

## Inaugural speech by Björn Peters as the new Chairman of the Board of the German Employers' Association e.V.

*Wiesbaden, 14 August 2024*

Ladies and Gentlemen,

On 9 July 2024, I was elected 1st Chairman of the German Employers' Association by the General Assembly. I ran for this honorary position because I am convinced that the association is needed more than ever. It is also an honorary position in the literal sense of the word, because it offers an opportunity to continue a 76-year tradition of commitment to the social market economy.

Why is this so important?

While there have been more and more politicians over the past few decades who have been talking about the social market economy but have actually undermined it instead of developing it into the 21st century through the concept of sustainability, today our entire Western social model is under attack from within and without. I would like to explain this.

Why we are fighting for the social market economy

The social market economy is often described as a middle way between Manchester capitalism and socialism. However, capitalism is underestimated. After the introduction of capitalism by Sweden in the 13th century, but especially since the Dutch adopted it in the early 17th century, the per capita income of the population rose sharply. The poorest people in particular benefited from this, as they were able to earn a living.

Before the advent of capitalism, most people in the world lived in extreme poverty - in 1820, the rate was 90 per cent. Today, it has fallen below 9 per cent. The remarkable thing: In recent decades, since the end of the socialist planned economy in China and other countries, the decline in poverty has accelerated more rapidly than at any previous stage in human history. In 1981, the rate was still at 42.7 per cent, by 2000 it had already fallen to 27.8 per cent and today it stands at 8.5 per cent.

The fact that it took a very long time in the 19th century for the plight of the labour force to be alleviated is often blamed on non-functioning capitalism. In fact, the opposite is true: it took a century before the inefficiencies of feudalism could be overcome. At the turn of the century, things began to take a steep upward turn, incomes of all sections of the population grew rapidly during the Gründerzeit, and in 1908 the German economy overtook the British economy, which had been the leader up to that point.

Capitalism triumphed after the Second World War because the social market economy of our founders Alfred Müller-Armack and Walter Eucken combined capitalism with Catholic social teaching. "Prosperity for all" was not just a fancy book title, but was implemented step by step by Ludwig Erhard.

In contrast to how this is understood today, for Erhard the market economy as such was "social" - regardless of subsequent redistribution efforts, which he was sceptical about. According to Erhard, it was much easier "to grant each individual a larger slice of an ever-growing cake than to wear oneself out in battles over the distribution of the proceeds and thereby allow oneself to be pushed off the only fruitful path of increasing the national product". The more successful economic policy is, the more social policy in the old sense becomes dispensable.

As a physicist, this makes perfect sense to me. The distribution of wealth is always a power law. If everyone is better off, then the poorest fifth benefits the most! That's why social envy is so stupid and unnecessary.

In the 1970s, the social concept was perverted. Help in emergencies became a self-evident right towards the general public. Today, the social welfare system generates a fabulous 1,200 billion euros a year, and the trend is continuing upwards.

The fact that it was not recognised in time that there can either be a welfare state or open borders, but not both together, is now taking its revenge: Half of the citizen's allowance payments go to recipients who were not born in Germany. In addition, the pension gap is widening from year to year and must be plugged by tax subsidies.

Energy policy also causes costs of well over 100 billion euros per year. The bet on weather-dependent energies is technically successful, but economically it also leads to energy costs that are around 4-5 times higher in the long term than countries that do without an energy transition or implement it with nuclear power.

But no civilisation can function without affordable energy. It is unforgivable that we are pursuing an energy policy based on the "youth research" strategy.

At the same time, we are de-carbonising industry through an unworldly climate policy and increasing regulatory density. The German economy is being strangled by tens of thousands of laws and regulations.

Whether the economy and society will survive these challenges is by no means a foregone conclusion. It may already be too late to save Germany from a crash. We will only know in a few years' time. Only one thing is certain: if we do not bring about a renaissance of Western values and the social market economy, no one else will either. Our responsibility lies in the here and now.

### Socialism and corporatism blur personal responsibility

The motto of the German Employers' Association is "I am responsible for my own life". In the social market economy, entrepreneurs shoulder responsibility for the economic well-being of a country. They are liable for any damage they cause, but if they are successful, they also receive an attractive wage for their work.

Both socialism and corporatism undermine this responsibility. Firstly, socialism, which today rarely takes the classic form of demanding the expropriation and nationalisation of productive capital. The state can also increasingly restrict the entrepreneur's power of disposal over productive capital through ever more extensive bureaucratic regulations, right up to the war economy of a national-socialist character, as recently demanded by the prophets of shrinkage. Entrepreneurs may still formally be owners,

but in reality they are increasingly becoming agents of state activity: in a market economy, companies and ultimately consumers decide what is produced. In the modern form of a planned economy, politicians and civil servants decide. The ban on the registration of new combustion engines in the EU from 2035 is one example. Property owners are also increasingly becoming mere administrators, as the state sets the rent level or specifies the scope and timing of refurbishment. We are in the middle of the process that Ludwig von Mises called the "intervention spiral".

