

“downsized” wage levels of the United States today, and then to the levels of Southeast Asia 4-5 years from now! Labor unions, he said, have to adapt to this reality, instead of trying to “preach healthfulness.” The Germans are naive, if they think that what counts today, is still innovation and high quality of products made in Germany; today, everybody in the world can provide quality and innovation; the essential question, is how to reduce the costs of production.

Tacke praised South Korea and Japan for their “strategic orientation” toward getting larger shares of the world market and toward becoming “global players.” If the Germans want to continue to be global players, they will have to eliminate the bureaucratization of industry, lower the costs of labor and production, and so forth. Only under those conditions, would the northern German region have a chance, Tacke claimed, because, as of now, the three northern states of Lower Saxony, Hamburg, and Bremen are totally dependent on the automobile assembly and aerospace industries, which are concentrated there.

Apart from the “information age” designs, the aerospace sector also has a military aspect, and for that reason, one might have expected something more grounded in reality to appear during the debate in Hanover. Ernst Mannherz, of the German Economics Ministry, reported on the uncertainties over the “Euro-fighter” project—the design for a new jet fighter to be jointly produced by several European Union countries. So far, Germany has been willing to shoulder 30% of the jet fighter’s development costs, on condition that the rest be taken on by the other project partners. But recently, the French government decided that, because of its own staggering fiscal problems, it could no longer contribute any funding. Since the German side has ruled out any increase of its share, the French decision means that the project is already as good as dead.

The “solution” proposed by Mannherz, was a significant lowering of development outlays, and a general streamlining of the armaments industry in Europe.

### A warning ignored

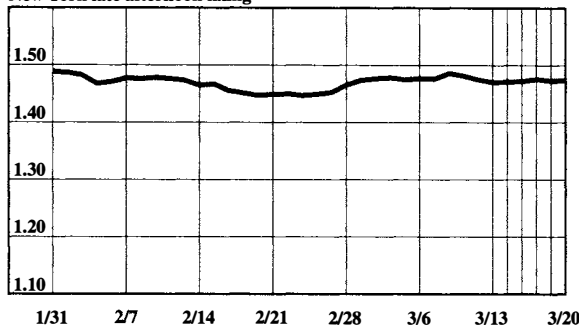
Dr. Stuessel, of DASA Airbus, then gave a very gloomy picture of the future of the commercial aircraft industry in Europe. With the Americans holding a 75% share of the world market, Europe has to develop a larger capacity, or it will be wiped out within five years, he warned. He vigorously attacked the deregulation of the American airline industry, which, he said, “helped them to improve their competitive position.”

Stuessel voiced concern that, once the Europeans (as many at the hearings were advocating) were to adopt U.S.-style deregulation methods, what remains of traditional industrial capacities in Europe would be ruined; any hope of this being compensated for by information technologies, he called an illusion. But Stuessel was a lone voice in the wilderness, whose warnings went largely unheeded.

## Currency Rates

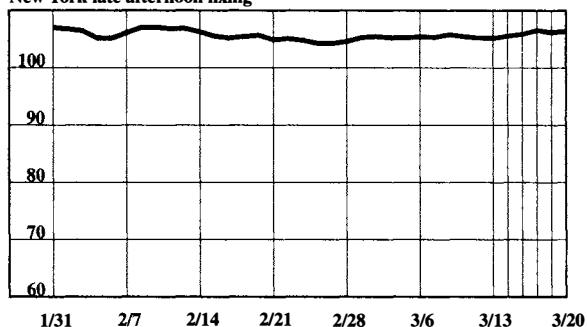
### The dollar in deutschemarks

New York late afternoon fixing



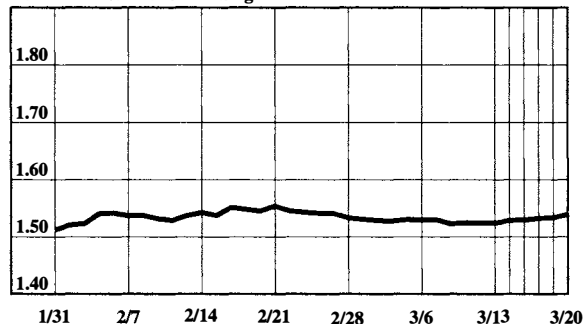
### The dollar in yen

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

