Revisited - The Real Reasons for the Upcoming War With Iraq:
A Macroeconomic and Geostrategic Analysis of the Unspoken Truth

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"To the living we owe respect, but to the dead we own only the truth."
-Voltaire

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Note to readers:

I would like to thank the hundreds of people from all over the world that emailed me positive feedback throughout 2003 with respect to my research and Internet based essay on the Iraq war. Based on your overwhelmingly positive feedback and my own sense of patriotic duty, I am currently writing a book based on this research. Additionally, I am also working with a former government economist to construct an empirical model studying the possible effects of the dollar's valuation in response to a euro currency pricing mechanism for OPEC producers. The results of will hopefully be included in the proposed forthcoming book, tentatively entitled: *Petrodollar Warfare: Oil, Iraq, and the Future of the Dollar* (Available Fall 2004).

For those who are already familiar with my original pre-war essay from January and March 2003, you may want to skip the opening parts of this essay and review the expanded section explaining the importance of Hydrocarbons regarding Peak oil and US Geostrategy, and then review my somewhat lengthy update from January 1, 2004. The main flaw from my original essay a year ago was an excessive focus on the macroeconomic perspectives of the Iraq war. In this essay, and in the forthcoming book, I have attempted to remedy this deficiency by including a detailed analysis of the oil depletion/geostrategic aspects, which appear to be second coalescing factor that lead to the Iraq war. For comments email: wrc92@aol.com.

Summary

Although completely unreported by the U.S. media and government, the answer to the Iraq enigma is simple yet shocking -- it is in large part an oil **currency** war. One of the core reasons for this upcoming war is this administration's goal of preventing further Organization of the Petroleum Exporting Countries (OPEC) momentum towards the euro as an oil transaction currency standard. However, in order to pre-empt OPEC, they need to gain geo-strategic control of Iraq along with its 2nd largest proven oil reserves. The second coalescing factor that is driving the Iraq war is the quiet acknowledgement by respected oil geologists and possibly this administration is the impending phenomenon known as Global "Peak Oil." This is projected to occur around 2010, with Iraq and Saudi Arabia being the final two nations to reach peak oil production. The issue of Peak Oil has been added to the scope of this essay, along with the macroeconomics of 'petrodollar recycling' and the unpublicized but genuine challenge to U.S. dollar hegemony from the euro as an alternative oil transaction currency. The author advocates graduated reform of the global monetary system including a dollar/euro currency 'trading band' with reserve status parity, a dual OPEC oil transaction standard, and multilateral treaties via the UN regarding energy reform. Such reforms could potentially reduce future oil currency and oil warfare. The essay ends with a reflection and critique of current US economic and foreign policies. What happens in the 2004 US elections will have a large impact on the 21st century.

Revisited -- The Real Reasons for the Upcoming War With Iraq: A Macroeconomic and Geostrategic Analysis of the Unspoken Truth

"If a nation expects to be ignorant and free, it expects what never was and never will be . . . The People cannot be safe without information. When the press is free, and every man is able to read, all is safe."

Those words by Thomas Jefferson embody the unfortunate state of affairs that have beset our nation. As our government prepares to go to war with Iraq, our country seems unable to answer even the most basic questions about this upcoming conflict. First, why is there a lack of a broad international coalition for toppling Saddam? If Iraq's old weapons of mass destruction (WMD) program truly possessed the threat level that President Bush has repeatedly purported, why are our historic allies not joining a coalition to militarily disarm Saddam? Secondly, despite over 400 unfettered U.N inspections, there has been no evidence reported that Iraq has reconstituted its WMD program. Indeed, the Bush administration's claims about Iraq's WMD capability appear demonstrably false.[1][2] Third, and despite President Bush's repeated claims, the CIA has not found any links between Saddam Hussein and Al Qaeda. To the contrary, some intelligence analysts believe it is more likely Al Qaeda might acquire an unsecured former Soviet Union Weapon(s) of Mass Destruction, or potentially from sympathizers within a destabilized Pakistan.

Moreover, immediately following Congress's vote on the Iraq Resolution, we suddenly became informed of North Korea's nuclear program violations. Kim Jong Il is processing uranium in order to produce nuclear weapons this year. (It should be noted that just after coming into office President Bush was informed in January 2001of North Korea's suspected nuclear program). Despite the obvious contradictions, President Bush has not provided a rationale answer as to why Saddam's seemingly dormant WMD program possesses a more imminent threat that North Korea's active nuclear weapons program. Millions of people in the U.S. and around the world are asking the simple question: "Why attack Iraq now?" Well, behind all the propaganda is a simple truth -- one of the core drivers for toppling Saddam is actually the euro currency, the -- €.

Although apparently suppressed in the U.S. media, one of the answers to the Iraq enigma is simple yet shocking. The upcoming war in Iraq war is mostly about how the CIA, the Federal Reserve and the Bush/Cheney administration view hydrocarbons at the geo-strategic level, and the unspoken but overarching macroeconomic threats to the U.S. dollar from the euro. The Real Reasons for this upcoming war is this administration's goal of preventing further OPEC momentum towards the euro as an oil transaction currency standard, and to secure control of Iraq's oil before the onset of Peak Oil (predicted to occur around 2010). However, in order to pre-empt OPEC, they need to gain geo-strategic control of Iraq along with its 2nd largest proven oil reserves. This essay will discuss the macroeconomics of the 'petrodollar' and the unpublicized but real threat to U.S. economic hegemony from the euro as an alternative oil transaction currency. The following is how an individual very well versed in the nuances of macroeconomics alluded to the unspoken truth about this upcoming war with Iraq:

> "The Federal Reserve's greatest nightmare is that OPEC will switch its international transactions from a dollar standard to a euro standard. Iraq actually made this switch in Nov. 2000 (when the euro was worth around 82 cents), and has actually made off like a bandit considering the dollar's steady depreciation against the euro. (*Note: the dollar declined 17% against the euro in 2002.*)
>
> "The real reason the Bush administration wants a puppet government in Iraq -- or more importantly, the reason why the corporate-military-industrial network conglomerate wants a puppet government in Iraq -- is so that it will revert back to a dollar standard and stay that way." (While also hoping to veto any wider OPEC momentum towards the euro, especially from Iran -- the 2nd largest OPEC producer who is actively discussing a switch to euros for its oil exports)."

Although a collective switch by OPEC would be extremely unlikely barring a major panic on the U.S. dollar, it would appear that a gradual transition is quite plausible. Furthermore, despite Saudi Arabia being our 'client state,' the Saudi regime appears increasingly weak/threatened from massive civil unrest. Some analysts believe civil unrest might unfold in Saudi Arabia, Iran and other Gulf states in the aftermath of an unpopular U.S. invasion and occupation of Iraq[3]. Undoubtedly, the Bush administration is acutely aware of these risks. Hence, the neo-conservative framework entails a large and permanent military presence in the Persian Gulf region in a post-Saddam era, just in case we need to surround and control Saudi's large Ghawar oil fields in the event of a Saudi coup by an anti-western group. But first back to Iraq.

> "Saddam sealed his fate when he decided to switch to the euro in late 2000 (and later converted his $10 billion reserve fund at the U.N. to euros) -- at that point, another manufactured Gulf War become inevitable under Bush II. Only the most extreme circumstances could possibly stop that now and I strongly doubt anything can -- short of Saddam getting replaced with a pliant regime.
>
> "Big Picture Perspective: Everything else aside from the reserve currency and the Saudi/Iran oil issues (i.e. domestic political issues and international criticism) is peripheral and of marginal consequence to this administration. Further, the dollar-euro threat is powerful enough that they will rather risk much of the economic backlash in the short-term to stave off the long-term dollar crash of an OPEC transaction standard change from dollars to euros. All of this fits into the broader Great Game that encompasses Russia, India, China."

This information about Iraq's oil currency is not discussed by the U.S. media or the Bush administration as the truth could potentially curtail both investor and consumer confidence, reduce consumer borrowing/spending, create political pressure to form a new energy policy that slowly weans us off Middle-Eastern oil, and of course stop our march towards a war with Iraq. This quasi 'state secret' is addressed in a Radio Free Europe article that discussed Saddam's switch for his oil sales from dollars to the euros, to be effective November 6, 2000:

> "Baghdad's switch from the dollar to the euro for oil trading is intended to rebuke Washington's hard-line on sanctions and encourage Europeans to challenge it. But the political message will cost Iraq millions in lost revenue. RFE/RL correspondent Charles Recknagel looks at what Baghdad will gain and lose, and the impact of the decision to go with the European currency."[4]

At the time of the switch many analysts were surprised that Saddam was willing to give up approximately $270 million in oil revenue for what appeared to be a political statement. However, contrary to one of the main points of this November 2000 article, the steady depreciation of the dollar versus the euro since late 2001 means that Iraq has profited handsomely from the switch in their reserve and transaction currencies. Indeed, *The Observer* surprisingly divulged these facts in a recent article entitled: 'Iraq nets handsome profit by dumping dollar for euro,' (February 16, 2003).

> "A bizarre political statement by Saddam Hussein has earned Iraq a windfall of hundreds of millions of euros. In October 2000 Iraq insisted upon dumping the US Dollar -- 'the currency of the enemy' -- for the more multilateral euro."[5]

Although Iraq's oil currency switch appears to be completely censored by the U.S. media conglomerates, this UK article illustrates that the euro has gained almost 25% against the dollar since late 2001, which also applies to the $10 billion in Iraq's U.N. 'oil for food' reserve fund that was previously held in dollars has also gained that same percent value since the switch. It was reported in 2003 that Iraq's UN reserve fund had swelled from $10 billion dollars to € 26 billion euros. According to a former government analyst, the following scenario would occur if OPEC made an unlikely, but sudden (collective) switch to euros, as opposed to a gradual transition.

> "Otherwise, the effect of an OPEC switch to the euro would be that oil-consuming nations would have to flush dollars out of their (central bank) reserve funds and replace these with euros. The dollar would crash anywhere from 20-40% in value and the consequences would be those one could expect from any currency collapse and massive inflation (think Argentina currency crisis, for example). You'd have foreign funds stream out of the U.S. stock markets and dollar denominated assets, there'd surely be a run on the banks much like the 1930s, the current account deficit would become unserviceable, the budget deficit would go into default, and so on. Your basic 3rd world economic crisis scenario.
>
> "The United States economy is intimately tied to the dollar's role as reserve currency. This doesn't mean that the U.S. couldn't function otherwise, but that the transition would have to be gradual to avoid such dislocations (and the ultimate result of this would probably be the U.S. and the E.U. switching roles in the global economy)."

Although the above scenario is unlikely, and most assuredly undesirable, under certain economic conditions it is plausible. In fact, one of the conditions that could create such an environment is a near unilateral U.S. led war in the Middle East. For example, a large spike in oil prices could create huge problems for the imperiled Japanese banking system, the world's largest holder of U.S. dollar reserves. Unfortunately the current Bush administration has chosen a military option instead of a multilateral conference on monetary reform to resolve these issues. In the aftermath of toppling Saddam it is clear the U.S. will keep a large and permanent military force in the Persian Gulf. Indeed, there is no talk of an 'exit strategy,' as the military will be needed to protect the newly installed regime, and to send a message to other OPEC producers that they too might receive 'regime change' if they convert their oil payments to euros.

An interesting yet again underreported story from last year relates to another OPEC 'Axis of Evil' country, Iran, who is vacillating on pricing their oil export in the euro currency.

> "Iran's proposal to receive payments for crude oil sales to Europe in euros instead of U.S. dollars is based primarily on economics, Iranian and industry sources said.
>
> "But politics are still likely to be a factor in any decision, they said, as Iran uses the opportunity to hit back at the U.S. government, which recently labeled it part of an 'axis of evil.'
>
> "The proposal, which is now being reviewed by the Central Bank of Iran, is likely to be approved if presented to the country's parliament, a parliamentary representative said.
>
> "'There is a very good chance MPs will agree to this idea . . . now that the euro is stronger, it is more logical,' the parliamentary representative said."[6]

Moreover, and perhaps most telling, during 2002 the majority of reserve funds in Iran's central bank were shifted to euros. It appears imminent they intend to switch oil payments to euros.

> "More than half of [Iran] the country's assets in the Forex Reserve Fund have been converted to euro, a member of the Parliament Development Commission, Mohammad Abasspour announced. He noted that higher parity rate of euro against the US dollar will give the Asian countries, particularly oil exporters, a chance to usher in a new chapter in ties with European Union's member countries.
>
> "He said that the United States dominates other countries through its currency, noting that given the superiority of the dollar against other hard currencies, the US monopolizes global trade. The lawmaker expressed hope that the competition between euro and dollar would eliminate the monopoly in global trade."[7]

After toppling Saddam, this administration may decide that Iran's disloyalty to the dollar qualifies them as the next target in the 'war on terror.' Iran's interest in switching to the euro as their currency for oil exports is well documented. Perhaps U.S. operations against Iran will be mostly covert, but this *MSNBC* article alludes to ultimate objectives of the neo-conservatives.

> "While still wrangling over how to overthrow Iraq's Saddam Hussein, the Bush administration is already looking for other targets. President Bush has called for the ouster of Palestinian leader Yasir Arafat. Now some in the administration -- and allies at D.C. think tanks -- are eyeing Iran and even Saudi Arabia. As one senior British official put it: 'Everyone wants to go to Baghdad. Real men want to go to Tehran.'"[8]

Aside from the geopolitical risks regarding Saudi Arabia and Iran, another risk factor is actually Japan. Perhaps the biggest gamble in a protracted Iraq war may be Japan's weak economy.[9] If the war creates prolonged oil high prices ($45 per barrel over several months), or a short but massive oil price spike ($80 to $100 per barrel), some analysts believe Japan's fragile economy would collapse. Japan is quite hypersensitive to oil prices, and if its banks default, the collapse of the second largest economy would set in motion a sequence of events that could prove quite damaging to the U.S. economy. There is little doubt the Iraq war plan is designed to be a quick victory, with the U.S. military securing Iraq's vital oil fields at the very onset of hostilities.

Nonetheless, other risks might arise if the Iraq war goes poorly or becomes prolonged. It is possible that civil unrest may unfold in Iran, Saudi Arabia or other OPEC members in the Middle East. Such events could foster the very situation this administration is trying to prevent: another OPEC member switching to euros as their oil transaction currency standard.

Incidentally, the final 'Axis of Evil' country, North Korea, recently decided to officially drop the dollar and begin using euros for trade, effective Dec. 7, 2002. [10] Unlike the OPEC-producers, North Korea's switch will have negligible economic impact, but it illustrates the geopolitical fallout of President Bush's harsh rhetoric. Much more troubling is North Korea's recent action following the oil embargo of their country. They are in dire need of oil and food; and in an act of desperation they have re-activated their pre-1994 nuclear program. The re-processing uranium fuel rods appear to be taking place, and it appears their strategy is to prompt negotiations with the U.S. regarding food and oil. The CIA estimates that North Korea could produce 4-6 nuclear weapons by the second half of 2003. Ironically, this crisis over North Korea's nuclear program further confirms the fraudulent premise for which this war with Saddam was entirely contrived.

During the 1990s the world viewed the U.S. as a rather self-absorbed but essentially benevolent superpower. Military actions in Iraq (1990-91 & 1998), Serbia and Kosovo (1999) were undertaken with NATO cooperation and UN involvement, thereby affording these operations with a sufficient level of international legitimacy. President Clinton also worked to reduce tensions in Northern Ireland and attempted to negotiate a resolution to the Israeli-Palestinian conflict. With the exception of the Middle East, our superpower status was viewed as mostly benign. Our trade imbalances were tolerated, and balanced fiscal policies provided confidence.

