Finance scandal engulfs German Christian Democrats

Peter Schwarz
26 January 2000

For weeks the financial affairs of the Christian Democratic Union (CDU) have dominated the headlines in Germany. An end to the scandal is not in sight. Almost every day new exposures convulse the party, which has returned the Chancellor for 36 of the 50 years since the establishment of the Federal Republic. At the heart of the affair is the uncovering of extensive secret funds, which were controlled by ex-Chancellor Helmut Kohl and other prominent CDU politicians.

Laws governing the conduct of political parties in Germany prescribe the official disclosure of all party finances. In addition, the source of donations over 20,000 German marks ($10,500) a year must be named. Kohl and his aids have circumvented these regulations, using methods that strongly resemble the money-laundering activities of the criminal underworld. To cover their tracks they used secret accounts and foundations in Liechtenstein and Switzerland, as well as a welter of transactions and cash transfers worth millions, which were carried out by front men. They also falsified public financial reports.

Kohl, who led the CDU for 25 years, has admitted publicly that he received over 2 million marks from anonymous donors, placing them in secret accounts that he personally controlled and which were not subject to any official report.

Kohl's long-serving Interior Minister Manfred Kanther has admitted that the Hesse state CDU, which he led, received 13 million marks from secret accounts in Switzerland. Before the introduction of new laws governing political parties, some 8 million marks of CDU funds were deposited there in 1983. In the meantime, the funds miraculously increased to 32 million marks. The treasurer of the CDU in Hesse, Casimir Prinz von Sayn-Wittgenstein, had identified these funds as an inheritance from "Jewish testators who wished to remain anonymous"—an outright and infamous lie.

But this is only the tip of the iceberg. According to a report commissioned by auditors Ernst & Young on behalf of the CDU, the origins of approximately 12 million marks that passed through the federal coffers of the party over the last 10 years cannot be ascertained.

Offences against the laws governing political parties are not punishable as a criminal offence, but can incur painful financial sanctions. If the annual official report which parties must submit to the president of the Bundestag (parliament) contains false information, a large amount of any state finance the national party may have received must be reimbursed.

According to some calculations, the CDU should return up to 400 million marks, which would mean its financial bankruptcy. However, the president of the Bundestag, who is responsible for state financing of political parties, has a large degree of discretion. The present incumbent, Wolfgang Thierse, a Social Democratic Party (SPD) parliamentary deputy and former East German civil rights activist, has already indicated that he prefers to take a mild approach. The other parliamentary parties—SPD, Free Democrats (FDP), the Greens and the Party of Democratic Socialism (PDS)—are being remarkably restrained in their demands for sanctions, and stress that the CDU should not be driven into bankruptcy.

Thierse will not, however, be able to avoid applying the regulation by which the Federal Treasury must be reimbursed with three times the value of any income in party accounts whose origin cannot be proven. This would result in a minimum fine of 36 million marks against the CDU nationally.

Substantially more explosive than the false reports submitted by the CDU are questions regarding the origin and whereabouts of the secret funds. Several public prosecutor's offices are already investigating this matter, and the suspicion of corruption and other criminal offences are drawing ever closer to ex-Chancellor Kohl and other key figures in the scandal.

Kohl stubbornly refuses to reveal the names of his anonymous donors, saying it is a matter of his "word of honour", which he gave to these benefactors. Kohl's opponents say that he places his personal "honour" above his oath of office and the law, and has thus broken a basic principle of the rule of law. In this regard, the conservative newspaper *Frankfurter Allgemeine Zeitung* has even drawn a comparison with the "Omertà", the Mafia's rule of silence.

Kohl's silence has forced an open break between himself and the present CDU leadership. On January 18, on the insistence of Kohl's successor Wolfgang Schaeuble and CDU General Secretary Angela Merkel, the party presidium requested that Kohl reveal the donors' names or relinquish his post as "honorary chairman" of the party. That evening Kohl announced his resignation as honorary chairman.

In the meantime, the supposition is growing that there are no anonymous donors at all, and that Kohl's reference to his "word of honour" is only a pretence, since the money might originate from other sources whose disclosure would discredit him and the party completely.

One trail leads towards the payment of bribes. In at least two cases it is known that millions flowed directly to the CDU or to dubious intermediaries around the CDU.

The first case, which unleashed the whole affair, concerns the supply of tanks by Thyssen to Saudi Arabia. This deal involved bribes of approximately 200 million marks, of which the arms dealer Karl Heinz Schreiber handed over $1 million in cash in 1991 to then-CDU Treasurer Walther Leisler-Kiep and the chartered accountant Horst Weyrauch.

Weyrauch is a key figure in the affair; he was an official accountant

© World Socialist Web Site

of the CDU, and as Kohl's close and trusted friend he managed the secret accounts.

