

Political donations and German parties under review: a commentary on recent German publications

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Introduction

The six publications in German reviewed here¹ are only a few of the growing number dealing with the current disarray in German party politics. The revelations concerning large sums of money finding their way illegally into the coffers of the Christian Democratic Union (CDU) and being concealed from the monitoring authorities and the party membership are known in Germany as the 'Spendenaffäre' (donations affair). The 'affair' is complex and not easily summarised

One strand concerns donations (some in cash) from a wealthy Bavarian arms dealer and entrepreneur, Karlheinz Schreiber. In 1999 Schreiber fled to Canada, where he has dual citizenship, and has escaped extradition attempts. He has since given interviews from there with the German media about his donations. From November 1999 matters have escalated, enveloping former Chancellor Helmut Kohl (CDU), who has now publicly confessed that he indeed received illegal donations. Kohl has, however, steadfastly refused to name the donors because he gave them his word not to do so.

Some scepticism has been voiced about whether the donors actually exist. Revelations flooded in about secret bank accounts within the CDU (federal organisation and state branches) and about large sums illegally invested abroad and secretly transferred back. Firms such as Siemens seem also to be involved. These scandals are in turn bringing about a reappraisal of the strengths and weaknesses of the CDU party system (called the 'Kohl system') that allowed the leader to gain such undisputed authority and influence. The 'Kohl system' is now receiving much unfavourable comment, but this criticism may be seen as an offshoot of the earlier misgivings expressed with wide publicity by the then Federal President, Richard von Weizsäcker and others about the unhealthy state of German party politics as a whole.²

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These developments have bewildered the CDU membership and led to great internal difficulties and changes in the leadership in both the party organisation and in the parliamentary party (Fraktion). After defeat in the 1998 federal election the leadership of the CDU party organisation and of the parliamentary wing passed from Helmut Kohl to Wolfgang Schäuble who energetically set about retrieving the party's fortunes. He was also engulfed by the donations affair and resigned his party positions in 2000 because of a complicated set of circumstances. One effect of the donations scandal is that the CDU with its strong emphasis on Christian values has its moral credibility called into question, further unsettling the party. Friedbert Pflüger's book is written by a younger serving CDU parliamentarian and gives a graphic picture of these party dilemmas and the failures of the Kohl system.

The book is important because it comes from someone within the party and knowledgeable about this system. But the other parties have their range of difficulties as well. The Socialist Party (SPD) was rocked soon after coming to power in 1998 by resignation of the highly contentious Finance Minister, Oskar Lafontaine, a major figure of the German Left. In January 2001 the Foreign Minister, Joschka Fischer from The Greens, was confronted with embarrassing revelations about his 'revolutionary' activities in the 1970s. These are fuelled by allegations made by Bettina Röhl, one of the twin daughters of the late Ulrike Meinhof (one of the leaders of the urban terrorist group called the Baader-Meinhof Group).

Ferment in party politics is nothing new, but the position in Germany at present seems unusually volatile. None of the publications being reviewed deals with the current internal problems in either the Free Democrats (FDP) or the Party of Democratic Socialism (PDS) with regard to their leaderships. Clearly it is not a good time to have so much general party instability and uncertainty in public confidence when there are major social and policy issues in the German polity and in European affairs challenging government in the post-unification Germany.

Parliamentary investigations are still continuing into the CDU party finances and fresh information is coming to light. This means that publications are soon outdated or incomplete. The German media, including online media, contain a great quantity of reporting about the various strands of the political donations scandal. Accusations of malpractice in the Social Democratic Party (SPD) are also surfacing. The books being reviewed here are not dealt with in strictly chronological order, so that the picture that emerges is more a mosaic than a straight narrative of events. The aim is to convey an idea of the political and party climate and framework within which events are unfolding within Germany. It will be some time before we can be certain of the outcome and 'truth', and know which are the authoritative accounts. The publications chosen here, dealing primarily with the CDU case, are points of orientation and are ultimately to be judged by events whose outcomes are still to come.

Oskar Lafontaine's resignation, March 1999

The first book to be dealt with here, unrelated to the later CDU party donations scandal, is the account by Oskar Lafontaine of the circumstances and background that led to his resignation from the government, the parliament and from his influential position as chairman of the Socialist Party a mere six months after his party won government in coalition in 1998. Chancellor Kohl lost the election to the new Chancellor, Gerhard

Schröder (SPD). Lafontaine's *The Heart Beats on the Left* (available since late 2000 in English) has had a mixed reception in Germany. In view of the German media's long-held hostile image of him as a doctrinaire socialist, it is not surprising that his resignation was received with jubilation, or that his book on his experience met a generally negative reception. Indeed, a work written under existing circumstances might well be seen as purely an apology, or even as a kind of 'payback' against Chancellor Schröder.

It cannot be denied that the work bears signs of hasty compilation and exposes the author to some justifiable criticism. One might also question the professionalism of the publishers, the well-known Econ Verlag, for issuing a work with patent blemishes in organisation and documentation. The author quotes, sometimes at length, from newspapers and books, but with few dates or precise references. He refers to authors such as Viviane Forrester and Benjamin R. Barber, without making clear which works he is referring to: these are irritations which a capable editor or adviser would have picked up. The other deficiency is lack of even an elementary subject index. Only an index of proper names is provided. Whilst better than no index at all, it cannot be said to be other than an inadequate help to the reader and student.

