

Iraqi oil speculators' ball: Palast the prospector hits the mother lode

By Emad El-Din Aysha, PhD in International Studies

Last year two very gifted researchers, Jonathan Nitzan and Shimshon Bichler, argued that the Iraq War would not make oil plentiful and cheap at all, but scarce and expensive with the leading oil companies profiting greatly from the new environment of heightened insta-

bility and soaring oil prices. (Please see Clash of Civilization, or Capital Accumulation?, *News From Within*, Vol. XX, No. 3, July (2004), pp. 4-6; <http://bnarchives.yorku.ca/archive/00000028/>).

They made some other claims that were no less controversial and roundly condemned by all, even radical leftwing critics of the war who were pushing a more conventional theory as to the oil factor. (Please see <http://www.nubeli.org/anti-K/>). Nitzan and Bichler had been making predictions of this kind for quite some time, from before the invasion in fact, but to no avail. I'm happy to say that we finally have confirmation of their claims, thanks to BBC *Newsnight* Greg Palast.

Newsnight revealed that, as we all suspected, planning for the war began within weeks of Bush's first taking office in 2001, long before the September 11th attack on the US. In fact, an Iraqi-born oil consultant, Falah Aljibury, says he took part in the secret meetings in California, Washington and the Middle East and refers to a State Department plan for a forced coup d'etat. (Please see Greg Palast, Secret U.S. Plans For Iraq's Oil, *BBC Newsnight*, 17/03/05).

Mr Aljibury told *Newsnight* that he personally interviewed potential successors to Saddam Hussein on behalf of the Bush administration. Mr Aljibury has a long history of oil-related intrigue, once functioning as Ronald Reagan's back-channel to Saddam in the 1980s. Moreover, a plan, obtained from the State Department by *Newsnight* and *Harper's Magazine* under the US Freedom of Information Act, called for the creation of a state-owned oil company favoured by the US oil industry. The plan was completed in January 2004 under the guidance of Amy Jaffe of the James Baker Institute in Texas.

The prime advocates of the plan were a combination of Big Oil executives and US State Department pragmatists. Standing in their way, however, were the neo-conservatives at the Pentagon who wanted to sell off all of Iraq's oil-fields. The neo-cons drew up their own secret plan, just before the invasion in 2003, with the intention of using Iraq's oil to destroy the Opec cartel through massive increases in production above Opec quotas.

The sell-off was given the green light at a secret meeting in London headed by Ahmed Chalabi shortly after the US entered Baghdad, according to Robert Ebel, a former US energy official and CIA oil analyst. Mr Ebel flew to the London meeting at the request of the State Department.

Not to be outdone, the US oil industry and the State Department fought back. The former CEO of Shell Oil USA who took control of Iraq's oil production for the US Government a month after the invasion, Philip Carroll,

stalled the sell-off scheme. He even made it clear to Paul Bremer that: There was to be no privatization of Iraqi oil resources or facilities while I was involved. Mr Carroll's successor, a Conoco Oil executive, drew up a new plan for a state oil company.

It seems the oil companies had jittery nerves. Because Washington was afraid of a repeat of Russia's energy privatization, US oil companies were barred from bidding for the reserves. Jaffe said: There is no question that an American oil company... would not be enthusiastic about a plan that would privatize all the assets with Iraq companies and they (US companies) might be left out of the transaction.

Ms Jaffe also explained: I'm not sure that if I'm the chair of an American company, and you put me on a lie detector test, I would say high oil prices are bad for me or my company. (Greg Palast's film — the result of a joint investigation by BBC's *Newsnight* and *Harper's Magazine* — was broadcast on Thursday 17th March 2005.) Hey presto, high oil prices even with an abundance of Iraqi oil. It's so bad in Iraq, in fact, that American oil companies there are exporting oil to Baghdad!

But the pathos in all this bickering over vested interests — the banality of evil, as Hannah Ardent would put it — lies in the fact that it confirms the more general thesis put forward by Nitzan and Bichler. They don't subscribe to the various conventional postisms of ethnicity, race and culture which pay little attention to capital accumulation. (*Clash of Civilizations*, 2004). The neo-cons, as powerful and ideologically pure as they are (apart from Richard Perle with his arms deals), are not ultimately in the driving seat.

As Mr Carroll also told *Newsnight*, Many neo-conservatives are people who have certain ideological beliefs about markets, about democracy, about this and that and the other. International oil companies without exception are very pragmatic commercial organizations. They don't have a theology. (Palast, 2005).

Strangely enough, conventional opinion can't handle such blunt, bare facts, interpreting such arguments as conspiratorial nonsense. And as Nitzan and Bichler point out, the pundits got it wrong. Thank goodness I wasn't one of them!



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Greg Palast, investigative journalist or prospector?



Jonathan Nitzan, proud speculator, not spectator