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Hilmar Kopper: Germany, Europe and the globalised world



Hilmar Kopper in 2004

To mark the first anniversary of the passing of Hilmar Kopper (1935-2021) – who, for many years, was Deutsche Bank’s Management Board spokesman and Supervisory Board chairman – historian Harold James paid tribute to his life at an event organised by the bank’s Historical Association.

Hilmar Kopper will be remembered as the man who transformed German banking, and from the inside soberly but highly productively subverted what used to be called *Deutschland AG* (Germany plc). Looking back, on his seventieth birthday, he considered his greatest achievement to be “The transformation of the organisation into a modern universal bank, including investment banking, which is a model that all major institutions have now adopted.” And looking back too, though, he knew at that moment that fashions in institutional design pass and fade. He pointed out that his mentor Hermann J. Abs had had apparently sacred principles that needed quickly to be abandoned: don’t go in for foreign banking and don’t touch the Euromarkets. And, from today’s perspective, Kopper’s fondness for the investment bank model clearly did not survive unblemished either. In retrospect, the transition to investment banking does not seem to me as important a legacy as something very much more profound. Another, in my belief more important, claim would be that Hilmar Kopper really brought Germany to grips with what modernity really meant, and in particular what globalisation would, could and should transform.

Hilmar Kopper was in contact with Hermann J. Abs, the grand old man of Deutsche Bank, until his time as spokesman of the Management Board, as here in 1991 when the Historical Association was founded.



His life is a striking lesson in contrasts. He lived in pre-modern as well as post-modern Germany. Born in 1935, as a Polish citizen in Oslonino (Oslanin) in the Pomeranian countryside on the Baltic coast west of Danzig, he went to school



Hilmar Kopper travelled across the United States in one of the legendary Greyhound buses.

driven in a horse-drawn cart. In the late 1950s he travelled from the American east coast to the west coast by Greyhound bus. By the end of the century the pace of life had accelerated and he lived in a world of executives who flew everywhere by Concorde and private jet.

Referring to the old Deutsche Bank, he once said, “Remuneration is not very important.” But then, in the new world and the recently reunified Germany, it became crucial and, in his role as Management Board spokesman, Kopper was forced to wrestle with the latest problems of modern finance: individual investment bankers paid more than the collective remuneration of all twelve members of Deutsche Bank’s Management Board; trade union members of supervisory boards making profits from technically illegal insider trading; and problematic bankers who were removed after scandals and crises but still took large payoffs.

As a ten-year-old, while and after fleeing to western Germany (Lower Saxony), he experienced physical and material deprivation. He worked on a farm together with his mother and brother and two sisters: “I can also remember that we were often very hungry in 1945, 1946 and 1947. And I was a highly adept potato thief.” There was no money – literally. The collapse of the state and the economy meant a return to the cashless world of a barter economy of a kind that I think most of us are lucky enough never to have experienced and that economists are familiar with in theory only. As he later reported it: “We were involved in all sorts of black-market deals. We caught trout in the river, and bartered them with the British officers’ mess for cigars, which we then bartered for fresh eggs, which we then in turn bartered for white bread.” Modern-day dealing with money is surely a material, but perhaps also a moral, improvement on that life!

But money too was transformed. He came from the world of traditional continental European banking, where he started out as an apprentice on a modest income (substantially less at that time than his wife’s earnings as a librarian), which was firmly in the universal-banking tradition. And then he turned Deutsche Bank into a modern investment bank.

Hilmar Kopper completed his banking apprenticeship at Deutsche’s Cologne-Mülheim branch from 1954 to 1956.



How did Kopper view modernisation? Asked “Do you have a vision for this bank?” he echoed former German chancellor Helmut Schmidt by replying “No. Visions often turn into illusions.” Things needed shaking up. The transformation could probably not have been completed by someone of a gentle disposition who simply wanted to talk the new trendy language of globalisation. It required a fairly tough, edgy personality to complete this transformation. And it needed someone who, at the same time, possessed a calm and consensual manner. As Kopper once characteristically put it in response to the question “What qualities must a banker demonstrate nowadays?”, it was necessary to remain “a decent human being.”

A tragic event changed Deutsche Bank. On the morning of 30 November 1989, Alfred Herrhausen was murdered by Red Army Faction terrorists on his way to work. By midday, Kopper had been appointed as his successor by Deutsche Bank’s Management Board, which resisted Kopper’s suggestion that there should be a co-spokesperson.



Deutsche Bank’s Management Board at the 1988 annual general meeting in Düsseldorf. Hilmar Kopper is the second from the right.

There was an obvious contrast of styles between the bank’s new spokesman and its former spokesman. Herrhausen had seen himself as a global figure, who made (and liked talking at length about) grand strategic moves. He had been brought in from outside the bank – largely at the initiative of F. Wilhelm Christians – and was then, for a while at least, championed by the legendary Hermann J. Abs.

