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Pied Pipers and Baghdad

The opposition to Desert Fox

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IRAQ'S DEFIANCE of the United States and Britain may look irrational and uncalculated until one considers the financial motives of the other permanent members of the United Nations Security Council that opposed Operation Desert Fox. Indeed, Beijing, Moscow and Paris decided to bash the United States and Britain on an issue related to lessening the threats to peace and stability in one of the world's most vital regions for one reason: money.

Iraq, in full knowledge of that interest, decided it could depend on the support of France, China and Russia because it is deeply in debt to all three countries. Iraq owes $12 billion to Russia, $6 billion to France, and also billions to China. Hence, Saddam Hussein defied the United States and Britain, which support the United Nations Security Council Observer Mission's search for weapons of mass destruction and their means of delivery. In so doing, he banked on the support of his three U.N. Security Council creditors not to endorse the Anglo-American military strikes.

So though they are seeking substantial increases in trade, investment and technology from the United States at this time, the three Iraqi creditors discouraged Operation Desert Fox. To them, the U.S.-led military operation further degraded the Iraqi economy, and made it less likely that they will be paid anytime soon the money that Iraq owes them. The Iraqi debt here even took precedence over their other interests in strengthening ties with the six Arab states at the top of Saddam's hit list — Gulf Cooperation Council countries Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Domestic Pressures: Given the instability of the world economy, international debt pressures now override other domestic, political and economic issues within those three creditor nations; and Iraq's military and political condition appears less threatening to them than it does to the United States and Britain.

But the economic interests driving Chinese, French and Russian national policies have ominous implications for Mideast defense — both now and for the future.

Iraq's Treasury: China's, Russia's, and to a lesser extent, France's political jibes at the United States and Britain abetted Saddam's defiance. It also ingratiated the three creditors with Baghdad's bursars, thereby retaining their places at the head of the queue among the numerous countries with Iraqi accounts payable. To illustrate just how much economic "bottom lines" prompted the creditor contrariness toward Operation Desert Fox, consider the following:

For France, beyond the $6 billion dollars Baghdad owes it is another stalled $6 billion in contracts signed between Iraqi and French companies since the U.N. Security Council sanctions were imposed upon Iraq in 1991. Those contracts cannot go forward, and Iraq's overdue debts are not likely to be paid until the sanctions are lifted. The amount, $12 billion, is hardly pocket change to either nation. For scale, consider that the United States is more than four times as populous as France; and so what Iraq owes France, on a per capita basis, is the equivalent of Iraq owing the United States more than $48 billion.

Unsatiated Appetites: Russia's economy, nearing collapse, is linked to a Western life-support machine and an indefinite intravenous injection of billions of dollars in loans.

China's economy is not as precarious, but the uncertainty of its longer-term prospects, despite continued growth, underscores why it, too, views Iraq mainly through an economic prism. The appetites of all three countries with regard to Iraq are whetted by prospects of lucrative long-term energy contracts and arms sales.

In a country with an unemployment rate several times that of the United States, France's defense industry employs one million workers and supports four million French citizens. The equivalent U.S. economic interest at stake would be the livelihood of 16 million Americans.

In finding themselves economically between Iraq and a hard place, all three countries look to Iraq as an arms market, a source of bountiful and inexpensive oil, a customer for capital and consumer goods, a user of companies that will help rebuild Iraq's economy, a potential extender of industrial production lines, and, directly and indirectly, as an employer of substantial numbers of their countrymen.

Little wonder why Chinese, French and Russian business representatives, when they belly up to the bar in Baghdad, have their bibs on. It is not as though they are totally unmindful of the linkage between their pursuit for material gain and the imminence of war or peace in an area of profound importance to all of humankind; it's more a matter of their racking up frequent smiler miles as they fantasize about future bank balances generated by the Iraqi account.

The Pied Piper: Imbedded in the commercial and economic jargon are additional concerns about the stability of their countries' currencies and their rates of interest and inflation. Also at stake are the prospects for their governments' fiscal solvency and their hope for increased tax revenues.

At issue, too, are their needs for investment capital and funds to stimulate research and development. And not least among what hangs in the balance is their ability to provide adequate levels of employment — in short, the well-being of their citizens.

The Pied Piper said that "he who pays the piper calls the tune." In the unfinished business from Iraq's invasion and occupation of Kuwait in 1990-1991, China, France and Russia have become the pipers, and Saddam, in their eyes, the paymaster.

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