II. ‘CO_2 Reduction is Mass Murder’

Mandatory Sustainability Standards: The Final Assault on the German *Mittelstand*

by Rainer Apel

Sept. 20—The *Mittelstand*, the 300,000 highly productive, mostly family-owned small and medium sized firms in Germany, is a core feature of that nation’s industrial productivity. Often the source of just a few specialized products, these firms are mostly export-oriented and maintain a cutting-edge technical know-how unmatched anywhere else in the world. Machines, machine parts and machine tools produced by Germany’s *Mittelstand* have had their biggest markets in the developed industrial economies, particularly in Europe, the United States, Russia, India and China. Many countries would see much of their industrial sectors collapse without machines from Germany. This is because of the precision, reliability, and long-term maintenance guarantee that are associated with “Made in Germany” quality.

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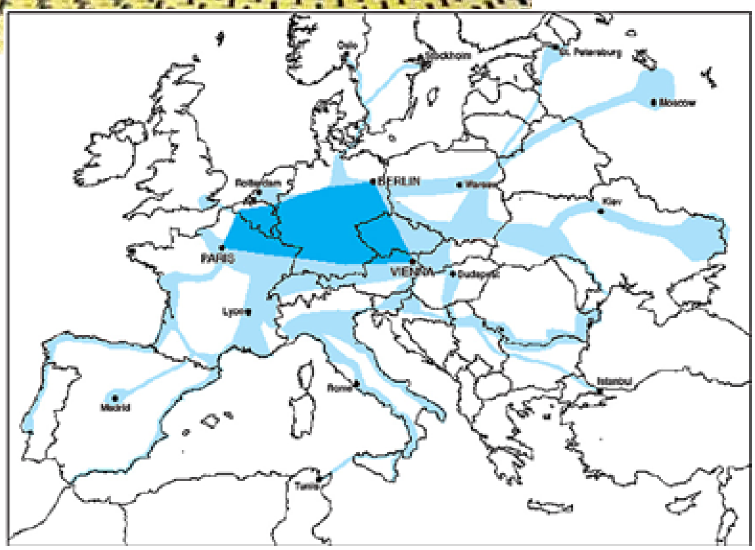
Germany is a world leader in high-precision manufacturing. Shown is a Grenzebach flat glass producing plant.



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Paris-Berlin-Vienna Productive Triangle and its spiral arms of development.

It is because of this, that Lyndon H. LaRouche at the end of the 1980s presented his “Productive Triangle” program, calling for significant improvements in industry within the triangle formed by the cities of Berlin, Paris and Vienna, encompassing a geographical area home to most of the productive *Mittelstand* firms in Europe. LaRouche asserted that without these firms playing a leading role, the development of the rest of Eurasia would be impossible, and this has also been the assessment of the geopolitical enemies of such a development, the monetarists of the trans-Atlantic system who use every trick in their books and their control of key institutions like the European Commission to sabotage the outreach of the *Mittelstand* to the East.

After decades of being hamstrung by a flood of regulations from the European Commission, most productive *Mittelstand* entrepreneurs in Germany have reached the conclusion that most of the EU bureaucracy and its "experts" are incompetent and almost totally divorced from any understanding of economic reality. But these entrepreneurs have had great difficulty recognizing that there is a method behind this incompetence. The motive driving all of these excessive regulations is to open up Europe to cheap imports from other parts of the world. The EU has made production costly, thereby discouraging entrepreneurs from continuing production, while at the same time severing lines of credit.

Protecting the Predators

For many years, the EU financial market regulations were directed at protecting the very large, internationally active "systemic" private banks while dismantling the credit lines offered by savings and community banks, particularly to companies of the small and medium-sized productive industrial sector.

This EU campaign has not been totally successful, which explains the July attack by the International Monetary Fund on the family-owned companies in Germany, portraying them as the cause of all major problems. As a central institution of the trans-Atlantic monetarist system, the IMF profoundly dislikes the fact that productive *Mittelstand* firms in Germany which have done well—especially when actively engaged in China's Belt and Road strategy—re-invest their profits back into their own machinery and production, instead of depositing this money at the banks.

The other offensive of the EU Commission is their attempt to impose regulations going far beyond the Corporate Social Responsibility (CSR) index of late 2017 which obliges companies with more than 500 employees to report regularly on the social side of their activities. That index had already incorporated ecologist ideas and policies.

The EU's planned expansion of regulations will not only make reporting on "sustainability" standards mandatory, but will also extend that mandatory reporting to the small and medium-sized companies, and, furthermore, will prohibit banks and other financial institutions from issuing loans for investments and projects rated as "unsustainable," according to a long list worked out by the EU experts. There are two groups of experts: the Green Bond Standard Subgroup of the Technical Expert group, and the subgroup "Taxonomy, Technical Report," which are preparing the ratings standards for future bank loans.

These and other, related activities are coordinated by the High-Level Expert Group (HLEG), also known as "task force on green financing." The work done by the experts was originally scheduled to become legislation before the May 2019 elections for European Parliament, but fortunately got postponed until June, and then until sometime in the autumn of 2019, or maybe the spring of 2020.

