

International Attacks on BAE: The Real Target Is Cheney

by Nancy Spannaus

A faction fight within the ranks of the British Establishment has broken out into the open over the international scandal over BAE Systems, the British defense firm that has been exposed as the center of an arms-for-oil deal which Lyndon LaRouche has characterized as the “scandal of the century.” The target of the quarrel within British ranks, commented LaRouche on June 28, is U.S. Vice President Dick Cheney, who is in deep trouble with his London friends for being unable to ensure that BAE’s filthy operations—which are estimated to have generated an \$80-100 million slush fund for Anglo-American use—never saw the light of day.

Under the now-departed prime minister Tony Blair, the British government acted decisively to squash the investigation by the Serious Fraud Office (SFO) into BAE bribes to Saudi Prince Bandar bin Sultan. Blair himself declared that the investigation would harm Britain’s “national security,” and British Attorney General Lord Goldsmith closed down the SFO probe in December 2006. News reports at the time of the Cheney visit to Riyadh revealed that Cheney took personal responsibility for shutting down the BAE probe, assuring that the Al-Yamamah project would go forward, scandal-free. According to one account, Cheney contacted Blair, and within a matter of weeks, Lord Goldsmith announced the shutdown. Prince Bandar bin Sultan, the former Saudi Ambassador in Washington and a central player in the entire BAE/Al-Yamamah scandal, also reportedly threatened the Blair government with a cutoff of Saudi cooperation in the war on terror, and this was a further factor contributing to the bungled coverup.

But action in early June by certain British factions to reopen the probe, and, most decisively, the spotlight put on the strategic significance of BAE’s Al-Yamamah deal as the biggest scandal in 100 years, by the LaRouche movement, has shot to hell the attempt to suppress it. A major investigation of BAE’s crimes is now underway by the U.S. Justice Depart-

ment (see *National*), as well as in other nations. Try as they might, the British royals are not going to be able to protect this Crown Jewel.

In fact, U.S. intelligence sources are already tracking the activities of Blair, who, they report, is quietly attempting to create a network of “charitable” organizations, which could be used to house some of the formerly BAE-managed dirty operations. These sources cite Blair’s recent pilgrimage to the Vatican, where he had an audience with Pope Benedict XVI, and announced his conversion to Catholicism. Blair, the sources say, has also been badly scarred by both the recent Scottish elections, in which the Labour Party lost its majority to a pro-separatist Scottish National Party (SNP), and by the backfire effect of his December 2006 clumsy effort to bury the BAE scandal. That Goldsmith-Blair effort was so poorly executed that there are now nearly a dozen separate investigations of BAE going on around the world—including the recently announced U.S. Department of Justice probe and the prospect of the BAE dealings with Prince Bandar being taken up by oversight committees of the U.S. Congress.

‘The U.S. Is Not a British Colony’

On June 28, LaRouche warned those forces in the United Kingdom who are thinking about stopping the U.S. investigation into the bribery practices and other crimes of the defense giant BAE, to remember that the U.S.A. is a sovereign nation, and this investigation is in the national security interests of the United States.

“Some people in London may not understand that, contrary to what appear to be their persisting wishes, the United States is not a British colony. That ended with the Declaration of Independence in 1776.”

“The point is, the U.S. government is sovereign and has a right to conduct a full investigation,” LaRouche said. “Some

people in London may not yet understand that the United States became sovereign with its Declaration of Independence, and remains sovereign despite some irregularities betwixt and between. And thus, if the charges against BAE concern an international affair that rightly affects the interests of the United States, the United States has a perfect sovereign right to investigate, or challenge this.”

LaRouche cautioned that, “maybe the continued existence or fall of the newly constituted [Gordon] Brown government may depend upon his rising to the occasion on this one. Maybe the rise or fall of the Brown government may depend upon his coming to his senses on this matter.”

Which Way Will the British Go?

As Gordon Brown moves into the Prime Minister’s office, the faction fight within the British ranks over BAE is raging.

