare assistance and living subsidies earned as much as a person with a minimum wage job, for instance. This needed to change, because otherwise there was no incentive for people to work. What one really needed to do was to divide the unemployed into two groups: those who could be useful for the *erster Arbeitsmarkt*, and those whose labor was not competitive. In 2002, this very idea would be incorporated into a new package of policy measures, designed to revise the entire German social welfare system. The Harz Commission proposal, co-authored by Leipzig's Mayor Wolfgang Tiefensee, would begin as a Leipzig

pilot in 2002, and later be implemented in stages throughout Germany, beginning in 2003.

Yes the problem, said Herr Braun, was figuring out what to do with those who were left over. He gave the example of a friend he had who worked at a library, a man with "certain limitations." There were things this friend could do, and obvious limits to what he could do. The question was whether the *zweiter Arbeitsmarkt* was really a feasible long-term solution for "such people." Herr Braun thought the Anglo-American volunteering tradition was something to think about, but recognized that it could only be applied in Germany after certain modifications. He had been to Holland and England, he said, and had seen volunteer work there done by people who did not need money, because they were independently wealthy. But here, there would definitely have to be some kind of financial compensation, he thought, because in eastern Germany there was no class of independently wealthy people. But this kind of policy would probably be decided on the federal level. Herr Braun was not sure whether the municipal government was powerful enough to have an impact on such trends.

At the meeting with the IBIS social worker, our discussion returned to the Work Circle. Herr Braun asked the occupational trainer some of the same questions I had posed to him earlier. The two agreed that the future of the *zweiter Arbeitsmarkt* was an important topic for the Work Circle to discuss. They agreed that statistics on specific employment and unemployment trends were needed. But when Herr Braun asked how much additional literature from experts should be gathered, the social worker sighed and said she already had large stacks of such reports on her desk. There were too many such reports, and the problem was implementing the ideas in them, she thought. Turning to

me, she asked: "Don't you think so too?" I agreed. Back at home, I also had stacks of quantitative reports on East German labor market trends, and worker skill assessments. It was an excess of information largely unapplied, and largely premised upon "shock therapy" modernization theory.

Herr Braun said he thought the Work Circle needed to build a more cooperative relationship with the Unemployment Office. Some of what they were doing over there was counter-productive at present. This might be so, the social worker agreed, but a good caseworker could help a jobless person bridge the gaps between unemployment and ABM, without slipping into welfare. They began to discuss the Circle's five branches. Upon reaching the fifth branch, which included advocates and representatives of the unemployed, the two organizers agreed that they would need to carefully consider how the participation of this group should be orchestrated. When it was the unemployed's turn to speak at a conference on employment policy last year, they had dominated the conversation, made the business community representatives uncomfortable, and not contributed anything constructive. The focus, the two agreed, should be on making sure that something constructive came from the meetings.

The Network Against Unemployment

Just a few days after this discussion, I attended the monthly meeting of the Network Against Unemployment, which was also in an early stage of its organization. There were about thirty people present, with an average age of 55. In opening the meeting, a man reported on the Network's activities during the Labor Day celebration last week, on May 1. After walking in from the south of the city, they had followed a post-re-

unification annual tradition of demonstrating against unemployment in Clara Zetkin Park. Finally, between 3,500-4,000 people had gathered to demonstrate for worker's rights on the market square. There had been another 2,000 onlookers. Pastor Wolf from St. Thomas' Church had given a speech, but the man complained that this had been of little content. "It was the same old thing," he said. So this had been a success. The group decided they would have to work more closely with the labor unions next year, to organize something more dynamic. They also noted that the mayor had been notably absent from the demo. Was he no longer concerned about the plight of the unemployed?

Flyers were passed around announcing upcoming lectures. Someone also announced that a new Rosa Luxembourg Foundation scholarship (funded by the PDS), would be awarded for the most original idea for a *zweiter Arbeitsmarkt* or Third Sector project.

The discussion turned to more serious matters. The Leipzig Center for the Unemployed (LEZ) representative, Who was the acting chair, defined the Network as equaling the combined experience of its participants, and complained that they needed to be taken more seriously in local politics. But one question still on the agenda from the last meeting, he said, was whether they should call themselves a "Network Against Unemployment" or a "Network for Work." It was quickly agreed that because they were the only organization whose purpose it was to represent the voice of the unemployed, they should define themselves as being "against unemployment."

A man to the acting chair's left considered how the collective force of the unemployed might be harnessed for their lobby efforts. This would not work, another man thought, because it was too difficult for the unemployed to identify themselves as

such. Their psychological struggle with their condition was too great, and because of this they usually did not wish to become politically involved. Unemployment was not like a club, one could join voluntarily. It was an involuntary condition. The unemployed needed the Network to represent their interests. For the next forty minutes, Network members spoke about the economic and psychological problems with which the jobless patrons, at their various community organizations, were dealing. One woman said she believed the reason for the loss of solidarity with the unemployed, and the falling attendance at demonstrations was due to the fact that many residents could no longer afford the price of the streetcar. She suggested offering paid streetcar tickets to the unemployed, to increase their attendance at demos.

At the end of the meeting, some suggested changing the format of the Network gatherings into something more informal, perhaps with food. A few people complained of becoming depressed, and having headaches, after discussing so many sad stories. They also complained about the fact that none of the city administrators had shown up to their meeting.

There's No Excuse for Laziness

In April 2001, when asked to comment on Germany's decade-long high jobless rate, Chancellor Gerhard Schröder told the boulevard newspaper, *Bild-Zeitung*, that unemployment was "no excuse for laziness" ("*Es gibt keine Recht auf Faulheit.*") (*Bild-Zeitung* 2001: 2). His comment immediately became a theme of public discussion. At the Leipzig Center for the Unemployed, where I worked as a volunteer English teacher at the Job Club, my students complained strongly about this quote. Obviously, the

Chancellor knew nothing about eastern Germany, and shared no sympathy for their situation. If there were no jobs, how could one be lazy for not working?

Soon trade unions, the PDS, the Network Against Unemployment had rented busses to go to Dresden, where they joined unions and community organizations from across eastern Germany were demonstrating against the "laziness of state and business."

A New Social Contract

In 2001, after offering one half billion Euro in municipal, federal, and EU subsidies, the municipal government managed to outbid other worldwide finalists, to become the location for BMW's new four-plant production center. On July 18, 2001, when BMW's decision, residents hugged strangers, cried, and danced in the streets. The mayor had announced: "Free beer for everyone!" Between Porsche's recent decision to build a small plant for a line of luxury SUVs (produced almost exclusively for American markets), BMW's new production center, and the related supply industry that was expected to develop around it, officials said that up to 30,0000 new jobs would be created. The municipality's efforts to be "business friendly" had paid off.

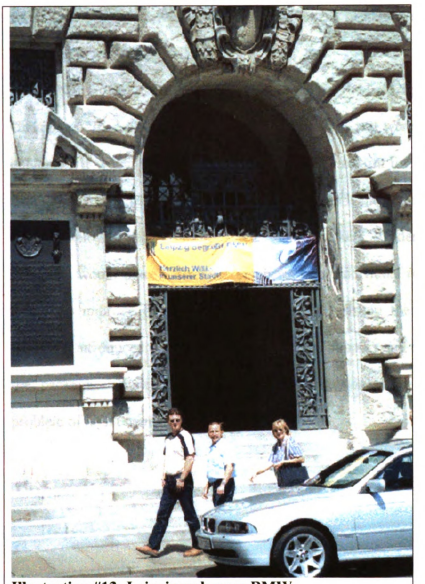

Illustration #13: Leipzig welcomes BMW

With the momentum that followed BMW's decision, it was time to seriously set about reforming what planners perceived to be a stagnant situation for social welfare. A draft of the 2002 Harz Plan, a proposal to reform the German social welfare system (and which became the basis of Schroeder's Agenda 2010 plan), was already circulating through the Chamber of Commerce and the Department of Economic Development during the final months of my fieldwork. I was given a copy of the draft by Chamber of

Commerce representatives, together with a list of proposed revisions that the Chamber was sending to the State Ministry in Dresden.

Not far away, "Right to Work" lobbyists at the Leipzig Community Center for the Unemployed had heard of the draft but not seen it, and were generally suspicious of its contents. It would be the first major labor policy reform for the FRG since 1969 Labor Promotion Act, after all. The 1969 Act had made it the state's responsibility to support the unemployed and promote stable labor markets. Under the reform, government programs would place a stronger emphasis upon individual responsibility, and measures aiming to improve the state's effectiveness in assisting the unemployed to find work would be introduced. *Fördern und fordern*, or "support and demand," was the slogan of the package designed to remedy post-re-unification labor problems, specifically the problem of high unemployment.

CHAPTER SEVEN: THE OLD DRILL-MAKER'S SOLUTION

Due to its practical utility for municipal coffers, and its appeal both to supporters of the "right to work" lobby, and supporters of neoliberal welfare reform, Leipzig's hybrid Betrieb für Beschäftigungsförderung had received widespread political backing for a decade. But what of other models for work and social welfare? And what had become of the citizens groups who had participated in the "round table" discussions, and their interest in the idea of a Third Way?

Part of the process of black-boxing a chosen protocol or policy involves the hegemonic decision *not to accept* certain beliefs, proposals, figures, and standpoints. There were many Leipzig residents who favored neither the PDS-led "right to work" lobby, nor the city hall/Chamber of Commerce "pro-business" lobby, after all, and whose models for the future of work and social welfare were not reflected in mainstream politics. In the first part of this chapter I depict some of the general solutions residents suggested, when asked how they would deal with the problem of unemployment. Turning to the question of what happened to the roundtable networks, in the second section I consider the role that class may have played in shaping the long-term effectiveness of their movement. I conclude with a polemical interview with a resident, who reflects on the macro-economic issues that he sees as an inherent part of the problem.

"Solving Unemployment": An Overview

Most Leipzig residents I spoke with were passively interested in reforms. When I asked people how they might like to influence labor politics, many responded by saying

they were "not political." Politics had been corrupted in the GDR, and it was corrupted now. After making this statement, a resident might clarify that she had actually been an active Party member in the past, but had since become disillusioned with politics. Another might recall that he had in fact marched in the Monday demonstrations. But what had this accomplished? Saying that one was "not political" also suggested a second meaning: that it was the government's and the business sector's job to create work. It was not theirs.