Kopper, by contrast, had spent his whole career at the bank, beginning as an apprentice straight from school. He moved around the bank and familiarised himself with its various aspects: its branches, its foreign trade finance and its relationships with major industrial firms. As early as 1957 he relocated abroad, joining J. Henry Schroder Banking Corp. in New York. After returning, Kopper

then worked in the international department in Düsseldorf before moving to Deutsche Bank's Leverkusen branch. In 1971 he was appointed to the management board of the former European Asian Bank, Hamburg, in which Deutsche Bank was a major shareholder.



European Asian Bank held a regional conference in Singapore in 1973. Those attending included Hilmar Kopper (sixth from the left).

When he was appointed to Deutsche Bank's Management Board at the young age of 42, he was the only one of its members who had no university degree. Unlike Abs or Herrhausen, no one thought of him as arrogant: he had a direct, friendly and open way of communicating. He never presented himself as a Master of the Universe, preferring instead to go for walks with his wire-haired dachshund. Indeed, he was rightly sceptical of the idea of bankers being powerful, once stating that "Any awful journalist at the *Bild* newspaper is far more powerful than I am."



The Management Board members Klaus Mertin, Robert Ehret, Hilmar Kopper and Hans Leibkutsch (from the left) at the opening of the Brussels branch in 1978.

But there was also continuity with the past. Kopper later said of Herrhausen that he had had the courage to say: “Don’t be ashamed to be Deutsche Bank – don’t be ashamed to be German.”

There was, at the same time, always something self-critical, and this is what made Kopper a successful champion of transformation. He was happy to admit to past ‘mistakes’ and ‘arrogance.’ The *Financial Times* noted “an unusual readiness within the establishment to acknowledge that management, financial institutions and politicians have made an even more telling contribution to Germany’s international disadvantages.” And, of course, he was self-critical about his own missteps. Many obituaries noted that he was quite willing to be photographed with piles of peanuts for a campaign by the *Frankfurter Allgemeine* newspaper that gently mocked his famous linguistic gaffe.

Hilmar Kopper was photographed sitting on a pile of peanuts for the *Frankfurter Allgemeine* newspaper’s advertising campaign entitled *Dahinter steckt immer ein kluger Kopf* (There’s always a clever mind behind it).



He was also – especially at the beginning of his term as spokesman – openly sceptical of Herrhausen’s global rhetoric. In a striking interview in early 1994 he said of Herrhausen, “Please excuse him. He was around when the words ‘global’ and ‘mega’ were in. He had to adopt them and talk about them, so he talked about megabanks, global banks and global players. By the time he died it was very obvious that there were no mega-banks or global players. There probably never will be any, or otherwise someone will try to create them and fail.” On the other hand, Kopper knew exactly what needed to be done. In October 1989, before he became Management Board spokesman, Kopper had presented a compelling memorandum on how the US,

Japanese and British banks were leading the race to become global investment banks. And he thought that continental Europe needed to do something about this.

His focus was at first specifically European. He acquired a foothold in commercial banking in other European countries, above all in Spain and Italy, where he rightly judged that banking was underdeveloped. And he also had a sense of where the German banking tradition was weak, and where it was in consequence vulnerable in an era of international opening. Already before 1989 he had been the key driver behind Deutsche's move to acquire the London-based investment bank Morgan Grenfell, and he went on to cement that critical link. But these developments always occurred as part of an awareness of a broader context. Europe offered an opportunity to drive innovation and progress in the organisation of banking.



Hilmar Kopper was responsible for acquiring Banca d'America e d'Italia in Italy and Banco Comercial Transatlántico in Spain.

A striking speech that he gave at the celebrations held to mark Deutsche Bank's 125th anniversary in 1995 had, as its key focus, a very explicit comparison between German unification in the 1870s and European integration in the 1990s. After all, when Deutsche Bank was founded in 1870 there was not yet a German state, and the bank's title was seen as both a provocation and a political manifesto. Turning to the 1990s, he commented: "The question is no longer whether Germany can hold its own in the world. The question now is whether Europe can do so. We want to help the old continent discover a new dynamic." And he saw how money was creating a new politics and new political opportunities. "We want a European currency because it is in both our own and Germany's interests. The path to a strong Europe leads via a common currency."



Helmut and Hannelore Kohl joined Hilmar Kopper to raise a glass to Deutsche Bank's 125th anniversary at the Alte Oper in Frankfurt on 10 March 1995.

But then the global bit back: being European inevitably meant becoming global. This was a consequence of the big geopolitical changes of the 1990s – a transformation in which Hilmar Kopper also played a key role. The *Financial Times* in 1991 reported on what it called Kopper's unsuspected role in behind-the-scenes German reunification diplomacy. He told its reporters that he had spent "many hours" during the previous year discussing German unity with Soviet President Mikhail Gorbachev. He helped Chancellor Helmut Kohl convince Moscow that unification would work in its favour. Indeed, this was the rather odd circumstance in which I first came across Hilmar Kopper, at a lunch on 22 June 1990 for the five authors of a planned history of Deutsche Bank. In the middle of the lunch a messenger came in and asked Kopper to come to the telephone to speak with Chancellor Helmut Kohl. He returned half an hour later, and obviously did not tell us what he had been talking about: but the newspapers the next morning reported the details of the DM 5 billion loan for the Soviet Union organised by Deutsche Bank. This was an essential part of the operation that secured Gorbachev's agreement to German unity: the Soviet state was bankrupt, its restructuring would cost money, but without this assistance there was no chance of rebuilding a new Federal Republic together with East Germany.

