Report From Germany by Rainer Apel

Debate Rips Across Political Spectrum

Catalyzed by LaRouche movement, the key issue on the table is "shareholder value" versus the Common Good.

The April 13 call by Social Democratic Party (SPD) Chairman Franz Müntefering for the protection of industry from financial "locusts" (see last week's *EIR*), was the official kick-off for a stormy debate on the future of Germany as an industrial nation. A leading representative of the CDA, the "labor wing" of the opposition Christian Democrats (CDU), told this author he would welcome cooperation between his own party and the SPD to defend the *Mittelstand*—small and medium-sized industrial firms—"in a joint entrepreneur-workers line of resistance, against hostile takeovers by aggressive funds." More than two-thirds of the CDU, he said, agrees with Müntefering that raising the issue is "justified and urgent."

Former CDU Labor Minister Heiner Geissler, a longtime member of the CDA as well, has contributed to the debate with a number of radio and newspaper interviews, including a proposal for an "internationally oriented reform of the system." This echoes the call by Helga Zepp-LaRouche and the Civil Rights Movement Solidarity (BüSo) for a New Bretton Woods—although Geissler has yet to put it in those terms.

In an interview to the daily *Frankfurter Rundschau* on April 28, Geissler pointed out that the real "litmus test" for whether the SPD has abandoned its neo-liberalism, is its Hartz IV austerity program, which took effect in January, and which is throwing Germany's legions of unemployed onto the scrap heap. "Only if the SPD corrects this striking flaw," he said, "may one hope that its criticism is meant seriously. For Hartz IV is the prototype of a policy that degrades man to a mere object of economic developments."

Geissler said that whether he meets with skilled workers, *Mittelstand* entrepreneurs, bankers, or churchmen, he finds that "the critique of the present economic system is universal, at least on a national level, because people see that it cannot go on this way, anymore." Pension and investment fund managers want to see rising revenues, and demand that corporate profits be used exclusively to pay the shareholders. Sure, the shareholder needs to make a gain. "But the overwhelming share of the profit must be reinvested, for innovation, research, new machines. Whether these investments pay off, will be seen only years later. That is why speculators have no interest in such investments."

Geissler concluded that "in the end, we need an internationally oriented reform of the system: There must be order restored to this disordered competition." In a May 2 interview with DLF radio, Geissler elaborated: "What we need are international agreements . . . multilateral agreements, for example, among the G-7 states, which simply must work out rules that can be made operational in the global economy. . . . To regulate this giant financial bubble, one would have to impose an international tax on speculation. One would have to shut down the off-shore centers. All of that can be done. It is within the powers of the industrial states. That can be done by politicians."

Geissler's failure to mention the New Bretton Woods shows that there are still certain taboos, especially concerning the "L-word"—LaRouche—in the establishment of Germany. But it's also clear that people are listening.

The "locust" issue is also polarizing entrepreneurs, so that some have sided with the SPD in its defense of the real economy. In an interview with the April 28 issue of the weekly *Die Zeit,* Porsche CEO Wendelin Wiedeking said he agrees that "greed is a deadly sin," and that certain managers have forgotten that they do have a social obligation. And on April 29, Edzard Reuter, former chairman of Daimler-Benz, said in the daily *Kölner Stadtanzeiger* that "there are terrifying people in the managers' caste who have dropped all responsibility, out of greed." In today's globalized world, he added, "there are the much-referenced sharks who are swimming around the whole world, buying up firms, carving them up and earning a lot of money from the sale of those parts, irrespective of whether people lose their jobs in this process."

The SPD has, meanwhile, turned more specific on the "locusts," presenting a four-page memorandum in which it blacklists a number of the most aggressive private equity funds, led by KKR and Goldman Sachs. Other names on the list include Apax, Carlyle, Advent, BC Partners, CVC, Permira, Saban Capital, and Blackstone.

The memorandum states that during the past few years, funds like these have bought up 5,000 firms in Germany, with 400,000 employees. In the past two years, 32 of such raids, costing over 250 million euros in "takeover operation costs" each, involved a total "investment" of 28 billion euros. The most prominent German firms taken over in this way are Siemens-Nixdorf, MTU, Dynamit Nobel, and Demag.