Social workers, policy makers, and unemployed individuals all frequently shrugged their shoulders when asked what they would do. "You see how it is here," people often said. Interestingly, among business owners and managers this pessimism was sometimes tied to a reflexive description of what it meant to be German. Other countries were creating jobs, but not Germany. "In Germany we never act, we just talk ourselves into the ground," told a business woman at the Chamber for Skilled Trades. A West German manager at bfb said he believed the country's "lack of innovation" stemmed from National Socialism, when universities and businesses had been controlled by the Nazis, and intellectuals and artists were killed or forced to emigrate. The country had never recovered. A man and woman at the Business and Innovation Center (BIC) were pessimistic about the country's problem with pessimism: "It's really a problem for all Germans. When we hosted the World Expo [in Hanover], we made sure to sabotage the event, by only reporting on it negatively. When Leipzig applies for the Olympic games, we're already sure that we won't get them. The same thing goes for BMW. 'Why should BMW come here?,' people ask." A woman who owned a floral shop and argued that Germans' closed-mindedness kept them from figuring out how to create

work, reflected on her recent vacation in Austria: "At the campsite in the Alps, there were people from all over the world. And there was this one family who brought a metal fence with them, and put it up around their camp site, to mark it off from other tents. Who else can you imagine doing that, if not Germans?"

When I asked younger East Germans (in their twenties and early thirties) how they would solve unemployment, roughly 1/4 did not suggest policy changes but instead responded to their own situation, and the probable need to move elsewhere. This was not something they had often concretely planned, but rather an action they believed that they should eventually take if they wanted to find employment. Several female friends prodded me, half-jokingly, for information on how to get a job in the United States. Was there a way for non-students to emigrate? One man in his early thirties with strong regional ties and a keen hatred of the West, said he often thought of leaving in order to find work, but that he never wanted to step foot in western Germany. He would also never consider going to the U.S.[32] However, he had thought of moving to Spain. "I don't really know what I want to do. But most of all, I'd like to live normally. That means waking up, going to work, and coming back home again. And a person who works should be paid, and it should be something enjoyable."

For those who did chose to physically "exit" the system (Hirshman 1981), i.e. to emigrate in order to find work, it was not often an easy road. Culture shock was a serious problem, as was the problem of discrimination against East Germans. A chemist with a doctoral degree spoke emotionally of having had to quit the job she found in Bayern because her colleagues had treated her like a lab technician. They had assumed that

[32] I did not ask him if he wished to go to there, but my own nationality might have encouraged the response.

because she was East German, she could not be properly educated. Migrations split up families. I knew of many couples in which one spouse traveled to a city in western Germany during the week, and returned each weekend.

For many women, the solution to high unemployment could be found in the creation of more part-time work. Germany had few part-time jobs, and most of these were held by women. A single mother with whom I had many conversations, explained her frustration: "I'd love to have a job where I could work six or seven hours, or four days a week. But it doesn't work. Sometimes, I think business owners are really unflexible. After all, why can't they stand up for a move toward job sharing!" The reason there were not more part-time jobs was that businesses paid high taxes that for social welfare insurances, and they paid the same amount regardless of whether a worker was employed part-time. In addition to supporting part-time work, people frequently suggested that the weekly hours for all workers be decreased, so that employment could be fairly "shared." This solution was promoted by the labor unions. At the Initiative for the Unemployed at the St. Nicholas' Church, two social workers explained that they had been travelling to Berlin once a month, since 1998, and demonstrating in favor of the fair sharing of work. Everyone on their staff had accepted 90% employment, in order to create one additional social work position. They also supported a second approach: "We are a bit different from other initiatives. We make the same effort to help the unemployed find jobs, and eventually find footing in the *erster Arbeitsmarkt*. But as a church, we also have a spiritual function. Often people search us out, for spiritual advise. We take a great deal of time for this. It's something no Unemployment Office can offer."

Unemployed and employed people – engaged in both blue collar work and office jobs – complained that one serious problem in East German workplaces was "mobbing," or "bossing." The woman who initially described this problem to me was fascinated that I had not heard of it, because she was sure it came from America:

> Annette: My boss, she'd been an SED Secretary, Party Secretary. You know, the kind that always lands on their feet. [...] Because they know how to scratch upwards, and trample downwards. I'd been retrained in data entry, and we were told that keeping our jobs depended on how quickly we could type. I was too curious, and asked about my speed. I was fired. Today, we would call it "bossing."
>
> Interviewer: Bossing?
>
> Annette: Yes, bossing. You know, like mobbing, except it's done by the boss rather than the co-workers. She was abusive, she didn't even let us take our morning coffee break. We had to work through it. Isn't it an English word?
>
> Interviewer: I'm not sure. I don't know the word.
>
> Annette: The important part is that it sounds English. In school, in GDR times, we learned that capitalism was really bad. And now, now that the competition is so extreme for every job, those who have the right 'character,' and the right position, let's say, realized that their power was so great now, they could get away with anything they wanted to. I once read the phrase in a book, where they defined it as 'sadism in daily life'!

People who were perceived to be outsiders were especially susceptible to "mobbing"/"bossing". Take the story of one friend from Peru, who had lived in eastern Germany for fifteen years, but still wore the long braid of his indigenous heritage. During my fieldwork, this man was in danger of losing his second job, due to "mobbing." Going through lengths to make friends at his new job, as a streetcar controller, he described an attempt to even take up smoking in order to join his colleagues during breaks. But a few weeks into the job, one colleague accused him of "stealing" a newspaper, and others supported the claim (which he fervently denied). A week later, he

was again accused, this time of stealing DM 60,00 from a colleague's purse. This man was initially fired, but then transferred after he filed a complaint with a civil rights group. As residents competed for a limited number of jobs, and employers tried to cut back on the costs of labor, "mobbing" and "bossing" were perceived as very real social problems. There are several support groups in Leipzig, for victims of this abusive behavior.

When asked about the problem of joblessness, a few residents (most likely older, long-term unemployed) argued that there were too many foreigners in the country. Some clarified that they "did not mean to be racist," but that there were simply too many illegal workers in manual labor jobs, especially in construction. Less than 4% of Leipzig's population were listed as "foreigners" in 1989, and housing for foreign visitors and guest workers was usually segregated. During the three years I lived in eastern Germany, I retained the impression that many people were intimidated by the idea of all foreigners, from outside of the former Soviet Bloc, due to their extreme isolation during the GDR. Native residents described the experience of seeing a person with darker skin for the first time, after the *Wende*. And residents with dark skin described more incidents of racism than the foreigners I knew who had light skin, regardless of national origin. The good intentions of the many residents who preferred the idea of living in more multicultural city were easily be toppled by the bad intentions of a few. I remember scenes such as when Neo-nazi youth boarded my streetcar with German flags tied around their waists, carrying firecrackers, and looking for targets. And on Prager Street, two blocks from my second apartment, Neo-Nazis organized a national march in the spring of 2001. They tried to make it to the Napoleon memorial, the *Volkerschlachtdenkmal*, where Hitler had once addressed an audience. But a larger group of "anti-fascist" youth blocked their path.

Eventually the police set off smoke bombs. Two cars were the targets of molotof cocktails, and several bank and restaurant windows were destroyed.

Nostalgia (or *Ostalgie*) (Berdahl 1999a, 1999b) also cannot be ignored as a response to the inquiry of joblessness and social inequality. One older woman told me she wished there were some way to turn back the clock, and keep the chasm between rich and poor from growing. Laughing ironically, she reflected: "But it has to be this way, doesn't it? One reads and hears all the time that someone has jumped. Young people too. Because they can't adjust to the situation. A lot of people jump from the Volkerschlachtdenkmal." Older people engaged in unemployment politics, who were also nostalgic of the GDR often framed their opposition to unemployment as if it were a very concrete struggle against an imposed discourse. It was their duty to get the facts right, and set the record straight. They collected newspaper articles, they went to the mayor's office hour in to complain about faked unemployment statistics, and they spent a lot of time writing newspaper editorials and letters to politicians.

Illustration #14: A woman shares her collection of newspaper articles and reports on unemployment.

Having limited options, other unemployed - especially young people from working-class backgrounds - responded to work's absence by defining themselves entirely against the "system." In their youth, at least, they could renounce interest in the mainstream life of normal jobs, waking up early, and excessive consumerism. In sharp contrast to the fashionable university students, they dressed down and worried little about style. They lived in inexpensive co-ops, in *Altbau* (un-renovated) buildings, with coal heating. Some followed the bohemian travelling music scene and embraced multiculturalism at klezma concerts or the popular disco club, Basamo, owned by a Mozambique drummer. Most subsisted from the welfare minimum of DM 1200 (roughly $600), plus housing and child subsidies. Some did not receive this, however, either because they refused to take a job at the work-creation firm, they were an illegal

foreigner,[33] or they chose not to. For example, I knew one a single mother who worked informally, at odd jobs. She borrowed money from friends when she needed it, but adamantly refused welfare. She had lived in abandoned apartments in the past, and idealized this "alternative" lifestyle. She bragged that children did not need many toys, when they could enjoy playing with twigs and grass! But she also sometimes spoke of wishing she could find a part-time job. The material circumstances of her condition had not been an "alternative." But her conscious interpretation of these circumstances had been.

Citizens' Groups, Class Interests, and Round Tables

In this section, I will focus on the segment of Leipzig's population which defined itself as interested in alternative political and economic models as a primary political goal. Here we find the old networks of New Forum, Democracy Now!, and the other citizen's groups formed during the late 1980s. These old networks had limited access to city hall at the time of my fieldwork, and had had little impact upon mainstream politics during the last decade. Individuals were usually at least in their late-30s (having reached adulthood during the GDR), and they were likely to describe experiences of social alienation in their biographies, both during and after the GDR, and to lament the failure of the Round Table discussions, in 1989-90.

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[33] I am unsure whether any estimate exists on how many young illegal foreigners there were in Leipzig, but I contact with several networks, from different nationalities. If my informal social interactions led to meet many young international people in Leipzig's underground economy, there must have been many more networks. It seemed to me that the rate of foreigners was closer to 8-10%, rather than the official 4%. However, unless a research group wished to provide economic or health services to this population, collecting more demographic information would probably only place them at risk.

