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The Example of Sket (December 21, 1992)

This article looks at Sket, a heavy machinery combine [*Kombinat*] in Magdeburg, and describes how a once-venerable industrial enterprise was struggling to survive. With the disappearance of the Eastern European market, the company had to be restructured and jobs had to be cut. Worker protests forced management to come up with a new restructuring plan, but eventually a mid-sized company would be all that remained of what was once a large-scale enterprise.

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### **“Down with *Wessism*”<sup>1</sup>**

*Sket was once a venerable Kombinat; in the future it will be no more than a mid-sized company. The remaining workers are fighting for their jobs and against insensitive Western imports on the management level.*

One morning, Meister Proper<sup>2</sup> was gone. Colleague Freimut Hengst eventually found him in Hall FG 50. There the Meister was lying, as if sound asleep. The chunky, bald head was resting on two mattresses; the giant body was covered with packing paper. Only the powerful fist, clenched in the salutatory gesture of the workers' struggle, stuck out from behind the boxes.

Since 1986, the upright Meister Proper had stood guard in front of the factory gate of Magdeburg's Heavy Machinery *Kombinat* Sket. Ernst Thälmann, as the Meister was called in proletarian life, was the patron saint of one of the largest industrial collectives in the GDR.

The three-meter-high monument by Gerhard Rommel showed the Communist labor leader from Hamburg without his cap for the first time. At the time, it was an artistic and political risk. With bare fist and bare head, the proletarian bore a fateful resemblance to the tidy Mr. Clean from the West.

But somehow the Thälmann workers liked their red giant. “No one asked who Thälmann was anymore,” says Hengst, a member of the works council,” it was a symbol of the workers’

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<sup>1</sup> The invented word comes from the term “Wessi,” which is used to designate a citizen of the former West Germany –eds.

<sup>2</sup> Meister Proper is the German brand name for the cleaning product Mr. Clean – eds.

identification with the enterprise.” For Sket workers, the sudden disappearance of their old Meister has become an omen for the threatening demise of their entire company.

Of the 30,000 factory workers once employed in eight *Kombinat* enterprises, just under 6,000 still work in the new Sket AG. At the time of the *Wende*<sup>3</sup>, Magdeburg alone had 13,000 Thälmann workers. Today, there are still 3,600 on the payroll of the main plant.

And even that is too many. Given the number of orders being placed right now, fewer than half of these workers would be more than sufficient. The dismantling of the workers’ leader has to be followed by the dismantling of jobs.

The decline of Sket has been steep. The Heavy Machinery *Kombinat* Ernst Thälmann was once the pride of the city. Along the four-lane expressway into the city center, Magdeburg’s largest employer greets strangers with a gleaming metal column upon which the company’s logo shines forth like the city’s coat of arms.

The old unity of city and Sket is still at the root of speeches by the chairman of the works council, Claus-Jürgen Wieblitz: “If Sket dies, the regions dies – Magdeburg [Magde-castle] will become Magdedorf [Magde-village].”

Its size and history make Sket one of those “industrial cores” that have recently come under the personal protection of Chancellor Helmut Kohl. Horst Rehberger, Minister of Economics of Saxony-Anhalt, also promises, “The future of Sket will be secured.”

But how large the core should be in the future is the question. The basic question, says the chairman of the supervisory board, Bernd Kosegarten, is “the crucial test of economics versus politics.”

At the beginning of October, the Hamburg business consultant sent a new chairman of the board into this crucial test. The manager with the programmatic name Karl-Wilhelm Marx started off by toppling Thälmann from his pedestal. Then he announced a new restructuring concept. According to him, Sket would only be competitive if it had only slightly more than 1,000 workers in Magdeburg. With this, Marx had given the signal for the workers’ revolt.

“We don’t need anyone’s help in destroying ourselves,” says Holger Dalichow. The shipping department he oversees has become empty. A rapid drum twister for Malaysia is being packed up; spare parts for a breaking and sorting machine in Iran are ready for loading.

Half a dozen dusty and banged-up steel cable drum machines must be polished. Perhaps the customer in Russia finally has the money for the machines that have been standing around for months.

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<sup>3</sup> The German term *Wende* refers to the events that led to the downfall of the Communist regime in 1989/90 – eds.

A faded red hammer-and-sickle flag on the ceiling of the shipping hall still reminds Dalichow of “the hot line to the East.” Eighty percent of Sket production once went to fellow socialist “brother” countries. Thirty-two rolling mills and thousands of machines for cable and wire rope from Magdeburg are in the former Soviet Union.

Delivery contracts for nearly three billion Marks have been signed. But most of the men who signed these contracts are no longer in office, and their successors have no hard currency to buy the machines.

The Sket workers still can't quite believe that their biggest former customer no longer exists. “Somehow there must be a solution for the Eastern markets,” hopes the desperate head of shipping. His forty co-workers, half of the previous staff, have been on reduced working hours since last year. Many don't even net a thousand Marks per month.

Hundreds of the younger Sket workers have already migrated to the West. “Our young generation is gone,” says Hans Ehrlicke, a member of the works council. The older skilled workers are about to reach early retirement.

The trained lathe operator stands solemnly in front of a gigantic Waldrich lathe turning machine. The monster, a good fifty years old, can grind faceplates of up to three meters in diameter. “Once Achim goes home,” says Ehrlicke, pointing to his grey-haired colleague, “no one will be able to operate it.”

