

German unions throw down the gauntlet to big banks

by Rainer Apel

On March 25, something happened in Frankfurt that has never happened before in 50 years of postwar Germany: A huge labor rally protested the leading role that the major banks have taken in promoting the whirlwind of financial speculation at the expense of production and jobs. Thirty thousand angry workers, mainly from the Ruhr region's Thyssen Steel company and other steel and metal producers, but joined by banking employees and others, had gathered in front of the twin towers of the Deutsche Bank headquarters, to demand that the politicians bring the banks under control.

Deutsche Bank, through its London-based daughter company Morgan Grenfell, had tried to stage a hostile takeover of the Thyssen industrial group, in a conspiracy with the investment banks Goldman Sachs and Kleinwort Benson, a London branch of Dresdner Bank. Intended to be carried out through the Krupp-Hoesch steel company (which in spite of its bank debt of DM 3.6 billion, had nevertheless been granted a substantial credit line of up to DM 18 billion, to buy up shares for this takeover adventure), the conspiracy was leaked to the public and to the workers on March 17, and led to instant strike actions at Thyssen Steel. Rumors had it that the takeover would kill at least 30,000 jobs, in both steel firms.

What enraged the workers in a special way, was the fact that Deutsche Bank had representatives on the boards of both Thyssen and Krupp-Hoesch, which added to the takeover scandal the scent of unscrupulous insider operations. Ulrich Cartellieri, Deutsche Bank's man on the Thyssen board, had not attended the last board meeting on March 14, with the excuse of being sick; by this means, he avoided telling the other board members about the takeover plans. There was no intention for the news to get out, since, by its nature, a hostile takeover has to take place totally by surprise.

But the plan for this first-time major takeover in Germany was leaked in the afternoon of March 17, and within hours, the leak provoked the first widespread labor protest against

the role of the banks. The protest began with the workers demanding that Cartellieri resign or be fired from the board of Thyssen, and progressed to strikes by the steelworkers in Duisburg and Dortmund. The demonstrations culminated in the decision to take the protest directly to the doorstep of Deutsche Bank's headquarters in Frankfurt on March 25, where tens of thousands of steelworkers from all over the country gathered. The day before the Frankfurt event, steelworkers staged a "walk" through the banking district of Düsseldorf, throwing peanuts at the gates and windows of the banks, a reference to an outrageous statement by Deutsche Bank Chairman Hilmar Kopper had made at the peak of the Schneider Group real estate default in 1995: Poking derisive fun at the contractors, builders, and construction firms who were demanding their bills be paid, Kopper sarcastically cracked that they were only asking for "peanuts" from a big bank such as Deutsche Bank. Kopper's swipe caused a lot of damage to the bank's reputation.

A test case

Even worse were the remarks made on March 18 by Rolf E. Breuer, another Deutsche Bank board member, that he and his co-thinkers viewed the Thyssen takeover as "a test case" to see whether such huge takeovers, which had occurred "in Great Britain and the United States, are also possible in Germany." Breuer, a leading representative of the new type of "Anglo-German banker" that emerged after the November 1989 assassination of the traditionalist Deutsche Bank chairman Alfred Herrhausen, did not try to conceal at all that he believes that "shareholder values" rank above anything else. The "Anglo-Saxon" values which Breuer represents among bankers, are the same as those held by Krupp-Hoesch chairman Gerhard Cromme, who had been chosen for the Thyssen takeover job.

Nothing can better illustrate how Cromme and his ilk,

among the modern managements of German industry, have decoupled from the genuine interest of Germany as an industrial nation, than the article, which the London *Sunday Times* published on March 23. The full-page article portrayed Cromme as “the dam-buster,” openly endorsed his assault on Thyssen, and was accompanied by a cartoon depicting the famous World War II British bombing of the dams in Germany’s industrial Ruhr region. The bomber bore a logo reading “Cromme Command,” and listed as crew members, “Deutsche Bank, Dresdner Bank, Goldman Sachs.” Referring to the cartoon, the *Sunday Times* gloated: “Just as the Lancaster bombers of the Royal Air Force demolished the Ruhr’s giant dams 54 years ago, so Cromme and his team have emerged as the new dam-busters—blasting a hole in Germany’s postwar industrial consensus, the social market economy. Cromme’s DM 435-a-share offer to Thyssen shareholders is the first such bid ever made in Germany.”