In *Where Was the Working Class?* (1999), Linda Fuller makes the argument that the citizens' movement of the GDR was almost entirely a "middle-class" movement. In the GDR, class was "fundamentally bipolar in nature," she argued, with a social fissure "between the intelligentsia and the working class" (1999: 10). Furthermore, Fuller states that the round tables ultimately failed because they had not gained the interest or support of the working-class. The movement was "long on ideology, theory, philosophical calls for abstract rights and freedoms, and dense academic language and short on concrete programs and practical ideas for implementing them, expressed in a straight-forward fashion" (1999: 101). This is an intriguing statement, and there was also validity in the argument that "middle-class values" were prevalent among the church groups and citizens' groups. However, I believe Fuller gives a simplified definition of class in the GDR and also a purified portrayal of the characteristics of the "working-class" and "intelligentsia." She stereotypes the "intelligentsia" as being a rudely elitist and impractical group, and the "working-class" as a group that was unable to understand abstract thinking.

It is inaccurate to speak of a "middle-class elite" in the GDR, as a way of categorizing everyone who were not manual laborers, or service sector and office staff. Such a grouping denies recognition of the ideological rift that existed between the "intelligentsia" that led the grassroots citizens' movement, and the Party and technical/managerial elite that ran the government and the economy. Individuals in both groups were more likely to have had a higher education and to work at a professional or supervisory post, but otherwise they were adamantly opposed. The SED and technical/managerial elite (who often headed the unions) were the official representatives

of the "workers." The technical and managerial elite, for example, shared an appreciation of blue-collar values that usually contrasted with the middle-class values of the "intelligentsia" who led the church movement and founded the citizens' groups. Having often not had access to a formal university education, many citizens' groups members I knew could be described as self-taught intellectuals, although often with middle-class and/or religious backgrounds. Having been blocked from university posts and placed in technical and factory jobs, some (like the drill-maker in the last section of this chapter) now also identified more with blue-collar than middle-class tastes. Most importantly, one should point out that the political and managerial leaders of the SED had authority and privileges that were not usually shared with members of the GDR intelligentsia. In contrast, the intelligentsia was most likely to have been denied vacation permits, access to higher education, to have been subject to surveillance, and sometimes arrest and interrogation.

What truth is there in the argument that the grassroots movement of the late 1980s was "too intellectual," and that that the reason the Third Way discussed during the round tables was not successful, was that it had failed to represent the "bread-and-butter" interests of workers? It was my observation that a sense of class conflict continued to exist between the former citizen group organizers and the workers, during the period of my fieldwork. Moreover, the former SED and technical/managerial elite tended to side with workers, in placing a value-judgement on the citizen group organizers, as having ideas which were too "middle-class," or "intellectual." However, I also believe that this judgement best reflected the lasting emotional strain people felt, when remembering overbearing state controls imposed upon them, or alternatively remembering the life (or

jobs) they had enjoyed before the GDR's demise. In other words, I think it is accurate to point out that the workers and intelligentsia were not communicating well, but it would be extremely inaccurate to say that workers essentially lack an interest in "abstract" and "ideological" goals such as human rights, ecology, and sustainability. These stereotypes were facilitated in a discussion atmosphere of residual tension, rather than one of trust.

In an article entitled, "Contesting Landscapes: Reconstructing Environment and Memory in Postsocialist Saxony-Anhalt," Hermine G. De Soto (2000) documented a comparable situation 25 miles northwest of Leipzig, in the environmentally devastated chemical industry region of Dessau-Bitterfield-Wittenberg. After the *Wende*, two networks formed. The first, which was called "the Circle," represented a mixture of East German administrators and city officials, and West German industry leaders and politicians interested in building an environmental renewal project. The second group, the Reformed Bauhaus School, organized by East German planners and academics drawing from a progressive intellectual tradition that had been exiled by the Nazis and denounced by the Communist Party, had ideas for a kind of different renewal program. The Reformed Bauhaus group wanted to utilize the ruins of chemical and mining industry (rather than fill them with water, as the Circle planned), and to turn Saxony-Anhalt's postindustrial landscape into an "Industrial Garden Empire" (*Industrielles Gartenreich*), into a project de Soto describes as being[34] "a challenge to both capitalist and socialist rationalities, industrialization, and modernization." In the image of sustainable society that the Reformed Bauhaus project wished to create "consumption needs should be balanced according to the limited availability of natural resources, and technology should

[34] See also Stiftung Bauhaus Dessau/ Europäisches Netzwerk 1996.

be used for promotion and improvement of small-scale economics. Further, such a society should be legitimized with new institutions that favor the development of personal fulfillment and self-expression in which citizens direct the course of society" (2000: 105).[35] De Soto argued that neither of the competing projects included a focus on unemployment, and both had excluded the community entirely from their dialogue. These were important points.

In a final exploration into class tensions in the context of a postsocialist discussion of sustainability and alternative economy, I return to my fieldwork in Leipzig. A number of small, scattered alternative economy projects scattered throughout the city - the Connewitz neighborhood "time-share store," the Agenda 21 bartering ring, a community gardening project for asylum seekers, a green building project – were depicted in by the media interesting, but not "serious" from an "economic" standpoint. They did not fulfill the primary agenda of strengthening the *erster Arbeitsmarkt.* The co-founder of the local grassroots project, Agenda 21 (who cited her attendance at the 1992 Conference for Ecology and Development in Rio de Janeiro as an inspiration for building the initiative), described the difficulty she and her colleague had encountered when they decided to establish a bartering ring in Leipzig:

> Rolf gave a talk at the Leipzig Center for the Unemployed, saying, 'we have a bartering ring, and you can all take part.' And they would say, 'Yeah, but we wouldn't receive any money!' 'Certainly, you don't receive money, but you do spare money. And whoever has the time and the incentive, has something to take advantage of. But no, you don't receive regular currency.' You wouldn't believe it. For this group, our idea seemed completely absurd. They thought we were there to present them with jobs. And that's not what it was about.

[35] Today the Industrial Garden Empire is a major tourist attraction, and a project that is widely supported and frequently visited by residents.

The woman went on to explain that the bartering ring became successful after they ceased to market it to the unemployed, but presented it instead as an enrichment activity for the general public. She felt disappointed that their idea had not gone over well at LEZ, and went on to describe how other Agenda 21 initiatives and community forums had also been boycotted by the business community, the city government, and the trade unions. Agenda 21's unorthodox approach of dealing with economic problems had been funded by an EU sustainable economies campaign, but it was still not seen as a serious avenue toward wage labor. When the municipal government formed the Work Circle for Municipal Employment Policy, Agenda 21 (an organization that claimed to have 250 active members, including a workgroup that dealt with work and unemployment issues) was not invited to join.

In all of these examples, conflict did appear to have its base in experiences of class, as defined through their experiences of labor. Central in this, the almost taboo subject of "deindustrialization" was at the heart of the miscommunication and distrust between the intelligentsia, on the one side, and workers on the other. For this group of professionals, including many environmentalists, the idea of industrial work was unfamilar, and was often liked to images of pollution. The inability to begin an inclusive dialogue on the subject of deindustrialization, and its social and economic effects, kept intellectuals from properly communicating with workers on the important issue of unemployment. In the meanwhile, the municipal government's promise to bring back large industry (to re-industrialize!) encouraged unemployed workers to trust the city government. Considering that large export industries were the very motor that accelerated global competition, high unemployment, and increasing economic inequality,

it seemed a shame if works would quickly begin to embrace BMW. It also seemed a shame that more time and resources had not been invested into figuring out how to building the alternative economy projects that could create more work for the city.

Creating such a discourse necessitated the presence of mediators, people who understood industrial labor and did not talk down to workers, but who also understood the Third Way model that was being promoted by the citizens' groups. Such people were rare, but did in fact exist. The reader may remember Herr Schmidt, the drill-maker who shared his story of Ostar-Hydraulik's dismantlement in Chapter Two. This is Herr Schmidt's solution to unemployment, and other social ailments of modernity:

The Old Drill-Maker's Solution[36]

Herr Schmidt: In the entire East Bloc the logic for production was different than it was in capitalist countries. In capitalist countries, and this means us now too, one focuses on the profits one gains, from production and investments [...]. In East Bloc countries, it was at the very basis of our economy that everyone would be employed. That wasn't economical, it was heavily subsidized, but the idea of private property, for private use, was also very much in the background. And this is really the key point of the inversion. Today, in this Germany, private property for private use is now seen as a social right.

Sometimes I fear things will never improve, and that the needs of increasingly less people will be fulfilled [...]. After the *Wende*, many East Germans were trained in the construction business, although it was well-known that the market for new buildings was limited. Many were retrained for positions in the service sector, although we also

[36] This interview has been translated by the author.

knew that only a few people with such qualifications were needed, because large parts of the work process had been rationalized, with the economic transition. We also didn't know for what jobs people should be retrained. What kinds of jobs did we really need now? How many bakers did we need per city, according to the population density? How many bakers were there already? Could we guarantee jobs for the 200 bakers we were retraining? People were sent into retraining programs for the sole purpose of reducing the unemployment statistic.

During the 1950s and 1960s, West Germany's economy was hit hard by a series of layoffs in deep coal-mining. Collieries were shut down, and some 4-5,000 employees had to find jobs in other sectors, in the local agriculture industry, or in manufacturing. A few years later, when the steel industry was in a similar crisis, they merged some of those steel corporations and shut down one steel plant. The employees who had worked for this one plant were paid high severance pays by the remaining factories, and there were no social uproars, because people could still make a living. But during the transition from East to West it wasn't one single company that was hit, but the entire industrial sector, the entire agricultural sector, and the entire social welfare system in East Germany. There weren't only 4,500 employees laid off, but in Ostar-Hydraulik alone, for example, tens of thousands lost their jobs.

Interviewer: What can the local government do to fix the problem?

