

**Subject: FW: The Euro And The War**

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A MESSAGE FROM ERNIE CRIST

THIS WAS SENT TO ME FROM EUROPE - I THOUGHT YOU MIGHT FIND IT INTERESTING. I should add that those who want to familiarize themselves with the real intention of the Bush administration I suggest you read Zbigniew Brzinsky's " The Grand Chess Board".

Subject: The Euro And The War On Iraq

As Mark Twain once noted, prophecy is always difficult, particularly with regards to the future. However, it is a safe bet that as soon as Saddam is toppled one of the first tasks of the America-backed regime will be to restore the US dollar as the nation's oil currency.

In November 2000, Iraq began selling its oil for euros, moving away from the post-World War II standard of the US dollar as the currency of international trade. Whilst seen by many at the time as a bizarre act of political defiance, it has proved beneficial for Iraq, with the euro gaining almost 25% against the dollar during 2001. It now costs around USD\$1.05 to buy one Euro.

Iraq's move towards the euro is indicative of a growing trend. Iran has already converted the majority of its central bank reserve funds to the euro, and has hinted at adopting the euro for all oil sales. On December 7th, 2002, the third member of the axis of evil, North Korea, officially dropped the dollar and began using euros for trade. Venezuela, not a member of the axis of evil yet, but a large oil producer nonetheless, is also considering a switch to the euro. More importantly, at its April 14th, 2002 meeting in Spain, OPEC expressed an interest in leaving the dollar in favour of the euro.

If OPEC were to switch to the euro as the standard for oil transactions, it would have serious ramifications for the US economy. Oil-consuming economies would have to flush the dollars out of their central bank holdings and convert them to euros. Some economists estimate that with the market flooded, the US dollar could drop up to 40% in value. As the currency falls, there would be a monetary evacuation by foreign investors abandoning the US stock markets and dollar-denominated assets. Imported products would cost Americans a lot more, and the trade deficit would be magnified.

It is foreign demand for the US dollar that funds the US federal budget deficits. Foreign investors flush with dollars typically look to US treasury securities as a means of secure investment. With a large reduction in such investment, the country could potentially go into default. Things could turn very bad, very quickly.

In May 2004 an additional 10 member nations will join the European Union. At that point, the EU will represent an oil consumer 33% larger than the United States. In order to mitigate currency risks, the Europeans will increasingly pressure OPEC to trade in euros, and with the EU at that stage buying over half of OPEC oil production, such a change seems likely.

This is a scenario that America cannot afford to see eventuate. The US will go to any length to fend off an attempt by OPEC to dump greenbacks as its reserve currency. Attacking Iraq and installing a client regime in Baghdad may have a preventative effect. It will certainly ensure that Iraq returns to using dollars and provide a violent example to any other nation in the region contemplating a migration to the euro.


An American-backed junta in Iraq would also enable the US to smash OPEC's hold over oil prices. The US or its client regime could increase Iraqi oil production to levels well beyond OPEC quotas, driving prices down worldwide

and weakening the economies of the oil producing nations, thus lessening their likelihood of abandoning the dollar. It would have the short term effect of reducing the profits of domestic oil companies, but the long term effect of securing America's economic hegemony.

The frequently offered canard of the Left that this war is being fought to secure oil revenues for American oil companies may have some truth to it. However, a more plausible explanation may be that the Bush administration is waging war to protect the dollar and smash the OPEC hold over international oil prices. It's a war whose purpose is bigger than Halliburton or Exxon: it's a war being fought to maintain America's position in the world.

Attending the 1992 Earth Summit in Rio, George Bush Senior told the world that, "the American way of life is not negotiable". As cruise missiles rain on Iraq, we are learning just how 'non-negotiable' that way of life really is.

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