Unsatisfactory as the book may be in these aspects, it is nevertheless worth reading as a snapshot of German socialist politics and of SPD political culture at a time of peculiar challenge in German and European politics following the fall of Communism. Since the appearance of this book the German political landscape has changed unexpectedly with the severe battering of the reputation of Helmut Kohl. This lends a certain added interest to the story in retrospect.

Lafontaine traces, autobiographically, the recent history of SPD internal struggles concerning its programs and leadership (Brandt, Scharping, Rau, and Schröder). How to regain the power lost on the defeat of Helmut Schmidt's SPD government in 1982 to the Kohl regime underlies much of the interpersonal relations Lafontaine discusses: here the print and television media play a vital role. Neither Lafontaine nor Scharping possessed the media skills or popular appeal of Schröder who also caught public attention by occasionally publicly castigating his own party. Schröder as a state premier had a proven record as an election winner. Lafontaine, a party machine man par excellence, was strongly identified with the negative connotations of the left wing of the party. He was the SPD candidate for Chancellor in 1990 when an assassination attempt on his life occurred at a public meeting. He was hospitalised for a short period. The media had also given him a very hard time.

He provides a gripping account of these events and how party decisions on important matters were reached, occasionally on a personal basis by handshake between himself and Schröder, although the narrative sometimes lacks depth. The historian will find the description of his very close contacts with Willy Brandt and of the reasons for the cooling of this relationship of interest: Brandt says very little about it in his autobiography.

The details of how personal relations influence the way major party offices are filled and candidates are chosen mirror what we already know about other political parties on the Left and the Right where decision-making rests in the hands of a small inner circle. More interesting is the role ideas and ideology play. Lafontaine draws a distinction between himself as an 'ideas man' or as the media saw him, as a leftwing ideologue committed to party discipline and policy guidelines, and Schröder, who seems purely

pragmatic and at times a 'loose cannon' Schröder has the ability, however, to find support in the employer and industrialist milieu which are more naturally the territory of the now opposition parties (CDU and Free Democrats, FDP). His personality has elements to which the public respond positively. This is not the case with Lafontaine. In the realms of ideas and ideology Lafontaine refers to key writers who have influenced his thinking and indicates exchanges of views on intellectual issues with other European socialist leaders. His contacts with Spanish and French socialist circles seem extensive and well established. His world is very much that of the traditional party-centred socialist concerned with ideas and reshaping society.

Why did Lafontaine resign? The reasons are said to be Chancellor Schröder's failure to adhere to previously agreed party positions, the latter's inability to secure cabinet solidarity (he is said not to be 'a team player'), and Schröder's erratic pattern of decision-making and personal behaviour. Deep disagreement about economic and financial policy emerged, although the SPD party conference had earlier laid down policy guidelines for their government to adopt. That other matters were present is also unmistakable; this is made clear by Lafontaine's later criticism of the nexus between Blair and Schröder. The policies of New Labour and co-operation between Great Britain and Germany on European affairs are attractive to Chancellor Schröder, whereas Lafontaine has an affinity for French views and aspirations.

Lafontaine's book offers many other points of interest. For instance, the decision of the Schröder–Green Coalition Government to participate in the Kosovo bombings is anathema to Lafontaine and the tradition where he has his roots. The historical background the author provides helps the reader to understand the nature of important continuing issues. All this is presented from a committed point of view, which reflects what seems to be a vanishing era.³ The key role Germany now increasingly plays in European affairs will ensure that Lafontaine's version of these crucial events and the shadows they will cast into the future merits study and reappraisal.

The Kohl system and illegal party funds

Friedbert Pflüger's *Word of Honour: The Kohl System and the New Beginning*, published in 2000, takes its title from former Chancellor Kohl's refusal to reveal the source of undeclared party donations because he had given his 'word of honour' not to reveal their identity. Because the concealment of these donations had legal repercussions for the party, it incurred penalties amounting to DM41.3m imposed by the President of the Bundestag (W. Thierse) for submitting incorrect annual reports on party finances. The CDU appealed against the legality of these penalties and, in February 2001, their case was upheld by the relevant court in Berlin. Before this outcome had occurred, Kohl had called on party members and sympathisers to assist the party finances. He collected as a result some DM30m. Kohl has steadfastly continued to refuse to reveal to his party the sources of the donations he received over a period of years.

Word of Honour is organised into three parts: the first part deals with the scandal about party funds which enveloped the former Chancellor, mentioning other similar recent scandals in the Hessen state division of the CDU, and analyses the causes that led to this breakdown in the CDU. Pflüger's account is made more lively by the amount of autobiographical information he provides: he has been associated with Kohl from decades ago when a teenager. The author gives positive and negative details about the

way Kohl managed the CDU, both externally and in the parliamentary sphere. The management style of the former Chancellor is known as the Kohl system, a term of much significance in contemporary German politics.

Part One also goes into detail about the resignation of Wolfgang Schäuble as leader of the parliamentary party and chairman of the CDU party organisation. The dissensions and currents flowing from Kohl's 'disgrace' within the parliamentary and the external party are made very clear. The author touches on the (still unresolved) contradictory statements of Schäuble and Brigitte Baumeister concerning the accounting of some party funds received from Schreiber by Schäuble and passed over to Baumeister, the then party treasurer. The parliamentary hearings into the 'Spendenaffäre' are still proceeding, but have not as yet proved to be very effective

In the second part of *Word of Honour*, Pflüger gives frank details about how he came to be chosen as a CDU candidate, how the parliamentary party (Fraktion) works, what his own working life entails, and how he raises funds in the electorate. He stresses his interest in European affairs and is currently chairman of the Parliamentary Committee on European Union Affairs. The photos in the book show various strands of his career.