Herr Schmidt: Local governments can only appropriate money that's covered by their tax intake, to use for welfare assistance and funding for schools, for example. But if the city doesn't have any industry and doesn't receive enough tax money, it becomes a vicious circle. Community leaders theorized for a long time that Leipzig should diversify its

economy after 80% of the industry disappeared. They suggested the city invest more in media technology, and in banking, but his was wrong... You also have to closely look at the kind of jobs that are created. Take services, for instance. There's a perception in the United States that unemployment is low. But a person sometimes needs not one, but three jobs, in order to make a living. After delivering the newspaper from 6 a.m. until 10 a.m. he or she washes dishes from 11 a.m. to lunch, and then polishes shoes in the evening. [...] An American once asked me how Germany was able to deal with the sudden increase of unemployment during the 1990s without any social unrest. I think the United States will probably face a similar situation in coming years. When I think of the large car plants in the Detroit/Great Lakes region, I'm sure they'll have to deal with the same problem soon, that you will produce goods with fewer and fewer people. Some people will be left behind.

If you happen to have a lot of money today, you won't have a lot of trouble when you're old. But if you don't, people won't give a shit. You can find the best example when you look at people's teeth. You can clearly see who has good teeth and who has bad teeth. The GDR social welfare system provided universal health care, from a collective fund. But today, if you can't pay for dental care you will keep that hole in your tooth. But does it make sense that only the rich should have these basic needs taken care of? It's a false logic, and it's up to social politics to change this false logic. But it doesn't seem like we will accomplish this, with this market system.

Interviewer: During the *Wende*, people seemed more willing to take the streets, and make their social demands known. Do you have a sense to what extent this momentum continues?

Herr Schmidt: Initially, people believed there could be a level playing field, and thought the state was required to level it. That's why so many were willing to take to the streets. And it was this visible pressure that eventually led to the possibility of political change. But only a minority has actually profited. The majority hasn't. Those who have been without a job for more than five years have now lost the energy to send out applications. At this point people totally stall, and no longer keep trying to reach beyond the condition they've been in, for so long. This experience leads to political passivism. People realize they were betrayed in many ways, and that their dreams and hopes weren't fulfilled. Although they could have accomplished their objectives if they had only continued to be politically active. In 1990, the CDU promised us "blossoming landscapes." People took in this political slogan with enthusiasm, but it was only used in order to establish the political system of the West. The political parties that made these promises only wanted the votes, and to gain legitimacy. And after the elections were over, and the parties had gained control and security for four years, they immediately backed down on their political goals.

Realizing this was the way they'd be treated, people said: "They're cheating on us. They're poking fun at us. Next time, we won't go to the polls anymore." And then there was Oskar Lafontaine, the SPD's candidate for chancellor [in 1990], and Helmut Kohl's opponent. As the Governor of Saarland, which was annexed to France for a time, after WW II, Lafontaine had first-hand experience with structural unemployment and deindustrialization, because when Saarland rejoined West Germany [in 1957] there were economic challenges similar to the ones in 1990. Lafontaine advised East Germans, "don't trust the promises. I've experienced them myself. It will take much longer -

prosperity, jobs, and money in your bank account - and it will cost much more than you will expect it to." Nobody wanted to hear this. That's why his approach of a more socially responsible politics didn't become reality. They didn't want to listen to Lafontaine, they preferred Kohl's promises, and hailed to the chancellor.

The result of this you can see today. People have become politically tired. And as a result of these negative experiences, a dangerous trend has gained momentum, which one finds in countries all over the world. I'm talking about the kind of nationalist thinking, of people who feel threatened by "otherness," and it stems back to Nazi Germany. There are Nazis in Germany again, today, particularly in Leipzig and Saxony. The NPD (Nationale Partei Deutschlands) has already set up one of those insane September 1 rallies, where people from across Germany will gather in Leipzig. You know, September 1, 1939 was when Germany began Word War II with its invasion of Poland.

Young men and women, who've just graduated from school and can't find a job or an apprenticeship, are told that even with college degrees and training they might not be able to get a job. On the other hand, they see that thousands of foreigners here in East Germany now, who often have work permits.[37] What those young people hear from the nationalists is: "We have to stop this now. The foreigners are taking our jobs. They are to be blamed for the high unemployment, and they have to be kicked out of the country." How will a young person without a job, and without any knowledge of the historical context, react to such statements? And then, there are the Polish immigrants on the construction sites. They don't get DM 10-12 per hour, which is the negotiated hourly

[37] The offical rate of foreign residents in Leipzig during the period of my fieldwork was 4 %.

wage, but work on the black market for DM 2.50 and no benefits. I've heard of accidents at construction sites, where the employer doesn't call the ambulance, but takes the injured employee across the border in his car, and gets rid of him. This happened on a regular basis. This is why national socialist thinking has gained momentum in the East. [...]

Interviewer: Yes, I worry that I may not have focused enough on the situation of young people, during my fieldwork.

Herr Schmidt: ...perhaps you feel personally threatened by the idea that there is no future perspective for the young. Especially the youth are caught by the ideology of pure consumption. They're told, "you have to be so and so." That's why younger people in the East tend to more obedient, and you can also more easily manipulate them [...].
I think that Saxony's Department for Labor and Economy is mistaken when it provides extra funding for young people, to go West for their training. This logic is based upon a belief in profit and privatization. Many other countries are facing similar problems, and they're also discussing "how do we deal with all these unemployed people, who are all in the same region?"

In the City of Mondragon, in Spain, something similar to this happened 40 years ago. And a local Catholic priest with a sense for social responsibility decided to reorganize all of the area businesses into a type of collective, community economy.[38]

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[38] In the 1950s in Mondragon, Spain, a priest named Don José Mariá Armendiarrieta organized local steelworkers to form a technical school (Shuman 2000: 84). With money raised from friends, he and five students bought used equipment from a bankrupt company, and opened their own factory to manufacture paraffin stoves. Today, Mondragon has a network of 160 affiliated cooperatives, 90 of which are industrial producers. This includes Spain's biggest refrigerator and machine-tool manufacturers, and its only producer of computer chips (Morris 1992: 2). In *The Myth of Mondragon*

This has developed into a worker-owned corporation that operates worldwide, where employees receive a guaranteed minimum wage, and the business owner is not allowed to make so much more than the lowest paid employee. In a fair way, they've dealt with the question, "How much money do we really need to make a living, and what would be too much?" Subsequently, they have both a minimum and a maxim wage. Since the early years of industrialization, this idea of cooperative economy has existed, but has never succeeded worldwide. I, for one, believe that this idea offers a great opportunity to make our lives and our economies, more sustainable. If we adopt concepts like the one in Spain, people could bring their money to community credit unions and banks, and receive loans for small local enterprises. This is sustainable economy, and it really exists. I brought a book with me I wanted to share with you. I just recently finished reading it [points to Jeremy Rifkin's *The End Of Work*]. It's been published in the United States.

Interviewer: Ahja...

Herr Schmidt: You've heard of it?

Interviewer: Yes, and I think it's had a larger influence in Germany than in the U.S., perhaps.

Herr Schmidt: I don't know for certain, but I doubt it was influential in the early 1990s. It describes the state of industrialization, the technological improvement of production methods, and structural unemployment. But it doesn't show any alternatives. How are we going to work in the future? It indicates that there may be possibilities to set up sustainable economies at the local level. That's all there is. The book described the duties the state still has, and shows what private sector companies have done, on the other

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(1996), anthropologist Sharryn Kasmir writes a critrical portrayal of the work cooperative, arguing that class conflict still exists on the factory shop floors.

hand, and why they're so profitable. And then there's the growing number of people who don't belong to any sector, making up the anonymous "third sector." Rifkin raises the big question of what the third sector is all about. One concrete example he gives matches the description of Mondragon. And there's another model called "social economy," which Karl Birkhölzer from Technische Universität Berlin talks about.

Interviewer: What's your larger impression of the "third sector"?

Herr Schmidt: There needs to be a balance between state duties, the profit-oriented sector, and the nonprofit sector, which is growing rapidly because people's labor is no longer needed. Actually, it's not correct to say that it's no longer needed, but more to say that people are needed for duties that cannot be accomplished by the *erster Arbeitsmarkt*. What's going to happen to all those people, who are without a job, or who won't be needed by the market in the near future? What will happen to those left behind? There's high unemployment, and on the other hand there are areas the private companies won't get involved with, because there aren't any profits. And those sectors can't be financed by the state either, because there's no money left. These nonprofit sectors are very important for the health of a society, for example, for education and elderly care.
But they also require a socially responsive attitude, which is definitely not the basis of our current, capitalist economy.

There are other models, too. The IG-Metall lobbied to reduce the average work-time, so that profits can be spread more equally, for example. The idea is to organize work in such a way that you spend less time individually, but still manage to get the job done. You can still employ 4 or 5 designers, if you cut their work hours from 8 or 10 hours down to 2 or 3. The profit is the same. But the company must be willing to share

its profit with the employees. That's not the case today. Only those employees that have stocks can get their small share back.

Interviewer: The "third sector" means something entirely different in the United States, you know. There, it's mainly funded not by government grants, but by private donations.

Herr Schmidt: Yes, but there's no legal way to force companies to share their surplus profits. It's totally up to them if they want to, or not. I for one think that companies should be legally required to share their profits with others as soon as they reach a negotiated maximum. Unfortunately, such rules don't exist. I'm sure the market economy as we know it, with its political lobby groups and powers, will never allow this to happen, because it would limit the access to political power for those few wealthy and politically influential players. And the last thing those people want, is to lose power.

Interviewer: I think it's interesting that you spend so much time gathering information about alternative work-creation models.

Herr Schmidt: It's a little bit strange, I know. I was hired by Ostar-Hydraulik, as a negotiator, and I was also laid off by the same firm, which by then was an ABS enterprise. Everything began in 1990, and the political pressure to lay people off in order to save the few supposedly "healthy" businesses that still existed. That was the excuse. The layoffs began in 1990, cutting down from 16,000 employees to 8,000. In 1992, after the second round of layoffs, there were only 4,000 workers left. The same thing happened in 1993. In 1994 I was laid of too, because the company was shut down and there was no need for a work council (*Betriebsrat*) any more. Shortly before the end, we

formed an ABS enterprise [work-creation firm]. The trade unions had experienced similar tactics in the West, and immediately notified the East German workers' councils: "Don't accept these offers, such as laying-off people with a mere DM 5,000 severance pay. Force the federal government, or the *Treuhandanstalt*, to show more social responsibility."

