

Rowling, Nick 1987. *Commodities: How the World Was Taken to Market*. London: Free Association Books.

Rumi 1996. *The Essential Rumi*. Translated by Coleman Barks. San Francisco: HarperSanFrancisco.

Ryan, Selwyn 1991. *The Muslimeen Grab for Power: Race, Religion and Revolution in Trinidad and Tobago*. Port of Spain: Inprint.

Subcommandante Marcos 1997. "The Seven Useless Pieces of the Global Jigsaw Puzzle. Neoliberalism as a puzzle: The Useless Global Unity which Fragments and Destroys Nations" (In French). *Le Monde Diplomatique*. June.

Walton, John and Seddon, David 1994. *Free Markets and Food Riots: The Politics of Global Adjustment*. Oxford: Blackwell.

West, Jim (ed.) 1995. *International Petroleum Encyclopedia*. Vol. 28. Tulsa, Okla.: PennWell Pub.

# IN THE US, DREAMING OF IRAQ



By George Caffentzis  
Midnight Notes Collective

From The Midnight Notes Collective  
<http://www.midnightnotes.org>

*"I am not a criminal.  
I am new to Cairo. I live in Baghdad ."* He told the story of his dream  
and the buried treasure, and he was so believable in the telling that  
the night patrolman began to cry. Always, the fragrance of truth has  
that effect.

-Rumi, In Baghdad, Dreaming of Cairo:

In Cairo, Dreaming of Baghdad  
(1260-1273)  
(Rumi 1996: 210)

### **Preface 2002: The Political Economy of "the War on Terrorism"**

I wrote this essay in March 1998 during the last major political-military confrontation of the US government with the Baathist regime of Iraq. It might be useful to review it now when the Bush Administration is preparing for an attack on Iraq to bring about a "regime change." In it is an analysis of the political economic thinking that is at the basis of Bushes "war on terrorism" (Stage 2: The Axis of Evil). The key argument of this doctrine is very simple:

(1) Almost any advanced technological production process can be used to create "weapons of mass destruction."

(2) Any such production process not directly controlled by a multinational corporation (MNC) headquartered in the US (or Japan or Western Europe) can be used by a government to create weapons of mass destruction.

(3) No government outside a list agreed upon by the US government ought to have the capacity to build weapons of mass destruction.

Hence, No government (whether democratically elected or not) outside of the agreed list whose advanced technology is not controlled by an acceptable MNC can not be allowed to exist. This argument means that the US government has taken on the role of overseeing and vetoing all forms of industrial development throughout the world in perpetuum. Autonomous industrial development not controlled by an approved MNC by any government

Armijo-Hussein, N.A. et al. 1991. "The Effect of the Gulf Crisis on the Children of Iraq." The New England Journal of Medicine. Vol. 325, No. 13, Sept. 26, pp. 977-980.

Arneil, Barbara 1996. John Locke and America: The Defense of English Colonialism. Oxford: Clarendon Press. Beck, Robert J 1998. "Growth in World Demand for Oil to Ease in 1998." Oil and Gas Journal. Jan. 26, 76-79.

Caffentzis, George 1992. "The Work/Energy Crisis and the Apocalypse." In (Midnight Notes 1992).

Campbell, Colin J and Laherrere, Jean H. 1998. "The End of Cheap Oil." Scientific American, vol. 278, n. 3, March.

Cecena, Ana Esther and Barreda, Andres 1995. "Chiapas y sus recursos estrategicos." Chiapas. No. 1. Committee against Repression and For Democratic Rights in Iraq (CARDRI) 1989. Saddam's Iraq: Revolution or Reaction? Revised Edition. London: Zed Books.

Hartshorn, J.E. 1993. Oil Trade: Politics and Prospects. Cambridge: Cambridge University Press.

Hatfield, Craig Bond 1997. "Oil Back on the Global Agenda." Nature, vol. 387.

Ihonvbere, Julius 1992. "Resistance and Hidden forms of Protest Amongst the Petroleum Proletariat of Nigeria." In (Midnight Notes 1992). International Petroleum Encyclopedia 1995. "OPEC, Once Powerful, Faces a Cloudy Future." In (West 1995).

Knott, David 1998. "Oil Price Rallies as US Threatens Iraq." Oil and Gas Journal. Feb. 2: 26.

Massarrat, Mohssen 1980. "The Energy Crisis: The Struggle for the Redistribution of Surplus Profit from Oil." In (Nore and Turner 1980). Midnight Notes 1992. Midnight Oil: Work, Energy, War, 1973-1992. New York: Autonomedia.

Midnight Notes 1997. Introduction to One No, Many Yeses. Midnight Notes 12.

Norre, Peter and Turner, Terisa 1980. Oil and Class Struggle. London: Zed.