Taking the side of pursuing the BAE matter by, among other things, providing assistance to the U.S. Justice Department investigation, is the *Financial Times*, which penned a scathing second editorial on June 28. Since the U.S. press persists in refusing to cover the scandal beyond the most meager headlines, we provide substantial quotes from the editorial statement, which was titled, “Shaming Britain: Department of Justice is right to investigate BAE Systems”:

“The US Department of Justice has decided to launch its own probe into whether BAE systems, the British defence contractor that is also a large supplier to the Pentagon, has violated the Foreign Corrupt Practices Act. That decision shows the UK government’s arguments for suspending its investigation—that it would wreck a vital national security relationship with the Saudis and cost thousands of jobs—for what they are: specious realpolitik and economic excuses. . . .

“Allegations of bribery should be investigated: the law is the law. There are many in Saudi Arabia who want more transparency and the Saudis were never likely to cut off cooperation on national security matters. Britain might lose future arms sales if wrongdoing is exposed, but ignoring the law for the sake of economic expedience is an action of the mercenary and the cynical.

“Those in the Saudi government who put pressure on Britain to abandon the probe have served their country poorly. They have turned a UK investigation into a U.S. inquiry and thrust Al-Yamamah into the international spotlight. . . .” Gordon Brown should order cooperation with the DoJ probe for “redemption.”

Dragging Their Feet

A rather different tone was taken by the London *Times* in its story on June 28. The story claimed that the British government is “scrambling . . . to find out how wide and deep” the DoJ investigation into BAE will be, and that the government is anxiously awaiting information on how extensive and embarrassing the investigation might be.

The London *Independent*, on June 27, wrote that the Brit-

ish government and BAE would have been better off keeping the investigation in London, because now, “being immersed in the icy waters of the Justice Department,” there’s no telling what will happen, penalties are likely to be harsher, etc. “BAE Systems hoped to bury the past. Instead, there now appears to be no stopping it being exhumed. With so much to lose in the US, BAE has no option but to co-operate fully.”

But the *Daily Telegraph* of June 29 didn’t leave any question as to where its faction of the British Establishment stands. “BAE is none of Washington’s business,” trumpeted a signed column. Con Coughlin, a senior writer for the *Telegraph* (also known as the *Torygraph*, because of its role as a mouthpiece for the Conservative Party), reflects the anger of certain circles in Britain who are not amused by the fact that BAE is under criminal investigation by the U.S. Department of Justice. Coughlin lamely tries to dismiss the investigation as being “motivated by jealousy over the vast profits that BAE and the Government have derived from the initial deal.”

“And there are suspicions,” Coughlin continues, “that the Americans are trying to derail the latest arms agreement between Britain and Saudi Arabia—‘Son of al-Yamamah.’” Coughlin threatens the U.S. that it will be faced with anger and retaliation on the part of the Saudis, and concludes, “Certainly, the attitude of both the British and Saudi governments is that whatever deals they may have done in the past, they are none of Washington’s business.”

But in another article, the *Telegraph* admits that the Ministry of Defence has little choice but to collaborate with the U.S. probe—if Britain wants to maintain any credibility with Washington.

Scandal Spreads Worldwide

There is no unanimity in Saudi Arabia over the BAE revelations either. There is reportedly a split within the Saudi royal family over how to deal with the scandal, now that it has become a legal matter in the United States, and more than a little rage at Cheney, who was unable to protect BAE from criminal investigation.

Nor is Saudi Arabia the only place where BAE’s financial crimes, or worse, have become matters of official concern. *EIR* has uncovered reports of official active probes in at least seven countries in addition to Britain and the United States. They include: Austria, Bulgaria, the Czech Republic, Hungary, Slovakia, Sweden, and Switzerland. Most of the allegations under investigation involve charges of bribery, although illegal arms trafficking has also been suggested.

Much of the investigation has been centered in the Organization for Economic Cooperation and Development (OECD), which has been looking at BAE’s activities for years. Interestingly, the individual who will head the DoJ’s criminal probe into BAE, Mark Mendelsohn, is a career prosecutor, who is the point person at the Justice Department for working with the OECD Bribery Task Force.