

EDITORIAL

Deutsche Bank Must Be Saved, for the Sake of World Peace!

Statement issued by Helga Zepp-LaRouche, Chairwoman of the German Civil Rights Movement Solidarity (BüSo), on July 12, 2016.

The imminent threat of the bankruptcy of Deutsche Bank is certainly not the only potential trigger for a new systemic crisis of the trans-Atlantic banking system, which would be orders of magnitude more deadly than the 2008 crisis, but it does offer a unique lever to prevent a collapse into chaos.

Behind the SOS launched by the chief economist of Deutsche Bank, David Folkerts-Landau, for an EU program of €150 billion to recapitalize the banks, lurks the danger openly discussed in international financial media, that the entire European banking system is de facto insolvent, and is sitting on a mountain of at least €2 trillion of non-performing loans. Deutsche Bank is the international bank which, with a total of €55 trillions of outstanding derivative contracts and a leverage factor of 40:1, even outdoes Lehman Brothers at the time of its collapse, and therefore represents the most dangerous Achilles heel of the system. Half of Deutsche Bank's balance sheet, which has plummeted 48% in the past 12 months and is down to only 8% of its peak value, is made up of level-3 derivatives, i.e., derivatives amounting to circa €800 billion without a market valuation.

It probably came as a surprise to many that Lyndon LaRouche called today for Deutsche Bank to be saved through a one-time increase in its capital base, because of the systemic implications of its threatened bankruptcy. Neither the German government with its GDP

of €4 trillion, nor the EU with a GDP of €18 trillion, would be able to control the domino effect of a disorderly bankruptcy.

The one-time capital injection, LaRouche explained, is only an emergency measure which needs to be followed by an immediate reorientation of the bank, back to its tradition which prevailed until 1989 under the leadership of Alfred Herrhausen. To actually oversee such an operation, a management committee must be set up to verify the legitimacy and the implications of the obligations, and finalize its work within a given timeframe. That committee should also draw up a new business plan, based on Herrhausen's banking philosophy and exclusively oriented to the interests of the real economy of Germany.

Alfred Herrhausen was the last actually creative, moral industrial banker of Germany. He defended, among other things, the cancellation of the unpayable debt of developing countries, as well as the long-term credit financing of well-defined development projects. In December 1989, he planned to present in New York a plan for the industrialization of Poland, which was consistent with the criteria used by the *Kreditanstalt für Wiederaufbau* (KfW) for the post-1945 reconstruction of Germany, and would have offered a completely different perspective than the so-called "reform policy," or shock therapy, of Jeffrey Sachs.

Herrhausen was assassinated on November 30, 1989 by the "Third Generation of the Red Army Fraction," whose existence has yet to be proven to this day. It happened only two days after Chancellor Helmut Kohl, who counted Herrhausen among his closest ad-

visors, had presented his ten-point program for gradually overcoming the division of Germany [between East and West]. The *cui bono* of the terrorist attack remains one of the most fateful issues in the modern history of Germany, and one which urgently needs to be clarified.

The fact is that Herrhausen's successors introduced a fundamental paradigm change in the bank's philosophy, which brought Deutsche Bank into the wild world of profit maximization at all costs, and also into countless unpunishable and punishable legal entanglements, which those responsible have avoided until now, mainly because of the "too big to fail" premises.

The transformation of Deutsche Bank into a global investment bank with the highest derivatives exposure, combined with the simultaneous credit crunch for German small and medium-sized enterprises, is symptomatic of the folly which has led to the current catastrophe.

We must now act with resolution, but not in the way Folkerts-Landau proposes, that is, not with more of the same medicine, which would certainly kill the patient.

Although it has mainly operated over the past years out of London and New York, Deutsche Bank is too important for the German economy, and therefore for Germany, and ultimately for the fate of all of Europe. Its reorganization in the spirit of Alfred Herrhausen is not only the key to overcoming the banking crisis, but also for averting the acute danger of war.

Herrhausen's assassination has gone unpunished. However, there exists "the dreaded might, that judges what is hid from sight," which is the subject of Friedrich Schiller's poem "Die Kraniche des Ibykus." The Erinyes have begun their dreadful dance.¹

It is now incumbent upon all those who, in addition to the family, have suffered from the assassination of Herrhausen, upon the representatives of the Mittelstand, of the German economy, and the institutional representatives of the German population, to honor his legacy and to seize the tremendous opportunity which is now offered to save Germany.

1. Friedrich Schiller, "Die Kraniche des Ibykus."