(1) I do not want to suggest that Saddam Hussein's Baath Party should be defended for itself. It is not guided by the ideals of working class solidarity or anti-capitalism. It has tortured political dissidents and used chemical weapons against Kurdish insurrectionaries. For a discussion of these activities as well as the transformation of the Iraqi Baath Party's original pan-Arabic socialist ideology into a nationalist party imbued by a cult of personality see (CARDRI 1989). No wonder the US state has not been interested in deposing it!  
<back>

(2) The genocidal intent of the Gulf War began to be known immediately at the end of the bombing. For early data on the medical effects of the war on children see The Harvard Study Team's report (Armijo-Hussein, et al. 1991). <back>

(3) The impact of the threat of US military action on the work of "the oil-for-food" inspection teams and the oil price has been widely noted by oil analysts. For example, Geoff Pyne, oil market analyst at UBS Ltd., London, was quoted in the Oil and Gas Journal as having said that "the threat of military action introduces a huge amount of uncertainty to the market. It also makes the future of the UN oil-for-food deal uncertain. If the US is going to have military action, UN could not have its aid destruction teams on the ground. It could be that the oil-for-food deal, which was supposedly to be increase, could be stopped. This is why the oil price rallied [in late January 1998]" (Knott 1998). <back>

(4) The US military's guard duty on the world oil market is going to be even more complex and volatile than in the past. For after the Gulf War, a "new guard" has entered into an oil market previously dominated by OPEC and the major oil companies: traders from the financial markets. "[They] have no innate respect for anything in the fundamental market, oil or otherwise,...[they] profit by systematically taking short positions in crude futures markets," said Edward N. Krapels, president of Energy Security Analysis, Inc., Washington (West 1995: 9-10). These futures market players thrive on volatility and the quantum shifts of uncertainty. This is not to say that the long-run price of oil is actually determined simply by the supply and demand curves of the neoclassical economists. For other (though conflicting) Marxist perspectives on the value and price of crude oil see (Massarrat 1980) and (Caffentzis 1992). <back>

## Bibliography

is out of order. Hence this "war on terrorism" doctrine becomes a basis for the military control of economic development policies of any government on the planet.

The consequences of such a doctrine are, of course, enormous. It shows us that the struggle now unfolding in Iraq is not only about oil. What is at stake is the shape of planetary industrial development for decades to come.

## Introduction

Barely seven years after a major military attack that left Iraqi industry, hospitals, water and sewage treatment plants devastated, and caused thousands of civilian casualties as well as widespread sickness among American soldiers, the United States government prepared to go to war again against Iraq in February 1998. The Clinton administration's reasons for initiating this war—although noticeably shifting as the weeks went by—were clothed in a dramatic language. "... [I]t is very important for us to make clear"—said Secretary of State Albright in a Columbus, Ohio "town hall meeting" on February 19, 1998-- "that the United States and the civilized world cannot deal with somebody who is willing to use...weapons of mass destruction on his own people, not to speak of his neighbors." In the same meeting, Albright reiterated, "What we are concerned about is Saddam Hussein, who has a record of using weapons of mass destruction against his neighbors as well as against his own people. And [he is] a brutal dictator who is terrifying his people and threatening the region.....our policy is to contain him; that is what we are trying to do" (NYT 2/19/98: A9).

The key words used to justify the US policy were "weapons of mass destruction" and "tyrannical rule." (1) The US war aims, according to Pres. Clinton, were to undermine the Iraqi government and to "substantially reduce or delay" its ability to develop and deliver weapons of mass destruction (NYT 2/13/98: A1). The commander of US forces in the Persian Gulf, General Zinni, explained that he intended to meet these aims by destroying "the things that obviously allow [Saddam Hussein] to stay in power, threaten his neighbors, threaten the use of weapons of mass destruction, the things that are involved in the control of those sorts of assets" (NYT 2/12/98: A6).

Such justifications, however, were generally unconvincing, as the audience in the famous Columbus town hall meeting demonstrated. Their questions and the answers they received showed that the

Clinton Administration was far from transparent about its true war aims. As one audience member said: "There are many countries that have these biological and chemical weapons—six countries in the Middle East alone. You've stated why Saddam Hussein should be singled out, but it is puzzling to people to wonder why it's O.K. for these other countries to have biological and chemical weapons." Another audience member asked Secretary of Defense Cohen "if he thinks that the ultimate goal of this particular action...should be the ultimate removal of Saddam Hussein from Government." Cohen replied that the removal of Hussein "would require...a rather massive force of land forces, and we don't think that it's necessary in order to contain him. We think that we can contain him, as we have for the past seven years, and allow the Iraqi people at some point in time to determine for themselves whether they want another seven years of deprivation" (NYT 2/19/98: A9). In other words, Secretary Cohen committed himself to the "containment" of Saddam Hussein while General Zinni, is out to destroy his power.

