

# France: Elf verdicts reveal state corruption at highest levels

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The Elf corruption trial, whose verdict and sentences were delivered on November 12 by Judge Michel Desplan, presiding at the Paris Criminal Court, provides a chilling insight into the nature of the French state, French politics and French imperialism as a whole since the 1960s.

The French Elf state oil company, France's largest enterprise with a turnover of 232.6 billion francs in 1996, was robbed of over 2 billion francs—305 million euros—by its top executives, largely during the second seven-year term of Socialist president François Mitterrand (1988-1995). Loïk Le Floch-Prigent, CEO of Elf from 1989 to 1993, received a jail sentence of five years and a fine of 375,000 euros. Alfred Sirven, former general affairs executive, also got five years and a 1 million euro fine. André Tarallo, 76, former number-two in the hierarchy and known as "Mr. Africa," was given four years and a 2 million euro fine. Alain Gillon, former refinery executive, received a three-year jail sentence and a 2 million pound fine.

Of the 37 executives and intermediaries on trial, 30 were found guilty of charges. These were "abuse of social property and credits," "abuse of power," "complicity in the abuse of social property" and "the using of forged documents."

Le Floch-Prigent had embezzled 16.2 million euros for his personal expenses. He had placed his wife Fatima Belaïd in a leading position in the company, and when, after 18 months of marriage, he sued for divorce, he had Elf pay the settlement. She received 18 million francs to this end, paid into a Swiss bank account. She complained that she was obliged to move from a 300-square-metre flat to a 171-square-metre one.

Alfred Sirven, 76, took 6.2 million euros for himself out of the 168 million euros he was accused of embezzling. Elsewhere, it is stated that he embezzled 172 million euros, the equivalent of the company's net consolidated result in 1993.

Alfred Tarallo, in trying to justify his 300 million franc expenses, claimed that these and the vast villa he had bought and furnished in Corsica were part of a plan to set up "a Franco-African foundation." His network of contacts among African politicians and potentates was for decades an essential part of France's neo-colonial Africa policy. He claimed at the trial hearings that the millions of francs that passed through his Swiss bank accounts were the responsibility of his principal Omar Bongo, the president of the former French colony Gabon, of which Alfred Sirven was only the discreet financial adviser.

To understand the significance of the revelations and the protagonists in the trial, we must go back into the history of Elf. It is a salutary tale for those who believe that a measure of socialism consists of nationalisation in itself, rather than the running of society by the conscious working class through its own organs of power.

The state enterprise Elf was set up by General de Gaulle in 1963 "to ensure France's independence in oil and which lived, grew and prospered in a special and incestuous relationship with Africa" (*Le Monde*, November 12, 2003). As Loïk Le Floch-Prigent put it: "In 1962, [Pierre Guillaumat] convinced [General de Gaulle] to set up a parallel structure of

real oil technicians. [By creating Elf alongside Total] the Gaullists wanted a real secular arm of the state in Africa...a sort of permanent ministry of oil...a sort of intelligence office in the oil-producing countries."

Right from its creation, General de Gaulle appointed the founder of the DGSS (Direction générale des services spéciaux—General Command of the Special Services) and former defence minister, Pierre Guillaumet, as the first director of the oil company that was to become Elf-Aquitaine. Today, Elf, although privatised, remains France's main intelligence service and instrument for action in Africa.

Elf provided a cover and finances for the president for political and military operations in its African preserves. With the accession to the presidency of Pompidou (1969-1974) and then Giscard d'Estaing (1974-1981), a non-Gaullist conservative, Elf gradually became autonomous. The Elf executives considered the Gaullist barons as their only legitimate masters and awaited their return to power. They financed attempts to weaken Giscard's authority.

