

Speech by President of the IHK Düsseldorf

Andreas Schmitz

2025 New Year's Reception

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(The spoken word counts.)

Ladies and gentlemen,

Thank you to the 'Swinging Funfares'! 'Allez, Allez, Allez – Stadt mit D' set the perfect tone for the year ahead of us.

Ladies and gentlemen, I'd like to warmly welcome all of you – and I do mean ALL of you – to our 2025 IHK annual reception. And even though the new year is already nearly two weeks old, I would still like to take this opportunity to wish you and your families and friends a

healthy, successful and – above all – more peaceful new year in 2025.

Let me begin this year with a quote from Ferdinand Lassalle: ‘All great political action consists in stating that which is. All political narrow-mindedness consists in hushing up and concealing that which is.’

Recent years have ruthlessly laid bare the grand political delusions under which large sections of German society, politics and even business have been living. Russia’s invasion of Ukraine meant the failure of our energy policies, which had made our country dependent on Russian gas. It also meant the failure of our attempt at shuttle diplomacy between Russia and the United States, and of our efforts at rapprochement between

Europe and the former Soviet empire. It was a failure of our defence policy, the primary aim of which was to surround Germany with friends; the establishment of a powerful military was secondary. To date, it has also been a failure of our attempt to position an economically powerful, halfway politically unified and independent Europe between soon-to-be combatants China and the USA. Our politics, which relies on an ever-growing state and swelling government debt to mitigate structural problems rather than tackling them at the root, is another failure. The German approach to the transition to climate neutrality also appears to be a failure. It only leads to a bright future in theory; in practice, it means deindustrialisation. Moving timelines forward and constantly setting unrealistic goals for decarbonisation simply won't get the job done; we need to put proper guardrails in place and trust in the beneficial effects of

free-market competition. And one final failure, at least in my view, is our political firewall. Instead of taking citizens' concerns seriously regarding the state's ability to handle migration issues, this policy has instead concentrated on excluding the AfD, rather than engaging them in discourse on the fundamental questions facing our society. And the result? We may not have talked up the AfD, but our silence has amplified them. Please don't get me wrong: a party that might as well have a scapegoat as its mascot is anything but an 'Alternative for Germany'. But when citizens get the impression that the established parties exist only to defend themselves against populism, those citizens are far more likely to lose trust than regain it. The job of politics and society goes beyond praising our democracy in the abstract; it is also to deliver solutions that bring our democracy to life and lend it strength, even in turbulent times.

And as though all these failures weren't enough, now our government has failed, as well. The dream of the self-proclaimed 'coalition for progress' was a brief one. The dream that this coalition might live up to its responsibilities reached its climax when Chancellor Scholz stood up before the German parliament and declared a 'historical turning point'. But as the Gospel of John says, 'let us not love in word or in tongue, but in deed and in truth.' Or to put it another way, actions speak louder than words.

[Brief pause]

There has never been a strategy for restarting a country that has had its system of coordinates shifted essentially overnight. Germany's traffic light coalition was more like

a bargain bin, and those supposed bargains will ultimately end up costing the German public dearly.

However, it is also true that many of these issues are the legacy of Angela Merkel and the governments she previously led. She presided over an economic boom, a golden age, despite the fact that her economic policies were relatively unambitious.

At this point, I want to emphasise that many of the aforementioned issues did not just play out at the federal level; they were also part of state and municipal politics. This includes everything from the impact phasing out coal had on North Rhine-Westphalia to how municipal structures financed the costs of migration and integration. In that sense, I am pleased to have Deputy

Minister-President and State Minister for Economics
Mona Neubaur, Mayor Dr Stephan Keller and District
Administrator Thomas Hendele here as our guests
today. I'm sure they will address many aspects of my
analysis, although it's possible that our political
assessments will be quite different. But that's
democracy, and that's as it should be!