The Columbus "town hall meeting" gave voice to a pervasive sense growing throughout the country and the world that the Clinton Administration was hiding something. Was the movie "Wag the Dog" right? Was the threatened war nothing but a diversion from a sordid sex scandal, or was there another explanation? Clinton Administration officials stuck to their cover story through thick and thin simply because, however shaky it may have appeared, it put the opponents to the war on the defensive. After all, who wanted to defend secret weapons of mass destruction or a tyrannical regime? What I offer in this article is a different explanation as to why the US insisted on waging war against Iraq along with some reasons why people in the US should oppose this war.

Alternative explanations are necessary as probes to challenge and deflate the ever present threats of war. For even though the agreement between Kofi Annan, the UN General Secretary, and the Iraqi government seems to have averted the immediate threat of war, there is very good reason to believe that the US government will be vitally interested in the fomenting similar episodes in the future. This strategy of tension can delay the lifting of the sanctions that restrict the sale of Iraqi oil for years. So we should be ready with our best arguments, since they might have to be deployed quite soon.

Moreover, one of the main arguments of anti-war opponents—a war would cause the loss of innocent Iraqi lives—is morally valid, but politically weak. Its moral validity is obvious. As we know, the combined effects of the aerial bombardments and the sanctions

entrance on to the market will severely depress the price of oil. Consequently, US troops have become the world market's guards, opening up an endless string of wars, of low, medium and high intensity to protect profits and market shares.(4)

\*Third, if you believe that the New Economic Order, often called "Globalization," is a threat to your well being, then you should oppose the Clinton Administration's strategy of tension and war threats (Midnight Notes 1997). For the war is being planned to threaten all those who refuse Globalization, i.e., those who refuse to sell their nation's geological patrimony for a song or to sell themselves for next to nothing to transnational corporations and their supranational allies (the IMF, WB and WTO).

### Envoi

The Clinton Administration aims to frighten us by giving us nightmares about the secrets of Baghdad. But it might be wise to remember the Rumi poem that provided this piece with its opening epigraph. The person speaking in the poem is a spendthrift from Baghdad who dreamed that there was a secret treasure buried under a so-and-so's house on such-and-such street in Cairo. On the basis of this dream, he traveled to Cairo. After many misadventures, he arrived at night in rags and tried to find the house with the secret treasure. It just so happened that Cairo was going through a law-and-order craze and everyone found on the street at night without an explanation was to be arrested as a thief. As the epigraph says, he told his tale to a patrolman who was on the verge of taking him to jail. The patrolman was moved to tears not only because of the truth of the story. He too had a dream of a secret treasure; but this treasure was in Baghdad buried in so-and-so's house on such-and-such street. Once the patrolman said the name of the owner and the name of street, the seeker realized that his own house and his own street was the location of the secret treasure.

So it came quietly to the seeker, though he didn't say it out loud, "What I'm longing for lived in my house in Baghdad!" But the same insight applies to secret horrors as well as to secret treasures: though you look for them elsewhere, exhausting yourself and your resources, they are in your own home! Stop the war! End the sanctions!

February 28, 1998

### Endnotes

working not only in the case of former colonial countries. It also applies to “advanced capitalist countries” as well. Consider the case of the joy-riding US pilot who killed 20 people in Italy recently when the tail of his fighter cut the cable of the sky-lift they were on while he was trying to fly under it. The Italian authorities who came to investigate the plane at its home base in northern Italy were turned away by the US military police and told that this was an internal US military matter. When the Italians asked for an explanation of the catastrophe, the US government claimed that it used only its own maps, not the maps of the country the military is stationed in, even if the local maps are better and more clearly marked features like the ski lift!

The US’s imperial gaze only sees war in any attempt to keep a secret from it, while its own secrets become divine maxims available only to the blessed. Our question is: how long will those of us in the US go along with this program for eternal war? Can we call ourselves what Frantz Fanon called the French people during the Algerian War, “Sleeping Beauty”? Can we let Sleeping Beauty still sleep, while the rivers of blood shed in our name are rising?

## **Conclusion**

Let me end with a summary of my argument, and its implications for those who want to resist a new Gulf War.

\*First, the threatened bombs over Iraq are aimed at the workers there, because even the threat of an attack will cause the UN to pull out the “oil-for-food” inspection teams and bringing the sale of Iraqi oil to an end. The bombs might kill thousands, but the continuation of sanctions will kill millions. The Clinton regime is acting as a genocidal God who plays with the lives of millions at the slightest turn of the political wind. Any people who let monstrous things to be done in their name to others, should not be surprised that this monster will turn upon them.

