Imposing the New World Order

Review of F. William Engdahl's "A Century of War" (Part II)

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Part II continues the story of "A Century in War" in Part I. It's breathtaking in scope and content, and a shocking and essential history of geopolitics and the strategic importance of oil. Part I covered events from the late 19th century through the end of the 1960s. Part II completes the story to the present era under George Bush.

Running the World Economy in Reverse: Who Made the 1970s Oil Shocks?

In 1969, the US was in recession, interest rates were cut, dollars flowed abroad, and the money supply expanded. In addition, in May 1971, America recorded its first monthly trade deficit that triggered a panic US dollar sell-off.

Things were desperate, gold reserves were one-quarter of official liabilities, and Nixon shocked the world on August 15. He unilaterally imposed a 90 day wage and price freeze, a 10% import surcharge, and most importantly closed the gold window, suspended dollar convertibility into the metal, and shredded the Bretton Woods core provision. He also devalued the dollar by 8%, far less than what US allies wanted.

By this action, Nixon "pulled the plug on the world economy" and set off a series of events that shook it. Further deterioration followed with massive capital flight to Europe and Japan. It forced Nixon to act again on February 12, 1973. He announced a further 10% devaluation, major world currencies began a process called a "managed float," and world instability was the worst seen since the 1930s.

Unknown was the reason behind the August, 1971 strategy. It was to buy time before initiating a bold new monetary "paradigm shift" – to revive a strong dollar and US world power with it. In May 1973, the scheme was hatched – to initiate a "colossal assault" on world industrial growth through a 400% increase in oil prices. In addition, the resulting petrodollar flood had to be managed. A global oil embargo was the scheme to rocket up its price and create an equally great demand for dollars.

Kissinger's Yom Kippur war began it when Egypt and Syria invaded Israel on October 6, 1973. It wasn't by accident as Washington and London carefully orchestrated the conflict while Kissinger controlled Israel's response. An oil embargo followed, OPEC prices skyrocketed 400% overnight, panic ensued, Arab oil producers were scapegoated, and the key part of the scheme took shape. It was for much of the windfall oil revenue (mainly Saudi, the world's largest producer) to be recycled into US investments.

Following a Tehran January 1, 1974 meeting, a second price increase doubled the price of oil for even more recycling. The net effect – the worst American and European economic crisis since the 1930s with bankruptcies, unemployment, and in the US, a bonus of stagflation. The fallout was horrific. It brought down most European governments but its effects on developing states were devastating. Nixon as well got caught in the "Watergate affair" that benefitted Henry Kissinger hugely. He became de facto president throughout the period while his boss battled to survive and lost. For Big Oil and major US and London banks, it was even sweeter. They profited handsomely.

Other issues were at stake as well, one of which was potentially cheaper nuclear electricity as an alternative energy source. By the early 1970s, it was viewed favorably, and European governments favored building 160 to 200 nuclear plants by 1985. For the first time, America's nuclear export market was threatened as well as Big Oil's overall energy dominance. It got Anglo-American think tanks and journals to launch an "awesome propaganda offensive" to ensure the oil shock strategy's success. The scheme was an "Anglo-American ecology agenda" (strongly anti-nuclear) that became "one of the most successful frauds in history."

A second Malthusian plot was also hatched through a classified Kissinger April 1974 memo. It was a secret project called National Security Study Memorandum 200 (NSSM 200) that called for drastic global population reduction. It reasoned that many developing nations are resource rich and vital to US growth. If Third World populations grow too fast, their domestic demand will as well, and that will pressure price rises for their goods. Curbing population growth was the counter strategy. It's also self-defeating along with horrific fallout for targeted countries.

Europe, Japan and a Response to the Oil Shock

By late 1975, industrial countries began recovering but not developing ones. The oil shock was crushing and prevented their ability to finance industrial and agricultural growth and the hopes of their people for a better life. Perversely, it was also at a time the worst global drought in decades hit Africa, South America and parts of Asia especially hard. The fourfold increase in oil prices exacerbated conditions and increased developing states' current account deficits sevenfold by 1976. They halted internal development to preserve revenue for debt service and to buy oil. Conditions also let foreign banks and later the IMF provide loans that became an onerous debt bondage cycle.

