

Many unanswered questions in Carlos Ghosn's escape from Japan

Nick Beams
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The successful escape of former Nissan chief executive Carlos Ghosn from Japan, where he was facing four charges, two of which related to understating his pay by more than \$80 million in the company's financial statements, underscore the fact that the rich and super-rich inhabit a world above the law, supported by government and state institutions.

In his latest statement on his escape from the Japanese judicial system issued in Lebanon yesterday, Ghosn said: "It was I alone who organised my departure."

However, according to the head of his own Japanese legal team Junichiro Hironaka: "A very large organisation must have acted to pull this off."

Ghosn was arrested in November 2018 on charges arising from financial practices he engaged in as the head of Nissan and was being held on bail of almost \$14 million awaiting trial. He had been forced to surrender three passports—Lebanese, Brazilian and French—but apparently had been able to keep a second French passport in order to meet a Japanese requirement that foreigners carry identification.

While the full details of his escape have yet to emerge, he was apparently able to leave Japan on a private jet from Osaka airport which went to Istanbul's Ataturk airport after which it continued to Lebanon. Turkish police are reported to have opened an investigation into Ghosn's transit because neither his entry nor his exit was registered.

Interpol has issued a "red notice" to Lebanon asking it to arrest Ghosn, with which it is highly unlikely to comply. According to an Interpol statement issued yesterday: "Each country decides for itself what legal value to give to a red notice within their borders."

The circumstances of his escape, under conditions where he was one of the most well-known faces in

Japan, where his every move was supposedly monitored by authorities, raise the question of how much assistance he had from state authorities in Turkey, Lebanon, France and possibly even from Japanese authorities.

Ghosn was arrested at Tokyo's international airport on November 7, 2018 as the result of an internal power struggle within the Nissan auto company of which he was the chief executive and the chairman of a global car-making alliance involving the French firm Renault, Nissan and the Japanese firm Mitsubishi.

Ghosn had previously been hailed as a hero of the Japanese business world for his organisation of an alliance between Nissan and Renault at the end of the 1990s that had pulled the Japanese firm from the edge of bankruptcy. Initially working at Michelin, he became known at Renault as *Le cost killer* for his ruthless restructuring of the company.

Under the deal with Nissan, in which Renault acquired a 43 percent shareholding, he became Nissan's chief operating officer in June 1999, organising the closure of five of the company's plants and the axing of 21,000 jobs.

But with the continuing stagnation of the global economy in the aftermath of the global financial crisis of 2008, the entire auto industry has been confronting an intensified struggle for markets and the enormous capital costs associated with the production of electric cars and the use of artificial intelligence.

Reportedly under pressure from the French government, Ghosn was pushing for a closer integration of Renault and Nissan. But this move brought a conflict with other Nissan executives opposed to what they saw as a takeover of the company by Renault.

The opposition was led by Ghosn's former ally at

Nissan, later to become its chief executive, Hiroto Saikawa, who was himself removed from his post last September after an internal investigation revealed he had received what it said was improper stock-based performance compensation in 2013.

The conflict over the Renault merger was to lead to the bringing of charges against Ghosn. The head of the Nissan legal department, Hari Nada, began an investigation into Ghosn's financial dealings and in the summer of 2018 entered a plea bargain deal with Japanese prosecutors that led to the arrest of Ghosn in November.

The main charges against Ghosn are that he falsified company statements by understating his pay by more than \$80 million and using company assets for his own benefit. Such charges could only have been brought on the basis of insider knowledge provided by the highest levels of the Nissan company.

Ghosn has insisted that his pay and financial arrangements were known to the company's board and executives.

In September last year, however, he agreed to pay \$1 million to settle a fraud charge brought against him by the US Securities and Exchange Commission that alleged he hid more than \$140 million of his pay. Ghosn neither admitted nor denied the charges.

Another charge is that he used a private asset management company during the 2008 financial crisis to transfer losses from a derivatives contract worth \$16.7 million to Nissan.

He is also accused of transferring \$14.7 million over four years from a Nissan subsidiary account to a Saudi friend's company. Ghosn has said the payments were made for "legitimate and vitally important business services."

Last April, further charges were brought when prosecutors claimed that he had diverted \$5 million from Nissan to benefit companies with ties to his family. There are also accusations that nearly \$20 million of Nissan money was spent on houses used by Ghosn in Beirut, Rio de Janeiro and Paris and there are questions about who paid for a lavish party organised at the Palais de Versailles in honour of his second wife Carole in 2016.

The Ghosn case brought a predictable class response in an editorial published in the *Wall Street Journal*. Describing the start of the Ghosn saga as "dubious", it

called for "Japan to reform its justice system and corporate governance so they are more appropriate for a modern-day free-market economy."

In other words, corporate disputes must be kept in-house. Likewise, the appropriation of millions of dollars by the chief executives of the corporate world to finance their lavish lifestyles should be kept under wraps.

Around the world, however, millions of people, no doubt, will contrast the treatment of Ghosn, and the support he has received and continues to receive, with the situation confronting Julian Assange, whose very life is in danger as he languishes in London's maximum security Belmarsh prison.



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