



Volume 10. One Germany in Europe 1989 – 2009

Chancellor Kohl Advocates Efforts to Increase German Competitiveness (March 25, 1993)

In a programmatic speech in the Bundestag, Chancellor Helmut Kohl reflects on the intensification of global economic competition and calls on the country to prune back its extensive welfare system in order to become more competitive in the international arena.

I.

Madam President, ladies and gentlemen, we all experience it daily: We are living in a time of dramatic upheaval. The end of the conflict between East and West opened up new opportunities, but it also brought new risks. Many countries throughout the world are presently redefining their position, their role, and their profile as a location for business and industry. We Germans must do this, too.

We are faced with a double task: We must finish bringing about the inner unity of our fatherland and at the same time – this has always been Germany's policy since the war – we must contribute to the integration of Europe. These two things are inextricably linked.

[. . .]

It is also true that the current recession is leaving its mark here on the territory of the old Federal Republic. Some things are moving more slowly than they did during the last nine years of economic expansion. But there is no doubt that we will successfully meet this challenge. We must act with courage and resolve. The future cannot be won by complaining, not even by complaining to high places.

In an honest and fair discussion of Germany as a location for business and industry, we should admit – not least out of respect for of our compatriots in the new federal states – that many of the Federal Republic's current problems date back to the old Federal Republic, and that we would have had these problems even without German unification.

We are presently in a situation in which we must make long overdue corrections in many areas of the economy and society. I think this is an opportunity that can create a sense of a new beginning. Only when we resolve the problems we have here at home can we reap the benefits of the changes occurring in Europe and the world.

(interjection from the SPD)

– I'd like to address your interjection. I'm not assigning any blame in any of the matters I'm about to discuss; rather, I just want to say objectively, these are things –

(laughter from the SPD; interjection from the SPD: In that case, you'd have to blame yourself, too!)

– Ladies and gentlemen, on the basis of individual examples, you will soon see that neither you nor we can exculpate ourselves. Rather, what we need now – that is what I'm calling for – is a calm discussion about this: What is the next step? When I mention individual examples, I could immediately indicate the part the Social Democrats had in them in those years. But that won't help at all today.

(interjection by Bundestag member Anke Fuchs of Cologne [SPD])

– I spoke of a discussion. That's what I'm calling for.

The fact is, year after year, attractive new business locations are springing up, both within and beyond the EC, and they are competing with each other for investments and jobs. We now have to cope with these changes. We have to make up for things that were neglected in past years.

After a long discussion, the federal cabinet decided that the federal government – the preliminary work will be done by the Federal Minister of Economics – will come up with a draft that we want to introduce for discussion in the Bundestag in September. I expect this discussion to be a fruitful and lively debate about the future of our country, and by that I mean long-term future.

The aim of such a stocktaking must be to propose new approaches to finding solutions, to talk about the need to rethink things and to initiate action. From my perspective, this also doubles as an invitation to all social groups in our country to participate in this discussion by submitting their own proposals. Everyone is called upon: political parties, trade unions, business, associations, churches, whoever can and wishes to participate. I would like to add that all those who pay homage to the current zeitgeist by focusing their criticisms above all on the parties are particularly welcome to bring new ideas to the discussion.

The data and the facts are known. But we must continually repeat them, so that we know where we need to start. We are now a country with ever younger pensioners and ever older students. Our competitiveness is being jeopardized by ever shorter working lifespans and work weeks and ever longer vacations. These are the simple facts.

As much as I – like you – wish to see all of us enjoy our leisure time, it is also true that a successful industrial nation cannot be organized as a collective amusement park. Beyond all party differences, we also know that the vast majority of our citizens have long since realized this. They are willing to accept the necessary changes. We must ask in politics, in professional associations, and everywhere, if we can afford to fight old battles for vested rights and claims, since they are no longer part of today's reality.

No matter who represents the interests of a group – that is legitimate, and I certainly will not submit to the hypocrisy of criticizing interest groups – they need to know that priorities must be redefined, that our habits need to be changed, that demands need to be cut back. By no means does this mean that our quality of life will suffer. Everyone knows that quality of life does not depend solely on whether the work week has 35, 36, or 40 hours.

