

# Truth and Beauty...

## (and Russian Finance)

### - *The Phantom of Democracy* - *Special Iraq Issue*

#### A PERSONAL NOTE

**HEALTH WARNING:** The present note outlines T&B's deeply held views about the potentially catastrophic events unfolding in the Persian Gulf, as well as the effects on America, and her role in the world. The views expressed herein are, of necessity, quite strong. Any reader who finds criticism of the current US administration offensive, and/or whose interest in T&B is confined to economic strategy, may wish to skip the present paper, referring instead to the companion piece, Crocodile Economics, which confines itself solely to issues immediately relevant to Russian and Emerging financial market trading strategy. The views expressed below are strictly those of the author, not those of any institution.

*The US media are now engaged in a throaty celebration of the impressive military victory in Iraq; the primacy of American weaponry has seemingly silenced all critics, including those who opposed US intervention on legal or moral grounds. Having never expressed any doubts as to the efficacy of the killing machine, T&B retains its now-unfashionable anti-war stance.*

*We take no particular pleasure in having to return to this theme - it has no conceivable upside for us; those who agree with us simply nod their heads in impotent assent, while some of those on the other side of the fence seem to take deep, personal offence. Yet, there are times in history where to say nothing could be seen as tantamount to having given consent. Now is one such time...*

*T&B belongs to a generation which once saw America as a society which - while flawed - represented the Great Hope for mankind's change and evolution towards a better, freer, funkier future. Now we watch the country that gave us Tom Payne and HL Menken - Lenny Bruce and Charlie Parker – T.S. Eliot and Thomas Pynchon, hijacked by a small band of fundamentalists, secreting the pathetic, Star-Trek inspired rhetoric of the Bush administration, the worship of military hardware and the cult of brute force. The rhetoric seems so transparent, so cynical, such a baldly hypocritical justification of the rule of military might. We wish they would just call it what it is, and get on with it, sparing us their absurd justifications. Our disappointment verges upon despair.*

***It is something much worse than a crime -  
it is a mistake...***

Charles Maurice de Talleyrand, 1754-1838

### ***DEMOCRACIES 'R' US!***

There is a deep and fundamental fallacy in the way America presents the conduct of this war: the claim that it is being fought to bring "Democracy" to the Arab world. The term "Democracy" is ordinarily taken to mean government in accordance with the wishes of the people. Given the means with which this campaign is being waged, as well as the perceived American support for Israeli actions in the occupied territories, the United States has become almost universally hated and feared in the Arab world. This, we are sorry to say, is not a matter of opinion – whether or not justifiably, it is a simple matter of fact.

As a result, if ANY Islamic country (with the possible exception of Turkey<sup>1</sup>) were allowed to elect a truly representative (i.e. "Democratic") government, that government would be, almost by definition, fiercely anti-American. In particular, if anyone imagines that, with their country devastated by daily bombings, and thousands, perhaps tens of thousands of their countrymen killed by foreign invaders, the Iraqis would, given the choice, elect a pro-US administration, he is utterly delusional!

In the old days it was more straightforward; the Allies did not claim to fight the Nazis to restore "democracy" to Germany; they fought them because they were facing a real and deadly threat. There is something bizarre in the way that American propagandists have claimed the word "Democracy" as their own, essentially defining it as "that which is favorable to US interests." Similarly, there is something touching in the view held by many Americans that no one – at least no one not overtly in league with Satan - could possibly dislike earnest, friendly, kind-hearted America.

We have no reason to assume that the small, pragmatic coterie surrounding Mr. Bush shares this illusion. The war is not being fought for "democracy," it is - at best - being fought to substitute a pro-American dictatorship for the home-grown variety. The Arab world may or may not be "ready for democracy;" certainly, the "Coalition of the Willing" is not ready for a populist Arabia!

### ***THE VIEW FROM 'OLD EUROPE'***

Truth and Beauty has been touring continental Europe. We have encountered virtually universal opposition to the Anglo-American war on Iraq, not only in France and Germany, but also in Italy and Spain (the governments of which have provided diplomatic - though not military or logistic - support for the US). In Italy, from taxi drivers to senior bankers, we were unable to find a single person expressing clear support for the war. Even those few individuals expressing some measure of sympathy viewed America's motives in brutally cynical terms: oil and power.