The final part, entitled 'To Risk a New Beginning: A Reform on Head and Limbs' (p.181–236), picks up many ideas which have been recently under discussion about the German polity and the political party sphere in particular. Pflüger calls for less polarisation in German politics and an abandonment of the 'friend-foe' stereotype. He explains why he opposes more direct democracy in Germany where the movement for citizens' initiatives and referenda is attracting growing support. His strong arguments for greater transparency in the matter of political donations and in the personal responsibility of politicians and public figures in their involvement with party money seem like calls for a utopia. Can it ever be achieved? The existing laws, strengthened by the Kohl Government, were subverted by the lawmakers themselves! One recommendation the author makes is that the system of 'transition payments' given to parliamentarians leaving parliament be reformed. It is hard to believe that he will gain much support for this quixotic suggestion either.

Whilst paying tribute to Helmut Kohl's achievements, the author does not hesitate to call for an entirely new approach to party organisations and culture. He is quite frank about the power the former Chancellor still wields within the CDU membership. Powerful forces will be marshalled against the objectives Pflüger outlines and his own career aspirations may not be unopposed. Helmut Kohl has just published his diary — a current bestseller — as a counter-attack against the critics of his reputation and actions. In the background is still the Bundestag inquiry into the undeclared party donations, so we may expect further developments.

This work is symptomatic of the feelings of a group of younger CDU parliamentarians to whom the author refers in the text. It is interesting to note the few references to Jürgen Rüttgers, one of the younger rising stars of the CDU who has also written about the problems of the party system in Germany.⁴ Rüttgers' recent attempt to win the elections in an important German state was dashed by the scandals besetting the CDU, perhaps temporarily obscuring his rising star. He is spoken of as a likely rallying point for the future CDU.

Word of Honour succeeds in conveying a feeling of the intense internal parliamentary party discussions and disarray caused by the series of damaging revelations. He mentions briefly one curious personal fact: his wife is Margarita Mathiopoulos. Her name is well known because of Willy Brandt's failure in 1987 to have the SPD accept her as its party spokesman.⁵ This precipitated Brandt's withdrawal from the chairmanship of the SPD. There is explicit detail on this occurrence given in the book by Oskar Lafontaine who draws a parallel between his own resignation and that of Brandt (see p. 234 in Lafontaine's book).

There has been a constant stream of legislation and public discussion about the role of political parties in German democracy. Their role is specifically mentioned in the Basic Law (Article 21) and the question of how they are financed, organised and controlled is regulated by law and a number of judgments of the Federal Constitutional Court. State financial support for the parties springs from Article 21 and has led to considerable public expenditure over the years. (For example, in 1998 the State paid the CDU DM73.9m and the SPD DM96.8m. The FDP received DM21.9m).⁶ The major political parties have large establishments and carry out a range of political and educational functions. The CDU donations scandal is, naturally enough, having enormous impact in Germany. One expression of this can be seen in the publication in April 2000 of a full issue of the periodical *Aus Politik und Zeitgeschichte* devoted to the question. Five contributors deal with various aspects of donations to political parties and the current state of German democracy. Two of the contributors, Kurt Sontheimer and Hans Herbert von Arnim, are dealt with elsewhere in this review. Here we will briefly deal with the other three contributors, all well-known academic experts in political party affairs.

Germany is a state with a strong tradition of administrative law; legalism permeates the fabric of society to an extent that would surprise Australians. To understand the nature of the political donations scandal requires a grounding in the legalities at issue which makes the articles by Professor M. Morlok, K-H. Nassmacher and Andrea Römmele particularly valuable. They are in fact very useful to have as references to consult when in doubt about details of the German political donation system. Also valuable are the international comparisons they draw. Morlok's contribution makes it clear what financial penalties the CDU might incur for its infringements; part of the penalty involves repayment of moneys illegally received and, according to circumstances, the penalty may be up to three times the amount not declared. He lucidly explains a rather complicated picture.

All three authors believe that the existing law governing disclosure of the source of political donations has proved effective; they strike a positive note in this respect. Nassmacher, an internationally recognised expert in this field, states:

A thoroughgoing change in the legislation on political parties is totally superfluous, and presumably even harmful. What, however, is desirable is a clearly defined (überschaubar) number of smaller cosmetic operations . . .
(p.21)

He then lists the 'cosmetic operations' he favours. One vital issue concerns tax deductibility of donations and the level at which parties must give the name and address of donors in their annual reports to the Bundestag. The CDU's annual reports failed to declare very large donations and Helmut Kohl had given his 'word of honour' that he would not reveal the names of the donors of the undeclared funds. This conflicts with his oath of office and seems irreconcilable with his public responsibilities and the law of

the land. Nassmacher makes an important point about public disclosure and the failure of the media to avail themselves of the chance to read the tabled annual reports of the parties:

The already existing measure of transparency is largely ignored by the media in Germany. The degree to which the annual reports are known speaks for itself. Until mid December 1999 they were the most public secret document in the Federal Republic . . . (p.20)

The German media seem no better in their monitoring activities than the media elsewhere. Their interest in annual reports needs to be sparked by the scent of scandal. The three authors see effective implementation of existing law and monitoring of compliance as what is really required.