However, in both the pre and post 9/11 intervals, the 'America first' policies of the Bush administration, with its unwillingness to honor International Treaties, along with their aggressive militarisation of foreign policy has significantly damaged our reputation abroad. Following 9/11, it appears that President Bush's 'warmongering rhetoric' has created global tensions -- as we are now viewed as a belligerent superpower willing to apply unilateral military force without U.N. approval. Moreover, this administrations failure to actively engage in negotiations regarding the Israeli/Palestinian conflict is unfortunate. Lamentably, the tremendous amount of international sympathy we witnessed in the immediate aftermath of the September 11th tragedy has been replaced with fear and anger at our government. This administration's bellicosity has changed the worldview, and 'anti-Americanism' is proliferating even among our closest allies.[11]

Equally alarming, and completely unreported in the US media, are significant monetary shifts in the reserve funds of foreign governments away from the dollar with movements towards the euro. [12][13][14] It appears the world community may lack faith in the Bush administration's flawed economic policies, and along with OPEC, seem poised to respond with economic retribution if the U.S. government is regarded as an uncontrollable and dangerous superpower. Despite the absence of media coverage, the plausibility of slowly abandoning the dollar standard for the euro is real. An article by Hazel Henderson outlines the dynamics and the potential outcomes:

> "The most likely end to US hegemony may come about through a combination of high oil prices (brought about by US foreign policies toward the Middle East) and deeper devaluation of the US dollar (expected by many economists). Some elements of this scenario:
>
> 1. US global over-reach in the 'war on terrorism' already leading to deficits as far as the eye can see -- combined with historically-high US trade deficits -- lead to a further run on the dollar. This and the stock market doldrums make the US less attractive to the world's capital.
>
> 2. More developing countries follow the lead of Venezuela and China in diversifying their currency reserves away from dollars and balanced with euros. Such a shift in dollar-euro holdings in Latin America and Asia could keep the dollar and euro close to parity.
>
> 3. OPEC could act on some of its internal discussions and decide (after concerted buying of euros in the open market) to announce at a future meeting in Vienna that OPEC's oil will be re-denominated in euros, or even a new oil-backed currency of their own. A US attack on Iraq sends oil to €40 (euros) per barrel.
>
> 4. The Bush Administration's efforts to control the domestic political agenda backfires. Damage over the intelligence failures prior to 9/11 and warnings of imminent new terrorist attacks precipitate a further stock market slide.
>
> 5. All efforts by Democrats and the 57% of the US public to shift energy policy toward renewables, efficiency, standards, higher gas taxes, etc. are blocked by the Bush Administration and its fossils fuel industry supporters. Thus, the USA remains vulnerable to energy supply and price shocks.
>
> 6. The EU recognizes its own economic and political power as the euro rises further and becomes the world's other reserve currency. The G-8 pegs the euro and dollar into a trading band -- removing these two powerful currencies from speculators trading screens (a "win-win" for everyone!). Tony Blair persuades Brits of this larger reason for the UK to join the euro.
>
> 7. Developing countries lacking dollars or "hard" currencies follow Venezuela's lead and begin bartering their undervalued commodities directly with each other in computerized swaps and counter trade deals. President Chavez has inked 13 such country barter deals on its oil, e.g., with Cuba in exchange for Cuban health paramedics who are setting up clinics in rural Venezuelan villages.
>
> The result of this scenario? The USA could no longer run its huge current account trade deficits or continue to wage open-ended global war on terrorism or evil. The USA ceases pursuing unilateralist policies. A new US administration begins to return to its multilateralist tradition, ceases its obstruction and rejoins the UN and pursues more realistic international cooperation."[15]

As for the events currently taking place in Venezuela, items #2 and #7 on the above list may allude to why the Bush administration quickly endorsed the failed military-led coup of Hugo Chavez in April 2002. Although the coup collapsed after 2 days with Chavez being restored to power, various reports suggest the CIA and a rather embarrassed Bush administration approved and may have been actively involved with the civilian/military coup plotters.

> "George W. Bush's administration was the failed coup's primary loser, underscoring its bankrupt hemispheric policy. Now it is slowly filtering out that in recent months White House officials met with key coup figures, including Carmona. Although the administration insists that it explicitly objected to any extra-constitutional action to remove Chavez, comments by senior U.S. officials did little to convey this. . . .
>
> "The CIA's role in a 1971 Chilean strike could have served as the working model for generating economic and social instability in order to topple Chavez. In the truckers' strike of that year, the agency secretly orchestrated and financed the artificial prolongation of a contrived work stoppage in order to economically asphyxiate the leftist Salvador Allende government.
>
> "This scenario would have had CIA operatives acting in liaison with the Venezuelan military, as well as with opposition business and labor leaders, to convert a relatively minor afternoon-long work stoppage by senior management into a nearly successful coup de grâce."[16]

Interestingly, according to an article by Michael Ruppert, Venezuelan's ambassador Francisco Mieres-Lopez apparently floated the idea of switching to the euro approximately one year before the failed coup attempt. Furthermore, there is some evidence that the U.S. is still active in its attempts to overthrow the democratically elected Chavez administration. In December 2002 a Uruguayan government official exposed the ongoing covert CIA operations in Venezuela:

> "Uruguayan EP-FA congressman Jose Nayardi says he has information that far-reaching plan have been put into place by the CIA and other North American intelligence agencies to overthrow Venezuelan President Hugo Chavez Frias within the next 72 hours. . . .
>
> Nayardi says he has received copies of top-secret communications between the Bush administration in Washington and the government of Uruguay requesting the latter's cooperation to support white collar executives and trade union activists to 'break down levels of intransigence within the Chavez Frias administration.'"[17]

Venezuela is the fourth largest producer of oil, and the corporate elites whose political power runs unfettered in the Bush/Cheney oligarchy appear interested in privatizing Venezuela's oil industry. Furthermore, the establishment might be concerned that Chavez's 'barter deals' with 12 Latin American countries and Cuba are effectively cutting the U.S. dollar out of the vital oil transaction currency cycle. Commodities are being traded among these countries in exchange for Venezuela's oil, thereby reducing reliance on fiat dollars. If these unique oil transactions proliferate, they could create more devaluation pressure on the dollar by removing it from its crucial 'petro-recycling' role. Continuing attempts to remove Hugo Chavez appear likely.

The U.S. economy has acquired significant structural imbalances, including our record-high $503 billion trade account deficit (5% of GDP), a $6.9 trillion dollar deficit (60% of GDP), and the recent return to annual budget deficits in the hundreds of billions. These imbalances are exacerbated by the Bush administration's ideologically driven tax and budget policies, which are creating enormous deficits for the rest of this decade. These factors would significantly devalue the currency of any other nation under the "rules of economics.' Why is the dollar still the predominant currency despite these structural imbalances, and why does it appear immune from our twin deficits? While many Americans assume the strength of the U.S. dollar merely rests on our economic output (GDP), the ruling elites understand that the dollar's strength is founded on two fundamentally unique advantages relative to all other hard currencies.

The reality is that the "safe harbor" status of the U.S. dollar since 1945 rests on it being the international reserve currency. Thus it has assumed the role of sole currency for global oil transactions (ie. ‘petrodollar’). The U.S. prints hundreds of billions of fiat dollars, which U.S. consumers provide to other nations via the purchase of imported goods. These dollars become "petro-dollars" when are then used by those nation states to purchase oil/energy from OPEC producers (except Iraq, to some degree Venezuela, and perhaps Iran in the near future). Approximately $600 to $800 billion ‘petrodollars’ are annually from OPEC and invested back into the U.S. via Treasury Bills or other dollar-denominated assets such as U.S. stocks, bonds, real estate, etc. This recycling bolsters the dollar’s international liquidity value.

According to research by Dr. David Spiro, in 1974 the Nixon administration negotiated assurances from Saudi Arabia to price oil in dollars only, and invest their surplus oil proceeds in U.S. Treasury Bills. In return the U.S. would protect the Saudi regime. According to his book, *The Hidden Hand of American Hegemony: Petrodollar Recycling and International Markets* [18] , these purchases were done in relative secrecy. These agreements created the phenomenon known as "petrodollar recycling." In effect, global oil consumption via OPEC provides a healthy subsidy to the U.S. economy. Hence, the Europeans created the euro to compete with the dollar as an alternative international reserve currency. Obviously the E.U. would also like oil priced in euros as well, as this would reduce or eliminate their currency risk for oil purchases.

The ‘old rules’ for valuation of the U.S. dollar currency and economic power were based on our flexible market, free flow of trade goods, high per worker productivity, manufacturing output/ trade surpluses, government oversight of accounting methodologies (ie. SEC), developed infrastructure, education system, and of course total cash flow and profitability. Our superior military power afforded some additional confidence in the dollar. While many of these factors remain present, over the last two decades we have diluted some of the ‘safe harbor’ economic fundamentals. Despite vast imbalances and structural problems that are escalating within the U.S. economy, since 1974 the dollar as the monopoly oil currency created ‘new rules’. The following excerpts from an *Asia Times* article discusses the virtues of our petrodollar hegemony (or vices from the perspective of developing nations, whose debt is denominated in dollars).

> "Ever since 1971, when US president Richard Nixon took the dollar off the gold standard (at $35 per ounce) that had been agreed to at the Bretton Woods Conference at the end of World War II, the dollar has been a global monetary instrument that the United States, and only the United States, can produce by fiat. The dollar, now a fiat currency, is at a 16-year trade-weighted high despite record US current-account deficits and the status of the US as the leading debtor nation. The US national debt as of April 4 was $6.021 trillion against a gross domestic product (GDP) of $9 trillion.
>
> "World trade is now a game in which the US produces dollars and the rest of the world produces things that dollars can buy. The world’s interlinked economies no longer trade to capture a comparative advantage; they compete in exports to capture needed dollars to service dollar-denominated foreign debts and to accumulate dollar reserves to sustain the exchange value of their domestic currencies. To prevent speculative and manipulative attacks on their currencies, the world’s central banks must acquire and hold dollar reserves in corresponding amounts to their currencies in circulation. The higher the market pressure to devalue a particular currency, the more dollar reserves its central bank must hold. This creates a built-in support for a strong dollar that in turn forces the world’s central banks to acquire and hold more dollar reserves, making it

> stronger. This phenomenon is known as dollar hegemony, which is created by the geopolitically constructed peculiarity that critical commodities, most notably oil, are denominated in dollars. Everyone accepts dollars because dollars can buy oil. The recycling of petro-dollars is the price the US has extracted from oil-producing countries for US tolerance of the oil-exporting cartel since 1973.
>
> "By definition, dollar reserves must be invested in US assets, creating a capital-accounts surplus for the US economy. Even after a year of sharp correction, US stock valuation is still at a 25-year high and trading at a 56 percent premium compared with emerging markets.
>
> ". . . The US capital-account surplus in turn finances the US trade deficit. Moreover, any asset, regardless of location, that is denominated in dollars is a US asset in essence. When oil is denominated in dollars through US state action and the dollar is a fiat currency, the US essentially owns the world's oil for free. And the more the US prints greenbacks, the higher the price of US assets will rise. Thus a strong-dollar policy gives the US a double win."[19]

This unique geo-political agreement with Saudi Arabia in 1974 has worked to our favor for the past 30 years, as this arrangement has eliminated our currency risk for oil, raised the entire asset value of all dollar denominated assets/properties, and allowed the Federal Reserve to create a truly massive debt and credit expansion (or 'credit bubble' in the view of some economists). These structural imbalances in the U.S. economy are sustainable as long as:

1. **Nations continue to demand and purchase oil for their energy/survival needs**
2. **the world's monopoly currency for global oil transactions remains the US dollar**
3. **the three internationally traded crude oil markers remain denominated in US dollars**

These underlying factors, along with the 'safe harbor' reputation of U.S. investments afforded by the dollar's reserve currency status propelled the U.S. to economic and military hegemony in the post-World War II period. However, the introduction of the euro is a significant new factor, and appears to be the primary threat to U.S. economic hegemony. Moreover, in December 2002 ten additional countries were approved for full membership into the E.U. Barring any surprise movements, in 2004 this will result in an aggregate E.U. GDP of $9.6 trillion and 450 million people, directly competing with the U.S. economy ($10.5 trillion GDP, 280 million people).

Especially interesting is a speech given by Mr Javad Yarjani, the Head of OPEC's Petroleum Market Analysis Department, in a visit to Spain in April 2002. His speech dealt entirely with the subject of OPEC oil transaction currency standard with respect to both the dollar and the euro. The following excerpts from this OPEC executive provide insights into the conditions that would create momentum for an OPEC currency switch to the euro. Indeed, his candid analysis warrants careful consideration given that two of the requisite variables he outlines for the switch have taken place since this speech in Spring 2002. Articles regarding the euro and its potential to purchase oil are discussed in the European and Asian media, but have been completely unreported in the U.S.

> ". . . The question that comes to mind is whether the euro will establish itself in world financial markets, thus challenging the supremacy of the US dollar, and consequently trigger a change in the dollar's dominance in oil markets. As we all know, the mighty dollar has reigned supreme since 1945, and in the last few years has even gained more ground with the economic dominance of the United States, a situation that may not change in the near future. By the late 90s, more than four-fifths of all foreign exchange transactions, and half of all world exports, were denominated in dollars. In addition, the US currency accounts for about two thirds of all official exchange

reserves. The world's dependency on US dollars to pay for trade has seen countries bound to dollar reserves, which are disproportionably higher than America's share in global output. The share of the dollar in the denomination of world trade is also much higher than the share of the US in world trade.

"Having said that, it is worthwhile to note that in the long run the euro is not at such a disadvantage versus the dollar when one compares the relative sizes of the economies involved, especially given the EU enlargement plans. Moreover, the Euro-zone has a bigger share of global trade than the US and while the US has a huge current account deficit, the euro area has a more, or balanced, external accounts position. One of the more compelling arguments for keeping oil pricing and payments in dollars has been that the US remains a large importer of oil, despite being a substantial crude producer itself. However, looking at the statistics of crude oil exports, one notes that the Euro-zone is an even larger importer of oil and petroleum products than the US. . . .

". . . From the EU's point of view, it is clear that Europe would prefer to see payments for oil shift from the dollar to the euro, which effectively removed the currency risk. It would also increase demand for the euro and thus help raise its value. Moreover, since oil is such an important commodity in global trade, in term of value, if pricing were to shift to the euro, it could provide a boost to the global acceptability of the single currency. There is also very strong trade links between OPEC Member Countries (MCs) and the Euro-zone, with more than 45 percent of total merchandise imports of OPEC MCs coming from the countries of the Euro-zone, while OPEC MCs are main suppliers of oil and crude oil products to Europe. . . .

"Of major importance to the ultimate success of the euro, in terms of the oil pricing, will be if Europe's two major oil producers -- the United Kingdom and Norway join the single currency. Naturally, the future integration of these two countries into the Euro-zone and Europe will be important considering they are the region's two major oil producers in the North Sea, which is home to the international crude oil benchmark, Brent. This might create a momentum to shift the oil pricing system to euros. . . .

"In the short-term, OPEC MCs, with possibly a few exceptions, are expected to continue to accept payment in dollars. Nevertheless, I believe that OPEC will not discount entirely the possibility of adopting euro pricing and payments in the future. The Organization, like many other financial houses at present, is also assessing how the euro will settle into its life as a new currency. The critical question for market players is the overall value and stability of the euro, and whether other countries within the Union will adopt the single currency.

"It is quite possible that as the bilateral trade increases between the Middle East and the European Union, it could be feasible to price oil in euros considering Europe is the main economic partner of that region. This would foster further ties between these trading blocs by increasing commercial exchange, and by helping attract much-needed European investment to the Middle East.

"In the long-term, perhaps one question that comes to mind is could a dual system operate simultaneously? Could one pricing system apply to the Western Hemisphere in dollars and for the rest of the world in euros? This will remain the test for the euro, should the currency gain ground in the market of oil transactions

". . . Should the euro challenge the dollar in strength, which essentially could include it in the denomination of the oil bill, it could be that a system may emerge which benefits more countries in the long-term. Perhaps with increased European integration and a strong European economy, this may become a reality. Time may be on your side. I wish the euro every success."[20]

Based on this important speech, momentum for OPEC to consider switching to the euro will grow once the E.U. expands in May 2004 to 450 million people with the inclusion of 10 additional member states. The aggregate GDP will increase from $7 trillion to $9.6 trillion. This enlarged European Union (EU) will be an oil consuming purchasing population 33%

larger than the U.S., and over half of OPEC crude oil will be sold to the EU as of mid-2004. This does not include other potential E.U./euro entrants such as the U.K., Norway, Denmark and Sweden. It should be noted that since late 2002, the euro has been trading at parity or above the dollar, and analysts predict the dollar will continue its downward trending in 2003 relative to the euro.

It appears the final two pivotal items that would create the OPEC transition to euros will be based on (1) if and when Norway's Brent crude is re-dominated in euros and (2) when the U.K. adopts the euro. Regarding the later, Tony Blair is lobbying heavily for the U.K. to adopt the euro, and their adoption would seem imminent within this decade. If and when the U.K. adopts the euro currency I suspect a concerted effort will be quickly mounted to establish the euro as an international reserve currency. Again, I offer the following information from an astute individual who analyzes these international monetary matters very carefully:

> "The pivotal vote will probably be Sweden, where approval this next autumn of adopting the euro also would give momentum to the Danish government's strong desire to follow suit. Polls in Denmark now indicate that the euro would pass with a comfortable margin and Norwegian polls show a growing majority in favor of EU membership. Indeed, with Norway having already integrated most EU economic directives through the EEA partnership and with their strongly appreciated currency, their accession to the euro would not only be effortless, but of great economic benefit.
>
> "As go the Swedes, so probably will go the Danes & Norwegians. It's the British who are the real obstacle to building momentum for the euro as international transaction & reserve currency. So long as the United Kingdom remains apart from the euro, reducing exchange rate costs between the euro and the British pound remains their obvious priority. British adoption (a near-given in the long run) would mount significant pressure toward repegging the Brent crude benchmark -- which is traded on the International Petroleum Exchange in London -- and the Norwegians would certainly have no objection whatsoever that I can think of, whether or not they join the European Union.
>
> "Finally, the maneuvers toward reducing the global dominance of the dollar are already well underway and have only reason to accelerate so far as I can see. An OPEC pricing shift would seem rather unlikely prior 2004 -- barring political motivations (ie. from anxious OPEC members) or a disorderly collapse of the dollar (ie. Japanese bank collapse due to high oil prices following a prolonged Iraq conflict) but appears quite viable to take place before the end of the decade."

