banks dismantle one of Germany's most important industrial firms," that he was at least committed to finding a solution that would give the company a future. Investing all his political prestige, he announced that he was going to make the Holzmann case a "Chancellor's issue." The message to the nation was clear: Either the banks, or the government, would prevail.

A social explosion looms

Meanwhile, the banks had come to notice that the mood of the public was turning against them. Even otherwise free-market-leaning conservative politicians were attacking the banks. For example, in several interviews between Nov. 21 and 24, Hesse State Gov. Roland Koch, a Christian Democrat, charged the bankers with practicing "American business culture, instead of the German one."

Thus, the stage was set for a successful mission of Schröder in Frankfurt (one of Hesse's leading cities), and indeed, the bankers had no other alternative, in this situation, than to give in. Also crucial, was the fact that when Schröder offered a government share of DM 250 million, to be added to the banks' funds in the Holzmann emergency loan, the bigger part of that, namely, DM 150 million, was to be handled through the Frankfurt-based, state-run Kreditanstalt für Wiederaufbau (Reconstruction Credit Bank). A bankers' rejection of that offer would have totally exposed the other, private banks, fueling anti-bank sentiment. The bankers were faced with the real risk that demands for stricter banking regulations, so far coming from only a minority of people in the public debate, would suddenly become a majority view. The banks chose what in their view was the lesser evil, namely, to accept Schröder's offer and cobble together an emergency credit line for Holzmann in the range of DM 4.3 billion.

It was a major setback for the banks, which were up against the vast majority of the German population and the political parties. The fact that, two days after the Frankfurt deal, a legion of neo-liberal critics was unleashed in the economic pages of the German press to direct their fire against Chancellor Schröder's "state interventionism," proved that he had delivered them a big defeat.

One of the most interesting commentaries supporting Schröder's initiative for Holzmann came from the leading French daily *Le Monde,* on Nov. 25. "Mr. Schröder's interventionism is a stinging rebuttal to anyone who believed that Germany had adopted the Anglo-Saxon model," *Le Monde* said. "The Holzmann rescue is the success of Deutschland AG and discredits the line held by German business leaders who had been handing out lessons at every opportunity on how the free market works."

The London *Financial Times* of the same day found Schröder's intervention "alarming." In addition to the banks, Tony Blair's Third Way anti-labor policies also experienced a "black day" in Frankfurt on Nov. 24.

Globalization devours its children

by Helga Zepp-LaRouche

The following statement was issued by Zepp-LaRouche, Chairwoman of the German Civil Rights Movement Solidarity (BüSo), on Nov. 25. It is entitled "BüSo Calls For a Change in Economic Policy: General Welfare Instead of Shareholder Value.

With his intervention against the collapse of the Philipp Holzmann AG, German Federal Chancellor Gerhard Schröder has assured us that "the banks have accepted their social responsibility," and he claims that he will also make sure "that it stays that way." If Schröder means that seriously, then he has to completely and decisively turn away from British Prime Minister Tony Blair's "Third Way," and he has to immediately conclude an alliance with French Prime Minister Lionel Jospin and Italian Prime Minister Massimo D'Alema to defend national sovereignty and the economy. It is not sufficient to launch a one-time action to rescue the Holzmann AG: A whole horde of incompetent managers on the boards of directors of large firms and banks must be replaced by people who know something about production. Otherwise, the crisis is only going to continue.

The threatened collapse of Philipp Holzmann AG, which, taking account of the supplier firms which are also involved, risked the loss of some 80,000 jobs, is only the tip of the iceberg.

The crises are accumulating:

- thousands of jobs are at risk at Mannesmann, regardless of whether Vodafone succeeds in its hostile takeover, or whether the firm's own board of directors carries out a "restructuring";
- the planned segregation of steel production from Thyssen-Krupp;
- the assault by the European Commission on the public banks in Germany;
- the refusal of the private banks to provide sufficient lines of credit to the medium-sized industries, and so on.

