

## New jobless figures tell Germans: depression is here

by Rainer Apel

When Bernhard Jagoda, the president of the Federal Unemployment Office of Germany, began presenting his monthly report on the development of national employment and short-work on Feb. 6, it was clear from his first remarks that the unemployment figures for January 1997 documented for every German who thinks (many don't, however), that the Second Great Depression has arrived.

With a total number of 4.66 million German jobless—an unprecedented one-month increase of 510,000 since December 1996—the January unemployment figures are the worst since January 1933. And, as many commentators in the German media have rightly observed, that month not only was the peak of the post-1929 Great Depression, which destroyed the “Weimar Republic,” but also was the month when Hitler and his Nazi movement took power, in the middle of chaos and disarray among the elites.

However, many of the politicians and experts in Bonn hastened to add, “Bonn is not Weimar”: There is no Hitler around at the beginning of 1997, the jobless figure 64 years ago was 6.1 million, much higher than today's, and so on.

### Worse than Weimar

Well, yes, Bonn is not Weimar—it is even worse. One has to look at the figures, but also one has to do what most of the government-paid analysts don't do: Tell the truth, and present the real background for these figures. As far as the truth is concerned, it must be stated that real unemployment in the Germany of January 1997 is far higher than 64 years ago.

Why? Because of the far more developed social welfare net, millions of Germans of working age are registered under

categories other than joblessness. These are people without regular employment, but they are not counted in the official jobless statistics. All in all, close to 5 million Germans of working age, as of January 1997, fall under these special categories: 320,000 are part-time workers; another 260,000 Germans are in make-work programs; 1 million Germans are “parked” in retraining programs, or come under the long-term sick-leave categories (for example, young mothers on pregnancy leave, or early retirees).

Then, there are another 1.9 million Germans, who, because of the hopelessness of getting new employment through the jobless administration bureaucracy, try to muddle through or try their luck somewhere else—for example, on the black market. This adds no less than 3.48 million Germans to the “official” jobless list of 4.66 million (4.658 million to be precise). In all, this means that 8.138 million Germans are without a proper job.

What makes the official efforts to cover up the truth of real unemployment in the Germany of January 1997 even more absurd, is the fact, that the above-mentioned figures of the uncounted unemployed all come from a report of the Institute for Labor Market and Employment Research (IAB), which is linked to the Federal Unemployment Office. These IAB figures are on the situation as it was monitored in December 1996.

Another aspect of the truth has been leaked by the unemployment office of the German state of Hesse. There, the experts have noted that of the 5,000 new jobs officially listed as being offered last month, to job-seeking Germans in that state, no less than 3,000 were jobs that granted employment

only up to seven days, in total! The official jobless statistics do not distinguish between full-time and part-time jobs, which means that the official report that states that “34 million Germans are employed,” is wrong.

The perfidiousness of these kinds of statistics makes it possible for the government propagandists in Bonn to put forward their phony arguments, such as, “Bonn is not Weimar” because there were “only” 12.5 million Germans employed in January 1933, compared with 6.1 million unemployed, while today, there are 34 million employed and only 4.66 million unemployed.

There is more to be said about the figures, but the few examples presented here to the reader, suffice to indicate that the joblessness reports from Germany qualify for something that may be put in some museum of modern arts, along with other incoherent artifacts. What is being done to the reality of mass unemployment in Germany—allegedly, the “world beacon of sound statistics”—is sheer propaganda, composed to provide the government of Chancellor Helmut Kohl with material for his regular proclamations that “the economy is about to recover,” or that “unemployment shall be reduced by 50%.”

## **A true picture**

In order to get a more accurate picture of the jobless situation in Germany, one must pay attention to the fact that the massive collapse of employment in the last weeks and months has occurred in three main sectors of the economy, for very specific reasons:

1. Rigid fiscal austerity programs have reduced public sector projects to almost zero, which has ruined most firms in the construction sector and caused a jobless rate of 37.5% for the construction workforce. This is the national rate.

In the eastern states of Germany, where most of the industry was closed down after the unification of the two Germanys in October 1990, the construction sector had been the only one to keep people employed productively in substantial numbers. But, more than 20% of the eastern construction firms have collapsed in the course of 1996, in turn, collapsing the supply industries and trades, and male joblessness in eastern Germany increased by 30% in the month of December alone.

2. Rigid deindustrialization policies, coming under the slogans of “downsizing,” caused a dramatic 13% drop in industrial purchases of machinery in December, compared with November 1996. Foreign orders for German machines also dropped by 16% in December 1996.

Two-thirds of the German industrial firms, according to a December poll carried out by the German Industry Association, announced that they expect to reduce production output and their workforce, while only one-third voiced some optimism that they may expand in the year 1997.

Thus, it comes as no surprise that the productive sectors

of German industry—steel, electronics, chemicals, mining, aerospace, machine-building, and so on—have been the ones that added the second-largest share of new jobless to the official figures, after the construction sector.

Those regions that were victimized by the deindustrialization waves of the 1980s, are also the ones that show the highest unemployment, in the allegedly “better-off” western regions of Germany. The official unemployment in eastern Germany was 18.7% in January, and “only” 10.6% in western Germany. But, in cities like Duisburg, the former steel-producing center of western Germany, which was put through a deindustrialization in the 1980s similar to that of Germany’s East, the official jobless rate was 17.9% in January 1997.

Another aspect that is usually not mentioned in the media reports on the unemployment figures, is the rate of youth unemployment. Even with the censored official figures, youth unemployment is higher than the overall average of unemployment among the older worker generations: 12.4% for young workers under 25 years of age, as compared to 12.2%.

