

Report from Bonn by Rainer Apel

Industry seeks a new chancellor

Since Kohl has nothing to offer economically, industrialists are looking around for a new government.

Minister of Finance Gerhard Stoltenberg is feeling the impact of industry's mounting critique of his policy. He is specifically upset about prestigious industrialists like Edzard Reuter (Daimler-Benz) and Eberhard von Kuenheim (BMW), who have mocked his "recovery" propaganda and publicly warned of a new "1929-style world economic depression."

The former minister of economics, Otto Graf Lambsdorff, a gray eminence of politics here, joined the critics on Nov. 26 during a heated parliamentary debate on the 1988 budget. He called Stoltenberg's supposed trump card, the January 1987 Louvre accord, on currency exchange rates among the Group of 7 industrial nations, "dead as a corpse." This caused the minister of finance to lose control: "Spokesmen of the so-called big companies most of all," he whined, "are the ones who refuse to notice the uncontested positive trends in the economic conjuncture."

Citing the same economic advisory council whose forecasts over the past 10 years have been wrong, Stoltenberg bragged about the "broad support for this government in the country." The industrialists shot back: "Stoltenberg refuses to notice that the economy is heading for a deep recession."

This verbal exchange is typical of the debate that the "Black Monday" crash has provoked in Germany. More than these attacks, what makes Stoltenberg and the staunch austerity faction he represents really nervous, is

the centrifugal effects on the country's industrial elite. This extends to ranking members of the austerity faction, like Count Lambsdorff, and is permitting a new faction to emerge, combining prominent names in banking and industry who want to quit Stoltenberg's austerity regime and only lack a coherent program for economic recovery.

Lyndon H. LaRouche addressed the new faction with a "letter to German industry" on Nov. 29—a document attracting great attention. LaRouche's warning in that letter against the danger of a return to Nazi Economics Minister Hjalmar Schacht's make-work programs, was right on the mark. On Dec. 1, the government announced plans for a "conjunctural injection" of 21 billion deutschmarks to help smaller companies and finance unprofitable projects of "environmental protection."

The program was promptly attacked by spokesmen of the new anti-austerity faction as "mere window-dressing, not a response to the crisis." The chairman of the German Industry Association, Tyll Necker, denounced the program as "repetition of mistakes already made before," namely, between 1979 and 1981. The highly indebted municipalities rejected the program because it offered new credit only for projects that would eventually make the cities look nicer, but not increase their tax base.

Otto Graf Lambsdorff mocked the government's program as "something that the whole world will laugh at,"

and stated that "the situation of the current government resembles, in many ways, the situation of the previous government before its fall in 1982."

This message was clear. Chancellor Helmut Kohl is walking in the footsteps of his predecessor, Helmut Schmidt, whose government copied former U.S. Federal Reserve Chairman Paul Volcker's high interest rate policy of late 1979, and was soon facing a collapse of the German economy. Undecided whether to follow the pro-austerity faction then around Lambsdorff, or help an industrial recovery by lowering interest rates generally, Schmidt resorted to a similar "conjunctural injection" of 6.3 billion deutschmarks in 1981, which had no positive effect at all.

First, only half of that program went into effect, because rising interest rates made private companies and the municipalities hesitant to borrow new money for unproductive projects. Second, the program neither halted the ongoing destruction of productive jobs, nor created a significant number of new jobs. Third, most of the jobs created were only temporary ones. Fourth, municipalities and entrepreneurs that decided to borrow new money, only increased their bad debt.

Only one year later, the bell tolled for Schmidt's socialist-liberal government coalition, when industry was hit by an alarming rate of insolvencies, and the national jobless rate reached a postwar record of 2.4 million. Helmut Kohl replaced Schmidt in October 1982, with the promise of "recovery."

Five years later, Kohl's economic program is a copy of Schmidt's effort of December 1987, and the unemployment rate is still the same. The criticism by leading industry managers indicates that they are looking for a new government in here, and that means a new chancellor.