

# Financial scandal envelops former German Chancellor Helmut Kohl

## What's behind the corruption campaign and who benefits?

**Peter Schwarz**  
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Just over a year after being voted out of office, Helmut Kohl, who was German chancellor for over a decade, has landed in the centre of a financial scandal.

As Kohl himself admitted at a press conference, as chairman of the Christian Democratic Party (CDU), he had access to secret accounts from which he allotted large sums of money to individual representatives and party bodies, circumventing the responsible party structures and prevailing laws. Kohl found himself forced to make this admission following a series of new disclosures over the party's financial practices.

In a short statement, Kohl said that he regretted "if the consequences of these actions indicate a lack of transparency and control, as well as possible violations of party law." He personally assumed political responsibility for the errors that had taken place during his period as chancellor.

Kohl gave no concrete details about the extent of the moneys distributed. Nor did he say anything about the origin of the money or for what purposes it had been used. These are the truly explosive issues. There are a number of indications that the money came from business circles, which expected and received services in return.

The case that set the ball rolling is in this respect very clear. It has to do with the sale by the German Thyssen company of 36 Fuchs-type tanks to Saudi Arabia in 1991. From a total sale price of DM 446 million, nearly half was used for commissions and bribes, which then flowed into various dubious channels.

The state attorney's office in Augsburg has been conducting an investigation into the affair for the past four years. Deportation proceedings are under way for one of the principle accused, the arms dealer Karlheinz Schreiber, who is currently living in Canada. An arrest warrant has been issued for a second man, the former state secretary in the Defence Ministry, Ludwig-Holger Pfahls, who has gone under cover in East Asia.

In the meantime it is now as good as proven that at least a million of the proceeds from the weapons deal landed in the accounts of the CDU. In August 1991 the sum was handed over in cash by arms dealer Schreiber to the CDU treasurer at that time, Walther Leisler Kiep, to a confidant of Kohl, Horst Weyrauch, who then put the money into a secret account. The transfer took place in the parking area of a Swiss supermarket near the border with Germany. According to Kohl's statement, Weyrauch administered a number of special accounts, to which Kohl, as party chairman, had access.

The suspicion that security council approval of the sale of the tanks was influenced by bribe money arises from the fact that the tank deal was dependent on the agreement of the government in two respects. First, the parliamentary security council was called upon to agree to the deal, since it concerned delivery of tanks to a region in conflict and therefore violated

prevailing guidelines; and second, because the German army had to contribute tanks from its own reserves in order to insure on-time delivery.

There are close personal connections between the tank deal and a separate affair which the French state attorney's office has been investigating for years: the takeover of the Leuna oil refinery and the network of petrol installations of the former East Germany by the French company Elf-Aquitaine. In connection with this transaction it is alleged that up to DM 11 million in bribes flowed into the CDU coffers.

In his statement on Tuesday Kohl expressly denied any accusation of corruption, which is subject to major legal consequences. While he has admitted the possibility of a violation of the laws governing political parties, which itself is not a criminal offence, he emphasised: "I expressly and emphatically reject every accusation—in whatever form—that the political decisions I made were influenced by money."

Already last week Kohl took the floor in the German parliament and made an agitated response to accusations by a Social Democratic Party (SPD) speaker. His friends inside the party were worried about Kohl's uncontrolled response, which seemed to indicate there was, after all, some substance to the charges.

Even if suspicions of a willingness to accept bribes cannot be confirmed or proven, Kohl's statement has cast a piercing light on the CDU. Instead of political discussion a form of Byzantine favouritism marked the internal life of the party. With the help of a financial cornucopia, Kohl decided which political wing was to be strengthened and which wing weakened, without the party or the public being aware of what was going on.

The key figure in the big donations scandal of the eighties, Flick manager Eberhard von Brauchitsch, had coined the phrase "special cultivation of the Bonn landscape" to denote such practices. Direct bribery in the legal sense was not necessary. The permanent stream of money from big business insured that no decision would be taken against the interests of the donor. Von Brauchitsch justified this practice in a recently published book with the assertion that the Flick company paid "protection money in order to protect itself against economically hostile policies."

He then vividly described how Kohl's long-time secretary Juliane Weber collected envelopes of money from him: "He (Helmut Kohl) rang me up occasionally and said: 'Julianne is coming.' Ms. Weber then told me that certain individual confidantes of Kohl in this or that local party organisation had to be supported. Ms. Weber waited ten minutes as I ordered the money from Diehl (Flick's accountant)".

Kohl's confession makes clear that such practices have continued since the Flick scandal, even though at that time many party functionaries were heavily fined and the relevant laws were tightened up.

The present leadership of the CDU is desperately trying to keep out of the scandal. Kohl's readiness to take full responsibility is partly explained

by pressure on the part of these leadership elements.

However, claims that current CDU leaders Wolfgang Schäuble, Angela Merkel and Volker Rühe knew nothing are hardly credible. They have all climbed the career ladder inside the CDU with Kohl's support. If they really knew nothing, then that itself is testimony to a degree of political naiveté and blindness, which hardly qualifies them for leading positions. If, on the other hand, they knew what was going on, they risk being dragged into the affair.