This is all very unfortunate. Since WW II, the United States has laid claim to a preponderant role in the West, leading the world not only as the richest and most powerful state, but more importantly, thanks to its strong moral credit. That moral standing is now being effectively destroyed. With the multilateral system – never very strong – in tatters, the World is effectively rudderless. Abstract notions of justice and the rule of law seem quaint when confronted with the American military juggernaut; brute force has been granted free reign and

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<sup>1</sup> Turkey is currently governed by a moderate Islamic party. Given the increasing polarization of the electorate and the truly dire state of the economy, it seems conceivable that the military will reassume power in the foreseeable future. This will, perhaps, provide stability; it will certainly have nothing to do with "democracy".

moral caution. In a world of widespread nuclear proliferation and “non-classical” military action, this may in the end prove costly, indeed, tragic.

### ***THE FIRST CASUALTY***

***In any war, truth is the first casualty.***

Peter Arnett - of CNN Gulf War I fame - has been fired by NBC for having publicly stated that the initial US war plan had failed (and was thus being replaced with another), and that the Iraqi authorities were providing free and relatively unrestricted access for journalists. This, one indignant American congressman stated, was “providing comfort to the enemy.” Bullocks we say! Obviously, the “enemy” does not watch NBC – Iraqi censorship would have never allowed it in. Indeed, the “enemy” no longer watches TV **at all**; the Americans have bombed his electricity grid to pieces! Arnett was fired for daring to tell the truth to a US domestic audience, whom the American government wishes to maintain on a carefully managed diet of propaganda.

The system of “embedded journalists” has resulted in US network television news coverage which has been biased and one-sided at best – at worst (Fox network) the sort of crude propaganda normally associated with totalitarian states. Given the relatively free movement of journalists in Iraq, the opposite is occurring in the rest of the world; in Spain and Italy, we watched a continuous feed of images of death and destruction: desperate mothers trying to shelter their children, markets devastated by missiles, babies with parts of their heads blown off, whole families lying dead on the pavement as nervous American soldiers lowered their weapons. Anyone wishing to see the war from other people’s perspective (and, of course, with its own biases) should have a look at the Al Jazeera website, recently back online, after some “patriotic” attempts at sabotage. Al Jazeera has bravely sought to provide a relatively balanced view of the war – indeed, not only was it expelled from the New York Stock Exchange, but two of its journalists were recently ordered out of Baghdad, presumably for refusing to transmit Iraqi lies.

[http://english.aljazeera.net/topics/index.asp?cu\\_no=1&lng=0&template\\_id=1&temp\\_type=44](http://english.aljazeera.net/topics/index.asp?cu_no=1&lng=0&template_id=1&temp_type=44)

This situation is deeply dangerous. A free press plays a vital role in a democracy: obviously, the People cannot make the right choices unless they have access to accurate and unbiased information. In the absence of a God-given source of totally objective reporting, the next-best solution is a plurality of information sources, allowing the informed and educated citizen to choose between conflicting viewpoints. This is particularly important in wartime, when some of the worst instincts come to the fore, and nay-sayers are immediately branded as “unpatriotic.”

Given the censorship and self-censorship of mainstream media (which are owned by large, diversified corporations, and which are engaged in an eminently commercial activity – seeking to please, rather than to inform their audiences) a substantial effort is demanded of the citizenry to seek out alternative views. With a large proportion of the US electorate subsisting on a diet of network television and MacPress (USA Today, etc) this is perhaps asking a bit too much of it.

### ***BACK IN WASHINGTON – EVIL EMPIRE REDUX?***

Does History sometimes grow bored and play nasty tricks? The Iraq war may or may not prove to be one of the great catastrophes, marking the beginning of a far broader clash of civilizations. T&B, admittedly, is uncertain; it is difficult to retain historical perspective. We note, however, that Pope John Paul II – ordinarily considered to be neither a terrorist sympathizer nor a closet leftist – has repeatedly and vehemently condemned the war, warning of this same danger.