At the same time in 1974, 70% of surplus OPEC revenues were recycled abroad into equities, bonds, real estate and other investments as part of an exclusive OPEC decision to accept only US dollars for oil. It forced world nations to buy enormous amounts of dollars and do it when the currency was weak. This effectively replaced the gold standard with a "highly unstable (petrodollar) exchange system." Washington and New York banks planned to control it and thus benefit from artificially inflated oil prices.

The scheme transformed the world economy and began an unprecedented transfer of wealth to an elite minority. Engdahl called it "a perverse variation on the old mafia 'protection racket' game." Third World agricultural and industrial development suffered so a select few could prosper. It sent shock waves through the developing world and got a Colombo, Sri Lanka gathering to confront it.

Officials from 85 Non-Aligned Nations met in the Sri Lankan capital in August, 1976 and produced a document unlike any others by developing states post-war. Its theme was "A fair and just economic development, and its contents stated that "economic problems have become the most difficult aspect of international relations (and) developing countries have become the victim(s) of this worldwide crisis." Steps were proposed to address it, and they called for a "fundamental reorganization of the international trade system to improve" its terms. They also wanted the international monetary system overhauled and the "explosive issue" of foreign debt raised for the first time.

The proposal was then presented at the annual UN General Assembly meeting in New York. It was a "political bombshell," and financial markets reacted sending bank shares and the dollar lower. The fear was a potential alliance between key oil producing states and continental Europe and Japan. If in place, it could challenge Anglo-American dominance, had to be confronted, and Henry Kissinger got the job with "the full power and force of the US government." He warned EEC foreign ministers and disrupted any efforts they were considering to ally with OPEC and the non-aligned group.

Coordinating with Britain, he also forced key non-aligned nation strategists out of office within months of their declaration. The threat was thwarted and leading New York and London banks took full advantage. They turned on the spigot and increased lending to developing nations under draconian IMF terms.

Down but not out, North-South cooperation resurfaced in new ways. In late 1975, Brazil contracted with Germany to build a nuclear power plant complex. A similar deal was made with France for an experimental fast breeder reactor. Mexico as well decided to go nuclear for part of its electricity to conserve oil and so did Pakistan and Iran. The Shah's oil revenues were substantial, and his idea was "to realize an old dream" – to create a modern energy infrastructure, built around nuclear power generation, that would transform the entire Middle East's power needs. In 1978, Iran had the world's fourth largest nuclear program, the largest among developing states, and the plan was for 20 new reactors by 1995.

The idea was simple – to diversify from Iran's dependence on oil and weaken Washington and London's pressure to recycle petrodollars. Also involved was investing in leading European companies to ally with the continent. Washington was alarmed and tried to block the plan but failed. Nonetheless, the Carter administration continued Kissinger's strategy behind a phony "human rights" mask. In reality, the game was unchanged – limit Third World growth and maintain dollar hegemony. It failed miserably but threats to dollar dominance were stalled for a time.

They resurfaced in June, 1978 on the initiative of France and Germany. Responding to policy disagreements and a fluctuating dollar, they took steps to create a European currency zone and proposed Phase I of the European Monetary System (EMS) under which central banks of EEC countries agreed to stabilize their currencies relative to each other. EMS became operational in 1979 with notable positive results. This worried Washington and London as a threat to petrodollar supremacy, Britain refused to be an EMS partner, and Carter was unable to dissuade Germany from pursuing a nuclear option. The situation required drastic action.

It began in November 1978 with a White House Iran task force that recommended Washington end support for the Shah and replace him with Ayatollah Khomeini, then living in France. It would be by the same type coup that overthrew the Iranian government in 1953 along with broader aims that again are in play in the region.

Key then (and now) was to balkanize the Middle East along tribal and religious lines – a simple divide and conquer strategy that worked in the 1990s Balkan wars. The aim was to create an "Arc of Crisis" that would spread to Central Asia and the Soviet Union. Another 1978 event highlighted the urgency. At the time, the Shah was negotiating a 25-year oil agreement with British Petroleum (BP), but talks broke down in October. BP demanded exclusive rights to future Iranian output but refused to guarantee oil purchases. The Shah balked and was on the verge of independently seeking new buyers with eager ones lined up in Germany, France, Japan and elsewhere.

