

# **Reflections on Iraq**

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In a late-seventies economic development textbook (Todaro, 1979) noted that in the two decades following 1958, Iraq jumped from a country that exhibited one of the highest income inequality and illiteracy rates, to a country that has had an impressive record of human and social development with a closing gap in earning disparities.<sup>1</sup> Various UN reports attested to faster than usual improvements in health, educational and social conditions. That was Iraq then.

When the US Secretary of State James Baker III warned Tariq Aziz, the Deputy Prime Minister of Iraq, in Geneva in 1991 that Iraq would be bombed back into the Stone Age, he probably meant that the US will deprive the Iraqi civilian population of the right to security of person, water, health, shelter and, more recently a humanely decent standard of living.<sup>2</sup> That is Iraq *now*.

Between *then* and *now*, hundreds of thousands have died as an immediate outcome of the first US aggression in 1991, the ensuing embargo, and the all out invasion and colonisation. The war's impact is felt everywhere, particularly in the Arab World. In a recent Aljazeera report, nearly ten years after the fall of Saddam's regime and rising oil revenues, which have increased nearly tenfold as a result of rising oil prices, more than a million orphaned children remain abandoned in the streets of Baghdad.<sup>3</sup>

Oil rents, under the US created sectarian structure, entrenched social divisions that so far have produced more sorrow than solace. If anything, higher windfall profits from oil entrenched a divisive social mode that has been put to the service of global capital. Whilst the Arab world rebels against abjection and for civil liberties, in Iraq, the sectarian divide had pre-empted the grounds for revolt. In what has become a small world in real time, the war on terror, a close kin of the war on Iraq, amounts to an assault on the achievements of working people and their civil liberties everywhere. The immiserisation of Iraq strengthened American hegemony over the global accumulation structure. The Iraq campaign, unlike what is commonly perceived did not downgrade the ranking of US empire. The US is now integrated with the governing structure of Iraq- as was any colonial power in the past. An implosive Iraq, subjected to drones and deprived of sovereignty allows the dominant power, which the US, to boost its leverage over the region. US and Western aggression, couched under the rubric of international law and humanitarianism, is oft made to appear more costly to imperialism than the gains that it is set to expropriate from the developing or Arab world. When stripped bare from falsehood and demystified, prices and, the sums of financial resources they amount to, are brokered by a structure of power from which Arab working people have been discarded. After the usurpation of the bigger share of national wealth by Arab elites and foreign capitalists, the remaining resources for the Arab labouring classes, remain insufficient to maintain a minimum historically-determined standard of living. The value relations underpinning the emergence of the money form come to favour US-led capital. At any rate, a dispossessed and disempowered working population cannot negotiate the condition of its survival.

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<sup>1</sup> See for instance the early versions of Economic Development (The Addison-Wesley Series in Economics), by Michael P. Todaro, Prentice Hall publishers, 1979.

<sup>2</sup> Iraqis Endure Worse Conditions than under Saddam, UN Survey Finds, by Chris Shumway, The Standard, 2005-05-18; and, Daily living conditions in Iraq dismal, UN survey finds, UN news Centre. (see recent article entitled "Food Shortages Gnaw at Iraqis' Stomachs, Morale" Louise Roug, Times Staff Writer, June 16, 2005, underscores the horrific conditions in Iraq. And according the article 'Shrinking subsidised rations are blamed on corruption, security problems or the U.S. Another UN article sways in that very direction asserting that conditions in Iraq at present are worst than they used to be.

<sup>3</sup> <http://english.aljazeera.net/video/middleeast/2011/05/201151041017174884.html>

Development in the Arab world has to be continually denied so that the security of working people and, subsequently, national security are laid open for plunder. The terms of power, which underlie the reproduction of the global accumulation process are to be calibrated in favour of a US-headed global capital by the degree of the disempowerment of the Arab working population. The deepening crisis of capital, materialised recently in the great financial recession of 2007-2008, implies a further escalation of the dispossession process of the Arab working people and a cheapening of Arab human and material resources. Notwithstanding the enforced public to private transfers under neoliberalism, wars act as the instrument by which social and non-monetised resources and labour are coercively engaged in the formation of value under capitalist accumulation. Wars therefore on an already defeated Arab world have served to maintain US control of oil supplies through direct military presence, stabilised a financial order in which the dollar remains the world reserve currency and wealth holding medium, reinforced militaristic, religious and ultra nationalist ideologies globally, assisted in the compression of the global wage and, ultimately, US-led capital held at bay ascendant and competing imperialist powers. To date, the US lays full or partial sovereignty to the whole of the Gulf, save Iran. This control affords the US financial elites with seignorage rights and imperial rents far beyond the boundaries of the Gulf. In this essay, I will seek to address some issues related to the causality of war and depict the occupation of Iraq in terms of grabbing and undervaluing Third World assets. This essay is, in part, a reading of the occupation of Iraq in terms of accumulation by encroachment a la Luxembourg.

## 1. Causation

On a superficial level, the answer to war causation swings between the brutal dictatorship of Saddam and the aggression of an American empire. These amount to impulsive responses expressing the immediate moods of repressed social groups. Short of over-determination, causality in history is multifarious. On the surface of things, its interpretation and the classification of evidence are closely attached to the values and interests of differing social classes. That is, a victor writes history thesis. However, in the complex and fluid structure of history, there are determining moments around which all other moments congregate. The foremost of these moments in the present course of events is the imperialist aggression stabilising the global accumulation order. It weaves itself ideologically onto the web existing of prevailing consciousness to justify further aggression.<sup>4</sup> Furthermore, in a developing context, working class consciousness is gauged against the currents of change and the directions it assumes vis-à-vis imperialist aggression. It is how differing class positions are practiced and realigned with or against imperialism that makes a social class grow into or out of itself respectively. Mediating the national struggle into a common internationalist position is how the revolutionary position is gauged. More concretely, it is how the Palestinians and the Iraqis transcend their narrow social circumstance through anti-imperialist struggle knowing that national liberation cannot be wrought under the aegis of US empire. In relation to the dictum that peoples are historical through the state, anti imperialist positioning makes people 'un-nationalistically' historical.<sup>5</sup>

In the distant past, divine interventions or mythical heroes represented valid interpretations of historical development. The study of history has moved further away from these accounts as it began to assess how common will and human volition could be effectively translated via political media and organised political action as epitomised in the

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<sup>4</sup> This is my reinterpretation of E.H. Carr's view of historical explanation. *What is History?*, 1961, revised edition ed. R.W. Davies, Harmondsworth: Penguin, 1986.

