Germany's Supply Chain Law: Exact Opposite of What It Pretends To Be

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By now, one has to wonder not only here, but also in neighboring and even distant countries: why are decisions made on the boards of large companies in Germany all the time, that harm our own economy? Years ago, it was the nuclear industry; and now, along with the coal and steel sector, it's especially the automotive industry which is sawing away on the branch it sits on, and forcing the many branches of the middle class to ruin.

It is particularly noticeable that this systematic economic self-destruction is staged as a moral masquerade which is unparalleled in history. Nowhere can this hypocrisy be better demonstrated than with the "Supply Chain Due Diligence Act," passed by the Bundestag on June 25, 2021. In what follows it will be shown not only that the assertion of a moral purpose is quite unjustified, but that this law is unfortunately a continuation—yes, even an expansion, of the unfortunate "Washington Consensus," which for decades has ensured that the industrialization of developing countries was prevented.

Dr. Gerd Müller, who by his own account has been committed to it for years, is the outgoing Federal Minister for Economic Cooperation and Development, and the future head of the UN Organization for Industrial Development. He says the following on his homepage:

> Many of our daily products come from developing countries: coffee, cocoa, or cotton. Our cell phones and computers only work with cobalt from Africa. But at the beginning of the supply chain the conditions are still unbelievable: forced labor and starvation wages are omnipresent in many places. We must help to finally overcome these abuses. To begin with, global supply chains must comply with minimum ecological and social standards that already exist in Europe, which we have taken for granted for a long time.

After the law was passed, a great weight was lifted from his heart, because:

> This law will give millions of children and families in developing countries a better chance in life and better prospects for the future. The EU should now make the German regulation the basis for a proposal for the protection of human rights in all European supply chains.

Wikimedia Commons/Steffen Prößdorf

On June 25 the Bundestag passed the Supply Chain Due Diligence Act, continuing the destruction of both Germany and developing countries.

The same Gerd Müller stated almost exactly a year earlier—on May 27, 2020—in a hearing in the Bundestag on this same planned supply chain law, the following:

> If everyone wanted to live, work, and consume

as we do, then we would need three Earths, and since it is clear to everyone that three Earths do not exist, that is why the motto must be: Rethink. Even after the crisis we should not be going back to a normalization of globalization, as we had it before, with everything further, faster and more. We need a global *Energiewende* ["energy transition," the failed German policy of eliminating nuclear energy in favor of "renewables"—ed.], and Brussels must contribute to this.

When every African household and every Indian household has access to electricity based on coal—and that's the planning at the moment—that means an additional thousand coal-fired power plants. And therefore, I propose a European-African New Deal for climate and energy policy. We need a global energy transition.

EU/Mario Salerno

Gerhard "Gerd" Müller, outgoing Federal Minister for Economic Cooperation and Development.

Anyone who can still think clearly will immediately perceive the blatant contradiction between moral bluster and real-life impotence. How is the situation in the developing countries supposed to be finally improved, when we are about to cast the minimum standard for a secure electricity supply *in Europe* into the wind, with the EU Green Deal? And at the same time, we announce that we are about to deny altogether the use of electricity generated from fossil sources to the developing countries?

For these reasons, the German Ministry for Disaster Control has issued a cookbook with the title *Cooking Without Electricity*, prepared for German households—please, what does that mean for households in Africa or India?

And these plans are already underway. The *Frankfurter Allgemeine Zeitung* of Aug. 4, 2021 reports, under the heading "Banks want to pull the plug on coal-fired power plants in Asia," on the plans of the Asian Development Bank (ADB). The ADB, whose largest shareholders are the Americans and Japanese, is cited in the article with a clear prediction:

The ADB will not finance coal extraction or exploration for oil and gas and their extraction. ADB will not finance coal-fired power plants. ADB will not invest in the modernization of coal-fired power plants to extend their lifespan, except when these power plants can be converted to clean fuels such as gas or renewable energies.

What's going on here? To come back to the initial question: who are the climate idols of the Green Deal? Who sets the tone on the boards of internationally organized corporations, and what do they have to do with the so-called supply chain law?

Moral Responsibility?

The "minimum standards" to be striven for, of which Gerd Müller speaks, were undoubtedly achieved in European history through industrial progress, and serve therefore as a valid role model, desirable for the rest of the world. But, as the minister said in the above-quoted interview, this model is now no longer conceivable for developing countries, because this can no longer be expected of the planet. Green ideologues want now, instead, to introduce a "moral label" in the form of a law, which expressly prohibits this kind of development and aims at something completely different. The German Bundestag passed that law on June 25, 2021. Here are some features of it.

The following applies to all larger companies based in Germany:

- from 2023 on, to companies with more than 3000 employees in Germany (there are around 600 of these)
- from 2024 on, to companies with more than 1000 employees in Germany (that's around 2,900 companies)

The law also applies to foreign companies, provided they have the specified number of workers employed on German soil. But since smaller companies are also part of the supply chain for their major customers, these smaller companies are also supposed to adopt these rules.

