

Report from Bonn by Rainer Apel

Bonn may be facing another Weimar

Chancellor Helmut Kohl is repeating the mistakes of the Bruening government which ruled 60 years ago.

This is the hour of truth in a highly dramatic situation in the history of our nation," Chancellor Helmut Kohl said Oct. 26 in a keynote address to the national convention of his Christian Democratic Union (CDU) in Düsseldorf. He called for a "solidarity pact" that would force everyone to accept personal sacrifices and cutbacks next year, from wage freezes and state budget cuts to tax increases and other austerity measures.

"There is no maneuvering room left for additional expenses without having corresponding cuts in other budget positions," Kohl said, announcing "necessary decisions that will have to be taken soon."

Kohl cited the immense costs and interest on the old debt of the eastern states (an estimated DM 250 billion [\$180 billion] by 1994) and the stream of asylum seekers, which, he said, would lead to a "state emergency" if not put to a halt by new, stricter immigration laws, as his main reasons for demanding additional austerity measures.

Other party prominents were more to the point, admitting the reality of the world economic crisis. Wolfgang Schaeuble, chairman of the CDU parliamentary group, for example, said that all Germans would "have to get used to the fact that future policy decisions will have to be taken under conditions of a deepening world economic crisis."

Kohl's austerity package, which has been transformed into a cabinet coalition initiative for more rigid cuts and reallocations totaling roughly DM 6

billion, mostly in unemployment benefits and the social, transportation, and defense budgets, met little resistance at the convention, but some spoke out against aspects of the policy.

Lothar Späth, for example, a long-time opponent of Kohl inside the party, former governor of the machine-building western state of Baden-Württemberg, and now chairman of the eastern German precision optics producer Zeiss Jena, while agreeing on the need for budgetary savings, charged policymakers in Bonn with a "terrible lack of imagination," in an interview with the *Der Spiegel* weekly on Nov. 2. Calling on the government to "use this one-time chance" and go for state-funded "structural investments," Späth said: "Take the transportation system. We know exactly when the air traffic will collapse because of overburdening in the west. One could build an airport in the east and an intelligently built grid of maglev trains for the transport of air passengers. This way, a totally new transportation system would be created. And it would motivate the east."

"The entire government including the chancellor has to state that we want to start something entirely new, for example in the construction of homes," Späth said. "The federal government should decide that the DM 36 billion debt burden on the eastern German housing sector is lost. That's it. Over. And it can grant the tenants credits that will enable them to purchase their own flats, then. They should not pay more interest on the credit than they're paying now for the

rent, and a bit more for long-term servicing of the debt."

Späth wasn't the only senior member of the establishment to call for debt cancellation, low-interest credit, and infrastructure projects. Otto Schlecht, a former assistant economics minister, called for financing of economic reconstruction of the five eastern states. But Schlecht also did not repudiate the austerity policy.

The danger of Kohl becoming another Bruening (1930-32), who tried to enforce drastic cuts in living standards, was addressed by Bruno Koebele, chairman of the labor union of construction workers, in a declaration on Nov. 2.

Contradicting the official Bonn jobless figure of 3 million, and asserting a more realistic figure of 5 million—based on independent surveys of the labor market—Koebele declared that "this corresponds to the jobless figures of the year 1931." The new round of proposals calling for even deeper cuts in workers' incomes, Koebele charged, recalled the end of the "Weimar Republic" which collapsed under the burden of old debts in late 1932 and was overrun by the Nazis.

"In 1930, average indexed wages for workers still were on a level of 107.3 points, as compared with the 100 points of 1928," Koebele reported. "But then, as a direct result of Bruening's emergency decrees and the restrictive central bank policy, they came down to 84.8% of the level they had had in 1928." The cabinet of Franz von Papen (who replaced Bruening in May 1932) intensified austerity measures, and the jobless rate shot up to 7 million within several weeks, Koebele remarked, adding, "Not only the level of the job deficit but also many demands on labor wage policies in 1992, fatally recall the last years of the Weimar Republic."