

Who Was Alfred Herrhausen in 1989?

by David Cherry

Aug. 23—Deutsche Bank Chairman Alfred Herrhausen had a different conception of “universal banking”—one entirely opposite to that of the casino bankers of his day and ours. He was an industrial banker and, like others before him, such as Jürgen Ponto of Dresdner Bank, he thought of industrialization in far-away places. He planned to open bank branches in Eastern Europe and the Middle East. He had plans for a development bank in Poland and had responsibility for the bank’s dealings with South Africa, then approaching the cusp of transition to majority rule.

In October 1988, he consummated a large loan to the Soviet Union, a loan of such significance that Chancellor Helmut Kohl and Foreign Minister Hans-Dietrich Genscher were on hand in Moscow for the celebration. Deutsche Bank had almost acquired the status of a government institution, and it had established promising working relationships in Moscow.

Herrhausen was a curious and creative thinker whose mind freely traversed science, music, philosophy, and religion—in violation of the dominant culture of specialization. Like the great leaders of history, he had confidence in his own power to reach the right decision, and did not look to his colleagues for agreement. At the same time, he reached out, beyond his profession, to people in other walks of life—often to those of more modest standing—to make their experience his own. Especially after his appointment as Co-Chairman in 1985 (he became sole Chairman in 1988) he came to see himself as a world-historical individual, responsible for the greater good—far greater than that of merely achieving profits for a bank—because he saw the potential good that Deutsche Bank could achieve.

When the Berlin Wall fell in November 1989, who would shape the future? Herrhausen, or the hyenas of the City of London and Wall Street—and their economic hitmen? Herrhausen was assassinated three weeks later.

It is fitting that Mozart’s Requiem was performed at his memorial service.¹

Herrhausen’s campaign for debt relief for developing countries, beginning in 1987, described in the following article, exemplifies the work of this remarkable leader.

Herrhausen’s Campaign For Third World Debt Relief

First published in the German newspaper Neue Solidarität in Feb. 2005. It has been translated by EIR.

In 1987 at the annual meeting of the International Monetary Fund and World Bank, Alfred Herrhausen, the CEO of Deutsche Bank, called for partial debt relief for the developing countries. He was not speaking behind closed doors, but before hundreds of business journalists at an international press conference.

We called it the “debt bomb”: The foreign debt contracted in the 1970s by many developing countries had high interest rates, and multiplied rapidly and automatically. Soon the debtor countries had acquired more interest charges than the original debt, so the total debt grew and grew. Eventually this unsustainable system had to explode.

Herrhausen had seen this coming. Author Dieter Balkhausen, in his biography of Herrhausen, reports how he wanted to solve the debt crisis.² In August 1987, at the funeral of Werner Blessing—a Deutsche Bank director who had been involved in frantic crisis management of the debt explosion—Balkhausen and Herr-

1. This sketch draws upon Andreas Platthaus, *Alfred Herrhausen: Eine deutsche Karriere*, Rowohlt Berlin, 2006. Herrhausen has been the subject of recent articles in *EIR*, in the July 22 and Aug. 5 issues.

2. Dieter Balkhausen, *Alfred Herrhausen: Macht, Politik und Moral*, Econ Taschenbuch Verlag, 1992, cited in the EIRNA study, “Strategy of Tension. The Problems of Internal Security: Extremism, Terrorism, Organized Crime,” Wiesbaden, June 1993.

hausen had a conversation. Herrhausen argued as follows:

“If the interest on the debt is not lowered and the debts are not in some way reduced, the situation will be like that of firms that go bankrupt, and from whom in any case only a small portion of the debt can be recovered. Either way, you never again see the greater part of the money; so it would be better to prevent the ruin of the debtor countries.”

Balkhausen reports the rest of the conversation, putting Herrhausen’s comments in italics:

Debtors and creditors are therefore closely linked to each other; they are sitting together on top of the tower of debt, and both must question themselves about their complicity; indeed, they must cross-examine themselves.

I ask Herrhausen about the responsibility of the governments in the industrialized nations, and then he comes out with these controversial conclusions:

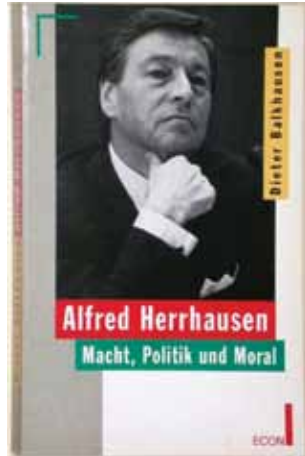
Governments scarcely do anything; not in connection with this problem. Every head of state, every finance minister is thinking about his own debt burden.

Shouldn’t our government exert constructive pressure on the U.S. government, because isn’t it primarily the horrendous creditor positions of the U.S. banks vis-à-vis the Latin American countries that makes worldwide debt reduction for all the developing countries so difficult?

Yes, our government ought to! But it doesn’t, because it does not want to strain German-American friendship. But if the Americans do not handle the situation in a more coherent and decisive way, then the whole process of controlling the debt will proceed too slowly, and the problems will necessarily and automatically run out of control.

And the United States is plunging itself into its own debt crisis due to its huge government debt. Isn’t this even more dangerous than the debt crisis of the Third World?