This included rallies, pressuring *Treuhand* with massive lobby work, and asking them to provide more funding for the ABS enterprises. We united the work-creation of different branches into one group, sharing the same negotiated wage contract. This new association negotiated contracts with the employer associations and unions, and this standard wage contract was the basis for our pay, at the *Arbeitsamt*. Thus we accomplished it that our people weren't paid less than they deserved.

The ABS firms were heavily criticized because our society favors the idea of profit making, and every private company, from craftsman to corporation executive, only thinks in terms of competition. [...] Private companies came forward to attack this form of publicly-funded occupation, saying: "They're taking away our jobs." The same dilemma exists today. I don't believe that this kind of market-economy thinking makes sense. I believe we need to move away from the idea that all that counts are profits, and that our perception of social responsibility equals the right for an individual to make a profit. I think humankind can only thrive in the absence of this type of profit-oriented, market economy. [...]

Interviewer: What would you like to see changed in local politics?

Herr Schmidt: I think changes will have to start in the society overall, and then locally. Maybe the local communities could start making a difference if they would put more

money into education and apprenticeships. There should be more of a sense of responsibility for kids and young people, in the local communities. We should hire more teachers, rather than firing them. And we should stop closing pre-schools, because mothers will otherwise have to quit their jobs. Those are all vicious circles, because they depend on limited financial resources.

After the *Wende*, people were initially enthusiastic about the possibility of change. But now they have become desperate. Many have this attitude that since they can't change their reality, they might as well wait and see what happens. This "in god we trust" attitude has put people in a mood where they more easily give up if things don't work out the way they want them to. One lesson I've learned while reflecting on the last 10 years is that politicians should take their power and responsibilities more seriously, and that we should start to work out a new social contract, which isn't solely based on the idea of making profits. It shouldn't be a voluntary decision for the corporate giants to donate some of their huge profits to nonprofit organizations, but we should create laws that say: "Whereas every company needs to make some profit, to be reinvested back into the company, we also need to recognize everything that's beyond this immediate need for economic stability should be funneled back into the state's budget, so that the state can fulfill its social duties."

Unfortunately, statements like these have the bad aftertaste of socialism, and Germans are now rather unwilling to be reminded of this part of our history. It is, however, still the only viable alternative to the idea of a profit-oriented, market driven economy, under which so many people are suffering.

Interviewer: How would a system like the one you propose be influenced by global markets? Would it need to be shielded from them?

Herr Schmidt: Clinton wanted to introduce the social security system with universal health care, but he failed.

Interviewer: Do you think one has to chose between a system that supports individualism and "free markets" and one that supports the common good?

Herr Schmidt: This is a dangerous assumption, to link the idea of freedom with individualism. Freedom without a sense of responsibility doesn't work, because it will always oppress someone else's freedom. Freedom without limits is not really freedom at all. Because real freedom means that I can only exercise my own when I allow others to also enjoy their individual freedom. If this other person acts ruthlessly and ignores my individual freedom for his own benefit, I'm the one who suffers. The American dream of unlimited freedom doesn't work.

Interviewer: Let me take an economic example, though. My two brothers, in America, they have no formal training, no high school diplomas, but they have found out about a deli that's for sale, and they might try to buy it. In Germany, they wouldn't be certified to open such a shop, and it would be more difficult for them to get credit. Could this be seen as a positive aspect of the "Free Market?"

Herr Schmidt: But isn't this a false scenario? Let's assume the shop is a financial success. The money you make with the deli is enough to make a decent living for you and your family, and you can even pay for heath insurance. So far everything seems o.k.

But what if your customers run out of money? What if your customers, who usually eat at the deli and buy their newspapers there, become unemployed one day? In this case, many will stop coming to your deli, and they will stop eating out. Subsequently, your brothers won't be able to make a living anymore, and they won't be able to pay the health insurance bills. This is wrong in my view, because this is the kind of situation where there should always be a social security system financed by the state, so there will be someone who can take care of you. If there isn't a minimum level of social security in place the situation becomes like the scenario I witnessed in New York - in Harlem Harbor, across from the Brooklyn Bridge - where I saw how the garbage men picked up a dead person's body and drove away!

I don't think men can live in isolation, only to pursue personal profit interests. In my view this is irresponsible. I believe that a "social market economy," if it wants to present an alternative model other than the capitalist model, must be highly committed to social values, and it also must adopt rules to monitor this commitment. Right now, however, it's only 10% "social," and it's 90% "market." A society has to be ideologically prepared for this sort of commitment. I don't think this commitment exists in Germany, or anywhere else within the framework of the European Union. I don't think that people in this society are mature enough to reduce their own material needs so that others far away from prosperity can make a living. To the contrary, I believe there's a strong political machine in the process of marketing the "free market" ideal, so that you can achieve whatever you want if you're only privileged and clever enough. This ideology acts irresponsibly toward those who are not willing or able to pursue these

goals. But those people have the same rights as the men and women with millions in their bank accounts.

Interviewer: I actually came to Germany because I thought I might find solutions there that were missing in the United States.

Herr Schmidt: Yes, a social security system is missing in America. It's sad that Clinton wasn't able to implement a social, health care, and retirement system similar to the one in Germany.

Interviewer: If he had been more successful, do you think this would have changed world politics?

Herr Schmidt: I think so. Yes. But isn't it interesting that even the systems of capitalism and social market economy both rely heavily on planning? I had to think about this because you said earlier that the planned economy during socialism and the social market economy were two different systems. That's true, but they have also many things in common. I think that Germany's social security system has significantly contributed to the overall success story of market economy in Germany. The economic growth of Germany's businesses was surely based on utilizing resources and people's labor to create profits, and revenues. But at the same time, businesses have also been required to give a part of their profits back to the workers and they have also been committed to the idea of the social contract.

Interviewer: How would you describe your own political activities?

Herr Schmidt: In the union our objective was to provide jobs for the people, and we also wanted to give an opportunity for political activism. I've publicized ideas related to this. I've also attempted to educate workers, that the money they earn doesn't fall down from heaven, but is a product of union negotiations. And that you have to struggle for your rights. We've also formed several clubs - for example the Halle 5 e.V, which is located in the social activities' venue, Werk II, in Leipzig-Connewitz. The idea was to offer something like a test workshop for those young men and women who didn't have an apprenticeship, so they could go there and find out whether they preferred working with wood or with metal. The idea of forming youth clubs was sometimes more like a contingency program, though, and we were aware that we wouldn't be able to change the broader picture with them. Such clubs receive ABM grant money for two years, because they tell the *Arbeitsamt* they would like to take care of unemployed youth. "We would like to form a ceramic club, or we offer something else so the kids won't be on the streets, causing trouble. We offer the opportunity for them to paint, to weld, or tinker."

We needed social workers, craft instructors, and someone who knew about the book-keeping, and an accountant so we could offer four full-time jobs. They were struggling for existence, trying to justify the legitimacy of their projects, so they would be eligible for followup grants. Many of those kids are impacted by leftist ideas, without being politically active themselves. We have one club that works with youth who've committed crimes. It provides training for those kids so they can do socially responsible things, and rehabilitate. They restore pieces of furniture, build bird cages, and learn how to work with machines and do wood-working. Sometimes they manage to be recruited by real companies, in the competitive labor market.

Unfortunately, those projects are all not really oriented towards the future. They deal with the symptoms, but don't deal with the root causes of unemployment. Social clubs, initiatives, and organizations have been inflationary since the *Wende*. They are always and everywhere, and everyone of those organizations is somehow fiddling around. I don't want to diminish their importance. But I don't think it should be up to individuals to take care of other people, while they themselves depend on *Arbeitsamt* assistance.

Chapter Eight: Luther's Legacy. Unemployment Politics and the Protestant Ethic

A century ago the rapidly industrializing city of Leipzig was a cultural hub both for a Protestant middle-class, and for the German labor movement. The two groups were sharply divided in their opinions on the "social question," of how to deal with the poverty and unemployment that had accompanied urbanization and industrial growth.[39] Rejecting the idea of a national social welfare system (e.g. Lepsius 1973), middle-class Protestant industrialists, bureaucrats and intellectuals supported private charities and the idea of "civil society" (*Bürgergesellschaft)* instead (Hong 1998: 21). The worker's movement, in contrast, was split between wanting to reform capitalism from within through the Social Democratic Party and a strong "welfare state," and supporting a full blown proletariat revolution – for Marx (1971[1845/46]: 409-10) had argued that the political bureaucracy of a capitalist nation state would inevitably serve the interests of the *bourgeoisie.* This debate ended in 1924, with the Weimar Republic's adoption of a secular, government-driven model for *soziale Fürsorge*, or "social service" (i.e. Jarausch 1999: 59-60).

In a post-cold war era, rapid deindustrialization and mass unemployment inspired debates in Leipzig that were remarkably reminiscent of those of a century ago, with regard to social concerns about the role of the state, the moral bearings of community, and the logic of the market. To explore the circular continuation of this polemical discourse, and the impact of forty years of socialism upon it, I turn in this chapter to an

[39] It was while living in this very region of Saxony during this period that rapid industrialization inspired Max Weber to describe modernity as an "iron cage" (Weber 1958[1920]).

evening of fieldwork at a public forum held St. Thomas Church in Leipzig, where residents have gathered to discuss the problem of mass unemployment. Forums such as this one took place almost daily during my research, and were sponsored by one of several dozen different political parties, think-tanks, foundations, and community groups.

Societies with Walls

The date was August 13, 2001, the fortieth anniversary of the Berlin Wall's construction. The newly renovated community room of St. Thomas' Church smelled like fresh paint, and Pastor Christian Wolf thanked the drywallers for having gotten the job done on time, despite the "summer holiday." I took a seat at a large table, and allowed my eyes to drift to the unobtrusive crucifix mounted on the back wall, the only religious symbol in the room. Seventeen men and twelve women were present. Most were congregation members, but others included the familiar faces of the politically engaged residents who always attended such meetings.

