British economic warfare against Iraq triggered invasion of Kuwait

by Scott Thompson

In Sept. 4 testimony before the House Foreign Affairs Committee, Secretary of State James Baker said of the U.S. decision to deploy military forces to the Persian Gulf: "It is . . . about a dictator, who, acting alone and unchallenged, could strangle the global economic order, determining by fiat whether we all enter a recession or even the darkness of a depression." By thus announcing that control of raw materials is considered a *casus belli,* the Bush administration has become a pitiable dupe of the British Establishment. Their spokesmen say openly that the Gulf crisis is the beginning of neo-colonial North-South wars to perpetrate genocide and to grab raw materials.

British financial interests triggered the Iraqi invasion of Kuwait by waging economic warfare against Iraq since the Aug. 20, 1988 end of the Iran-Iraq War. Among those consciously involved in rigging the Persian Gulf crisis are the controllers of British publications such as the London *Financial Times* and *Economist,* those affiliated with Pearson PLC, the Rothschild family, and self-admitted British agent Henry Kissinger. Now, many of them, including Kissinger, are part of the chorus around Prime Minister Margaret Thatcher urging Bush to take immediate military action.

Thus, in an Aug. 19 syndicated column entitled "The game has just begun," Kissinger wrote: "If it should be concluded that sanctions are too uncertain and diplomacy unavailing, the United States will need to consider a surgical and progressive destruction of Iraq's military assets." Kissinger was also the first to state that the reason for the war was to deny Saddam Hussein regional control of oil with "the ability to cause a worldwide economic crisis." The irony is that Dr. K's global influence-peddling firm, Kissinger Associates, Inc., helped structure the economic warfare against Iraq because Saddam Hussein refused to turn over major new oil finds in Iraq to Kissinger's business associates.

Debt: Iraq's 'Achilles' heel'

After eight years of bloody fighting with Iran, which had been fostered by the British Arab Bureau's propagation of Islamic fundamentalism, Iraq was optimistic about the prospects for postwar development. Iraqi development plans sought to build a modest base in heavy industry to make itself nearly self-sufficient in food. Priority projects included: 1) dam building and irrigation systems to alleviate Iraq's need to import three-quarters of its food; 2) fertilizer plants; 3) an iron and steel plant, aluminum works, and an auto assembly plant; and 4) oil exploration, a refinery and petrochemical complex, and oil export terminals. But, British financial interests took steps to stop this development.

The Sept. 30, 1989 London *Economist,* controlled by Evelyn de Rothschild, stated in an article entitled "Banking on credit": "Over the next five years it [Iraq] plans to spend $40 billion in a burst of construction, to make up for time lost during the Gulf war and turn the nation of 16 million people into an industrial power. . . . [But] Iraq's Achilles' heel is a huge and growing foreign debt of more than $65 billion." In an article entitled "Out of the Gulf's rubble" in the Aug. 20, 1988 issue, the *Economist* added: "About half of this [debt] is owed to Saudi Arabia and Kuwait, which may forget it; perhaps $10 billion to Russia and Eastern Europe, which will not. Nor will the West's commercial banks, which have lent Iraq $26 billion."

In that article, the Rothschild interests laid their cards on the table. "Iraq's chances of securing new loans to finance postwar reconstruction are slim," the *Economist* said. Credit would only be forthcoming if Iraq turned over its "oil reserves of 100 billion barrels—second only to Saudi Arabia—and rich deposits of other minerals like sulfur, phosphates and bauxite." This "gold rush" to grab Iraq's raw materials started with the December 1987 announcement by the Iraqi state-owned Oil Exploration Co. that new fields with 30 billion barrels more oil had been found. There were reports that Iraqi oil reserves might eventually equal those of Saudi Arabia at 160 billion barrels. As the *Economist* made clear, Western banks would hold development credits hostage to surrender of these raw materials.

Kuwait and Saudi Arabia, which gave money instead of blood to combat Khomeini's Iran, went along. They too, refused postwar development credits, possibly because of close ties between the $100 billion-plus Kuwait Investment Office (KIO) and the City of London.

Denial of credits

On June 6-8, 1989, corporate members of the United States-Iraq Business Forum, led by its chairman Robert Abboud, traveled to Baghdad at the request of Saddam Hussein. They claimed they would answer the Iraqi President's call for U.S. assistance for postwar development. During meetings of the 23-person delegation with Saddam Hussein and other high-level officials, a different picture emerged. The Forum delegation included senior executives from: Amoco Corp., Baker Hughes Inc., Bankers Trust Co., Bell Helicopter Textron, Inc., Caltex Petroleum Corp., Caterpillar, Inc., General Motors Corp., Hunt Oil Co., M.W. Kellogg Co., Mobil Oil Corp., Occidental International Exploration and Production Co., Westinghouse Electric Corp., and Xerox. While the Forum's August 1989 *Bulletin* paid lip service to the delegates' willingness to help "Iraq's ambitious development program," at least some delegates offered the same policy as the *Economist*.