On the other hand, responsibility is also undermined by corporatism. In English, the term "crony capitalism" has become established for this, i.e. a tacit, "chummy" agreement between entrepreneurs and politicians, who together ensure that profits are privatised and losses socialised. This is why the English term is misleading: such behaviour, mostly by employed managers, has nothing to do with capitalism, which is based on liability and personal responsibility - most recently exemplified in the financial crisis. At that time, banks had used their room for manoeuvre negligently and were on the brink of destruction; only massive use of taxpayers' money was able to save many institutions from going under.

Corporatism is therefore also a form of socialism. It is therefore important to realise that corruption is promoted because the state is too strong. Corporatism as a form of corruption contradicts the principles of the social market economy.

Both socialism and corporatism can be countered by a lean state that, apart from the core issues of justice, internal and external security, foreign relations, infrastructure and economic order, perhaps also education and research, is not concerned with anything else.

That is why we are making it our goal to develop ideas on how we can **halve** the **state quota**.

Wokeism is eroding Western values from within

In recent years, a wave has swept from the USA via England to Germany, which is called "woke". In fact, this is an ideology that is oblivious to history and wants to turn back crucial Western values to times before Christianity.

The decisive factor here is that the woks reintroduce the appalling categorisation of people into race, class and gender. In other words, they do not categorise people as individuals, but as members of a group, of which the "better" enjoy victim status and the "worse" are automatically perpetrators.

This attempts to reverse one of the two essential achievements of Christianity. Jesus Christ not only brought about the separation of church and state - which will be discussed later - but also proclaimed the equality of man before God. This was such a powerful idea that it contributed significantly to the spread of Christianity.

Those who are "woke" today are trying to abolish this equality before God, which has since developed into equality before the law. Quotas for women in privileged positions have long been an outgrowth of this thinking in our country too.

But the "woks" go even further. For example, they want to persuade us that there are countless genders, but that gender is just a social construct, a fluid act of will that must be respected.

It is also remarkable that the Woken say that our wealth was only created by exploiting the colonies. This confused idea reveals considerable gaps in knowledge and errors in reasoning.

The argument that capitalism is based on colonialism is also invalidated by the fact that leading colonial powers developed worse economically than Sweden, Denmark and Austria, for example, which had hardly any colonial possessions. The original leading nations of Great Britain, the Netherlands and France fell behind in relative terms in the second half of the 19th century. Portugal and Spain, the first imperialist powers with colonies from Mexico to Macau, were the poorest in Western Europe at the time of the emergence of capitalism.

To use the language of the anti-capitalist critics of colonialism, North America and the United States were not "perpetrators", but were initially themselves among the victims of colonialism. Their own colonial activities played a completely subordinate role for the USA and its economic development. And even if there is a lot of talk today about Germany's colonial past, the fact that Germany's colonial endeavours since the 1880s have been of little economic significance speaks against emphasising colonialism as the root of capitalism.

Germany only had colonies until 1918. Before that, Germany derived hardly any net benefit from the colonies, but invested large sums in the local infrastructure and sent linguists to the colonies to record and write down the language of the Neolithic inhabitants. Kaiser Wilhelm II once complained about the high costs incurred by the colonies for the construction of railway lines and roads. However, Germany was able to afford them thanks to an enormous economic boom.

Secondly, the basic socialist fallacy that the economy is a zero-sum game resonates with the Woken: I am rich because you are poor, and vice versa. In fact, as already mentioned, wealth is distributed according to a power law. More rich people therefore always means that the poor are better off. At least if there is a right to property and freedom of contract, then everyone benefits from prosperity. But this is neither the goal of feudal rulers nor of socialists. It is our obligation.

The zero-sum belief is the basis of all socialist ideas of redistribution. Berthold Brecht formulated this thinking classically in his poem "Alfabet":

"Rich man and poor man  
stood there and looked at each other,  
and the poor man says pale:  
If I wasn't poor, you wouldn't be rich."

This is how many "intellectuals" imagine economic life. The rich countries must give the poor countries some of their wealth and the rich people must give the poor. In their view, it is only due to the selfishness and lack of goodwill of the rich if there are still so many poor people. In fact, in earlier societies, wealth was often based on robbery - some people enriched themselves at the expense of others. The market system works completely differently. It is based on the fact that those who satisfy the needs of as many consumers as possible become rich. That is the logic of the market.

Incidentally, this zero-sum thinking is also the basis of envy. We live in an envious society. Every day, politicians call for higher taxes and urge that "the rich should finally do their bit". As if they weren't already doing so! The 1% of the highest earners, and I hope we have some of them in this room, pay 22% of income tax.

The historian and sociologist Rainer Zitelmann has compared how widespread social envy is on the basis of comprehensive opinion polls in 13 countries. The result: only the French are more envious than we Germans, while in our neighbouring country Poland, for example, envy is much less pronounced.

Thirdly, the colonial era has been over for four to five generations. Even if our ancestors had committed injustice, there is no reason to still feel guilty today. Fourthly, by the way, several of the colonial wars that Germany is accused of were wars against slave owners and their allies. Like other colonial powers of the time, Germany also tried to actively combat the slave trade, which was mostly in Arab hands and still exists there in isolated cases today. We can even be proud of this today.

