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FM BONN 261900Z OCT 83

TO PRIORITY FCO

TELEGRAM NUMBER 952 OF 26 OCTOBER

INFO SAVING PARIS EMBASSY BRUSSELS ROME THE HAGUE ATHENS COPENHAGEN
DUBLIN LUXEMBOURG UKREP BRUSSELS UKDEL OECD CHCC(G) CGS INN FRG
BMG BERLIN

ESCRIITT'S LETTER OF 21 OCTOBER TO MISS LANGLEY JUDD, DTH.
LAMBSDORFF TO RESIGN? m

1. THE FEDERAL ECONOMICS MINISTER, GRAF LAMBSDORFF, WILL BE VISITING LONDON ON 1 NOVEMBER AGAINST A BACKGROUND OF GROWING SPECULATION HERE THAT HE MAY SOON HAVE TO RESIGN BECAUSE OF HIS ALLEGED INVOLVEMENT IN A LONG-RUNNING SCANDAL INVOLVING THE FINANCING OF THE POLITICAL PARTIES. THE FRANKFURTER ALLGEMEINE ZEITUNG OF 26 OCTOBER HAS REFUELLED SPECULATION BY REPORTING ON ITS FRONT PAGE THAT THE QUESTION OF A SUCCESSOR IS UNDER ACTIVE CONSIDERATION.
2. FOR ALMOST TWO YEARS, THE BONN PUBLIC PROSECUTOR HAS BEEN INVESTIGATING ALLEGATIONS THAT A NUMBER OF LEADING POLITICIANS FROM THE THREE MAIN PARTIES, INCLUDING LAMBSDORFF, IMPROPERLY ACCEPTED FINANCIAL CONTRIBUTIONS FOR PARTY PURPOSES FROM A LEADING GERMAN COMPANY, FLICK. IN ADDITION, LAMBSDORFF, IN HIS CAPACITY AS ECONOMICS MINISTER, IS ALLEGED TO HAVE GRANTED FLICK A HUGE TAX EXEMPTION IN RETURN FOR DONATIONS TO THE FDP. LAMBSDORFF AND THE OTHERS INVOLVED HAVE CONSISTENTLY DENIED THESE ALLEGATIONS.
3. THE CHANCELLOR'S PRESS ADVISER ACKERMANN, WHO IS ONE OF HIS CLOSEST CONFIDANTES CONFIRMED TO US THIS WEEK THAT THE PUBLIC PROSECUTOR HAD DECIDED TO BRING FORMAL CHARGES AGAINST ABOUT 6 PEOPLE INVOLVED IN THE AFFAIR, INCLUDING LAMBSDORFF AND TWO FORMER SPD FINANCE MINISTERS, MATTHOFFER AND LAHNSTEIN. THE PRESS ARE SPECULATING THAT THE PUBLIC PROSECUTOR WILL MAKE KNOWN HIS DECISION BY THE END OF THIS WEEK, BUT THE FEDERAL CHANCELLERY EXPECT THIS TO SLIP UNTIL THE END OF NOVEMBER. IF THE PUBLIC PROSECUTOR DOES BRING CHARGES, THE NEXT STEP WILL BE FOR THE COURT CONCERNED TO DECIDE WHETHER TO PROCEED WITH A TRIAL. THERE COULD BE SEVERAL WEEKS BETWEEN THE PUBLIC PROSECUTOR'S DECISION AND A DECISION BY THE COURT.
4. THE GENERAL VIEW HERE IS THAT LAMBSDORFF COULD REMAIN IN OFFICE IF THE PUBLIC PROSECUTOR BROUGHT CHARGES BUT THAT HE WOULD HAVE TO RESIGN WERE THE COURT TO OPEN THE TRIAL. BOTH ACKERMANN, AND THE MINISTER OF STATE AT THE FEDERAL CHANCELLERY, WHO IS ALSO A KEY MEMBER OF THE CHANCELLOR'S KITCHEN CABINET, HAVE HOWEVER TOLD US THAT THE PUBLIC PROSECUTOR EVIDENCE IS FLIMSAY

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1 AND

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AND THAT IT IS THEREFORE NOT CERTAIN WHETHER A COURT WILL DECIDE TO TRY THOSE CHARGED. THEY MAY WELL BE RIGHT. BUT THE CRITERIA USED BY THE PUBLIC PROSECUTOR IN BRINGING CHARGES AND BY THE COURT IN OPENING PROCEEDINGS ARE BROADLY SIMILAR, AND IT IS UNUSUAL FOR THE COURT NOT TO OPEN PROCEEDINGS IF THE PROSECUTOR BRINGS A CHARGE.

5. AT THIS STAGE, NO-ONE REALLY KNOWS WHETHER LAMBSDORFF WILL HAVE TO RESIGN. BUT BOTH CDU AND FDP PARTY HEADQUARTERS ARE TAKING THE POSSIBILITY INCREASINGLY SERIOUSLY. FOR ALL THE CONFIDENCE ON THOSE AROUND THE CHANCELLOR THAT LAMBSDORFF WILL BE ABLE TO HANG ON, IT IS ALSO CLEAR THAT THEY ARE GIVING INCREASING THOUGHT TO POSSIBLE SUCCESSORS. STRAUSS MIGHT LIKE THE ECONOMICS MINISTRY, AND THE CSU HAVE ALREADY LAID CLAIM TO IT SHOULD LAMBSDORFF GO. BUT THE CHANCELLOR WILL WANT TO KEEP STRAUSS AT BAY AND SHOULD IT EVER COME TO THE POINT, IS LIKELY TO PREFER AN FDP SUCCESSOR.

ADVANCE COPIES TO PS/SOS
PS/CHANCELLOR
PS SOS DTH
PS/SOS D. EN
WED

FCO PLEASE PASS ABOVE SAVING ADDRESSEES EXCEPT CHCC(G) CGS IN FRG
BMG BERLIN

TAYLOR

(ADVANCED AS REQUESTED)

FCO/WHITEHALL D
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2

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