

Chilean Fascist Pinochet Was Also BAE's Man

by Cynthia R. Rush

Chilean Gen. Augusto Pinochet's reputation as the fascist dictator of Chile from 1973 to 1990, and kingpin of the Operation Condor international murder and torture machine, has been well documented. Less well known is his role in the BAE affair, in which he collaborated with leading figures in the British and European financier oligarchy in a multitude of illicit arms and money-laundering deals from which he profited handsomely—to the tune of hundreds of millions of dollars. Before the Blair government shut down the Serious Fraud Office's (SFO) investigation of BAE's payments to Saudi Prince Bandar in 2006, the SFO had been expected to broaden its inquiry to include the Pinochet side of the relationship as well.

According to U.S. and Chilean banking documents, in the period between December 1997 and October 2004, Pinochet received secret payments totalling £1.1 million from BAE, which were stashed in secret accounts in the Washington, D.C.-based Riggs Bank—also the bank of choice for Prince Bandar. The payments, commissions for arms deals Pinochet arranged, also found their way into Coutts & Co., the private bankers to the British Queen and international private banking arm of the Royal Bank of Scotland.

They were channeled as well through the BAE-linked Red Diamond Trading, registered in the offshore banking paradise of the British Virgin Islands. On Sept. 15, 2005, the London *Guardian* reported that Red Diamond was set up in 1998 by a “discreet” BAE subdivision known as HQ Marketing Services, which used Red Diamond to make covert payments to BAE's South American agents who helped make arms and aerospace sales to Ibero-American governments.

When Pinochet was arrested in London in September 1998 and threatened with extradition to Spain on charges of atrocities committed under his 17-year Nazi-style dictatorship, he was visiting as a guest of BAE subsidiary Royal Ordnance, as he had done on several occasions throughout the 1990s. BAE executives and whichever government was in power, wined and dined the old fascist. But Pinochet's relationship

with the British company actually dates back to 1982 at the latest, when he backed then-Prime Minister Margaret Thatcher in her imperialist assault on Argentina in the Malvinas War.

'Lickspittle of the British Empire'

As Lyndon LaRouche noted on June 14, Pinochet actually served as the “lickspittle of the British Empire” almost from day one. The same British oligarchical financier interests behind BAE were up to their eyeballs in orchestrating and supporting Pinochet's 1973 coup against the democratically elected Salvador Allende—as were their U.S. collaborators George Shultz, Henry Kissinger, and Felix Rohatyn, as *EIR* has documented.

In fact, one of the people on the ground in Santiago at the time of the 1973 coup was British MI-6 recruit Sir David Spedding, later the head of that intelligence service, who was suspected of cooperating with the CIA in organizing the Pinochet takeover.

In his book *Unpeople: Britain's Secret Human Rights Abuses*, British historian Mark Curtis quotes Britain's Ambassador to Chile, Reginald Seconde, in his September 1973 correspondence with the Foreign Office to expose the British role at that time. After graphically documenting the scope of the atrocities being committed by the new junta, Seconde then cheerfully noted in one letter that “most British businessmen will be overjoyed at the prospect of consolidation which the new military regime offers.” Companies like Royal Dutch Shell “are all breathing deep sighs of relief,” he said, while urging the British government to recognize Pinochet as soon as possible.



Chile's exiled Gen. Augusto Pinochet and his wife visit with former British Prime Minister, Baroness Margaret Thatcher (right). While dictator of Chile, Pinochet had supported Thatcher's 1982 Malvinas War against Argentina. He was close to the British at least from that point, until his death last year.

According to Curtis, 11 days after the Sept. 11 coup, Foreign Secretary Alec Douglas-Home sent an official “guidance” memo to various British embassies outlining British support for the new junta. “For British interests,” he said, “there is no doubt that Chile under the junta is a better prospect than Allende’s chaotic road to socialism. Our investments should do better; our loans may be successfully rescheduled, and export credits later resumed.” Shortly afterward, the Edward Heath government recognized the Pinochet government. In January 1974, Chilean Air Force delegations travelled to London for secret negotiations with the government, and meetings with aircraft manufacturers to discuss arms deals. And the arms deals never stopped.

According to Argentine investigative journalist Rogelio

García Lupo, in 1997 Pinochet began organizing a joint venture between Chile’s military industries company, FAMAE, and Royal Ordnance, under the name FAMAE-Ordnance, Ltd. The new firm was to lay the basis for an international weapons-marketing program. Due to weak oversight capabilities of the post-Pinochet Chilean government, Pinochet pretty much used FAMAE as his personal vehicle for carrying out several illicit operations.

During his 1998 visit to London, Pinochet was slated to receive a commission from BAE/Royal Ordnance of \$4.43 million, his cut for having arranged the purchase of three British ships for the Chilean Navy. This may have been arranged through Sisdef, the joint venture that BAE set up with Chile’s naval shipyards for “naval systems integration.”

Will BAE Scandal Sink U.K. End Run on U.S. Arms Law?

Britain’s request for a blanket exemption to a U.S. law requiring review of arms sales to foreign nations may be the next victim of the oil, arms, and corruption scandal now engulfing Britain, and threatening to expose a nexus of Anglo-Dutch geopolitical control reaching back half a century.

The United Kingdom and Australia already enjoy “expedited” approval under the U.S. Arms Export Control Act, but still may have to wait up to a month for approval of export licenses. With Britain’s scandal-ridden BAE Systems moving to take over a large share of U.S. arms manufacturing, the waiver of export license requirements would mean a major boost both to their balance sheet and covert military capabilities.

Following the collapse of the Soviet Union, the Clinton Administration began to soften export requirements on conventional arms. In 2000, it was proposed that Britain and Australia be granted exemptions from the licensing process. But Congress has stymied such an agreement, often demanding that Britain strengthen its laws governing exports to third countries as a condition for the exemption. As the al-Yamamah agreements with Prince Bandar demonstrate, Britain has had virtual free rein to use its own nation’s arms sales as an instrument in foreign subversion and financial operations. A lifting of U.S. regulations would strengthen that capability.

The *Financial Times* of London reported June 15 that

negotiations for Britain to get the long-sought waiver were nearly complete, and would be marked as a big victory for outgoing Prime Minister Tony Blair. But the Democratic Congress can, and most probably will, sandbag that wishful delusion in any number of ways. “The fact that we have not been consulted at all could likely prejudice this negotiation,” a Congressional aide told the paper.

One of the advocates for the deal is Dov Zakheim, an undersecretary and comptroller in the Bush Defense Department from 2001 to 2004, who is suspected of maintaining slush funds to finance illegal covert operations run by Pentagon civilians in the Cheney camp. Zakheim was a member of the Vulcans, the private foreign policy advisory team controlled by George Shultz and consisting almost entirely of Leo Strauss disciples, which concocted the disastrous pre-emptive war strategy of the Cheney-Bush Administration, even before Bush became President.

A major stumbling block to efforts to sneak through the British licensing exemption is that it is in reality a treaty. Article II of the U.S. Constitution grants the President the power to make treaties, but requires the concurrence of two-thirds of the Senate to make them law.

Sen. John Warner, the senior Republican on the Armed Services Committee, apparently brushed over this little problem in telling the *Financial Times*, “Despite the name, the document itself would carry a strong message . . . that Great Britain is our most trusted ally. Whether it be Labour or Tory government, we have got to be side by side on these major national security issues.”

That sort of gullibility, which has led otherwise sensible figures in our government to place such unrestricted trust in the nation’s historic enemy, is fast evaporating with each turn in the Bandar BAE exposé.