

Introduction

Hegemony, \He*gem`o*ny\, noun \Greek *hegemonia*, fr. *Hegemonia* leader, fr. *Hegeisthai* to lead] – preponderant influence or authority especially of one nation over others

— Webster’s Ninth New Collegiate Dictionary, 1990

If a nation expects to be ignorant and free, in a state of civilization, 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.

— Thomas Jefferson, US President 1801–1809

Thomas Jefferson’s words foreshadowed the unfortunate state of affairs facing the United States today. As a proud American whose family ancestry traces back to the American Revolutionary period, I found this book difficult to write. I have little doubt that *Petrodollar Warfare* will prove to be controversial, perhaps unpopular within certain groups, and that some will attempt to dismiss out of hand the facts presented and seek to relegate this analysis to conspiracy theory rather than evaluate this research from an objective perspective. It is this head-in-the-sand position that maintains the status quo and places the United States in great jeopardy.

Some readers will conclude that challenges surrounding US economic and energy problems provided a legitimate rationale for applying unilateral military force against Iraq. Indeed, many will also advocate similar US military operations in the near future. Ultimately such beliefs reflect individual value judgments, and as such, I doubt this book will sway readers who ascribe to that particular moral framework. Of course other readers will subscribe to a different ethical perspective regarding these issues.

Perhaps most critical to the survival of any functional democracy is that the citizenry be sufficiently informed of real challenges facing their nation, so they might rationally discuss and publicly debate such issues. Furthermore,

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the framers of the Constitution were acutely aware that the absence of an informed citizenry will ultimately jeopardize the liberty of all citizens and facilitate the dangerous concentration of centralized government power. History has shown that society is prone to manipulation, oppression, and tyranny without an open press.

Above all else, the founders were most concerned with building checks and balances into our system of government and sought to contain the tendency of political power to flow unheeded to the executive branch during times of war. The almost complete lack of critical debate within the US media and society in general regarding the recent Iraq War motivated this book. After my original online essay was voted in 2003 as one of the most important but censored news stories by Project Censored,¹ I became fully cognizant of how extensive the information flow is filtered by the US mass media. Although regrettable, it is not surprising that in the past 15 years these sources of broadcast news — TV, radio, and print — have been reduced to only five major corporate conglomerates.

As Thomas Jefferson eloquently warned, *liberty depends on the freedom of the press, and that cannot be limited without being lost*. It was the eternal inspiration of Jefferson with which this book was written. My own sense of patriotic duty compelled me to express dissent and inform others that our current military-centric geostrategy will ultimately result in massive US economic failure. Such an event will be compounded if our national energy policies are not overhauled and restructured to both reduce consumption and rapidly implement alternative energy technologies.

It is imperative that the US citizenry become cognizant that monetary maneuvers away from the dollar by the international community indicate a manifest intolerance of a unilateralist United States employing militant imperialism that seeks to gain control over the world's energy supply and denies the self-determination of sovereign nations regarding their chosen oil export currency. The 2003 Iraq War and its subsequent occupation has pushed the US further along the precarious path of imperial overstretch and economic decline.

Despite the toppling of Saddam Hussein's regime and chaotic US occupation, the original rationales voiced in favor of disarming Saddam Hussein's Iraq with its supposed reconstituted weapons of mass destruction (WMD) program have disappeared. Despite the swift military victory and toppling of the oppressive regime, it is irrefutable that this conflict's stated objectives were at best deceptive and at worst outright fraudulent. Many questions remain unanswered.

For example, the earlier 1990–1991 war against Iraq involved a broad coalition of nations backed by a UN mandate, but why did the vast majority of the previous coalition fail to join the US and UK during this recent conflict? If Iraq's old WMD program truly possessed the threat level repeatedly purported

by the Bush and Blair administrations throughout 2002 and into 2003, surely our historic allies would have lined up militarily to disarm Saddam Hussein if he posed any semblance of this alleged threat level?

Why did the UN Security Council fail to provide a second resolution in 2003 authorizing the use of force? Clearly this lack of authorization reflected the UN's deep misgivings and resulted in a markedly unilateral war in which America fielded an army of 255,000 in Iraq and surrounding nations, while the British contributed 45,000, and the Australians committed a paltry 2,000 troops.² The lack of UN authorization, lack of NATO support, and the global community's protests against the war were all unprecedented events.

Moreover, despite over 400 unfettered prewar UN inspections, no substantive evidence was ever reported to the Security Council that Iraq was reconstituting its WMD program. In fact, the Bush administration's claims citing Iraq's WMD capability were highly improbable considering the severity of the ongoing UN sanctions against Iraq. Lastly, and despite the Bush administration's repeated implications to the contrary, neither the CIA, DIA or the UK's MI6 ever produced any viable links between Saddam Hussein and the Al Qaeda terrorist network, nor has any evidence ever materialized suggesting Saddam Hussein was involved in the September 11th attacks.

On the contrary, suggesting a relationship between Saddam Hussein, a secular despot who oppressed the religious Shi'ite majority in Iraq, and Al Qaeda terrorists who endorse a fanatical form of fundamentalist Islamic Whabbism defies both logic and that region's history. Numerous WMD and counterterrorism experts warned that the publicly stated prewar justifications were highly implausible. They were right.

What motivated the Bush administration to invade Iraq? The simplistic answer is an effort to preserve US global dominance. Moreover, a little-known fact belies the deeper reasons for the invasion: in order to prop up the US' declining economic status as the sole superpower, its military force was required to gain strategic control of Iraq's oil supply and oil currency for both macroeconomic and geostrategic considerations.