How this happened may be explained by the fact that a special guest on the delegation was Alan Stoga, the senior economist of Kissinger Associates, Inc. Stoga had headed the country-risk department of First National Bank of Chicago, which was then run by Abboud. Abboud himself became president of Armand Hammer's Occidental Petroleum, before his present chairmanship of First City Bancorporation of Texas, which had done business with Iraq. Stoga met Kissinger while he was a consultant to the National Bipartisan Commission on Central America, chaired by Kissinger, in 1983. Guaranteeing repayment of debt to such Kissinger Associates clients as Chase, Citibank, and Midland Bank PLC, had been a major focus of the Kissinger Commission. When he joined Kissinger's firm, Stoga helped these same clients restructure their Third World debt holdings by imposing austerity regimes; these included Kissinger's "debt-for-equity swaps," which sought to guarantee bad loans by grabbing the raw materials of debtor nations.

The Forum proposed a similar idea, as reported in its August 1989 *Bulletin:*

"During the meetings, all of the Iraqi officials emphasized Iraq's desire to strengthen commercial links with the United States and to acquire U.S. technology for Iraq's ambitious development program. . . . The Iraqis emphasized the desirability of expanded U.S. government credit guarantees. . . . The Forum delegation [instead] suggested a restructuring of Iraq's short-term debt to a longer time-frame. . . . In the absence of a restructuring, the [Forum] members asserted, U.S. lending institutions were skeptical of Iraq's ability to meet its heavy near-term prepayment requirements and were therefore reluctant to extend more credit. This lack of credit is the principal constraint on U.S. trade with Iraq . . . [and] on Iraq's economic development."

As part of this restructuring, the account in the *Bulletin* shows the delegation pushed hard for privatizing the Iraqi oil industry. Iraq strongly rebuffed this grab. Since the Iraqi invasion of Kuwait, a spokesman for Kissinger Associates, Inc. acknowledged that the denial of development credits had been a major trigger of the war. The Forum's spokesman said that Kuwait exacerbated the problem when it kept oil "at $13 a barrel, which made it difficult for Iraq even to pay existing debt service that Western creditors were clamoring for."

Did Stoga deliberately give the Iraqis bad advice? In an Aug. 22, 1990 article for the *Christian Science Monitor* entitled "Long siege of Iraq would be worst scenario for the West," Stoga echoed Kissinger's call for immediate military action. Stoga argues: "If Saddam realizes his ambitions, Iraq would gain effective control of oil prices and, thus, of a world economy which still runs on oil." Stoga, who was a party to economic warfare against Iraq when it refused to turn its own oil over to the "Six Sisters," now adds: "Saddam Hussein is not invulnerable. His economy is a shambles, badly damaged by a decade of mismanagement and war. He has too much debt and too little money. His country imports three-quarters of its food and will be badly squeezed by a blockade." Apparently, Stoga thinks starvation should be the penalty for Third World states that refuse to go along with Anglo-American raw materials grabs.

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The fight in the United States

United States foreign policy has often been hitched to British balance-of-power geopolitics in the Persian Gulf. During the Carter administration, leading Trilateral Commission luminaries like Zbigniew Brzezinski, with his "arc of crisis" policy, had teamed up with Kissingerites like then-NATO commander Gen. Alexander Haig to topple the Shah of Iran. One reason for ushering in the Islamic fundamentalist regime of the Ayatollah Khomeini, was to counter the Shah's rapid industrialization program. This threatened to make Iran a regional superpower, much like that envisioned by Saddam Hussein today. But, early in the first Reagan administration, some saner voices began to counter Brzezinski's "Islamic fundamentalist card."

In September 1982, Iraq did not oppose President Reagan's Arab-Israeli peace initiative and it supported the moderate Arab position at the Fez, Morocco summit for a negotiated Palestinian solution. By 1983-84, the U.S. Department of Agriculture was authorized to start sales of foodstuffs to Iraq that were backed by the Export Credit Guarantee Program of the Commodity Credit Corporation (CCC). In November 1984, President Reagan and visiting Iraqi Deputy Prime Minister Tariq Aziz announced the resumption of full diplomatic relations; Iraq had broken off relations after the 1967 Israeli surprise attack on Arab neighbors. With the U.S. tilt toward Iraq in 1986-87, symbolized by the reflagging of Kuwaiti ships, this CCC program grew to $1.037 billion for fiscal year 1989. The Export-Import Bank credit insurance program also set up a $200 million revolving short-term account for financing trade. By 1989, bilateral trade had grown to about $2.5 billion a year.