People settled into their seats and Pastor Wolf welcomed the group. Since 1992, the gray-haired pastor from the West German city of Mannheim had been working to strengthen a congregation which had suffered under the GDR's discriminatory religious policies.[40] To gain toleration from the SED, East German Protestants would need to formally renounce all ties with capitalism, and fundamentally re-define their church. Protestantism, after all, had been a cultural motor for the rise of modern capitalism, according to Max Weber (1958 [1920]). Defying this categorization, in 1969 East

[40] The Evangelical Church's membership in the GDR slipped from 80% of the population in 1949, to just 25% in 1989. Protestants represented by far the largest religious group in this region. To make a comparison, 11% of GDR citizens were Catholic in 1949, but only 4-5% in 1989 (Pollack 1994: 271-2).

German Protestants had separated themselves from the Evangelical Church of Germany (EKD) and created their own League of Evangelical Churches in the GDR (BEK), recognizing the SED state and establishing themselves as the Protestant "Church in Socialism" (Luchterhandt 1982: 59-60), in the process. Over the next two decades leading GDR Protestant theologians, including many Party members, worked to define a "third way" balancing the broader humanitarian goals of socialism with the liberal philosophical traditions of Martin Luther. After re-unification, the East German church accused West German congregation members of having pro-establishment values, and participating uncritically in western consumer society. Two years would pass before East German Protestants agreed to re-join the EKD.

But such debates now seemed to have occurred in the distant past. This evening, Pastor Wolf opened the discussion by telling us that the 40th anniversary of the Berlin Wall's construction (*Tag des Mauerbaus*) had brought an appropriate symbolism to the forum. In 1961, a physical wall had been built, dividing the country. He hoped that post-re-unification Germany would not also become a society that built walls separating people - walls, such as the symbolic one created by unemployment. Over the next hour, people would bring to the table their interpretations of the interrelationship between work and social justice in the GDR and after socialism, and would discuss how their expectations of the nation-state and the economy related to utopian and personal moral beliefs about social inclusion and exclusion.

Without Action, Talk does Nothing

Wolf turned to introduce a man sitting to his left, who was our guest moderator for the evening. Walter Christian Steinbach was *Regierungspräsident* (Council President) for Leipzig County, as well as a respected former "dissident," pastor, and environmental activist from the GDR era. During the 1980s, Steinbach had joined St. Thomas in protesting against the GDR's environmental policies, and the dangerous working conditions at the lignite (brown coal) mines in Espenhain, on Leipzig's southern belt. This evening the well-known politician was invited back to lead a discussion he entitled: "Initiatives for work - concrete action instead of a lot of talk."

The politician explained that he wished to begin by reflecting on what it meant to be "an actor." In a slow, respectful voice, resting his folded arms in front of him (sleeves rolled), he began: "For me, being a Christian means saying 'what can I do as a singular person?'" "We're not just victims," he continued. "We are also participants." The audience of weathered social workers, bearded activists, and unemployed industry and office workers, looked back with some skepticism. Taking in the doubtful expressions, Steinbach elaborated. "Our future isn't something that just happens to us. In the GDR, they had always let us hold meetings. But before we took action, talk did nothing."

He followed with a few examples. "You remember 'One Mark for Espenhain' still, don't you?" This was a political action Steinbach had led in the late 1980s. Thousands had signed petitions and contributed one East German Mark each, in protest of the dangerous Espenhain lignite mines, whose thick soot polluted miners' lungs, and left a black residue on the windowpanes of houses in southern Leipzig. In the end, 100,000 Marks had been raised. Members of the Protestant Church led the way in

making demands for reform and taking part in political actions during the last decade of the GDR, culminating - for all the world to see - in the Leipzig Monday demonstrations and candlelight vigils for peace at St. Nikolai Church (just down the street from St. Thomas),[41] and ultimately in the collapse of the Berlin Wall. Drawing from the church's struggle against Catholicism during the Reformation, GDR Protestants had used Luther's philosophy of revolutionary liberalism, to build an alternative discourse that emphasized the need for individual freedom from the oppression of earthly authorities (Graf 1994, Jones 2000, Pollack 1994).

After re-unification Steinbach became *Regierungspräsident*, and in this capacity set out to help the 30,000 miners who were out of work, following Espenhain's closure (see Hofmann 1995). He acquired EU funding for a regional development project that used groundwater to fill up the lignite mines, turning them into lakes. "When the first lake was finished, in 1999," he told us, "sand was brought in for a beach, and fish for the water. Trees were planted, and a boardwalk was built - complete with fish restaurants and surf shops, even a boardwalk amusement park." Those former miners still in good health were now able to rent out holiday bungalows, make surfboards, and manage amusement park rides. Steinbach also mentioned his "Regionalforum," which had been founded as a network for people with ideas for economic development and entrepreneurship. But pausing to look at people's expressions, he seemed to realize these examples were too grandiose, and went on to present a few smaller projects, such as the man who had established a metallurgy network, or the University of Leipzig professor who had patented a stairway elevator for the elderly, amusingly named the *Volkslift*.

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[41] For a recent historical study of church activism in Leipzig during the *Wende*, see Wayne Bartee's *A Time To Speak Out* (2000).

"Being an actor means being someone who can move something, and also someone who wants to," Steinbach concluded. He then added a final point: "This evening we aren't here to complain. We're really here to turn the status of 'victim' into that of 'actor.'"

Actors Without Structure

After Steinbach had done his best to inspire the group, it was time to hear their responses. Just as the Protestant calling of the Lutheran Reformation had emphasized the moral obligation of the individual to fulfill his (or her) earthly affairs, Steinbach had asked people to be "actors," and successful ones at that. But being an accomplished "actor" in a collapsed economy was no easy task, especially not when one's life and work experiences no longer appeared to be in demand. In addition to this, Steinbach's call to action ran counter to the strategies for dealing with unemployment with which people were familiar. In the past, these had always been initiated by the state.

During the cold war, "the right to work" was written into Article 5 of the GDR's constitution, in 1949, and expanded in the Labor Code of 1961, making the "asocial" behavior of refusing employment a punishable crime. And in the FRG following Ludwig Erhard's postwar economic philosophy of a "social market economy," markets were seen to operate best within a wide net of social protections (Erhard 1958). In 1967, the Law For Promoting Stability and Growth was passed, whose counter-cyclical measures were aimed at permanently stabilizing "full-employment." Hence, overwhelmingly, the neoliberal political-economic reforms introduced by Thatcher and Reagan during the 1980s had never been seen as an appropriate model for West Germany either. Now, a

decade after re-unification, East Germans had come to terms with the fact that it was now their individual responsibility to go to the Unemployment Office and apply for work. However, they argued that it was still the state's responsibility to make sure that work existed for which to apply. A *social market economy* was one thing, but *laissez faire* markets were quite another.

After a noticeable pause following Steinbach's advice, a hesitant question came from the left corner of the room. "Well, where are you supposed to go if you have an idea?" a man asked, curious and suspicious about this Regionalforum that was supposed to help people succeed in the market. He worried that - similar to what had happened when GDR collective firms opened their files to West German companies after re-unification - the Regionalforum might just steal his idea if he shared it with them. Then another man pitched in, more negatively: "You know, in the last year or so 15,000 more jobs have disappeared, what, with the layoffs at Siemens. BMW says it will bring 10,000 jobs to the region, but what we really need is 60,000. We need 60,000 jobs. To tell you the truth, I know we can't accomplish that."

This complaint sparked others to begin discussing government cutbacks in the subsidized job program, ABM (*Arbeitsbeschaffungsmaßnahmen*). For fear that this talk would lead them astray, Pastor Wolf interrupted, warning everyone that by demanding that the state offer a large number of jobs, all at once, the man was really asking for the return of socialism, and an oppressive GDR state: "It would be terrible if we got 60,000 jobs tomorrow. We need to take entirely new steps, to build entirely new structures, and not to rebuild the old system." Steinbach affirmed, saying that jobs needed to be created

that were competitive, and not "*am Tropf*" ("on the drip") - a metaphor of state dependence.

A fellow wishing to share his knowledge of a great source of credit snatched the moment of silence that followed. Anyone trying to go into business should talk with him after the discussion, he said. Some looked interested, but most rolled their eyes, sure that this was just another shady business deal. The first time East Germans had experienced people selling things that no one needed, merely for the sake of making a profit, was after the *Wende*. They still had a relatively low tolerance for such behavior. The dishonest salesperson was - across the board – one of the most socially despised individuals.

Having Your Own Plan

Having had time to digest Wolf and Steinbach's remarks, an unemployed computer programmer now took his turn to speak. Until recently, the man held a contracting job at a small firm, where he said he had been happy, and had even offered to continue working for free when the contract ended. But the business owner said he was afraid of becoming dependent on a worker he could not afford to pay. The man paused to clarify that both he and his employer had been helpless in this situation. Surely, this must show that the economy could not create jobs without the help of politics? "And politicians can't just depend on the ideas of the unemployed," he said, avoiding eye contact with Steinbach. "They need to have their own plan, too."

An older woman nodded to Steinbach, remarking that she liked his idea of victims becoming actors and that this was the first time she had heard of such a thing, really. It made sense, however, because politicians were not representative in most democratic

lands, and one really could not trust businesses, after all. She guessed that there was no choice in the end, but "to depend on ourselves." The woman asked whether Steinbach could recommend any publications on business financing, or books written to help an older person gain re-entry into the *erster Arbeitsmarkt*. She had tried to start a business after re-unification, but had gone into debt. Then she had found a job, but her employer went bankrupt. After that she had received an ABM position, in a sports project, but tomorrow would be her last day. "I hope that I can live through the experience, and that there's some positive outcome in all of this," she said.

Steinbach seemed troubled by the woman's story, and passed his business card across the table to her, as he would to others throughout the evening. She should call his office, he said, and he would help her figure something out. The troubling story opened a rush of dialogue, and several others related their failed attempts at being "actors," and the shared feeling that someone out there, perhaps in government, should be looking out for them.

The "Community Economy"

"Herr Steinbach," said a woman in her forties seated next to me. "I see a lot of possibilities in the field of social welfare. And I have to tell you, *I am an actor* in this field, at the youth center at Döbeln Castle. Finding a way to stay above water is almost impossible. Just paying the bills takes so much time, there's none left for practical work." The man seated behind her confirmed that care-giving was in a precarious position. He worked in a home for the handicapped, where residents did their own laundry and cleaned their own toilets, because there was absolutely no extra financial

support. He hoped that once BMW arrived, they would begin making donations to organizations that cared for people with disabilities.

