

German Industrial SMEs Push Back On The Country's Economic Policies

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Jim Vinoski in conversation with Andrea Thoma-Böck, President and initiator of the IZW – Initiative Zukunft Wirtschaft Deutschland e.V.

A consortium of German manufacturing SMEs has mobilized in attempt to prod the nation's policymakers to do a major course correction. The Initiative Zukunft Wirtschaft Deutschland e.V. (Initiative for the Future Economy of Germany), was formed in 2023 and is led by Andrea Thoma-Böck, its founder and president. IZW is a nonpartisan nationwide foundation calling for improvements to the country's economic policies, focused especially on the needs of small to medium-sized enterprises and family-owned businesses.



Andrea Thoma-Böck, founder and president of The Initiative Zukunft Wirtschaft Deutschland e.V. – Image courtesy Andrea Thoma-Böck



The Volkswagen factory in Dresden, Germany, is one of the potential casualties of ongoing deindustrialization due to the country's economic conditions. The company now says it won't close, but it is looking at "alternative options" for its future. (Photo credit: JEAN-CHRISTOPHE VERHAEGEN/AFP via Getty Images) AFP via Getty Images

Thoma-Böck is managing partner at Thoma Metallveredelung GmbH, which employs about 130 people in Heimertingen, putting her on the front lines of the SME challenges. The company specializes in galvanic metal coatings and is a pioneer in environmentally friendly galvanizing technology.

1. What are your concerns about current German policies and their effects on industry and the economy?

The current economic crisis has moved on from German industry to almost all areas of life in Germany. For industry and craft businesses, it is mainly high energy prices, availability of raw materials, lack of skilled workers, excessive bureaucracy and micromanagement by German and European regulatory authorities that are stifling companies. Normal entrepreneurial activity is hardly possible anymore.

2. What are the primary causes of the problems?

First and foremost ideology is increasingly dominating the political context, i.e. political convictions are placed above facts and therefore above reality. Actual consequences of political decisions are largely ignored and, where possible, only data that could still fit one's own expectations are taken into account.

"What should not be, cannot be!"

The lack of relevant competences in politics adds dramatically to the problem. Hardly any of the leading politicians and ministers have ever worked in a private business under market conditions, some do not even have any professional training. It is now taking its toll that for years political positions were almost exclusively filled by party members, completely regardless of their professional qualifications. How can it be that an economics minister has virtually no economic experience or knowledge? Or that a foreign minister has no diplomatic background? The consequences are obvious and have plunged Germany into a deep structural crisis. It is highly questionable how the current situation can be overcome if we continue with this type of politicians.

3. Are the problems caused primarily by the German government, the EU, or both?

Both! And sometimes the origin of the problem cannot even be clearly identified. European law takes precedence over national law. Legislative initiatives at the European level are usually launched by the Commission. For example, the Green Deal, which was unilaterally announced by the President of the European Commission, is a playground for ideology-based positions which could not be upheld if contrasted with reality. The structure of German representation in European bodies enables national authorities to feed their convictions directly into the European decision-making process in order to be forced to implement or even over-implement them after decision on European level into national law as indisputable and unavoidable acts of European legislation.

But, of course, there are also wrongdoings of purely German origin. The energy transition is the best example of where all neighbouring countries, Europe and the world as a whole only smile at us with pity or are now even openly opposed to us. Because the ideologically intended, hasty and immature transformation towards renewable energies in Germany is now affecting many other countries in the European Union. The fact that they are considering ending or at least limiting cooperation on energy issues with Germany is more than understandable. It is inevitable.

What solutions do you propose?

It is not possible to present all the details here. However, it is important to recognise that we do not have individual, stand-alone problems and challenges, but that all issues are interconnected. This is obvious in the case of finances. But the possibility of implementing technical innovations across the board will also depend on the availability of skilled workers. This in turn depends on demographics. At the same time, their additional training leads to shortages in other areas, etc. However, there are some fundamental aspects where "something has to change so that the situation as a whole can improve!"

- **The key selection criteria for decision-makers must be professional competence! Reality must come before ideology again. That does not mean that you have to abandon all your objectives. However, you have to focus on what is feasible, not just on what is desirable or dreamed of.**
- **The state must return to its position as a guarantor of suitable framework conditions. It should not be an entrepreneur, but rather create a framework enabling entrepreneurship, value creation and prosperity.**
- **Like every company and every citizen, the government and its various administrations must handle finances more carefully. Before incurring new debt, it must be clarified whether there are any unnecessary expenses. And abusing government liabilities for consumer spending - as happens regularly - is usually a waste of money. Money that belongs to the taxpayer and must not become a gadget for ideology-prone politicians.**
- **In general, bureaucracy must be reduced. Every draft legislative act, every regulation and every related decision must be presented with an impact assessment assessing both main intended results as well as side effects to be expected. If the results do not materialize or side effects (collateral damage) are disproportionately high, it must be withdrawn. For example, we have a tremendous reporting obligation - in many cases you really wonder what these reports could possibly be good for.**

As I said, such enumeration can be as long and detailed as you wish. This much can be said: Tinkering with symptoms and escaping into unrelated battlefields must urgently give way to a targeted, competency-, knowledge- and fact-based sustainable policy.

5. Are the solutions likely to be adopted by the current government?

That is the big question. It should be clear how great the challenges and needs are for the next government. If you consider that a large proportion of political actors and public administration have been jointly responsible for the current situation for many years, you may have doubts. If you look at possible future government coalitions based on the current opinion polls, the doubts are likely to grow even more. In addition, various views are stigmatized and almost no party can discuss them. I think this situation is a very bad starting point for change.

But perhaps we just need to change our perspective. Instead of demanding immediate, comprehensive changes, perhaps we need to proceed more cautiously. Perhaps politicians should seek neutral advice, make slow progress in all areas, assess what has been achieved objectively, and be more self-critical. In this way we can move forward step by step, focusing on what is feasible while taking into account things that cannot be avoided.



To begin with, only a few things would be necessary, things that are actually self-evident: More expertise in the political decision-making process, turning away from alarmism and dogmatism, and open, solution-oriented discussion of all proposals; and last but not least, a return to real democracy based on the constitution, not democracy based on the understanding of individuals, or else individual parties and their programs.

One can only hope that the majority of voters will make the right decision in the forthcoming federal elections. Otherwise, things could get even worse.

6. Are the solutions likely to be adopted by any possible future governing coalition?

This is not an easy question to answer with regard to Germany. It is not currently being discussed in detail. As already mentioned, some positions are stigmatized; advocating them quickly puts those who stand for them in unwanted and often inappropriate political "corners". We have reached the point where correct statements might become wrong just because the supposedly wrong person could also uphold them.

As long as this situation remains, where actions and decisions are made based rather on conviction, ideas and stigmatism, but not on objective criteria and facts, no change is to be expected.

Is there anything else we should know?

Just three quotes that everyone should take to heart:

“The economy is not an objective in itself, but without a proper economic base, nothing can be achieved at all” and

"Anyone who wants to transform must ensure that the person being transformed survives the transformation."

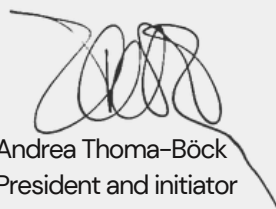
"Doing the same thing over and over again and hoping for new results every time is the definition of madness."

In this sense, we can only continue to fight for an improvement in the future. The IZW is contributing as much as it can – perhaps someone in politics will be listening after all.

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Thank you very much for the interview, Jim Vinoski.



Andrea Thoma-Böck
President and initiator
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