Let me first say to Stephan Keller: you have achieved so
much within the last year, even if one or two issues, such
as the cleanliness of the city or the growing shortage of
housing, are still awaiting a solution. As for the title
bestowed on the city last week, 'the traffic-jam capital of
Germany', I wouldn't worry about it too much. Just keep
focussing on improving the city's transport infrastructure.
Personally, I think our dysfunctional federal capital is
more deserving of the title anyway. But despite

potentially record-breaking business tax revenue – or perhaps because of it – I can't refrain from calling on you to implement saving measures. I'm sure all of you expected this from me; I'm as predictable as Cato in that regard. So this year, I have to say again: 'Good times are when budgets get ruined'. The latest demands from Deutscher Beamtenbund and Verdi – which, in my opinion, are behind the times – already serve as the proverbial writing on the wall.

And if I can just briefly take a moment here to express my hopes for Thomas Hendele: I hope that for the remainder of your term, you continue to manage Kreis Mettmann as you have for the last 25 years – guiding it through a difficult budgetary situation with a steady hand, despite increasingly choppy waters.

But back to the subject at hand: I don't think anyone would seriously dispute the fact that our country is trapped in a cycle of stagnation and is in desperate need of fresh inspiration.

We can compare the situation in Germany to a stall: a phenomenon that pilots fear above all else. A stall causes a sudden reduction in lift, and unless a pilot takes appropriate countermeasures, the plane will lose altitude and ultimately crash. The German economy has been hit particularly hard by this stall. After an incredibly long upswing, we have suddenly lost the wind beneath our wings.

But what are the appropriate countermeasures in this situation? We need a radical realignment of German

economic policy and government spending – nothing more and nothing less. No real work has been done on reforming these areas since Gerhard Schröder was voted out of office in September 2005. No one dared to align expenditures with revenues, or to align the extensive range of societal demands with the limited economic options. Only by focusing on increasing investment in defence, education, environmental protection and infrastructure can Germany once again become an attractive location for business, kick-start growth and restore the competitiveness of its economy. And let's not delude ourselves: the problems confronting us are enormous. We will need to address multiple issues simultaneously, because outside of our German bubble, structural changes are underway – and to date, the German economy has very little to offer in response to the reversal of globalisation and the new technological

challenges we face. Germany's business model, driven in large part by a proud tradition of artful engineering, often reaches its limits when presented with the complications of the modern digital age. If I were trying to be provocative, I might say: the Germans invented the car in the 19th century, nuclear fission in the 20th century and the 'Bürgergeld' basic income scheme in the 21st century. Companies' gross value has been declining for a number of years, as has the number of hours worked by each employee, and business investments have decreased accordingly. These developments speak volumes.

If we want to be able to finance a government budget focussed on investment, all government expenditures that are not a priority will have to be scaled back. Social benefits have to be put to the test using performance-

based factors, and individual effort has to be rewarded more generously.

And not to put too fine a point on it, but subsidies need to take a back seat here. Subsidies that certain sections of the German economy absolutely crave. Yes, even the foot soldiers of the free-market economy are happy to come to the government cap in hand, begging bowl outstretched. While the trifecta of cheap energy, low taxes and reduced bureaucracy some representatives of industry and commerce are calling for might help in the short term, it won't preserve our industry at the scale we know it today. Germany won't survive as an industrial museum, protected by a government preservation order for historical monuments. And specific subsidies – like the ones our current economics minister has offered in

spades – certainly won't create sustainable economic structures.

If Germany is going to be a success story ever again, we need to take further steps towards a supply-oriented energy policy, and we have to be open to new technologies such as artificial intelligence; they can improve productivity within the government and companies by leaps and bounds. On top of that, given the demographic shift in our society, increased immigration of qualified workers and longer working hours for each employee should stabilise the labour supply. And with a stronger domestic market, new trade agreements and improved defence capabilities, we should be better positioned to weather changes in the geopolitical situation. Improved defence capabilities, in particular, will require investing more in the German

armed forces and less in the German welfare state. A further component of a successful agenda for growth would be a tax system that reduces the financial burden on work and investment in equal measure, while more heavily taxing consumption and the acquisition of property.