What is at issue with the future of the political parties is their falling membership numbers and the serious financial pressures they are facing. Andrea Römmele traces the effects of the 1994 law on the parties' finances. The declared aim of the new legislation is to secure for the parties a firmer grassroots support and to stem the level of state support for them. She concludes that, as a result, all parties have succeeded in widening their supporter basis. She quotes with approval views of Nassmacher on the positive effects of the 1994 legislation, but favours stronger penalties for infringements. The position in France, where persons involved in infringements are excluded from election for a period, is mentioned at several points by the contributors. The reader is left with the impression that the harm done to the CDU and the political system needs to be seen in a more balanced light and that the failures of individuals do not damn the whole system as it presently stands. However, discussion raises the need to have individual responsibility for infringements made enforceable. At present only the party in question is subject to sanctions.

These contributions appeared before publication of the judgment of the Administrative Court in Berlin on the appeal by the CDU against the penalties imposed by the President of the Bundestag.⁷ That judgment was furnished in February 2001, overturning the President's action and hence raising new doubts about the soundness of the law that all three authorities quoted above thought beyond reproach.

Already both Opposition and Government parties in the Bundestag have announced that they will move to amend the law on political parties. The President of the Bundestag is also expected to appeal against the judgment just handed down.⁸ In February 2001, the Federal President, Johannes Rau, set up a Commission of Independent Experts to review the existing law on political parties, so changes may indeed occur.

Helmut Kohl, Power and Money (2000) is a remarkable work telling in astonishing detail how the parties, and the CDU in particular, receive undeclared, but sometimes illegally tax-deductible, donations from powerful industrial and business supporters. We also learn how money laundering sometimes using the so-called party foundations (Stiftungen) has assisted the political parties to receive huge amounts of money. This work consists of three separate but interlocking contributions by three authors who are all well-known investigative journalists employed by the major South German newspaper, *Süddeutsche Zeitung*.

One of the authors, Hans Leyendecker, is said to have a major role in uncovering the CDU donations affair and has been investigating the financing of major political parties

for some years. The contributions are notable examples of 'investigative journalism', full of concrete 'insider' details about how politics actually works at a level focusing on success, dominance and career. Whilst it is not explained how the text of certain letters can be quoted in detail, or how marginal notes on official and party documents came to notice, it is clear that the authors have been helped by German versions of 'Deep Throat' who played such a crucial role in President Nixon's downfall. It would seem that, on occasions, the Stasi files from the former German Democratic Republic Secret Service, containing details of intercepted telephone conversations, have been available to the author (cf. p. 95). It is not surprising that former Chancellor Kohl has so strenuously resisted the use of these files before the Bundestag inquiry into the 'Spendenaffäre'. The contributions in this book are extremely rich in detail, but less revealing about their sources. They make engrossing reading and are presented with the colour one associates with journalism.

Leyendecker's contribution is impressive and very hostile to Kohl whose career is traced in detail. He emerges as someone Australians would see as in the mould of a Graham Richardson, doing 'whatever it takes'. Leyendecker traces the origins of the 'Kohl system' back in part to his earliest contacts with Konrad Adenauer. The network of personal relationships built up over decades by Kohl makes unsurprising reading, but what is surprising are the allegations about the elaborate methods of money laundering, abetted *sub rosa* by the state government (Rheinland-Pfalz) of which Kohl was the leader before moving into federal politics.

The story reads much like a Frederick Forsyth novel with plenty of deviousness, deceit and illegality. A picture of West German politics emerges which is definitely not sanitised. Leyendecker's contribution concentrates on the CDU and Kohl in particular, but links them, where necessary, with other parties. The account is at times very powerful in its revelations and thoroughly damaging to the strenuous efforts of Kohl to salvage something of a reputation from the donations scandal. It is no exaggeration to say that this contribution alone makes the book essential reading to students of contemporary German party politics. It may not be the whole truth, but it is rich enough in detail to be taken seriously. What is striking is that it appears that former Chancellor Kohl does not believe that he has done anything 'wrong'; his transgression was merely over-zealous concern for his party.

The second contribution (pp. 247–472), also extremely detailed with its access to insider sources, is by Michael Stiller. Stiller specifically mentions assistance from a 'whistleblower' (p.431). His contribution is entitled, 'Strauss Schreiber & Co. The White-Blue Amigo-System'. (Blue-white are the Bavarian state colours). It deals with the way Franz Joseph Strauss, the Premier of Bavaria, ran two apparent fiefdoms, the Christian Social Union (CSU), and the Bavarian State's administrative and legal apparatus. This is investigated in connection with Karlheinz Schreiber and a number of the Premier's other moneyed cronies. Written with less restraint than Leyendecker's contribution, this one is even more shocking for its evidence of criminal interlocking of money-making, party and political power, and blatant subversion of the processes of justice. Much evidence is given of considerable personal enrichment rather than funds being channelled into CSU coffers, although that too did occur. Much space is given to various complex negotiations on sales of aircraft, weapons and on Canadian land deals (in which the former Canadian Prime Minister, Brian Mulroney, seems implicated). Schreiber is a party to almost all these and we learn, sometimes at exhausting length, of

the way big business and ‘middlemen’ operate. Huge sums of money changed hands, some of it oil money from Saudi Arabia. The Strauss family seems to have profited enormously from deals and ‘kick-backs’.