<sup>5</sup> In eurocentric views, the state embodies the medium through which a people gain historical recognition. That was a starting point in which nationalism represented an end in itself. It is through the defiance of the Western engineered states of the Near East that Arab working people become a historical people.

political party or the state. That was, to be sure, Hegel's ideal-type history, where the state incarnated the ultimate form of spiritual self-realisation. Later still, at a more decisive level, the notion of material circumstances and the way people relate to the material conditions by which they reproduce themselves came to anchor the debate or render, at least in rudimentary form, the material conditions of life a starting point for analysing historical processes.

The roots of materialist explanations, especially that of war, did not begin with Marx. Before Marx, for example, three and a half centuries ago Jean Jacques Rousseau addressing the strains of economic want and war pitched a rather palatable tone: '[e]very people, to which its situation gives no choice save that between commerce and war, is weak in itself,' and it is that material weakness for Rousseau that spurs war. For Rousseau, aggression occurred in relation to scarcity in food or crisis of under-consumption. In relation to conditions of abundance and oversupply of food or, most commodities for that matter, Marx introduces an explanation of anarchic accumulation and crisis of overproduction. Myopic competition and the narrow pursuit of profit run amuck with no social end in scope. The diktat of "Accumulate, accumulate, that is Moses and the prophets" could be extended from Marx's age to the monopoly age with a twist: when the transfer of value from the periphery adjusts downward, developed formation crises become more acute. Although a caveat may be needed here in respect to the lower frequency but deeper crisis of the monopoly age. Under monopolistic conditions, advanced economies dip less frequently depending on the degree of cartelisation.<sup>6</sup> So weaknesses will linger in varying shapes and forms, but in modern times they crop up because certain strata in control of a certain social formation decides to keep its rate of profit buoyant despite excesses harming man and nature.

The idea that capitalism expands simply by expanding the market for commodities implies that crises could be remedied by an appropriate global fiscal policy. That is a matter of grand design, which could not factor in the multitude of extra-economic parameters that lie beneath a ferocious competitive process. The voracity of capital accumulation continuously shifts forms of 'primitive accumulation' to the developing world where the acquisition of cheapened sources of raw material and non-monetised constituents that go into the formation of value provide the extra edge of profits. It offers to capital grabbed and undervalued resources that Keynesian Eurocentric design considers a right by virtue of western civilisational advance. Nationalism and technological advance render labour and capital divisible. The fact remains that capital in the monopoly age steadies by aggressive encroachment, including military aggression, than by the simple realisation of commodities in expanding markets. Monopolies wed themselves closely with the state and 'militarism becomes not only in itself a province of accumulation,' it also serves through encroachment and dispossession to offset the inherent crisis of accumulation on the realisation side (Luxemburg 1973 [1913]). Lenin further emphasised that militarism represented a decisive moment in an accumulation process under imperialism. For him war became 'the principal means by which capitalism could overcome the disparity between the development of productive forces and the accumulation of capital on the one side, and the division of colonies and spheres of influence for finance capital on the other' (Lenin 1966 [1916]).

To head right into the subject of how is the above related to Iraq, if it were for one ruling class, say US-led capital, to make its living in a way that should necessarily come at the expense of another people, say the Iraqis, it so follows that war becomes more of a possibility. The phrase, 'to protect our way of life' is doubtless the sole alibi, albeit a false one, oft

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<sup>6</sup> Monopolies hold prices at a level that allows them to earn extra profits and cover the costs of investment. However, when new technology lowers prices, the ensuing revalorisation and disengagement of non-performing capital tends to accentuate the depth of the fall in capital accumulation. Marx, Devalorisation, and the Theory of Value, *Michael Perelman, Cambridge Journal of Economics*, 1999, vol. 23, issue 6, pages 719-28

invoked as pretext for just war. Recalling the many premeditated incidents in history that sparked wars were fabricated- Hitler's Czech invasion or the Gulf of Tonkin incidence, concocting the occasion to implement war is standard practice.

This further begs the question of how can an American working class be so weak so as to be kowtowed into war? Evidently, both the US and Iraqi working are both victims of the war by varying degrees. US-led capital after all is a cross-border class alliance that includes many of the social classes linked with each other through financialisation or direct production processes. In addressing this issue, account must be rendered of the state of revolutionary consciousness weakening under systematised assault since the early eighties and its resultant alienation in American society. In view of the crisis in socialist ideology, the same old concerns for job security preoccupy a majority of the working class. Workers are said to be traumatised.<sup>7</sup> The strength of capital's ideology reproduces alienation from the self and the community simultaneously; these are processes that combine to crown the spiritual victory of capital.<sup>8</sup> The ethos of "each for himself" grips the mind ripping it away from itself and its social context and, eventually, the social ailment deepens such that while the war rages people watch the stock market's response to the bombing raids. The vulnerability of wage labour to market conditions is a relationship that holds above all others in a crisis ridden capitalist process. Precarious working and contractual conditions, resulting from weakening unionisation in the US, continue to reveal the distorted balance of power between labour and capital. The fake but supposedly legal relationship between the labourer and the owner, which conceals beneath it a process of unequal power and exploitation, resurfaced in severe dehumanising forms at recurrent downturns in the business cycle.

To put things in perspective, the social precariousness of labour is yet more dismal in developing countries continuously developing in severe crisis. The appearance of level playing fields and fair trade (free wage labour) is blighted in a third world context. Acute class differentiations in least developed countries and the threat of imperialist intervention, frequently, coalesce to arrest any possible realisation of a universal political expression. To borrow the Lukacs imaginary, American capital has imparted its uglier image onto the periphery.<sup>9</sup> Of the many facets of global integration, it is this capability of world capital to clone its traditions in the third world and subsume its labour force at home simultaneously that protrudes as evidence of socialist ideological defunctness.

