

When you're ready for the truth about money...

Preparing for the Collapse of the Petrodollar System, Part 3

The Petrodollar Wars: The Iraq-Petrodollar Connection

by [Jerry Robinson](#)

(Miss Part One and Two? [Start here.](#))

Introduction to Part Three: "The Petrodollar Wars"

As we have learned from the [previous articles in this series](#), the petrodollar system that was created in the 1970's has served America well, both economically and politically. What began as a way to drive more demand for the U.S. dollar, in the wake of a move away from the international gold standard in 1971, has provided benefits that few could have ever imagined including the solidification of the U.S. dollar as the global currency of choice. This was important, especially following a temporary loss of dollar credibility after President Nixon's decision to close the gold window.

Put simply, this 'dollars for oil' system has greatly enriched our nation. But this national prosperity has come at the expense of other nations and their potential prosperity.

This brings us to one of the more sensitive, and therefore veiled, aspects of the petrodollar system. Namely, how it has impacted America's relations with foreign nations, especially in the Middle East.

In this third installment of our series, I will explain how America has handled the growing international challenges to the petrodollar system. The consequences have been nothing short of tragic.

I have entitled this piece, *The Petrodollar Wars*. This article will focus specifically on the 2003 Iraq war. A follow-up article will detail the Petrodollar connection to the Afghanistan war, the Libyan war, and now, the build up to a war with Syria and Iran.

The world currently consumes nearly 90 million barrels of oil per day.

According to some projections, global oil demand will reach well over 100 million barrels per day by 2015. And thanks to the petrodollar system, growing global demand for oil leads to an increase in U.S. dollar demand. This artificial demand for U.S. dollars has provided remarkable benefits for the U.S. economy. It has also required the Federal Reserve to keep the dollar in plentiful supply.



FTMDAILY

//ftmdaily.com

By perpetually expanding the U.S. money supply, America's standard of living increases as well. (If this logic does not make sense, be sure to go back and [read part one](#) of this series.) The only problem with this situation is that the only way

that it can be sustained is if the demand for the dollar and for U.S. debt securities remains consistently strong.

Grasping this last point is extremely important. For if the artificial global dollar demand, made possible by the petrodollar system, were ever to crumble, foreign nations who had formerly found it beneficial to hold U.S. dollars would suddenly find that they no longer needed the massive amounts that they were holding. This massive amount of dollars, which would no longer be useful to foreign nations, would come rushing back to their place of origin... America.

Obviously, an influx of dollars into the American economy would lead to massive inflationary pressures within our economic system.

It is difficult to overstate the importance of this concept as the entire American monetary system literally hinges on this "dollars for oil" system. Without it, Washington would lose its permission slip to print excessive amounts of dollars.

Therefore, it should come as no surprise that America has a vested interest in maintaining the petrodollar system. And, if you are an American citizen, so do you.

What Would Happen If The Petrodollar System Ended Tomorrow?

Allow me to briefly explain the impact that a sudden loss of the petrodollar system would have upon the United States of America.

- Foreign nations would begin sending a flood of U.S. dollars back to the United States in exchange for the new currency needed for oil.
- The Federal Reserve would lose their ability to print more dollars to solve America's economic problems.
- The Treasury Secretary and the Federal Reserve Chairman would meet to determine the best course of action.
- That action would involve an immediate and dramatic increase in interest rates to reduce America's money supply.
- Hyperinflation would ensue temporarily while the interest rates took time to take full effect.
- All oil-related prices, including gas prices, would reach outrageous levels.
- Washington would soon realize that the total amount of money in the system would have to be dramatically slashed even further, leading to an even higher increase in interest rates.
- The clueless American public would demand answers. ***Those on the left would blame the right. The right would blame the left.*** And both political parties would seek to blame the Federal Reserve.
- People with adjustable rate debts would be crushed and massive layoffs would occur as businesses would be suffering from the high interest rates.
- Asset prices across the board would plummet in value.
- Amid the financial carnage, an economic recovery eventually would begin to take place. But this new American economy would be tremendously smaller due to a drastically reduced money supply.