In other words, beginning around 2004-2008, from a purely economic, trade and monetary perspective, it will become logical for some OPEC producers to transition to the euro for oil pricing. Of course that will reduce the dollar's international demand/liquidity value, and hurt the U.S.'s ability to fund its massive debt unless U.S. policy makers begin to make difficult fiscal and monetary changes right away -- or use our massive military power to force events upon OPEC . . .

Facing these potentialities, I hypothesize that President Bush intends to topple Saddam in 2003 in a pre-emptive attempt to initiate massive Iraqi oil production in far excess of OPEC quotas, to reduce global oil prices, and thereby dismantle OPEC's price controls. The end-goal of the neo-conservatives is incredibly bold yet simple in purpose, to use the 'war on terror' as the premise to finally dissolve OPEC's decision-making process, thus ultimately preventing the cartel's inevitable switch to pricing oil in euros. How would the Bush administration break-up the OPEC cartel's price controls in a post-Saddam Iraq? First, the newly installed U.S. ruler (Gen. Garner) will convert Iraq's oil exports back to the dollar standard. Moreover, according to a *Washington Post* article just before the Iraq war, one of the pre-determined decisions of the "Iraqi interim authority" in a postwar economy is to drop the Iraq dinar, and covert Iraq to the U.S. dollar.

> "The exact role of the authority, when it would begin to take over government functions, and who would be part of it are still to be determined, according to other senior administration officials. But they did suggest that in running a postwar Iraqi economy, the U.S. plans to substitute U.S. dollars for the Iraqi currency that bears a likeness of President Saddam Hussein."[21]

Obviously the 'dollarization' of Iraq would apply to the vital oil transaction currency issue, but I do not expect that crucial "detail" to be discussed in the U.S. media. Following the war, with the U.S. military protecting the oil fields, the new ruling junta will undertake the necessary steps to significantly increase production of Iraq oil -- well beyond OPEC's 2 million barrel per day quota. Analysts have predicted that raising Iraq's oil production back to pre-1990 levels will take between several months or two years. Nonetheless, geostrategists such as Henry Kissenger suggested in 1973 that the US should invade the Middle East, and disband the OPEC cartel. Mr. Robert Dreyfuss discussed the history of these goals in his article "The Thirty Year Itch."[22] Dr. Nayyer Ali offers a succinct analysis of how Iraq's underutilized oil reserves will not be a 'profit-maker' for the U.S. government, but will fulfill the more important Geostrategic goal of providing the crucial economic instrument to leverage and dissolve OPEC's price controls, thus fulfilling the long sought-after goal of the neo-conservatives to disband the OPEC cartel:

> ". . . Despite this vast pool of oil, Iraq has never produced at a level proportionate to the reserve base. Since the Gulf War, Iraq's production has been limited by sanctions and allowed sales under the oil for food program (by which Iraq has sold 60 billion dollars worth of oil over the last 5 years) and what else can be smuggled out. This amounts to less than 1 billion barrels per year. If Iraq were reintegrated into the world economy, it could allow massive investment in its oil sector and boost output to 2.5 billion barrels per year, or about 7 million barrels a day.
>
> "Total world oil production is about 75 million barrels, and OPEC combined produces about 25 million barrels.
>
> "What would be the consequences of this? There are two obvious things.
>
> "First would be the collapse of OPEC, whose strategy of limiting production to maximize price will have finally reached its limit. An Iraq that can produce that much oil will want to do so, and will not allow OPEC to limit it to 2 million barrels per day. If Iraq busts its quota, then who in OPEC will give up 5 million barrels of production? No one could afford to, and OPEC would die. This would lead to the second major consequence, which is a collapse in the price of oil to the 10-dollar range per barrel. The world currently uses 25 billion barrels per year, so a 15-dollar drop will save oil-consuming nations 375 billion dollars in crude oil costs every year.
>
> ". . . The Iraq war is not a moneymaker. But it could be an OPEC breaker. That however is a long-term outcome that will require Iraq to be successfully reconstituted into a functioning state in which massive oil sector investment can take place."[23]

The American people are oblivious to the potential economic risks regarding the Iraq war. The Bush administration believes that by toppling Saddam they will remove the juggernaut, thus allowing the US to control Iraqi's huge oil reserves, and finally break-up and dissolve the 10 remaining countries in OPEC. However, U.S. occupation of Iraq could exacerbate tensions within OPEC or perhaps Iran, providing further impetus for momentum for pricing oil in euros.

This last issue is undoubtedly a significant gamble even in the best-case scenario of a relatively quick and painless war that topples Saddam and leaves Iraq’s oil fields intact. Undoubtedly, the OPEC cartel could feel threatened by the goal of the neo-conservatives to break-up OPEC’s price controls ($22-$28 per barrel). Perhaps the Bush administration’s ambitious goal of flooding the oil market with Iraqi crude may work, but I have doubts. Will OPEC simply tolerate quota-busting Iraqi oil production, thus delivering to them a lesson in self-inflicted hara-kiri (suicide)? Contrarily, OPEC could meet in Vienna and in an act of self-preservation re-denominate the oil currency to the euro. Although unlikely, such a decision would mark the end of U.S. dollar hegemony, and thus the end of our precarious economic superpower status. Again, I offer the analysis of an astute observer regarding the colossal gamble this administration is undertaking:

> "One of the dirty little secrets of today’s international order is that the rest of the globe could topple the United States from its hegemonic status whenever they so choose with a concerted abandonment of the dollar standard. This is America’s preeminent, inescapable Achilles Heel for now and the foreseeable future.
>
> "That such a course hasn’t been pursued to date bears more relation to the fact that other Westernized, highly developed nations haven’t any interest to undergo the great disruptions which would follow -- but it could assuredly take place in the event that the consensus view coalesces of the United States as any sort of ‘rogue’ nation. In other words, if the dangers of American global hegemony are ever perceived as a greater liability than the dangers of toppling the international order. The Bush administration and the neo-conservative movement has set out on a multiple-front course to ensure that this cannot take place, in brief by a graduated assertion of military hegemony atop the existent economic hegemony."

Regrettably, under this administration we have returned to massive deficit spending, and the lack of strong SEC enforcement has further eroded investor confidence. Indeed, the flawed economic and tax policies and of the Bush administration resulting in years of projected deficits may be exacerbating the weakness of the dollar, if not outright hastening some countries to diversify their central bank reserve funds with euros as an alternative to the dollar. From a foreign policy perspective, the terminations of numerous international treaties and disdain for international cooperation via the U.N. and NATO have angered even our closest allies.

In September 2002, Dr. Paul Isbell wrote an excellent analysis regarding the quiet "tectonic shifts" underway with respect the dollar and euro. In his essay he asked, "What can Europe do to consciously prepare the way for the day when this tectonic shift in monetary relations becomes undeniably obvious?" [24] Unfortunately, today we are witnessing this clash of US/EU financial interests in the form of the upcoming Iraq war over Saddam’s switch to a "petroeuro." Instead of leading a pre-emptive war in Iraq, the US should be pursuing a multilateral treaty, perhaps mediated by the UN that establishes a dual-currency standard for OPEC oil pricing.

Synopsis

It would appear that any attempt by OPEC member states in the Middle East or Latin America to transition to the euro as their oil transaction currency standard shall be met with either overt U.S. military actions or covert U.S. intelligence agency interventions. Under the guise of the perpetual 'war on terror' the Bush administration is manipulating the American people about the unspoken but very real macroeconomic reasons for this upcoming war with Iraq. This war in Iraq will not be based on any threat from Saddam's old WMD program, or from terrorism. This war will be over the global currency of oil. A war intended to prevent oil from being priced in euros.

Sadly, the U.S. has become largely ignorant and complacent. Too many of us are willing to be ruled by fear and lies, rather than by persuasion and truth. Will we allow our government to initiate the dangerous 'pre-emptive doctrine' by waging an unpopular war in Iraq, while we refuse to acknowledge that Saddam does not pose an imminent threat to the United States? Furthermore, we seem unable to address the structural imbalances in our economy due to massive debt manipulation, unaffordable 2001 tax cuts, record levels of trade deficits, unsustainable credit expansion, corporate accounting abuses, near zero personal savings, record personal indebtedness, and our reliance and over consumption of Middle Eastern oil.

Regardless of whatever Dr. Blix finds or does not find in Iraq regarding WMD, it appears that President Bush is determined to pursue his 'pre-emptive' imperialist war to secure a large portion of the earth's remaining hydrocarbons, and ultimately use Iraq's underutilized oil to destroy the OPEC cartel. Will this gamble work? That remains to be seen. However, the history of warfare is replete with unintended consequences. It is plausible that the aftermath of the Iraq war and a U.S. occupation of Iraq could increase Al-Qaeda sponsored terrorism against U.S. targets, or more likely create guerilla warfare in a post-war Iraq. Moreover, continued U.S. unilateralism could create economic retribution from the international community or OPEC.

The question we as Americans must ask -- *Can the US military control by force all oil-producing nations and dictate their oil export transaction currency?* In brief, the answer is no. Will we forfeit any pretense of practicing free-market capitalism while we enforce a *military command economy* for global oil transactions? Is it morally defensible to deploy our brave but naïve young soldiers around the globe to enforce U.S. dollar hegemony for global oil transactions via the barrels of their guns? Will we allow imperialist conquest of the Middle East to feed our excessive oil consumption, while ignoring the duplicitous overthrowing of a democratically elected government in Latin America? Is it acceptable for a U.S. President to threaten military force upon OPEC nation state(s) because of their sovereign choice of currency regarding their oil exports? I concur with Dr. Peter Dale Scott's sentiments on this question:

> ". . . hopefully decent Americans will protest the notion that it is appropriate to rain missiles and bombs upon civilians of another country, who have had little or nothing to do with this (financial) crisis of America's own making."
>
> "A multilateral approach to these core problems is the only way to proceed. The US is strong enough to dominate the world militarily. Economically it is in decline, less and less competitive, and increasingly in debt. The Bush peoples' intention appears to be to override economic realities

> with military ones, as if there were no risk of economic retribution. They should be mindful of Britain's humiliating retreat from Suez in 1956, a retreat forced on it by the United States as a condition for propping up the failing British pound.[25]

Lastly, how can we effectively thwart the threat of international Al Qaeda terrorism if we alienate so many of our European allies?

Paradoxically, this administration's flawed economic policies and belligerent foreign policies may hasten the outcome they hope to prevent -- further OPEC momentum towards the euro. Furthermore, using U.S. military and/or the threat of force is a rather unwieldy instrument for Geostrategy, and as such it is unlikely to indefinitely thwart some OPEC members from acting on their 'internal discussions' regarding a switch to euros. Informed U.S. patriots realize this administration's failed economic policies in conjunction with their militant Imperialist overreach is proving not only detrimental to our international stature, but also threatens our economy and civil liberties. Thus, remaining silent is not only misguided, but false patriotism. We must not stand silent and watch our country continue these imperialist policies. The US must not become an isolated 'rogue' superpower, relying on brute force, thereby motivating other nations to abandon the dollar standard -- and with the mere stroke of a pen -- slay our superpower status?

This need not be our fate. When will we demand that our government begin the long and difficult journey towards energy conservation, development of renewable energy sources, and sustained balanced budgets to allow real deficit reduction? When will we repeal the clearly unaffordable 2001 tax cuts to facilitate a balanced fiscal budget, enforce corporate accounting laws, and substantially *reinvest in our manufacturing and export sectors* to gradually but earnestly move our economy from a trade account deficit position back into a trade account surplus position?

Indeed, over the last two decades, the significant loss of U.S. manufacturing capability to foreign competition has adversely affected our ability to maintain a sustainable economy. The "New Economy" paradigm of the 1990s has created a false 'service sector economy' that simply cannot sustain the U.S.'s economic and military power status in a competitive globalized economy. Undoubtedly, we must make these and many more difficult structural changes to our economy if we are to restore and maintain our international "safe harbor" investment status.

Furthermore, it would seem imperative that our government begins discussions with the G7 nations to reform the global monetary system. We must adopt our economy to accommodate the inevitable ascendance of the euro as an alternative international reserve currency. I concur with those enlightened economists who recommend the U.S. begin the process of convening the next 'Bretton Woods Conference.' The U.S. government should compromise and agree to the euro becoming the next international reserve currency. A compromise on the euro/oil issues via a multilateral treaty with a gradual phase-in of a dual-OPEC currency transaction standard seems inevitable. It would also seem prudent to investigate a third 'Asia bloc' of the Yen/Yuan as reserve currency options to give balance to the global monetary system.

While these multilateral reforms may lower our excessive oil consumption, force the US government to engage in fiscally responsible policies, and reduce some of our global military presence, perhaps these adjustments could also reduce some of the animosity towards U.S. foreign policies. Secondly, it is hoped such reforms could improve the quality of our lives, and that of our children by motivating the U.S. to finally become more energy efficient. Creating balanced domestic fiscal polices, rebuilding alliances with the E.U./world community and energy reform are in the long-term national security interests of the U.S. Global Peak oil is a challenge to humanity itself, and will require an unprecedented amount of international cooperation and coordination to overcome this history-making event. Furthermore, global monetary reform is not only necessary, but could mitigate future armed or economic warfare over oil, ultimately fostering a more stable, safer, and prosperous global economy in the 21st century.

Unfortunately, the proposed multilateral conference on monetary reform and energy reform is viewed as abhorrent to the current neoconservative movement, which is premised upon the US as the "Pre-eminent" global Empire.[26] Even a cursory reading of the neoconservative agenda as outlined in the *Project for a New American Century* (PNAC) policy document illustrates their idealistic goal is US global dominance -- both militarily and economically. Indeed, the Bush administration's entrenched political ideology appears quite incompatible with multilateral economic reform. The neoconservatives seem to view compromise as antithetical. Ultimately We the People must demand a new administration. We need responsible leaders who are willing to return to balanced budgets, conservative fiscal policies, and to our traditions of engaging in multilateral foreign policies while seeking broad international cooperation.

Equally important, we must bear in mind the wisdom of founding fathers like Thomas Jefferson who insisted that a *free press is vital,* as it is often the only mechanism to protect democracy. The American people are not aware of the issues outlined in this essay because the US mass media has been reduced to approximately six large media conglomerates that filter 90% of the information that flows within the U.S. Sadly, part of today's dilemma lays not only within Congress but also a handful of elitist, imperialist-oriented media conglomerates that have failed in their Constitutional obligations to inform the People. Critical information about the Iraq war was only available via the Internet, which should not be our only source of real, unfiltered news.

Finally, despite the media reporting otherwise, the current wave of 'global anti-Americanism' is *not* against the American people or against American values -- but against the *hypocrisy of militant American Imperialism.* I respectfully submit the current polices of the neoconservative movement as expressed through various PNAC documents, their manipulation of the citizenry through fear, and the application of unilateral U.S. military force is treasonous not only to the American Public, but incompatible to the very *fundamental principles that founded our nation.*

It has been said that the vast majority of wars are fought over resources and economics, and even so-called "religious wars" usually have economics or access to resources as a hidden motive. The Iraq war is no different from other modern wars except it appears to usher in 'oil currency' as a new paradigm for warfare. However, the world community may not tolerate an imperialist U.S. Hyper-Power that ignores International Law while using military force to conquer sovereign nations. Indeed, the facts suggest additional oil-producing nation states will eventually exercise their sovereign right by pricing their oil exports in euros instead of dollars.

I will reiterate the fundamental issue facing our country -- *Can the US military and intelligence agencies control the governments in all oil-producing nations -- as well as their oil export currencies?* In brief, the answer is no. The question becomes how many countries will we allow our government to overthrow under the false pretext of the next "war on terror?" Additionally, how much international "blowback" against the US and its citizens would such a Geostrategy create? Likewise, if President Bush pursues an unprovoked and basically unilateral war against Iraq, the historians will not be kind to him or his administration. Their agenda is clear to the world community, but when will US patriots become cognizant of their modus operandi?

> "It is the absolute right of the State to supervise the formation of public opinion."
>
> "If you tell a lie big enough and keep repeating it, people will eventually come to believe it."
>
> "The lie can be maintained only for such time as the State can shield the people from the political, economic and/or military consequences of the lie. It thus becomes vitally important for the State to use all of its powers to repress dissent, for the truth is the mortal enemy of the lie, and thus by extension, the truth is the greatest enemy of the State."
>
> -- Dr. Joseph Goebbels, German Minister of Propaganda, 1933-1945

# # #

Background on Hydrocarbons and US Geostrategy

To understand US Geostrategy one needs to have a realistic appreciation of the importance of hydrocarbons, the phenomenon referred to as Peak Oil, and the importance of Iraq’s oil reserves with respect to these issues. I should note that two types of data exist regarding oil reserves, "political data" and "technical data." Politicians, the media, and economists use political data, whereas governments, their intelligence agencies, and geologist use the much more accurate, and much more guarded, technical data. One important issue not understood by the general population is the impending geological phenomenon known as "Peak Oil." It is extremely unfortunate that our corporate-controlled media conglomerates do not report on the significance of global Peak Oil. It would seem the European community is openly discussing this issue, and trying to make preparations to reduce their overall energy consumption.