\*Second, the Clinton Administration’s strategy of tension is aimed at the control of the world oil market for the interests of the major oil companies and its allies in the Middle East. The US government demands that anyone who will trade in that market must accept its conditions. At the moment its strategy is the stabilizing and/or increasing the price of oil while forcing the privatization of nationalized oil companies throughout the planet. But the Iraqi government has refused to privatize its oil production and its

imposed on Iraq, that restricted the import of food and medicine, have been responsible for the death of hundreds of thousands of Iraqi people, most of them children. (2) And we can easily imagine that a bombing campaign of the sort described by General Zinni would produce a carnage and a devastation of incommensurable proportions. Unfortunately, these types of considerations have never moved the US population to seriously try to stop its government from engaging in the use of mass bombing, except in the case of Vietnam. Moreover, once a war is started, military decisions are not in the people’s hands. But if we cannot appeal to the hearts of the US people, then we should speak to their self-interest, showing how the war on Iraq is connected to a set of larger issues that do affect the US working class and call for our resistance to the war.

To explain the US government’s decision to threaten an attack on Iraq we must go beyond the official reasons offered to justify this course of action, and look at the short- and long-term material interests the US government has in the region, and at the role Iraq plays in the international division of oil and gas production. If we do that, we also see that the attack on Iraq fits with the politics of “Globalization,” as demonstrated by the position the US/UN has taken in many other world regions and conjunctures as, for example, the Asian crisis.

## **Official Issues and the Fine Print**

At the end of the Gulf War, a series of agreements were concluded between the Iraqi government and the United Nations. One of the most controversial was the right of the United Nations to search for and destroy any “weapons of mass destruction” that the Iraqi state would produce. The “UN Special Commission” on Iraq (“UNSCOM”) is the name of the UN inspection team in charge of the search-and-destroy mission; its present head is Richard Butler, a former Australian ambassador to Indonesia. Once UNSCOM completes its work, the sanctions will, presumably, be lifted. The Clinton Administration justified its threatened bombing of Iraq by claiming that the Iraqi government has violated this agreement. Was this true? Immediately before the Secretary General Kofi Annan’s arrival in Baghdad in February 21, 1998, there appeared to be two interpretations of what complying with the original agreements meant.

(A) The Iraqis agreed to give the UNSCOM inspectors access to eight presidential sites—areas containing many buildings including

residences belonging to Saddam Hussein—for the duration of 60 days, and they have also agreed to have the inspection team report directly to the UN Secretary General rather than to Mr. Butler.

(B) The US asserted that the UNSCOM inspectors “must be free to do their work without hindrance, without conditions, and without time limits” and they must continue to report to Mr. Butler (NYT 2/17/98: A6). The issue, then, as stated, was not whether the inspections should go on, but how they should be conducted. The Iraqi authorities were demanding that the accords be put in specific terms (specific times, places and persons), while the US demanded a general reading of the accords.

In other words, the confrontation seemed to be between the position of Iraq, which accepts eight sites and sixty days, and that of the US, that demands inspection at any place-any time. The Iraqi government’s insistence on specific terms in the interpretation of the accords came from its desire to maintain at least a shred of sovereignty. It wanted the terms of the accord to be open to negotiation at each turn in the story and the story itself to have a temporal limit that would lead to the end of sanctions.

The US government, on the other hand, claims the right to carry on an absolute surveillance over the entire Iraqi territory, for an indefinite span of time, and wants the absolute right to control and destroy any possible means that might lead to the development of weapons of mass destruction and their delivery. This demand is tantamount to requiring that the Iraqi nation become a pre-industrial colony producing crude oil, at best. For, as we have learned from the ecological movement, almost any industrial development is either a potential weapon of mass destruction, or allows for the development of such weapons. For example, any petro-chemical industry makes chemical weapons possible; any aero-space industry makes delivery vehicles possible; any bio-engineering or pharmaceutical industry makes biological weapons possible. What the US is, in fact, demanding is the elimination not only of Iraqi sovereignty but the total control over of its future industrial development, if not the total destruction of its industrial capacity. The seemingly formal issue concerning the interpretation of the accords hid a much more substantial one: whether the ruling Baathist government will accept Iraq’s return to a colonial, dependent status. This definitely was what international jurists used to call a “casus belli.”

itself as the uniform of an international agency, be it the UN, the IMF, the WTO or the WHO. This is the late 20<sup>th</sup> century version of an appeal to the “natural law” of nations in the past that allowed propagandists like John Locke to justify the colonization of the Americas in the 17<sup>th</sup> century (Arneil 1996). This is the message the planned war conveys and not to the Saddam Hussein regime alone.

