

# A Cover for Maintaining U.S. Control

By Phyllis Bennis | October 23, 2003

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The international donors meeting beginning in Madrid on Thursday, 23 October, will not come close to meeting Washington's original goals. Initially called to pressure other countries to contribute significant amounts of money to sustain the U.S.-UK occupation of Iraq, public and governmental opposition in virtually all countries forced a radical downsizing of U.S. aims.

Washington has scaled down its anticipated income from the conference. U.S. officials in the past several weeks had talked about wanting to raise a total of \$55 billion for the period through 2007; now that goal is reduced to \$36 billion. Claiming that the Iraqi economy cannot absorb more, the bar has been further dropped—only \$6 billion is being sought for 2004.

Pledges of \$27.5 billion have been made so far, and it is likely Washington will declare the donors conference a success. However, \$20 billion of that initial amount will come directly from the U.S., so the amounts promised from other nations are still tiny. Only Japan (\$1.5 billion) has pledged a significant amount. The EU offered an almost insultingly small \$230 million, and even war-backers Britain (\$840 million) and Spain (\$300 million) offered small amounts, as did new recruit South Korea (\$200 million).

The remainder, \$3.4-\$4 billion, is expected to come from the World Bank (which includes a major component from the U.S.).

The new fund to be run by the UN and World Bank was hastily announced only when it became clear that even these small donations might be withheld if they were destined for the U.S.-controlled Iraq Development Fund. The new fund will only oversee the non-U.S. donations, meaning that most of the money will remain under complete U.S. control. Even the UN Secretary General was cautious in describing the arrangements, stating (22 Oct. in Madrid) only that "there will be a mechanism where the UN and the World Bank will be involved in the

disbursements of some of the funds which are going to be raised."

The new fund will likely be seen as providing political cover for eager donor governments constrained by public opposition—but the only countries currently in that position would probably be the oil-rich Gulf states. They may be willing to make substantial contributions if, by bypassing the U.S.-controlled fund, it could be done without inflaming public passions. However, the continuing escalation of Israeli violence in Palestine, and the recent U.S. veto of the Security Council resolution condemning Israel's "apartheid wall," may make any kind of significant donation to occupied Iraq impossible for any Arab country.

The likely failure of the Madrid conference to raise a significant portion of the vast sums needed for rebuilding Iraq will increase the domestic political pressure in the U.S. regarding the spending of the \$87 billion "for Iraq." It should be noted that the emergency supplemental does not provide the complete \$87 billion, but rather designates \$65 billion directly to the Pentagon and corporations out-sourcing defense contracts to maintain the U.S. occupation. Only \$15 billion is actually earmarked for reconstruction in Iraq (plus another \$5 billion to rebuild Iraq's military), and that \$15 billion is the only part of the bill facing any serious scrutiny or threat of reduction in Congress. Aside from the problems of how it will be spent, the \$15 billion is not sufficient to meet the U.S. obligations under international law and the Geneva Conventions, as the occu-



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pying power, to provide for the needs of the Iraqi people.

All of the problems of the contracts being offered by the U.S. occupation authority remain. Current U.S. policies that must be challenged include:

- \* U.S. AID regulations requiring that only U.S. contractors to be hired;
- \* U.S. contractors and sub-contractors charging far greater rates than local Iraqi counterparts;
- \* corporations with close ties to the Bush administration winning huge no-bid contracts;
- \* the failure to rebuild Iraq's economy by refusing to open all bids to Iraqis;
- \* reconstruction priorities being set by the U.S. occupiers instead of by Iraqis;

\* ruthless privatization setting the stage for long-term economic disaster for Iraqi civilians.

The U.S., as the aggressor power and currently the occupying power, must abide by the requirements of international law and pay for the reconstruction of Iraq. It should not try to pass off that responsibility to other countries. U.S. reconstruction funds should not be the responsibility of ordinary taxpayers, but should be raised from a combination of excess profits tax on corporations benefiting from the war; a renewed tax on the wealthiest 1% of the population; and the Pentagon funds currently designated to maintain the occupation.

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