The massive protection given by Premier Strauss of Bavaria to cronies in trouble with tax authorities makes his authoritarian hold over Bavarian administration and the system of justice only too obvious. German justice and court procedures emerge as highly manipulable by political powerbrokers. The peculiar culture that characterised the CSU and official administration in Bavaria under the reign of Premier Strauss (and, to some extent, it seems, even now), calls into question the soundness of German democracy.

Also rich in detail, names and allegations, Stiller’s account will have, one suspects, an even more explosive effect than Leyendecker’s. Of course, we are dealing with one highly hostile presentation that may need to be balanced out by other perspectives. But it is sobering to read how pervasive the power of human greed is, especially among those who are already well provided for. The ‘Strauss system’ in Bavaria puts the Kohl system in the shade. Criminal conspiracy does not seem too extreme a description for some of the incidents he writes about. The events described are intimately linked with the personality of the late and, in some respects, brilliant Franz Joseph Strauss: his successors do not appear to have been able to maintain the extraordinary sway that he enjoyed.

The last contribution (pp .475–595) by Heribert Prantl, entitled ‘Rule and Cash: On Converting What is Illegal into What is Everyday. A Scandal and its Consequences’, deals with various aspects of the donations affair and its implications for the political system and, in particular, for the CDU. His contribution to some extent gathers together legal and moral threads in the preceding two contributions. Both his contribution and that of Stiller seem unduly expansive.

Pranti believes that only a scandal of this dimension is capable of effecting real change in the iron-clad CDU culture and in the law on political parties and donations (p. 531). He offers a rather savage analysis of former Chancellor Kohl’s glib denials of wrong doing and asseverations that he had the good of the CDU always as his objective. The illegal massive destruction of files from the Chancellor’s office when Kohl lost the 1998 election is discussed as an indication of the cover-up of certain dealings. Fortunately, computer backup disks that had been overlooked during the ‘clean-up’ were later found and proved indeed that there was much to cover up. Prantl argues that Kohl’s refusal to name the anonymous donors is deeply destructive to the CDU and virtually a betrayal of the Party (Parteiverrat, p. 512). The advantages of introducing plebiscites and referenda at the federal level are outlined. Changes that might be made to the law on political party finances are set out under ten heads (pp. 544–554). Rather depressing is his account of how constrained are the powers and effectiveness of the parliamentary inquiry presently investigating the donations scandal. Prantl also goes into some detail about the deficiencies of the German legal system where a clear division between executive and judiciary does not exist. Judicial procedures in Germany are also highly bureaucratic and dilatory. All this, we might feel, calls for the pen of a Charles Dickens, as exemplified in his castigation of the Court of Chancery (*Bleak House*).

The work by Leyendecker, Stiller and Prantl has a few grains of hope to offer, but the picture on the whole is unpromising. Apart from revelations about the position in Germany, we learn about similar (but, apparently, more blatant) malpractices in France.

There are links between the two countries on political bribery and corruption. One wonders what the East Germans think of these 'fruits of democracy'!

Few publications being reviewed might be expected to raise more anticipation than Wolfgang Schäuble's *Mitten Im Leben (In the Midst of Life)* which may perhaps invite readers to complete the phrase, *We are in Death*, although the Foreword does not exactly see the work in that light.

His book, published late in 2000, has the aim of assisting the CDU to find its way again after the shock of losing government after 16 years in office. Bad enough as the massive 1998 defeat was, the additional trauma arising from the revelations of illegal donations placed enormous strains on the CDU and the German political system. Wolfgang Schäuble, as Kohl's successor as party chairman and leader of the joint opposition parliamentary party (Fraktion), took on his new responsibilities under the worst possible conditions. Whilst Schäuble's concern for the future of his party forms the core of his book, his experiences during the donations scandal and the subsequent resignation from his influential party positions offer some comparison with the career of Oskar Lafontaine. Another similarity lies in the fact that Schäuble was the victim of an assassination attempt in the same year as Lafontaine. Schäuble lost the use of his legs and is confined to a wheelchair.

Schäuble is restrained about Helmut Kohl, but enough is said to make the reader realise that much more could be said. Leyendecker seems to have performed that task with a vengeance and this reviewer found it advantageous to have read Leyendecker first. Schäuble concentrates instead on analysing first the reasons for the loss of the 1998 federal election which the CDU was fully expecting. Chancellor Kohl had clearly grown unpopular with the voters, but his authority and control within the CDU remained unchallengeable. This is what the Kohl system was meant to achieve, although Schäuble does not undertake any 'deconstruction' of it. Indeed, he seems at times constrained by the desire not to be seen as either vindictive against Kohl, or disloyal to the Party in dealing with the painful events of 1998–2000.

Schäuble offers a masterly survey of the policies and philosophy of the Christian Democratic Union of Germany during the 1990s. This, then, leads him to outline how the party might adapt to the altered political situation since the 1998 election. He repeatedly stresses that the CDU must re-establish itself as a party of the middle, appealing to voters across the spectrum (Volkspartei). His observations on the failings of the new coalition Government of Gerhard Schröder seem at the same time to vindicate some of Lafontaine's claims.

Whilst the remarkable series of CDU state election victories in 1999 quickly showed that the German electors were rapidly deserting the SPD–Green federal coalition, there still remained the problem of regenerating the CDU party organisation. The position of Helmut Kohl, who was now honorary party chairman, was also an unsatisfactory arrangement. CDU party officials were closely associated with him from the past as part of the Kohl system, and he continued to expect that he would wield his old sway and be treated as though he were still in charge (p.189). In fact, as later became clear, some key officials fed him sensitive material before it was made available to the current chairman, Schäuble.