The Russian government is also deeply concerned, as indicated by Yeltsin’s remark that a US attack on Iraq could trigger “World War III” (NYT 2/5/98). The planned attack on Iraq is an attack on its future as well—it puts an end to the hope that the Russian state and capital may draw some benefit from liberalization and that the oil resources of the previous Soviet Union will not be monopolized by US and English oil companies. With the intensification of its strategy of tension, the US state is telling its Russian colleagues that their management of oil resources must comply with the its schemes or else. The planned attack also sends a message to Asian governments. In fact, there is a deep relation between Iraq and Indonesia, Thailand, Malaysia, and South Korea. All these states have tried a nation-state model of capitalist development in the 1970s and 1980s. The Asian attempt proved tremendously successful capitalistically in the 1980s and appeared to be an alternative development model for previously colonized countries. But this alternative was thrown into crisis this last year.

In this case too, the US response to the crisis is to demand the right of absolute surveillance. Just as the Iraqis have to show the US government every secret nook in the country, similarly the Thais, Indonesians and Koreans have to “open up their books” to show the IMF (backed by the US government) all their dealings and, of course, gain their approval in order to survive. The US government is proposing a global Panopticon (“all seeing”) regime, where everything that occurs on the planet has to be seen, controlled and approved by the US government (or its representatives in an international agency it controls). Thus, the US is not only aiming to be the “cop” of the world, as it did in the 1960s, but at the dawn of the 21<sup>st</sup> century it aspires to be the “investigator,” “warden” and “executioner” of the “world” as well.

On the most general level, the issue at stake in the Gulf War is the possibility of any nation-state charting a sovereign path to its existence and of a people to actively (or even passively) resist the dictates of the world market (as roughly guided by the US government and its supranational proxies). This logic can be seen

industry are returning. Indigenous people must be driven from their lands; previously uncontaminated waters and lands must be polluted; cultures, peoples and ecologies must be exterminated. But these peoples are resisting their extermination and are receiving the support of the world, from the Chiapans to the Ogonis to the Papuans, and are stalling the final advance of the oil industry.

The US's ongoing threat to bomb of Baghdad at the slightest hint of resistance makes it clear that any people that does not accept the recolonization of the oil fields by the international oil companies and their US and British government allies will likely suffer attack. As Secretary Cohen paradoxically suggests, the Iraqi people have become the objects of military assault because they have not overthrown the Baath regime and on top of that would not accept the recolonization of their country the US promises. This places them in the same position as the Zapatistas in Mexico and the Ogoni in Nigeria.

### **The Gulf War and Globalization**

All the imagery used in the Gulf War to demonize the Iraqi state is now being recycled to create the impression that the US government is acting against Iraq in response to the exceptional evil Saddam Hussein embodies. But this planned attack is in line with the policy the US government has pursued throughout the 1980s and 1990s under the guise of "globalization" in every region of the world.

In African and Latin American countries, globalization—which is premised on the total control of the world's resources by transnational corporations—requires low-intensity warfare, i.e., the use of lightly armed groups (from death squads to "contras") whose aim is not to militarily defeat the opponent, but to starve and terrorize a resisting population that supports the opponent. We have seen its application in Nicaragua, El Salvador, Mozambique and Angola.

In Iraq, instead, the dictates of globalization seem to call for a very high tech war. But the logic is the same. The US prosecution of the Iraq war is best understood as the contemporary equivalent of the British empire's Opium War against China mid-19<sup>th</sup> century. The British saw their war as a crusade for "free trade" and their major war objective was to break down the Chinese government's perfectly reasonable (but "protectionist") resistance to opening up its market to opium produced in the British colony of India (Rowling 1987: 80-84). At stake in Iraq is the right of the US government to control the resources of the planet according to its desires as long as it presents

The crisis was averted when Iraqi government decided to accept an interpretation of the accords brought by Kofi Annan to Baghdad on February 23, 1998. This interpretation seemed to be an adequate diplomatic "splitting of the difference" for the moment. It lifted the sixty day limit on inspections, but kept the reference to the eight sites. Similarly, it included a gesture to the recognition of Iraqi sovereignty by adding a group of senior diplomats to the UNSCOM "technical" team—whose members were arrogant and disrespectful, according to Iraqi officials—that will inspect the presidential sites. Finally, the document's references to the "legitimate concerns of Iraq relating to national security, sovereignty and dignity" and the "lifting of sanctions" seemed enough to assuage the Iraqi government (NYT 2/24/98). But the fundamental issue between the US and the Iraqi regimes concerning the political sovereignty and economic independence of Iraq remains and will be the source of tension in the future.