The only way to combat "woke" is to become aware again of the achievements of the Christian-Jewish West. For a long time, these were so self-evident that we didn't have to worry about them. They were simply there, like the air we breathe.

There are reasons why Western society has such a strong appeal to people all over the world. In order for us to live up to this charisma, we must once again focus on our key strengths: Equality before the law, the rule of law, freedom, scientific rigour, strong state institutions, culture, participation, personal responsibility. It is worth reappropriating these strengths and fighting for them.

### Islamism destroys Western achievements

When demonstrators march through the streets of Hamburg and Essen demanding the introduction of a caliphate, this is no small matter. A caliphate is a theocracy headed by a leader who alone can decipher the will of God. We only know of god-kings from early history: the pagan emperors of Rome were gods, as were the ancient Oriental and Egyptian rulers. In its early days, Islam replaced these god-emperors with religious leaders who were also supposed to regulate worldly affairs. In essence, however, it remained the case that the political leader was also the religious leader and vice versa.

Christianity, on the other hand, had favoured the separation of church and state from the very beginning. Jesus Christ said: "Render unto Caesar the things that are Caesar's, and unto God the things that are God's." When Pope John XII attempted to rise to the position of secular leader in 964, a tiara with donkey ears was placed on his head and he was removed from office for insanity.

So the radical Islamists are seriously in favour of an ancient form of government to solve the challenges of the 21st century. One could smile about this if demographics were not so strongly in favour of Muslims. Muslim women give birth to more children in Germany than "bio-Germans", so Muslims could become the majority in Germany before the end of this century and first take over power democratically in order to then introduce a totalitarian system of rule like in Iran.

Such a system of rule would be the end of civilisation. Our civilisation in the West had a highly innovative Middle Ages, without which neither the Renaissance, nor the Enlightenment and mechanisation, nor the lifting of almost all people worldwide out of abject poverty would have been possible. Islam only had all of this in its early days and therefore came to a standstill in its development from around the year 1400.

In the first half of the last millennium, the West developed achievements that unfortunately few people are aware of. Instead, the Middle Ages were denounced as "dark". Immanuel Kant in particular played a major role here.

But back to the innovations of the Western Middle Ages. Firstly, there were institutions: The king was not only as powerful as his arm could reach, but based his claim to rule on the institution of kingship.

Secondly, the Inquisition created a judicial process from the Roman precursors of the legal system in which all sides had their say.

Thirdly, the preoccupation with the biblically proclaimed end times led to the exact observation of nature, without which the modern natural sciences could not have developed.

Fourthly, precise thinking first had to develop. Charlemagne had encouraged this by ordering all his bishops and counts to set up free Latin schools for gifted boys and girls (!). Charlemagne had recognised that the prevailing Gothic language of the time was not complex enough for thinking complex thoughts. As a result, Latin became the language of the educated throughout Europe. However, it was only centuries later that the scholastics developed the precision of thought that was decisive for Europe's rise to world power.

Fifthly, but certainly not conclusively, polyphony developed from monophonic monk chant, where several vocal or instrumental voices make music with and against each other on an equal footing. Western music is the only music that has developed complex harmonies.

Islam knows none of this. As a result, there could not have been a technological and scientific revolution under Islam as there has been since the 18th century. Radical Islamists are unlikely to think about where smartphones and cars will come from in the caliphate once all Western values have been destroyed.

In enlightened Muslim societies such as the United Arab Emirates, by the way, these connections are well known. And we should always be aware that the first generation of Muslim immigrants deliberately left pre-medieval societies because they aspired to the individual freedoms of Western societies. In these immigrants we have allies against radical Islamisation, and with them we should set about negotiating a new '*Contract Social*' based on Western values and preserving them for future generations. A study of the achievements of Christianity, the Middle Ages and the early modern period is an indispensable prerequisite for this.

A new renaissance of the West is needed

At the German Employers' Federation, we have been committed to the social market economy since 1948. In the past decade, we have also incorporated the idea of sustainability and respect for planetary boundaries into the concept of the social market economy. As a result, we have presented the first contributions to Ecological Realism, which is a technological and political strategy to enable all people worldwide to live in prosperity and in an intact environment.

The core idea of ecological realism can be summarised simply: The overriding humanitarian goal must be to enable all people in the world to live in prosperity. To ensure that this does not go beyond the planetary boundaries, we must search for technologies for the production of food, raw materials and energy that are compact, circular and cost-effective. Then these technologies will take off on the market and the goal of global prosperity can be achieved.

Today, we must define the goal more broadly. It is about protecting not only the economy and the environment, but also society from its enemies and bringing about a renaissance of the Western Christian value system.

Let us reiterate: our economy and our society are under attack by socialism, corporatism, wokeism and Islamism. It takes all our strength to fend off these attacks and avert the end of modern civilisation.

We will be launching a number of initiatives to this end. The aim is to learn what the Western value system is all about, to change what needs to work better and to network with many fellow campaigners throughout Europe in order to create political majorities that make an occidental renaissance possible.

We invite you to join us. We welcome suggestions, cooperation and donations for our activities. Thank you for your attention!