Moreover, the Atlanta, Georgia branch of Italy's Banca Nazionale del Lavoro (BNL) set up a credit line for Iraq that was not held hostage to surrender of raw materials. Throughout August-November 1989, a major Anglo-Israeli intelligence operation was run to shut down this credit source and to close off all credit from Western commercial banks to Iraq. Among the wild lies spread by the *Financial Times,* one was that Iraq had used the $2.5 billion credit from the Atlanta BNL branch to purchase advanced weapons systems. But the June 1990 edition of *Southern Banker* disproves this. It shows that all BNL credits had gone for financing peaceful projects, including: 1) Most credits went toward building the Badush Dam as part of a water management and irrigation program to boost agricultural self-sufficiency; 2) about $800 million in credits backed by the U.S. Agriculture Department's CCC program went for interim purchases of foodstuffs; and 3) a $150 million letter of credit was being negotiated to buy Cutlass Ciera cars from General Motors as a first step toward building an assembly plant in Iraq.

In an interview with *EIR,* F. Paul Dickerson, who is the general sales manager of the USDA's Foreign Agriculture Service, acknowledged that some of this BNL credit policy had U.S. government backing. Dickerson added that it was absurd to think there were irregularities since there was a "paper trail for accountability" of the CCC-backed credits from the bank, to private exporters, to shippers, to Iraq. After a year-long grand jury investigation—involving the U.S. Attorney, FBI, IRS, and various securities and banking regulators—into alleged irregularities in the BNL credits, there may be no indictments. David Rubinger of the *Atlanta Business Chronicle* on Aug. 14, 1990 concluded: "American officials of the BNL branch in Atlanta may emerge unscathed from the year-long investigation of BNL's unauthorized loans to Iraq, according to a congressional aide."

Nonetheless, Alan Friedman was assigned by the *Financial Times* to write 50 articles in the fall of 1989, which charged that the credits went to purchase machine tools to produce weapons systems, such as the medium-range, nuclear-capable Condor II missile with Brazil and Egypt. Friedman told a journalist that the *Financial Times* task force he directed was working with "four or five different intelligence services," including apparently British and Israeli intelligence. Friedman admitted he had been called a "Mossad agent" by the CIA, which corroborates sources in Atlanta who say that the Mossad may have initiated the Banca Nazionale di Lavoro scandal.

As part of his fabrication of a BNL scandal, Friedman draws spurious links to the Space Research Corp. of Canada. The founder of Space Research, Dr. Gerald Bull, who had helped Iraq design artillery weapons for its war with Iran, was assassinated in Brussels on March 22, 1990. Bull's son Michel and others claim this was an Anglo-Israeli intelligence operation. It occurred one week after the Iraqis executed Farzad Bazoft for espionage. Bazoft, who, as his cover, was employed by the London *Observer,* which is under the control of British financier Tiny Rowland, had confessed that he was working for British intelligence to uncover information on Bull. But, Bull's Space Research operations with Iraq were first "fingered" by Alan Friedman in the *Financial Times.*

'Mr. X Committee' involved

One of the few sources named by Friedman was Stephen D. Bryen, who was part of the "Mr. X Committee," which controlled Soviet-Israeli spy Jonathan Pollard. Bryen had been the subject of a U.S. Justice Department criminal investigation as a suspected Mossad agent, but he was nonetheless made deputy to Richard Perle for trade security policy in Reagan's Defense Department. Perle himself was a protégé of ex-Trotskyite Albert Wohlstetter, whose *Discriminate Deterrence* Pentagon report advocated future global North-South wars like Panama and the Persian Gulf. In December 1989, Bryen wrote an article for *Moment* magazine that charged: "The U.S. government as well as our allies allowed and abetted the development and stockpiling of a major chemical warfare capability." Bryen tells how he sought to deny Iraq technology, working with the rat pack at the U.S. National Security Council that was then covertly shipping arms to Iran.

Both Friedman's *Financial Times* and the *Economist* are owned by the British firm of Pearson PLC. It was Pearson's Penguin subsidiary that published Salman Rushdie's *Satanic Verses* as a deliberate provocation. Pearson's Camco subsidiary is a major supplier of equipment to the oil industry, and Pearson has held licenses in North Sea oil. This mixture of British intelligence with oil at Pearson goes back to its founder, Lord Cowdray, who tried to steal Mexico's oil at the beginning of the century. Lord Cowdray's heirs continue the tradition. Having waged economic warfare to trigger Iraq's invasion of Kuwait, they are now calling for American youth to shed blood to secure the theft of Persian Gulf oil.