The second case concerns the sale of the Leuna refinery and the East German chain of Minol petrol stations to the French company Elf-Aquitaine. This case, already subject to long-standing inquiries by the French and Swiss authorities, involved approximately 85 million marks in bribes, 50 million by way of the lobbyist Dieter Holzer. For many years Holzer worked for the German foreign secret service (BND), and maintained close relations with the federal government and the CDU.

In France, rumours have been circulating since 1997 that about 13.5 million marks of Elf's money had flown into CDU accounts. The Geneva public prosecutor's office in Switzerland, currently investigating Holzer for fraud, falsification of documents and money-laundering, has expanded its inquiries to include Kohl's closest field of acquaintances.

In letters rogatory to the Augsburg public prosecutor's office in Germany, two close colleagues of Kohl—his chief of staff Friedrich Bohl and Agnes Huerland-Buening, a former state secretary at the Ministry of Defence—are listed as Holzer's accomplices. It is well known that shortly after leaving the Ministry of Defence, Huerland-Buening concluded an "advisory contract" with one of Holzer's companies, receiving 5 million marks. A portion of this money was then passed on.

A further trail concerning the origins of Kohl's money and Hesse CDU funds leads back to the “Flick scandal” of the early 1980s. At that time large-scale illegal party financing was uncovered and several prominent politicians—such as the Economics Minister and FDP Chairman Otto Graf Lambsdorff and the CDU Treasurer Walther Leisler-Kiep—were subject to costly fines. Kohl only avoided being charged at that time by means of a "black out"—a sudden memory loss.

The Staatsbuergerliche Vereinigung (SV—Civic Union) played a key role in this scandal. The SV was created in 1954, at the high point of the Cold War, by then-Chancellor Konrad Adenauer and his banker friend Robert Pferdmenges, as a fighting fund against communism and the SPD. The SV collected cash from big business and the employers' federations and passed it on to the CDU and FDP. Since the cash did not go directly to the parties, the donors could remain anonymous.

At least since 1958, SV also served as a means of tax evasion. In that year the constitutional court declared it illegal to offset against taxes unlimited donations to political parties, because this gave a disproportionate preference to parties that were close to big business. Donations that served general national political purposes—and thus donations to the SV—remained deductible against taxes. The SV continued to collect cash from big business and pass it to the CDU and FDP—between 1969 and 1980 a total of 214 million marks. This means approximately 100 million marks in taxes were evaded.

Already at that time, the funds flowed to the CDU via Switzerland and Liechtenstein. The key figure who organised everything was Kohl's trusted friend Horst Weyrauch. When as a result of the party donations court case the SV was placed under the control of a legally appointed adjudicator, amounts worth millions disappeared without trace in Switzerland and Liechtenstein.

Der Spiegel news weekly recently published many details regarding this, and came to the conclusion that "the continuity of participants and methods speaks for the fact that the SV money remained in the sphere of influence of the CDU. It is possible that the Hesse millions, which Casimir Prinz von Sayn-Wittgenstein so splendidly augmented in Switzerland, came from this; or that the millions that have now turned up in the CDU's national coffers have their source there, and Kohl's anonymous donors may also simply bear the name ‘Civic Union'."

If this thesis is confirmed, it means that Kohl continued those methods that had been declared illegal at the beginning of the 80s. One thing is certain, however: only the initial outlines of the affair have so far become visible. In the coming days and weeks, further exposés can be counted on and it is possible that all that will remain of the CDU is a heap of rubble.

The affair has already brought into question the very existence of the CDU. In opinion polls the party that only recently returned record highs has dropped off the chart. The prospect of success in forthcoming elections to the state parliaments in Schleswig-Holstein and North Rhine-Westphalia, which seemed as good as certain so recently, has now all but vanished.

In addition to Kohl's behaviour, that of ex-Interior Minister Manfred Kanther has shocked CDU supporters. As a strict law-and-order man, Kanther always strongly supported draconian laws against organised crime and money laundering. Now it turns out that he was active for many years as the CDU's money launderer.

Kohl still enjoys support inside the party and is systematically mobilising his supporters against his successors. Last Friday in Bremen, to rousing applause from 4,000 party members, he boasted that he would not break his "word of honour". There are also many Kohl supporters in the party presidium. Schaeuble only won a clear majority against Kohl by threatening his own resignation.

Superficially, the conflict inside the CDU concerns the question of how to proceed with Kohl. Some party leaders want to use legal means to force him to name his anonymous donors. Others strictly reject this. On Monday the presidium decided not to sue him, in order to avoid a split within the party. However, the real reason for the conflict goes deeper. For 25 years Kohl fashioned the party according to his own conceptions and suppressed every deviating opinion. After his resignation, the suppressed contradictions are breaking out, threatening to tear the party apart.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site