

## [Studying the Great German Economy](#) [1]

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Gosh, this is just lovely. The Labour Party is going off to study the German economy and try to work out what makes it tick. So that it can be replicated here in the UK.

[Hmm](#) [3].

It argues that strong local and regional banks underwritten by local authorities have been crucial in providing loans to small and medium-sized enterprises, in contrast with the UK where the big four large remote banks have been repeatedly criticised for failing to fund industry.

Strange this: I don't see them mentioning that the German state bailout of the German banks was as, if not even more, expensive than the UK bailout of the UK banks. Nor that the part of the Spanish banking system, the *cajas*, which is falling over right now is in fact that part of it that was "strong local and regional banks underwritten by local authorities". Strange that really.

I also see no mention at all of the two things that have in fact kept the German economy motoring along. The first being a deliberately undervalued exchange rate so as to be able to run a large export surplus. The second being that Germany has just spent a decade deliberately screwing down the wages of the workers in order to further increase that exchange rate undervaluation.

That second not being a policy I'd expect any Labour politician to endorse, of course, but I'll not take their studying Germany seriously until they at least acknowledge that that is what was done.

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### Links:

[1] <http://www.adamsmith.org/blog/economics/studying-the-great-german-economy>

[2] <http://www.adamsmith.org/taxonomy/term/5778>

[3] <http://www.guardian.co.uk/politics/2012/jun/01/labour-policy-chief-germany-inspiration>

[4] [http://disqus.com/?ref\\_noscript](http://disqus.com/?ref_noscript)

[5] <http://disqus.com>