This brief scenario is far from exhaustive and is probably very incomplete. But I provide it to help you understand the great economic damage that you and I, and our nation in general, would sustain if the petrodollar system were to collapse suddenly.

The Washington elites are intimately aware of how serious the economic situation could become if the petrodollar system collapsed. After all, they were the architects and masterminds of the entire system. And if one considers Washington's policies since the mid-1970's, it is evident that they have no intention of allowing the petrodollar system to

fail.

America – The Primary Guardian of the Petrodollar System

Since the dawn of the petroleum age, the geopolitical strategies concocted by developed nations have increasingly been centered on maintaining easy access to the world's oil supplies. Only the truly naive could deny the obvious powerful economic and political incentives that are derived from access to cheap oil supplies. And while most nations have a clear motivation to maintain easy access to the world's cheapest oil supplies out of sheer economic necessity, as well as the political goodwill it engenders among the masses, this is certainly not the sole concern for the United States. As you have discovered, the United States has an additional unique incentive regarding the world's oil. Namely, ensuring that all oil around the globe, both current supplies and future discoveries, remain priced in U.S. dollars.

A simple examination of America's foreign policy efforts in the wake of the 'oil shock' of 1973, and in [the ensuing foundation of the petrodollar system in the mid 1970's](#), makes it painstakingly clear to any casual political observer that a central goal of Washington has been to control global oil supplies, specifically in West Asia.



In 1973, in the wake of U.S. military involvement in the Vietnam War, Washington began turning its attention to another region of the globe: the Persian Gulf. The Yom Kippur War gripped the oil-rich area. After the ensuing 'oil shock' of 1973, President Richard Nixon warned U.S. citizens ["that American military intervention to protect vital oil supplies"](#) in the region was a strong possibility. This speech marked the first official and formal commitment to deploy U.S. troops to the Middle East for the explicit reason of protecting America's oil interests.

On March 1, 1980, the U.S. announced the creation of the [Rapid Deployment Joint Task Force](#) (RDJTF). The stated mission of the Rapid Deployment Force was as a deterrent (primarily against the Soviets) and to thus ["help maintain regional stability and the Gulf oil-flow westward."](#)

On January 1, 1983, Carter's Rapid Deployment Force morphed into a separate force known as the United States Central Command (USCENTCOM). USCENTCOM would be responsible for the Middle East and Central Asian regions.

Since 1980, the U.S. has feverishly built military bases all over Western Asia

Understanding the petrodollar system will help you make sense of the hundreds of U.S. military bases stationed in over 130 countries. After all, maintaining an empire dependent upon a "dollars for oil" system is no cheap task and requires careful monitoring and oversight of the world's oil supplies. Chief among the potential concerns for the petrodollar guardians are: threats of restrictions on oil

supplies, new oil discoveries in potentially "anti-Western" oil fields, the nationalizing of a country's oil supplies, and perhaps most importantly, devising "permanent solutions" to the problems presented by nations who dare challenge the current "dollars for oil" system.

As the primary guardian of the petrodollar, the U.S. often finds its militaristic adventurism at odds with the goals of foreign nations who do not share the same enthusiasm for confronting sovereign nations over a system in which they share no real direct incentives.

Given these facts, let's now explore how the petrodollar system has affected America's foreign policy actions in the oil-rich region of Western Asia. We will begin with a look back at the events of America's darkest hour.

Beating the Iraq War Drums - Before 9/11

On September 11, 2001, America's relations with the Middle East would be altered forever.

The tragic events of that day still live on in the memory of every American. The dreadful carnage in New York City, Washington D.C., and Shanksville, Pennsylvania was heart-rending to the billions around the world who watched the terror unfold before their eyes on live television.

Interestingly, just five hours after American Airlines Flight 77 crashed into the Pentagon, Secretary of Defense Donald Rumsfeld began [ordering his staff to develop plans](#) for a strike on Iraq — despite the fact that there was absolutely no evidence linking the country, or its leader Saddam Hussein, to the 9/11 attacks.