Contrarily, the U.S. government is making preparations for more unilateral wars in an effort to control the worlds’ hydrocarbons -- and the oil currency. [27] The Pentagon has contemplated a "5-year, 7-war plan." [28] Regarding Peak Oil, Michael Ruppert’s controversial website offers several articles: From the Wilderness. Although some of these articles are overwrought, their analysis does illustrate how the expanding ‘war on terror’ follows wherever US Geostrategic concerns are regarding hydrocarbons reserves or pipelines (West Africa, South America, etc).

This crucial concept of Peak Oil was first illustrated in bell-shaped curves by U.S. geophysicist M. King Hubbert, who in 1956 correctly predicted U.S. oil production would peak in 1971. Each oil field in the world follows a more or less bell-shaped curve, and the composite view of the world's thousands of oil fields is one gigantic, ragged edged looking bell-shaped curve. The best source of data regarding global oil production is form Petroconsultants Inc out of Zurich. They maintain the largest private databases of the 40,000 oil fields in the world. It is rumored that the CIA is their biggest client, and that something in their 1995 report might have predicted global Peak Oil unless the Caspian Sea region contained an extensive amount of untapped oil. Unfortunately the reports by Petroconsultants Inc. cost approx. $35,000, and non-disclosure statements are required for their rather exclusive clientele. Undoubtedly the Bush/Cheney administration is aware of the issues surrounding Peak Oil. Perhaps acknowledge of this issue is related to their plans to invade Iraq, which predate Saddam's switch to the euro by years.

To date the two most authoritative books I have reviewed regarding technical oil production data and Peak Oil are the following; *The Party's Over: Oil, War and the Fate of Industrial Societies* (2003) by Richard Heinberg[29], and *Hubbert's Peak; The Impeding World Oil Shortage* (2001) by Kenneth Deffeyes[30]. Highly respected geologist Colin Campbell has also researched this issue extensively[31]. Using Hubbert's methodology to measure global oil production, contemporary geologists have forecast that global Peak Oil will occur around 2010. Though veteran geologists such as Kenneth Deffeyes have now concluded that Peak Oil will most likely occur between 2004 and 2008. The following illustrates his sentiments:

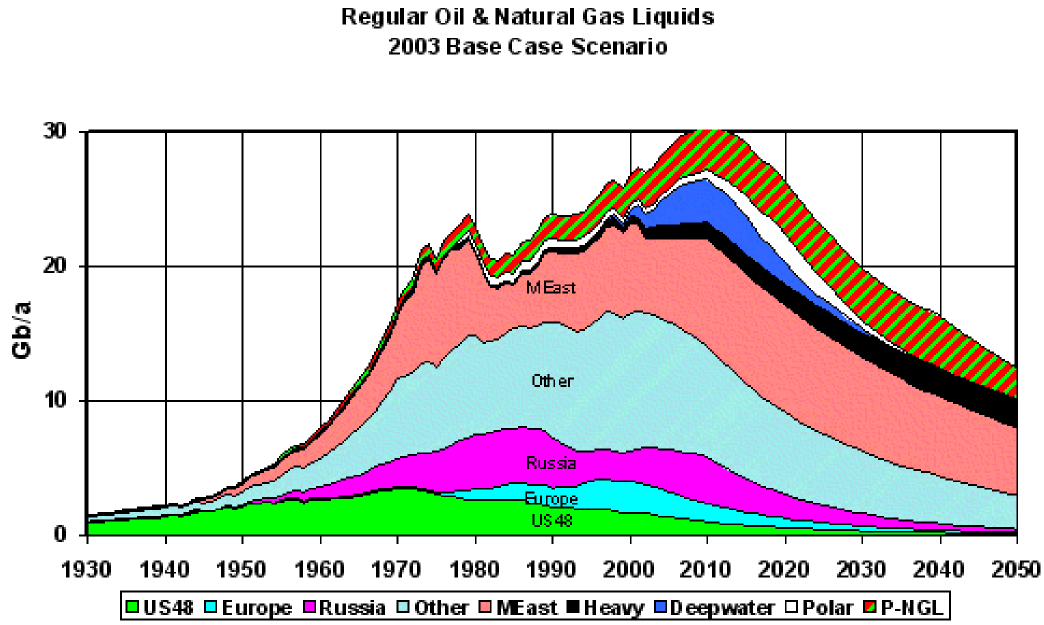
> "My own opinion is that the peak in world oil production may even occur before 2004. What happens if I am wrong? I would be delighted to be proved wrong. It would mean that we have a few additional years to reduce our consumption of crude oil. However, it would take a lot of unexpectedly good news to postpone the peak to 2010.[32]

The following information will briefly discuss U.S. Geostrategic issues regarding Iraq's oil reserves. Other than the core driver of the dollar versus euro currency threat, the other issue related to the upcoming war with Iraq appears related to some disappointing geological findings regarding the Caspian Sea region. Since the mid-to-late 1990s the Caspian Sea region of Central Asia was thought to hold approximately 200 billion barrels of untapped oil (the later would be comparable to Saudi Arabia's reserve base)."[33] Based on an early feasibility study by Enron, the easiest and cheapest way to bring this oil to market would be a pipeline from Kazakhstan, through Afghanistan to the Pakistan border at Malta. In the late 1990s not only was the Enron Corporation relying on cheap liquefied natural gas from the Caspian Sea region for their power plan in India, but also large energy companies such as Unocal and Halliburton.

> "I cannot think of a time when we have had a region emerge as suddenly to become as strategically significant as the Caspian." -- Former CEO of Halliburton, Dick Cheney 1998

In fact, these Caspian region oil reserves were a *central* component of Vice President Cheney's energy plan released in May 2001. According to his report, the U.S. will import 90% of its oil by 2020, and thus tapping into the reserves in the Caspian Sea region was viewed as a U.S. strategic goal that would help meet our growing energy demand, and also reduce our dependence on oil from the Middle East.[34] It is for similar reasons that I believe Tony Blair endorsed the Iraq war. The U.K. has no oil reserves other than the North Sea. Unfortunately, the North Sea oil fields belonging to the U.K. reached peak production in the year 2000.

I suspect the decline in the North Sea output from 2001 to present day is quite disconcerting to the British government, as it is much more rapid than one would expect. Like the U.S., the U.K. will soon import the majority of its oil, perhaps Blair agreed to the invasion given that British Petroleum (BP) has been the only non-US oil company that has received oil exploration rights in the post-Saddam Iraq. Of course the U.K. has not yet ascended to the euro. Because global oil production seems to have leveled off in 2000, Richard Heinberg recently suggested that we might have reached a "Peak Oil Plateau."[35] The following graph illustrates global Peak Oil.



Once Peak Oil is reached, the supply of oil/energy will begin an irreversible decline, along with a corresponding irreversible increase in price despite growing demand from industrialized and developing nations. Despite various claims by environmental groups, there is simply no readily available substitute for oil regarding transportation, nor do the alternatives produce the power output of oil. Eventually substitutes for oil may become available, but only if we begin international cooperation on a truly unprecedented scale, and avoid "global oil warfare."

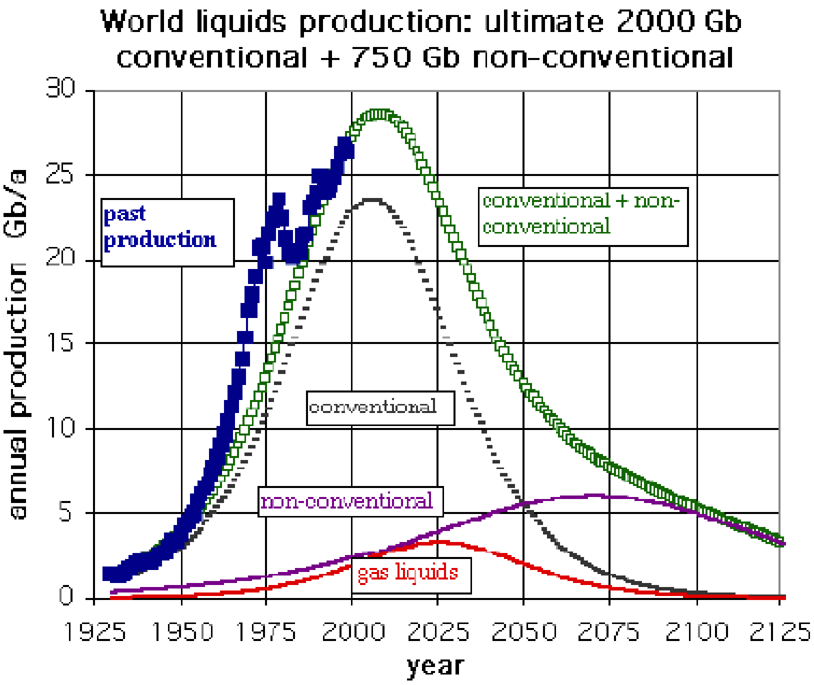
Although the records from Vice President Cheney's spring 2001 energy meetings are still secret, there is one individual who was present during some of those meetings and is willing to publicly discuss Peak Oil. Mr. Matthew Simmons, who was a key advisor to the Bush Administration, and participated on Vice President Cheney's 2001 Energy Task Force. Mr. Simmons is an investment banker in Texas, and CEO of Simmons and Co. International, handling an investment portfolio of $56 billion. In May 2003 Mr. Simmons stated the following at a conference for the Association of the Study of Peak Oil & Gas (ASPO) in Paris, France.

> "I think basically that now, that peaking of oil will never be accurately predicted until after the fact. But the event will occur, and my analysis is leaning me more by the month, the worry that peaking is at hand; not years away. If it turns out I'm wrong, then I'm wrong. But if I'm right, the unforeseen consequences are devastating. But unfortunately the world has no Plan B if I'm right. The facts are too serious to ignore. Sadly the pessimist-optimist debate started too late."[36]

Regarding US Geostrategy in Afghanistan, according to the French book, *The Forbidden Truth,*[37] the Bush administration ignored the U.N. sanctions that had been imposed upon the Taliban and entered into negotiations with the supposedly 'rogue regime' from February 2, 2001 to August 6, 2001. According to this book, the Taliban were apparently not very cooperative based on the statements of Pakistan's former ambassador, Mr. Naik. He reports that the U.S. threatened a 'military option' in the summer of 2001 if the Taliban did not acquiesce to our demands. Fortuitous for Cheney's energy plan, Bin Laden delivered to us 9/11/01. The pre-positioned U.S. military, along with the CIA providing cash to the Northern Alliance leaders, led the invasion of Afghanistan and the Taliban were routed. The pro-western Karzai government was ushered in. The pipeline project was now back on track in early 2002, well, sort of . . .

After three exploratory wells were built and analyzed, it was reported that the Caspian region holds only approximately 10 to 20 billion barrels of oil (although it does have a lot of natural gas)."[38] The oil is also of poor quality, with high sulfur content. Subsequently, several major companies have now dropped their plans for the pipeline citing the massive project was no longer profitable. Unfortunately, this recent realization about the Caspian Sea region has serious implications for the U.S., India, China, Asia and Europe, as the amount of available hydrocarbons for industrialized and developing nations has been decreased downward by 20%. (Remaining global estimates reduced from 1.2 trillion barrels to approx. 1.0 trillion)[39][40].

The following graph illustrates Global Peak Oil, sometimes referred to as the "Big Rollover."



It is widely reported as factual that Iraq has 11% of the world's total oil reserves (112 billion barrels). However, no geological surveys have been conducted in Iraq since the 1970s. The Russians, French, and Chinese were eager to lease Iraq's unexplored fields, which may contain up to 200 billion barrels[39]. In January 2002 President Bush asked General Tommy Franks to construct an invasion plan for Iraq. Under the threat of "mushroom clouds," our prime nemesis, Bin Laden, was skillfully replaced by the OSP into our new public enemy #1, Saddam Hussein.

For those who would like to review how depleting hydrocarbon reserves could adversely erode our civil liberties and democratic processes, retired U.S. Special Forces officer Stan Goff offers a sobering analysis in his essay: "The Infinite War and Its Roots".[41] Likewise, for those who wish to review some of the unspeakable evidence surrounding the September 11th tragedy, Gore Vidal's controversial book, *Dreaming War* offers a thorough introduction.[42] Finally, *The War on Freedom: How and Why America was Attacked, September 11, 2001* by British political scientist Nafeez Mosaddeq Ahmed methodically presents disconcerting questions about the 9/11 tragedy and U.S. geostrategy regarding Afghanistan.[43]

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Addendum: Notable International Monetary Movements

(Late January 2003)

After completing this essay in mid-January 2003, I began to read about some interesting international monetary developments and the related opinions of analysts. These recent developments warrant inclusion as an addendum. The following two articles relate to the rapid devaluation of the dollar in late January relative to the euro. This occurred in the week immediately preceding President Bush's State of the Union address. Both of these articles suggest that Russia -- a traditional holder of dollar reserves -- may be linking 'political overtones' to their exchanges of dollars for euros. The following article may illustrate things to come if President Bush continues on his present unilateral position on Iraq.

> "The dollar remained on the ropes on Thursday, buffeted by some hawkish remarks from the US administration about the standoff with Iraq. It was also stung by a pointed signal from Russia's central bank that the appeal of dollar-denominated assets is waning.
>
> "Oleg Vyugin, first deputy chairman at the Russian central bank, said the bank plans to cut the share of US dollars in its foreign exchange reserves and increase the share of other currencies. . . .
>
> "Some analysts questioned whether there may be political overtones to Vyugin's remarks, that could be related to the widening rift between the US and some other potential allies about how to persuade Iraq to comply with UN weapons' inspectors requirements.
>
> "Although Russia's own foreign exchange reserves are fairly small by comparison with the world's biggest central banks, the question is, 'Will other central banks follow and what does this do to the ability of the US to finance its current account deficit?' said Marc Chandler, chief

> currency strategist with HSBC in New York.
>
> "That deficit is currently around 5% of gross domestic product and proving to be an increasingly heavy millstone around the dollar's neck."[44]

Although global currency exchanges are notoriously volatile, it is interesting to note the following day (January 25th) some analysts reiterated that these monetary movements may be related not only to the current geo-political tensions, but may also indicate political motivations. Is this perhaps a 'warning shot over the bow' for the Bush administration regarding their position on Iraq? These monetary movements by various central banks illustrate trouble for the dollar.

> "All of a sudden, the dollar's supposedly slow and gradual decline isn't looking so slow, or gradual.
>
> "In fact the speed of the dollar's slide, against the euro in particular, has taken even the most seasoned analysts by surprise: a Dow Jones Newswires foreign exchange survey just ten days ago showed the major currency trading banks forecasting the euro climbing to $1.06 by the middle of February and not coming near $1.10 until the end of the year.
>
> "Instead, the euro has leaped to highs of around $1.0850 on Friday and has already gained 4% on the dollar this year, leaving strategists increasingly scrambling to update their forecasts. The Swiss franc keeps reaching fresh four-year highs, and the dollar is on the ropes against sterling and a host of other key rivals.
>
> "Perhaps a more important barometer of broader confidence in U.S. markets is the Treasurys market. With the dollar falling, gold spiking and stocks under pressure, Treasurys continue to retain their safe haven appeal.
>
> "But there are warning signals here, too, that are beginning to get more attention. This week, the Russian central bank said it was lowering the U.S. asset portion of its foreign exchange reserves -- in other words selling Treasurys -- calling the dollar a low-yielding currency.
>
> "Analysts believe some of the large Asian central banks -- that between them hold the lion's share of the world's dollar reserves -- are also considering rejigging their Treasury holdings. A U.S.-led war in Iraq could further accelerate that trend.
>
> "Indeed, some political analysts believe that U.S. policy over Iraq may already be having a direct impact on holdings of U.S. assets, particularly with much of the rest of the world so opposed to war. 'It's hard for me to believe that the flow of capital cannot help but be affected by how the U.S. is perceived around the world,' said Larry Greenberg, an international economist at Ried Thunberg & Co. in Westport, Conn.
>
> "'Today if you have the U.S. acting (in Iraq) against world opinion, there could be an even faster pullback out of dollar-denominated assets,' said Joseph Quinlan, global economist with Johns Hopkins University, in Washington. 'How we go to war influences the rate of decline of the dollar' he said."[45]

The day after the above article, the UK Observer's Will Hutton wrote a forceful article against Bush's unilaterism. This article further emphasizes the unfortunate economic imbalances of the U.S. economy, and suggests the potential geo-political fallout of a unilaterist war or an unstable aftermath in Iraq could create a significant divestiture of dollar denominated assets.

> "The US's economic position is far too vulnerable to allow it to go war without cast-iron multilateral support that could underpin it economically as well as diplomatically and militarily.