However, German workers above 16 years old comprise the largest part of those 1.9 million Germans who are not even registered with the unemployment offices, because they have given up all hope of getting a job via the official labor market programs. It is shocking that there are no reliable figures available on this aspect of youth unemployment.

## **Youth unemployment at 40 to 50%**

In eastern Germany, some politicians and experts who are more concerned with the situation, estimate that the real joblessness among Germans under 25 years of age, is between 40 and 50%. This situation will even get worse, in the course of 1997, should employment policies not change drastically: Industry has announced that it has 392,000 jobs prepared for the new apprentices who will enter the workforce in September, after the end of the school year. This is 7.4% fewer positions than in 1996, and it is 200,000 positions less than the level that would be necessary simply to keep youth unemployment at its present, miserable level.

A whole generation of young Germans, therefore, will move from school to a period of long-term unemployment—10 years of non-employment between age 16 and 25.

That is the truth, but hardly anybody is talking about it. What it means for the future of the industrial nation of Germany, is obvious.

It is worth noting, that it was the three youth organizations of three established political parties, the Christian Democratic Union (CDU), Social Democratic Party (SPD), and Free Democratic Party (FDP), that initiated a campaign entitled “Youth for the Transrapid” on Jan. 22, with the more than justified argument that “only new technologies like the maglev train will give us jobs in the future.”

Naturally, this initiative, which plans to collect petitions signatures throughout Germany for "21st-century jobs," has been treated with the same disregard by the media, as has the truth of widespread youth unemployment.

It also needs to be stated that, today, the percentage of Germans under the ages of 25 to 30 is lower than it was in the Great Depression of the early 1930s, because of lower birth rates. Therefore, the crime of not training the younger generation or employing them, will have a much more disastrous effect on the German society as a whole, than it did 64 years ago. At the same time, there is an increasing trend of early retirement, which has dropped more and more Germans below the ages of 55 to 60 out of the production process.

Thus, the tax-paying portion of the population as a whole is shrinking, as a result of the combined effects of demographic developments and political decisions to reduce the total workforce. In terms of this dynamic, the Germany of 1997—which has not yet seen a big banking crash like that of 1929 or 1931—is in far worse shape to deal with the depression, than the Germany of 64 years ago.

Now, what applies to maglev technology, also applies to nuclear power, aerospace technology, optical-electronics, machine-building design, and other essential sectors of the most developed German industry: The overall number of university students in these areas of study, has dropped by 40% or more in the last five years. The present economic policy of the German government, banks, and industry, does not provide a future for young Germans who want to become industrial engineers.

The nuclear power industry of Germany warned two years ago, that at some time in the first decade of the next century, Germany will not even have the skilled workforce necessary to do what the Greens and the Social Democrats are demanding: close down the nuclear power sector of the nation. There would not even be enough trained German engineers who know what to do in order to shut down or decommission a nuclear power plant without risking a catastrophe. This warning was issued in 1995—we are now in the year 1997.

### The shock of reality

All in all, the publishing of the new jobless figures for January has created a big reality shock and panic in the German population, along with the appropriate anger at the politicians who have failed to do anything to abate the ballooning of mass unemployment. The next weeks are certain to be turbulent ones in Germany. Paying tribute to this popular state of rage, *Bildzeitung*, the nation's leading mass-tabloid (with an estimate daily readership of up to 15 million), reprinted a cynical Reuters wire story on Feb. 6, which reported:

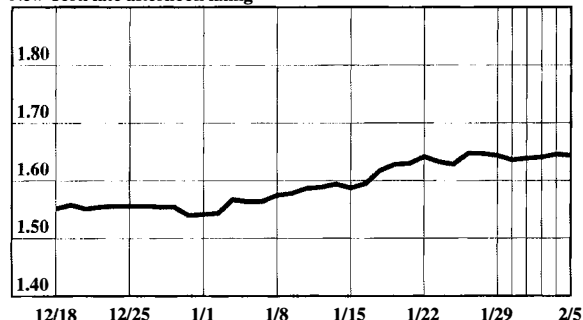
"German stock markets are profiting from the labor market data. . . . Traders said that the increased jobless rate is saddening, but positive for the markets."

*Bildzeitung* commented, "In what kind of perverse world are we living?"

## Currency Rates

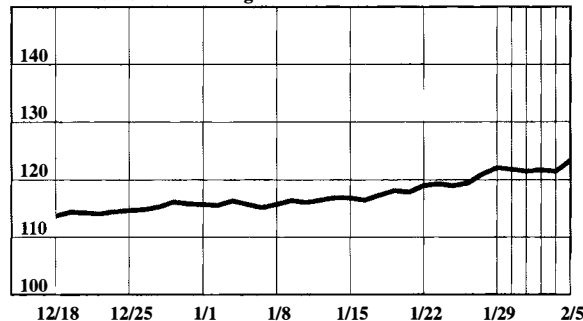
### The dollar in deutschemarks

New York late afternoon fixing



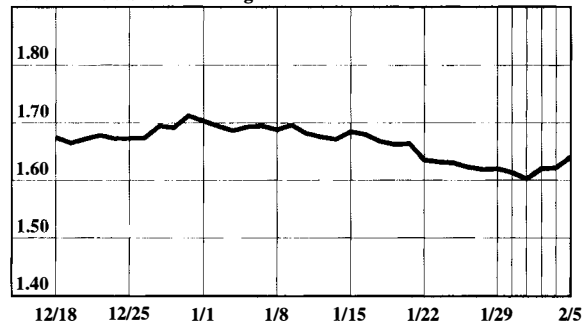
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

