

The Clearstream trial: a conflict in the French bourgeoisie

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The month-long Clearstream trial, hearings for which ended on October 23, is a cynical judicial façade for ruthless state politics.

It stems from French President Nicolas Sarkozy's accusations that ex-Prime Minister Dominique de Villepin, together with intelligence and corporate figures, allowed Sarkozy's name to be falsely added to a list of account holders at the Clearstream inter-bank payment-clearing firm, in an attempt to slander him. The trial found evidence that Villepin knew of these listings far earlier than he had previously admitted. Judges will return a sentence in January 2010.

By itself, however, this is completely insufficient to understand the significance of the trial. Its preparations date back to 2006, when Sarkozy and Villepin were vying for the presidential nomination of the conservative Union for a Popular Movement (UMP) in the 2007 elections. Facing mounting challenges from the working class, Sarkozy was proposing a re-orientation towards Washington, away from the alignment toward Berlin and Moscow that underlay Villepin's 2003 opposition to the US invasion of Iraq. This entailed significant shifts in corporate alignments inside France's military-industrial complex, and in French foreign policy.

A related dimension of the trial is the attempt to settle and suppress investigation of a series of politico-financial scandals that have shaken the French establishment ever since the early 1990s. After the collapse of the USSR, as tensions rose with other powers, notably with the US, disagreements over the corrupt and bloody arrangements of French imperialism increasingly rose to the surface of public life.

Prominent among these were the Elf Affair & Angola arms sale scandal, the Taiwan frigate sale affair, the publication of journalist Denis Robert's book *Révélation*§ accusing Clearstream of hiding large-scale criminality, and the EADS insider trading scandal. [See, "France: the affairs the Clearstream trial aims to suppress"]

The anti-democratic content of the Clearstream affair was the suppression of these scandals—through government use of the state secrets privilege, judicial complicity, and murder—and their use to settle policy differences outside of elections and behind the backs of the population.

The Clearstream listings

Five people stand accused of falsification and/or slander in the trial: Villepin; former EADS executive vice-president and intelligence official Jean-Louis Gergorin; former Merrill Lynch trader, EADS executive, and Franco-US intelligence asset Imad Lahoud; investigative journalist Denis Robert; and a former intern at the now-defunct auditing firm Arthur Andersen and provider of information for Denis Robert's writings, Florian Bourges.

The presence of Denis Robert and Florian Bourges on the list is, at first glance, surprising: neither man was in a position to initiate or benefit from investigations of accusations against Sarkozy. The chilling effect such prosecution will have on political and financial journalism, however, is clear. In this regard, it is significant that shortly before the November 2008 announcement of the Clearstream trial, on October 16, 2008, Denis Robert's blog announced that it would cease publication.

The February 2001 publication of *Révélation*§ was a political bombshell in Europe, with ramifications throughout global politics. Robert worked on the book with former Clearstream executive Ernest Backes, who Clearstream fired in 1983 after Backes testified that he helped Italy's Banco Ambrosiano make off-the-books payments through Clearstream. Backes testified about the investigation into the murder of Banco Ambrosiano's CEO Roberto Calvi, and allegations that Banco Ambrosiano was funneling CIA funds to the Polish Solidarnosc trade union and the Nicaraguan *contra* rebels.

Basing himself on Backes' records and Clearstream account listings, Robert made several explosive charges, including:

(1) That the Bank of Credit and Commerce International (BCCI), through which both the CIA and Osama bin Laden directed funds to Afghan anti-Soviet *mujahedin* during the 1980s, secretly continued to operate through Clearstream after its sudden bankruptcy and disappearance in 1991.

(2) That in 1997, the Menatep Bank linked to Russian oligarch Mikhail Khodorkovski embezzled \$7 billion in IMF funds destined for the Russian government, which Menatep then shared with US banks.

(3) That Clearstream had helped transfer illegal kickbacks in France's Taiwan frigates sale scandal.

The book was met with denunciations in the press. In subsequent years, its authors have faced 31 trials on accusations of slander in France, Belgium, Switzerland, and Canada. Robert has been cleared on all but 2 of these trials: a symbolic 1-euro fine that Robert appealed, and a condemnation for slander in 2005 for a speech Robert made after the publication of *Révélation*§.

Despite the massive media campaign denouncing Robert's charges as fabrications, intelligence circles closely scrutinized his sources after the publication of *Révélation*§. It was in this context that Clearstream account holder lists came to be used as a weapon in French bourgeois politics.

In 2002, the Franco-Lebanese financier Imad Lahoud was convicted of fraud in the collapse of the Volter investment fund, which led to the disappearance of \$42 million. Lahoud had connections not only to London financial circles, but to French political circles through his father-in-law François Heilbronner, the ex-deputy chief of staff for then-President Jacques Chirac. Released in October 2002 after a three-month prison stay, he contacted his brother Marwan, a top executive at European defense firm EADS, saying he had information about Osama bin Laden's financial networks.

Marwan Lahoud put his brother in touch with EADS executive and

French intelligence official Jean-Louis Gergorin. Gergorin passed Imad on to General Philippe Rondot. Rondot worked at France's DGSE (General Directorate of External Security), which was operating a joint anti-terrorism and analysis center with the CIA and other Western intelligence agencies in Paris.

Marwan Lahoud also introduced Imad to journalist Eric Merlen, who arranged in December 2002 that Imad Lahoud would meet Denis Robert. The DGSE official handling Imad Lahoud, whose notes have been released, gave Lahoud detailed instructions on this meeting. Robert apparently did not know that he was meeting with a DGSE asset, but gave Imad Lahoud a CD containing his information on Clearstream account lists.