When reports later came in that three of the hijackers involved in the 9/11 attacks were connected to Al Qaeda, Rumsfeld [reportedly became so determined](#) to find a rationale for an attack on Iraq that "on 10 separate occasions he asked the CIA to find evidence linking Iraq to the terror attacks of Sept. 11." The CIA repeatedly came back empty-handed.

On September 12, 2001, despite zero evidence against Iraq, Defense Secretary Rumsfeld [proposed to President George W. Bush that Iraq](#) should be "a principal target of the first round in the war against terrorism." Bush, along with his other advisors, including Deputy Secretary of Defense Paul Wolfowitz, strongly supported the idea that Iraq should be included in their attack plans. Colin Powell, then Secretary of State urged constraint however, stating that "[public opinion has to be prepared before a move against Iraq is possible.](#)"

In fairness, however, Washington had already been preparing for a new invasion of Iraq. The [Los Angeles Times reported](#) that one year prior to the attacks of 9/11, the U.S. began constructing Al Adid, a billion dollar military base in Qatar with a 15,000-foot runway, in April 2000. What was Washington's stated justification for the new Al Adid base, and other similar ones in the Gulf region? [Preparedness for renewed action against Iraq.](#)

Here's a Pentagon document dated March 5, 2001, entitled [Foreign Suitors for Iraqi Oil Field Contracts](#). It details how Iraq's oil fields would be carved up and outsourced to Western oil companies two full years before the war. It would later be revealed that [an invasion of Iraq was at the top](#) of the Bush administration's agenda [only 10 days after his inauguration](#), which was a full eight months before 9/11.

In an [explosive book](#) entitled [Against All Enemies](#) by Bush's former counterterrorism director, Richard A. Clarke, the author recounts life inside the Bush Administration in the days immediately following the 9/11 attacks:

"The president in a very intimidating way left us, me and my staff, with the clear indication that he wanted us to come back with the word there was an Iraqi hand behind 9/11 because they had been planning to do something about Iraq from before the time they came into office. I think they had a plan from day one they wanted to do something about Iraq. While the World Trade Center was still smoldering, while they were still digging bodies out, people in the White House were thinking: 'Ah! This gives us the opportunity we have been looking for to go after Iraq.'"

On September 17, six short days after the 9/11 attacks, President George W. Bush named Osama Bin Laden as the "prime suspect" in the biggest terrorist act on American soil in history. Washington's response was swift.

On September 20, 2001, President Bush met with Britain's Prime Minister, Tony Blair to coordinate war plans. In the meeting, Bush [purportedly states his intention to attack Iraq immediately](#). Blair advises Bush to remain focused on Al Qaeda and to work on gaining international support for an invasion of Iraq. Bush reportedly agrees to ['leave Iraq for another day.'](#)

On October 7, 2001, Operation Enduring Freedom was launched. Thousands of U.S. troops were sent into the mountainous regions of **Afghanistan**. Washington's stated goal in this mission was clear: To capture Bin Laden, and to wipe out two groups intimately connected to him: Al Qaeda and the Taliban.

But the Bush Administration had no plans of allowing a good crisis go to waste. While they had succeeded in their initial invasion plans of Afghanistan, Iraq was still at the forefront of the Administration's collective mind. Within a few short weeks after the Afghanistan war had begun, Washington began using the corporate-controlled mainstream media to build

their case for a full-scale invasion of **Iraq**.

In the build-up to a separate war, U.S. officials began publicly claiming that Iraq, and its maniacal dictator Saddam Hussein, presented an entirely separate set of national security threats, despite the fact that no legitimate evidence linked Bin Laden to the country of Iraq. Despite this astounding lack of evidence, the Bush Administration continued to whip the American public into a war-crazed frenzy with unfounded claims of Iraq's alleged development, and possession, of weapons of mass destruction. In addition, Iraq's intimate ties to international terrorist groups were highlighted, and hypnotically repeated, through the mainstream media outlets.