Whatever its eventual consequences, the US march to war has been stage-managed by a small group of fanatics clustered around a president elected with a minority of votes, who carried the election only because of the truly extraordinary voting system in the great state of Florida. It has become public knowledge that the war was decided upon and meticulously planned (with a mid-March starting date) beginning more than a year ago; the weapons inspections and the appeal to the UN were thus an utter sham; the US government gave not a tinker’s damn for the multilateral process. The “Coalition of the Willing” is comprised of two countries,

one of which is a welcome but overtly dispensable partner<sup>2</sup>. Even Canada is strongly opposed to the war. Alas, had the “hanging chads” been counted otherwise (or had Ralph Nader declined to run for the presidency, and thus avoided splitting the liberal vote) this war would never have been.

### **WINNING THE WAR, BUT LOSING THE PEACE?**

The weakness of the popular support for the Hussein regime was confirmed by the rate at which Iraqi resistance crumbled. The expected long war of attrition to take the main cities never materialized. Of course, given the imbalance in weaponry, the battle between the world’s most militarized nation and a country starved by 30 years of misrule and 12 years of international sanctions was never much of a match.

The issue of rebuilding the country following its immensely destructive “liberation” by the Anglo-American bombing campaign will be challenging. Not surprisingly, the US intends that it be funded by Iraqi oil marketed by American companies. Reconstruction contracts are to be awarded to US civil engineering firms, some of which have a degree of integration with the current US administration which makes the famed “military-industrial complex” (first warned against by Dwight Eisenhower) seem positively arms-length.

Equally unsurprising the rest of the world, in particular, the Coalition of the Unwilling, sees matters somewhat differently. Iraq has major debts to Russia, France and Germany, none of which seem anxious to grant debt relief to an American-sponsored regime. Furthermore, there is the technicality of the UN sanctions on Iraq, in particular, as regards oil exports. Neither France nor Russia are in any hurry to lift UN sanctions until their national oil companies get their fair share of the spoils. In its current unilateralist mood, the United States could simply ride roughshod over what remains of international law, unilaterally granting forgiveness of other countries’ debts, and removing the oil embargo by force. There are two problems with this approach: first (and least importantly), this would remove the last shreds of international legitimacy from what would be seen as a 19<sup>th</sup> century style colonial war for economic gain. More relevantly, a unilateral approach could prove deeply problematic in the future, since any country subsequently asked to abide by UN sanctions of any sort could promptly point to the US as the supreme sanctions buster; getting any sort of international judicial cooperation would be troublesome. A unilateral resolution of the debt issue would be fiercely opposed by the debtors, who would likely resort to legal seizure of Iraqi oil exports or the proceeds thereof.

### **WINNERS AND LOSERS:**

-Winners:

- Alongside the US military establishment and the Washington Neo-Conservative mafia, the great winner in all of this will be Bin Laden and his ilk, who hate the Iraqi Ba’athists, historically a militantly secular party vehemently opposed to Islamic fundamentalism (witness Iraq’s long war of aggression against the fundamentalist regime of Iran). In desperation, Saddam assumed the Islamic mantle; another perceived humiliation of the Arabs at the hands of the West should guarantee a wave of new recruits in search of martyrdom and revenge.

-Among the greatest losers will be:

-Europe...

- Several European countries with large immigrant Moslem populations (France, Germany) are sitting atop powder kegs; they live in constant fear of a domestic Islamic Jihad. The US administration seems unable to comprehend the fact that these countries are disinclined to face civil war for the sole purpose of furthering US foreign policy aims.
- Given its ongoing economic decline, Europe needs more socialism the way it needs a stiff dose of strychnine! For whatever reason, support for the US invasion has become a matter of left vs. right (except in France – although whether or not there really **is** a French right is a matter of conjecture.) Popularity ratings of both the Berlusconi and the Aznar governments have plunged due to their deeply unpopular support for the war; the Spanish Socialist Party, PSOE, has surged 6 points ahead on Aznar’s AN, and is now expected to win the next elections, while Berlusconi is busily digging his

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<sup>2</sup> Note Mr. Rumsfeld’s statement that the US could very well fight the war without Britain

own grave. What conceivable interest the United States could have in fragmenting the European Union, its principal ally and trading partner, and in driving Europe still further to the left, remains a mystery to us...most likely, either they do not know, or they simply do not care.