The sudden death of business mogul Jean-Luc Lagardère on March 14, 2003—barely a week before the US invasion of Iraq, which Chirac and de Villepin had opposed—threw these relationships into crisis.

Lagardère's death was a major event in French foreign and industrial policy. He owned Matra, a French defense firm that had merged into the Franco-German EADS, and which had employed both Marwan Lahoud and Jean-Louis Gergorin. It was a major rival of French defense firm Thomson-CSF, seen as more oriented to supplying the British and US militaries, and with whom Matra engaged in bitter competition during the scandal-ridden Taiwan frigates sale.

Gergorin noted that Lagardère had died of a sudden and rare form of encephalitis, and that at the time the US investment fund Highfields was increasing its stake in the Lagardère Group. Gergorin confided in Imad Lahoud his suspicions that the Russian mafia or US agents might have assassinated Lagardère, hoping to profit from confusion while his son Arnaud took over the family firm. He asked Lahoud to investigate whether the Clearstream listings shed any light on the matter.

Also during 2003, Lahoud met with Brigitte Henri—a top assistant of Yves Bertrand, the former head of France's DST (Direction for the Surveillance of Territory) internal intelligence service. Yves Bertrand, considered close to Chirac, was seen as hostile to Sarkozy since investigating Sarkozy's alleged role in the Elf Affair in the early 1990s. At the time, Sarkozy was backing Chirac's right-wing rival, Edouard Balladur, for the 1995 presidential campaign.

In the course of meetings involving Gergorin, Lahoud, Villepin and—according to some allegations—others such as Yves Bertrand, the names of Nagy and Bocsa were placed on listings of Clearstream accounts. These names are those of Sarkozy's family, which is of Hungarian origin. Ultimately, the names of several other French corporate and political figures—notably Socialist Party politician and IMF head Dominique Strauss-Kahn, and former Socialist Party minister Jean-Pierre Chevènement—appeared on the listings.

Gergorin anonymously sent these supposed Clearstream account lists to investigating judge Renaud van Ruymbeke, writing that they would assist him in investigating the Taiwan frigates scandal.

In June 2004, Rondot presented information on bin Laden from Lahoud to the CIA. Ultimately, however, the CIA declared it did not trust Lahoud as a source and convinced Rondot to drop him as an asset. Shortly thereafter, news magazine *Le Point* revealed the existence of the allegedly faked listings, publicly launching the Clearstream affair.

An emerging political crisis

The prospect of a trial investigating presumably fake Clearstream listings emerged in French political circles by November 2004, when Sarkozy charged Villepin with concealing the conclusions of a report showing these Clearstream listings were bogus.

In April 2005, at a dinner with top Lagardère group executives, Sarkozy issued a now-famous threat: "I have nothing to lose. There will be blood on the walls. When I come to power, we will hang them all from butchers' meat hooks." Sarkozy reportedly named Gergorin, Villepin, and top police and DST officials among his targets.

Two major blows by the working class to the government of then-Prime Minister Dominique de Villepin triggered a full-blown crisis of French state policy. On May 29, 2005, the public voted down a referendum to establish a European constitution. While this reflected popular hostility to the right-wing social policies promoted by the European institutions in Brussels, it also shattered hopes that the European bourgeoisie could organize political unity and foreign policy independent from the US.

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Also, the Villepin government's announcement of a First Job Contract (*Contrat Première Embauche*) significantly limiting younger workers' workplace protections prompted widespread opposition and large-scale demonstrations of students and workers in February-April 2006. Ultimately, Villepin withdrew large sections of the law in early April 2006.

As the trade unions and "far left" parties wound down popular demonstrations, the main political beneficiary was Villepin's most prominent opponent: Sarkozy.

By that point, police investigators were moving rapidly on the Clearstream listings case. They searched the offices of EADS, the DGSE, and the Defense Ministry, returning to the offices of Defense Minister Michèle Alliot-Marie and General Rondot on April 13. On April 28, Villepin and Chirac denied claims in *Le Monde* that Villepin had ordered Rondot to investigate Sarkozy on Chirac's authority. On May 2, Villepin was forced to publicly deny that he intended to resign as Prime Minister.

In January of 2007, Sarkozy was officially named the UMP's presidential candidate for the May 2007 elections. Shortly after Sarkozy's election, in July, Villepin was charged with complicity to slanderous denunciation, complicity to forgery, and related legal offenses. In November 2008, the courts officially determined that Villepin and the other defendants would stand trial.

The Clearstream trial

The trial, lasting from September 21 to October 23, was marked by tactical initiatives by the various parties to influence the court and broader public opinion. Villepin's lawyer attacked Sarkozy's vendetta against his client, noting that Sarkozy's presidential immunity shielded him from lawsuits in return. Sarkozy aided Villepin on September 23 by publicly referring to the accused as "guilty parties," violating the presumption of innocence. The testimony of Lahoud and Gergorin, who both sought to pin responsibility for first creating the listings on the other, repeatedly clashed.

On October 5, in testimony widely seen as damaging to Villepin, Rondot described Villepin's participation in July 2004 meetings dealing with the Clearstream lists. In particular, he quoted Villepin as warning that "if our names appear, the President of the Republic [i.e. Jacques Chirac] and I, we'll go up in smoke."

The trial oddly ignored major participants in the affair. Though Yves Bertrand's assistant worked closely with Lahoud, Bertrand was only questioned for one day, during which he simply asserted he had never met Lahoud. He largely escaped public scrutiny.

Though dealing with essential questions of state policy and evidence of widespread criminality in the ruling class, the trial degenerated into

unresolved disagreements about the actions of a small camarilla around Villepin. This was a further indication of the anti-democratic character of the proceedings.

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