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Currency War

by Gordon Prather

A funny thing happened to the Europeans on their way to get the International Atomic Energy Agency Board of Governors to refer Iranian nuclear fuel-cycle programs – all Safeguarded and certified by the IAEA to be for peaceful purposes – to the UN Security Council by March.

They were on their way – reluctantly – at the insistence of Bush, Cheney, Bolton and Condi-baby. Reluctantly, because the Security Council will likely throw the IAEA Board referral – if obtained – directly into the waste bin as being frivolous.

Why? Well, Bush wants the Security Council to apply Article 39 of the UN Charter to the IAEA Board referral.

"The Security Council shall determine the existence of any threat to the peace, breach of the peace, or act of aggression and shall make recommendations, or decide what measures shall be taken in accordance with Articles 41 and 42, to maintain or restore international peace and security."

Threat to the peace? Act of aggression? How can Bush *et al.* expect the Security Council to conclude that IAEA Safeguarded programs constitute a threat to the peace or that pursuing them is an act of aggression?

Or expect the Council to take measures under Article 41 (sanctions), much less Article 42 (use of force)?

Obviously, as the Iranians, themselves, have pointed out, Bush had sent the Europeans on a Fools Errand.

Fortunately, the recent temporary curtailment of Russian natural gas supplied to Western Europe by a pipeline which passes through Ukraine, and the terms agreed to by Ukraine and Russia for restoration of supply, may have put a hitch in the Europeans gitalong.

And perhaps that hitch caused them to slow down long enough to reflect upon the Iranian Bourse that is scheduled to become operational – coincidentally? – as early as March.

What is the Iranian Bourse and what has a Russian natural gas curtailment got to do with it?

Well, to answer the second question; in future, some gas delivered to Ukraine and perhaps on to Western Europe via pipeline will be Iranian.

And, according to Iranian officials, the Iranian Bourse will be a state-owned international oil, gas and refined products exchange, operating principally over the Internet, with transactions denominated principally in Euros.

The Iranian Bourse will be competing directly with London's International Petroleum Exchange and New York's Mercantile Exchange, both of which are owned by US corporations, and whose transactions are denominated in Dollars.

At present, the Dollar is the global monetary standard for petroleum exchange. Hence, all petroleum consuming countries – including China and Japan – must buy and keep a large cache of dollars in their central banks.

What would be the effect of an Iranian Bourse operating on petroeuros rather than petrodollars?

Well, back in 2000, Saddam Hussein converted Iraqi bank reserves from the Dollar to the Euro, and began demanding payments in Euro for Iraqi oil. Central banks of many countries – most notably Russia and China – began keeping Euros *and* Dollars as monetary "reserves" and as an exchange fund for oil.

And, perhaps at least partially because of Saddam's conversion to it, by 2003 the Euro was stronger than the Dollar.

So, there are some observers who fervently believe that the *real* reason Bush-Cheney launched a war of aggression against Iraq was to restore the primacy of petrodollars and to demonstrate to any country – such as Iran, who had begun serious planning for the Iranian Bourse in 2000 – what would happen to them if they followed Saddam's lead.


Of course, once occupied by the US-UK-Halliburton coalition, Iraqi oil sales were once again denominated in petrodollars.

Now, maybe you're not susceptible to conspiracy theories. Maybe you don't believe Congresspersons from across the political spectrum could be persuaded by Cheney and his Cabal that a successful Iranian Bourse could potentially result in the demise of the Almighty Dollar and with it the American Hegemony for which Congress has authorized the sacrifice of thousands of our servicemen and women, and the expenditure of hundreds of billions of your tax dollars, not to mention borrowing about a zillion dollars from the Chinese, who have already decided it's maybe not such a good idea to have nothing but petrodollars, especially with which to buy petroleum from Iran, denominated in petroeuros.

Nah! Cheney and his Cabal could never get Congresspersons from across the political spectrum to appear wall-to-wall on TV, loudly proclaiming that the IAEA Safeguarded programs in Iran represent the gravest threat we've faced since the Cold War and that we've got to do something – by March, at the latest.

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