A deeply wounded post 9/11 America desperately sought answers and justice. In the moment of their deepest grief and fear, the Washington elites manipulated the masses to promote their desired foreign policy measures.

All of the stops were pulled out. Conservative radio and television talk show hosts began reading the Bush talking points verbatim over the air, warning the already fearful American public of the tremendous threats that Iraq posed to our national security.

Evangelicals, who openly claim to worship the "Prince of Peace," opted for bloodshed. Many Christians sought to justify the Iraq war by [butchering their own "Just War" theory](#), and sought vengeance through a pre-emptive military strike on Iraq.

It did not take long for America to become sharply divided on Washington's hasty insistence on launching another war in the volatile region of the Middle East. And while a majority of the American public supported a full scale invasion of Iraq, others urged a more diplomatic approach.

But in the wake of the devastation of 9/11, few were in the mood for diplomacy.

As the war drums over Iraq beat ever so loudly, legitimate questions concerning the merits of the war required Washington to provide specific answers to a confused and terror-weary public.

Some of those pressing questions included:

Was there proof that Iraq had plans to harm the American people or to invade the borders of our nation?

Was there solid evidence that Iraq had weapons of mass destruction?

And, was there any evidence linking Iraqi president Saddam Hussein to the vicious terror plot of 9/11?

The Bush Administration and the corporate-controlled mainstream media wasted no time in answering those difficult questions. with a resounding and overly confident "yes."

Sadly, as we all know now, Saddam Hussein had no link to Osama Bin Laden, or the tragic events of 9/11. When asked by a White House correspondent directly about the connection between Iraq and the events of 9/11, President George W. Bush [denied that any link ever existed](#). Conveniently, this change of tone came from the Administration after the war had already begun.

The Iraq-Petrodollar Connection

So why Iraq? Why the rush to war with a country who so obviously had no connection with the events of 9/11?

As I write this in the early part of 2012, it is a safe assumption that most Americans carry a suspicion, however slight, toward the reasons that they were told the U.S. needed to invade Iraq back in 2003. It is simply not possible to explain the depths of the corruption that exist at the highest levels of government today. Those who have bought into the mainstream media's portrayal of the American government as an institution who seeks the common good, they do well to recall the words of America's own first national leader:

"Government is not reason; it is not eloquent; it is force. Like fire, it is a dangerous servant and a fearful master."

(President George Washington)

With that quote as a backdrop, let us dig deeper into our original question: Why did the U.S. appear so eager to launch an unprovoked war against Iraq? And why did the U.S. begin hatching these war plans many months prior to the events of September 11?

After all, many other nations around the world have confirmed stockpiles of dangerous weapons. So why did the United States specifically target Iraq so soon after the Afghanistan invasion of 2001?

Did the U.S. have had some other motivation for seeking international support to invade Iraq?

[William R. Clark](#) was among those who questioned the status quo answers and Washington's stated motives regarding the invasion of Iraq. In his book, [Petrodollar Warfare](#), Clark claims that the 2003 U.S.-led invasion of Iraq was not based upon "violence or terrorism, but something very different, yet not altogether surprising – declining economic power and depleting hydrocarbons."

Clark's work was heavily influenced by another author named [F. William Engdahl](#) and his book, [The Century of War: Anglo-American Oil Politics and the New World Order](#).

According to research conducted by both Clark and Engdahl, the U.S.-led invasion of Iraq was not exclusively motivated by Iraq's connection to the terrorist groups who masterminded the 9/11 attacks. Nor was it out of a concern for the safety of the American public or out of sympathy for the Iraqi people and their lack of freedom or democracy.

Instead, Clark and Engdahl both claimed that the U.S.-led invasion was inspired predominantly by Iraq's public defiance of the petrodollar system.

According to page 28 of Clark's book:

"On September 24, 2000, Saddam Hussein allegedly "emerged from a meeting of his government and proclaimed that Iraq would soon transition its oil export transactions to the euro currency."