The US's large professional army and capacity to issue large amounts of debt that can be paid off by foreign funds accrued on the basis of imperial expansion attenuate the task of moulding American public opinion to withstand the cost of war.<sup>10</sup> US-led ideological assault also targets the Arab population as it needs to swerve revolutionary thought away from the control of oil or any autarkic measures that lock-in national resources. The method by which it has been pursuing this goal however, involves a show of brutal force that is meant to extinguish the spirit of resistance. Israel's disproportionate use of power, acts as the role model for the US when it aims to silence certain forms of dissent. The purpose is to demonstrate the futility of resistance given the highly uneven military structure. Two weeks before his assassination by Israeli missiles, Hamas leader Abdul-Aziz Al-Rantisi copied a

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<sup>7</sup> 2012/01/19 Riccardo Bellofiore's seminar at the IUC of Turin  
[http://www.youtube.com/watch?v=Dr8\\_SP1BXT0](http://www.youtube.com/watch?v=Dr8_SP1BXT0)

<sup>8</sup> István Mészáros 1970, Marx's Theory of Alienation.  
<http://www.marxists.org/archive/meszaros/works/alien/index.htm>

<sup>9</sup> Georg Lukács 1962, Preface to *The Theory of the Novel*, *The Theory of the Novel*. A historico-philosophical essay on the forms of great epic literature, translated from the German by Anna Bostock, published by Merlin Press.

<sup>10</sup> Zhiyuan Cui, The Bush doctrine and neo-conservatism: A Chinese perspective. *Harvard International Law Journal* vol. 46, no. 45, 2005.

slogan from George Habash, which is roughly translated as: 'we are winning because our people's resolve to carry out the struggle is unwavering.'<sup>11</sup> Soon after, Al-Rantisi was assassinated. It is this strand of revolutionary thinking, which opens a window of hope for the dispossessed that has to be silenced.

Subjugating the Arab world does not mean swaying the affinity of the subject towards US imperialism. The real 'battle for the hearts and minds' is not to be won by changing the moods of the broad Arab mass towards the US. For all intent and purposes, to win people over is not carried out on the basis of democratic debate, but by convincing the working population in the Arab World that the US and Israel's fire power is potent to a point where resistance is pointless. For long, the US ideological assault triumphs also by converting real human and political issues such as that as the ethnic cleansing and dispossession of the Palestinian people into a theocratic and mythological war. By mystifying real issues, it is wittingly assisted by three unlikely allies in the region: Israel, Iran and Saudi Arabia. All three seek legitimacy partially or wholly via a theocracy that potentially translates into war. Conflict or, the persistent potential of conflict in the Near East, especially in the presence of vast US military bases, infuses into the global accumulation structure enough unease to keep the US at the helm. The very perception of war and the potential of conflict, in the Arab World, especially the Gulf, introduce risk premiums into global transactions and raise the imperial rents attendant thereupon- global transactions are mainly dollarized. Not only the control of oil, but also the ideological channels that reify oil and transmute it into some supernatural power that is worth dying for, are altogether pillars of the present global accumulation order.

Notwithstanding the irreconcilability of international law to virulent nationalism, war is difficult to justify. The United Nations Charter permits it in self defence and only after approval from the Security Council. Not so long ago however, lifeboat ethicists or 'survivalists in a world of scarcity,' as opposed to 'a world of abundance and togetherness,' have introduced the phrase 'protecting our way of life' as a premise that justifies war. As often repeated by the US administration, the pretext for the invasion and occupation of Iraq was to protect the 'American way of life.'<sup>12</sup> Iraq, not by the type of regime it had, but by its very formation and constitution as a state was threatening the way of life of the US and some of its Western allies.<sup>13</sup> Plans to invade Iraq were drawn up during the cold war from bases in Saudi Arabia, some simulation of which show military planes hidden under the sand. When the USSR was still around, the chances of a nuclear holocaust deterred this US-led capital desirable event. Intolerance to semi-sovereign [oil producing] states in the Near East underpins the motive for invasion. Many interlocutors of US- led capital anecdotally refer to Middle Eastern oil as 'our national resources abroad' or 'our oil under their sands.' Sovereign states imply a lesser degree of control exercised by the US-led global financial elite over the Gulf and, by implication, over the globe.

In an Arab context of poor development and deepening social rifts, any role of the state as the realisation of common faces many obstacles, one of which is outside intervention. Sovereignty as a partial reflection of social cohesiveness blurs. Sovereignty over national resources or, sovereignty substantiated by working class security, also withers. Working-people sovereignty or ownership of domestic resources, a human right, by definition under the second generation of human rights<sup>14</sup> and a concept upon which there exists widespread

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<sup>11</sup> Article appeared in Al-Quds London, first week of April 2004.

<sup>12</sup> A search for 'protect way of life George W. Bush' will produce nearly two Million hits on Google. Not all of these of course are W's, but many are.

<sup>13</sup> See "The limits of globalization: an assessment of the extent and consequences of the mobility of productive capital," Tim Koechlin, in The political economy of globalization, S. dev Gupta, ed., 1999.

<sup>14</sup>The United Nations, <http://www2.ohchr.org/english/law/ccpr.htm>

consensus, is vitiated. The contradiction of imperial aggression and human rights voids the international covenants. In any case, capital rights and human rights are oxymoronic.

The post cold-war ideological victory of capital furnished it with a free hand to promote the 'American way of life,' growingly underpinned by Andre-Gunder Frank's tripod of dollars, oil and guns.<sup>15</sup> Since the dislodging of the dollar/gold standard in 1971, the US continually borrowed in its currency and built fictitious capital on a world scale. In 2005, 'There was \$33 trillion in outstanding debt (Federal, state, local, corporate, personal) in the U.S. economy, more than three times the GDP. Much of the debt is tied up in the international hedge funds and derivative markets. The state (including Federal, state and local levels) consumes 40% of GDP. The net U.S. debt abroad is \$3 trillion (\$11 trillion held by foreigners minus \$8 trillion in U.S. assets abroad).<sup>16</sup> That amount is growing by nearly a trillion year at current rates. Foreigners hold an increasing percent of U.S. government debt; the four major Asian central banks (Japan, China, South Korea, Taiwan) alone hold over \$5 trillion.'<sup>17</sup> The coverage of the US debt requires the consolidation of commodity-led territorial gains needed to counterbalance debt, of which oil is the foremost commodity. The pursuit of oil implied that the policy space of many sovereignty-exposed developing Arab states was narrowing. Structures, geographic and political, especially those related to the sheer weight of the US-led security arrangements, were closing in on social agency or on the ability of small developing states to influence the global decision making process. The potential of a failed state model has come to represent the fate of some nationalist bourgeois or socialised states of which, once more, Iraq represented a model of independent nationalism.

