

Report from Bonn by Rainer Apel

Revolt against the 'recovery' hoax

West German Chancellor Kohl has come under heavy attack from farmers, labor, and industry.

The new government in Bonn has come under siege. Whole sections of the economy are in open revolt against Chancellor Helmut Kohl's hoax of "recovery," which is being felt only in the reality of collapsing industrial orders, rising unemployment, and farm bankruptcies.

Alarming news about the real state of the economy makes headlines every day. The powerful boss of the Thyssen Steel Corporation, Dieter Spethmann, called the government's attention to the fact that cutting state subsidies to the critical steel-producing branch meant destroying the central section of the West German metal-working industry.

As Spethmann charged, the Bonn government's plan to reduce the workforce in steel from the current 142,000 jobs to 100,000 over the next two or three years would set off a "chain reaction that won't leave any of the 3.8 million jobs in the whole metal-working branch unaffected." This would cause "social and political turbulences on a scale threatening democracy in this country."

Spethmann's warnings were echoed by alarms from the Association of German Iron and Steel Producers. Reporting on a recent poll among its members, the association documented that given the considerable income losses in 1986, only 5% of the whole branch may employ new workers in 1987, while no less than 25 were definitely planning to lay off some of their work-force during this year. It was also pointed out that short-work

had become a constant pattern in 1986, reaching a total of 115,000 workers in the official unemployment statistics for March 1987.

Also the Association of German Metal-Working Industries raised the alarm bell on March 30, documenting that the changing dollar exchange-rates had worked to the disadvantage of German exporters and caused a drop in foreign orders by 10% since the summer of 1985. As this trend continued in 1986, only a few companies planned to take the risk of investing in new machinery in 1987. This, again, will lead to a drastic decline in domestic orders for the German machine-building sector, which is already hit by decreasing orders from abroad.

Finally, the Association of German Machine-Builders published new alarming statistics on March 30, showing a decline of orders by more than 11% over the three-month period between December 1986 and March 1987. Compared to the statistics for the period December 1985 to March 1986, this is also a drop by 11%, but there is a decisive difference. At the beginning of 1986, foreign orders collapsed by 15%, domestic orders by 5.5%. In the first quarter of 1987 however, foreign orders dropped by 14%, but domestic orders already by almost 8%. The machine-builders' association interpreted this trend with the somewhat sarcastic words: "Earlier expectations that the domestic conjuncture could compensate for the considerable losses on the traditional export markets proved to be rather un-

founded."

What was not mentioned in all of the above-cited statements, but is of significant political interest in this context, is the simple fact that the industry recognized the inability of the Bonn government to fulfill its promises that new markets in the East bloc would help to compensate for the heavy losses on the Western markets.

Gorbachov's economic reforms are proceeding too slowly, to mean any sizable profit for German industry in the foreseeable future. The rhetoric in Bonn on "perspectives for expanded East-West cooperation" is measured against the concrete results, and with a few and rather meager exceptions, Gorbachov's "new economic policy" has not yielded the expected contracts for the West German industry.

The Bonn government faces growing and deep discontent from industrial management and labor, while farmers' protests against the government's disastrous agricultural policy are escalating as well. For several weeks in a row, mass rallies of several thousand farmers have produced bad headlines for the government, and on April 1, 20,000 farmers and steel workers gathered—for the first time ever—in a joint rally of protest on the central market plaza in Bonn.

Besieged by this wave of fully justified mass protest, the government in Bonn escapes into fantasy. Opening the prestigious Hanover Industrial Fair on March 31, Economics Minister Martin Bangemann, spoke of an "unbroken trend of recovery, which is only interrupted by a momentary rest on our route."

Chancellor Kohl should recall the fate of Chancellor Ludwig Erhard, who reacted with the same silly talk on the deepening recession of 1966, and found himself ousted before the end of that year.