Some "hawks" in the US have attacked the recent agreements because, according to them, the Iraqi state lost its rights to national independence when it was defeated in the Gulf War and that any negotiations with Saddam Hussein's government are unnecessary and illegitimate concessions to a "mass murderer" and weak-willed world opinion. The Iraqi Army's invasion of Kuwait was unjust, they claim, and its defeat gave the victors (the US-lead UN coalition) the right to punish the guilty state at will. But we must remember that defeat in an unjust war does not give the victor such automatic rights. For example, the US military's unjust invasion (replete with chemical weapons) of Vietnam was defeated. But this defeat did not give the Vietnamese government even the theoretical right to control the US's political and economic life. For the US defeat was conditional.

Similarly, the Iraqi state's defeat in the Gulf War by the US-lead UN coalition was conditional. Iraq 1991 was not Japan 1945. The Baath government survived the Gulf War and today is defending the principle of Iraqi sovereignty and the right of the Iraqi state to determine a national industrial policy. That is, the status of Iraq is not that of a slave whose life was forfeited and must then live under the absolute legal and moral power of a master, as occurred in Japan after the Second World War. Iraqi society and its state demand recognition as agents in an exchange.

Nevertheless, the US government insists that any demand by the Iraqi government for negotiations about the conditions of the accords and the end of sanctions—conditions involving its territory and

economy—are illegitimate. The Clinton Administration is making claims fit for an absolute master without having any right to possession, except for its military superiority. It is by virtue of this military power that the US government and its transnational corporate allies have in recent times battered down all trade and political barriers wherever they stood in the way of US national and corporate interests. The recent showdown with Iraq was not different, even if the justifications given appealed to the well-being of the people of the world and put the US in the place of the ancient knight fighting the horrendous dragon, ensuring in the end that justice is done.

But is hard to cast President Clinton, the supporter of the IMF, NAFTA, Multinational Agreement on Investment (MAI) and all the other corporate-sponsored institutions and deals around the planet, in the clothes of Saint George, with his spear drawn in defense of the poor and weak. Indeed, there were and are more mundane reasons revolving around the price and availability of crude oil that make war with Iraq a continual temptation.

### **The Oil Secret**

“Most likely the sanctions will be lifted, not when Iraq agrees to any new elimination of a weapons system or a new inspection of its arms sites, but when it agrees to sell the oil on the US/UN terms” (Midnight Notes 1992: 49). Oil has long been recognized as a major factor in the Gulf War. This insight was expressed most graphically in the 1990/91 anti-Gulf War movement’s slogan “NO BLOOD FOR OIL!” What exact role oil played then, however, was often disputed. According to some commentators at the time, the US’s interest in “cheap oil” brought about a confrontation with Iraq. But the US government was never committed to any particular price for crude oil. In 1974, for example, the US government gave the go-ahead to the Saudis to hike the price of oil dramatically while in 1986 it bombed Libya and sent cakes to Iran in order to lower the price of oil (Midnight Notes 1992: 6-7, 283-301). The US was responding not to the Iraqi state’s demand for high oil prices, but to its desperate attempt to bypass the US military and economic control of Persian Gulf oil in 1990/91. In this respect little has changed since the Gulf War.

A key to understanding the present situation is to realize that the Iraqi government has managed to face seven years of total military surveillance and economic sanctions without capitulating completely

The oil proletariat’s revolt since the early 1990s has moved out of the cities and into the countryside, e.g., in Chiapas in Mexico, in Ogoniland in Nigeria, in Chechenya in Russia, and in the Caspian region (Cecena and Barreda 1995). These people are demanding a return for the suffering that oil exploration and extraction has and will impose on them. They are beginning to put formidable roadblocks to the oil industry’s desperate advance to the last remaining oil areas of the planet. Shell, Chevron, and Mobil are confronting “those who have been left behind,” the indigenous, the marginal. These are people that the Zapatista Subcommandante Marcos speaks of when he refers to the protagonists of a “Fourth World War.” They are confronting the soldiers of their own governments as well as the death squads of the transnational companies anxious to get at the oil beneath them at any cost (Subcommandante Marcos 1997). They are the people who are living on top of the most important commodity in the world and who must be displaced and humiliated in order to make its extraction profitable. These people, who have been living on the “margins” of industrial development, have been forced to become protagonists in a new world war because of the growing scientific consensus that world oil production will peak in the next decade or two. Oil companies are now desperately trying to position themselves to be able to stake out and possess the remaining oil areas on the planet which invariably are in regions that had previously been undeveloped. According to this reasoning, if the companies do not make their claims now, they will be left out of the price boom in the first half of the 21<sup>st</sup> century caused by a decline in production and an increase in demand.