> The multi-lateralism Bush scorns is, in truth, an economic necessity. . . .
>
> "On latest estimates, its net liabilities to the rest the world are more than $2.7 trillion, nearly 30 per cent of GDP, a scale of indebtedness associated with basket-case economies in Latin America.
>
> "Its industrial base is so uncompetitive that it consistently imports more than it exports; its current-account deficit, the gap between all its current foreign earnings and foreign spending, is now a stunning 5 per cent of GDP, continuing a trend that has lasted for more than 25 years and which is the cause of all that foreign debt. As a national community, it has virtually ceased to save so that government and individuals alike live on credit.
>
> To finance the current-account deficit, a reflection of the lack of saving, the US relies on foreigners supplying it with the foreign currency it can't earn itself. . . .
>
> "But if foreigners got windy about the prospects for share and property prices and stopped buying, or began to withdraw some of the trillions they have invested in the US economy, then the dollar would collapse. Already, it has fallen nearly 10 per cent against the euro over the last six weeks, but that could just be the beginning. Economists at the Federal Reserve have estimated that the dollar needs to fall by 30 per cent to bring the flow of imports and exports into balance, but in today's markets such a fall doesn't happen gradually. It happens precipitately.
>
> "If America and Britain spurn a second UN Resolution and go to war with the active opposition of key members of the Security Council like France and Russia, be sure the flow of dollars into the US will slow down dramatically, and be sure there will be a stampede of foreigners trying to sell. Shares on Wall Street that Bush is so anxious to prop up are still massively overvalued. Against this background, there could be a devastating sell-off, with all the depressing knock-on consequences for American consumer confidence and business investment.
>
> "What the markets were signaling last week was that this is sufficiently within the bounds of possibility that it was worth taking precautionary action, hence the selling. If the war was over in a few weeks, the risks would be containable, and there will be some shares well worth buying at today's prices. But if the war was prolonged or the subsequent peace unstable, then the pressure on the dollar and Wall Street could become very severe indeed, reinforcing the depressive influences on an economy where the underlying imbalances are so extraordinary.
>
> "The US approach has been unilateralist here as everywhere else: it does what it likes as it likes, a policy that is now showing its limits. Bush needs badly to change course, which Tony Blair should be urging on him. The UN process needs to be respected and reinforced, not least to reassure the markets, and better systems of economic governance need to be put in place. The US's military capacity may allow unilateralism; its soft economic underbelly, we are discovering, does not."[46]

These articles indicate that many central banks are reducing their reliance on dollars, and quite possibly sending a message about their opposition to the U.S.'s position on Iraq. Mr. Hutton is correct; our current economic structure simply cannot afford a significant divesture of foreign investments, nor can the indebted US consumer and corporate sectors absorb such disruptions. Although these currency movements are typically described as purely economically derived decisions, it would be naïve to suggest that geopolitics and global tensions have not played a role in the broad movement away from the dollar. The world has no interest in challenging the US militarily, but given our debt levels, we have become quite vulnerable from an economic perspective. . Hence, it is inadvisable for President Bush to pursue an aggressive, unilateral application of U.S. military force without broad U.N./international support.

European Commentary on the Essay:
'The Real Reasons for the Upcoming War With Iraq'

To finish, in January 2003, Mr. Coílín Nunan reviewed a draft of my essay on an Internet forum. He subsequently published an exceptional summary on an Irish website (www.feasta.org). Hopefully our efforts will facilitate public awareness, and stimulate a more honest debate on the Iraq issues. Below are excerpts from his informative article "Oil, Currency, and the War on Iraq."

> "One of the stated economic objectives, and perhaps the primary objective, when setting up the euro was to turn it into a reserve currency to challenge the dollar so that Europe too could get something for nothing.
>
> "This however would be a disaster for the US. Not only would they lose a large part of their annual subsidy of effectively free goods and services, but countries switching to euro reserves from dollar reserves would bring down the value of the US currency. Imports would start to cost Americans a lot more and as increasing numbers of those holding dollars began to spend them, the US would have to start paying its debts by supplying in goods and services to foreign countries, thus reducing American living standards. As countries and businesses converted their dollar assets into euro assets, the US property and stock market bubbles would, without doubt, burst. The Federal Reserve would no longer be able to print more money to reflate the bubble, as it is currently openly considering doing, because, without lots of eager foreigners prepared to mop them up, a serious inflation would result which, in turn, would make foreigners even more reluctant to hold the US currency and thus heighten the crisis.
>
> "There is though one major obstacle to this happening: oil. Oil is not just by far the most important commodity traded internationally, it is the lifeblood of all modern industrialised economies. If you don't have oil, you have to buy it. And if you want to buy oil on the international markets, you usually have to have dollars. Until recently all OPEC countries agreed to sell their oil for dollars only. So long as this remained the case, the euro was unlikely to become the major reserve currency: there is not a lot of point in stockpiling euros if every time you need to buy oil you have to change them into dollars. This arrangement also meant that the US effectively part-controlled the entire world oil market: you could only buy oil if you had dollars, and only one country had the right to print dollars -- the US.
>
> "If on the other hand OPEC were to decide to accept euros only for its oil (assuming for a moment it were allowed to make this decision), then American economic dominance would be over. Not only would Europe not need as many dollars anymore, but Japan which imports over 80% of its oil from the Middle East would think it wise to convert a large portion of its dollar assets to euro assets (Japan is the major subsidizer of the US because it holds so many dollar investments). The US on the other hand, being the world's largest oil importer would have, to run a trade surplus to acquire euros. The conversion from trade deficit to trade surplus would have to be achieved at a time when its property and stock market prices were collapsing and its domestic supplies of oil and gas were contracting. It would be a very painful conversion.
>
> "The purely economic arguments for OPEC converting to the euro, at least for a while, seem very strong. The Euro-zone does not run a huge trade deficit nor is it heavily indebted to the rest of the world like the US and interest rates in the Euro-zone are also significantly higher. The Euro-zone has a larger share of world trade than the US and is the Middle East's main trading partner. And nearly everything you can buy for dollars you can also buy for euros -- apart, of course, from oil . . .
>
> "All of this is bad news for the US economy and the dollar. The fear for Washington will be that not only will the future price of oil not be right, but the currency might not be right either. Which perhaps helps explain why the US is increasingly turning to its second major tool for dominating world affairs: military force."[47]

Saving the American Experiment (March 10, 2003)

Considering the core economic challenges that our nation faces, and the deplorable oil currency war that I fear we are about to witness in Iraq, this author advocates that the global monetary system be reformed without delay. This would include the dollar and euro designated as equal international reserve currencies, and placed within an exchange band along with a dual-OPEC oil transaction currency standard. Additionally, the G7 nations should also explore a third reserve currency option regarding a yen/yuan bloc for Asia. Such reforms may lower our ability to fund massive deficits, consume excessive oil/energy, and project a global military force, but they could improve the quality of our lives and that of our children by reducing animosity towards the U.S. and force our government to pursue more fiscally responsible polices.

Given that 95% of the world's transportation system is dependent on depleting hydrocarbons, the urgency in which we must pursue new and alternative methods of energy production cannot be overstated. Indeed, it is plausible that if the US government effectively advocates energy reform regarding our own consumption levels, we as a nation could simultaneously pursue the crucial patriotic goal of enhancing the security of our nation by becoming one of the world's leaders in developing and implementing alternative energy sources. This is the missed opportunity that real US leadership could have provided in the aftermath of 9/11. We could have received an inspiring call to duty, challenging our nation to "go to the moon" by the end of this decade regarding energy policy, but instead the message was: "Unite. Go shopping, and don't be afraid to fly." Failing to rally the citizenry for truly patriotic purposes to strengthen our nation was perhaps one of the greatest missed opportunities since the end of the Cold War.

We need a real National Energy Policy instead of an "endless war on terrorism." Today's "blowback" is partly due to our ongoing support of corrupt Middle East regimes/dictatorships. [48] Creating a more equitable global monetary system while maintaining a strong transatlantic relationship with Europe is in the long-term national security interest of the U.S. Hopefully monetary and energy reform could mitigate future armed or economic warfare over oil, thus ultimately fostering a more stable, safer, and prosperous 21st century.

Tragically, President Bush's administration does not appear willing to initiate the arduous structural changes that our economy must undertake if we are to adapt and accommodate the euro as the second World reserve currency. Furthermore, this administration has not communicated to the People the urgent need for energy reform. Instead, they intend to enforce global dollar monopoly for oil transactions via the application of superior U.S. military force. My essay was written out of patriotic duty in an effort to illustrate that such a military-centric geostrategy for Empire has produced international isolation of the U.S., and may ultimately result in our economic failure. I firmly believe our nation will be better prepared to meet this decade's challenges if the citizenry is cognizant of why the worldview is coalescing against the U.S., why our nation is attempting by force to secure Iraq's oil, revert its oil currency back to the dollar, and install a permanent US military presence in the Persian Gulf region. We must not allow the militant imperialism of this administration to bring down the American Experiment.

"Of all the enemies to public liberty war is, perhaps, the most to be dreaded because it comprises and develops the germ of every other . . . No nation could preserve its freedom in the midst of continual warfare."

-- James Madison

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Post-War Commentary (January 1, 2004)

"Hussein has not developed any significant capability with respect to weapons of mass destruction. He is unable to project conventional power against his neighbors."

--Colin Powell on February 24, 2001

"Our conservative estimate is that Iraq today has a stockpile of between 100 and 500 tons of chemical weapons agent. That is enough agent to fill 16,000 battlefield rockets. Even the low end of 100 tons of agent would enable Saddam Hussein to cause mass casualties across more than 100 square miles of territory, an area nearly five times the size of Manhattan."

--Colin Powell at the UN on February 5, 2003

"Simply stated, there is no doubt that Saddam Hussein now has weapons of mass destruction,"

--Dick Cheney on August 26, 2002.

"Intelligence leaves no doubt that Iraq continues to possess and conceal lethal weapons."

--George W. Bush on March 18, 2003

"We are asked to accept Saddam decided to destroy those weapons. I say that such a claim is palpably absurd."

--Tony Blair on March 18, 2003

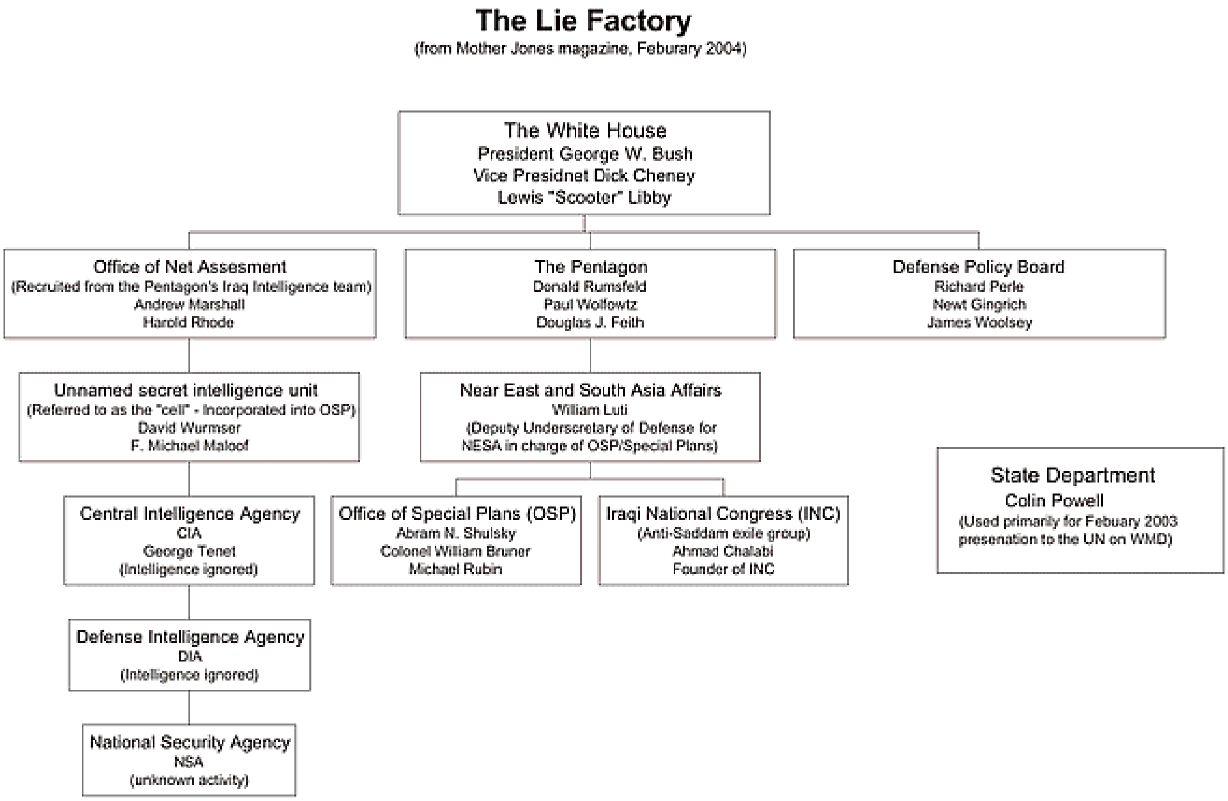
"Why of course the people don't want war. . . . That is understood. But, after all, it is the leaders of the country who determine the policy, and it's always a simple matter to drag the people along whether it's a democracy, a fascist dictatorship, a parliament or a communist dictatorship . . . the people can always be brought to the bidding of the leaders. . . . All you have to do is tell them they are being attacked, and denounce the pacifists for lack of patriotism, and exposing the country to greater danger.

--Hermann Goering, Nazi Reichsmarshal and Luftwaffe chief
at Nuremberg trials, 1945

From the Roman Empire to today, the propaganda tactics for war as discussed by Hermann Goering remain effective. It is deplorable that even in the US or UK, people can always be "brought to the bidding of the leaders." It is New Years Day, almost nine months since the invasion of Iraq. The American people are slowly realizing how much they were misled about this war. Many books will be written about how these events unfolded, so I will only briefly summarize my general observations in a few opening paragraphs, and then return to the basic underlying Geostrategic and macroeconomic reasons for the Iraq war. First, it has emerged that a small clique of neoconservative ideologues and an Iraqi exile provided most of the fraudulent "intelligence data" that was publicized by the Executive Branch. This disinformation was apparent before the war, but now it is simply irrefutable. A brief synopsis of events follows.

Apparently in 2001-2002 the DIA and CIA were not giving Secretary of Defense Donald Rumsfeld intelligence information that would justify a US invasion of Iraq. In fact, it was well known to our intelligence agencies that Iraq's WMD was dormant, and as early as 1998 it was understood that Saddam had no ties to Al Qaeda.[49] To date, no professionals in the CIA, DIA, MI5 or MI6 have provided reliable evidence linking Saddam Hussein to bin Laden, Al Qaeda or to the September 11th attacks.[50] Undeterred, Donald Rumsfeld set up his own secretive and rather autonomous unnamed intelligence unit referred to simply as the "cell." This small group later merged into his other small "intelligence unit" called the Office of Special Plans (OSP).

The purpose of these "intelligence units" was to bypass the CIA and DIA, and to provide "faith-based intelligence" to Vice President Cheney and President Bush. The OSP's sole purpose was to promote the Iraq war. This group self-mockingly referred to themselves the "cabal".[51] The following is a slightly modified chart from the February 2004 edition of *Mother Jones*.[52]



It is now obvious the main rationales for the Iraq war were developed by a rather unprecedented government conspiracy perpetrated by a small number of radical neoconservatives in the OSP, plus Iraqi exiles in the INC. In essence, the justification for invading of Iraq was a coordinated and transparent pack of fabrications and deceptions -- designed to create the requisite societal fear for an invasion. I suspect the OSP "cabal" will go down in history as the 'Office of Special Propaganda.' It is disconcerting that 19 men were able to instill massive levels of irrational fear into the citizenry by creating visions of "mushroom clouds" and "1000 metric tons" of Anthrax.

Of course our elitist, corporate-controlled media dutifully repeated all this propaganda verbatim. Indeed, the 2002-2003 propaganda campaign by the OSP and the Bush administration was designed to portray an "imminent threat" to U.S. national security -- regardless of the facts. According to former intelligence professionals, members of the OSP are dangerous ideologues. The following is a review of the findings regarding the search for WMD, as of October 2003:[53]

Claims about Iraqi WMD	*vs.*	*Actual Facts*
Precursor Chemicals: 3,307 tons		Found: None
Tabun, nerve agent		Found: None
Mustard agent		Found: None
Sarin, nerve agent		Found: None
VX nerve agent, 1.6 tons		Found: None
Anthrax spores raw material: 25,550 liters		Found: None
Botulinnum toxin		Found: One vial of Sarin B, 10 years old, in an Iraqi scientist's domestic refrigerator
Alfotoxins		Found: None
Ricin		Found: None
Mobile bio-weapons laboratories: possibly 18		Found: Two suspected mobile labs found to be harmless, possibly purchased from the UK in 1987 as atmospheric hydrogen balloon labs for artillery aiming purposes
Bombs, rockets, and shells for poison, gas: up to 30,000 shells		Found: None
L-29 unmanned aerial vehicles for delivering biological and chemical weapons		Found: None
Nuclear weapons material		Found: None (corroded parts from a single 12-year old centrifuge buried under a rose bush in the back yard of a former Iraqi scientist)
Al Hussein surface-to-surface missile with 410 mile/650 kilometer range, up to 20		Found: None

With their mission accomplished, Donald Rumsfeld disbanded the OSP in September 2003. Despite the so-called Congressional investigation into "intelligence failures" regarding Iraq, there is "strong resistance" by the Republicans to investigate the OSP and related activities.

It is highly doubtful Congress will expose the truth in the near future, as it would make Richard Nixon's "dirty tricks" and the Watergate scandal simply pale in comparison. Indeed, if Thomas Jefferson, James Madison, or George Washington were alive today, they would probably demand these nineteen men be immediately charged with high crimes and treason.