-the global economy...

- T&B had, until recently, held that the build up to war merely provided a convenient excuse for the ongoing slowdown, which was due to more fundamental economic factors; we had assumed that the quick, clinical war promised by Mr. Rumsfeld would have had only limited economic repercussions. The IMF and World Bank have now issued a warning that the war risks sending the global economy spinning into recession. The US administration has now acknowledged a cost of \$71 bn for the war, probably only a small fraction of its true price; anyone believing that budget deficits do not squeeze out private investment probably believed in the "New Economy" too! Business investment is dead, several airlines have already been driven to bankruptcy, while the global travel and tourism business (now the world's largest industry, with added value surpassing that of agriculture!) has tanked. Given the already-fragile state of the global economy, we think that a recession, or worse, is inevitable.

-and America itself.

We are here, by necessity, most subjective. The United States can be unstinting in its criticism of other countries; it would perhaps then behoove them to accept reciprocity with good grace (and our criticism is directed at a government, not a country or its people). The Bush regime strikes us as the most hypocritical, cynical and corrupt government of any modern Western democracy.

- With the noteworthy exception of Mr. Rumsfeld, from Bush/Cheney on down, the entire clique of men now urging young Americans to give their lives for their country succeeded in dodging any risk of being compelled to do so themselves during the Vietnam war using a variety of creative strategies. In a similar vein, the constant references to "The Lord" by politicians who appear to have appointed themselves as His personal emissaries on earth (ignoring the professionals, the Pope and the leaders of several American churches, who usurped this sacred role by criticizing the war) seems at the same time comical and repugnant.
- The degree of self-dealing and double-dealing – sweetheart deals and huge pay-offs, with the likes of Enron, Halliburton and Carlsyle Group beggars the imagination. Dick Cheney provides an example of "privatization" of the government for personal ends of the sort expected under Latin American dictatorships, not from mature democracies living under the rule of law. The carve-up of reconstruction contracts and oil marketing rights will certainly lay to rest any residual doubts as to the true intentions of the current US administration.
- The assault upon civil liberties in the United States is terrifying. Although a defensive reaction to the September 11 horrors is totally justifiable, we believe that this fear has been hijacked by the likes of John Ashcroft as a seemingly endless series of rainbow-hued terror alerts sends Americans scurrying for cover, buying masking tape and bottled water, despite the fact that September 11 now increasingly appears to have been a one-off event. Properly managed, fear drives men to desperate measures, causes them to abandon all moderation and kindness, leads them to welcome tyranny for the specter of protection it brings, drives all rational thought into exile. The due process of law, the right to privacy, the rights of the accused, even the principal of judicial oversight are being increasingly abandoned thanks to a cynical manipulation of the American public.

Anyone doubting this view need merely consider the recent poll showing that fully 52% of Americans believed Saddam Hussein to have been behind the September 11 outrage, despite the fact that not even the Bush Administration itself ever made such an outlandish claim.

- There is growing fear in the world that the US neo-cons will use their thrilling military success to take the war further – to Syria, Iran and North Korea. We think this very unlikely, and assume that they will use diplomatic means, and the threat of violence, to get their way. We could, of course, be underestimating the religious zeal of the far right, who may intend to make over the world to an extent not seen since the collapse of the two great "-isms" of the twentieth century.

As of this writing, the war is winding down – the long-term consequences we cannot yet judge. The sham made of international law by the cynical use of the weapons inspectors who were promptly discarded when they came up empty-handed, will clearly leave a nasty precedent; the moderating influence of the UN is but a memory – NATO is increasingly irrelevant, and the world is confronted with the absolute supremacy of a single country – one had best hope that its intentions are benevolent.

Although we are increasingly inclined to pessimism, we accept the possibility that this too may blow over – to count on it is putting a bit too much fate in dumb luck. All men live in hope, but the days are growing rather dark.

**Eric Kraus**

**Our readers are invited to forward T&B to any interested parties.**

**As always, we welcome the comments and criticism of our readers, and will endeavor to reply individually where appropriate.**

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