“The importance of this goes well beyond the steel industry,” the *Sunday Times* quoted an unnamed British merchant banker. “It is much more fundamental—it could be a watershed event for Germany. . . . The tactics of Krupp’s Gerhard Cromme mark the failure of the Germany’s social market economy and show it must turn to the British and American model.” Cromme’s “attitude to business was shaped by a period at Harvard Business School,” the article said, adding that “Cromme developed a conviction that, if Germany was to maintain the lofty position that the postwar economic miracle had secured, it would have to adopt some of the Anglo-Saxon ways of doing business.”

Now, the broader German public does not know what the *Times* wrote about Cromme and his backers. But the arrogant statements by Breuer sufficed to make the workers and even some of the media boil over. Just the week before the conspiracy against Thyssen was leaked, several tens of thousands of angry coal miners had marched to Bonn, while, at the same time, several thousand angry construction workers occupied construction sites in Berlin, staging five days of protests against deregulation. As early as March 11, angry miners from Saarland had planned to drive to Frankfurt, to “shovel hot coal on the desks of the bankers there.” This plan was aborted, but was revived in the steelworkers’ Frankfurt rally on March 25. Also unprecedented, on March 21, the prime-time commentary on Germany’s first national TV channel broke the unwritten taboo of never—ever—attacking the major banks, and presented the conflict over Thyssen as taking place between “high finance” and “labor interests.” Other German media also made attacks on the banks, most notably *Bildzeitung*, the nation’s widest-circulation tabloid, which took labor’s side in two major commentaries on March 19 and 20. In the first, Paul C. Martin, a leading banking and investment expert, wrote that “the men at the blast furnaces” were told they are “superfluous . . . because they are standing in the way of what is called shareholder values in contemporary language, or, to put it plainly: the highest-possible value of stocks. In earlier days, they called it maximizing profits.

“All of that looks like a conspiracy, spun out in the back room of some pub. Banks and insurance companies have spun this out. And they proceed with a cold-bloodedness, that makes one shudder. . . . What is threatening the Ruhr region, is not what the heart of German industry, nor Germany for that matter, has deserved,” Martin concluded.

And under the alarming headline, “Republic in Danger!” Peter Boehnisch, *Bildzeitung*’s longtime former editor-in-chief—and before that, in the early 1980s, a government spokesman for Chancellor Helmut Kohl—wrote on March 20: “Stocks are rising, the value of the firm is rising—and the people are thrown into joblessness. And that is a good thing? It is insanity. This has nothing to do with the social market economy.”

“No responsibly-minded employer would polish his corporate logo on the bones of his employees. This crude style at the Rhine and Ruhr is dangerously deadly: The banks, managements, and speculators make profits, and the taxpayers have to take care of those who are thrown out into the streets. . . . If the banks are enforcing this regression into early capitalism, and if our politicians are tolerating this, then the social peace is in danger, and with it, also this republic,” Boehnisch warned.

‘Threat to social peace’

Thus, the ground was well prepared, when metalworkers national chairman Klaus Zwickel gave his keynote to 30,000 protesting workers, directly in front of Deutsche Bank’s gates in Frankfurt, on March 25. That rally, by the way, had not been organized by the metalworkers union, but spontaneously, by the steel union locals of Thyssen and Krupp-Hoesch, which just indicates what could be done, if the metalworkers, with their more than 2.6 million members, were to mobilize for a struggle with the banks and the government.

Zwickel called the banks’ policy a “threat to social peace,” and took the speculators head-on: “Casino capitalism is a threat to the society. . . . Perhaps, Deutsche Bank is giving itself a new corporate slogan, which would read: “The dealers at Deutsche Bank are making society sick.” He said that the power of the banks must be made a priority issue in Germany and Europe, and that what is required is not just fines for violations of insider trading regulations, but “generally, means and ways, by which the banks’ earnings can be taxed and the power of banking reduced. “A tax reform worthy of the name, must not leave gains of speculators and banking profits untouched. That is where one must get the revenue, and not from social welfare recipients and jobless.”