Washington and London were alarmed and acted. They implemented destabilization plans, starting with cutting Iranian oil purchases. Economic pressures followed, and trained US and UK agitators exacerbated them by fanning religious discontent and overall turmoil. Oil strikes as well were used. They crippled production and made things worse. American security advisors recommended Iran's Savak secret police use repressive tactics to maximize antipathy to the Shah. The Carter administration cynically protested human rights abuses, and BBC correspondents exaggerated anti-Shah protests to rev up hysteria against him. At the same time, it gave Khomeini an open platform to speak and prevented the Shah from replying.

Things came to a head in January, 1979 when he fled the country, and Khomeini returned to Tehran and proclaimed a theocratic state. Chaos was unleashed, and by May the new regime cancelled plans for further nuclear reactor development. At the same time, Iran's oil exports were cut off, and the Saudis inexplicably cut their own in January. Spot prices skyrocketed, and a second oil shock ensued that was as deviously conceived as the first one. Then it got worse. In October, newly appointed Fed Chairman Paul Volker unleashed a new scheme that turned calamity into catastrophe by design.

It was a radical new monetary policy on the pretext of "squeezing inflation out of the system." In fact, it was made-in-Washington fraud to preserve dollar hegemony, make it the world's most sought currency, and crush industrial growth to let political and financial power prop up dollar strength. Volker succeeded by raising interest rates from 10% to 16% and finally 20% in weeks. World policy makers were stunned, economies plunged into the deepest recession since the 1930s, and the dollar began an extraordinary five year ascent.

The combined effect of oil and Volker shocks took "the bloom off the nuclear rose" and ended its threat to Anglo-American oil supremacy. And if more was needed it came on March 28, 1979 in the middle of Pennsylvania at a place called Three Mile Island. Conveniently, at the same time The China Syndrome was released that fictionalized the ongoing event. The combined effect was public hysteria, and later investigation revealed critical valves had illegally been closed. In addition, FEMA controlled all news to create panic. The scheme worked, and Anglo-American supremacy was reasserted over the industrial and financial world. Nothing is stable forever, however, and within a decade new rumblings would be felt.

Imposing the New World Order

The combined effects of two oil shocks and resulting inflation created a new US "landed aristocracy" while the vast majority of Americans saw their living standards sink. It was the same type scheme Margaret Thatcher imposed on Britain when she declared "there is no alternative." Preaching free market hokum, she claimed deficit spending was the culprit, not two oil shocks causing 18% UK inflation. Her remedy – kill the patient to save it by cutting the money supply and government spending while sharply hiking interest rates to 17% in weeks, thereby causing depression she called the “Thatcher revolution.” Engdahl had another view saying: “Never in modern history had an industrialized nation undergone such (a counterproductive) shock” in so short a time, except in wartime emergency. Thatcher crushed the economy by design the way Volker did in America.

At the time, Britain’s problem wasn’t government ownership. It was lack of investment in public infrastructure, in educating a skilled work force, and in enough scientific research and development. Government isn’t the problem. Misguided policy is, and Thatcher and Volker excelled at it with one mutual aim – benefit their banks and Big Oil interests by cutting taxes and spending, reducing social services, privatizing and deregulating business, and breaking the back of organized labor in their brave new world order.

President Carter knew nothing about finance and economics and was duped into signing an “extraordinary piece of legislation” – the Depository Institutions Deregulation Monetary Control Act of 1980. It let the Fed impose reserve requirements on banks and be able to choke off credit to them. It also phased out interest rate ceilings banks could charge customers. Reagan continued the policies and was bamboozled by Chicago School ideologues like Milton Friedman. Engdahl called his radical monetarism “one of the most cruel economic frauds ever perpetrated.” It was that and more because of all the human wreckage it caused.

It led to the Third World debt crisis and its horrific fallout. It willfully immiserated millions of people, and events came to a head in the summer of 1982 with debtor states struggling to repay. Their burden was too onerous, and Reagan and Thatcher planned an example of what happens when nonpayment is an option. The Malvinas (or Falkland) archipelago was the targeted choice. It’s off Argentina’s coast but was hardly a reason for war. The issue wasn’t Argentina’s sovereignty. It was to enforce the principle that Third World debts must be paid by a “new form of 19th century gunboat diplomacy.” Two-thirds of Britain’s fleet was dispatched, a shooting war ensued, and Argentina became a test case.

