

# Resignation of UK defense secretary reveals links between ministers and military firms

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In the wake of the resignation of Liam Fox, every effort has been made to bury the full import of the scandal surrounding the Conservative defence secretary and his close friend, Adam Werritty.

Fox was forced to resign on the eve of a report by Sir Gus O'Donnell, Britain's highest-ranking civil servant, which found him guilty of "an inappropriate blurring of lines between official and personal relationships."

This consisted of numerous occasions in which Werritty participated with Fox in discussions with leading international officials and others with defence interests, despite having no security clearance.

Werritty, who handed out business cards describing himself as Fox's advisor though he had no official position, accompanied his friend on 18 overseas trips between 2009 and 2011, including to Sri Lanka, Israel and Washington. He met Fox on 22 occasions at the Ministry of Defence (MoD) in the course of 16 months.

Werritty's involvement with Fox only came to public attention due to a court case involving Cellcrypt, a subsidiary owned by Harvey Boulter of the private equity Porton Capital, which was seeking to sell encrypted phone technology to the MoD, and the US conglomerate 3M.

Boulter was involved in a contractual row with 3M, which had taken over another Porton subsidiary, Acolyte. This was reportedly the reason Boulter approached Werritty in June to fix a meeting with Fox. A discussion between the pair in a luxury Dubai hotel followed the next day.

Afterwards, Boulter sent an e-mail to 3M's lawyers informing them of his meeting with Fox and warning, "As a result.... You ought to know that David Cameron's Cabinet might shortly be discussing the rather embarrassing situation of George's [Buckley, head of 3M] knighthood."

3M filed a lawsuit against Boulton for blackmail, which raised the prospect of the British defence secretary having to appear in a US court.

The scandal has since escalated, with accusations that Fox was "running a shadow foreign policy" and selling out Britain's defence industry to the US. The government is pressing ahead with thousands of job losses in the armed forces as part of its spending cuts, and last year Fox warned British manufacturers that the MoD would source equipment from overseas suppliers unless they offered "better value for money".

According to the *Telegraph*, just one week after a dinner in

Washington between Fox, Werritty and senior US military figures, "rules allowing the sale of US defence equipment to Britain were relaxed". And in September, Fox announced a £1 billion contract with the US manufacturer Boeing to purchase 14 new Chinook helicopters. This was the same month that BAE Systems announced thousands of job losses.

Craig Murray, the former British ambassador to Uzbekistan, queried whether Werritty and Fox were the "useful idiots" of foreign powers. "The British Defence Secretary should be exclusively concerned with the interests only of Britain," he wrote.

"Let us hope that Fox's fall will remind future Defence Secretaries that there is only one country whose interests they should seek to defend—and that is this one."

There are undoubtedly real tensions involved for the scandal to assume such dimensions. The global economic crisis is fuelling strains between nation states, as well as major corporations—especially in the lucrative defence industry. Spending cuts have also caused divisions within the political and military establishment.

But the Fox scandal speaks to a broader phenomenon, whose significance is being consciously downplayed. Fox is exceptional only inasmuch as he was so reckless in his influence peddling. But he typifies the way government operates today. Coming just months after the phone-hacking scandal involving Rupert Murdoch's *News of the World* and its corrupt relations with police and politicians, it underscores the degree to which democratic norms have been traduced by a reactionary cabal of British and US neo-conservatives and financial oligarchs.

It strains credulity to believe that Fox invited Werritty into the MoD, and to meetings with top personnel throughout the world, without many people involved knowing who he was and why he was there. He appears to be a man with very high-level contacts, not just Fox.

Fox himself was considered the standard bearer of the Thatcherite right in the Conservative Party—a position confirmed by the rare appearance of Lady Thatcher herself at his 50th birthday party earlier this year. It was in this capacity that Fox founded, in 1997, the Atlantic Bridge think tank under Thatcher's patronage to promote "Anglo-American relations", a codeword for policies of imperialist war in the geo-political interests of Britain and the US, accompanied by privatisation, the deregulation of big business and the major financial institutions, and the dismantling of social provisions.

Given charitable status in 2003, Werritty was the sole paid UK employee of Atlantic Bridge. It worked closely with the American Legislative Exchange Council (ALEC), a like-minded grouping of US reactionaries including leading figures behind the Tea Party movement.

Among Atlantic Bridge's donors were the pro-Israeli British Israel Communications Research Council (Bicom) and the Hintze Family Foundation, run by former Goldman Sachs banker Michael Hintze, whose hedge fund CQS is the largest in Europe.

