

## Report From Germany by Rainer Apel

### Barbed Wire and Barbecue

*Bush's "charm offensive" was facilitated by none other than John Kornblum, chairman of Lazard's German branch.*

President Bush had a "relaxed, unprecedentedly harmonious stay in Germany"—or, that is what the media said. Naturally, Bush and his host, Chancellor Angela Merkel, discussed some politics, but the President's main activities were biking in Heiligendamm, where he was lodged between July 12 and 14, sightseeing in Stralsund during the day on July 13, followed by a wild boar barbecue with Merkel at night, in the village of Trinwillingshagen.

Merkel got a smooch on both cheeks from the President in Stralsund, while the media cheered. (But when Bush snuck up behind her at the G-8 summit in St. Petersburg on July 17, and gave her a "Texas quickie" back rub, the Chancellor was not amused.)

In Stralsund, as was the case during Bush's visit to Mainz in February 2005, the entire surrounding region was put on maximum security alert: The old city was completely sealed off; residents received special passes for the "Bush days" and even were put under house arrest for several hours on July 13, to keep the President's sightseeing undisturbed. Private cars, even bicycles, had to be moved away by the residents, and anti-Bush protests were allowed only at the outskirts of the city. The beach at Heiligendamm, one of Germany's favorite seaside holiday resorts on the Baltic Coast, where Bush and his entourage were staying, was sealed off with barbed wire. So much for Bush's "charm offensive" into Germany.

Most Germans, especially those in Stralsund, were not amused.

Who's running international politics behind the scenes is elucidated by the fact that Bush's trip was steered by a neo-con Democrat, former U.S. Ambassador to Germany John Kornblum, to serve the propagandistic purpose of touting "vastly improved U.S.-German relations." Kornblum spelled out the line in media interviews, already before Bush's arrival, that the Bush-Merkel meetings would be relaxed—no talk about controversial themes like Guantanamo, Iraq, or Iran would be on the agenda. The visit would mostly be a "symbol of improved U.S.-German relations," Kornblum said—relations which in his view were not possible when Gerhard Schröder was still Chancellor and was in open opposition to Bush's Iraq War. They were not possible from the U.S. side, either, because Bush at that time did not realize he needed partners in Europe. Britain, France, and Italy are politically paralyzed, and cannot be partners for the time being; therefore, Germany stands as the only relatively stable potential partner in Europe, Kornblum argued.

And as the Iraq War "coalition of the willing" has decomposed, with all former European allies of Bush now in the process of pulling their troops out of Iraq, Bush has recognized that he needs "new ideas" for dealing with Europe, and here, Germany gains in importance. Kornblum is said to be one of those with the greatest influence behind the scenes, working on those "new ideas" for a "new understanding" between the U.S.A and Germany. The Bush-Merkel encounter was arranged in this context.

Kornblum not only served as a chief interpreter of Bush's "new ideas" for the German media during the President's visit, but also served as a guide for the President during his sightseeing tour of Stralsund, along with Chancellor Merkel herself. Kornblum knows Stralsund, for example, from late 2004, when the German branch of Lazard bank, which he has chaired since January 2001, tried to arrange the sale of the government-owned savings bank there to private banks. The sale was designed to be a foot in the door for a takeover of the rest of the German savings banks sector, by speculative private investors; it failed, fortunately.

Kornblum's Lazard bank has a leading role also in the American Chamber of Commerce in Germany, which, just two days before Bush's arrival, had an "American investors conference" in Dresden, on the theme of "increased U.S. investments in eastern Germany." Rather than industrial investments (which are welcome, naturally), the kind of takeover deals promoted by Lazard and other investment banks and hedge funds, are of the nature of the purchase of Dresden's entire municipal housing sector for 1.7 billion euros, by the U.S.-based fund Fortress, in February.

Just three weeks before Bush's arrival in Germany, Kornblum's Lazard announced a new "consulting" drive for takeovers in the German capital goods sector. For that job, Kornblum hired Eric Fellhauer, a specialist who has worked on such operations for the Carlyle Group (in which the senior George Bush has long been active). Fellhauer was crucial in some spectacular deals of the recent years, including the merger of the two steel firms Krupp and Thyssen (where Kornblum is on the board, as well), and of the auto giants Daimler and Chrysler.