France: The affairs the Clearstream trial aims to suppress

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A decades-long series of corruption scandals, bound up with oil and arms deals, constitute the legal background to the Clearstream Affair lawsuit by President Nicolas Sarkozy against ex-Prime Minister Dominique de Villepin.

While the principal aim of the trial is to legitimize and reinforce right-wing changes in policy carried out by Sarkozy since his 2007 election, a related goal is to hide the staggering corruption these affairs have revealed. Instead of elucidating the broader context of these "politico-financial affairs," the trial has focused narrowly on whether Villepin attempted to slander Sarkozy through preparing fake financial listings. Sarkozy also decided this January to suppress the positions of investigating judges, who have uncovered the scandals.

A remarkable aspect of the affairs has been the legal impunity enjoyed by the politicians and businessmen involved—even as investigations discovered evidence of embezzlement, large-scale fraud, and murder. Being a member of the European bourgeoisie, the record shows, means never having to say you're sorry.

The Elf Affair

The Elf Affair involved large-scale embezzlement by top management of the Elf oil firm—now merged into French oil major Total. Besides enriching top executives, the funds were used to pay off French-backed African rulers and fund wars in sub-Saharan Africa, where French and US imperialism fought a series of proxy wars in the 1990s.

Elf was set up in 1963 by then-President Charles de Gaulle, under the direction of Pierre Guillaumat. Guillaumat was the former head of France's Commissariat on Atomic Energy, which created France's nuclear weapons program under his direction, and a former Gaullist intelligence official during World War II. Elf CEO Loïk Le Floch-Prigent explained at the 2003 trial: "In 1962, [Guillaumat] convinced [de Gaulle] to set up a parallel structure of real oil technicians. 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."

The Elf Affair broke in 1994, amid investigating judge Eva Joly's inquiry into Elf's illegal financing of the Bidermann textile firm. Joly uncovered large-scale illegal financing networks at Elf, active during President François Mitterrand's second term (1988-1995), which embezzled at least €305 million. These funds were paid via Gabonese President Omar Bongo to the governments of Angola, Cameroon, and Congo-Brazzaville. Elf money also went to then-German chancellor Helmut Kohl and then-Spanish Prime Minister Felipe González.

Joly faced state intimidation during her investigations. In a 2004 book, *Is That the World We Want to Live In*, Joly stated that her phone was tapped and her house watched. She received 24-hour police protection after receiving death threats tacked to her office door. After deciding the police protection was more threatening than reassuring, she requested that it be lifted; however, her request was denied and her permanent guard of two policemen was doubled.

Le Floch-Prigent and Elf executives Alfred Sirven and André Tarallo ("Mr. Africa") ultimately went to trial. Le Floch-Prigent testified that Elf paid "at the very least" €5 million to each of France's main political parties, and was in "daily contact" with the Elysée presidential palace about Elf's dealings. However, no politicians were ever found guilty of illegal behavior in the Elf Affair.

Le Floch-Prigent, Sirven, and Tarallo all received light sentences. In particular, Tarallo's sentence of 4 years in prison and a €2 million fine was not applied: he left prison after two months and did not pay the fine.

A related aspect of the Elf Affair was the scandal that touched ex-*Parti socialiste* (PS) Foreign Minister Roland Dumas. It emerged in 1998 that in the early 1990s, Elf had provided large sums of money for an apartment and luxury goods to Christine Deviers-Joncour, an Elf employee who was Dumas' lover and bought Dumas presents. It is suspected that one of Elf's main goals in its relations these relations with Dumas was to win approval for the Taiwan frigates sale.

To raise funds for her legal defense, Deviers-Joncour wrote a tell-all autobiography, expressively titled *The Whore of the*

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Republic, largely confirming suspicions that Elf was trying to buy influence with Dumas. Dumas was found guilty of fraud in 2001, but released on appeal in 2003—on the grounds that he might not have known that Deviers-Joncour's salary at Elf was inflated to buy influence with him.

The Taiwan frigates scandal

In 1988 French defense firm Thomson CSF (now Thales) arranged the sale of six *Lafayette*-class frigates to Taiwan for $2.8 billion. The price was inflated to pay for kickbacks to officials in France and Asia. Under legal pressure during his trials in the Elf affair, Dumas stated that the kickbacks amounted to 2.5 or even 5 billion French francs ($500 million to $1 billion).

The sale initially ran into opposition from mainland China, and Dumas as Foreign Minister vetoed the sale. Thomson and Elf set up influence-peddling networks in China, Taiwan, and France to overcome this opposition. At least 10 officials related to the deal died suspect deaths. These included Taiwanese Navy Captain Yin Chen-Feng, who had opposed the deal, found drowned in Taipei Bay in 1993, with violent blows to the neck. Thomson's Taiwan agent, Andrew Wang, was forced to flee Taiwan to London after being charged with fraud, money-laundering, corruption, and murder.

Thomson executive Jacques Morisson and French intelligence official Thierry Imbot both died from falls from upper stories of their apartment complexes in Paris. The French courts concluded that both deaths were suicides. General René Imbot, Thierry's father and the former head of France's DGSE (Direction Générale de la Sécurité Extérieure) exterior intelligence service, formally denied that his son's death was a suicide. He said his son had told him the Taiwan frigates affair had allowed certain individuals to make "fortunes" and that he was receiving death threats.

Successive French Finance Ministers—Laurent Fabius of the Socialist Party in 2001, and Francis Mer of the UMP in 2002—used the state secrets privilege to halt investigations of the case. The Taiwanese government sued in 2003 to recover the kickbacks it suspected having paid. In 2004, using Swiss bank records, Taiwan proved that the final sale price of the frigates included at least $520 million in kickbacks. In June 2007, the Swiss courts awarded $34 million of these funds to Taiwan.

In France, in 2008, Paris prosecutor Jean-Claude Marin declared a mistrial in all investigations related to the case.

The EADS insider trading scandal

The implication of EADS executive and intelligence official Jean-Louis Gergorin in the Clearstream affair was one consequence of the crisis that shook Franco-German aerospace and defense giant EADS, after the 2003 death of business mogul Jean-Luc Lagardère. Another was the EADS insider trading scandal surrounding the Lagardère Group's sale of its stake in EADS.

Jean-Luc Lagardère's death put Lagardère Group under the leadership of his son Arnaud—a man considered to be largely interested in sports and publicity, not the defense industry. Moreover, the A380 jumbo jetliner, the key new product of EADS subsidiary Airbus, soon began to suffer production delays, which were later blamed on errors in planning the plane's inner cabling.

Leading EADS executives and stockholders—including Airbus CEO Noël Forgeard, the Lagardère Group, and German corporation Daimler-Chrysler—sold their shares before a collapse in EADS stock in spring 2006, after the announcement of further delays. Lagardère Group had sold €2 billion in EADS shares, including a €600 million stake to the French government (the *Caisse des dépots et consignations*, CDC), whose value promptly fell by at least €125 million—effectively realizing this sum as a profit at the expense of the French taxpayer.

In an interview with *Le Monde*, Arnaud Lagardère said: "I have the choice of being seen as a crook or an incompetent, who does not know what is going on in his own factories. I choose the second version."

According to a leak in the well-known satirical weekly *Le Canard Enchaîné*, the AMF (*Autorité des Marchés Financiers*, the financial regulator) found documents in Lagardère's residence demonstrating that he knew of the A380 delays before selling his stake in EADS, netting €890 million in profits. Arnaud Lagardère has not been charged with any wrongdoing in the stock sales.

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