(interjection from the SPD)

– I don't know why you won't listen to this calmly. You know this is how it is. If you were asked about these issues, then you'd have to say the very same thing in any meeting of your constituents.

It's okay for us to have different opinions on this matter. Because of the significance of these issues, however, I ask only that over the course of the year – this is not an election year – we take time to discuss this, among other issues (of which there are plenty and we can argue enough about them), and that we determine the main tasks for the future and the conclusions will we draw from them.

More than twenty percent of the total population in Germany is already over sixty years of age. The number of people over 85 will grow to 1.5 million by the year 2000. This development had an impact on old-age provisions, and we responded with the 1992 Pension Reform Act – that was also the result of joint efforts.

Another consequence of demographic developments – and I will say this cautiously since it is contested not least in economic circles – is the growing number of long-term care patients. Here, the need to do something is very obvious.

(applause among CDU/CSU Bundestag members – Hans-Günther Toetemeyer [SPD]: What caused that?)

– What do you want? I have announced that we will address this during this legislative period. We're doing it.

(Hans-Günther Toetemeyer [SPD]: When?)

– I said in this legislative period. Of course I stand by our word. But I also said that it cannot mean a greater burden on the economy. Your heckling doesn't impress me. You had more than enough time to do it.

(Wilhelm Schmidt of Salzgitter [SPD]: But so did you!)

– You did nothing between 1969 and 1982, although the demographic figures were the same as they are now. Ladies and gentlemen, any stocktaking must also include an account of the state of our educational system. Here, I would sincerely request that the discussion in Germany not be carried out in a manner that suggests that our federal structure forbids us from addressing this subject at the federal level because, as the argument goes, it is supposedly the responsibility of the federal states. Education and vocational training is a responsibility of the state as a whole, no matter how the constitution might distribute specific powers.

You and I also know that the issue of education and training is decisive for the future. Education and educational policy – I must add that immediately – should not be viewed solely in terms of economic benefit. In particular, education is tasked with forming personalities and expanding people's intellectual horizons. Of course, it is also tasked with providing vocational qualifications.

If we take stock of this field in an objective manner – and I hope that you will at least agree with doing that – then we need to admit to misguided developments in the educational system. They include the imbalance between the various levels of education, the increased length of professional training, and the obvious shortcomings in educational effectiveness.

(Peter Conradi [SPD]: And the privatization of television!)

– What do you have against privatization in this context?

(interjection from the SPD: Who makes the television programs?)

– I can only say that I would have nothing against it, respected colleague, if you, for instance, were to open a private university in Stuttgart like the one in Witten-Herdecke. You are free to be as bold as you want to be.

We all know that acquired qualifications are becoming outdated faster and faster. This is why we need a more intelligent structuring of both the length of study and the curriculum within the framework of lifelong learning.

It is simply unacceptable that institutions of higher learning can no longer fulfill their teaching and research responsibilities because of growing overcrowding, while the dual education system continues to lose its significance, and while, year after year, more than 100,000 apprenticeships remain unfilled in the old federal states.

It also cannot be right when college students exceed apprentices in ever greater numbers. Of course, it is difficult to draw comparisons because we all know that higher education lasts longer than an apprenticeship. But when there are 1.8 million college students and only 1.6 million apprentices, then we have to stop and think. This figure should convince everyone that something needs to be done.

Here in Germany we allow extremely long training periods for young college graduates – extraordinarily long when compared with our neighbors in the EC, Europe, and the United States – and this considerably diminishes the opportunities for young Germans in the future European Union.

On average, 27 percent of college students leave school without a degree, in some departments up to fifty percent. For me, this is not primarily a question of money; rather the problem is that these young people have a depressing experience and squander their best years of learning in this way.

In a Europe that is growing together, young Germans must remain competitive with their peers in other countries. That is why education is a matter for the state as a whole, with all due respect for the federative division of competencies.

I would like to deliberately broach a subject that is generally avoided, namely, the question of performance and effectiveness in the area of higher education. This is usually discussed only with regard to the students. I think that effectively streamlining the course of study must be one joint goal of any comprehensive reform. But I [also] think that reviewing faculty performance at German institutions of higher education must also be part of this reform.

In other countries – for example, in the U.S., but not only in the U.S. – faculty assessments always include student evaluations and thus take a professor's pedagogical skills into account as well.