At no time since 1958, when Iraq was catapulted into the Soviet orbit was it at ease when slotted in between Monarchical Iran, Turkey, Saudi Arabia and the buffer-state Jordan. A socializing, anti-American and anti-Israeli state wedged in the midst of the allies of US-led American capital would enjoy little chance of stability. President Qassem, Iraq's first president, brought the Kurdish leader Barzani (circa 1958) from exile in the Soviet Union, and only few months afterwards, the latter began a protracted war against the successive Iraqi governments supported by the Shah, which ended with the defeat of the Bakr-led Iraqi government as it ceded its sovereignty over Iraq's only waterway (Shat Al-Arab) to Iran (Algiers treaty, 1975). All along, the Iraqi communist party, which was later to support successive American assaults on Iraq, couched sectarian and ethnic agendas under communist hubris and, effectively, fought the idea of closer Arab integration under the pretext of an ultra left 'internationalist' agenda. The Arab integrationist project, insofar as it potentially led to the formation of the anti-imperialist alliance qua the United Arab Republic (UAR) joining Egypt and Syria in a single state (1958) represented a much bigger threat to the state of Israel and the US's interest than the Kasseem-communist alliance, which did not nationalise oil interests. Kowtowing the moderated Soviet position, from the recognition of the partition of mandate Palestine to its joining the US in its war on Iraq, the communist party of Iraq had placed itself objectively, in a collaborative position with US-led capital.

Since its post independence history and until the ending of the Iran-Iraq war to the dissatisfaction of the US-led capital and its allies in the region, Iraq was in a constant state of war. Realising and trying to cut losses in the early stages of the war with Iran, the Iraqi regime attempted to seek a truce with an intransigent Iranian clergy as early as the first year of the war, but to no avail.<sup>18</sup> To the aversion of US imperialism, the most viable institution in

<sup>15</sup> Gunder-Frank, A. (1991), *Third World War: A Political Economy of the Gulf War and New World Order*, [http://www.rrojasdatabank.info/agfrank/gulf\\_war.html](http://www.rrojasdatabank.info/agfrank/gulf_war.html)

<sup>16</sup> 'Fictitious Capital and the Transition Out of Capitalism,' By Loren Goldner, 2005. <http://home.earthlink.net/%7Elrgoldner/program.html>

<sup>17</sup> See Michael Hudson, <http://michael-hudson.com/2010/07/from-marx-to-goldman-sachs-the-fictions-of-fictitious-capital-1>

<sup>18</sup> <http://www.ahewar.org/m.asp?i=2311> See the writings of Jamal Mohamad Takki.

Iraq, viz. the military institution, emerged stronger from the Iran/Iraq war and, more significantly, backed with a rudimentary military industry, which may have crossed the ultimate taboo of possibly bridging a tilted balance of forces in the region. Pursuant to the US invasion in 2003, the disbanding of the Iraqi military institution ranked as a first measure on the neo-conservative agenda immediately after occupation. Triggering the historical occasion of war dawned with Iraq's attempt to escape the Iran-Iraq war legacy by attempting the impossible, which is to redraw the Near East borders and change the foundation of the colonially bequeathed security arrangement. By premeditation or coincidence, that was a welcome opportunity to the victors of the cold war.

Analysing Iraqi history from the wrong starting point, or the point of vilifying and demonising Saddam Hussein, intentionally or not, provided cover for the invasion. By reducing the country to a man, it became easy to destroy the Iraqi social formation by the false alibi of the man. This should expose the class whose values are being served in the explanation of historical causality. Many Western liberals have fallen victims to the erroneous methodological approach of coagulating historical developments in an 'insane' person at the helm of power in a small developing country.<sup>19</sup> Alas, if the history of wars can be explained by the insanity of G. W. Bush or Saddam Hussein, it so follows that a universal mental asylum would represent the functional objective of the peace movement. The genus of human rights violation and its cause rest in a system of social relations that the US propagates on a global scale. The argument against Saddam and the argument for war on Iraq are separate. Giving the US a free hand in Iraq is a very serious breach of human rights in as far as it breeds the very cause of human rights violation on a global scale by reinforcing the international division of labour. The US goes to war because its capital must reproduce itself by devouring new territory, and by destroying to rebuild on its own terms, by controlling and holding off would be competitors for the seat of empire. These are the same old motives of colonialism, which are grabbing and undervaluing third world assets. By controlling and infusing a desired degree of instability in a most strategic region, dollarizing oil and ratcheting its leverage over other markets, US-led capital will further spend by building fictitious capital on a world scale. Nonetheless, a fictitious capital with non-fictitious consequences personified in the austerity measures that undervalue the labour of working people. In a world where trust in Fiat money is as conjured up as fairy tales, these imperialist campaigns underwrite imperial rents and the universal dollar at once.

Prima facie, there is in the legacy of the Near East so much trailing from the first and Second World Wars such that it becomes difficult to relegate historical agency to the post-colonial state as a state per se or to the heads of those states. More recently, ample evidence in the post-uprisings state and its state of collapse suggest that class differences void the state of any reasonable cohesiveness as a social entity. The British occupied Iraq from the end of the First World War until 1958. Some may argue that it was formally and relatively independent, but when 'the British Ambassador (circa 1935) relates an encounter with Prime Minister Hikmat Suleiman which, in addition to clearly showing the immense degree of British influence in Iraq, also reflects the weakness of the Prime Minister's character. The Ambassador informed the Foreign Office how he told Hikmat Suleiman's very sharply that his manners were bad ... when ... the time came to tell him what was thought about it [the Government's desire to buy arms from-non-British sources] by all in London, I was in some difficulty because I had, as it were, to hold him up with one hand and hit him with the other, I hit him, nevertheless, and the blow was hard –because I took him by surprise. Hikmat was very near resignation and we came to the verge of a complete break' when he dined-with me a few nights later and I had to give him a jolt about the way the Ministry of Defence (Iraqi) was behaving. When he called on me the next day, he told the Oriental Secretary that, if I meant

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<sup>19</sup> Many liberals, including Noam Chomsky, would criticise US foreign policy and Saddam in the same article, unwittingly or not, conflating two separate issues existing on distinct planes of thought, consequently, justifying the invasion.



to hit him again, he would walk out and not come back.’<sup>20</sup> The fact of the matter remains that this ambassador was slapping the Iraqi prime minister at almost every encounter, very much like the reported incidents of ministers in the “sovereign government” of Iraq who were slapped and mugged by US Marine officers.