The law covers the following areas:

- Integrity of life and health;
- Freedom from slavery and forced labor;
- Protection of children and freedom from child labor;
- Freedom of association and the right to collective bargaining;
- Protection from torture;
- Prohibition of disregarding nationally applicable occupational health and safety laws;
- Compliance with the minimum wage regulation;
- Prohibition of unequal treatment and discrimination against employees;
- Prohibition of unlawful deprivation of land, forests, and water;
- Environmental obligations to protect health;
- Ban on the export of hazardous waste.

Not a single one of these welcome goals could even come close to being achieved with the Green Deal. So, it's about something completely different.

WEF/Benedikt von Loebell

WEF/Walter Duerst

Fanatic militants of Malthusianism (left to right): Mark Carney, Greta Thunberg, and H.R.H. Charles, Prince of Wales.

The Davos Forum and the Dream of World Government

Keep in mind who was on stage with Klaus Schwab at the beginning of this year's World Economic Forum meeting in Davos, Switzerland, which proclaimed a new era with the exotic names "Great Reset," "Green Deal," and "stakeholder capitalism": First and foremost the financial moguls, then the grandees of the European Union, UN activists like Mark Carney, HRH Prince Charles, and loads of board representatives from large-scale industry, insurance companies and international consulting firms.

One can understand the often inexplicable decisions of this alliance of financial concerns and multinational corporations only if one knows that with the abolition of the Bretton Woods system in 1971, a historic turning point occurred that is entering its final phase today. With this event, Richard Nixon's presidency gave the financial sector priority, and targeted at the same time the containment of real economic growth. Malthusian fanaticism was part of this idea: That the industrialization of developing countries and continued population growth must be prevented at all costs, because the white elite of the West regarded the raw materials in Africa and elsewhere as an integral part of their security interests.[1]

With increasing deregulation and the consequent strengthening of the financial markets, measures were gradually taken which deliberately created the term "dematerialized growth," particularly in order to bring the big corporations on board with this course.

A key project was the Carbon Disclosure Project, which, as the name suggests, is aimed at the decarbonization of the economy. The founder of this project, Paul Dickinson, gave *Gartner Magazine* a very insightful interview in 2001 that explains the whole strategy. In it he describes that even before the year 2000, he had the idea of using the globalized power of money at the service of the green ideology. In the interview he says:

> The largest fund managers own more than 60% of all companies worldwide. So if they act together could they instruct them to reduce emissions worldwide. That was our original idea.... Of course we need growth, but we're going to dematerialize that growth.... Things that can't continue to grow indefinitely include air traffic, the production of physical goods and high carbon services. My favorite example of dematerialization is Apple-iTunes—$10 billion profit,

1. See Henry Kissinger, National Security Study Memorandum 200 (NSSM 200), also known as "the Kissinger paper."

and the product doesn't weigh a single gram. Our economies can grow infinitely, where information, entertainment, communication, science, art, and culture are concerned.

In principle, stakeholder capitalism follows this idea, but it is reinforced by a legal one which anchors the radical Malthusian goal.

The expression "stakeholder capitalism" is chosen in such a way that each person is free to imagine what it means, but the actual purpose is not well understood. This real purpose is the long-antiquated Malthusianism, named after that of the British East India Company-sponsored Parson Malthus (1766-1834), who 200 years ago was already of the opinion that our planet can only carry and feed a very limited number of people, and an advancement of humanity as a whole therefore cannot be allowed. However, representatives of the Club of Rome still cling, today, to this long-refuted and doomed idea.

With the supply chain law, a much more stringent and globally organized form of "dematerialized growth" is intended to curb population growth and the consumption of raw materials. Paul Dickinson's favorite dematerialized product, an electronic part that weighs a few grams, requires few raw materials, and brings in a lot of money, was a thing of yesterday. The new dematerialized favorite products from Schwab and Co. are CO_2 certificates, green bonds of all shades and, above all, the new "Mr. Clean" label, ESG. Written out, it means, "Environment, Social, and Governance." Another label called CSR is also lucrative. When written out, it means, "Corporate Social Responsibility."

It may sound absurd, but this means nothing more than that the financial sector and multinationals, under the pretend flag of sustainability and human rights, wish to multiply their monetary gains, while entire sectors of the real economy are eliminated because they are no longer suited to the ideologically defined transformation process on the stock exchanges. Areas related to fossil fuels and supplies from developing countries hold the worst cards.

It is interesting that this hypocrisy was already directly formulated in the Schwab book, *COVID-19: The Great Reset,* in the chapter, "Stakeholder Capitalism and ESG." On page 187, that book says: "Companies will not necessarily go along with these demands because they are actually *good*, but because of the costs of not doing it, caused by the wrath of activists, especially investment activists, are too high." [Emphasis in original.]