The author's account of his efforts to create a new team in the parliamentary party as well as change some of the office-bearers in the external party organisation (pp 56–63) gives excellent insight into the way these delicate matters are conducted between the CDU and its sister party, the Christian Social Union of Bavaria. Angela Merkel, who comes from East Germany, had been a Kohl protégé and the Environment Minister in his Government, was selected for the position of Secretary-General of the CDU party organisation. This gave her a particular prominence and importance, which were to have great significance as the party donations affair developed. Ultimately, Angela Merkel replaced Schäuble as chairman of the CDU in which she attracted widespread popularity at the grass-roots level. She also proved an effective ally to Schäuble as the donations affair escalated. She was one of the first to recognise that the sway of Helmut Kohl was now a great liability for the party and she supported the steps to curtail his presence. In the upshot Kohl stood down as honorary party chairman, but his system of contacts still operated and, it seems, to the detriment of the author.

Most readers will be primarily interested in what the author has to say about the origin and course of the political donations affair. Pages 188-300, a good third of the book, deal with this complex and at times puzzling affair. Directly or indirectly, the affair led to one suicide and several destroyed careers, and prompted various official investigations and one apparently inconclusive and feebly managed parliamentary committee inquiry. This affair began in November 1999, when Bavarian authorities began to look into possible tax evasion by the former treasurer of the CDU, and a former state Finance Minister, Walter Leisler Kiep. A court order to arrest Kiep was issued so that he could be questioned. When finally questioned, Kiep revealed details about illegal donations. Sensational was the revelation that Schreiber had handed Kiep a suitcase containing DM1m in the parking lot of a Swiss shopping centre (P.191). Kiep, we might add, was fined in February 2001 DM 45 000 for tax evasion, the matter which first unleashed the donations affair.

The details are much the same as we have learned from Leyendecker's more dramatic account. Schäuble's job was made doubly difficult by the succession of later revelations whose cumulative effect was devastating for the CDU. All the gains of early 1999 were overshadowed by the later developments, but the gains in the state elections had at least altered the power structure in the Federal upper house, the Bundesrat. Schäuble's efforts at 'disaster control' suffered a grievous blow when it transpired that he had himself received DM 100 000 in cash some years before from Karlheinz Schreiber. The author had rashly made a remark in the Bundestag which could be interpreted as a lie about this; even more difficult for him was the denial of the former Party Treasurer Brigitte Baumeister that he had handled this money in the way he claimed. Schäuble deals with these conflicting claims without equivocation in his book. There is now some evidence based on reports of journalists in contact with Schreiber that a plot to topple Schäuble emanated from supporters of Kohl. The latter has been energetic in his efforts to restore his shattered image, although he still steadfastly refuses to name the sources of the considerable undeclared money he received. It remains unclear where much of that money went.

Schäuble had a run of considerable bad luck on several fronts, always putting him in an unfavourable light, especially with the mass media. He finally stepped down from his two important party posts, being succeeded as Party Chairman by Angela Merkel, and as leader of the opposition parliamentary party (CDU–CSU) by Friedrich Merz.

The effects of the donations affairs and of the penalties imposed by the Bundestag President on the running of the organisational wing of the CDU are spelt out in a section entitled 'The CDU on the Brink of Ruin — Consequences Flowing from the Finance Affair' (pp. 283–287). Membership contributions had to be increased, head office staff was reduced from 150 to less than 100 (previously staff had numbered 200), and other internal economies had to be introduced. Clearly, the position was extremely grave.

Australian readers will be interested in Schäuble's description of the impact of the German federal system on the way the CDU operates and on the accommodations which need to be made in the political system by all parties. There are many differences between the Australian experience of federalism in operation and the German one. The German system, where regional influences are even stronger than in Australia, requires a considerable range of skills from its politicians.

The concluding section of the book (pp. 301–344) offers an assessment of the political issues for the future for which the CDU must prepare policies. Before he presents these assessments he states:

The deep cleft (Zäsur) [after election defeat] has firstly made the CDU free not only to focus on the next election date, but also to direct its gaze to the agenda for the future. Problems and challenges remain for our country and the Union is needed to help solve them. (p.301)

The reader will find many points of similarity between the views of Pflüger and Schäuble in the diagnosis of the future course of the CDU and of the conduct of politics. Schäuble's vision is on a rather high plane and one wonders whether there is not more to be said about the moral questions the donations scandal has opened. The criminal aspects are another matter again. He does not venture too far into that morass. The reader is, however, left with a strong impression of Schäuble's stature as a first-class political intelligence and a man whose skills the CDU will surely need to retain. The views he sets down in this part of his work will assist his party in mapping out its future political course.

It cannot be denied, however, that Schäuble also seems, for a seasoned politician, to be naive about the deviousness of personal behaviour. He has had to learn some bitter lessons the hard way. One suspects that there is much more that could be said on this score. The views of other players in the drama will in time cast light on this aspect. His book will be of permanent importance as an account of what is surely a unique period of turmoil and recriminations in the history of the CDU.

Hans Herbert von Arnim

Professor Hans Herbert von Arnim,⁹ widely known in Germany for his expertise about questionable practices in the setting of parliamentary and ministerial salaries, pensions and benefits, is author of a number of books analysing the deficiencies of the German political party system and is currently working as adviser to local groups eager to promote the use of referendums and plebiscites in German political affairs. He has also been responsible for some state legislatures repealing legislation on parliamentary entitlements. The work reviewed here (title may be translated as *On Democracy's Apparent Beauty: Politics Devoid of Responsibility and Bypassing the People*) takes up themes from earlier books and develops the argumentation further.