Apart from the major landing in Basra (1941) to quell the rebellious Prime Minister Rashid AlKilani, the British landed in newly independent Kuwait in 1961 to aid the state, to which they handed independence, from annexation by the Kassem regime. Evidently, the third major landing occurred in 1990, once again to protect Kuwait. The partition of the Near East by the Sykes-Picot (WWI) agreement left its indelible imprint at every junction of recent history. If states are partly or coincidentally a form of expression of a people’s right to self-determination, then it is safe to say that none of the Arab peoples have commonly or, at least by majority consensus, decided on what they are or what they wanted to be. Political history to the mainly peasant or nomadic population in the Arab World is the stranger that came from the outside by power of the colonial gun. History continues to be imposed by the shackles of an unequivocal military superiority, which was later cemented by the unequivocal military supremacy of the state of Israel.

In hind sight, the successful blitzkriegs of the Israeli army will suffice as proof of a balance of power favouring Israel. But one may argue what about ‘in between Arab/Israeli wars,’ were the Israelis always that far ahead of the Arabs? Two small paragraphs from the 1958-1961 archives of the state department illustrate the point (the italic and bold are my emphasis). The first earmarks Israel’s military superiority and, the second tells of contrive when the US needs to cover for Israel acquisition of a Nuclear weapon.

Under Secretary McGhee expressed understanding Israel's apprehensions arising from its exposed position but commented *US has great respect for Israel's military competence and estimates it as being match for some time to come for any Arab combination.* He remarked US has no evidence beyond propaganda statements that Arabs contemplating military move against Israel. He also pointed out that any drastic increase in Israeli armament, particularly to more sophisticated weapons, would likely result in corresponding increase in UAR possibly leading to uncontrolled escalation which might add to rather than decrease instability in region.  
<http://www.state.gov/r/pa/ho/frus/kennedyjfxvii/17717.htm>

*Israel's New Atomic Reactor:* The Ambassador told the President he believes we can accept at face value Ben-Gurion's assurances that the reactor is to be devoted to peaceful purposes. An inspection of the reactor by a qualified United States scientist can be arranged when the United States wishes, if it is done on a secret basis. ***Overt examination and announcement of the result to the world will require greater effort, but could be done.*** [2 lines of source text not declassified] Reid suspects that very few people in Israel knew of the development's true character, possibly not even the Foreign Minister, Golda Meir, until it hit the headlines.  
<http://www.state.gov/r/pa/ho/frus/kennedyjfxvii/17702.htm>

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<sup>20</sup> From The role of the military in politics, a case study of Iraq. M. Tarbush. Kegan Paul , 1982, pp 143-144.

In respect to the latter statement, it may be remarked in passing that the contrast with the way Iran's nuclear facilities today are being handled is glaring. It may be possible to allow Iran to own a few nuclear war-heads, however, the real worry of empire in the region is not weapons per se. It is democratisation and an empowerment of working people through political and social rights. The type of democracy the US pushes down the throats of the Arab working population is partial and selective, very much like its own. These exclude huge sections of the population from representation even when they appear not to- through the voting system. The absence of an unbiased flow of information, lack of provision of basic needs making social groups vulnerable to manipulation en masse, poor institution of legal rights and, mostly, the perceived precariousness of the state as a overarching institution undermine the essence of a democratic process.

If questions of degree were to matter, then the degree to which this balance of forces is tipped against the Arab World should necessitate a new reading of how capital harnesses the resources of underdeveloped Arab social formations. It calls for a reading of the balance of power that lies behind the terms of exchange and resource transfer. More importantly, the features of imperialist practice differ in this region, in so far as the entente prevailing during the cold war was breached when the 'Security Council' was bypassed for the objective of invading Iraq. That was a rare exception to the rule and, nonetheless, an exceptional explanation of the articulation and the mode of integration of this region with world capital is warranted.

## 2. **Articulation and the Arab mode of integration**

The way the colonies absorbed, internalised and reproduced capitalism is particular to them. Capital does not create capitalism in the colonies in its own image withering the particular and making history a simple linear projection from which linear analogies can be drawn. Peripheral capitalism develops constantly in severe crisis and the institution attendant upon the reproduction of peripheral capital are distinctively its own. Just because the appearance of the state in the Arab World exists does not mean that its function, its supporting role for national capital and its mediating of class positions through parliamentary democracy or otherwise exist in a manner similar to that of the centre. Each Arab social entity, enacted by imperial fiat, develops a specific identity determined by its own class formation and the rapport of external to internal class structures, or cross-border class alliances. In recent history, the weight of US aggression in the Arab World and the neighbouring Middle East calls into question the usual characterisation of the relationship between a post-colonial formation and the imperial power constellation. The frailty of the Arab nascent state, the precariousness of development and the devastation of war constitute a real case for capitalist decadence and de-development.

In the Arab World, newly independent states were carved with the most malignant consequences. Elites were formed under the direct aegis of the 'colonialist.' The whole system of government is borrowed, hence, giving way to characterisation of the state as the "overdeveloped state,"<sup>21</sup> and the state could be easily reduced to statism, without sacrificing content. Thus, the state as an institution that reflects the social complexity of any given society at any given historical stage is distinct. The Arab state is not at a more general level an institution of all institutions and an institution of itself. The way power is structured, between social institutions and the state, it is such that all institutions hold a competing relationship to the institution of the state. No social institution would subjugate itself to the state nor will it nullify the state. Social institutions will not relinquish their own sovereignty to that of the

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<sup>21</sup> New Left Review 1/74, July-August 1972, Hamza Alavi, The State in Post-Colonial Societies: Pakistan and Bangladesh

state. Although in E. Balibar's terms, the state is condemned to the 'reign of statism without being a true state,' statism acquires a special meaning in an Arab context as it becomes 'a combination of administrative and repressive practices and contingent arbitration of particular interests, including those of the dominant classes.' Statism is bound up with 'under-development.'<sup>22</sup>

Acute income inequality (Arab countries exhibit highest coefficient according to Texas income inequality database) and tremendous wealth in some cases (some Arabs are rich but Arabs are generally poor) tie the ruling Arab oligarchs to the West and make any sort of regional integration highly unlikely. Regional oil rents are sent abroad in US t-bills or through affluent consumption and weapon purchases; however, in this case there is some two trillion dollars in excess saving over investment in the GCC states alone over thirty years, and estimates of Arab investment abroad stand at around four trillion US\$.<sup>23</sup> The intraregional disparities are also obtrusive: the monthly salary in Qatar stands at more than 6000US\$, whilst that of Yemen at less than 100 US\$. Many governing patriarchal elites are protected by the US army and having Israel next door makes constructive change an ever more remote possibility. This re-characterises the degree of cross-border class alliance and the nature of the articulation of these Arab modes with US-led capital.