And last, but definitely not least, we need to radically slash bureaucracy. This will require more than just the lip service we've had in the past, as well. Rather than passing new laws, the new German parliament should spend at least four weeks per year dealing solely with the laws and regulations that can be eliminated or at least simplified.

But the question remains: what do we do about the debt brake? This institutionalised parsimony has always been a thorn in the side for some. In the ongoing election campaign, opponents of the debt brake are now pushing an 'economic programme' that essentially amounts to a licence to incur debt without worrying about how it will be paid off. Those on the other side of the debate are proponents of doing things by the book – despite the fact that Germany has the lowest debt-to-GDP ratio among major western nations, at 62 per cent, this side believes these overwhelming debts make the government incapable of functioning properly.

Personally, I believe the debt brake is more than an end in itself, particularly when there are multiple crises putting our future viability at stake. But it forces us to set priorities, which doesn't go hand in hand with the big

promises of planned economies. Conversely, I think it's a good idea to put the debt brake to the test in order to create an extensive restructuring plan for Germany.

However, temporarily relaxing the debt brake will require strict guardrails so that funds only flow to productive sectors such as infrastructure or research and education. We also need to invest in security, given the radically different external threats we now face, as well as the additional domestic risks posed by political radicalism and religious fanaticism. It's such a paradox: if we relax the debt brake, we'll have to become skilled in the art of saying no. But even if this relaxation is only temporary, we will have to consider our partners in the eurozone. If we suspend the debt brake indefinitely or even eliminate it entirely, it would be like a desperate Germany placing its last chips on the table. However, I fear that here, too – as so often happens in Germany –

we will discuss the subject to death, going around in circles until everyone is in a foul mood.

The ongoing battle against climate change is a necessity. But we can only win this battle if we can present the world with a convincing example of how to lead an economy out of the fossil-fuel age – in terms of technology, innovation and, above all, economics. But quite frankly, given the approach we're taking in Germany, I don't think we'll see a green economic miracle; rather, there is a risk that we will simply outsource our industrial emissions to other countries – along with our value creation. When it comes to tackling climate change, most of us are already on the same page about the end goal, so there's no need for further moralising. But we do have to keep a sharper eye on the

fact that the environment can't invalidate the laws of economics.

These issues will be a litmus test, not only for the new German government, but for all political actors in Germany. What we don't need are more exhausting debates, or more of the same well-worn analyses. We need courageous decisions about the direction we will take in the future. An inability to compromise and a slight penchant for dogmatism remain our worst problems at the moment. But only if we are prepared to question our existing thought patterns and stop issuing wildlife protection orders for our sacred cows can Germany generate the impetus it so sorely needs. 'Kill your darlings', or as Franz Josef Strauß put it: 'Everybody's darling is everybody's fool'.

Subsidies are no remedy for energy and economic policies that will lead to shortages. The policies need to change. The hollowing-out of immigration law cannot be countered with pithy statements and pointless knife bans. The rule of law must be restored. We need an Agenda 2030/2035 to serve as a real road map, to motivate Germany's citizens and its economy, and to restore trust in our country. Germany needs a government with big strategic ideas – and the courage to implement them. This government will have to deliver pragmatism and unflinching realpolitik, and to be brave enough to bolster the market and our freedoms. All of this will take time, much of it will be unpopular, and the headwinds will be intense. But the alternative – a continuation of short-sighted policies that provide short-term benefits to voters – would be fatal. We're talking about a long-term change of direction to benefit the

country. That's what the parties from the middle of our political spectrum have to deliver to their citizens.

Friedrich Nietzsche once said: 'Paths are made by walking. If you don't want something, you find excuses. If you want something, you find a way.'

One man who has found his path is Donald Trump, the soon-to-be leader of the so-called free world. A free world increasingly overwhelmed by its own fears.