If each of these developments is seen as part of a process, one thing becomes dramatically clear: What is at stake, is the continued existence of the German economy! And if the German economy collapses, it will pull the rest of the economy of Europe as a whole with it into the grave!

The immediate reason for this series of disasters lies in the disastrous changes which have occurred since the 1970s and '80s in the leading international financial institutions; instead of a state-supported orientation to the general welfare, which prevailed in the reconstruction years of the immediate postwar period, the shift was made toward a radical free-market economy, without any social veneer. Instead of a policy aimed at economic growth and increases in productivity, the naked greed for profit in the "shareholder-value society" took its place. Instead of scientific and technological progress in industry and agriculture, there was the "post-industrial services society" and the "information age."

Those who attended business management schools, learned how to strip the assets of their own firms and line their own pockets in the process. Today, the main problem is that nearly the entire managements of the larger banks and industrial firms from the 1970s and '80s have been replaced, and so there are no longer any competent industrial bankers, such as Hermann Abs, Jürgen Ponto, and Alfred Herrhausen, on the boards of directors of banks, nor inventor-entrepreneurs, such as Carl Zeiss or Emil Rathenau, in the firms. Instead, there are the Kurt Esserts (Mannesmann), the Manfred Crommes (Thyssen-Krupp), Rolf Breuers (Deutsche Bank), Ronaldo Schmitzes (Deutsche Bank, Metallgesellschaft up to 1994), Heinrich Binders (Philipp Holzmann), or Carl von Boehm-Bezings (Deutsche Bank and Philipp Holzmann).

Helga Zepp-LaRouche, Chairwoman of the German Civil Rights Movement Solidarity.

The Thatcher model has failed

The most brutal escalation in this destruction of production and promotion of speculation occurred following the dissolution of the Soviet Union, when George Bush proclaimed his "new world order" and began to attack the sovereign nation-state and the idea of a national economy. Some call this process "globalization." The more appropriate term is "insanity." The sovereign nation-state, as it developed since the Renaissance, is, after all, the only form of government which can defend the general welfare of the population against supranational assaults. If this sovereign nation-state is abolished, as the European Commission is now attempting to do, then firms, jobs, and the existential interests of citizens will be sacrificed to a modern gang of robber-barons.

What is at issue in the attempt at a hostile takeover of Mannesmann by Vondafone, at one-quarter its size, is that Great Britain wants to exert control, in an Anglo-American-dominated global economy, over the "information society," which means everything having to do with media, entertainment, and control of public opinion. Another factor is the centuries-old hatred which the British oligarchy has cultivated against Germany.

During the celebrations of the 10-year anniversary of the fall of the Berlin Wall, former German Chancellor Helmut Kohl tirelessly cited the words of Margaret Thatcher, which he happened to have heard in December 1989 at the summit meeting of the European Union in Strasbourg: "We beat you [the Germans] already twice in this century, and now you are here again!"

Let us also recall the hate-filled campaign of Thatcher's Minister Nicholas Ridley, who cursed reunified Germany as the "Fourth Reich." This was part of the psychological warfare, which included French then-Prime Minister François Mitterrand's blackmail, linking French agreement to the reunification of Germany to the surrender of the German mark. The version articulated by U.S. President George Bush was that Germany was to be induced into "self-containment." It was under such pressures that the Kohl government came to the conclusion, that the linkage of reunified Germany in a Maastricht Treaty Europe was "a question of war or peace." And so, Kohl agreed to the Maastricht Treaty, which had the aim of replacing the strong German mark with the weak euro, to weaken the German economy, and especially to make it impossible to have a policy of state-promoted creation of jobs by, for example, pre-financing infrastructure projects.

New sounds from France and Italy

"Globalization" and neo-liberal economic theories have failed. With formulations quite similar to those with which we are familiar from Democratic Presidential pre-candidate Lyndon LaRouche, French Prime Minister Jospin and the head of the Italian central bank, Antonio Fazio, have recently emphasized the decisive role of the sovereign nation-state for defending the general welfare. Each of them has spoken about the "golden 30 years of the period following 1945," when scientific and technological progress led to economic growth, full employment, and increasing standards of living. And each of them has named the "paradigm shift" since the 1970s and "globalization" as responsible for the current crisis.