Not long after this meeting, Saddam Hussein [began preparing to make the switch](#) from pricing his country's oil exports in greenbacks to euros. As renegade and newsworthy this action was on the part of Iraq, it was sparsely reported in the corporate-controlled media.

Clark comments on the limited media coverage on page 31 of his book:

"CNN ran a [very short article on its website](#) on October 30, 2000, but after this one-day news cycle, the issue of Iraq's switch to a petroeuro essentially disappeared from all five of the corporate-owned media outlets."

By 2002, Saddam had fully converted to a petroeuro – in essence, [dumping the dollar](#).

On March 19, 2003, George W. Bush announced the commencement of a full scale invasion of Iraq.

According to Clark and Engdahl, Saddam's bold threat to the petrodollar system had invited the full force and fury of the U.S. military onto his front lawn.

Was the Iraq war really about weapons of mass destruction, al-Qaeda, fighting terrorism, and promoting democracy?

Or was America's stated purposes to "liberate" the Iraqi people from a brutal regime actually a clever guise for making an example of a nation who dared threaten the existing petrodollar system?

I am not a Washington elite. And I do not claim to know the minds of men. However, the more that you consider all the facts, you will find that the invasion of Iraq was likely one of the first in a series of "petrodollar wars" designed to protect America's economic interests.

It should be noted that Iraq's proven oil supplies are considered to be among the largest in the world. However, [some experts believe](#) that Iraq's oilfields, many of which have yet to be exploited, will catapult Iraq above Saudi Arabia in total proven oil reserves [in the coming years](#).

What's "Our" Oil Doing Under "Their" Sand?

Washington, of course, adamantly denied any and all accusations that the Iraq war was motivated by anything other than disarming Iraq and liberating its beleaguered people. According to the Washington elites, the Iraq war was not, nor was it ever, about Iraq's oil supplies.

Consider [a small sampling of quotes](#) from U.S. officials:

"The idea that the United States covets Iraqi oil fields is a wrong impression. I have a deep desire for peace. That's what I have a desire for. And freedom for the Iraqi people. See, I don't like a system where people are repressed through torture and murder in order to keep a dictator in place. It troubles me deeply. And so the Iraqi people must hear this loud and clear, that this country never has any intention to conquer anybody."

(U.S. President George W. Bush)

"This is not about oil; this is about a tyrant, a dictator, who is developing weapons of mass destruction to use against the Arab populations."

(U.S. Secretary of State Colin Powell)

"It's not about oil and it's not about religion."

(U.S. Secretary of Defense Donald Rumsfeld)

"I have heard that allegation (of oil motives) and I simply reject it."

(Coalition Provisional Authority Paul Bremer)

"It's not about oil."

(General John Abizaid, Combatant Commander, Central Command)

"It was not about oil."

(Energy Secretary Spencer Abraham)

"It's not about the oil."

(the Financial Times reported Richard Perle shouting at a parking attendant in frustration.)

"This is not about oil."

(Australian Treasurer Peter Costello)

"The only thing I can tell you is this war is not about oil."

(Former Secretary of State Lawrence Eagleburger)

"This is not about oil. This is about international peace and security."

(Jack Straw, British Foreign Secretary)

"This is not about oil. That was very clear. This is about America, and America's position in the world, as the

upholder of liberty for the oppressed.”

(Utah Republican Senator Bob Bennett)

“There’s just nothing to it.”

(White House spokesperson Ari Fleischer on the U.S. desire to access Iraqi oil fields.)

Condoleeza Rice, in response to the proposition, *“if Saddam’s primary export or natural resource was olive oil rather than oil, we would not be going through this situation,”* said:

“This cannot be further from the truth. He is a threat to his neighbors. He’s a threat to American security interest. That is what the president has in mind.” She continued: **“This is not about oil.”**

The government line was loud and clear: The Iraq war was not about oil.

Or... Is it About the Oil?