In the June 2021 edition of the *Handelskammer-journal Deutschland Schweiz* [*Chamber of Commerce Journal for Germany and Switzerland*—ed.] the following appeared:

> The EU would like the financial sector to act even more than before as a lever for transforming companies away from the real economy, among other things with the help of the new taxonomy, which establishes at the European level a generally binding definition of environmentally sustainable investments. The meaning of Environment, Social and Governance aspects—ESG for short—for long-term economic success is expanding noticeably.

Reporting Requirements and 'Virtue' Surveillance

Very few people know that this transformation not only negates market economy criteria, but calls for monitoring systems to be completely open. The federal government-convened Advisory Board for Sustainable Finance had already included an urgent recommendation in its report, *Shifting the Trillions*, published in March 2021, for a general reporting obligation for all companies, and the European Union is working on the submission of a *Europe-wide* supply chain law.

All large international consulting firms such as KPMG, PricewaterhouseCoopers, etc. have long since had digital platforms for surveillance systems on offer. KPMG's says:

> Globalization and digitization as well as the consequences of the pandemic are increasing the dynamism in the environment in which businessmen work today. In addition to the uncertainty that arises here, there are various regulatory measures, as well as the discussion about sustainability under the catch-phrase Environmental. Social and Governance (ESG).... This increases the relevance of corporate governance and espe-

> cially of compliance management. The capital market and other interested individuals expect companies to create structures that ensure demonstrably suitable and effective control and monitoring and, in case of doubt, be able to verify it.... The requirements are the opportunities, to use the change in the market and in competition to build up a competitive lead. It's extremely attractive to organize the existing control and monitoring structure, or in case of doubt a newly created one, not only effectively, but also efficiently.

A "Mr. Clean" label for the entire supply chain is a guarantee for the maximization of financial profits, while the real economy will lose a wide range of medium-sized companies. The Berlin-based company Business Keeper also makes a pitch for its digital, anonymous whistleblowers working within companies:

> We give people who have knowledge of, or information on legally and morally questionable behavior in the economy, state, and society the opportunity to communicate about it without fear of repression. In this way we make a contribution to enabling and promoting virtuous commerce.

It is more than embarrassing that the federal government is once again, in hasty obedience, bringing the demands of the financial sector into legal form so that the way is paved for an EU supply chain law. Before Dr. Gerd Müller actually takes up his planned UN post, he would do well to study Plato's dialogue on Justice, which in better times was common knowledge in Germany. In it the young participants in the discussion come to the conclusion: "The gravest injustice is the one that seems righteous without being so."[2]

'The Worst Law'

An article appeared under this heading, "The Worst Law," in the *Frankfurter Allgemeine Zeitung* of June 12, 2021, after the vote in the Bundestag. The *FAZ* put a very realistic assessment on paper: Industry and trade suspect evil. What is already being celebrated as offering a competitive advantage to multinational corporations, can mean hara-kiri for all manner of medium-sized companies. The fact that this law initially only applies to the great, doesn't mean anything. Its reporting obligations not only apply the "due diligence duty" to one's own company, but also extend it into the factories of one's suppliers from all over the world.

The perfidy of this law is simply that the manufacturing middle class is required to do that for which the Federal government no longer wants to bear responsibility in its foreign policy. Do not forget that the environmental standards and complex regulations that apply to the SMEs of industry were developed over many decades, and moreover, large institutions are co-responsible for compliance with these standards, such as professional associations: TÜV (*Technischer Überwachungsverein*—Technical Inspection Association); Dekra (a European vehicle inspection company founded in Berlin in 1925); and others. The abolition of child labor was a milestone in a development process that made this possible in the first place. The arbitrary bureaucratic demand for these new standards can interrupt entire supply relationships and lead to extinction instead of promoting the development process.

The effort and costs for the required bureaucracy are not only burdensome for the smaller mid-sized German companies; they also cannot contribute even a minimal prospect for improvement in other countries. It is to be feared that entire companies will be forced out of the supply chains of large companies. If a German manufacturer purchases, for example, electrical parts in India, plastic products in Vietnam or textiles in Bangladesh, he usually does not have direct contact with the producer, but rather only with the exporter. Even if he presents the requirements of the Supply Chain Act in the national language of the producer or exporter, it is only written on paper. How production actually takes place on site, whether working hours are adhered to, whether the power supply is right, clean water is delivered, hygiene regulations are observed, and children are not involved—all of this is impossible for the customer to control. The medium-sized company is overwhelmed, gives up and is swallowed up by the group.

Large companies are already demanding compliance with the Supply Chain Act in sales contracts. Through the supervision by international law firms and audit firms, every link of the above-mentioned chain must expect to be held liable for non-compliance and be punished with large fines.

In anticipation of these consequences, a transformation [by acquisitions] is already taking place, especially among the suppliers of the auto industry, where the choicest morsels are often sold off sooner rather than later.

2. Compare the discussion of the "perfectly unjust" and the "perfectly just" in Plato's *Politea* (*Republic*), Book Two.