This consensus is based on the work M. King Hubbert in the 1950s who accurately predicted that US non-Alaskan oil production would peak in 1969. Extrapolating Hubbert’s work on the US to the whole planet, geologists like Colin Campbell, Jean H. Laherrere and Craig Bond Hatfield have noted that the number and size of new oil discoveries have been falling since the 1960s and are rapidly heading to zero (Campbell and Laherrere 1998; Hatfield 1997; Hartshorn 1993: 225-251). They also note that the larger fields are usually found first, while there are diminishing returns on new exploratory wells in the late period. Since oil consumption is growing at approximately 2 percent per year, while the old oil fields are drying up and new fields are expensive to find and exploit as well as being objectively rare, a price hike of dramatic proportions looms.

It follows that all the new profit to be made out of oil production now lies in the geographical margins of the planet. But it is exactly in this drive to the margins, all the horrors of the primitive period of the oil

*Behind the investment projects comes the pollution, prostitution and drugs. In other words, the reconstruction/reorganization of the destruction/depopulation of the zone.*

(Subcommendant Marcos 1997)

The Iraqi people are not the only intended targets of the threatened smart bombs. As in the previous Gulf War, all people around the world involved in the production of oil and not totally subservient to the plans of major oil companies and their US and British governmental allies are also targeted. In the previous Gulf War this was obvious, but the political situation of this oil producing proletariat is now different. In the late 1980s and early 1990s workers from Trinidad to Algeria to Nigeria to the Middle East were in revolt against austerity and structural adjustment policies imposed by the IMF and WB (Ryan 1991; Midnight Notes 1992; Ihonbvere 1992; Walton and Seddon 1994). They refused to starve while knowing that the most vital commodity on the planet was being extracted from their land in front of their eyes without equivalent. They were also inspired by the intifada which made it clear that a people's revolt cannot be stopped by even the most technologically advanced oppressor.

This revolt was centered in the cities (from Port of Spain, to Algiers, to Lagos, to Gaza) and the revolutionaries' demands were centered on their governments and the IMF. At the center of this international intifada against austerity were the immigrant workers in the Middle East (especially the Palestinians, but also the Egyptians and Yemans), for they threatened to upset the despotic regimes the US government still sees as its most important allies and were important stockholders in the IMF. The Gulf War forced a total change in the composition of the workforce in the Middle East. The Palestinian, Yemini and Egyptian workers were expelled and along with them the threat of their demands for political recognition in the states like Kuwait and the UAEs where they comprised the majority of inhabitants.

Similar defeats occurred elsewhere, e.g., the anti-IMF movement in Algeria has been replaced by fundamentalist armed groups exterminating whole towns and the Palestinian intifada has been rigidified into the PLO's precarious control of a quasi-state in the West Bank and Gaza. Consequently, the sources of insurgency the Gulf War was directed towards are not to be found in the same places.

to the military subordination and economic dependence that US has demanded of the states in the region. The Iraqi state is still insisting on some control over the nation's resources and its independent entrance as a seller into the global oil market. For example, the Iraqi state has made major deals with a number of non-US oil companies to bring them into the joint development of oil fields in Iraq once the sanctions are lifted. These deals involve French companies like Elf Aquitaine and Total SA (involving fields of 12.5 billion barrels) and Russian companies like Lukoil, Zabrubezneft and Mashinoimport (involving fields of 7.5 billion barrels). The only companies left out of the oil exploration bonanza when sanctions are lifted will be US-based, unless the Saddam Hussein regime is somehow persuaded otherwise (Wall Street Journal 2/23/98: A17).

The economic situation now is the inverse of what it was during the 1991 Gulf War. In 1990, Iraqi authorities were the primary oil price hawks in OPEC. They were calling for \$25 per barrel and one of their official reasons de guerre was that Kuwait was violating its OPEC quota and depressing the price of oil. In 1998 Iraq is objectively not a force for higher oil prices. In fact, the full return of Iraqi oil into the international oil market would substantially lower oil prices. In 1994, the Clinton Administration estimated that, with the full lifting of sanctions, a return of Iraqi oil on the world market would depress prices by almost 50% and there is no reason to believe that this estimate does not hold any longer today.

Such a price collapse would be especially problematic for the world petroleum corporations in a period when they believe that there are new, profitable large-scale investments to be made in oil exploration and development (especially in the former non-Russian Soviet republics), but at the same time they face a decline in short-term demand because of the "Asian Crisis" (Beck 1998). Such a price collapse would also undermine the present control structure of OPEC (where Saudi Arabia, a US client state, is king-pin), and would devastate the capitalists of the local "oil patch" in Texas and Louisiana. These are no small losers in the short-run, and they have tremendous power with the US government.

It is important to review oil price politics since the Gulf War to understand this issue. That war itself was a \$4 war because one of the crucial issues at stake was the price of oil in the 1990s. A desperate Iraqi government, trying to rebuild after the Iraq-Iran war and full of political debts to its populace, was demanding a \$25 per barrel price target at the last OPEC meeting before the war while the Saudi Arabian regime, with US support, was demanding \$21--a \$4

difference. The Baath regime in 1990 was desperate because it was caught in a pincer. On the one side, the Iraqi proletariat, after nearly a decade of war with Iran, was demanding a “pay off” in the form of higher living standards, on the other side, the International Monetary Fund (IMF), the US, and the UN were demanding the privatization of state industries and an end to subsidies, i.e., the imposition of a policy of austerity and structural adjustment.