Reagan backed Thatcher, and it soured relations with Latin American states like Mexico that also became a target. President Jose Lopez Portillo favored a modernization and industrialization policy and planned to use his oil revenue to implement it. The prospect of a strong Mexico was intolerable, Washington had other ideas, and a scheme was hatched to sabotage the plan by demanding rigid repayment of Mexican debt at exorbitant rates.

It began with an orchestrated run on the peso in the fall of 1981. Claims of an impending devaluation followed, and stories were planted of impending capital flight. An unavoidable austerity program followed, and the Portillo government cracked under pressure. It devalued the peso 30%, Mexican industry was devastated, many businesses were bankrupted, industrial production was cut and so were living standards for the majority of the people under conditions of orchestrated chaos.

Mexico effectively became insolvent at a time the US was in deep recession. Nonetheless, the Reagan administration hatched a plan to solve the debt crisis and save New York banks. Ignoring the root cause of the crisis, Secretary of State George Schultz offered IMF medicine combined with stimulating US consumer purchases as a way to increase Third World exports.

It would be “the most costly recovery in world history (and what followed) was almost beyond belief." Lopez Portillo failed to rally Latin American support, and his term expired two months later. US officials then blackmailed Brazil and Argentina to back down, and debtor countries had to accept IMF terms that became "the most concerted organized looting operation in modern history," far exceeding the worst of Versailles.

New York and London banks profited hugely the way they do today. First, they "socialize(d) their debt crisis" by getting unprecedented international repayment support. Working through governments and the IMF, they spun off their debt to taxpayers, privatized gains for themselves, and pummeled debtor countries by structural adjustment looting.

That was Step One. Next came Step Two – restructuring debtor nations' repayment schedules that included onerous interest on top of oppressive principal. It caused mounting debt no matter how much was paid in an unending looting daisy chain still in play today and bigger than ever.

Back in the 1980s, here are the numbers. Between 1980 and 1986, 109 debtor countries were charged $326 billion in interest. They paid an additional $332 billion in principal for a total of $658 billion on original debt of $430 billion. In spite of it, in 1986 they still owed $882 billion, an impossible debt trap, and Engdahl attributed it to "the wonders of compound interest and floating rates" with a little gunboat diplomacy thrown in. Only one way out was possible – surrender economic sovereignty and valued raw materials, or else. Capital flight in the tens of billions followed, and it became a profit-making bonanza for major US banks.

In the 1980s, Americans also suffered. Reaganomics victimized them by structuring big gains for banks, oil and defense giants while ignoring the greater good and long-term economic health. The plan was nonsensical and built around the largest post-war tax cut until the combined three George Bush ones (with another coming) may have topped it. They did in nominal dollars, but Reagan's was much bigger as a percent of GDP in an economy half today's size.

Reagan and Bush had the same scheme in mind. Some call it "supply-side economics," others a "voodoo" variety on the idea that tax cuts release "stifled creative energies," stimulate higher economic growth and produce greater government revenue. The Reagan one signaled "anything goes." Besides generous benefits for the rich and business, it encouraged speculative real estate investment, especially for commercial ventures. It also removed restrictions on corporate takeovers.

A year later, interest rates headed down, stock and bond prices shot up, a speculative bonanza was unleashed, and here's the bottom line. Reaganomics failed to encourage productive investment, except for selected defense contractors. Money instead poured into equities and debt instruments, high-risk real estate, junk bond-financed leveraged buyouts, and tax-sheltered oil well and other development.

At the same time, infrastructure needs were ignored, organized labor was targeted, government became the problem, and deregulation the solution to get it off our backs. Throughout the 1980s and since: organized labor ranks declined, high-paying manufacturing jobs were lost, working American living standards declined, and an astonishing generational shift began – the annual wealth transfer of over $1 trillion from 90 million working class households to for-profit corporations and the richest 1% of the population to create an unprecedented wealth disparity. It continues unabated and is destroying the bedrock middle class without which democracy can't survive and is already on life support and sinking.

Simultaneously, by the mid-1980s, the US went from being the world's largest creditor to a net debtor nation for the first time since 1914. Budget deficits as well skyrocketed along with the national debt, and the true economic condition was revealed. "It was sick." Today, it's much sicker and depends on "the kindness of strangers" the way it did in the roaring twenties until the 1929 market crash smashed it.