Kopper incidentally was peculiarly well suited to dealing with both the Russian question and the German question. His first wife Irene had grown up in the GDR, and had just escaped to West Germany the day before the building of the Wall on 13 August 1961. Her father, Nikolai Peresselenkov, was a respected Russian economist who had fled to Germany after the 1917 revolution and authored some important articles on the Russian and Ukrainian economy.

The 1990s – the decade when Kopper was indisputably the leading strategic thinker not just for the bank but also for Germany – produced a new dynamic in which everyone had to talk and think and act about globalisation, and where



Hilmar Kopper (centre) and Management Board member Georg Krupp (right) spoke about East Germany's economic future at Deutsche Bank's press conference during the Leipzig Trade Fair in March 1990.

the 'global' was suddenly much more than a mere slogan or fashion. There were two drivers that stood in mutual tension, even though the extent of their inherent conflict was not realised at the time: on the one hand, the mobility of factors of production and the growing importance of international business provided a pragmatic argument for the limits of political action within a purely national framework; while on the other, a heightened awareness of global ethical and moral norms made for a new universal perspective.

The mid-1990s also made it painfully clear that Europe, and Germany, needed financial modernisation. It was especially apparent, and a humiliation for Deutsche Bank, when the German government chose Goldman Sachs rather than Deutsche Bank as the lead manager for the privatisation of Deutsche Telekom: a not unreasonable move by the ministry concerned, since Goldman had rapidly acquired a vast experience in the technicalities of telecommunications. Deutsche needed to be able to do something similar, and the consequence was that Deutsche, under Kopper's guidance and leadership, first hired a large team of investment bankers from Merrill Lynch and then, under his successor Rolf-E. Breuer, moved to acquire Bankers Trust. The result was to shift the focus of Deutsche to investment banking, which soon became the very obviously most profitable part of the bank, and which brought a completely new, and very alien, Anglo-American culture to the institution. The large and expensive investments in Morgan Grenfell and Bankers Trust were financed largely through the sale of the bank's old strategic industrial holdings – which spelled the end of *Deutschland AG*.



Morgan Grenfell chairman John Craven (left) and Hilmar Kopper at Deutsche Bank's Frankfurt head-quarters in 1992.

Did these revolutionary moves constitute too much financialisation? Kopper was aware of the risks. Many colleagues recall his warnings in the 2000s about blindly trusting models derived from probably limited data. "If there is an economic recovery it should go on for some time, but we must be careful not to create bubbles. I use a very simple indicator. If you have an asset bubble, real estate would be in it."

In early 1994, Kopper had still been saying, "We will grow what we have organically: we have no ambitions to be Deutsche Sachs, or Deutsche Lynch, in the US." But by the mid-1990s, the institution had reached the limits of what could be done organically. Like James Bond's martinis, it needed to be shaken, not stirred.



Hilmar Kopper was not afraid to show his pride in Deutsche Bank, for which he had worked for almost 50 years.

Meeting these global challenges necessarily meant that there would be enormous strains as different corporate cultures and national traditions were moulded together. It is all too easy to diagnose the problems from today's perspective: but think about the alternatives. Living with more tension in a transformed company was a necessary, inevitable, part of the challenge of globalisation. Later, Kopper's successors at Deutsche Bank would talk about cultural change – intended as a radical communicative break with the go-go enthusiasm of the wild years of the early 2000s – as essential to the bank's survival. Kopper had a sounder approach here – namely that it was important to show and not just to tell.

As a house banker in the German tradition, Kopper also pushed the same vision of how the country needed to adapt in the future. He was on the supervisory boards of over 60 German companies, including 13 on the DAX. In particular he was an energetic proponent of the synergies that Daimler would derive from its merger with Chrysler. This was another case in which the combination of quite contrary corporate and national cultures produced immense strains, but where the fundamental logic, involving the globalisation of automobile design and production, was fundamentally sound.



Hilmar Kopper in his office at Deutsche Bank's Frankfurt headquarters in 1992.

Maybe I should also speak about my last encounter with Hilmar Kopper and his second wife, Brigitte Seebacher – a great intellectual with a deep vision of German history. It was in an iconic hotel in Sils Maria in the Swiss Engadin, where Thomas Mann and Theodor W. Adorno had stayed in order to reflect, as it were from the heights, on Europe and its culture. He too liked to walk in the mountains.

And he produced some really great aphorisms, bon mots and dicta. My favourite is: "At some point there will be a radical shift. This country can manage that."



At the Historical Association's event to mark the 25th anniversary of the reunification of Germany, Hilmar Kopper once again demonstrated how passionately he could discuss matters.

Those words remain relevant today. They are the authentic voice of a great banker, a great German, a great European and a great man.

Harold James

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