Despite the adamant denial by the Washington elites that their intentions were anything but pure, it did not take long for dissenters to emerge. Anti-war demonstrations filled the public squares of nearly every American town.

Interestingly, as the war with Iraq raged on, even those within Washington began to make revealing comments on the U.S.-Iraq-Oil connection.

In January 2003, **British Foreign Secretary Jack Straw** [admitted](#) that oil was a key priority to the West’s involvement in Iraq, even more so than the supposed “weapons of mass destruction.”

In June 2003, **Deputy Defense Secretary Paul Wolfowitz** [made the following comments](#) after being asked why Iraq was being treated differently than North Korea on the question of a nuclear threat, while speaking to an Asian security summit in Singapore:

“Let’s look at it simply. The most important difference between North Korea and Iraq is that economically, we just had no choice in Iraq. The country swims on a sea of oil.”

In an [August 2008 interview with BusinessWeek](#) magazine, Republican Vice-Presidential candidate **Sarah Palin** stated:

“We are a nation at war and in many [ways] the reasons for war are fights over energy sources, which is nonsensical when you consider that domestically we have the supplies ready to go.”

During a 2008 Townhall campaign meeting, former Presidential candidate and Senator, **John McCain**, [made the following statement](#):

“My friends, I will have an energy policy which will eliminate our dependence on oil from the Middle East that will then prevent us from having ever to send our young men and women into conflict again in the Middle East.”

Former Chairman of the Federal Reserve, **Alan Greenspan**, stated the following on page 463 of his book, [The Age of Turbulence](#):

“I am saddened that it is politically inconvenient to acknowledge what everyone knows: the Iraq war is largely about oil.”

In an interview with Bob Woodward of the Washington Post, [Greenspan elaborated](#) on the comment in his book by saying that removing Saddam from power was “essential” to keep the “existing system” in place.

Apparently everyone in Greenspan’s circle “knew” that Iraq was about oil. However, the average American was told [exactly the opposite](#) by the Bush Administration and the corrupt and derelict corporate-controlled mainstream media.

In a televised interview with Frontline, former Secretary of State **James A. Baker III** [made the following statement](#) regarding U.S. national security policy:

"I have been a member of four (Presidential) administrations. And in every one of those administrations we had written as a national security policy that we would go to war to protect the national energy reserves of the Persian Gulf, if necessary."

General John Abizaid, who was formerly the Commander of the USCENTCOM during the Iraq war, stated during an October 2007 round table discussion entitled: "[Courting Disaster: The Fight for Oil, Water and a Healthy Planet](#)" at Stanford University:

"Of course (the Iraq war) is about oil, we can't deny that."

Former U.S. Ambassador, and war hawk, John Bolton publicly [admitted in an interview on FoxNews](#) dated Oct 22, 2011, that the multiple wars that America has fought in the Middle East have been about securing oil supplies. Speaking of the U.S.-Middle East conflicts, Bolton stated:

"The critical oil and natural gas producing region that we fought so many wars to try and protect our economy from the adverse impact of losing that supply or having it available only at very high prices."

Based upon the quotes above, we have no need to wonder if Iraq's oil supplies played a role in the 2003 U.S.-led invasion of that nation. After all, the global elites [have told us](#) in no uncertain terms that [the Iraq war was clearly about oil](#) and maintaining the American empire's grip on the oil-rich region. In 2011, this was further confirmed when a torrent of damning [government documents were leaked](#).

Finally, consider the following words from one of the chief architects behind the Iraq war, **Vice President Dick Cheney**. In [an interview with C-Span recorded in 1994](#) -- nine years prior to the 2003 invasion of Iraq -- Cheney was asked about his opinion of the previous 1991 Gulf War. His answer is revealing.

Q: Do you think the U.S., or U.N. forces, should have moved into Baghdad?

A: No.

Q: Why not?