At the end of the 1980s, a lesser version of it occurred from the savings and loan industry (S & Ls) collapse. During the decade, almost $1 trillion went into speculative real estate, and for the first time banks were allowed to participate. S & Ls took full advantage in an anything goes, deregulated environment. The 1982 Garn-St. Germain Act let them invest in anything they wished with government-backed $100,000 per account insurance. It allowed reckless speculation, massive fraud, and was an ideal way for organized crime and CIA to launder billions in drugs-related funds.

The 1980s ended the Reagan era when George HW Bush became President in 1989. It coincided with the fall of the Berlin Wall in November and breakup of the Soviet Union in 1991. Around the same time, it was decided to target the Middle East and its vast oil reserves to counter the fear of a united Germany and economically expanding continental Europe that could threaten US dominance. Saddam would be the victim and an easy target after being weakened by the 1980 – 1988 Iran-Iraq war and a $65 billion debt to foreign creditors.

The scheme was to lure him into a trap (with Kuwait as bait) to provide a pretext for US military intervention. The rest is history:

— Iraq invaded Kuwait on August 2, 1990;

— four days later Operation Desert Shield was launched; harsh economic sanctions were imposed and a large US troop deployment began;

— Operation Desert Storm began on January 17, 1991 and ended six weeks later on February 28;

— Next came 12 years of the most comprehensive genocidal sanctions ever imposed on a country that included a crippling embargo; hundreds of thousands died and millions suffered;

— Operation Iraqi Freedom was launched on March 19, 2003 and is still ongoing nearly five years later; the "cradle of civilization" was erased, a free market paradise created, and the death, human misery and displacement toll is incalculable for an impossible to win guerilla war.

From the Evil Empire to the Axis of Evil

In his 1991 State of the Union address, GHW Bush proclaimed a New World Order, quickly dropped the term but pursued the policy. The younger Bush does as well with focus shifted from the "Evil Empire" to the "Axis of Evil." It was a vague construct that conveniently encompassed the Eurasian continent and its oil riches. To ensure US dominance, they had to be controlled, especially against key Japanese, European Union (EU) and emerging Chinese rivals.

A threefold scheme was hatched to do it:

— target Russia, eastern Europe and all parts of the world to ensure IMF rules and US dollar hegemony are maintained;

— control every country with significant energy or other vital raw material resources; and

— maintain unchallengeable military supremacy to deter opposition to US-imposed rules.

The catch word was "globalization." It denies global justice, globalizes US dominance, and consolidates it by political, economic and military enforcement. At the start of the 1990s, however, Japan had become the world's economic and banking leader and had to be confronted. A reckless speculation decade left American banks in deep crisis. Japan operated differently, prospered and challenged US supremacy. Its influence was recognized and had to be undercut.

Treasury Secretary James Baker laid the trap through the 1985 Plaza accord and the Baker-Miyazawa month later agreement. He got Tokyo to exercise monetary and fiscal measures to expand domestic demand and reduce Japan's external surplus. At the same time, the Bank of Japan cut interest rates to 2.5% in 1987 and held that level until May, 1989. The plan was for lower rates to stimulate US goods purchases. Instead, cheap money went into Japanese stocks and real estate and led to colossal twin bubbles still deflating today.

The yen was also affected. Within months, it shot up 40% against the dollar, and overnight Japan became the world's largest banking center, surpassing London and New York. As the country's twin bubbles inflated, Japan became home to the world's 10 largest banks, an astonishing achievement for a country its size or any country. Things were so extreme at the bubble's peak that the value of Tokyo real estate, in dollars, exceeded all of it in the US, and the nominal value of Japanese stocks amounted to 42% of the world's total – but not for long.

Tokyo equities peaked in December, 1989. Three months later, the Nikkei dropped 23% or over $1 trillion in value, and it was just the beginning. From its 38,915 peak, Japanese stocks plunged to 7831 in April, 2003 with no assurance that's a bottom. Why and how could this happen? Japanese officials speculated on the reason.

In 1990, Japan proposed financing the former Soviet Union's reconstruction and drew strong US opposition. In addition, Japan's MITI model was suggested for former communist countries with Washington dead set against it for two reasons: it might exclude US companies, and it would rely on state economic guidance that impressively fueled Japanese and Asian Tiger growth. It had to be stopped as America had other ideas for the post-Cold War era.

