

Report from Bonn by Rainer Apel

Little people face big depression

Neither the German government, the opposition, management, nor labor know how to overcome the depression.

Mark my words: We'll all celebrate the existence of the first blossoming economic regions in the east of Germany on my [64th] birthday on April 3, 1994," German Chancellor Helmut Kohl declared at a Bonn press conference March 24, 1992. One year later, he's still giving out the same line—Kohl's equivalent to George Bush's famous "read my lips" remark—even though there is not the slightest indication that an upswing in Germany's east will come by 1994.

The nervousness underneath the official propaganda facade in Bonn is already great enough to explode into the angriest comments, like those on April 27, when Björn Engholm, the chancellor candidate of the opposition Social Democrats for the 1994 elections, said at a business event in Düsseldorf that he saw signs pointing to 7 million jobless by the end of 1993—twice as many as the official figure of 3.5 million that has been projected by the government for the end of this year.

But, although Engholm's remarks were denounced by chancellery spokesmen as "hairy," "irresponsible," and "panic-mongering," the real data are that today 5.25 million Germans of working age are without a regular job, and that at least 300,000 more in the western states, and another 400,000 in the eastern states of Germany, will have to be added to that figure by the end of this year. Officially, everything on top of the government unemployment figure of 3.4 million is being covered up by a set of state programs for re-training, make-work projects, and other short-term, ad hoc initiatives without any plans

for participants to get real jobs at the end of such a program.

The category of government-funded "programs for job creation" covers about 1.4 million Germans who have no job, but who are not counted in official jobless statistics. Another 400,000 Germans of working age—blue-collar workers in most cases—have been put on early retirement, so that they enter the category of pension recipients even though they haven't reached retirement age.

Kohl and his entourage of upswing propagandists are thus committing the same mistake Bush made in 1992, when he discounted any viable chance for his challenger Bill Clinton to win the elections, because the Democrats had no real programmatic alternative. Similarly, Kohl sees his Social Democratic challenger Engholm as weak and without a convincing alternate program to his policy, and so he is confident he will remain chancellor after the elections, which are scheduled for October 1994.

It is true that Engholm, whose position as chancellor candidate is contested even inside his own party, has no real economic program. At the event in Düsseldorf, he also proposed that a "secondary labor market" be created, which would employ jobless workers in state projects of public infrastructure, but at lower pay than the average. This would enable the state, which is in urgent need of funds, to employ many jobless people who couldn't be employed at normal pay, Engholm said, and it would help to fight overall unemployment.

Not surprisingly, those who criti-

cized Engholm for his remark about the 7 million jobless, did not attack him for his wage-cutting proposal. Here, Engholm is in line with the huge chorus of Bonn government officials, industry bosses, bankers, and "free" labor market experts who all mouth the same message: The salaries in Germany are too high, they make industry uncompetitive, and they must come down; otherwise, economic recovery will be impossible.

Engholm's "mainstream" proposals also have the moral support of former chancellor Helmut Schmidt, who is still a senior power-broker inside the Social Democratic Party, and who has recently enjoyed a kind of political comeback. Schmidt is trying to revive a mixture of old austerity proposals, dating from the time before 1982 when Schmidt was chancellor, and the new proposals for ceilings on wage increases, budget cuts, and a gradual but drastic lowering of living standards.

Schmidt's reappearance on Germany's political stage is reminiscent of the situation in 1982, when a deepening depression that had begun with the rise of interest rates in late 1979 wouldn't go away. Popular support for Schmidt was eroding among industrialists, labor, and bankers alike, and even within his own Social Democratic Party, his friends were deserting him. At that time, Schmidt thought that his challenger Kohl's program was too little of an economic alternative to worry about; but Kohl replaced Schmidt in October 1982, before the latter's term as chancellor ran out.

The fact that a bit more than 10 years later, Kohl finds himself in a similar situation vis-à-vis the opposition leader Engholm, may come as belated revenge for Schmidt; it's bad news, though, because Germany's elites haven't learned anything from the past 10 years.