This interest in private philanthropy represented an increasingly popular trend. Without necessarily linking the idea of a "nonprofit" or "third sector" with neoliberal politics and privatization, many social workers and local public officials in Leipzig were fascinated with this "Anglo-American" sphere of social welfare. In the United States and Great Britain, where neoliberal political-economic reforms began in the early 1980s, the importance of "the nonprofit sector" had grown rapidly, and in direct correlation with governmental welfare cuts and the expansion of low-wage labor. The nonprofit sector also quickly gained popularity throughout Eastern Europe following 1989, but not initially in reunified Germany, where the country's strong state welfare programs made non-governmental organizations less necessary. However, as the demand for care-giving services has grown over in the last decade. So has the interest in corporate sponsorship and nonprofit organizations.

State and private social welfare systems are classically seen to exist in opposition to one another. During turn-of-the-century debates on the "social question," in Leipzig, they had been perceived as oppositional models for the redistribution of wealth. In her ethnographic research on poverty and welfare reform in the United States and Great Britain, Susan Hyatt (1997, 2001a, 2001b; Lyon-Callo and Hyatt 2003) interprets contemporary discourse on "civil society" and "volunteerism" as clearly symptomatic of the neoliberal transformation of social welfare. Anthropologists working in postsocialist Europe have also been critical of the link between "civil society" and Western neoliberalism, but have often observed a possibility for the concept's rehabilitation,

through its adaptation to regional context (De Soto and Anderson 1993, Hann 1992, Hann 2002, Hann and Dunn 1996, Kligman 1990). When troubled by Hungarian intellectuals' use of the term *Bürgergesellschaft*, or "civil society," to express a general opposition to state socialism, for example, Chris Hann encouraged scholars to consider the 18th century idea of *bürgerliche Gesellschaft*, or "citizen's society," instead. In this earlier definition, an educated and land-owning elite of citizens, or "*Bürger*," had acted out their moral obligation in relation to the small farmers and servants beneath them, in a Lockean social contract that did not stand in direct opposition to the state (Hann 2000: 85-109).

Michael Burawoy most aptly captures civil society's "Janus-faced" meaning, by returning to Antonio Gramsci's interpretation of the term. While civil society's false appearance of autonomy represented hegemony, Gramsci recognized that it simultaneously also created "a terrain for challenging that hegemony" (Burawoy 2001: 149). While German discussions of "civil society" placed an increasing emphasis upon entrepreneurship and were influenced by neoliberal political-economic beliefs, a counter-hegemonic discourse continued to reinforce the popular argument that there was a constitutional guarantee of an "existence minimum" (of shelter, food, health care, free education, and a basic income) for all legal residents. In contrast to *laissez faire* capitalism, Germany's still legally framed "social market" model was premised upon the thesis that the stability, prosperity, and growth of the national economy could best be achieved in an environment of minimal class conflict, and thus, in the absence of absolute poverty within national borders. The concept of "civil society" was a conceptual terrain within which this guarantee might either be reinforced, or subverted.

Back at St. Thomas Church, forum participants (with the possible exception of the two moderators) seemed unaware of any linkage between their current interest in the "nonprofit sector," and Protestantism's historical support for a sphere of religious charity work, *as an alternative* to a strong system of national social welfare insurances. As had been my observation elsewhere during fieldwork, a small minority would support voluntarism, charity work, and "civil society" specifically because they remembered how difficult autonomous action had been during the GDR. But those who were strong advocates of state welfare and of the Party also jumped onto the bandwagon of voluntary work and charitable giving, recognizing that the "nonprofit sector" offered opportunities to acquire funding and political influence. The result, as we see played out here, is an intense competition for control over the definition of an ambiguous, and "Janus-faced," political sphere.

Pastor Wolf now spoke up to say that he found the notion of a "nonprofit sector" intriguing, and thought it might be worthwhile to consider its applications. He had recently been introduced to the concept of "community economy" (*Gemeinschaftsökonomie*), which had been described to him as a way of building economic projects that strengthened communities, rather than wearing them down. He wondered whether this might be a good concept for the church to utilize, and whether anyone had ideas or experience in this field. As the "Church in Socialism," Evangelical Protestants had balanced between philosophies of socialism and philosophical liberalism.[42] The pastor's interest showed a similar negotiation today, between capitalism and Christian humanitarianism. Wolf believed the church's solution to

[42] Detlef Pollack argued that it was the East German Protestant Church's strategy of simultaneous conformity and resistance that had made it so attractive. (1994: 285).

unemployment should be framed within a moral, "community-based" market, which nonetheless defined itself in strict opposition to anything resembling "socialism." Throughout the evening, he showed his mastery of this careful distinction by switching from a rhetoric of anti-socialism, to one that lauded this notion of "community economy."

An awkward silence followed when no one had a suggestion. Some members of the group were probably experiencing a feeling of role reversal, upon hearing two figures of authority ask for their opinions on economic development. During the GDR, political figures had been more authoritarian, and the future much less open-ended (Burawoy and Lukács 1992). Steinbach stepped in to assist, offering neighborhood revitalization projects as a good example for a "community economy." The City of Colditz had had no tourism until some residents started a project six months ago. Now they have regular meetings, and have created a nice pamphlet, he explained. They had built this up themselves, and that was the main point. A community economy meant developing small projects, where people could bring their lives into their own hands, in the context of a market economy, and build new independence. He drew a second example from the Espenhain lakes project: "Are the surfboards used there made in Saxony? We need to make sure that everything down there needed for the water, is created here. We need to start doing that now."

Pastor Wolf wondered about the community economy's limitations. Such projects might be able to create 10, -15,000 jobs over time, he believed, but few of these would go to people currently unemployed. One thing that was clear, however, Steinbach reiterated, was that one could not gain the attention of politicians simply by lobbying

against unemployment. He had been down that road. Local efforts needed to be made to create new jobs, and simply demanding work from the state was not the right way. Of course, sometimes community economy projects were not a part of the *erster Arbeitsmarkt*, but were rather a part of the "third sector." They could be used for special projects, such as programs for people with disabilities. And a possible way to fund such initiatives was through donations, he said. But in the long run, third sector activities were certainly not the best way to fight unemployment. Their main goal should always be to bring more productive employment to the region.

With sincerity, the politician tried to share his knowledge of market principles with the group. In a market economy, companies like BMW always looked for the best business opportunities and workers changed jobs frequently, he explained. But as Steinbach evoked the market and voiced his criticism of participants' belief in their "right to work," listeners grew frustrated. The mood in the room was shifting.

Several people complained that creating permanent jobs was no easy task. How was the local economy supposed to sustain itself, and grow, when it was at odds with a global economy that cared nothing for the community? The construction supervisor who had made this observation went on to describe how outside contractors from western Germany always underbid local businesses, and then allowed their East German branches to go bankrupt. They then left the region, taking federal subsidies with them, and not even paying worker's wages. They simply took the money and jobs with them, back West, he said.

Feeling inspired by the construction supervisor's vivid description, others in the room began to speak about sending out resumes, going into debt with business start-ups,

and about the low social ranking of the unemployed, which they found unacceptable.[43] An older skilled tradesman shared his concerns. "Since the *Wende*, many projects for the skilled trades have disappeared, and now many trades people have migrated West." He thought that BMW would need people with experience when the company came to Leipzig. But the city's existing projects for the skilled trades - the Central Stadium, the Tunnel, laying groundwork for the new BMW plants - were all headed by outside contractors, because the bids were too large for local firms. "Either the project is always too big, or the person doesn't want you because you're unemployed. How are we supposed to gain the experience we need? There's no support for smaller projects. There needs to be a chance to start small, and build up slowly." In this and other statements, forum participants rejected Steinbach and Wolf's attempts to present the market as a logical system whose rules must be learned, and not contested. Instead, they pointed out what seemed to them to be obvious irrationalities and injustices, and repeatedly emphasized their interest in state regulations.

It's the State's Role to Create Protections!

No one during the forum had asked for a return of the centrally planned markets that had existed during "real socialism" (Kornai 1980, Verdery 1996). Overwhelmingly, however, they were demanding fairness in market activity. And Herr Steinbach's request for more individual initiative, and talk of market practices, was taken as a sign of his support for neoliberalism's darker side. The communication in the room grew heated.

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[43] In her ethnography of an East German border town, Daphne Berdahl described the egalitarianizing act of "being able to sit together" as being an important part of people's nostalgic memory of work and social life in the GDR (1999: 135).

Someone demanded: "We've got to force the city!"

And someone replied: "Exactly!!"

Steinbach: For the last five years we've been talking about this. If the city takes the best offer, local businesses complain. But it would be inappropriate to force the city government to work with a local contractor, instead of taking the lowest bid. That would not follow market rules.

Man (interrupted) - You've lost your courage!

Steinbach: I've spoken with many trades people...

Man: So many of our contracts just aren't paid, you know. As long as the employer is not based here, on location, they really don't have to pay us. It's a vicious circle!

The Woman from Döbeln Castle: and it ends in violence!

Steinbach paused to sigh, and responded that he had led discussions like this one quite often. Sometimes one firm was simply a better organized than another. Support for the lowest bidder could not just be ignored in order to give the contract to a local firm. That would not be following the rules of the market.

The Older Tradesman: But local skilled trades people will never get enough experience then, what, with globalization.

Another man: And, you know, supermarkets don't create jobs.

Steinbach: There is the possibility of building up communities through neighborhood organization. This is a good opportunity. But you can't ignore bidding laws. There really isn't any power in the world that can stand up against the rules of the market.

A woman responded: The City of Leipzig has an inner strength, too.

One woman worried that a community economy would never work effectively, because too many untrustworthy people ran the nonprofit organizations. "Sie wissen, ja," ("You know, of course"), she said, hinting to the presence of former Party members. A member of the GDR dissident party, New Forum, a man in his late thirties with a long brown beard, responded that although no one trusted city officials, on the other hand they still expected a lot from them. He thought they should continue lobbying against big business, keep discussions open, and be careful not to end up like America.