Pressure was applied with threats of drastic US troop cuts that would endanger Japan's security. The message was abandon economic plans or provide your own defense. At the same time, Japan's twin bubbles kept deflating, months later the Nikkei had lost $5 trillion in value, the country was badly hurt, and its challenge to America was dropped.

That was Phase One. Phase Two confronted Asian Tiger countries because (like Japan) their economic model bested the US and threatened it. It was a major embarrassment to IMF rules that exploit developing states for America's gain. In the 1980s, East Asia boomed with 7 – 8% annual growth rates compared to half that in the US. Their market economy followed state guidance and planning and it worked. They were also debt-free and unhampered by IMF restrictions. In addition, their model enhanced social security and productivity, promoted universal education and set limits on foreign investment and imports. Washington had other ideas.

In 1993, demands were made to deregulate, open financial markets, and allow free capital flows. Easing followed and trouble began. From 1994 to 1997, hot money flooded in and created speculative real estate, stock and other asset bubbles. Hedge funds (including George Soros' billions allied with major international banks) forcefully acted. They attacked the weakest regional economy and its currency – Thailand and its baht. The aim? Force devaluation, and it worked. Thailand capitulated, floated its currency and turned to the IMF for help it never before needed.

Next came the Philippines, Indonesia and South Korea as their "populations sank into economic chaos and (mass) poverty." Prosperous Asian Tigers were humbled, they were forced into IMF debt bondage, and Russia got the same medicine plus a bonus. A sole superpower remained under US dollar supremacy, and US military bases encircled its former adversary, were closing in, and targeted an emerging China as well.

Russian shock therapy was especially tragic. Washington wanted to deindustrialize the country to permanently destroy the old Soviet economic structure. Boris Yeltsin complied, and IMF wreckage was the scheme. A corporatist state replaced a communist one, and its apparatchiks were winners along with a handful of mutual fund managers who made dizzying returns from newly privatized Russian companies. In addition, 17 nouveau billionaires (called "the oligarchs") emerged overnight, strip mined the country's wealth, and shipped it overseas to safe havens.

Russia's people were devastated and still suffer. Unemployment is epidemic, well over half the population is impoverished, 80% of farmers were bankrupted, and 70,000 state factories were shuttered. And it got worse. Social services ended, diseases like HIV/AIDS became rampant, suicides rose, violent crime jumped fourfold, and the population now declines by about 700,000 a year with free market medicine already having killed over 10% of it. Outside a select elite, the former superpower was humbled, reduced to Third World status, and it created potential for Big Oil to exploit Russia's energy riches that were given away for kopecks on the ruble.

Seven oligarchs grabbed off half the country's natural resources. Their hard currency profits were dollarized, but by summer 1998 things got out of hand. With the economy in trouble, the IMF extended an emergency $23 billion loan to support the ruble and protect speculative western investments, but it came too late. On August 15, Russia did the unthinkable. It defaulted and, for a time, shock the dollarized world. The largest of all hedge funds (LTCM) bet on the country and leveraged up manyfold. A financial disaster loomed, the Fed intervened, Russia's default was quietly forgiven, and dollarization resumed.

Earlier, the Balkans got shock therapy and became a target for dismemberment with a simple idea in mind – destroy its mixed socialist economy that was independent of the West and couldn't be tolerated. Europe's soft underbelly also lies between central Asia's oil and the route over which Washington wants it transported. It had to be brought to heel, and a US-led NATO was the way. Softening up began by the late 1980s, continued into the new decade, and George Soros was at it again. IMF medicine was employed, living standards plunged, and economic chaos resulted. Breakup began, each region was on its own, and a lot of pushing came from the West.

Croatia and Slovania seceded first in 1991. That lit the fuse that exploded in a series of Balkan wars. Slobadan Milosevic became the fall guy, was targeted for removal, conflict lasted the decade, and it culminated with US-NATO's merciless 79 day 1999 Serbia bombing that caused an estimated $40 billion of destruction to the country's economy and infrastructure. The US moved in and set up shop in one of its largest military bases in the world – Camp Bondsteel near Gnjilane in southeast Kosovo. It's a Serbian province that was split off and occupied by design. The West's divide and conquer strategy is in play, Kosovo heads for independence, and the mother country's objections don't matter.

At war's end, US Eurasian control was enhanced but not guaranteed as the contest for Caspian riches is still in play with Russia, China and others vying for them.