In Germany, we have to adopt these positions of Jospin and Fazio, and turn our backs on the Caligula-caricature of Tony Blair and his "Third Way." The existence of Germany and the entire continent of Europe are at stake, so there is no reason to have inhibitions about dogmas which make a strategy for survival impossible.

The BüSo therefore demands:

1. The Maastricht Treaty must be rescinded immediately.
2. The Kreditanstalt für Wiederaufbau (German Reconstruction Bank) must immediately be enabled to issue credits for the maintenance of existing, and creation of new productive jobs. The criteria of physical economy must be strictly adhered to in that regard.
3. Not only must the existence of the *Landesbanken* [state banks] and the savings banks be assured, but these institutions must be expanded to ensure the necessary lines of credit to the medium-sized industrial sector.
4. As the economist Dr. Wilhelm Lautenbach observed in his famous memorandum to the Friedrich List Society in 1931, under conditions of international crisis and depression, state investments in infrastructure projects, which are necessary in any case, are of decisive importance. Such investments are not inflationary, because they create real social value, they lead to capital formation, and bring about a recovery of the economy. Today, such projects are the contruction of a Transrapid maglev network in Germany and participation in the construction of the Eurasian Land-Bridge.
5. Incompetent managers, who believe more in speculation and virtual services than in the production of real goods, must be replaced by men and women who know something about production. The same goes for bankers, who have to think of themselves again as servants of industry and agriculture, and not as megalomaniac dictators, who operate as de facto adversaries of our national economy.

It is relatively easy to put the economy back on course. We only have to remember how Germany created the economic miracle.

But the solution to this crisis requires more: It requires a political solution, and there can only be such a solution if people become citizens and take active responsibility, so that our country and our future can be saved.

Therefore, join the BüSo.

The plot to collapse German public banks

by Lothar Komp

It is no wonder that the large private banks in Germany are demanding that the public banks be either dismantled or cut back: They want to eliminate a tenacious competitor, as well as to make a grab for the immense deposit base of the domestic savings banks, in the international takeover battles of "eat or be eaten."

The European Commission and the International Monetary Fund (IMF) have the German banking system, so successful in the reconstruction effort of the postwar years, in their cross-hairs. The EC Euro-crats, who have captured the headlines on account of certain "private subsidies" to the benefit of their own pockets, are frothing at the mouth to abolish private subsidies all over Europe. The IMF, whose function in recent years has consisted of organizing some $200 billion to rescue the foreign credits of large private banks all over the world, is hurrying to protect the naked flanks of the Euro-crats.

At the moment, both are concentrating their attack on the presumably weakest flank of the public banks in Germany, the 13 *Landesbanken* (state banks). There is no doubt that they will also be going for the throats of the 594 savings banks, with their 19,100 branches.

On July 8, the European Commission imposed a 1 billion deutschemark ($5.4 billion) penalty on Westdeutsche Landesbank (West LB), the largest of the *Landesbanken,* for an allegedly "illegal subsidy" from the state of North Rhine-Westphalia. That was the first blow, to be followed by another on Nov. 24. Although the European Union already has the most draconian prohibitions against state subsidies anywhere in the world. EU Competition Commissioner Mario Monti will then present new guidelines, intended to impose an even stricter neo-liberal economic policy on the member-states of the European Union. According to leaked information, the EU will demand that banks either withdraw from international business completely or be denied the protection of state credit guarantees.

The savings banks, to the extent that they limit themselves to their local and regional tasks, would be let off the hook this time. But the *Landesbanken,* which are very much involved in financing industrial and infrastructure projects of German industry abroad, are to be denied the "competition-skewing" of state guarantees in the future.

That is why the EU Commission will demand of the Ger-