This book, published in 2000, takes as its central theme the way political parties have made themselves into virtual 'cartels', controlling affairs and legislating as much for their own benefit as for any claim of the public interest. A particular concern is the erosion and weakening of public institutions through the influence of party political appointments. The author refers to the rise of the 'new institutionalism' in the United States. In Germany, where the state controls activities more pervasively than in the English-speaking world, appointments to senior positions in institutions under state control or supervision, such as schools, may be determined by party membership. Even the administrative apparatus of the Bundestag itself may also offer examples. Von Arnim documents his case with a range of evidence and repeats findings from his earlier writings. What is new is how he analyses the pervasive influence and control of party politics in so many aspects of German life can be checked and the system restored to health.

Australian political scientists will find the account of the shift of state legislative powers to the Federal authorities (Bund) instructive and worth comparing with the division of powers in Australia. Von Arnim is critical of the timidity of the state legislatures in using their powers: this has led on the one hand to a great deal of un-imaginative uniformity in legislation between states and has also allowed the federal authorities to draw much power and initiative to themselves. Part Two of the book is indeed entitled: 'Reluctance to Assume Responsibility: Progressive Self-Dissolution of the States' (pp.47–166). The politics of European Union have also had a negative effect on the scope of powers of the German states. The concluding remarks of this section sum up the author's views:

In the field of federalism the characteristic developments and failures of our democracy are particularly sharply outlined; they are also considerably strengthened by German federalism: that is, by the systemic weakness of our political system to be able to act and to reform itself, resulting even in the blockading of reform, the loss of power in the parliaments and for citizens, and the growing consolidation of the power of executives and bureaucracies, the deficiencies in the division of powers and democratic practices, the complex layers and lack of transparency in the interconnections within the system, and the lack of accountability of the politically responsible players. (p.166)

This is a pretty extensive catalogue of indictments and gives a good idea of the lines of argument Professor von Arnim adopts.

Direct democracy and introduction in federal politics of tools such as referenda and plebiscites (Volksbegehren) are seen as the necessary correctives. Part Three (pp. 167–302) goes into detail about how this can be achieved. He analyses the successes achieved by direct democracy at state level in Germany, but the Federal Constitution (Grundgesetz) contains no such provisions. This may be about to change: in September 2000 the General Secretary of the SPD (F. Müntefering) announced that steps will be introduced to have the Grundgesetz altered to permit the holding of referenda and plebiscites. Professor von Arnim may well see this announcement as an indication that his efforts in recent years to promote this development have not been futile.

The account of the operation of referenda and plebiscites at the state level provides much information, often presented in tables showing the modalities, regulations and areas open to direct democracy in the German states. Table three compares the position

in Germany, Switzerland and the USA. Direct democracy appears to be gaining considerable headway among Germans that seems to support the thesis that public dissatisfaction with the present operation of the party and political system is a serious problem. The necessity for a return of powers of control to ordinary citizens is a constant theme of the book: it is seen as the way out of so much of the impasse von Arnim describes.

Australian parliamentary experts may not yet be aware of the recent success of the referendum in Bavaria on the abolition of the Upper House. Current reports suggest that the political masters are to test the legality of the referendum process. Details are not yet known to the reviewer, but we may be sure that the issue will receive great public attention in Germany. This is a field where Professor von Arnim will no doubt be active as well.

In an article 'Structural Problems of the Party State', published in *Aus Politik und Zeitgeschichte* (April 2000), von Arnim deals with the donations affair as an indication of a more radical problem which is no less than replacement of democratic norms by self-interested and self-perpetuating values of the political class. The early days of West German democracy were built upon a sound basis, but later developments have, he claims, given the political class control over the mechanisms which virtually circumvent or nullify the Constitution's intentions (p. 38). This article encapsulates the themes of the book reviewed above and neatly summarises the severe criticisms and recommendations for reform that characterise Professor von Arnim's writing over more than a decade.

Conclusion

The diagnosis of the political ills presented by the various authors shows that the image of democratic achievement and growing political maturity associated with the earlier Federal Republic and its now unified successor state needs much more critical scrutiny. However, we must also make allowance for the effect of media 'dramatisation' of issues involving public figures in the donations affair. It is prudent to bear in mind some enduring characteristics of the German people as well: in his well-known *Society and Democracy in Germany*, Ralf Dahrendorf pointed to the persisting belief among Germans that the word 'German' (deutsch) is a 'superlative' Perfection is a dangerous idol to worship as history shows. At the same time, the Germans seem as a people still surprisingly deferential and credulous regarding those in authority and high position. When these traditional values are upset, reactions can be extreme. Idealisation of political parties and personalities generally succumbs to disillusionment in the long run.

