

The sudden departure of Hans-Dietrich Genscher threatens to upset the political balance as Germany

Getting out while the going is good

Josef Joffe explains why he believes that Genscher chose the right moment to quit the government

LAST TIME the public service unions went on strike in Germany, the Chancellor fell soon afterwards. That was ten years ago, but Chancellor Kohl might well wonder whether history could come back to haunt him.

Even before the traffic ground to a halt in Germany's big cities, two of his ministers threw in the towel. Most readers of this newspaper have never heard of Gerda Hasselfeldt, the health minister - and rightly so. But Hans-Dietrich Genscher, the foreign minister, is another story.

He was to Germany what the civil service is to Britain: the permanent government. He has been a cabinet member for 23 years, 18 of which he spent running the foreign ministry. The head, until 1986, of the small Liberal Party, which holds the electoral balance, Genscher used to make and break governments - and his departure may well undo the Kohl administration, too.

Genscher has a seismic sense for those shifting tectonic plates that turn cracks into fault lines and crises into disasters. Germany straddles precisely such a fault line today, and the subterranean grumbings began long before the unions flung down the strike gauntlet.

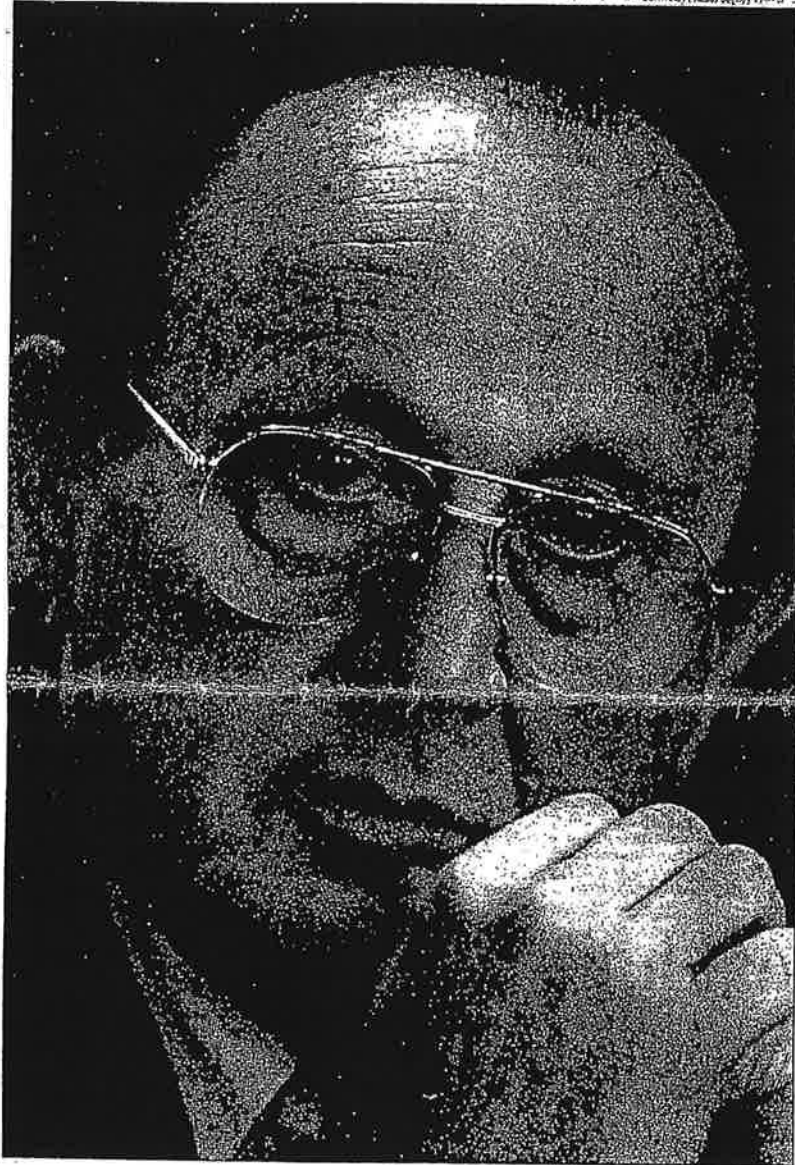
The real issue, of course, is not the minuscule gap of 0.7 per cent separating the government's last offer and the verdict of the arbitrators. The real cause is history: more precisely, unification. When Kohl dashed headlong for the takeover of East Germany in the summer of 1990, he did what democratic governments do the world over. He was, shall we say, economical with the truth about the bill, speaking as if unity could be financed out of petty cash.

In 1992, that "petty cash" will amount to Dm200 billion (Ecu100bn). Even for the world's No 3 economic power, that is serious money. Democratic governments, however, hate to raise taxes, and so most of the unification bill is being met by borrowing. That creates the worst of all worlds: high, growth-defying interest rates, plus inflation.

This is precisely the situation in Germany today, with a prime interest rate of nine per cent and inflation approaching five per cent. Elsewhere in Europe, such a situation might spell pure bliss, but not in Germany, where five per cent inflation smacks of Latin American-style runaway inflation.

Which is where the striking public service and transport workers bestride the stage. They do not worry about Germany's competitive position in the world, nor do they intend to foot the bill for unification. Indeed, all the labour unions in Germany are tabling inflationary - that is, not warranted by productivity growth - demands.

Clearly, they are behaving like unions everywhere. They want to stay ahead in the incomes game, and may the



Elder statesman: Genscher brought down Schmidt in 1982; will he do the same for Kohl?

devil catch the hindmost. The public service and transport workers are best placed to win their demands. First, they are enormously rich, with a strike kitty of around Dm600 million (Ecu300m). Second, they don't have to engage the government along a broad front: given their strategic position, they can wreak havoc by guerrilla action.

The underground railway workers can walk out in Munich this week, and in Hamburg next. Striking airport employees need not hit the entire country: crippling Frankfurt airport would immobilise air traffic in all Germany, and much of Europe. Such tactics, pin-pointing nerve centres, are frugal with strike funds while throwing spanners into the works of the entire economy.

The verdict of a senior German monetary official is not exaggerated, given the country's dominant position in the European economy: "If Germany is not careful now, Europe could be the next sick man in the world." Which

may well explain why Genscher chose the first day of the Big Strike to announce his retirement.

Should things go from bad to worse, the Kohl government may end up as chief victim of the crisis. If the last public service strike, 18 years ago, is any guide, the government has to cave in. That will taint Kohl with the stigma of irredeemable weakness, just as was experienced by Willy Brandt in 1974.

So Genscher may well have heeded the saying "Quit while you are ahead". His popularity (he regularly tops the charts) is still unaffected, but there is little to gain between now and 1994, the year of the next national elections. In addition, Germany's perennial foreign minister has lost his classic stage. The Cold War is over and the Soviet Union is no more. While the East-West conflict was still on, Genscher had his role cut out: an ardent "détente first" man who manoeuvred skillfully between the US and the USSR, keeping both at bay and Germany out

of harm's way. But "Genscherism" has lost its rationale and appeal, and Germany has to figure out a new script. And on that stage lurk not laurels but trip wires.

As an almost-great power, Germany is being asked to shoulder more responsibility for world peace. But the idea of sending German soldiers abroad is virtually anathema.

What about Maastricht and a European currency? The Germans worry more about their precious deutschmark than about a perfect union.

What about the rehabilitation of eastern Europe and the former Soviet Union? There is goodwill, but no money. Indeed, the Germans want anything but a Fourth Reich, and the country's basic instincts are turning isolationist.

In such a setting, it is no fun to be at the helm of German foreign policy, especially for a man who has seen and done it all for 18 years.

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