“Frankfurt is not Las Vegas,” Zwickel quipped. “The bandits there are only one-armed.” Designs for a transaction tax against speculators have been discussed among the German labor unions, in recent weeks, providing labor with a new, and more precise weapon in the ongoing mass mobilization against the government’s budget-cutting policy and the social sacrifices that would tag along with the planned European Monetary Union. Having tested its muscles in three nation-

wide mobilizations in two weeks, German labor has built up its combat strength, and is now openly challenging the monetarists. Politics in Germany has reached its “breaking point,” Ursula Engelen-Kefer, deputy secretary general of the German Labor Federation, declared in an interview with the *International Herald Tribune* on March 26. She warned that if the government insisted on going ahead with budget cuts, “then we will increase our protests on a nationwide basis and also on a regional and local level, together with our allies, including the churches, social welfare institutions, and political parties such as the Social Democrats and the Greens.”

It seems that this warning also was heard at Deutsche Bank headquarters: The bankers announced on March 24, on the eve of the Frankfurt steelworkers rally, that they would no longer pursue the original takeover plan, but were opting

for a “friendly” merger. And Ulrich Cartellieri, Deutsche Bank’s man on Thyssen’s board, announced the same day that he would be resigning his seat at the next board meeting on March 27.

The steelworkers hailed these concessions, but also left no doubt, that they do not intend to be fooled about the character of bankers like Breuer, or about their policy. Effective legislation against financial speculation and shareholder excesses, and limitations to the banks’ powers inside industrial companies, are what the steelworkers—and the labor movement in general—are now calling for. This can be achieved, because the political conditions are ripe for such measures. But the next step must be a political mobilization for a reorganization of the banking sector, for a return to the principles of industrial credit, and the creation of jobs.

Civil Rights Movement leaflets labor rally

The Civil Rights Movement-Solidarity, a German party founded by Helga Zepp LaRouche, made a crucial intervention into the steelworkers rally in Frankfurt on March 25, with a leaflet headlined, “What Does the Attack on Thyssen Have to Do with the Murder of Herrhausen?” The text of the leaflet, in translation, follows:

What can move a big bank like Deutsche Bank, to act so fundamentally against the interests of German industry and German workers? The unsolved murder of [Deutsche Bank chairman] Alfred Herrhausen in November 1989 provides the key to this question!

Herrhausen followed an entirely different policy—namely, the economic development of Germany in the tradition of the Kreditanstalt für Wiederaufbau and such bankers as Hermann Josef Abs. Representatives of this school considered it the banks’ task to support the *Mittelstand* [small and medium-size enterprises], the machine-tool industry, and other conveyors of productivity in the economy, and thus they served the common good of society as a whole.

In the speech that Herrhausen expected to make in early December 1989, which was not given because he was murdered, he demanded the economic development of Poland, facilitated through a Development Bank, modelled on the Kreditanstalt für Wiederaufbau. Instead, after his death, the entirety of Eastern Europe and the former Soviet Union was ordered to follow the ruinous “shock therapy” of the IMF.

Allegedly, Herrhausen, whose ideas of banking policy aimed at the development of the East would have been key, was killed by an ominous third generation of the RAF (Red Army Faction). On Jan. 7, 1997, Deutschlandfunk radio reported in a broadcast, that, 1) this “third generation” doesn’t exist at all; 2) the German authorities scandalously covered up the real circumstances of the murder; and, 3) indications point toward international financial circles in London and elsewhere, as being behind the actual murderers.

It is an indisputable fact, that all of Herrhausen’s successors followed a directly opposite policy, not of economic development, but of economic destruction, which sacrifices precious economic capacities to the speculative hunger of financial sharks.

It is also a fact, that after the fall of the Wall in 1989, Margaret Thatcher was ready to do anything to weaken Germany, as she admitted in her memoirs. It is also a fact, that George Bush insisted on a policy of self-containment for Germany, as a precondition for reunification. The pressing question remains: Why did the German authorities collaborate in covering up the murder?

The attempted hostile takeover of Thyssen by Krupp, under the leadership of Deutsche Bank, is nothing but a continuation of a policy aimed at containing Germany and destroying its industry. That is what is going on!

We demand:

- The complete survival of Thyssen, which is one of the key industrial sectors of Germany, and is needed in the construction of the Eurasian Land-Bridge!

- The immediate and complete clarification of the Alfred Herrhausen murder.

Justice for Herrhausen!

Justice for the Thyssen workers!

Justice for Germany!