A document produced by the *Réseau Voltaire*—"an association set up in 1994 to combat the return of censorship, clericalism and the moral order"—sums up the Mitterrand presidency's relationship with Elf:

"To everyone's surprise, the 1981 elections did not produce the return to power of the Gaullists, but the takeover by the Socialists. Cleverer than his predecessor, François Mitterrand took partial control of Elf, which owed allegiance to both the president and the RPR (Gaullist party). The excuse of national legitimacy gave way to a clan logic of the brigands' share-out of the African booty. Certain Elf executives act like go-betweens and acquire considerable personal fortunes. The company makes and breaks leaders in Gabon, in Congo, in Cameroon, in Angola; it spreads its influence into the whole of French-speaking Africa and even into English-speaking Africa, such as Nigeria. Through Omar Bongo, the company gains entry to OPEC [the Organisation of Petroleum-Exporting Countries] or participates in illegal transfers of nuclear technology. It finances all the big French political parties and soon interferes on the European political scene, financing Helmut Kohl's campaigns as well as those of Felipe Gonzalez. It has ambitions in Uzbekistan as well as in Venezuela, whose main leaders it also buys." [\[http://www.globalwebco.net/bdp/elfvoltaire.htm\]](http://www.globalwebco.net/bdp/elfvoltaire.htm)

The document also provides a copy of an order of payment of 100 million francs CFA (the currency of 14 African nations), issued by the Gabon refining company (Sogara), branch of Elf-Gabon at Port-Gentil, made out to Omar Bongo, president of Gabon. He collected this sum himself in cash, on January 21, 1992, at the BIPG (a Gabon bank) in Libreville.

To justify his misappropriation of company funds throughout the trial, Loïk Le Floch-Prigent's constant refrain was: "I was only answerable to one boss"—President François Mitterrand. As a state enterprise, Elf tended to have its executives appointed by the president of the Republic and Le Floch-Prigent was "the man whom François Mitterrand re-elected for a second term, forced onto everyone" (*Le Monde*, November 12, 2003). The

president's man explained to the court the functioning of the Elf slush fund, "*caisse noire*": "This system existed essentially for the Gaullist party, the RPR; I informed President François Mitterrand, who told me that it would be better to spread it about a bit, without leaving out the RPR all the same." Thus, all of France's major parliamentary parties and party bosses, left and right, benefited from Elf's, or, more exactly, Mitterrand's patronage and became beholden to him as the presidency took on an ever more monarchical style.

It was Le Floch-Prigent who bought from one of the president's friends, with company funds, at a vastly inflated price, on his master's orders, the Louveciennes villa to facilitate Mitterrand's occasional golfing outings at a nearby links.

He also facilitated Mitterrand's political friendship with the conservative German chancellor Helmut Kohl in the undercover Leuna-Minol deal, which was designed to boost the chancellor's political standing. As Judge Desplan put it, this project "involved an important political goal: the strengthening of Franco-German unity... [O]ne has the impression that Leuna was a very, very lame duck and that France, so to speak, made a sacrifice."

In this deal, Elf bought the ailing East German Leuna refinery and the Minol distribution network as a favour to Kohl, who was embarrassed by the imminent collapse of these industries in the unified Germany. To quote Judge Desplan again: Elf was to pay out "the largest of the commissions that the court has to judge," in three instalments: 256 million francs, 13 million francs in December 1992 and 13 million marks in 1993. These sums would be justified by the necessity for the oil company to obtain from Brussels, from Bonn and different German Länders a subsidy of 2 billion marks, without which the whole investment, assessed at 6 billion marks, would not be economically viable. "That is what you call 'lobbying,' a polite word for corruption, for as Alfred Sirven put it, 'there's no such thing as lobbying without money'" (*Le Monde* April 30, 2003).

He explained: "In this business I had to have access to some prominent people in that country. I was ordered to finance them. I remember two German ministers and the SISIE company, run by Madame Edith Cresson (former Socialist prime minister of France 1991-1992)—she got paid 3 million francs, but is not being prosecuted in this case." "Who gave you the orders?" asked Mr. Desplan. "Company President Le Floch," replied Mr. Sirven.

Sirven had engaged the services of retired secret service colonel Pierre Léthier, who received a commission of 96 million francs and himself worked with the businessman Dieter Holtzer, a familiar figure in German political circles, who was rewarded with up to 160 million francs for his endeavours. Also involved was Holger Pfahls, now a missing person, the former secretary of state for defence and a member of the conservative CDU (Christian Democratic Union), the party of former chancellor Helmut Kohl.

