

Perils Pile Up on Perle

by Michele Steinberg and Scott Thompson

Defense Policy Board (DPB) member Richard Perle has been tarred as a central figure in yet another major financial scandal, this one centered around the Boeing Corporation. Perle and five other DPB members are all implicated in a pushing through a plan to have the Air Force lease 100 Boeing refueling tanker aircraft (767s) for \$26 billion, an amount that is several times greater than the cost of upgrading the fleet, and billions more than the bid by European competitor Airbus.

By Dec. 9, 2003, the Boeing Corporation, the company which provided the majority of the “smart bombs” used in Afghanistan, and which is on the Iraq War gravy train in a big way, had fired three top officials because of questionable operations in the tanker refueling deal; Deputy Secretary of Defense Paul Wolfowitz had put the entire tanker deal on hold; and Air Force Secretary John Roche was calling for a far broader investigation of the Boeing deals. A timeline of events around the Boeing scandal, being prepared by *EIR*, makes clear that Richard Perle personally, Perle’s DPB, and other centers of the neo-conservative cabal at the Pentagon are involved in operations that could make Enron and Halliburton blush.

The Boeing scandal is certain to ignite a reaction in Congress, which is already unhappy about the stonewalling and coverup of Perle by Pentagon Inspector General Joseph Schmitz, whose report “cleared” Perle of criminal conflict after Rep. John Conyers (D-Mich.) requested the investigation. Now the same Schmitz whose reasoning Conyers called “absurd,” is responsible for investigating the *much bigger* scandal that involves not only Perle but five other members of the DBP, whose names were revealed in a Dec. 8 exposé in the *Financial Times* of London. The following day, the *Financial Times* called for the DPB to be abolished or radically reformed.

Time-Line of ‘Tanker-Gate’

November-December 2001: In the aftermath of 9/11, neo-conservative/Likudnik insider Dov Zakheim, the Pentagon Comptroller, pushed through a policy of “leasing” capital assets instead of buying them. One of the biggest deals to go through was the leasing of 100 “gas stations in the sky” from Boeing, at a cost of about \$26 billion. At least one report states that Zakheim had been a consultant to Boeing in the 1990s.

December 2001: Boeing invested \$20 million in Richard Perle’s *Trireme* company—which was created to profit from the growing security business after 9/11. Perle was, at that time, Chairman of the DPB. Perle’s partner Gerald Hillman and *Trireme* strategic advisor Henry Kissinger were also on



Richard Perle epitomizes the “war and profit” motivations of the war party in Washington; Boeing Corp. has increasingly become attached to it.

the Defense Policy Board.

February-March 2002: Members of the House and Senate Armed Services Committees protested that the Department of Defense had presented the tanker lease to them as a “done deal,” because it was pushed through without the customary discussion about appropriations with Congress, and also without competitive bidding. A report for Congress from the General Accounting Office (GAO) showed that the existing tanker fleet could be modernized at a cost of \$5-7 billion by upgrading it, instead of leasing from Boeing at \$26 billion (Office of Management and Budget estimate). Purchasing the aircraft would also be cheaper, and there was also a lack of competitive bidding. Questions raised by a number of Senators, including John Warner (R-Va.), Carl Levin (D-Mich.), and John McCain (R-Ariz.), began at that time, and have continued through the current year. McCain, the chairman of a Senate subcommittee, received some 8,000 pages of documents from Boeing relating to its Pentagon contracts.

January-November 2003: Boeing was pouring money into the Defense Policy Board. In addition to the \$20 million to Perle’s *Trireme*, Boeing hired as consultants, DPB members Adm. (ret.) David Jeremiah and retired Air Force Gen. Ronald Fogelman. In January, Jeremiah and Fogelman got urgent e-mails from Boeing to push the tanker deal through as soon as possible. Then another DPB member, former Director of Central Intelligence James Woolsey, received a multimillion-dollar investment from Boeing for his *Paladin* Capital investment group. Both Jeremiah and DCI Woolsey are board members of the Jewish Institute for National Security Affairs, whose founder, Stephen Bryen, had worked under Perle in the Reagan Defense Department. Both were suspected members of the “Mr. X Committee” that steered the espionage of convicted spy Jonathan Pollard.

March 2003: In an exposé of *Trireme*’s operations, Perle was forced to resign as DPB Chairman, though he remains one of the its most powerful members.

July 2003: McCain’s Senate subcommittee began demanding more records from Boeing and the Department of Defense on the tanker deal, but was stonewalled.