In April 2000, a balanced assessment of the Spendenaffäre by the prestigious political scientist, Kurt Sontheimer appeared.¹⁰ This short essay, entitled 'On the Disaster (Unheil) and Blessing of an Affair', does not gloss over the damage done by the politicians and party officers, but maintains that 'the party donation affair should not be falsified to be seen as a catastrophe for our political system'. There are, he believes, positive impulses to be drawn from it for the future health of the political party system. Parties must, he feels, primarily improve their credibility. Sontheimer's views, written before the full extent of the disaster was known, strike a positive note that may be needed to heal some public psychological wounds. But his diagnosis may have to be revised as further revelations make it probable that the systemic faults are not easily

remedied by appeals to 'improvements to credibility'. After all, in 1982 the newly-elected Chancellor Helmut Kohl spoke of a 'spiritual and moral turning-point' now becoming a reality with his election.¹¹ Would, however, Sontheimer's view be radically modified by reading Leyendecker and Stiller who show 'Realpolitik' in its harshest tones? It is not difficult to believe that the donations affair and its ramifications will inflict more grievous harm to Germans' belief in their political system than Sontheimer supposes. Some might even suppose that the much publicised failings of the former East German regime have unsuspected parallels in the West.

How sound is the law on political parties? How reliable is the German legal system and the administration of justice? The decision (February 2001) of the Administrative Court in Berlin that the penalty imposed on the CDU by the President of the Bundestag (W. Thierse) was illegal has further complicated the picture. The soundness of the law on political parties and political donations is now suddenly called into question, contrary to claims by various authorities about its validity. In addition to the state of the law, there is the question of the how the legal system is administered. Political influence on basic procedures and ultimately on outcomes seems to have been rampant in Bavaria under Premier Strauss, but we must bear in mind that Strauss was very contentious among his own countrymen. His regime should not, we hope, be taken as a norm. We should not overlook that in Bavaria some courageous officials tried fruitlessly to uphold their oath of office.

In February 2001 a deal was done between Helmut Kohl and state prosecutors in Bonn 'to drop their investigation into Helmut Kohl's illegal campaign donations if the former chancellor pays a fine of DM300 000'.¹² Will this be seen as a satisfactory outcome of the donations affair? It is hard not to have doubts. The CDU still has a grievous loss of trustworthiness and integrity to overcome. In addition, we should withhold judgment

more before we can venture confident opinions or judgments. The funding of political parties continues to be, both in Germany and in western countries in general, a complex issue giving political scientists and moral philosophers wide scope for their talents. The publications dealt with here raise many worrying questions and deserve to be widely read. They will undoubtedly be followed by other publications further explicating these matters of such fundamental public importance in the German political system. Domestic German and European considerations are also now so linked that the problems take on a wider significance. ▲

Endnotes

(All translation from German is done by the reviewer)

¹ The publications being reviewed are:

- i. Lafontaine, Oskar, *Das Herz Schldgt Links*. Munich, Econ Verlag, 1999, pp. 317. ISBN 3 430 15947 4.
- ii. Von Arnim, Hans Herbert, *Vom Schönen Schein der Demokratie: Politik ohne Verantwortung-am Volk Yorbei*, Munich, Droemer Verlag, 2000, pp. 391. ISBN 3 426 27204 0.
- iii. Leyendecker, Hans, Prant, Heribert and Stiller. Michael, *Helmut Kohl, die Macht und das Geld*, Göttingen, Steidl Verlag, 2000, pp. 608. ISBN 3 88243 738 3.

- iv. Pfiüiger, Friedbert, *Ehrenwort: Das System Kohl und der Neubeginn*, Stuttgart, Deutsche Verlags-Anstalt, 2000, pp. 240. ISBN 3 421 05323 5.
- v. *Aus Politik und Zeitgeschichte*. B 16/2000 (14 April, 2000), supplement to the weekly broadsheet *Das Parlament*, consisting of five contributions on the political parties and the donations scandal by Kurt Sontheimer, Martin Morlok, Karl-Heinz Nassmacher, Andrea Römmele and Hans Herbert von Arnim.
- vi. Schduble, Wolfgang: *Mitten im Leben*, Munich, C. Bertelmann, 2000, pp. 348. ISBN 3 570 00497 X.
- ² In 1994 and 1995 *Legislative Studies* published the following items dealing with these criticisms: 'Is criticism of the German political parties justified?' by H.H. von Arnim (v.9, no.1), and a review by R. L. Cope of four German publications, including one by J.Rüttgers, all dealing with the general health of the German political system (vo.9, no.2).
- ³ Dostal, J. M. 'From "Moderniser" to "Traditionalist": Oskar Lafontaine and German Social Democracy in the 1990s' in *Debatte: Review of Contemporary German Affairs*, v.S.1, May, 2000: 23–37.
- ⁴ See note 2.
- ⁵ Brandt, Willy: *My Life in Politics*. Hammondsworth, Penguin Books, 1993. Margarita Mathiopoulos is not mentioned by name in this work, although Brandt tells of the circumstances and turmoil caused in the SPD by his proposed appointment of her as party spokesman. See p.336–337
- ⁶ The table on page 14 of *Aus Politik und Zeitgeschichte* gives the figures for the six parties in the Bundestag. See note 1.
- ⁷ Information from Die Welt online, Feb.8, 2001. See <http://www.welt.de>
- ⁸ See Note 7.
- ⁹ See note 1.
- ¹⁰ Sontheimer, Kurt: 'Vom Unheil und Segen einer Affdre', pp. 3–5 in *Aus Politik und Zeitgeschichte*, B 16, 2000. (Supplement to the weekly newspaper *Das Parlament*, April 14, 2000).
- ¹¹ This point is made in the editorial (p.2) of the issue of *Aus Politik und Zeitgeschichte* under review. See note 1
- ¹² See the website (8 Feb, 2001) of the Frankfurter Allgemeine <http://www.faz.de>