

## Germany's looking to be in trouble and that's bad news ...

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Germany has been the economic powerhouse of Europe for decades. But I am not sure for how much longer.

DeutscheBank is [looking to be in serious financial trouble](#). When a bank admits it is having to write off the value of investments it rarely states the full extent of the problem on the first occasion when it does so. There is speculation that without serious capital injection DeutscheBank may not meet regulatory requirements. No wonder dividends have been cancelled.

VW [is in trouble as well](#). It's admission that senior US staff knew of emissions non-compliance in early 2014 is damning: it has participated in mass fraud since then. Will the company survive that? I am really not sure.

Now two companies in trouble may not be a trend, but these two are iconic German companies that touch a nerve in the national psyche and the international perception of the country. The impact of these problems will be significant, most especially if, as looks likely, [a global downturn is on its way](#). When such things happen the duration of the cycle is at least partly dependent upon the ability of the strongest states to pull through quickly. In this case there may be an economic power vacuum at the heart of Europe with a wounded and down-beat Germany unable to take any lead. And that has implications far beyond its own borders, not least for the survival of the EU itself.