A New Millennium for Oil Geopolitics

A new president accompanied the new millennium with a changed Washington focus – oil is at its core, controlling it is key, and Dick Cheney's first job as vice-president was working with the (James) Baker Institute to draft the April 2001 National Energy Policy Report. It projected a growing dependency on foreign oil, highlighted Iraq's "de-stabilizing influence," and recommended "restat(ing) goals with respect to Iraq policy." It also linked the Pentagon with future energy policy plans.

Core report recommendations signalled how with a crystal clear message:

— securing foreign sources is key;

— less than cooperative governments in volatile parts of the world control some of the largest sources; and

— Cheney highlighted concern at a private 1999 London Institute of Petroleum meeting saying: "by 2010 we will need on the order of an additional fifty million barrels a day."

He didn't flinch saying where we'd get it: "the Middle East, with two-thirds of the world's oil and the lowest cost, is still where the prize ultimately lies…." and Iraq is the potential crown jewel with the largest of all untapped low-hanging fruit. Immediately on entering the White House, Cheney & Co. swung into action. They focused on Iraq like a laser, targeted Saddam Hussein, and removing him from office became top goal.

Washington teems with schemes and intrigue, but a neoconservative think tank was particularly diabolical. Established in 1997, it was called the Project for the New American Century (PNAC), its goal was unchallengeable US dominance, and a policy paper was drafted to achieve it. It appeared in 2000 and was called "Rebuilding America's Defenses: Strategies, Forces and Resources for a New Century." It stated that "America should seek to preserve and extend its position of global leadership by maintaining the preeminence of US military forces." It further called for "American hegemony" and "full-spectrum dominance," and believed achieving it would be long-term "absent some catastrophic and catalyzing event – like a new Pearl Harbor."

A rogues gallery of PNAC members joined the Bush administration in 2001, key among them Dick Cheney, Donald Rumsfeld and Paul Wolfowitz, and topping their goals was removing Saddam Hussein. September 11 obliged, the "war on terror" was born, "terrorism" replaced communism as the new enemy, its core was in the oil-rich Middle East, and its headquarters was in Iraq. Removing the Taliban was just a warm-up for the main event ahead. It was conceived before bin Laden was "Enemy Number One" and overnight Al-Queda became western civilization's greatest threat.

On October 7, 2001 (four weeks after 9/11), America went to war. Target One was Afghanistan, controlling Central Asian oil was the goal, transporting it through Afghanistan was the plan, and the Taliban had to go because they rejected one-way Washington (double) deal making. They fled Kabul five weeks later, Northern Alliance warlords took over, a puppet president was installed, war ended (for a time), and the focus shifted to Iraq.

Prepping the public began, Saddam became another Hitler, his WMDs threatened western civilization, so he had to go. "Shock and awe" began on March 19, 2003, and Baghdad fell three weeks later. Saddam was removed, fighting "officially" ended in May, and to almost no one's surprise, no WMDs were found because they're weren't any, and that was known by the mid-1990s or earlier.

Paul Wolfowitz attended an unreported Singapore security conference in June. He was asked why America chose WMDs as a causis belli when none existed. He answered it was "the only thing we could agree on." He was also asked why Iraq was targeted, not North Korea and its nuclear threat, and he explained: "The country swims on a sea of oil" so there was no other choice with world supply running out.

That conclusion came out of an alarming September 9, 2001 Oil Depletion Analysis Centre energy policy memo to Tony Blair. It highlighted "hydrocarbon difficulties," declining output, and importance of Iraq as the one remaining untapped oil-rich country. Securing it was key because credible geological reports argued that easy cheap oil was dramatically declining while global demand was rising, especially in emerging China and India. For almost a century, world economic growth needed cheap, plentiful oil. No good substitute exists so controlling what's left is essential.

Further, if "peak oil" has been reached, as many believe, its cost will explode, and one analyst predicted: "Beyond 2005, the energy required to find and extract a barrel of oil will exceed the energy contained in the barrel." Further, he estimated most major oil sources are near or at peak, for every new barrel discovered, four are being used, and the only cheap untapped supply left is in the Middle East where around two-thirds of proved reserves remain. Five regional countries are key – Saudi Arabia, Kuwait, Iran, the Gulf Emirates (notably Qatar) and Iraq above all with estimates that its potential may be 432 billion barrels or around two-thirds more than Saudi Arabia's proved reserves.