A: Because if we'd gone to Baghdad we would have been all alone. There wouldn't have been anybody else with us. There would have been a U.S. occupation of Iraq. None of the Arab forces that were willing to fight with us in Kuwait were willing to invade Iraq. Once you got to Iraq and took it over, took down Saddam Hussein's government, then what are you going to put in its place? That's a very volatile part of the world, and if you take down the central government of Iraq, you could very easily end up seeing pieces of Iraq fly off: part of it, the Syrians would like to have to the west, part of it — eastern Iraq — the Iranians would like to claim, they fought over it for eight years. In the north you've got the Kurds, and if the Kurds spin loose and join with the Kurds in Turkey, then you threaten the territorial integrity of Turkey. It's a quagmire if you go that far and try to take over Iraq. The other thing was casualties. Everyone was impressed with the fact we were able to do our job with as few casualties as we had. But for the 146 Americans killed in action, and for their families — it wasn't a cheap war. And the question for the president, in terms of whether or not we went on to Baghdad, took additional casualties in an effort to get Saddam Hussein, was how many additional dead Americans is Saddam worth? Our judgment was, not very many, and I think we got it right."

Apparently, [Saddam's move to switch Iraq's oil sales from dollars to euros](#) may have been enough to change Cheney's mind about sacrificing American lives. Based upon the quotes above, and upon the mountain of evidence that we have today, it is obvious that oil had played some role in the U.S.-led Iraq invasion.

Sadly, innocent civilians in Iraq are the ones who paid the ultimate price for the U.S. invasion. To date, [over 105,000 Iraqi](#)

[civilians have been killed](#) since the war commenced in March 2003. And many of these casualties [were children](#).

Let's take a look at what has transpired in the aftermath of the U.S.-led invasion of Iraq to see if the words and the actions line up.

The Rush for Post-War Iraqi Oil

In late 2002 and early 2003, the preparations for the Iraq war were well under way.

As the United States sought international support for the war, several nations expressed opposition to the invasion. China, Russia, and France were among these nations.

Many in the corporate-controlled American media portrayed these nations as "sympathizers" and "supporters" of terrorism due to their hesitancy to invade Iraq on groundless charges.

However, what the corrupt media outlets failed to mention was that these nations had existing oil contracts with Iraq that would be endangered in the event that the West gained control of Iraq.

In [an October 2002 interview](#) with the *Observer UK*, a Russian official at the United Nations stated:

"The concern of my government is that the concessions agreed between Baghdad and numerous enterprises will be reneged upon, and that U.S. companies will enter to take the greatest share of those existing contracts. . . . Yes, if you could say it that way — an oil grab by Washington."

With just a little bit of in-depth investigation, the clueless American elite media would have discovered that there was more to this than "sympathizing" with terrorists and that prior to the war, Russia was owed billions of dollars by Iraq. Russia had even billions more wrapped up in future contracts.

Together with France and China, Russia stood to gain billions in future oil contracts when, and if, sanctions were lifted against Iraq.

In a separate 2002 news article entitled, [Oil After Saddam: All Bets Are In](#), Samer Shehata, a Middle East expert at the Center for Contemporary Arab Studies in Washington, was interviewed regarding the situation.

"Russia, China, France have the highest stakes in the Iraqi oil industry. Once Saddam is out, everything becomes null and void and there is no legal authority to enforce those claims."

Is it any wonder why much of the world hates America? Of course, we are told that nations hate us because we have "blue jeans" and "fast cars." We are told that foreign nations hate Americans because of our liberties. The same corrupt outlets that cram this garbage down the public's throats are the same ones who lied to the American public about the real reasons for the war in Iraq. The truth is that very few foreign nations "hate" American citizens. Instead, they despise the actions of the American empire with its militaristic adventurism and its excessive intervention into foreign affairs.

The Most Damning Evidence of a Petrodollar Motive in the Iraq War

On June 5, 2003, the corrupt U.S. media missed one of the most important and revealing stories about the Iraq war. However, Carol Hoyas and Kevin Morrison from the London-based Financial Times reported on the story in a piece entitled: [Iraq returns to international oil market](#). Here's an excerpt of the story:

"Iraq on Thursday stepped back into the international oil market for the first time since the war, offering 10m barrels of oil from its storage tanks for sale to the highest bidder. For some international companies it will be the first time in more than a year that they will do business directly with Iraq... 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."