Articulation in the Arab World is more than just hegemonic articulation. It is one where the subordination of the Arab state represents an indispensable condition for Western capital and, more specifically, the financial-led mode of accumulation. It is articulation resulting from the politics of either direct/indirect colonialism or the permanent threat of military intervention. The Arab World is the only remaining region with direct occupation in Palestine. Yet from the start this contact of the Arab World with its colonisers, the relationship did not create an Arab-hybrid capitalism or, a way of life for simplicity's sake, half capitalist half pre-capitalist, but a wholly capitalist one that incorporates much of the immiseration of capitalism with little of its progress. What it did create is a colonial mode of accumulation, quite different from that of the centre and wholly subjugated to it, or a mode whose determination is synchronised with the movement of the leading central capitalist mode of accumulation by virtue of political coercion. The social remnants of the pre-capitalist mode of organisation are of secondary significance in so far as weighing in on the historical process- they have been *sublated* (simultaneous negation and preservation in the historical process). These pre-capitalist forms of social organisation, sects ethnicities and tribalism that are strengthened by rent devolution in order to deepen divisiveness. The purpose is to stave off the mass of reserve labour which might threaten the status quo. Economic liberalisation enters the stage of development to act as the conveyor belt by which Arab resources are shifted abroad at fire sale prices.

It may be as well to interpose that underneath this structure, oil remains the one knot in the arc of an edifice holding together the pyramid of global capital accumulation, and the subjugated Sheikhdoms of the Arab world are a necessary corollary to that. Oil is a means of control over other would-be contenders of American empire; it still composes around 15 and 30 percent of the energy content of production (GDP) for developed and developing countries respectively and, the many scientific permutations involving oil as a derivative have created a value added that keeps growing further away from the original prices accrued to the producers. Oil matters to US-led capital for its control value, and only secondarily for its money value. After all, oil is paid for in dollars and it is the US that produces the dollar. Thus, although the US is less inflicted by higher oil prices, importers are. Many argued that the

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<sup>22</sup> <http://www.newleftreview.org/?view=1627>, Étienne Balibar, Es Gibt Keinen Staat in Europa: Racism and Politics in Europe Today, New Left Review I/186, March-April 1991.

<sup>23</sup> Report by Inter Arab investment Guarantee Corporation, 2004.

record growth in the nineties was less ‘new economy’ and more ‘cheap oil’ and, presently, the fragile expansion could suffer a setback on account of persistently high oil prices.<sup>24</sup>

In the Arab world, lingering pre-capitalist bonding relations act as a safety valve for the interests of capital and are less likely to chart the course of development in this relationship of the modern with the pre-modern modes. At one end of the spectrum, the clan/sect acts as a support valve that assists those perennially dislocated by capital and, at the other end, the hold of patriarchy over national resources bestows inalienable property right onto the patriarch. One ought to recall that the Arab World exhibits negative productivity growth, effective unemployment rates that exceed 50% and the moneyed form of income is principally drawn from raw material rents. Investing in labour, therefore, is not a priority for capital. The heterogeneity that these rent-fed identities inflict upon labour, further splitting it apart, differentiates real conditions by the extent of the otherness in their respective imaginaries. There were periodic exceptions to this rule which are seen in short lived periods of national liberation movements of the cold war. National industrialisation socialised the labour force in productive employment. But these, all the same, withered with successive Arab military defeats and did not last long enough nor were they serious about changing the despotic relationship dictating the regimentation of the labour process. More importantly, they did not afford the working population with minimal representation. It is plain to see that when in the eighties, Arab socialist regime transmuted into neoliberal models, the state bourgeoisie did so without significant popular resistance to its neoliberal plans.

Although Iraq had made significant inroads into capitalism under Midhat Pasha, it came into full contact with a capitalist world system (circa 1920) and assumed much the new relations of production which characterise capitalist formations. Tribal landed property was delivered to absentee landlords. Agricultural land producing where resources permit for marketing or export purposes was now foreclosed to its tribal inhabitants.<sup>25</sup> From 1920 onwards, bombing raids by the royal air force against the tribes were frequent, some involving chemical weapons.<sup>26</sup> The continued state of insecurity plaguing domestic politics led the British to undercapitalise Iraqi oil facilities as compared to Iran, for instance. Iraqi oil was shallow and easily extractable but the potential for an anti royalist coup in Iraq was serious.

This colonisation by the British did not necessitate any mass purging of the peasantry. Under the Monarchy, there was no imperative hanging in the balance as a result of Iraq’s contact with capitalism, to restructure the patriarchal relation characterising its pre-capitalist formation. Retaining the patriarchal form of organisation that characterises its indigenous labour process and social formation, prior to its British colonisation, did not conflict with the economic interests of colonially catalysed capitalism. The repression and regimentation of pre-capitalism attendant on the labour process did not run counter to the interest of foreign and domestic capitals. Development in Iraq however, until 1958 was determined by Britain and in response to the demands of its capital accumulation requirements. As Iraq came under concerted imperialist attack after 1958, slowing its rate of capital accumulation to the point where the customary labour socialisation associated with capitalism also slowed down, the realignment between social being and consciousness failed to materialise. A state of disarticulation was in the making and the break-up of old forms of social bonding, lagged behind the transfer to the wage system.