Particularly sinister is the ongoing case of the six frigates supplied to Taiwan by the French arms company, Thompson, for 16 billion francs (2.5 billion euros), of which up to 5 billion francs of the price represented commissions. Sirven and the Elf team were involved, as was Roland Dumas, Socialist and long-time confidant of Mitterrand, former foreign Minister and head of the constitutional council, already indicted in this affair. The Taiwanese government is taking out a civil case on this, as the contract of the sale explicitly stipulates that any commissions should not be included in the price.

Judicial examination of the case is constantly being stymied by the companies involved and by successive French governments. Former judge Thierry Jean-Pierre, in a book he has written on the affair, denounced "the obstinacy of left and right governments in blocking with the claim of military sensitivity a file likely to cause a scandal on an unprecedented scale" and mentioned the current Socialist Party leader and former prime

minister in this context.

Some 10 people who "knew too much" have already died in dubious circumstances, of which four are considered extremely suspect by examining magistrates in France.

One of these is Thierry Imbert, member of the secret service department, the DGSE, of which his father had been the director from 1985 to 1987. The story is that he fell from his Paris apartment window while fixing the shutter and died on October 10, 2000. However, his father has caused some embarrassment by insisting that his son had told him that he had the details of how the commissions were shared out not only in the case of the frigates, but also in the sale of Mirage 2000 planes. He asserted: "My son had told me that people in Taiwan and France, at the highest level in Thompson, had made colossal fortunes out of these contracts".

In her book on her experiences as an examining judge in the Elf affair, Judge Eva Jolly shows the dangers for anyone seeking to investigate the Elf mafia too closely. She reveals taps on her office phone, being followed and having her house put under open surveillance. When, after receiving death threats stuck on her office door, she was given 24-hour police protection, she felt that, rather than being protected, it was more like she was under 24-hour arrest. When she asked for the "protection" to be lifted, her request was denied and her permanent guard of two policemen was doubled. She remained under police protection for six years.

A May 13, 2003, article in *Le Monde* by Fabrice Lhomme and Cecile Prieur suggests that the French judiciary has been called to heel by the state in regard to the investigation of financial corruption in high places. It points to the freeing of Roland Dumas on January 29, "unnoticed in comparison with the political, judicial and media uproar that the calling into question of the former minister had provoked in 1998. Who remembers that Mr. Dumas had been condemned to six months imprisonment on May 30, 2001, by the criminal court in Paris?"

The authors then list a string of corruption scandals in connection with the misappropriation of public money involving Dominique Strauss Kahn, former Socialist treasury minister; Robert Hue, former leader of the Communist Party; the RPR; and the Paris council housing office from which case judge Eric Halphen was removed. Other troublesome judges to leave or be forced out are named: Eva Joly, who left for Norway in 2002; Laurence Vichnevsky, who had worked with Eva Joly on the Elf case; Patrick Desmure, who had investigated the funding of the RPR, where the names of Alain Juppé, former Gaullist prime minister and President Jacques Chirac are prominent

Lhomme and Prieur make this comment on the state of affairs of French political and judicial life:

"The wish of the justice minister of the Raffarin government to reinforce substantially the powers of the public prosecutor's office and of the police, to their [the examining judges'] detriment, convinces them that eventually the very existence of examining judges is under threat. Finally, it is not without bitterness that the judges have seen the French *mani pulite* (clean hands) operation to be more symbolic than real: the successive re-election of former politicians implicated in criminal activities, like Patrick Balkany in Levallois-Perret or Jacques Mellick in Bethune, and even the president of the Republic himself, have only served to increase their disillusionment.

"In fact, the political sphere seems to have won back the power that justice had been able to challenge it for."

The ruling elites in France as elsewhere are attempting to break free of all legal restraints in order to carry out their plundering of the world's resources, and of the rights and living standards of the working class at home and abroad.



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