

## Agenda 2030



The coalition government in Germany cannot produce a figure akin to Gerhard Schröder. Yet the economic situation bears striking similarities to the time when the now disgraced former chancellor introduced what were, by German standards, radical reforms in employment, taxation, financial markets, and pensions.

Under the name 'Agenda 2010', the then Social Democratic-Green coalition managed to reverse two years of chaos and set a pro-business course, from which Mrs. Merkel, who had limited economic expertise, subsequently reaped significant benefits.

Following years of decline, the Federal Republic of Germany is once again viewed as the 'sick man of Europe'. The economic contraction, desired by some left-green circles, has led to uncomfortable consequences. The established political system has become destabilized due to a series of misguided policy decisions. Clear parliamentary majorities are increasingly rare. Industrial production has been in steady decline for years, insolvencies are rising, and both business relocation and emigration are common. Simultaneously, tax revenues continue to grow, the national budget is reaching unprecedent-

ed levels, and national debt is soaring. The state is subsidizing favored industries with vast sums. Even the labor market is showing signs of weakness, although more workers are retiring than entering the labor market. The immigration and emigration balance is also unfavorable.

Despite these developments, it appears that the government has yet to fully comprehend the depth of the crisis. The 'camera-loving' climate protection minister rarely misses an opportunity, during his frequent trips and appearances, to extol the virtues of his 'energy transformation'. Foreign Minister Baerbock, ever eager to travel, consistently represents Germany's national interest in crisis regions, issuing warnings and calls for action. However, she has largely abandoned the 'feminist foreign policy' once central to her mission. Meanwhile, the Chancellor lays foundations for state-

subsidized semiconductor plants in East Germany and offers token handouts to shipyard workers in Papenburg. What is missing from the leadership is the willingness to confront reality and address the structural problems in Germany. The state-owned Deutsche Bahn, which has become a subject of ridicule even abroad since the European Football Championship, is emblematic of this decline.

Overall, it is evident that the significantly expanded German public sector of recent decades is no longer fit for purpose. The challenge of our time, therefore, is to streamline the state, focus on essential functions, and improve efficiency.

Tax law must be substantially simplified. It is unacceptable that taxpayers today have to wait years for processing and refunds.

In employment law, we must reconsider dismissal protection and co-determination rights, both of which have become significant barriers to investment. In the area of the financial market, after five widely missed decades, a path must finally be taken to give the population a broad participation in the world's productive capital. Shares and equity funds are the way forward. The abolition of a public holiday, particularly as most citizens no longer hold strong religious ties, may also be necessary. Additionally, ministries in Berlin should be consolidated. For example, the Development Aid and Construction Ministries could be merged into a depart-

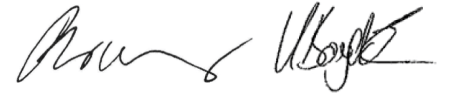
ment within the Ministry of Economics. Numerous other constructive proposals could be easily envisioned.

New priorities should also be set. Why not establish a Ministry for Prosperity? And what if a permanent representative of the taxpayers were installed at the cabinet table?

Wishful thinking? Probably. But without a genuine change in direction – perhaps under the title 'Agenda 2030' – Germany's slide into diminished prosperity will continue.

Sincerely yours,

Fund managers and co-investors



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This text was originally published in German.

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