“Working was more fun during GDR times,” Ehrlicke opines wistfully. The enterprise ran three shifts. Nobody had to worry about sales. The Thälmann workers felt like the elite of the working class. For 27 years, Ehrlicke stood at the lathe in the couple hundred-meter-long brick hall that dates to the previous century, just like his father before him.

The tradition of their company was a matter of pride for all of them. The company had been founded back in Biedermeier times. Later, Krupp took over the factory and had it cast barrels for Big Bertha<sup>4</sup>. The Soviets expropriated the capitalist war criminals. But even in the 1950s, the workers were still proudly calling themselves Kruppianers.

Now the only ones still working hard are the approximately 1,000 former Sket employees in the *Gise* (Society for Innovation, Rehabilitation, and Disposal). This employment company is tearing down nearly everything from the old days on 50 hectares of the factory site, except for the administration building. One day, a community center and a business park are supposed to materialize there. Then, what is still left of Sket a few years from now is supposed to move into new buildings in the southern part of the old factory at a cost of around 100 million Marks.

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<sup>4</sup> Big Bertha or “dicke Bertha” was a 42-cm howitzer used for the first time in World War I. Berta was the name of Gustav Krupp's wife – eds.

In tearing down their factory, members of the Sket team are practicing for the future: one day, the installations used for recycling the construction rubble and decontaminating the soil are supposed to compensate for a portion of the lost sales to Eastern markets. But that could take a long time. This year, Sket is struggling to reach sales of 365 million Marks, against a loss of 240 million Marks.

Klaus Oberländer, Marx's predecessor on the board, had still planned for around a billion in sales. But the former director general of the *Kombinat* doesn't have to deal with the consequences of this miscalculation.

Oberländer announced his resignation in February of this year. The press had repeatedly denounced him on account of his red background in the leadership of the SED Works Cadre. Now he's in Singapore looking for new contracts for Sket in the Asian markets.

His people in Magdeburg still mourn for "red Klaus." He used to shake everyone's hand amiably as he rushed through the halls.

The workers thought that the former boss would be able to keep the whole operation together. The reduction of the workforce from 30,000 to 6,000 employees went off without protest while he was in charge. An "accompanying socio-political program" that he had hammered out with the federal state [of Saxony-Anhalt], the city, the *Treuhand*, and the works council ensured that nobody in Magdeburg was released into unemployment.

A hiring freeze, early retirement, partial privatizations, personnel placement companies, and the job-creation company made it possible for there to be deep cutbacks in the workforce without company-related layoffs. "In the final analysis, we always had a strategy of consensus," says the head of the works council, Wieblitz.

Initially, the works council had welcomed the new Marx as "a man of promise." The engineer, previously the head of the Salzgitter Machine Building GmbH, was outfitted with the highest recommendations from colleagues in the West. The Magdburgers discovered too late that metal workers over there [in the FRG] were in fact happy to get rid of a "grave digger."

The cool number-cruncher did not fit into the charged atmosphere of the East. His numbers were right. But he had not correctly calculated the mood in Magdeburg. At the beginning of November, when Marx presented his restructuring plan at a Thälmann Square purged of Meister Proper, he was booed by 5,000 angry Sket workers.

His calculation was simple. Sales would barely grow until 1995. By then, Thälmann workers would have to bring themselves up to Western productivity levels – 200,000 Marks in sales per person. The rest is pure math: in order to achieve this, the company would only need about 1,800 employees. Four thousand people in Magdeburg, Dessau, Genthin, and Grüna would

have to go. Marx turned the workforce completely against himself with the good advice “not to think that we are something special here in East Germany.”

But Sket is a political issue. As the example of the shipyards in Mecklenburg-Western Pomerania has shown, demonstrating workers can topple minister presidents. At the angry shop-floor meeting, Minister of Economics Rehberger also chose to oppose Marx: “This concept is not acceptable in this form.”

The “anti-Marxist” sentiment in Magdeburg was threatening to turn into a new class struggle. “Down with Wessism,” read a slogan at the site where Meister Proper used to stand. More than 2,200 Sket employees called for the resignation of the new manager in a petition drive carried out under the motto: “One Marx was enough!!!”

It became a victory for the workers: one evening Marx was gone. He took his leave in the middle of a meeting at the Magdeburg Ministry of Economics, departing because of an appointment with Rehberger’s colleague in Bonn, Jürgen Möllemann. Shortly thereafter, at the beginning of the week before last, the man from the West resigned his offices, enervated.

A few days later, the works council, the government of the federal state [of Saxony-Anhalt], the *Treuhand*, and the remaining three Sket boards agreed on a new restructuring concept. Two thousand-seven hundred jobs are to be preserved in Magdeburg over the long run. That is still more than 1,000 employees above what Hero Brahms, vice-chief of the *Treuhand*, thinks is actually “appropriate and realistic.”

For no one is able to say where additional orders are supposed to come from. The only thing that’s clear is that Sket will cost the *Treuhand* a lot more money yet. “But with money,” Brahms knows, “you cannot create markets.”

The costly industrial core will occupy the *Treuhand* for a long time. “We have not found a single party interested in the core business,” laments supervisory board member Kosegarten.

So far, only Meister Proper has a place with a secure future: he is going into the Magdeburg Museum of Industry, plans for which are underway.

Source: “Down with Wessism” [“Weg mit dem Wessismus”], *Der Spiegel*, December 21, 1992, pp. 104-12.

Translator: Thomas Dunlap