This legislative package must be stopped, because it will declare most of the *Mittelstand* producers and products "unsustainable," putting those companies on a blacklist, not fundable by bank loans. Only companies with products labeled "sustainable" can hope to receive bank loans, and only, if at all, after long bureaucratic procedures and intense studies of thick manuals defining what can be viewed as "sustainable." Real economic activity would come to a standstill, particularly if production costs were disproportionally high—which is the new normal in Germany. Electricity prices have risen drastically because of the priority the German government has given to "renewable" energy sources like solar, wind, and biomass.

The advantage of such dangerous nonsense for the private banks is that trillions of euros would be held by the banks instead of being invested in productive industry and infrastructure. The "systemic" banks would then offer loans only for highly select categories of unproductive "green investments," thereby complying with the planned EU regulations.

No Reliable Power Supply, No Production

The prelude to the "green investment" campaign in Germany was the 2011 government decree calling for an exit from nuclear power by 2022 and replacing that loss of power generation with energy from so-called "renewable" sources such as solar, wind, and biomass. The shutting down of nuclear power plants has not only created a "renewables" sector that depends on state subsidies of 25 billion euros annually, but has also made

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The cooling tower of the former experimental sodium-cooled fast breeder reactor near Kalkar, Germany. The site has been repurposed to an amusement park known as Wunderland Kalkar.

electricity costs for industry twice as high as those in neighboring France.

The early 2019 government decree to exit from coal-fired electricity by 2035-2038, combined with the exit from nuclear power, will, if not reversed, make electricity unaffordable for German industry. At present, the remaining nuclear power capacity and the coal-powered sector account for about 50% of the German energy supply. If that were shut down and replaced by inefficient and unreliable power from weather-dependent solar panels and wind parks, industrial production in Germany would no longer be possible.

The expansion of the unpredictable, unreliable supply of electricity from solar and wind would inevitably lead to frequent blackouts. Production processes in the chemical and plastics industries, but also in many other industries, cannot tolerate even temporary interruption of their power inputs. Such interruptions would damage production machinery and necessitate repairs lasting at least several days—if such repairs were feasible at all.

This is a threat to the existence of large industrial companies, but also to the hundreds of thousands of small and medium-sized companies in Germany, many of which are "hidden world champions" because they produce machines or parts that are unmatched on a global scale in terms of efficiency, precision and life expectancy.

Germany's current energy policy is all the more

Public Domain

Above, a typical wind turbine installation in Germany. Right, the world's largest solar panel array, in Freising, Germany.

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insane, as other countries in Europe that have also subscribed to the "sustainability" perspective, are not exiting from nuclear power, and are instead considering building new nuclear power plants.

The government of Finland insists, with the explicit support of its Green Alliance coalition partner, that the current, 30% share of nuclear energy in the national power mix must be maintained. The government of Poland just recently announced plans to expand its nuclear power sector to a capacity of 60 gigawatts by 2043, with nuclear power replacing the coal plants that now generate most of Poland's power. The government of Bulgaria has just announced its intent to complete its nuclear power project at Belene, after having halted construction in 2012. It is expected that the contract will be awarded before the end of this year. Germany has seven nuclear reactors left; France still has 50.

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Diesel and gasoline powered cars and trucks are slated for elimination to meet zero CO_2 and NO emission standards. Shown is the Wolfsburg, Germany Volkswagen factory, the world's largest manufacturing plant.

Attack on the Automobile Sector, the Centerpiece of German Industry

Years of ecologist campaigns against driving and producing automobiles, particularly on the issue of carbon dioxide and nitrogen oxide emissions, have contributed to a substantial drop in car sales in Germany. Legal cases, launched by such organizations as Deutsche Umwelthilfe (German Environment Aid, DUH), have triggered a wave of inner-city bans of diesel-powered cars in the heavily populated urban regions—often enforced by rulings of local courts.

Parallel massive propaganda for e-cars has contributed to a collapse in the market for diesel cars and also to declining sales of traditional gasoline cars. In July, domestic car sales by Volkswagen, the leading car manufacturer in Germany, were 6.3% lower than in the same month the previous year. The campaign for e-cars is all the more absurd, as neither a realistic perspective for building a national grid of battery charging stations exists, nor does a realistic perspective for having the required power capacities available in an era of "renewables," in which solar and wind will have to compensate for the loss of nuclear and coal which today still provide 45% of Germany's power needs.

The attack against the automobile sector hits at the centerpiece of German industry: automobile manufacturing absorbs the greatest quantity of steel and plastics of any industrial sector. About 20% of the national machine-building sector supplies the automobile sector. And 70% of all cars produced in Germany are exported, accounting for one-third of annual exports and supporting 700,000 jobs.

Germany's railway grid has been drastically thinned out during the past three decades, especially in the countryside. Therefore, the personal mobility, especially for the large number of daily commuters between the big cities and the regions surrounding them, depends on cars. But, for radical ecologists that hate industrial civilization, cars are the enemy.

Therefore it is fitting that the Extinction Rebellion (XR)—the direct-action movement that likes to blockade roads, railway tracks, bridges and industrial facilities—began its attack on Frankfurt's annual International Automobile Exhibition (IAA), the world's largest car show, on September 14. *Deutsche Welle* reported that protestors "were thrilled with the turnout, as cyclists brought traffic to a crawl on several major motorways as they made their way to the IAA protest." CNN reported the head of another "climate action" group extolling the willingness of protestors to "to take part in a civil disobedience campaign and put their bodies in the way of the powerful auto industry."