Everyone claims to understand Trump – the good sides and the bad. Trump is now more than a mere accident of history. And everything the Republican says and does is part of an absurd personality show, made all the more compelling by its very absurdity. He makes everyone else look like a background player. However, many

people also view Trump as the most sensitive seismograph of our age, because he recognised the radical sea change in industrialised western societies earlier than others. While he horrified elite circles with his aggressive proposals for combatting migration during the 2016 presidential campaign, Angela Merkel was, at the same time, preaching her 'culture of welcome', for which she was celebrated as the new leader of the free world.

Today, Germany has once again instituted controls along its borders with neighbouring countries, and Italy plans to build camps in Albania. Nothing embodies this sea change more than the announcement by Poland's Prime Minister Tusk that his country will suspend the right to asylum if the situation requires it. Tusk, of all people – the great hope of liberal democrats – is planning a

change of course that would have resulted in Brussels tarring and feathering his right-wing nationalist predecessor.

Consequently, solving the problem of uncontrolled migration should be at the top of the priority list for the new German government as well. Many people perceive the government's insufficient attempts to combat illegal migration and the rising levels of criminality among foreigners as a sign that the rule of law has failed.

If political parties want to stem the tide of voters drifting to ideological extremes, they need to start by tackling precisely these issues. Here, too, respect begins with listening. Listening, for instance, to people who feel like foreigners in their own country as a result of the newly multicultural society created by waves of immigration. However, it also requires respect for our rule of law. The

rule of law isn't a suggestion for every citizen or immigrant to do with as they wish. Only a strong institutional framework supported by a strong civil society can safeguard our prosperity over the long term. Wealthy and defenceless is a dangerous combination.

But if we want to have an honest conversation about borders and migration, we also have to admit that Germany needs migration and that our society will continue to change significantly. The desire by some to return to an idealised garden-gnome utopia isn't just unrealistic; it would be fatal for our economy, labour market and social system.

In fact, the opposite of limitless diversity isn't dreary narrow-mindedness; it is plurality, bounded by a set of

binding norms. There is a stark difference here; in this plurality, it is not possible for any minority group to live out its own values and rules unimpeded and without regard for others. Allowing this to happen is a misinterpretation of the concept of tolerance, not an essential feature of our democracy. And this is something our public service broadcasters could stand to point out more clearly.

When I look at our region and the specific work carried out by the IHK, I can see numerous examples of the analysis I've laid out here. Traditional vocational education has been stagnant for years, despite our massive shortage of skilled workers, because young people are less interested in vocational education, and changing demographics mean that there are fewer school-leavers available overall. At the IHKs, we have

responded to this situation by getting involved in careers counselling and brokering apprenticeships. By providing entry-level vocational qualifications, part-time training, external exams and skills assessments, we help people from immigrant backgrounds and people without school-leaving certificates obtain vocational qualifications that are IHK-certified, allowing them to participate in the labour market. But when you realise that 50,000 pupils leave school in Germany every year without a certificate, it becomes obvious that this situation cannot be allowed to continue. We simply can't afford it – not on this scale. Once again, the IHKs are acting as a repair service for an underperforming school system.

The IHK provides its member companies with a range of projects and initiatives to help them find, retain and develop talent. However, what I personally think is

missing from the discussion on securing skilled workers is a societal conversation about labour capacity. In my estimate, we need to start working more again, and possibly also longer, at least if we are physically able to do so. Naturally, that leads us to the discussion on work-life balance and the retirement age, but no ideas should be off the table here either.

Now, in the ninth year of my term, I'm glad to be the president of an efficient Chamber of Industry and Commerce that responds to the latest developments, expresses the interests of its member companies in political discussion processes and acts as a dependable service provider for a range of industries. We are aware that some aspects of our work could stand to be more digital, but we're on the right track. That's why, on behalf of all our member companies, I'd like to take this

opportunity to thank the entire IHK team for their dedication and professionalism this past year.

Now, let's turn our attention to international and European politics, and with that, we come to today's guest speaker.