Is it not rather interesting to note that within weeks of the invasion of Iraq, [all Iraqi oil sales were switched from the euro —](#)

[back to the U.S. dollar?](#)

Was this war, as Clark and Engdahl suggest, the first "petrodollar" war? I think the evidence is clear that it was.

Think about this. *If Iraq was not ultimately about oil, then how ridiculous is it that a nearly bankrupt nation like America could spend hundreds of billions of dollars on "spreading democracy" to foreign nations, like Iraq, when our own nation is in a steep economic decline?*

How are the American people able to afford such an altruistic foreign policy when they can't even afford to take care of their own citizens?

And finally, since when has America become so interested in giving American lives and dollars for the benefit of foreign nations with nothing in return?

And speaking of return, what could Iraq possibly offer in return to America?

Perhaps Vice President Cheney answered that question best when he said in a 1999 speech at the Institute of Petroleum:

"The Middle East, with two-thirds of the world's oil and the lowest cost, is still where the prize ultimately lies; even though companies are anxious for greater access there, progress continues to be slow."

Finally, consider Republican Senator Charles Hagel's [rather blunt statement](#) given in a 2007 speech at the Catholic University of America regarding the true purposes behind the Iraq War:

"People say we're not fighting for oil. Of course we are. They talk about America's national interest. What the hell do you think they're talking about? We're not there for figs."

Conclusion

Since 1980, America has devolved from being the world's greatest creditor nation to the world's greatest debtor nation. But thanks to the massive artificial demand for U.S. dollars and government debt made possible by the petrodollar system, America is able to continue its spending binges, imperial pursuits, reckless wars, and record deficits. In America today, we are living proof that having the world's most important currency translates into a higher standard of living than most nations.

At one point in America's history, our largest export was a variety of manufactured goods, made right here in the U.S.

Today, America's largest export is the U.S. dollar.

And the dollar costs us practically nothing to create. *How long will it be before the nations of the world figure out the dollar fiasco is a fraud?* Instead of viewing U.S. dollars as worthless paper backed by nothing (as they should), foreign oil producers and consumers were convinced — *and required* — to hold U.S. dollars in order to purchase oil back in the 1970's.

However, this demand for dollars is not genuine. It is purely artificial.

Dr. Bulent Gukay of Keele University [puts it this way](#):

"This system of the U.S. dollar acting as global reserve currency in oil trade keeps the demand for the dollar 'artificially' high. This enables the U.S. to carry out printing dollars at the price of next to nothing to fund increased military spending and consumer spending on imports. There is no theoretical limit to the amount of dollars that can be printed. As long as the U.S. has no serious challengers, and the other states have confidence in the U.S. dollar, the system functions."

Pay particular attention to Dr. Gukay's comment regarding "serious challengers" to the United States. And as the global economy continues to evolve, a whole host of competing currencies will rise to challenge the current dollar hegemony. In

fact, that movement is already afoot.

What does that mean for you? In essence, expect more perpetual wars against faceless and nameless enemies, like the War on Terror. Expect the theater for these conflict to conveniently be staged in Western Asia -- where the majority of the world's oil supplies lay waiting for their Western "liberators."

When you "follow the money", everything begins to make much more sense.

Want to have our next article in this series sent directly to your email inbox when it is released?

*** [Sign up for our email alerts here!](#) ***



Jerry Robinson is a leading authority on the petrodollar system and global currency issues. He has spoken on the petrodollar system and global economics around the United States, in Europe, and in the Middle East. He is an Austrian economist, published author, columnist, international conference speaker, and the editor of the financial website, FTMDaily.com. In addition, Robinson hosts a weekly radio program entitled [Follow the Money Weekly](#), an hour long radio show dedicated to deciphering the week's economic news.

For media inquiries, [click here](#).