Under the mood of this heated exchange, Steinbach gave up his effort to encourage ideas for local business projects. In a final attempt to assist, he suggested that congregation members apply for an ABM work-creation program available to nonprofit groups. "As a church group we are able to apply for ABM funds," he said. "I'd like to offer this as a possibility, and if you have ideas for a project we can talk about it." He seemed troubled by the pattern the forum discussion had taken. Bringing the evening to a close, the politician thanked everyone for the controversial debate. "As long as one lives, there's hope for humankind," he said, before inviting us to the next forum. "On Thurs., Aug. 16th, as our next theme, we're going to talk about the Future."

Conclusion

The East German political leader had begun the evening attempting to promote entrepreneurship as a solution to unemployment, but his audience had reacted negatively to the suggestion. They had come to this meeting seeking answers, affirmation, and reassurance, and had interpreted Steinbach's presence as an opportunity to share their personal experiences of unemployment with a politician. Instead, they had been told to

look inward, and find solutions on their own. The immediate response to this suggestion had been frustration, because the state representative had not acknowledged their "right to work." Still, in the end he had at least offered the possibility of creating a church ABM program, and there were a number of people in the room who depended on utilizing such available government resources, in building semi-autonomous community programs.

Most forum participants had disagreed with the County Council President's promotion of entrepreneurship and individual initiative as the only real way to combat unemployment. Throughout the discussion, they had given examples of their failed attempts to be successful "actors," and had repeatedly mentioned the state's duty to bring jobs to the region, and assure fairness in the redistribution of national wealth. Steinbach's suggestion to set up a *zweiter Arbeitsmarkt* program illustrated his willingness, in the end, to be practical, and use whatever resources were available to help the region. And he had never spoken down to his audience. The discussion had been about tearing down walls, and not about separating the "deserving" from the "undeserving" poor. And long before the Protestant Ethic came to be associated with support for "market liberalization," it had stood for autonomy against authoritarian rule. When Martin Luther tacked his 95 theses onto a Wittenberg church door in 1517, he was making a revolutionary break from the centralized authority of a powerful Catholic church. State welfare policies, whether neoliberal, Keynesian, or Marxist, were based upon a dual rationality of security and control. It was a rare moment that people would speak with a politician who said he wanted to collect their ideas, and attempt to implement them.

The idea of "community economy" had emerged from the discussion as one interpretation of the nonprofit sphere. The concept's novelty and ambiguity had been appealing. For the idealists in the group, and the steadfast supporters of the notion of a "third way," it opened the possibility for a path toward sustainability and locally regulated markets. But in a second interpretation, the concept was in danger of supporting an ideology of local autonomy, which undermined the influence of national and global markets and gave the impression that state welfare protections may be unnecessary. The "community economy" became a marketing tool for neoliberal economic reform (see Lyon-Callo and Hyatt 2003). But for the time being – that is, as long as unemployed Germans and legal immigrants continued to receive income subsidies for their basic economic needs - "community economy" projects appeared to offer the potential to accomplish more good, than harm. More than anything, after all, unemployed East Germans struggled with a sense of lost social purpose. Young and old, the unemployed had too much time on their hands, and no longer a clear sense of orientation.

IX. CONCLUSION: AFTER THE RIGHT TO WORK

In this ethnography I have focused on individual and collective struggles to redefine the meaning and political-economy of work in one eastern German city, a decade after socialism. I have begun with the premise that in its ideal form, work is a generative and naturally fulfilling activity, and an act through which people define themselves as human beings (Marx 1978[1847]).

The dehumanizing social effects of high unemployment and urban poverty in 19th century Europe was recognized by statesmen, capitalists, and workers alike. This problem was called "the social question," and three possible solutions were argued: 1) A charity sector could be created, as part of "civil society," and private groups and churches could use this sector to care for the needs of the poor. This solution allowed a growing Protestant middle-class to retain control over their capital, and redistribute to charity in the amount and manner in which they so chose. 2) To satiate an increasingly uncontrollable worker's movement, Otto von Bismarck offered a compromise to the Social Democratic Party, a package of national welfare securities that would represent the earliest form of a welfare state (a model to be copied by other countries over the next two decades). This model would make it the state's responsibility to regulate labor, and care for the needs of the unemployed. 3) Some members of the German worker's movement did not trust Bismarck. Marx had argued that any policy of the state would ultimately represent the interests of the bourgeoisie. They called for a communist revolution.

I have argued that the end of socialism, the re-unification of Germany, and the resulting problem of mass unemployment in the East led to a collapse of legitimacy for both East and West German models for dealing with unemployment. Neither the socialist

constitutional guarantee of "full-employment" for all men and women, nor the social market economy promise of a male-breadwinner model and a broad safety net seemed to function anymore. And similar to the commodification of labor within laissez faire markets, mass unemployment was also a source of alienation. A new black box for work and social welfare was needed! In this ethnography, I have documented the open-ended debates and individual and collective struggles, which were a part of this search.

In Chapter Two, I related the stories of four union men who witnessed and took part in the traumatizing experience of deindustrialization. They described a liquidation of property and capital flight from the East. The four men had different interpretations about who had been responsible (the *Wessies*, the old Party elite, or both?), but agreed that the liquidation of East German industry and collective property had not been something over which they had had any control, nor something from which the region had benefited. The result had been mass and long-term unemployment.

When I first arrived in Leipzig for fieldwork, in 1998, people talked about the West German guru Matthias von Hermanni, and his Rubber Boots Brigade, as if this model could offer a solution for eastern Germany, and even for the rest of Europe. At the work-creation firm, sociologists were reading the work of two social theorists, Jeremy Rifkin (1995) and Ulrich Beck (1999). Both theorists argued that technological change in advanced capitalism would lead to an ever-decreasing number of jobs, but their models for the future of work differed. Rifkin explored cooperative labor as a possible solution. Beck, on the other hand, was suspiciously optimistic about work's reinvention in a "globalizing" world. He envisioned (and fervently promoted) the idea of a new Third

Sector, where no longer needed by an ever shrinking and more competitive labor force could go, in order to make useful contributions to "civil society."

Matthias von Hermanni, the innovative West German who had managed to create work for "everyone, just everyone," in Leipzig, had borrowed from Beck's ideas, rather than Rifkin's. Work in the *zweiter Arbeitsmarkt* should be *useful*, but not *productive*, he argued. Productive work belonged in the *competitive labor market*, in context. The *zweiter Arbeitsmarkt* quickly became a common idea, used by both young and old, and a phrase that was often cited in newspapers. But by the end of the decade, the Rubber Boots Brigade seemed no longer a useful solution for local business and government, and von Hermanni's program folded.

I have also discussed the bureaucracy of social welfare in Leipzig. The Welfare Office, Occupational Training Centers, and the Unemployment Office: these are the places in which the unemployed now spent their time. In a country where everyone was guaranteed an existence minimum by the state, the absence of work did not mean the absence of subsistence needs. But not needing to work for material needs could not be equated with freedom. For work was an essential social activity. For the jobless, the dehumanizing bureaucracies of the welfare state system were a further burden.

In Chapter Six, Being "For Work" or "Against Unemployment," I described the political networks that had built up over the last decade in Leipzig. The "right to work" lobby insisted that it was the state and the economy's duty to provide people with work. This group represented the old socialist elite, the labor movement, and many unemployed industrial workers. This "right to work lobby" was competing with the "pro-business" lobby, a group that was made-up of municipal government and local businesses who

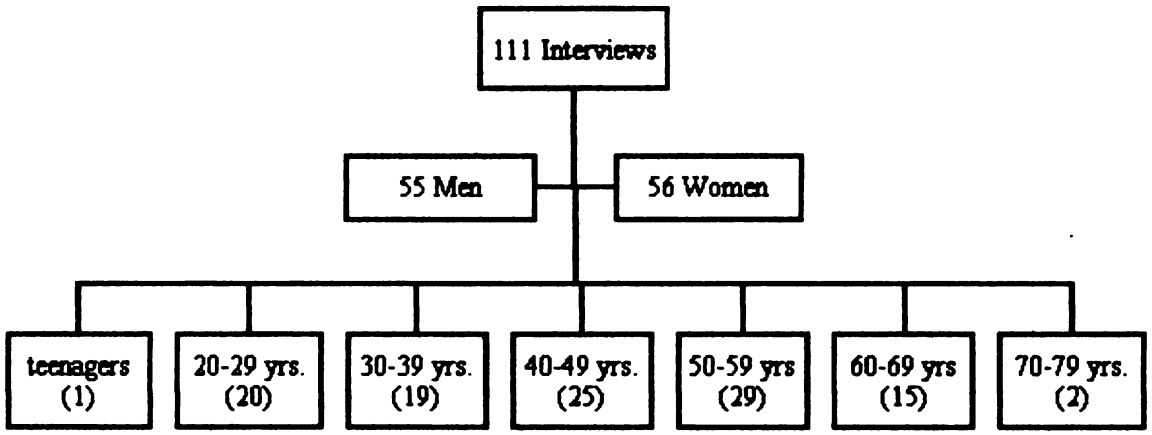
lobby, a group that was made-up of municipal government and local businesses who wanted sweeping welfare reforms and a more "business-friendly" local government.

In my chapter on the old drill-maker's legacy, I turned to the faded political networks of the citizens groups, who had led the peaceful revolution. These groups had taken part in the "round table" discussions of the interim government, where they had discussed the possibility of a Third Way. I argued that the revival of the old networks of citizen's groups - who represented more inclusive and sustainable ideas for the future of work – would be dependent upon their ability to communicate more successfully with workers. The subject of deindustrialization has remained too often a taboo theme.

If the working class is not incorporated into these discussions, and if their concerns about unemployment are not addressed, residents will not be in a position to define their own idea of a "Third Way." Instead, it will most likely be defined for them. For in November 2003, soon after the BMW production line in Leipzig opened, the municipal government had already announced plans to negotiate of an "Auto Region Greencard," that would bring lower-paid Czech and Polish workers to Leipzig. The tradition of a 35-hour workweek for German auto-industry workers has also been reversed. Such policy proposals suggest that Leipzig's re-industrialization will not solve the problem of joblessness. For Porsche and BMW wished to have their cake, and eat it too.

Appendix 1

Formal Interviews: Breakdown of Participants



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