Report from Bonn by Rainer Apel

An anniversary tasting quite bitter

Kohl's 10th year in office is overshadowed by depression news, and his government has nothing but the old, failed recipes.

On Oct. 1, 1982, the Christian Democrat Helmut Kohl replaced the Social Democrat Helmut Schmidt as German chancellor. The transition had been prepared by a good deal of conspiracy and a no-confidence vote in the parliament. The more conservative voters welcomed the changing of the guard in Bonn in hopes that the thick political-economic mudslide Germany had been in since the oil crisis of 1973 would be halted, and a policy of genuine national interest would be launched by the new chancellor.

Germany was still far from unification then, and the political elites subscribed to a policy of appeasing the Soviets and their puppet regime in East Berlin. Also, by the mid-1980s, the Kohl cabinet had proven not to be much better than its predecessor: It showed almost the same depth of radical ecologism at the expense of industrial and infrastructure development, jobless rates were still rising, conservative essentials of Kohl's CDU party were sold out one by one, and corruption scandals undermined the popularity of the Christian Democrats who lost election after election.

Kohl won the 1987 national elections because the Social Democrats were in even worse shape, but by the end of 1988, most Germans believed that Kohl would not last much longer. Then came the refugee crisis that brought down the East German regime, and Kohl had a chance to use the unification issue at a time when his rivals still held on to the ideology of socialism and would not let the East German regime pass away that easily. Kohl won the early elections of December 1990—mostly with the support of the new voters in Germany's East. The clever packaging of Kohl's policy hid only for a short time that the contents hadn't changed.

In early 1991, Chancellor Kohl and his government ran into unexpected problems with the Anglo-American depression and its effects on the world economy. But he also continued to subscribe to the western convoy of support for International Monetary Fund and free market policies, and stayed loyal, against the will of most Germans, to President Bush during the Persian Gulf buildup and war—which cost German taxpayers $13 billion. Kohl and his cabinet committed a grave crime by raising a special tax for a "solidarity with the East" fund that was actually used to pay the German share of Gulf war costs. And the monetary solidarity with the IMF and high interest rate system cost the German central bank a net loss of $4 billion in September 1992 alone.

Now the only recipe the Kohl government knows is more austerity, at a time when most key German industrial sectors are reporting bad earnings and announcing more layoffs. The figures from the machine-building sector are most alarming, as they show the incompetence and inability of the government to develop a production-oriented policy. The VDMA, the machine-builders association, reported a plunge in new August orders from 1991 to 1992—37% for machine tools, 27% for wood-processing machines—and an accelerating drop in domestic orders. The data are sure to translate into reduced production and more layoffs. The bad statistics from east Germany may soon be the pattern also for the western parts.

A March 1992 report of the VDMA and the BDI, the Federal Association of German Industry, on the trajectory of key industries in the German East from November 1990 to November 1991, gave the following gloomy picture of production output: electronics: −54.7%; machine-building: −37.9%; −32.8%; cars and trucks: −22.3%; chemical products: −14%.

The average production output in eastern Germany was 54% below the 1990 level, and industrial employment was down to one-third. Now, in October, the VDMA announced layoffs of 80,000 workers by the end of 1992, with many more certain to come in 1993. Mercedes-Benz announced layoffs for 6% of its work force and the reduction of its output next year. Generally, 1993 will see more short-work and "production holidays" at intervals in most industries.

At the end of September, Mrs. Birgit Breuel, the head of the Berlin Treuhand state agency and a protégé of the chancellor, said in public what members of the German cabinet, having no idea how to break out of the cycle of world depression and contraction of export markets around Germany, think in private. She proposed to producers in east Germany to forget about their export markets in the old East bloc and adopt a policy of price dumping against west German producers to fight for shares in the shrinking "western" market.

This call for self-cannibalism is a manifesto of moral, political, and economic degeneracy—which is the prime message of this 10th anniversary of Kohl's government in Bonn.