As I noted a year ago, it would seem more likely that Al Qaeda will search within the former states of the Soviet Union for a source of WMD. Initially, the Bush administration froze funding for the Russian non-proliferation WMD destruction program, but now have unfrozen funding.[49]

According to retired 27-year veteran of the CIA, Ray McGovern, there is an "incredible amount of unease and disarray" between the neoconservatives and US intelligence professionals.[54] Aside from the Iraq debacle, the CIA may be distraught at the apparently politically motivated "outing" of Valerie Plume, a covert CIA agent whose expertise was in the field of reducing the proliferation of the WMD. Such irresponsible behavior, possibly emanating from the Executive branch of our government, needlessly jeopardizes the national security of the U.S.

Regarding the post-war situation in Iraq, it appears to be an unfortunate and deteriorating situation. Despite the ongoing resistance in the form of guerilla warfare and almost daily deaths of U.S. soldiers, this administration is moving forward with their Geostrategic goals. On May 9th, 2003 the Bush administration presented U.N. Security Council Resolution 1483, proposing to drop all sanctions against Iraq, and allow the U.S./U.K. to completely control Iraq's oil production revenue. Due to US pressure, this UN resolution was passed on May 22, 2003. However, according to the original UN resolutions from 1990, the sanctions could not to be lifted *until* the U.N. certifies Iraq as being free of WMD. Interestingly, the Bush administration blocked Dr. Blix and all of the U.N. inspectors from returning to Iraq in the "post-war" period, and successfully had the UN sanctions lifted regardless of Iraq's WMD status. Why? Empire.

Neoconservative Geostrategy is based upon the idea of a US "Global Empire" and therefore it could not be tolerated for any nations, be it France, Russia or China to gain control over 40 billion barrels of Iraqi oil, or for that oil be sold in the euro currency. (This assumes Iraq reserves are in fact 112 billion barrels, of which those three nations would have gained legal exploration access to 35% of Iraq's total reserves -- but only if Iraq was declared by the UN to be free to WMD). The European media has noted that had Dr. Blix and the U.N. inspectors been allowed to complete their 'pre-war' inspection process for an estimated 6 more months in 2003, they could have ultimately determined Iraq was indeed free of WMD.

In that scenario, the lease contracts and oil exploration rights that the Russians, French and Chinese held regarding Iraq's oil fields could have been legally initiated. Indeed, lifting the UN sanctions would have allowed foreign investment to begin rebuilding and exporting Iraqi's vast reserves, while simultaneously impeding the ability of major US/UK oil companies to gain access to Iraqi oil given Saddam's dislike of the US/UK post-1991 foreign policies towards Iraq.

Returning to the core macroeconomic reasons for the Iraq war, it should be noted that under the UN's 'oil for food' program, the U.N. provided oversight of Iraq's oil receipts, which in

2000 became denominated in euros, and then deposited into a French bank. The passage of UN resolution 1483 effectively ended French involvement with Iraqi oil via the UN 'oil for food' program. Incidentally, the various contracts that Saddam Hussein signed during the 1990's regarding oil exploration leases with France, Russia and China are now also void. Without a doubt, oil is the critical substance for all industrialized nations, and with the imminent global Peak Oil phenomenon, the U.S. government is using the military to insure U.S. access to the largest reserves. The price of the Iraq war is not yet clear, but the history of Empires is quite unambiguous. They always end with military overextension and subsequent economic decline.

On April 28, 2003, I read the first article in the mainstream US media (*msnbc.com*) since the autumn of 2000 that addressed some of the issues regarding Iraqi oil exports in the euro. Apparently until the U.N. sanctions were lifted; Iraq's oil was to remain under UN control in the "oil for food" program. However, UN Resolution 1483 passed on May 22, 2003 establishing a joint US/UK administered "Iraqi Assistance Fund" which provided the mechanism to quietly and legally reconvert Iraqi's oil exports back to the dollar. To reiterate, the following excerpts from this forthright *msnbc.com* article is the *only* mainstream US media reference that I could locate during 2003 that discussed the Iraq war and the underlying petrodollar versus petroeuro issues. It was entitled "In Round 2, It's the Dollar versus the Euro" (implying the Iraq war was 'Round 1').

> A new world is being created. Ironically, the most troublesome clash of civilizations in it may not be the one the academics expected: not Islamic fundamentalists vs. the West in the first instance, but the United States against Europe.
>
> To oversimplify, but only slightly, it's the dollar vs. the euro.
>
> . . . The Europeans and the United Nations want the inspections regime to resume because as long as it is in place, the U.N. "oil-for-food" program remains in effect. Not only does France benefit directly-its banks hold the deposits and its companies have been involved in the oil sales-the entire EU does as well, if for no other reason than many of the recent sales were counted not in dollars but in euros. The United Nations benefits because it has collected more than a billion dollars in fees for administering the program. As long as the 1990 sanctions remain in effect, Iraq can't "legally" sell its oil on the world market. At least, to this point, tankers won't load it without U.N. permission, because they can't get insurance for doing so.
>
> Sometime in the next few weeks, push will come to shove. There are storage tanks full of Iraqi crude waiting in Turkish ports. For now, Rumsfeld and Powell are playing "bad cop, bad cop." "This isn't on the president's radar screen right now," an aide told me. "Powell is totally on board, though. He is as angry at the French as anyone else, maybe more. There may come a time when the smart thing to do is turn the whole Iraq situation over to the U.N. This is not that time." Meanwhile, if the rest of the world tries to block any and all Iraq oil sales, it's possible that American companies will find a way to become the customer of first and last resort.
>
> And we'll pay in dollars.[55]

Although the author addressed this subject somewhat obliquely, his final sentence is quite candid. Indeed, my original hypothesis from December 2002 was reinforced in a *Financial Times* article dated June 5th 2003 which confirmed Iraqi oil sales returning to the international markets were once again denominated in U.S. dollars, not euros. Not surprisingly, this detail was never mentioned in our imperialist, corporate-controlled US media, but confirmation of this fact provides insight into one of the crucial -- yet overlooked -- rationales for the Iraq war.

> "The tender, for which bids are due by June 10, switches the transaction back to dollars -- the international currency of oil sales -- despite the greenback's recent fall in value. Saddam Hussein in 2000 insisted Iraq's oil be sold for euros, a political move, but one that improved Iraq's recent earnings thanks to the rise in the value of the euro against the dollar."[56]

Additionally, one notable post-war realization is the dollar's new role in Iraq. In April 2003 it was reported that US dollars are being flown into Iraq in order to pay the Iraq civil servants $20 per week as a "temporary" measure.[57] Ironically, some Iraqis were returning to a newly appreciating Iraq Dinar or supposedly dead "Saddam Dinar" -- instead of U.S. dollars.[58]

Given the lack of WMD in Iraq, the lack of evidence tying Saddam to the September 11th attacks, and the lack of any proof that Saddam had worked with the Al Qaeda terrorist organization, the Bush administration is trying to switch the rational of the Iraq war to "spreading democracy." Again, the facts on the ground do not support this assertion. In June 2003 Paul Bremer unilaterally canceled the request from the Iraqis to hold local elections.[59] Not surprisingly, this administration has also discussed disbanding the Coalition Provisional Authority (CPA). In the harsh reality of oil and geostrategy, the US probably does not want a real democracy in Iraq for the same reasons that the CIA and British overthrew Iran's fledgling democracy in 1953. In order to understand why the U.S. does not promote democracies in the oil producing states of the Persian Gulf, I recommend that others read *All the Shah's Men* by Stephen Kinzer.[60] There are lessons to learn from what happened in Iran fifty years ago.

At the time, Prime Minister Mohammed Mossadegh, a nationalist and anti-communist, and requested that the British allow Iran to audit the oil proceeds from Iran's oil exports. He felt Iran was not getting sufficient financial returns on their vital resources. The British resisted, and Mossadegh made a decision that was beneficial to Iran, but not the British. After the British refused to share with Iran more of the profits over its oil export, Dr. Mossadegh made the unfortunate mistake of nationalizing Iran's oil in 1951. At the time the Anglo-Iranian oil company (later to become BP) was reaping 88% of the profits from Iran's oil exports.[61] Prime Minister Mossadegh then offered the British 25% of the profits after he nationalized Iran's oil. The British responded by blockading Iran and freezing Iran's assets. Furthermore, the British claimed that nationalization of Iran's oil was illegal. This was a dubious claim over Iran's sovereignty, so Dr. Mossadegh argued his case in front of the United Nations and won. Undeterred, Winston Churchill asked President Truman to help overthrow Mossadegh, but Truman declined.

However, in 1953 incoming President Eisenhower did agree to the coup, and the CIA successfully overthrew Prime Minister Mossadegh in August 1953. The US/UK then installed Mohammed Shah, who later became despised as a US-puppet, and whose brutal SAVAK secret police force ultimately radicalized Iranian society. This "blowback" resulted in the Iranian Revolution of 1979. It is interesting to note that current Islamic mullahs in Iran do not speak with reverence about Dr. Mossadegh (who was a secular leader), but apparently the Iranian people fondly remember his secular government. Below is an excerpt from *All the Shah's Men*.

> "Why did you Americans do that terrible thing?" a relative of Mossadegh demands of Kinzer. "We always loved America. To us, America was the great country, the perfect country, the country that helped us while other countries were exploiting us. But after that moment, no one in

> Iran ever trusted the United States again. I can tell you for sure that if you had not done that thing, you would never have had that problem of hostages being taken in your embassy in Tehran. All your trouble started in 1953. Why, why did you do it?"[60]

As evidenced by Stephen Kinzer's interviews with various Iranians, it is clear the Iranian people were quite pro-US before we intervened and overthrew their democracy. Regrettably, many Iranians have not forgiven us for what we did to them 50 years ago. Ironically, Iran still appears to be the best candidate for a large Middle Eastern democracy. Perhaps if our government leaves Iran alone, and in conjunction with a peaceful resolution to the Israeli-Palestinian conflict, the Iranian people might eventually revise their Constitution. Reforming their government to reflect a more democratic and secular nation is plausible given the large and youthful Iranian population who embraces a more open society. In the meantime, we should attempt to build confidence by providing diplomatic engagement, and assistance as needed, such as offering humanitarian aid in the aftermath of the earthquake that struck Iran in December 2003.

Undoubtedly, President Bush's declaration that Iran is an "Axis of Evil" has damaged the US-Iran relationship, and thus has allowed the E.U. to establish enhanced trade relationships with Iran. It is obvious that any U.S. military or covert action against Iran would be completely unilateral, and even the U.K. has warned that "regime change" in Iran is not a plausible option. In fact, threatening Iran is only creating more "blowback" against the United States. As for Iraq, the "blowback"/resistance is continuing despite Saddam's capture, making the "installment" of democracy even more unrealistic. I suspect a *real* democracy in Iraq would most likely nationalize Iraq's oil industry in an effort to keep the critical oil profits within the country, thereby greatly facilitating the rapid rebuilding of Iraq society (infrastructure, healthcare, education, etc.)

Obviously re-nationalizing Iraq's oil industry is not something the Bush administration and its major campaign contributors are interested in pursuing. The Iraq war was over power, and UN Resolution 1483 insured U.S./U.K. control over Iraq's oil revenue, contrary to reports that the Iraqi people wanted the United Nations to retain control of Iraqi's oil resources. Despite its faults, the UN simply has more credibility in the eyes of the world community than Paul Bremer, and that includes the Iraqi citizenry as well. On the contrary, the Bush administration's major paymasters -- the military-oil-industrial conglomerates -- expect and are receiving hundreds of billions of our tax dollars. (ie. no-bid contracts for Halliburton and Bechtel corporations, etc).

However, there are also macroeconomic reasons why I doubt we will see democratic rule in Iraq -- the petrodollar versus petroeuro oil currency issue. As of December 30, 2003 the euro was worth 25% more than the dollar (€ 1.25 to $1.00). Given the EU's upcoming enlargement plans for 2004, and the fact that following this enlargement 60% of OPEC oil will be imported by the EU, from a purely economic perspective it makes sense for Iraq to do what Iran has recently done -- require payment for oil in euros, not dollars. Of course the emergence of a 'petroeuro' is one of the crucial reasons why we overthrew Saddam in the first place. Therein lies the paradox for the United States -- In a true democracy the leader of Iraq would be expected to do what is in the best interest for the majority of Iraqi citizens, regardless of whether they are Shi'ite, Sunni or Kurdish. At this time it would be logical to re-nationalize Iraq's oil industry (which the Bush administration privatized after the invasion -- but only for the "major" US and UK oil companies).

Further, it would be economically advantageous to denominate oil sales in the currency that would provide Iraq with the most purchasing power and trade potential in which to rebuild the country -- which given current valuations now and into the foreseeable future implies the euro. Self-determination and democratic rule does not always fit U.S. "hegemonic interests." Much of the current "anti-Americanism" in the Middle East is based on the hypocrisy of our foreign policies -- we say we stand for democracy, yet we have a long history of propping up "stable" but brutal and oppressive regimes. Examples include Iran 1953-1979, Iraq 1963-1990, Saudi Arabia 1944-present, and our overtly biased policies regarding the Israel-Palestinian conflict.

Below are excerpts from an article on www.prudent bear.com . While this author acknowledges the issues regarding Iraq and the dollar/euro oil conflict, he suggests that reporting the truth is "freedom of screech" (in Washington DC the truth has been reduced to "political hate speech.")

> At present, we notice that many US citizens are exercising their "freedom of screech" to politicize the fact that the current President miss-stated the case for immediate war with Iraq. Perhaps the President should be praised for "doing what was right" for America's interests, even though the Administration could be faulted for the "way it was done". I, for one, would not want to bring back an Arab oil embargo and long lines at the gas pump.[62]

The idea that re-denominating oil exports in a different currency is the same as an "Arab oil embargo" is an interesting display of flawed logic, especially from a website that promotes increased market transparency, fiscal discipline, and is rightfully pre-occupied with the Fed's expansion of the US money supply. Despite these flaws, the author acknowledge the key issue:

> . . . the one factor underpinning American prosperity is keeping the dollar the World Reserve Currency. This can only be done if the oil producing states keep oil priced in dollars, and all their currency reserves in dollar assets. If anything put the final nail in Saddam Hussein's coffin, it was his move to start selling oil for Euros.
>
> The US is the sole super power and we control and dictate to the Middle East oil producers. America has the power to change rulers *if they can't follow the "straight line" the US dictates.* America's prosperity depends on this.
>
> Governments have secrets. If politicians always told the truth, there wouldn't be any secrets. So, if governments are to keep secrets, how can you fault a politician for not telling the whole truth? We would assert that the President failed to present the real case for Iraq, which is: 1) prosperity for America based on controlling Middle East oil, and on maintaining the Dollar as the World Reserve Currency, and 2) peace and stability, which the guaranteed access to oil brings to the world.[62]

I find his statement about the "need" for government secrets to be rather tautological, circular in logic, and certainly not in the spirit of what the Founding Fathers stated was imperative to a functioning democracy -- an informed citizenry. I would suggest to the author and other like-minded individuals that our nation (including the President) owes the truth to the families of our soldiers who have been killed or wounded, and to those who continue to fight and die in Iraq. Additionally, some of us are burdened with a lower tolerance threshold for hypocrisy when it comes to life and death. In any event, the author is quite correct that much of our prosperity has been created by artificial geopolitical arrangements, some of which are slowly coming unglued.

During the Cold War and into the present day, the US has supported many dictators and oppressive regimes in the Middle East that did not always "follow the ‘straight line’ the US dictates." We seem unable to learn from history. Indeed, the 2003 Iraq war is the *third* US-sponsored ‘regime change’ in Iraq since the end of WWII.[63] Therefore, we must not be naïve in believing that the Bush administration has any intent of establishing democratic rule in Iraq, assuming it is possible. As Americans, we have engaged in wishful thinking that somehow the US military was capable of invading Iraq and "installing" democracy. We are an Empire trying to reaffirm our position as the world’s only Superpower, thus altruism is not our goal. Our goal in Iraq is to install a pliant/puppet-regime. The facts on the ground in Iraq speak for themselves:

> The US ended UN control of Iraq’s oil revenue and quickly changed Iraq’s oil transaction currency from euros back to dollars, just as I predicted they would a year ago . . .
>
> The neoconservatives canceled Iraq’s oil contracts with other nations (ie. France, Russia and China, thus creating new and potentially dangerous geopolitical alliances)
>
> Paul Bremer unilateral blocked municipal elections that were to held in Iraq in June 2003 (He basically implied that the ‘outcome’ of elections would not be preferable to the U.S.)
>
> The neoconservatives threatened Iran and Syria during the Iraq war despite the fact that Al Qaeda is an organization financed by Saudi Arabians who promote intolerant Whabbism.
>
> The neoconservatives have alienated most of the world due to their unilaterism and overtly vindictive actions regarding Iraq’s reconstruction contracts (In December 2003 Paul Wolfowitz released a document barring non-coalition nations such France, Russia, Germany, Canada and Mexico from participating in Iraqi reconstruction projects)

Simply put, we cannot win this war from a strategic point, and we desperately need the U.N to involve itself in Iraq. It is the U.S. soldiers whose morale is suffering the worse, they believed their mission was to "disarm Iraq" of its "massive" WMD program, and are now the targets of nationalists Iraqis. However, because the current administration went to war without approval of the U.N. Security Council, the US has placed the UN in the position that active support of the United States and U.K. in Iraq would in effect legitimize the U.S. invasion. If truth be told, numerous international lawyers have opined the US/UK led invasion meets the definition of a "war of aggression," implying the war violated the United Nations Charter, and was illegal.[64]

Hence, the UN is now in a very uncomfortable position. Irrefutably, unless the current US administration agrees to relinquish some of its power in Iraq, thereby allowing the UN and world community to participate in the rebuilding of Iraq, along with a coordinated withdrawal of most US soldiers in exchange for international troops wearing the distinct light-blue UN helmets, we should expect nothing but a very ugly, protracted and costly guerilla war with Iraqi nationalists. Time is not on our side, the longer we are seen as unilateral occupiers who have come to Iraq to ‘seize the oil,’ the more highly radicalized Iraqi society will become. Likewise, we should also learn from our own history in Iran that despotic US puppets often get overthrown in due time.