Yes, it is a double debt crisis, which can endanger the industrialized countries themselves. Because they are dependent on the United States,



Dieter Balkhausen’s 1990 biography of Herrhausen, subtitled, “Power, Politics, Morality.”

due to of its economic and political supremacy—dependent on the constantly fluctuating value of the dollar on the world market. Therefore the Reagan administration must be compelled to do more to help the affected countries, because otherwise too little is being done, especially for the poorest of the poor countries in Africa.

I asked him pointedly, Isn’t this global issue therefore essentially the problem of the United States?

In principle that’s correct, because a bad policy in the most powerful nation affects the entire world, including us. Our mistakes can hardly affect the United States, but conversely, their mistakes can sorely affect the

Federal Republic.

The IMF Press Conference

A month later, in September, Herrhausen flew to Washington for the IMF annual meeting, where he made public his proposal for partial debt relief. Balkhausen reports:

Herrhausen proposed that a partial debt moratorium be considered for the most deeply indebted countries. He did so at an international press conference attended by hundreds of business journalists and with his colleague in the Deutsche Bank executive, Wilhelm Christians, sitting next to him.

It seems that Herrhausen had carefully chosen where to do this. The traditional annual meeting of the World Bank and International Monetary Fund is the place where government officials and central bank governors customarily debate financial, currency, and economic matters, and thousands of bankers from all over the world come in search of business contacts.

Although the German banker shows courage, he handles the situation more spontaneously than according to a calculated plan with a fixed conception. What he described to me at the end of August as a major political issue, matures as a compulsion to act—in a meeting with the Mexican President, Miguel de la Madrid. The Mexican President had invited the internationally known banker for a talk in Mexico City. Herrhausen visits him there while the Washington confer-

ence is still going on. The President, whose government has fought for years for an improvement in borrowing conditions, points to the harsh conditionalities of the World Bank, the IMF, and the U.S. government (budget cuts, structural adjustments), which are demanded for rolling over existing debts and obtaining “fresh money,” and he asks Herrhausen, “What, in your opinion, would happen in your country politically, if you were to impose a large cut in living standards on the citizens?”



Miguel de la Madrid, President of Mexico 1982-1998. At his request, Herrhausen flew to Mexico City in 1987 to discuss the unpayable debt of developing countries.

More than a decade after Balkhausen’s biography appeared, in November 2002, the European cultural television channel ARTE broadcast a documentary on Herrhausen’s assassination, in which former Mexican President de la Madrid himself reports on his meeting with Herrhausen in 1987: “I explained our situation to him, namely that the governments of indebted countries such as Mexico could no longer hang on without relief. I told him, it is worthwhile to keep the debtor countries alive, because a dead debtor cannot pay.”

Then the documentary quotes Herrhausen himself: “Then it crossed my mind that here we had to choose a different approach, and that it is probably inevitable that banks make certain sacrifices to help these countries. From the outset, there were two possible victims of the crisis: the creditor banks and the debtors. That is still true, but the power of the banks is now greater, and that of the debtors has diminished.”

The Synarchist Reaction

Balkhausen also thinks that Herrhausen’s conversation with the Mexican President had tipped the balance for his public drive for debt relief:

Herrhausen, whose concern for the commonweal of our republic had often been evident, finds it impossible to avoid taking the debt issue head on, after his discussion with de la Madrid. Having returned to Washington, he uses the press conference to make his proposal, without suspecting, however, what would follow.

Even while still in Washington, Herrhausen

feels the air became leaden. At least, somewhat menacing thoughts easily come over him, as when a couple of months later he describes the ensuing frenzy in the banking community to a group of American and English journalists in Gütersloh (invited by the Bertelsmann Foundation) thus: “Take the next helicopter and get out of Washington; they will shoot you here.”

His colleague Christians distances himself when he feels the cold headwind. The German bankers, who quickly signal their opposition, are just as furious as the American, English, and Japanese bankers.

In the ARTE documentary, Hilmar Kopper, one of Herrhausen’s successors, expressed his opinion of Herrhausen’s proposal for cancelling debt, with sarcasm: “Herrhausen said that if you waive all or parts of these obligations, then they don’t exist anymore, and the problem is solved. That was a typically intellectual remark, namely to say that if we go through all of this in theory, we can eliminate the problem by eliminating the source of the problem.” This earned for Herrhausen “the insanely huge support of the aging, careerist radicals of the 1968 era. They were all for debt obliteration. But it was not their money. That was the money of the evil banks, which can be annihilated without a thought. It was their own [the bankers’] fault that they extended credit to the Brazilians.”

Why did Alfred Herrhausen think and act so unlike the majority of his colleagues at home and abroad? Could he perhaps have empathized more with the fate of ordinary people, because he himself was not “born with a silver spoon in his mouth”? Another biographer, Arthur P. Schmidt, wrote, “Alfred Herrhausen, who was born in Essen in 1930 and identified himself as a ‘child of the Ruhr,’ belonged to the generation that experienced the post-war period. Because he came from a family of modest means, he had to earn his tuition for his business studies as a mineworker.”³

3. Arthur P. Schmidt, “Alfred Herrhausen: Vorbild mit Visionen,” *Q-Magazin*, 4/95. The Ruhr is a major European center of coal mining and steel production.