July 14, 2003: According to a Dec. 8 statement by Boeing,

they had top officials of the company brief Perle on the consequences for the firm—that had so far only paid \$2 million of the \$20 million it had pledged to Trireme—if the tanker leasing deal did not go through.

Aug. 14, 2003: Perle and Thomas Donnelly, from the neo-con *Weekly Standard*, wrote an article for the *Wall Street Journal*, defending the Boeing leases, and implying that anybody who opposed it was endangering our troops in Iraq. The article had been cleared by Boeing.

September 2003: McCain's subcommittee threatened to subpoena records from both the Department of Defense and Boeing.

Nov. 6, 2003: Senators Warner and Levin cut the lease deal by 80%, with a "compromise," which allowed only 20 aircraft to be leased, and 80 to be bought, cutting out about \$7 billion. The compromise resulted from probes that went on from March 2002–November, 2003.

Nov. 24, 2003: Boeing suddenly fired Executive Vice President and Chief Financial Officer Mike Sears, and Darleen Druyun, whom Sears had hired out of the Pentagon in 2002. Druyun was one of the top Air Force officials at the Pentagon working on pushing through the tanker lease deal for Boeing. She, along with others, is accused of passing classified and confidential information to Boeing, giving it insider information about a rival bid from the European company Airbus.

Nov. 25, 2003: Defense Secretary Donald Rumsfeld, feeling the heat of the scandal, announced that the firings of the Boeing executives had convinced him that there should be a review of the tanker deal. However, the deal was still going through.

Dec. 1, 2003: Boeing dumped its Chairman and CEO, Philip Condit. Under Condit, Boeing had gone from 20% of

its business in defense and space, to over 50% in that field, as it failed to compete with Europe's Airbus for commercial airplane contracts. Boeing had bought defense-oriented McDonnell-Douglas, and shifted its management to Chicago, away from production facilities in Seattle.

Dec. 1, 2003: Neo-con Deputy Defense Secretary Paul Wolfowitz sent a letter to the Senate and House Armed Services Committees to say that there would be a "pause" pending investigation of the Boeing deal. However, Congress had already passed the money for the purchase of 80 Boeing 767s and lease of 20 more in the \$401 billion Defense Authorization Bill, signed by the President.

Where Matters Stand

There is a real question whether Boeing, which appears to have become a camp follower of the "War Party," can survive without a mix of commercial and defense production, and capital outlays for new passenger carrier planes. As for Perle, he denies that he was paid to lobby for the tanker deal, and claims he just wrote the Aug. 14 pro-lease commentary, because it was an important issue. It is quite possible that Perle faces yet another inquiry. In 1969, Perle first came to Washington, D.C. as an aide to the late Sen. Henry "Scoop" Jackson (D-Wash.), who was known as "the Senator from Boeing."

And, Perle's "perils" deepen in terms of the case of Lord Conrad Black's Hollinger International, Inc. (HII), where now former Securities and Exchange Commission Chairman Richard Breeden heads the investigation of Hollinger's so-called "related-party transactions." As *EIR* has reported, Lord Black had HII invest \$2.5 million in Trireme Partners LLC., while both Lord Black and Sir Henry Kissinger (KCMG) sat until recently on Trireme's strategic advisory board.

Conyers Demands Legislation

Rep. John Conyers, Jr. (D-Mich.) issued a statement on Nov. 14, in response to the report issued by the Department of Defense's Inspector General, whitewashing allegations of conflict of interest and misuse of public office by Richard Perle. Conyers said: "The IG's report confirmed what I have suspected for some time—that Mr. Perle has benefited financially by working for firms with major business before the very agencies he was entrusted to advise. In one case, Perle was even willing to tout his government position and ties as part of his consulting business. While the IG concluded this course of behavior did not technically violate the law, it is clear too that his conduct constitutes a breach of faith with the American people. As a

result, I intend to introduce legislation that would eliminate the legal loopholes identified in the report."

The statement criticized the IG's whitewashing of Perle on a string of business deals involving Loral Corp., Global Crossing, and efforts to shake down several Saudi businessmen. Conyers concluded: "My legislation will include several provisions to respond to the abuses highlighted in the report. Among other things, the law needs to include a hard and fast rule preventing high-ranking officials such as the Chairman of the DPB from profiting from their positions, and we also need to increase disclosure of these business ties to the public. There is no reason the public cannot scrutinize these relationships for conflict of interests on their own. To bring these conflicts to light, I will consider language that requires advisory committee members to make conflict of interest and ethics disclosures to Congress. The last thing we need is profiteering by our own trusted advisors at a time of war."