If true, Iraq's importance is vital, its real estate is the world's most valuable, and controlling it unchallenged means "Washington (holds) the trump cards over all potential economic rivals," friends and foes. Even more grandiose would be to control every major and potential worldwide oil source and transport route to achieve unimaginable omnipotence. It would be a global-scale chokehold to decide who gets supply, who doesn't, how much and at what price. It would thereby assure who controls world economic development and remains Number One.

Unchallengeable military power is key and the reason the Bush administration repositioned its global presence through a web of new bases. They've been strategically placed where Cold War geopolitics didn't permit. Unsurprisingly, they target Eurasia and its importance

Zbigniew Brzezinski highlighted in his 1997 book, “The Grand Chessboard.” He referred to the region as the “center of world power extending from Germany and Poland in the East through Russia and China to the Pacific and including the Middle East and Indian subcontinent.” Dominating it assures the US access to and control of its vast energy reserves, so that becomes Goal One.

But it doesn’t exclude broader aims, including Africa that will supply around one-fourth of future US oil supply, according to some analysts. It explains the Pentagon’s AFRICOM presence that’s expected to be fully operational by late summer and be responsible for the entire continent and its valued resources that include more than energy.

Swing over to Latin America and its energy potential. Countries like Venezuela, Colombia, Ecuador, Bolivia, Brazil and Mexico are very much in US plans with the Bolivarian Republic far and away most important. According to Hugo Chavez and some US estimates, the country has more potential reserves than Saudi Arabia when its heavy oil is included. It explains SOUTHCOM’S mission and command over 30 regional countries with a growing presence in a number of them and ongoing operations (some covert) throughout Latin America.

Engdahl ends his book discussing oil’s importance to US “full spectrum dominance.” Controlling it directly or indirectly through client regimes means holding “a true weapon of mass destruction (and) potential blackmail over the rest of the world. Who would dare challenge the dollar” as the world’s reserve currency? And if IMF rules keep restraining developing countries’ growth, their oil demand will be curbed, so all the more for America and its key Global North allies at a time when most world oil sources have peaked. More than ever then, controlling world energy reserves is crucial to maintaining economic growth.

The 1970s oil shocks were warning shots. Today, threatened shortfalls are real and worsening. We call controlling world supply promoting democracy, others see the subterfuge, and some critics feel our imperial arrogance defines our weakness. Today, America is unrivaled in global power, and Engdahl quoted the late Edward Said after Iraq’s invasion saying: “Every single empire (says) it is not like all the others, that (it’s special), that it has a mission to enlighten, civilize, bring order and democracy (and only use) force as a last resort.” It remains to be seen what’s ahead in “the New American Century,” but the evidence so far isn’t encouraging, and that’s putting it mildly.

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F. William Engdahl *is the author of* ***A Century of War: Anglo-American Oil Politics and the New World Order*** *(Pluto Press) and* ***Seeds of Destruction: The Hidden Agenda of Genetic Manipulation****, www.globalresearch.ca.*

William F. Engdahl’s A Century of War can be ordered from Amazon

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Seeds of Destruction

F. William Engdahl is a leading analyst of the New World Order, author of the best-selling book on oil and geopolitics, A Century of War: Anglo-American Politics and the New World Order,*' His writings have been translated into more than a dozen languages.*

Reviews of Engdahl's *Seeds of Destruction*

> What is so frightening about Engdahl's vision of the world is that it is so real. Although our civilization has been built on humanistic ideals, in this new age of "free markets", everything– science, commerce, agriculture and even seeds– have become weapons in the hands of a few global corporation barons and their political fellow travelers. To achieve world domination, they no longer rely on bayonet-wielding soldiers. All they need is to control food production. (Dr. Arpad Pusztai, biochemist, formerly of the Rowett Research Institute Institute, Scotland)
>
> If you want to learn about the socio-political agenda –why biotech corporations insist on spreading GMO seeds around the World– you should read this carefully researched book. You will learn how these corporations want to achieve control over all mankind, and why we must resist… (Marijan Jost, Professor of Genetics, Krizevci, Croatia)
>
> The book reads like a murder mystery of an incredible dimension, in which four giant Anglo-American agribusiness conglomerates have no hesitation to use GMO to gain control over our very means of subsistence… (Anton Moser, Professor of Biotechnology, Graz, Austria).
>
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