As for the ongoing guerilla/resistance war in Iraq, this should have been expected given

Iraq's nationalistic inclinations/history. Although most of the Iraqis are glad Saddam is gone, they will not tolerate an extended presence of American troops in Iraq unless the U.N. and some sort of legitimate Iraqi governing body control these troops. The lack of UN involvement negates the legitimacy required for the current US military presence in Iraq. US unilaterism has produced not only a quagmire for our soldiers, but a magnet for young Islamic' jihadis.'[65]

Regarding the US military, it was reported in the *Stars and Stripes* that 49% of the participants in the survey were not going to re-enlist.[66] Morale is very low, and those whom I have spoken to no longer believed "in their mission." Aside from the budget deficits and war related expenses that are pushing our nation further into debt, it is becoming increasingly obvious that we need a bigger military to fulfill the stated objectives of the neoconservative dream of "Global Empire." After nine months in Iraq, it is clear that by the spring of 2004 the US military will run out of fresh reserves. Other than a few nations, most of the world community is not going to send troops into Iraq because they do not want the neoconservatives to pursue their global Geostrategy, and it appears the UN does not want to legitimize the concept of "preventative war" either.

According to various reports, our regular army and reserves appear very unhappy about these extended deployments -- as it is often financially painful, sometimes destroys families, and it is difficult to fight a war to disarm Iraq -- when no WMD seem to exist.[67] Obviously the current administration would prefer to avoid any discussion of the draft until after the 2004 Elections. Nonetheless, unless in early 2004 other nations suddenly begin sending thousands of troops into Iraq, conscription may become necessary -- even under a Democratic President in 2005. Obviously the draft will be highly controversial. Indeed, in order to successfully enact the draft; a new and ominous existential threat would have to emerge. Given that the neoconservative conspiracy behind Iraq and the OSP has been exposed, I doubt even the Bush administration will be able to succeed in scaring the American people into the necessity of conscription.

For those who remain skeptical that a draft is being considered, the Selective Service website provides information suggesting the President has requested that activation of draft be available within 75 days of Congressional authorization. A careful reading suggests June 15, 2005 is the target date. After 30 years of dormancy, why else would the Selective Service suddenly request $29 million in order to bring the US draft apparatus up to 90% operational capability?[68]

Undoubtedly, the requirements for Global Empire and five more wars will require many more soldiers. The neoconservatives have a plan for global domination, but their execution has been poor and incredibly arrogant. It is interesting to note that in September 2003 the Directorate for Special Operations and Low-Intensity Conflict at the Pentagon showed the controversial movie from the 1960s *The Battle for Algiers.* The invitation at the Pentagon stated the following:

> "How to win a battle against terrorism and lose the war of ideas. Children shoot soldiers at point-blank range. Women plant bombs in cafes. Soon the entire Arab population builds to a mad fervor. Sound familiar? The French have a plan. It succeeds tactically, but fails strategically. To understand why, come to a rare showing of this film."[69]

Based on a story from the Common Dreams website, the idea came from a civilian-led group with "responsibility for thinking aggressively and creatively" on issues of guerrilla war. The Pentagon employee stated, "Showing the film offers historical insight into the conduct of French operations in Algeria, and was intended to prompt informative discussion of the challenges faced by the French." It should also be noted that former U.S. National Security Adviser Zbigniew Brzezinski also recommended this same movie the following month after the Pentagon screening. In an October 2003 speech Brzezinski stated: "If you want to understand what's happening right now in Iraq, I recommend *The Battle for Algiers*."[70]

Another issue addressed in my original essay was the possibility of Iran moving towards a petroeuro for oil exports. A June 2003 article in the *Hindu Business Line* confirmed my earlier prediction regarding Iran's imminent movement towards the euro. Dr Mohammed Jaffar Mojarrad, Vice-Governor of the Iranian Central Bank stated for this article that Iran actually made the switch to the euro for its oil payments in the summer of 2003. Although Iranian oil is still priced in dollars, the payment for its oils exports to the EU is now denominated in euros.

> "Iran's oil and gas exports destined mostly for Europe are already denominated in euros. Iran produces about 3.5 barrels and is the second largest oil exporter among the Organisation of Petroleum Exporting Countries (OPEC). About 30 per cent of the Iran's oil exports are destined for European markets. The other two large consumers of Iranian Oil are India and China. Even in the case of Indian only a small quantum of the oil imports come through the ACU mechanism.
>
> But, he added, the switch to the euro, which as done during the last few months had helped the country to negate the effects of a depreciating dollar and falling international oil prices. He said that if the country had continued its receipts in US dollars, it would have meant large losses, which would have translated into domestic inflation. This was because large volumes of its imports are also sourced from Europe. The Iranian central bank was keen to avert that situation and had consequently adopted the euro-denominated payments to ensure that the losses were minimised. The country had also resorted to managing its reserves to minimise the effects of the depreciating dollar, he added.[71]

Given the continuing devaluation of the dollar, pressure will build within OPEC to switch to the euro. The central impediment to such a switch is that all three internationally traded crude oil pricing "markers" are currently denominated in dollars (West Texas Intermediate crude, Norway Brent crude and UAE Dubai crude). Given the rapid decline of oil output from the North Sea, it is possible another crude marker could emerge later this decade, perhaps denominated in euros. It is also possible that during 2004-2005 OPEC could decide to denominate oil in a "basket of currencies," which would include the euro. OPEC contemplated this idea in the early 1970s after the US dollar devalued following the collapse of the Bretton Woods Agreement.[72]

Certainly one of the most interesting and troubling pieces of news regarding the dollar/euro issues and the potential political fallout from the unauthorized Iraq war relates to Russia. In mid-October 2003, after meeting with German Chancellor Gerhard Schroeder, Russian President Vladimir Putin mentioned that Russian oil sales could be re-denominated in euros.

> "We do not rule out that it is possible. That would be interesting for our European partners," Putin said at a joint news conference with German Chancellor Gerhard Schroeder in the Urals town of Yekaterinburg, where the two leaders conducted two-day talks.
>
> "But this does not depend solely on us. We do not want to hurt prices on the market," he said.

> A move by Russia, as the world's second largest oil exporter, to trade oil in euros, could provoke a chain reaction among other oil producers currently mulling a switch and would further boost the euro's gradually growing share of global currency reserves.
>
> That would be a huge boon to the euro zone economy and potentially catastrophic for the United States. Dollar-based global oil trade now gives the United States carte blanche to print dollars without sparking inflation -- to fund huge expenses on wars, military build-ups, and consumer spending, as well as cut taxes and run up huge trade deficits.
>
> Almost two-thirds of the world's currency reserves are kept in dollars, since oil importers pay in dollars and oil exporters keep their reserves in the currency they are paid in. This effectively provides the U.S. economy with an interest-free loan, as these dollars can be invested back into the U.S. economy with zero currency risk.
>
> If a Russian move to the euro were to prompt other oil producers to do the same, it could be a "catastrophe" for the United States, Ibrahim said. "There are already a number of countries within OPEC that would prefer to trade in euros."[73]

Continuing in this same *Moscow Times* article, two other pieces of vital information were revealed. If Saudi Arabia were evaluating a "petroeuro," it would imply major geopolitical and macroeconomic shifts. Although I doubt Saudi Arabia would make this switch, we shall see . . .

> "And after the war in Iraq, there is growing debate in the United States' traditional ally Saudi Arabia on a switch too, though its government has not come down firmly on one side, Ibrahim said. "There is a revision going on of its strategic relationship with the United States. Already, they're buying more [French-made] Airbuses," he said. "The Saudi Crown Prince [Abdullah Bin Abdul Aziz Al-Saud]'s visit to Russia was of great significance and the regime is talking about closer cooperation with LUKoil and other Russian companies."

Furthermore, this article candidly reinforced my original thesis that the creation of a "petroeuro" was indeed one of the core reasons for the 2003 US/UK invasion of Iraq.

> Under Saddam Hussein, Iraqi oil was traded in euros. "This was another reason [why the U.S. attacked]," Ibrahim said. "There is a great political dimension to this. Slowly more power and muscle is moving from the United States to the EU, and that's mainly because of what happened in Iraq," he said.
>
> Putin had previously brought up the proposal to switch to euros as prime minister in October 1999, at a meeting of EU leaders in Helsinki. Then, in an attempt to forge a new bloc to counterbalance the United States, he made the proposal alongside calling for closer cooperation between Russia and the EU, including on security issues.
>
> Since then, however, Russia's ties with the United States have warmed considerably -- and it is unclear whether Putin would risk damaging that relationship by going ahead with the euro move, analysts said.
>
> . . . Yevgeny Gavrilenkov, chief economist at Troika Dialog and an earlier architect of the Putin government's first economic plan, said debate is growing on a move to the euro as Russia mulls siding with the EU. "Such an idea is really possible," he said. "Why not? More than half of Russia's oil trade is with Europe. But there will be great opposition to this from the United States."
>
> . . . LUKoil vice president Leonid Fedun said Thursday that he saw no problem in the euro switch and that payments for such transactions would be minimal, at just 0.08 percent.

The proposition that Russia, currently the 2nd largest oil exporter, switching to the euro will be met with "great opposition" from the United States is quite an understatement. Nevertheless, according to the above excerpts, from a purely monetary and trade perspective a Russian switch to the euro appears logical. Obviously the US government would prefer Russia sell its oil in dollars or a dual currency arrangement. It would highly advisable for the US to negotiate and compromise with Russia regarding access to Iraq's oil and the issues regarding Iraqi debts.

Also, a Russian oil executive suggested that oil from the Urals region in Russia could become an 'alternative crude oil marker' with respect to internationally traded oil contracts. This may be unlikely given that Russia's Peak Oil production occurred in 1987, but such an event could provide a new euro-based oil pricing mechanism. Regardless, by the end of this decade I suspect Norway and Sweden will likely ascend to the euro, thus facilitating the Brent crude marker being re-denominating in the euro. There appears to be fall-out from the Iraq war in some countries that are not under US control. In April 2003 Bloomberg News reported that Indonesia, a small non-OPEC producer with a Muslim majority was evaluating a "petroeuro."

> "Pertamina, Indonesia's state oil company, dropped a bombshell recently. It's considering dropping the U.S. dollar for the euro in its oil and gas trades.
>
> Other Asian countries may not be far behind any move in Indonesia to dump the dollar. The reasons for this are economic and political, and they could trigger a realignment that undermines U.S. bond and stock markets over time."[74]

Additionally, some articles have suggested that other countries such as Malaysia may soon be dropping the dollar in favor of the euro. These countries perceive that switching to the euro will eventually diminish our ability to pursue an agenda of global militant Imperialism. In fact, it appears that a disconcerting "anti-dollar" movement could be spreading. Indeed, in 2003 a Wall Street Journal reporter witnessed an unusual anti-war protest in Nigeria, an OPEC member.

> "Newspaper columnists and anti-war activists in countries stretching from Morocco to Indonesia have rallied behind the sentiments shouted in a Nigerian street protest witnessed by a Wall Street Journal reporter this week: "Euro yes! Dollar no!"[75]

The Bush administration probably believes the occupation of Iraq and the installation of large and permanent U.S. military bases in Iraq will thwart remaining OPEC producers from even considering switching the denomination of their oil sales from dollars to euros. However, using the military to enforce dollar hegemony for oil transactions strikes me as a rather unwieldy and inappropriate Geostrategy. Regrettably, President Bush and his neo-conservative advisors appear to have chosen to apply a military option to a U.S. economic problem that requires a multilateral treaty. History may not look kindly upon their actions.

Paradoxically, for a variety of economic and political reasons, it appears that a growing number of oil producers in the Middle East, South America, and Russia may wish to transition their oil pricing from dollars to euros, or perhaps denominate oil in a "basket of currencies." Disturbingly, we may be witnessing the emergence of a European-Russian-OPEC alliance in an effort to counter American militant imperialism.

Although you will not hear it spoken publicly, the broad international movement away from the dollar may be an effort to facilitate "regime change" here in the U.S. Indeed, if the dollar's steep devaluation in 2004 parallels 2003, every American will suffer for the misguided policies of our government. We need to quickly change course.

Despite the current stock market "rally", there is much to be concerned about regarding the long-term structural imbalances of our economy, and the Bush administration's flawed tax, economic and most principally their overtly Imperialist foreign polices could place the dollar's status as the World Reserve currency and/or oil transaction currency role in jeopardy, or at the very least significantly diminished over the next few years. In the event that such a hypothesis materializes, the U.S. economy will require restructuring in some manner to account for the reduction of either of these two pivotal advantages. This will be an exceedingly painful process if it occurs in a disorderly manner, perhaps reminiscent of the 1930's Great Depression. Certainly a multilateral treaty recognizing these issues would be preferable before the onset of serious economic dislocations -- or warfare.

Only time will tell what will happen in the aftermath of the Iraq war and U.S. occupation, but I am confident my research will contribute to the historical record and help others understand some of the important but unspoken reasons for why we conquered Iraq. Regrettably, until the U.S. agrees to a more balanced Global Monetary system, and embarks on a viable National Energy Strategy, our nation will continue to pursue hypocritical foreign policies incompatible with the principles established by the founding fathers regarding democracy, liberty and freedom.

Conclusion

In conclusion, the Iraq war was designed to 1) secure U.S./U.K. oil supplies before and after global Peak Oil, and 2) to have a large military presence to "dissuade" other oil-producers from moving towards the euro as an oil transaction currency. These are the two crucial elements for maintaining U.S. hegemony over the world economy. Reconverting Iraq back to the petrodollar was not the critical issue, but preventing any further momentum towards a petroeuro is a critical component of current US Geostrategy. While deceiving the American people into war, this administration sent a message to other OPEC-producers -- *"You are either with us or against us."*

However, in the end I predict the rules of economics and the laws of physics will prevail over the dreams of Global Empire. It will be increasingly "sensible" for OPEC to re-denominate oil sales in euros once the EU expands in 2004.[76] Additionally, Peak Oil will usher in an era in which demand for oil will forever outstrip supply. The neoconservatives understand what this means -- the end of US Hyper power, and thus the end of their dreams of a US Global Empire. The true test of US leadership and the citizenry will be acknowledging that our nation will soon endure some economic hardship. Everyone on earth will be impacted by Peak Oil, and given that reality -- multilaterialism rather than unilateralism is the only way to create a peaceful outcome.

First, the industrialized economies need to develop new energy policies and technologies, but here in the US we have the most to lose due to our high consumption rate and structural debt problems. In fact, out entire "suburban" infrastructure was designed for the utilization of automobiles and we do not have enough mass transit in place when Peak Oil arrives. We have *a lot* of work to do, not enough time, and too much debt, which further reduces our options. Secondly, our currency is challenged for the first time since WWII with an alternative -- the euro.

So, we have been reduced to using military force to maintain our hegemonic status, but under the neoconservatives we are doing it in such an overt, arrogant way that the world community is objecting. Disparaging the United Nations while unsuccessfully bribing our allies to support the Iraq war is a radical departure from decades of US diplomatic policy. Furthermore, the world community is probably more aware of the implications of the Project for a New American Century than the US citizens are, and the world does not appear ready to accept the US as a militant, unilateral hyper-power. Neoconservatives fail to understand that the industrialized world can and will topple us from our hegemonic status *if* they perceive us to be a greater threat to world stability than the economic disruptions that would occur from the displacement of the dollar standard. Let us hope the world will not allow a disorderly dollar decline or "panic."

The dollar is our Achilles Heel, and it will also be our undoing if we do not change course and compromise with the European Union, otherwise we will probably have military conscription, political repression and tyranny at home, and the American Experiment as we have known it for the past 227 years will end. This need not be the case. What we as citizens must realize is that overt pursuit of Empire abroad will ultimately result in tyranny at home. We have already begun this process with the incessant fear mongering, deception and intolerant portrayal of events surrounding the Iraq war. Furthermore, our civil rights and Constitutional protections are being dangerously eviscerated (possible elimination of Posse Comitatus, along with various hidden provisions within Patriot Acts I & II, Office of Homeland Security, and various Executive Orders).