In my view, the new and former American president is acting as a catalyst, propelling us towards a multipolar world. And if Europe intends to play a role in that world, it needs to get a move on. The way Europe's situation has developed reminds me of that frog sitting languidly in a pot of water as it slowly begins to boil. At the moment, major political forces are passing over the Old World like an exquisite antiques market, as Europe has essentially withdrawn itself from the world stage and retreated into a

negligible role. Our continent is so preoccupied with its own narcissism and internal moralising that it is marginalising itself and removing itself from the playing field. In an increasingly turbulent world shaped by autocratic power politics, we are voluntarily pillorying ourselves, believing we should shoulder sole responsibility for the world's ills.

These days, it's easy to look down on America from Europe with a sense of moral superiority. But the USA has just elected itself a government that will have more clout than many would like to admit. The situation was already completely clear on election night. In Europe, on the other hand, we are seeing the spread of a plague: elections aren't delivering clear decisions the way they should if they followed the democratic script. There are

no majorities, coalition talks are complicated – and incongruous partners in government are the result.

The return of power politics also affects the economy. Global trade is becoming political. And Europe has to respond. But we can't respond the way we've always done in the past, with comprehensive industrial policies that saw funds flowing freely; instead, we need smart, targeted interventions that will make the European economy more secure and robust. Furthermore, we will have to implement a dynamic approach to competition policy, as well as a sandbox regulation that gives young companies a chance to grow, rather than stifling new ideas with regulations right from the start. What we also need is a strategy on moving forward with our transatlantic partnership. If East and West decide to implement policies that prioritise the expensive process

of economic decoupling, then they need to at least take advantage of the benefits of international specialisation and the relatively free flow of trade in order to come out on top of the global competition. A trade agreement that strengthens transatlantic economic relations – unhealthy chlorinated American chicken aside – wouldn't be a threat. It would be an insurance policy against the loss of prosperity, especially considering that the necessary groundwork was already laid long ago. It would be a single market of democratic forces, so to speak.

Ladies and gentlemen, it is now my pleasure and my honour to welcome Xavier Bettel, the Grand Duchy of Luxembourg's Minister for Foreign and European Affairs, Defence, Development Cooperation and Foreign Trade.

Minister Bettel, you hold a position of responsibility in a nation surrounded by three other countries whose governments rule without a majority: France, where the fourth government of 2024 was sworn in shortly before Christmas; Germany, which is currently in the midst of an early election campaign; and Belgium, which has essentially had an acting government for years. Who could be better placed than you to provide us with an in-depth assessment of Europe's foreign and security policy? Of course, we are also interested in your external perspective on the political situation in Germany, as well as what you would like to see from the new German government.

Ladies and gentlemen, my speech may have been somewhat downbeat at points, but personally, I am cautiously optimistic about 2025. The experience of

change and loss is nothing new. The future, ladies and gentlemen, does not belong to those lost in nostalgia, and neither to those predicting the apocalypse. It belongs to those willing to tackle real-world problems and convince others to join them in that work, without constant moralising and warning or populist rabble-rousing. The latest statements from the parties involved in the Ukraine war – including the new US president – give us cause to hope that we may see an end to the fighting, at least. The violent conflict in the Middle East, too, will hopefully come to an end, as Israel has achieved almost all of its military aims, and the strength of the regime in Tehran is increasingly depleted. Even from the Trump camp, we have recently seen the first signs of detente in terms of trade policy. The new German government – as long as it is made up of parties from the centre of the political spectrum – will also see

the writing on the wall. It will make fundamental and groundbreaking decisions about Germany's future direction in terms of competitiveness and migration. In that sense, let's shift gears, from fear to curiosity.

Because the suffering we experience in transience can sometimes be a sign that the present is improving.

I would like to close my speech with a line from Winston Churchill that is so witty, it's practically Rhenish.

'The pessimist sees difficulty in every opportunity. The optimist sees opportunity in every difficulty.'

Let's be optimists. Thank you!