The invasion of Kuwait was a calculated risk meant to gain some breathing space from both the Iraqi working class and the IMF/US/UN (by gaining concessions from the Kuwaitis and other elements of Middle Eastern capital in exchange for a pull back). The invasion was also premised on the US not having a viable political alternative to the Baath party. In a way, the invasion did save the Baath regime and did impose austerity on the Iraqi people. The Saudi Arabians won the oil price debate with Iraq both at the last OPEC meeting before the Gulf War and in reality. The price of oil on the international market between 1992 and early 1997 averaged in the region of \$19-\$20 (with the low at \$14 in late 1993 and a high of \$25 in early 1997). Indeed, in 1996 the price was rising rapidly, to the point where many were wondering whether the pre-Gulf War oil experts' predictions of \$40 oil at the beginning of the next century might still be fulfilled.

But then came, after many twists of fate, the “oil-for-food” agreement between the Iraqi government and the UN Security Council (Resolution 986) and with it the very regulated and restricted return of Iraqi oil onto the world market in January 7, 1997 which led to a dramatic collapse of the price of oil. In two months (January-March) it fell from \$24 to \$18 and a year later it is in the \$15-\$16 range (it was \$16.18 on Feb. 20, 1998, for example). The US fought against the “oil-for-food” deal diplomatically and militarily. Indeed, the last US attack on Iraq—the launching of 27 cruise missiles on September 9, 1996—delayed the implementation of the Resolution for almost four months. Though it could not stop the “oil-for-food” deal completely, US diplomats have crafted the resolution in a very restrictive way, making it vulnerable to a thousand and one possible interruptions and challenges.

First, it only allowed for the sale of about 700,000 barrels per day or only 20% of the 3,500,000 barrels per day the Iraqi state was exporting before the Gulf War. Second, an essential part of the agreement is the placing of 151 monitors from the UN Department of Humanitarian Affairs (UNDHA) throughout Iraq who observe whether the food bought from the oil revenues is properly distributed through

an agreed upon ration card system at more than 60,000 retailers throughout the country. Third, along with food, essential technology to repair water and sewerage systems as well as equipment for the oil industry may be purchased with the oil money. These imports will be checked by a monitoring team as well. Consequently, the Iraqi economy is not only watched by satellite, spy plane over flights, and the UNSCOM inspectors; hundreds of accountants and market inspectors are also auditing it daily. These monitoring teams are clearly more important for the fate of the Iraqi people and state than the UNSCOM inspection teams, but they are not often talked about in Clinton administration press conferences. If they are removed from Iraq or cannot do their work there, the “oil-for-food” deal will become null-and-void and the Iraqi right to sell oil openly will be rescinded.

(3) In effect, any time the US bangs the “drums of war,” Iraqi oil is driven out of the market. This is certainly one of the secret motivations for US war threats, since they permit control over Iraqi oil sales in the short-run. For example, the UN Security Council increased Iraq's quota for exporting oil from \$2 billion to \$5.2 billion on February 20, 1998 as an inducement to Saddam Hussein's government to sign the new interpretation of the accords in Baghdad. This increase permitted the Iraqi national oil company to sell up to about 50% of its pre-Gulf War exports. But this limit is purely theoretical, because (a) the UNDHA inspection teams must be operating on the ground in Iraq and (b) parts must be imported in order to repair oil extraction and pipeline equipment in order for the Iraqi National Oil Company to be able to increase production to meet this limit. If the US threatens war again or objects that some imported piece of equipment can be used to construct a weapon of mass destruction, the Iraqi's will find themselves either thrown out of the market or unable to enter into it.

### **Geology and the Oil Producing Proletariat**

Ian Chambers, director of the Office for Central America of the ILO (of the United Nations), declared that the indigenous population of the world, estimated at 300 million, live in zones which have 60% of the natural resources of the planet. Therefore the “MULTIPLE CONFLICTS DUE TO THE USE AND FINAL DESTINATION OF THEIR LANDS AS DETERMINED BY THE INTEREST OF GOVERNMENTS AND COMPANIES IS NOT SURPRISING(...)THE EXPLOITATION OF NATURAL RESOURCES (OIL AND MINERALS) AND TOURISM ARE THE PRINCIPAL INDUSTRIES WHICH THREATEN INDIGENOUS TERRITORIES IN AMERICA” (interview with Martha Garcia in “La Jornada”. May 28, 1997).