The only way out of this dilemma is international cooperation, real leadership, global monetary reform and sacrifices by the US citizenry regarding energy consumption. U.S. Politicians are not interested in being truthful with the People, as both parties are more or less in the pockets of the military-energy conglomerates. Real Campaign Finance Reform may be the only way in which the US can enact the sufficient energy reforms that will be required with the onset of Peak Oil.

1. In order to save the American Experiment the neoconservative goal of US "Global Domination" must be quickly discarded by a new administration. The concept of the U.S. violating international law with unilateral "preventative wars" will simply *not be tolerated* by most industrialized nations. Hopefully one of the first official acts of the 44th President will be to officially disavow the "Bush Doctrine" of preventive warfare. Such a gesture would allow the world community to breath a collective sign of relief, and extend to the new administration much needed political capital. Multilateral cooperation will be needed for the following issues/reforms.

2. We must restore some semblance of fiscal responsibility in this country if we want to save the dollar. The Iraq conflict has cost the US approximately $300 billion dollars by the end of 2003, and estimates of current military expenditures are approximately $1 billion per week. Unlike the 1991 Gulf War, US taxpayers (and their children and grandchildren) will pay for the 2003 Iraq war. It has been said that the credit worthiness of a currency is based upon the ability of the government to collect tax revenue from its citizens. Perhaps the devaluation of the dollar during 2002-2003 reflects the world community's lack of faith in this administration's tax policies.

Passing large tax cuts in 2003 while in the midst of a war in Iraq is the ultimate act of fiscal irresponsibility. The American people appear ignorant of the historical correlation between wars and taxes. Do we honestly believe we can afford massive tax cuts along with massive increases in military and domestic spending? Not even a French socialist would dare to do what we have done. I suspect 2003 was the first time in modern history that a nation decreased taxes while in the midst of a major war. We need to dispel with this ideological and quasi-mystical belief about tax cuts: *"Nothing is more important in the face of a war than cutting taxes."* -- Tom Delay (R-TX)

The IMF and the finance ministers of the world community must think we have lost our collective minds. I do not envy the fiscal mess the next US President will inherit. The next President will have the unenviable task of attempting to balance the current budget deficit, which will require increasing taxes, perhaps to their pre-2001 levels. Some semblance of fiscal sanity will be required to support the dollar. While such a tax policy will be wildly unpopular, we need to face reality, throughout history and into the present day -- wars are very expensive. We have not yet paid for Afghanistan war, or the Iraq invasion, it is all borrowed money. To date the price has been a significant devaluation of our currency. Although our 'war taxes' will probably be avoided until after the 2004 Elections, this is only a temporary respite. Without a UN mandate for starting the Iraq war, it is inevitable the US citizens will pay heavily for the Iraq war.

3. The Federal Reserve may soon be prompted to raise interest rates in an effort to stem the weakening dollar, but we are in a perilous situation. US corporations and consumers have acquired so much debt that a rate hike might starve-off domestic economic growth. A rate increase may cause a lot of pain for average Americans, but we have lived in the fantasy of huge tax cuts, low-interest rates, huge budget deficits and a huge trade account deficit for much too long. Militant Empires have never been cheap. The wildcard seems to be the dollar, which is being rapidly debased. Exactly how much pain will occur when and if the Federal Reserve increases the lending rates above 1.0% is unknown. In a best-case scenario, the Fed would spread this pain over several years, but dollar devaluation will probably occur precipitously.

4. Propose to the UN to form an International Consortium of energy scientists & researchers from all over the globe to develop alternative fuels for transportation. Could be a combo of biomass, fuel cells, renewables, etc. The US, as the greatest energy consumer, must show leadership in developing and promoting alternatives. Along with rejecting the Bush Doctrine, this will do much to repair our international image. Imagine the Manhattan Project but on an international scale, hopefully a $50+ billion yearly international effort beginning in 2005. Redirecting funds and brainpower from our military R&D is warranted. We don't have much time, as some have suggested we may have arrived at a plateau in global oil production . . .

5. The U.N. should form an International Group of scientists and engineers to study energy depletion stemming from global Peak Oil. Considerable financial resources totaling tens of billions should provide to this Group by the International community. The UN should also devise some type of methodology regarding the distribution of hydrocarbons. This will be an equally contentious and difficult reform to achieve, but the only alternative is either oil warfare in the Persian Gulf, or economic warfare in the international foreign exchange markets. Both of these adverse outcomes can be avoided if the international community can agree to some sort of complex energy formula that reflects economic output and population growth statistics.

   The UN should attempt to establish guidelines, along with an enforcement mechanism based on energy price. The bottom line is the US needs to use less energy, and we need to immediately begin improving our infrastructure before the full effects of Peak Oil make our energy reforms excessively painful and expensive. Given that we consume 25% of the world hydrocarbons, we have both the most to gain and most to lose if energy reforms are not implemented during this decade. Mother Nature and Peak Oil will not wait for the scientists or the politicians to act . . .

6. Global monetary reform: A painful but absolutely necessary reform to "rebalance" the global economy. The US consumer cannot go into indefinite debt as the single engine for global growth, nor can the Federal Reserve continue to "re-inflate" the bubbles into perpetuity. Economists such as Stephen Roach (Morgan Stanley) and Richard Duncan (author of *The Dollar Crisis*[77]) have suggested the excessive

> growth of global credit in conjunction with the structural problems of the US dollar may create a deflationary contraction of the global economy. In other words, a deflationary depression could occur with a significant devaluation/ panic on the dollar, and the downturn will be very long lasting unless the global aggregate demand increases. The G8 nations should begin the process of global monetary reform. However, I remain skeptical these reforms will take place until a truly significant crisis unfolds
>
> Regardless, the global economy will be more balanced and better off with three engines of global growth: the US, the EU and Asia. First reform should be the euro as the 2nd International Reserve currency, at parity with the dollar, thereby allowing a dual-OPEC oil transaction currency standard. This should join the US with the EU as two equal "co-hegemons."
>
> At some point a third world reserve currency will make sense for the Asian bloc, perhaps a Yuan/Yen currency around 2010 that allows China and Japan to purchase oil with their own reserve currency. These reforms are obviously very controversial proposals, but again, I fear that failure to compromise on these monetary issues will ultimately result in a dangerous and unstable multi-polar world engaged in global oil and/or economic warfare. It is preferable to begin negotiations that compromise on these monetary/energy issues via multilateral accords before things get desperate in the post-Peak Oil environment.

Under the above scenarios regarding monetary reform, we may have to reduce our overblown military expenditures by a considerable amount, perhaps 50% ("only" $200 billion per year), and spend our tax revenues on reducing our debts and improving our energy infrastructure for a less energy intensive existence. That transition will undoubtedly be difficult for those who drive large SUVs, but our choices are increasingly limited. The past few generations including the Baby Boomers, Generation X or Generation Y, all grew-up with the US as a Superpower. To even imagine a different scenario -- where the US shares power with the EU as an equal (and ultimately with China) creates cognitive dissonance. However the "Greatest Generation," to which my grandparents belong, grew-up when America was not a superpower, and they endured hardships that strengthened their characters. We too must adapt to new realities.

My principal concern at is time? Has our nation become too militarized and too fearful of shadowy enemies supposedly lurking inside every airplane or foreign nation? (Similar to the German population of the 1930s) Will we be able to willingly overcome our irrational fear, and peacefully make some painful but necessary adjustments to our economy and society? As Mr. Brzezinski noted, it is troubling the US has acquired a rather "paranoiac" view of the world.[78] We must throw off such fears and be realistic, it is we who have changed, not the world. Indeed, no industrialized or developing nation wants the US economy to collapse. They admire our technical base, R&D capability, education system, and of course they need us as consumers.

However, what the world community realizes is the ‘war on terrorism’ is a cynically strategy used by the Bush administration to reaffirm the US status as the global hegemonic Empire. This is a dangerous policy. Our problems with Al Qaeda are based on a few radical zealots who distort religion to justify their crimes. While terrorist tactics are utterly cruel and never justifiable, there are often causes for their anger, usually political grievances. Bin Laden does not "hate our freedoms" -- according to his own words he hates our foreign policies. He is a violent "anti-imperialist militant Islamist." Bin Laden is a product of Whabbism, but his views grotesquely distort Islam. This intolerant version of Islam is practiced only in Saudi Arabia and by Saudi-financed madrassas in Pakistan. Saudi Arabia needs to undertake immense internal political and social reform, and perhaps resolving the Israeli-Palestinian conflict could facilitate reform.

In truth, apprehending Al Qaeda members and reducing terrorism will require massive international cooperation via joint intelligence/police operations involving the US, EU, Africa, central Asia and the Middle Eastern states. I suggest that a highly empowered INTERPOL (International Police) operation would produce the least amount of "blowback" in a worldwide anti-terrorism campaign.[79] According to senior FBI agents, as of late 2002 there *were only about 200 hard-core Al Qaeda members still at large*.[80] In comparison, Al Capone's infamous Chicago mafia had about two to three times as many members as Al Qaeda. However, the FBI did not bomb Sicily during our 'war against organized crime.' We cannot stop Al Qaeda by bombing or via "regime change." The situation in post-Saddam Iraq is a prime example of this dangerously flawed ideology, as we have created terrorists where they did not previously exist.

We must acknowledge that terrorism has and will exist as long as man walks the earth, so we must live in dignity, not in fear. Reducing ignorance and oppression that breeds fear and hatred will reduce future recruits for terrorist groups. We must frame international terrorism as acts of *crimes against humanity*, committed by a small number of criminals. We need to adjust our perception accordingly, and work diligently together within the international framework.

Moreover, we must also face the facts regarding one of the prime causes of anti-Americanism in the Middle East. If the Isreali-Palestinain conflict is resolved peacefully via a two-state solution, the humiliation in the general Arab population will eventually subside, allowing much needed political reform. Both the Israelis and the Palestinians are entitled to live in peace, security, and prosperity. Although some will argue differently, objective observers realize that a peaceful resolution to the Isreali-Palestinan issue is one of the most critical components to winning the campaign against terrorism. I pray the next US President will succeed in achieving this goal.

I believe the real struggle in the US is more internal than external. If we truly practiced our values as majestically articulated in the Declaration of Independence, Constitution and Bill of Rights, we would have the world's respect, not the world's fear and loathing. Overcoming the current "anti-Americanism" requires a balanced foreign policy regarding Israel, and a viable National Energy Strategy that will allow us to stop supporting repressive regimes. The key is a policy of *sustained energy reform* -- which would then allow more enlightened foreign policies -- just as the founding fathers envisioned. Our struggle? Can we return to our republican origins and restrain ourselves from seeking Empire? Can we rejoin the community of industrialized nations -- as an equal to the EU? The ultimate test for the American Experiment? Can we once again begin living within our means -- from both fiscal and energy perspectives? If we can do that, our problems with today's "anti-Americanism" and tomorrow's terrorist will quickly subside.

Quite frankly, in order to save the American Experiment and stop our slide towards an isolated and authoritarian state, we must elect an enlightened administration in 2004. It would appear that four difficult challenges await the next U.S. administration, including; 1) negotiating global monetary reform, 2) broadly re-organizing U.S. fiscal policies, 3) developing a National Energy Strategy, and 4) attempting to repair our damaged foreign relationships with the UN, EU, Russia, and the Middle East. Sadly, the next U.S. President will have to undertake these challenges from a weakened position both economically and diplomatically. I do not envy the arduous journey that awaits the 44th President of the United States.

Dear readers, it is not hyperbole to suggest the destiny of the United States may very well be determined by the 2004 Elections. We are at an epochal moment in history. The reality is the beginning of the 21st century will either be a disastrous time period of oil related military and economic warfare, or a noble effort at international cooperation via global energy and monetary reform. The choice is ours: Will we desperately fight for Empire under the guise of the "war on terror" -- or will we heed the wisdom of founding fathers by "resisting the temptation" of Empire -- and compromise for Peace? The path we choose in November 2004 will determine not only our future, but also the future of millions of people around the world.

> "America will never be destroyed from the outside. If we falter and lose our freedoms, it will be because we destroyed ourselves."
>
> "I am a firm believer in the people. If given the truth, they can be depended upon to meet any national crisis. The great point is to bring them the real facts."
>
> -Abraham Lincoln

> I have sworn upon the altar of God eternal hostility against every form of tyranny imposed upon the mind of man."
>
> -- Thomas Jefferson

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# # #

Michel Chossudovsky's book: *War and Globalization, the Truth behind Sept 11* addressed the global tensions regarding US/EU strategic currency issues. The below excerpts are found on Dr. Chossudovsky's website, and in the Fall 2003 (Issue #5) magazine, *Global Outlook*.

The Anglo-American Military Axis
By Michel Chossudovsky
. . .
Euro versus Dollar: Rivalry Between America and "Old Europe"

. . . The [euro encroaches] upon the hegemony of the US dollar. . . . Wall Street is clashing with competing Franco-German financial interests. The war in Iraq pertains not only to control over [oil]

reserves[, but also] the control over [currency,] money creation and credit. . . .

The European common currency system has a direct bearing on strategic and political divisions. London's decision not to adopt the common currency is consistent with the integration of British financial and banking interests with those of Wall Street, not to mention the Anglo-American alliance in the oil industry (BP, Exxon-Mobil, Texaco Chevron, Shell) and weapons production (by the "Big Five" US weapons producers plus British Aerospace Systems). This shaky relationship between the British pound and the US dollar is an integral part of the Anglo-American military axis.

What is at stake is the rivalry between two competing global currencies: the euro and the US dollar, with Britain's pound being torn between the European and the US-dominated currency systems. In other words, two rival financial and monetary systems are competing worldwide for the control over money creation and credit. The geopolitical and strategic implications are far-reaching because that are also marked by splits on the Western defense industry and the oil business.

In both Europe and America, monetary policy, although formally under State jurisdiction, is largely controlled by the private banking sector. The European Central Bank based in Frankfurt -- although officially under the jurisdiction of the EU -- is, in practice, overseen by a handful of private European banks including Germany's largest banks and business conglomerates.

The . . . Federal Reserve Board is formally under State supervision -- marked by a close relationship to the US Treasury. Distinct from the European Central Bank, the 12 Federal Reserve banks (of which the Federal Reserve Bank of New York is the most important) are controlled by their shareholders, which are private banking institutions. In other words, "the Fed" as it is known in the US, which is responsible for monetary policy and hence money creation for the nation, is actually controlled by private interests on Wall Street.

Currency Systems and 'Economic Conquest'

. . . Ultimately, control over national currency systems is the basis upon which countries are colonized. While the US dollar prevails throughout the Western Hemisphere, the euro and the US dollar are clashing in the former Soviet Union, the Balkans, Central Asia, sub-Saharan Africa and the Middle East.

In the Balkans and the Baltic States, central banks largely operate as colonial style 'currency boards' invariably using the euro as a proxy currency. What thus means is: German and European financial interests are in control of money creation and credit. That is, the pegging of the national currency to the euro -- rather than the US dollar -- means that both the currency and the monetary system will be in the hands of German-EU banking interests.

More generally, the euro dominates in Germany's hinterland: Eastern Europe, the Baltic States and the Balkans, whereas the US dollar tends to prevail in the Caucasus and Central Asia. In these countries (which have military cooperation agreements with Washington) the dollar tends (with the exception of the Ukraine) to overshadow the euro.

The 'Dollarization' of national currencies is an integral part of America's Silk Road Strategy. The latter consists in first destabilizing and then replacing national currencies with the American greenback over an area extending from the Mediterranean to China's Western border. The underlying objective is to extend the dominion of the Federal Reserve System -- namely, Wall Street -- over a vast territory.

What we are dealing with is an 'imperial' scramble for control over national . . . economies and currency systems, they seem to have also agreed on "sharing the spoils" -- ie. Establishing their respective "spheres of influence." Reminiscent of the policies of 'partition' in the late 19th Century, the US and Germany have agreed upon the division of the Balkans; Germany has gained control over national currencies in Croatia, Bosnia and Kosovo where the euro is King. The US has established a permanent military presence in the region (i.e. the Bondsteel military base in Kosovo).

# # #

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- Notes on Project Censored: For the past several years, journalism students and faculty at the University of California at Sonoma have reviewed important news stories and published an annual book on stories that never "made the news." This past year 150 faculty and students reviewed a total of 900 stories for the 2003 publication. My essay, 'Real Reasons for the Upcoming Iraq War' was ultimately awarded by Project Censor as one of the most important but "censored" news stories of 2003. Below are links to their website. (A synopsis of my research is provided in story #19 in their publication, Censored 2004.)

  I would like to thank Dr. Peter Phillips for his ongoing efforts at Project Censored. None of the authors published in 'Censored 2004' receive any financial compensation (only infamy), but if you would like a glimpse as to how our 6 US media conglomerates profoundly censor our news, I recommend this book: Phillips, Peter, *Censored 2004: The Top-Twenty Five Censored Stories* Seven Stories Press, 2003

Over the past few years I have often been amazed by the degree to which the American public remains willingly uninformed, and despite my skepticism, I sometimes wonder about the validity of this statement.

> "The CIA owns everyone of any significance in the major media."
> --former CIA Director William Colby