More specifically, this was a war to gain control over Iraq's hydrocarbon reserves and, in doing so, maintain the US dollar as the monopoly currency for the critical international oil market. It was, and is, about retaining the dollar as the world's reserve currency, and it is also about securing its continued use as a mechanism for effortless US credit expansion and global supremacy. It is also about the installation of numerous US military bases in Iraq to gain strategic dominance of the region with the largest remaining hydrocarbon reserves on the planet. As the reader will witness, these assertions are based on a rigorous analysis of the facts, backed with stated US strategic goals.

Although completely unreported by our government and the US corporate media, one of the answers to the enigma surrounding the Iraq War was

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the simple yet shocking realization that it was partly an oil currency war waged by the US against the euro, currency of the European Union (EU). The calculated goal of regime change in Baghdad was designed to prevent further momentum within the Organization of the Petroleum Exporting Countries (OPEC) toward the euro as an alternative oil transaction currency. In order to preempt OPEC, the US government needed to gain control of Iraq along with its oil reserves. Iraq was really no different than any other imperial war; it was a war over power.

The purpose of this book is to stimulate much needed debate in our society, our government, and hopefully in the international policy-making arena. Only informed and motivated citizens compel changes within the decision-making apparatus of their governments. I hope that US citizens and the world community will begin an open dialogue regarding the complex issues discussed in this book.

Chapter 1 of *Petrodollar Warfare* illustrates that in the post-WWII era, hegemonic power was, and is, derived principally via channeling oil wealth and the issuance of World Reserve Currency. Attempting to maintain these two essential aspects of US hegemony provided motivation for the Iraq War.

Chapter 2 outlines how the 2003 Iraq War was also an attempt to fulfill the long-term US geostrategic objective of securing US bases in the center of the Persian Gulf before the onset of global Peak Oil. Chapter 3 discusses the implications of the geological phenomenon referred to as global Peak Oil, which ASPO projected will occur around 2008.³ US and UK domestic energy supplies are in permanent decline, whereas Iraq and Saudi Arabia are predicted to be the last to reach peak oil production.⁴

Chapter 4 outlines the macroeconomics of petrodollar recycling and the unpublicized, but real, challenge to US economic hegemony from the euro as an alternative oil transaction currency. Chapter 5 discusses the apparent broad global movement away from the dollar. This development is due not only to macroeconomic factors, which most likely were inevitable, but also to recent geopolitical tensions following the invasion of Iraq. Unfortunately, it is hard to argue that this movement would have been more containable if current US foreign and defense policies were not seen as unilateral strategies designed to obtain monopoly control over the world's primary energy supply. Our trading partners and other affected nations would have been much more inclined to help convert the dollar hegemony system into a new global monetary and financial system in enlightened ways.

Chapters 6 and 7 end with a reflection and critique of past and present US fiscal and foreign policies regarding oil and energy issues and propose various policy alternatives utilizing a multilateral framework. These comprehensive reforms are predicated on domestic reform of the US media conglomerates, political campaign finance systems, and associated corporate sponsorship.

General readers should find the petrodollar recycling process and effects relatively straightforward once the basics are understood. Academic readers seeking a technical analysis of this phenomenon from a purely economic perspective should read David E. Spiro's book, *The Hidden Hand of American Hegemony: Petrodollar Recycling and International Markets*.

A comprehensive analysis of Peak Oil and various alternative energy technologies is regrettably beyond the scope of this book. For readers interested in a thorough review of those issues, two references by Richard Heinberg provide an in-depth exploration of these subjects, *The Party's Over: Oil, War and the Fate of Industrial Societies* and his profound follow-up book *Powerdown: Options and Actions for A Post-Carbon World*. Despite these two caveats relating to *Petrodollar Warfare*, the reader does not need a PhD in economics or geology in order to recognize that the status quo of petrodollar recycling and energy consumption is untenable considering the unsustainable structural imbalances in the global economy and the vast implications of the impending global Peak Oil phenomenon.

I advocate immediate reform of the global monetary system to include a dollar/euro currency trading band with reserve status parity, a dual-OPEC oil transaction standard, and a UN-sponsored multilateral project regarding broad-based energy reform in alignment with the Upsalla Protocol. These could potentially restore the damaged international stature of the US, while providing new mechanisms to create a more balanced global monetary system. Most importantly, given the imminent peaking of global oil production, monetary and energy reforms are required if we are to avoid the devastating outcome of global warfare over oil currency and oil depletion.

An analysis of current US geopolitical, monetary, and energy policies suggests that the 21st century will be much different from the previous era, with one possible exception. The first half of the 20th century was filled with unprecedented levels of violence and warfare on a global scale (15 million killed in WW I, 55 million in WW II). The first two decades of the 21st century present challenges that could also result in the unleashing of another period of catastrophic human suffering and destruction. In the post-nuclear age, this must *not* be allowed to transpire. In order to avoid such a terrible fate in this new century, American citizens, more than any others, must accept and undertake sacrifices for the betterment of humanity; we must once again begin living within our means relative to both fiscal and energy policies.

The United States' founding fathers declared that the most fundamental and patriotic duty was to be an informed citizenry. As such, this book was written from my sense of patriotic duty in an effort to inform readers in the US and abroad. While some may find the analysis presented in *Petrodollar Warfare* controversial or perhaps disconcerting, it is presented in the hope that the beginning of the 21st century may be crafted by the international

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community into a more economically stable, energy sustainable, and less violent period than the opening decades of the previous century. Humanity and morality demand nothing less.

Whenever the people are well-informed, they can be trusted with their own government. Whenever things get so far wrong as to attract their notice, they may be relied on to set them to rights.

— Thomas Jefferson, Author of the Declaration of Independence, US President, 1801–1809