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<sup>24</sup> Michael Klare, *Barreling into Recession*, 2008-01-31.  
<http://www.tomdispatch.com/post/print/174888/Tomgram%253A%2520%2520Michael%2520Klare%252C%2520Barreling%2520into%2520Recession>

<sup>25</sup> *Modern History of the Arab Countries*. Vladimir Borisovich Lutsky 1969,  
<http://www.marxists.org/subject/arab-world/lutsky/ch10.htm>

<sup>26</sup> Op.cit. M. Tarbush.

The colonisation and re-colonisation of Iraq and/or the continued pressures exerted on it during independence qualify it as a particular social formation. The degree of political coercion withstood by Iraq, is not an accident of history unrelated to the necessities of world capital and to the fundamentally different characteristic of a region carved up and remoulded by the continued practice of militarism. This is primarily conceived as such because oil in its raw form and, in the contributions of its derivatives in value added, represents an extraordinarily relevant prerequisite for the accumulation process and, foremost, a means of control to maintain the stature of US Empire.

### 3. Oil and Iraq

World oil demand, particularly from China and India, is on the rise (anywhere between 1.5 and 2 percent on average every year). In fact the GDP per unit of energy used in the low and middle income countries rose over the past decade growing at threefold that of the high income countries.<sup>27</sup> Policies of increased fuel efficiency in more developed countries along with lower cost fuel-consuming machinery have increased demand for more of the cheaper machines and, counter-intuitively lowered demand for oil. Although each more efficient machine consumes less oil, together as there are more of the fuel efficient machines, they consume more oil.<sup>28</sup> That is not to say that fuel saving technologies were unsuccessful, they were, but not to the point at which strategic global energy policy changed and oil demand began to get curbed.<sup>29</sup> The oil energy content of every dollar of GDP in the developed world is half of what it is in the less developed world. But the use of oil derivatives in innovated products and the value added associated therewith has steadily increased. The wedge between what the price to the direct-producer is and what the retailer earns has widened over time implying greater gains for the scale economies of the western hemisphere.

Although there was a slight decline in the use of oil as a source of energy, the energy strategy of the US did not shift away from fossil fuel dependency to other sources. Thus, as world oil production is expected to remain steady making it a little more expensive to extract the same quantity of oil over some stretch of time,<sup>30</sup> the decline in oil production will not be abrupt and much scare mongering is carried out under false scarcity scenarios. It is relevant to note in this context that the rise in oil prices since 2002 is related to the influence of speculation rather than a shortage of supply.<sup>31</sup> The Saudis at the behest of US-led capital were capable of de-linking oil pricing from the direct producer and to further deepen the divide between actual production conditions and finance. Pricing on the basis of Arabian light ceded in 1985 as OPEC's cartel power receded. It was later noted said that the returns to the Kuwaiti ruling family were higher in financial markets than in the direct production of oil.

Only few months before the 2003 invasion of Iraq 'it has been hoped that the fight for oil would be carried out in cash and not with missiles.'<sup>32</sup> Although, this was said in a false context of concocted scarcity, the control element remains more consequential than the fabricated shortage. Oil is important in its own right, but it is how it figures strategically in

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<sup>27</sup> Calculations are based on World Bank WDI database.

<sup>28</sup> That is a repeat of the Jevon's paradox concerning coal consumption in England. John Bellamy Foster presents a good account of this Paradox in *Monthly Review*, 2004.

<sup>29</sup> Oil is the single largest source of energy, accounting for 37 percent of global energy production. <http://www.worldwatch.org/features/security/tf/3>

<sup>30</sup> After scientist King Hubbert who predicted peak oil production in the US . Peak oil production (Hubbert's peak) is expected to dawn in the years 2006-2008. At this point neither new-technology nor new-finds will supplant the need for more oil.

<sup>31</sup> Global Oil Prices, MRZINE, by Jayati Ghosh, <http://mrzine.monthlyreview.org/2011/ghosh190711.html>

<sup>32</sup> K. Deffeyes, "Hubbert's Peak: The impending world oil shortage" Princeton University press, 2002.

the web of global economic relations, which underpin capital accumulation, that it begins to matter most. That is why serious discussions on the cause of war cannot avoid the oil issue. Even when discussants focus on the principal contradiction in the US economy, which is a social relationship in which American imperial hegemony buttresses the performance of the US economy or a stronger more expansive US power implies a stronger US economy, the underlining factor for strength remains oil control.<sup>33</sup> The medium by which this happens is dollar global seignorage and finance, not steady-cheaper oil leads to higher US output. Imperial rents via global finance is what the US-led financial elites desire.

The US embarks on a war for a whole set of gains including that of reinforcing the dollar as the global currency and or ensuring it will continue to be the world's consumer of last resort, but oil is there to be sold in any case. The strategic control of oil serves as collateral for the building of dollar debts on a global scale all the more so when the world is on edge in relation to oil supplies. Strengthening its control over oil resources in times of crisis, provides the U.S. with more than adequate leverage on most oil dependent countries. Control also provides a cushion to oil price fluctuation insofar as higher prices dampen the performance of the US economy. So long as oil is priced in the dollar, a rise in the price of oil may be offset by the US's capability to issue more dollars by the degree of strategic control.<sup>34</sup>

Viewed from a macro perspective, however, the oil dollar nexus and, in particular, the dollar priced barrel facet of modern accumulation represents a necessary mediation of the receding economic power of the U.S. The U.S. is no longer the global competitive economic force it used to be.<sup>35</sup> Its chronic trade deficit, has recently incorporated a declining competitiveness in the areas where the US has been a leader such as the high-tech industries. Also note that despite a sizeable depreciation of the dollar (over the last several years), the trade deficit persists. Some argue that its global economic supremacy has to be leveraged via its outright military weight and, subsequently, by calibrating the level of stability/instability of the Near East to a point at which it assures itself control and flows into US paper assets.<sup>36</sup> Foreigners to be sure own nominal assets in the US, because foreign ownership of real assets denationalises resources and may precipitate a weakening of the dollar.<sup>37</sup>

What is often underemphasised is that the severity of the financial crisis, having global implications and contagion, further minimises the role of commodity realisation in the process of capital accumulation and boosts the role of aggressive ventures of capital through war. War growingly becomes the leading practice by which the mounting difficulties arising from the predicament of maintaining current profit rates and balancing out the production and distribution side are resolved. War cheapens, grabs resources and create the fictitious debts that extort the working classes of real value. With real wages in the centre holding steady for over thirty years, there is not, in the present global conditions, enough of a momentum to lift

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<sup>33</sup> There are other views that laud the US's efforts to replicate its democratic model in the Middle East. I will not dwell on the idea that the US is spreading democracy, for in a recent article Wolfowitz stated that Iraq's war was about oil and it would be far too speculative an exercise. See, article by George Wright, in the June 4, 2003, the Guardian.