The now-defunct Security Futures, a global risk consultancy, was another donor. Its board included Werritty and Oliver Hylton, Hintze's senior aide at CQS. When Atlantic Bridge was closed down in 2010 following a critical report by the Charities Commission, Hylton and Werritty established Pargav Ltd.

These various institutions funded Werritty's overseas trips to join Fox. Among their meetups was a dinner with General John Allen, now head of NATO forces in Afghanistan, at US Central Command in Florida, and a conference in Israel on "regional security", where Fox called for harsher sanctions against Iran.

Werritty's appearance at the same conference as an "expert" on Iran—he can speak some Farsi—was financed by Bicom. The same year, Werritty brokered a meeting between Fox and an unnamed "senior Iranian lobbyist".

Fox and Werritty also made several trips to Sri Lanka. Fox had set up the Sri Lankan Development Trust, pledged to work with the Sri Lankan government to help secure private sector development projects in Tamil areas. This was around the time, at the start of 2009, that the government of President Rajapakse stepped up its murderous onslaught on the Tamil population in the north of the island in areas it had cruelly designated civilian "safe zones". A United Nations report accused the government of killing 40,000 civilians in just a few months.

Details of their involvement in Sri Lanka have embarrassed the government, but Britain's public criticisms of Rajapakse were solely for public consumption and bound up with US and British efforts to strengthen their hands against major rivals in the region, including China.

As for claims that Fox was pursuing a more "hawkish" foreign policy than Prime Minister David Cameron, this ignores that it is the coalition government that, along with France, led the push for the bombing of Libya, and which has consistently lobbied for the imposition of greater sanctions on Iran as part of its sabre-rattling with Washington in the Middle East.

Atlantic Bridge counted amongst its advisers leading figures in Tory Party, including a number of key government ministers—Lord Tebbit, Boris Johnson (mayor of London), George Osborne (chancellor), William Hague (foreign secretary) and Michael Gove (education secretary).

Hintze's donations to Atlantic Bridge, moreover, are more than matched by his bankrolling of the Conservative Party to the tune of £4 million in donations and loans since 2005. He has also made "gifts" to several government ministers, including to Cameron himself.

The central theme promoted by the neo-con Atlanticists in their various charitable incarnations has been the main policy of

successive British governments, Tory and Labour alike, for the past 30 years. Thatcher's declaration to a New York meeting of the Atlantic Bridge in May 2003 that it must be "a bulwark against the Left" came just months after the Blair government acted as the main sponsor of the US-led invasion of Iraq. During her speech, she praised Blair for being "staunch" in his support for the interventions in Afghanistan and Iraq.

The donors behind Fox and his various trusts indicate the mercenary relations between the corporate oligarchy and the political establishment and the unending series of neo-colonial interventions undertaken by Britain's military over the last years.

Another member of the executive board of Atlantic Bridge was John Falk, a US consultant who advises corporations on winning military and security contracts. Falk is the managing director of the Washington-based Kestral-USA, a contractor with the private security firm Blackwater, which has made millions of dollars from its activities in Iraq, Afghanistan and Pakistan.

Donors to Pargav include the international security and risk advisory company staffed by former MI6 officers, G3 or Good Governance Group.

Hintze's CQS reportedly had £21.5 million invested in the high-tech communications firm L-3, which Fox announced in July had been awarded the MoD's contract for new Rivet Joint aircraft. Private equity head Jon Moulton was another donor to Pargav. In 2010, his firm Better Capital brought Gardner UK—the aircraft component manufacturer, which supplies the Royal Air Force—for £60 million.

According to the *Daily Mail*, eight months later Moulton gave £35,000 to Pargav, a donation that "happened to coincide with the Tory government conducting the Strategic Defence and Security Review (SDSR) setting out the future shape of the Armed Forces." Despite MoD spending cuts of £4.7 billion of cuts, "the RAF aircraft which used Gardner components—including Typhoon fast jets, C130 Hercules transporter planes and Lynx helicopters—escaped unscathed from the cull."

On Monday, Labour's Jim Murphy sent a list of 10 questions about the Fox/Werritty connection to Cameron, demanding he "reveal the full extent of the wrongdoing which took place at the heart of government" and reveal those who had funded Werritty's overseas trips.

The *Guardian* also revealed that Hague "had told Fox to rein in Werritty after MI6 warned that the self-styled adviser was attempting to interfere in official government policy in Iran." The newspaper reported that this was in relation to several meetings Werritty had held "with Iranian opposition groups, who were led to believe that the 33-year-old was an official government adviser."



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