Bush's Madrid shakedown nets $13 billion in pledges

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The international donors' conference in Madrid, Spain, produced pledges of at least $13 billion to help fund the US occupation of Iraq. While this sum was higher than Washington had anticipated only a few weeks ago, it fell far short of the $35 billion the Bush administration was seeking to extract from generally reluctant governments. Moreover, some two thirds of the funds pledged came in the form of loans, rather than grants.

The effort to portray the conference's agenda as humanitarian, dedicated to the reconstruction of the war-torn country, could not disguise the mercenary and colonialist character of the proceedings. The conference was hosted by a government that trampled over the democratic wishes of its people, with polls showing between 75 and 90 percent of Spaniards opposed to the war. Outside, thousands took to the streets to protest against the conference, carrying placards that read "Robbers, not Donors!" and "We Won't Pay For Your Pillage."

Prior to the conference, the Bush administration engaged in weeks of arm-twisting to get the European powers, the Arab regimes and all of the 71 attending countries, international organisations and private companies to pay towards the cost of policing Iraq and invest there—hopefully making it possible for US corporations to begin extracting billions in oil profits.

The traditional methods of carrot-and-stick were used. First, it was made clear to potential donors that a failure to pay would earn the enmity of Washington. Second, those who agreed to make significant contributions were promised a share of the future spoils from reconstruction contracts. It was made clear that those who refused would be shut out.

"There have been last-minute attempts to ramp up the money and all the pressure has been on the European Union," said a senior official accompanying the Iraqi delegation, while the president of Iraq's US-appointed Governing Council, Ayad Allawi, opened the pledging session with promises that his country would not forget those who helped it.

No participant in the sordid proceedings came out clean, least of all the US. The Bush administration, as the occupying power, is obliged under international law and the Geneva Conventions to provide for the needs of the Iraqi people. But all that it has so far offered is a $20 billion package now before Congress, most of which is to be spent on security and resurrecting Iraq's oil industry, rather than benefiting the suffering Iraqi people. Some $65 billion of the total $87 billion request submitted by Bush to the US Congress goes directly to the Pentagon and to corporations receiving defence contracts.

The US would not address why oil revenues would not be used to pay for reconstruction—notwithstanding earlier American promises that the country's oil wealth would be used for the benefit of the Iraqis. When pressed by reporters, Secretary of State Colin Powell stated baldly, "We'll have to see how Iraqi revenues start to generate in a couple of years' time after we make the initial investments [in] the oil infrastructure."

The British agency Christian Aid used the occasion of the conference to accuse Iraq's US and British administrators of failing to account for at least $4 billion in oil revenues and other money meant to go towards rebuilding the country.

United Nations secretary general Kofi Annan played a venal role in attempting to lend the proceedings a veneer of dignity. The UN had already given the US its imprimatur by passing this month's Security Council resolution explicitly calling for international aid for Iraq. This set the stage for Annan to appeal for everyone to forget that an illegal war of aggression had been waged by the US against a virtually defenceless country and that Iraq was subject to a US occupation, and to "give and give generously."

Most countries pledged very little. In all, the European Union is giving just $812 million next year, even less than the $931 million it offered to Afghanistan last year. The bulk of the $13 billion raised came from Japan and the International Monetary Fund (IMF), but $3.5 billion of Japan's $5 billion and all of the IMF's $4.25 billion is in the form of loans that must be repaid, with interest. This added burden comes on top of an already massive Iraqi foreign

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debt, estimated at $130-$150 billion.

None of this debt has thus far been written off. Even if Iraq's war-shattered country manages to produce the planned 2.7 million barrels of oil per day by the end of 2004, which appears unlikely, revenue would total just $13 billion—less than the year's estimated $16 billion budget, even before debt repayments are factored in.

If the readiness of donors to make money out of their loans was not proof enough, the efforts at self-enrichment that motivated participants were exemplified by the proceedings at a parallel meeting of 300 private-sector companies, including 134 from the European Union and 19 from the US. The subject of this meeting was investment opportunities in Iraq. Iraq's interim trade minister Ali Allawi pledged to the conference, "The new Iraq will be above all a market-oriented economy," and called on "the assistance of the international private sector" in rebuilding Iraq.

But humanitarian concerns about Iraq's future were the last thing on the minds of the assembled company representatives, including those from such giants as General Motors, Motorola and Coca-Cola. They wanted to know how they could profit from the conquest and colonial-style occupation of Iraq.

They were not left wanting by Washington's Iraqi stooges. Ali Allawi promised that security concerns would be addressed, but said they were "not intolerable" when compared with some countries in Latin America or Asia. In any case, he argued, "free-market" reforms, "responsible" government and Iraq's central location in an oil-rich region should give investors incentives "equal to or better than any that they would face in any other parts of the world."

As one example of the profits to be made, the Ministry of Industry and Minerals revealed plans to open 13 state-owned companies—including those making clothing, vegetable oil, dairy and chemicals—to leasing by private firms.

This set corporate mouths salivating. Fred Schwien, representing the US Commerce Department, commented, "The dairy folks are excited," while John Disharoon of Caterpillar said, "Things are starting to move forward."

DaimlerChrysler vice president Timothy McBride boasted, "We have a tradition of establishing a strong presence in difficult markets," and Hans Kraus of Intecsa-Uhde, a joint venture of Germany's Thyssen and Spain's Dragados, noted, "We're not building chemical plants in Paris or London. We tend to work in countries that aren't all that pleasant—Iran, Algeria, and now maybe Iraq."

France and Germany both refused to make any additional money available for Iraq, citing as their reason a commitment to the formation of an independent Iraqi government. French foreign minister Dominique de Villepin said, "To us, the starting point is truly the full and complete recognition of Iraqi sovereignty."

It should be remembered that these two countries and Russia voted earlier this month for the UN Security Council resolution sanctioning the US occupation and the puppet regime it has set up, in return for little more than a vague pledge of greater UN involvement in running Iraq at an unspecified time in the future. Their opposition to the occupation of Iraq is not based on any genuine commitment to self-determination. Rather, it reflects tensions between the major imperialist powers made worse by the monopoly enjoyed by US corporate interests within the conquered country.

These tensions underlie the decision to have most of the funds raised in Madrid go into a trust managed by the World Bank, the UN and a committee of Iraqis—an arrangement demanded by donors wary of allowing the US to exercise direct control. In response, American officials stressed that the US would administer all US contributions.

The Madrid donors' conference was an obscenity when measured against the terrible plight of millions of Iraqis in the aftermath of more than a decade of sanctions and the impact of two wars. At one point in the proceedings, Mouwaffek al-Rabii, a member of the US-backed Iraqi Governing Council, told delegates that more than two thirds of Iraqis depend on food rations, less than half have access to pure drinking water, 20 percent of children under age five are malnourished, maternal mortality has quadrupled, and diseases such as malaria are recurring. Primary health care is extremely limited. Some 50,000 homeless Iraqis are squatting in public buildings in Baghdad and 1.5 million homes are needed by the end of next year. Unemployment stands at 60 percent.

Naturally, all of the Governing Council representatives blamed these problems exclusively on Saddam Hussein, with almost no mention made of the impact of either the war or pre-war sanctions. They and the rest of the participants, as well as the media, know very well that this is a self-serving falsification, and that primary political and practical responsibility for the social nightmare facing the Iraqi people rests with Washington and all those governments that supported its policy of embargo and war.

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