Of course, I also know that such examples cannot be automatically transferred to Germany, since there are two different systems in the United States, private universities and taxpayer-supported state schools.

Nevertheless, I am convinced that it has also become necessary here to introduce comparative performance evaluations of university professors and of universities themselves. It is unacceptable that comparable university departments, within a single federal state, have totally disparate graduation times – and this, in turn, has nothing to do with the party of the state government. It must be possible to bring the issue of achievement evaluation, also in this area, into the public discussion.

In this context, I would like to turn to another item that has been on the agenda for ten years but hasn't really gotten anywhere under the leadership of any of the major political parties, and that is the question of shortening the length of study at *Gymnasium* [college-preparatory secondary school] from nine years to eight. A decision is long overdue.

The standard in the new federal states is eight years. Naturally, they will not change this. In the end, no one has been able to explain to me – not even my respected Bavarian friends – why someone needs nine years at a *Gymnasium* in Freilassing but only eight years at the Academic *Gymnasium* in Salzburg [Austria] only 20 kilometers away. I think the decision is also long overdue.

Ladies and gentlemen, I have mentioned some of the pressing subjects in this field. I intend to invite all those who are responsible for and interested in education policy from the federal and state governments, research organizations, business, unions, and political parties to a conference this fall – hopefully, a well-prepared one – on the future of the education system.

The prerequisite, however – and only when this condition is met will I issue such an invitation – is the existence of some chance to achieve actual, concrete results. This sort of discussion would miss the mark – let me begin by saying this – if it dealt solely and exclusively with financial matters. What we need is far more than financing for institutions. We need a comprehensive consensus on all essential points concerning education and vocational training. We can only maintain our top position in international competition if qualified employees are working with state-of-the-art equipment. The observations that I was able to make, even as a layperson, at the CeBIT trade fair in Hannover offer further confirmation of this appraisal.

Modern, high-quality machinery is expensive. And if it keeps getting more expensive, then it must be used optimally. It is no longer tenable that machine operating hours in German companies are shorter than elsewhere in the EC.

I am absolutely convinced that it should be possible to entirely abandon the all too rigid working-hours regulations, which not only do not pay off economically, but also prevent people from discovering additional opportunities for development and greater space for maneuver. In this area, as with working lifespans, we must break new ground. Demographic developments are forcing us to do this.

Here, too, I see great opportunities for older workers. I am certain that it would be beneficial to workers' quality of life if a gradual transition into retirement became the standard alternative to the usual abrupt departure from working life.

Whoever wishes to work longer should be able to do so, and it should be worth it. We have created the prerequisites for this with the 1992 pension reform. In connection with the overarching subject of "Germany's future," we now have to make the necessary decisions together.

Ladies and gentlemen, as an export country, Germany needs top performance in research and development as a necessary foundation for prosperity, social security, employment, and growth.

We still occupy a top position in a whole host of important areas – and this is also part of the big picture, and we need to reiterate it now and then since there are some people out there who speak only of shortcomings. But it is alarming to see that more and more research capabilities for future technologies, in genetic engineering, for example, are being outsourced because all of the regulations and bureaucracy here slow down progress.

I would like to add what is, for me, an essential point. Our philosophy is not: everything that is technologically possible should be implemented and morally permissible. This principle must also be self-evident.

But it cannot be that products and production processes are increasingly caught up in an ever more impenetrable chaos of licensing procedures and compatibility tests.

Over the past forty years, we have accumulated a lot of baggage that is weighing us down on our path to the future. Among the many opportunities that accompany German unification, I perceive a great chance to carry out a kind of overall revision in order to streamline bureaucracy, simplify processes, and accelerate authorization procedures. I would like to remind anyone who is not willing to accept this sentence that the reconstruction of the 1950s could not have taken place with the sheer number of regulations we have today.

(applause by the CDU/CSU and the FDP—Wilhelm Schmidt of Salzgitter [SPD]: Then do it already!)

[. . .]

Source: Helmut Kohl, “Der Solidaripakt als Grundlage für die Sicherung des Standortes Deutschland” [“Chancellor Helmut Kohl on the Solidarity Pact as the Foundation for Securing Germany as a Location for Business and Industry”], *Bundestagsprotokolle* (March 25, 1993).

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