In its financial aspects the affair could well have further repercussions for the CDU. The law governing political parties states that all donations over the sum of DM 20,000 must be published with the name of the donor in the party's report. A violation of this regulation or the covering up of donations entails severe financial sanctions. The CDU could be required to pay back tens of millions it has received from the state.

Political scandals do not usually emerge purely by accident. The accusations levelled against the CDU have more weight than those directed against Bill Clinton a year ago in the US. There a conspiratorial group of ultra-right opponents of Clinton used private sexual misdemeanours as a lever for a quasi-legal effort to force his removal from office. Nevertheless one is obliged to ask why revelations over corruption scandals have been dominating the headlines in Germany for weeks just now?

The accusations against Kohl are not as new as many commentators would like to present them. That he acquired his unchallenged position inside the CDU through an intricate system of favouritism has been often commented on and described, and it was at least partly known that money played a role.

The ruling SPD has also been subject to the attentions of those on the hunt for scandal. Just last week the minister president of Lower Saxony, Gerhard Glogovski, was forced to resign after it became known that his wedding celebration and holidays had been sponsored by private companies—transgressions, which under normal circumstances would have been virtually ignored.

The suspicion arises that it is not just a question of political scandals coming to light, but that rather, with the aid of scandals, particular political changes are being sought.

Past experience, in particular that of Italy gives pause for thought. In that country at the beginning of the nineties a full-scale campaign against corruption and nepotism opened up under the slogan "Clean Hands". Politicians and business figures were either lined up in rows before judges, fled the country, or landed in prison. Long established political parties simply disappeared from sight. The broad public followed the campaign with great sympathy in the hope of obtaining more say and influence over political life.

Ten years later, however, the result looks very different: the mass of the population has as little say in politics as ever. The real difference is that, in the meantime, the social security system, which was an important part of the old state, has been largely done away with. "Clean hands" was used to break up encrusted political structures that stood in the way of Italy's integration into the world capitalist economy.

The present attacks on the "Kohl system" fulfil a similar function. The set-up under Kohl was part of a complex system of social equilibrium that was integral to the success of the post war "German Model", and served the interests of the ruling class in exemplary fashion for many years.

The central axis of the system was social partnership—the collaboration between business, the trade unions and the government. It extended into the narrowest interstices of economy and politics. The close mesh of banking, employers and trade unions, with their right of participation on company boards, was as much a part of the complex system of social equilibrium as the conciliation of the most varying social interests within the framework of the so-called "People's Parties".

Kohl reigned over his party as a sort of Bonapartist figure, uniting

disparate social groups under one roof: bankers, industrialists, middle class elements, craftsmen, peasants, wine growers, officials, clerical employees and even industrial workers. His political skill consisted in balancing the most conflicting interests through a dense web of dependencies, relations and favours. The discreet distribution of money was only a means to this end.

This form of reconciling incompatible interests, which penetrated every level of society, came into conflict with the demands of the global economy. This is why leading business circles supported SPD leader Schröder against Kohl. They were no longer confident that the CDU, ossified by sixteen years of government power, was capable of substantial change. Schröder, on the other hand, with his slogan of "modernisation", promised to break apart old encrusted structures.

Schröder, however, has proved to be a bitter disappointment. Too absorbed with the contradictions within his own party, his first months in power were characterised by confusion and indecision. When he subsequently used the departure of his finance minister Oscar Lafontaine to introduce a drastic cost-cutting plan, the response of the electorate was to desert the party in droves.

The way became increasingly clear for the CDU to return to power in the summer when the Social Democrats suffered massive electoral defeats. In the meantime, under the impact of the scandal, this is no longer the case. This is the prevailing opinion in the establishment in Germany, no one wants a return to the "old CDU". As leading members of the CDU began criticising from the left the excesses of the SPD in the sphere of social cuts, the wave of revelations over scandals and affairs began.

It would be an exaggeration to speak of a deliberate conspiracy. Such affairs always develop their own dynamic, in which accidental events and subjective motives play a role. But the general aim of the revelations is clear. The CDU must be "revitalised", i.e., freed from the ballast of old traditions. It is therefore no accident that the guns are turned on the honorary chairman of the party, Helmut Kohl, whose own process of ossification has turned him into something of a walking monument.

At the same time Kohl's successor as party leader, Wolfgang Schäuble, is also regarded as lacking the energy to break with old customs. New forces are required, free from the old ideological ballast and the old network of personal relations, able to exercise the necessary ruthlessness in the pursuit of more drastic and anti-social measures.

The way in which such forces can be elevated to the top has been shown by the SPD in the already mentioned case of Lower Saxony. There the state head has been changed for the third time in two years—without the voters having been consulted.

Forty-year-old Sigmar Gabriel has taken over from Gerhard Glogovsky, who himself replaced Gerhard Schröder when the latter became chancellor. Although Gabriel is barely known outside the state boundaries of Lower Saxony, his promotion has been greeted enthusiastically by the press. He is known as a supporter of Schröder, someone who is prepared to clean up the state and modernise the SPD. He does not regard himself as responsible for "massaging the soul of the SPD", keeps clear of any ideology and systematically avoids inner-party trench warfare.

In short, Gabriel is described as a man who lacks any ideological scruple, a man who ignores traditions and is devoid of any social responsibility, single-mindedly pursuing the levers of power—all in all a "great hope for the future".



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