<sup>34</sup> It may be worthwhile to note that on the other side of the discussion, some economists overstate the dependence on oil and its exhaustible nature, and the linkages between gulf oil and the dollar Both views can be argued at different levels of abstractions: the former because it over abstracts from an initial but determining social relation, the latter because it reduces (simplifies) the process of capital accumulation to a single relationship (economic dependence on oil).

<sup>35</sup> *The New Imperialism*, David Harvey, Oxford university press, 2003.

<sup>36</sup> See Gernot Kohler, *Global keynseinism and Beyond*, Journal of world systems, Vol 2, 1999, pp 253-274.

<sup>37</sup> Public Lecture at the LSE: Prabhat Patnaik on "The Dollar and World Economy" - 14 July 2009

investment and consumption simultaneously- evidently, social conditions are more severe in the developing world.<sup>38</sup>

But in the context of global accumulation, when the US seizes the oil jugular and, more importantly, injects a level of instability in the Gulf that keeps the rest of the oil-dependent world on edge, it also clutches a stranglehold on competitors. Simple accounting conceals the truth that an empire enjoying imperial rents can afford to forego a little for the benefit of borrowing indefinitely in its own currency. The weakest argument that comes out of pseudo-progressive circles is an accounting argument, which posits that since most trade and flows occur within the OECD, there is no need to invade or colonise the third world. The US and Europe invade out of ignorance or benevolence and they end up footing the bill. Colonialism cannot be explained outside value theory because it is about the snatching of real resources. Money-form descriptions overlook the non-monetised and cheapened constituents of value formation that ensue from occupation and strategic control. What the pricing in the dollar façade conceals is that short-changed values from the third world create a much profit for the first world. Capital requires the cheaply produced manpower and the cheap resources of the developing world from the very outset.

#### 4. On the economic impact of the war

Wars of encroachment on the Arab World instil a process similar to that of primitive accumulation. Unlike early primitive accumulation, it is a process of dislocation without the reengagement of social assets in the developmental process. Arab defeats shift class structures to accommodate the terms of surrender enacted in the neoliberal programs that cheapen and siphon resources. There are various articulations that have to be investigated before a concrete understanding of the processes of war, security, state formation, sovereignty, in relation to their impact on development can be grasped. As broad as this may be, there is the need to grasp how violence and security arrangements were deployed in ways which did not form an obstacle to economic development elsewhere, and how their specific articulation in the Arab Near East turned out to be an obstacle to sovereignty, state formation and economic development. The difficulty of this exercise lays in exposing areas in which wars had 'productive' impacts. War acting as a form of primitive accumulation can impact the pattern of economic mobilisation, technological innovation, control of the population, management of military forces, and, specifically, the alignment of national security and development goals. It is this last point of reconciling Arab national security and development in a global context, which is the main reason why the Arab World has failed the test of development. The pauperised working population relinquishes sovereignty over its resources to US-led capital.

The economic impact of the US-led war on Iraq represents a world significant event that is, by no means, ephemeral. There is considerable evidence to suggest that past wars in the Near East have had long-lasting global economic and developmental consequences. It may be relevant to recall that the 1973 war and the ensuing oil boycott was used as false pretext for the term 'supply-shock' and stagflation, and that the global recovery from the 1990 recession was in part based on the US facile victory in the 1991 war and the ensuing low oil price from which many oil importing economies benefited. What is more, the 2003 invasion occurred at a time when the global economy was teetering at the edge of an incomplete recovery. The precarious conditions under which the global economy is swaying make it all the more likely that unless a period of "stability also oil price stability" is observed, the global economy might take another dip. Yet, simultaneously one hears of further 'regime change' talk that may still widen the potential for disaster and, in an auxiliary manner, factor in instability in oil price formation.

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<sup>38</sup> Towards the Precipice, Robert Brenner on the crisis in the US economy, London review of books, vol 5. no. 3, 2003

Continued tensions in the Near East unnerve more than just the region. Internationally, the undercurrents upon which many players opposed the US led invasion of Iraq remain unchanged irrespective of the new posturing.<sup>39</sup> Short of inter-imperialist wars, had any version of ultra-imperialism (Kautsky) been realisable, the Security Council would not have been bypassed. Even under the financialisation phase of imperialism, Kautsky's version of imperialism fails the test. Inter-imperialist rivalry persists on the basis that the US-led capital jeopardises world savings by drawing a bigger share of the imperial rents for itself. This is a momentum that is driven by higher profit rates that simultaneously deepens the divisions within the imperialist circles. An empire that is a net debtor represents a web from which the rest of the world must disentangle itself while ensuring a soft landing.

In the eighties and nineties, the Arab World experienced one of the lowest rates of per-capita GDP growth globally. Political tensions, wars and the long-term risks associated therewith were identified as the major contributors to poor growth. Poor development leading to revolts has more to do with mal-distribution and receding investment in the social and physical infrastructure. It may be that risks drive away resources everywhere, but the risks in the Arab World are endemic to the strategic flow of oil out of this region, probably more so than anywhere else in the world (according to the international country risk guide shows a higher frequency of conflicts over the last 50 years). This pattern should be understood subject to a relationship of growth that is particular to the region and, one in which, there exists a systemic *inverse relationship between instability and development growth*. Notwithstanding the role of macro policy is shutting off the spigot of value transfer, for economic growth to take hold in this region, *oil prices/revenues should more than cover the instability premium in a more equitable distributional arrangement*. Save the stifling impact of neoliberal policies, it is possible to grow under stable conditions with low oil prices because the 'security' dividend could be channelled into infrastructure and productive activity, but the opposite should also hold. Although the general view holds that low oil prices exemplify the principal culprit behind this inter-boom poor growth performance, a more sober analysis finds that this may only represent a descriptive and partial assessment of events. Regional export revenues, principally driven by oil revenues buttressed by a strong quantity effect rose at an average yearly rate of 2 to 3 percent since 1985, while the regional per capita income was declining. The chief issue remains however, that this rise in oil revenues was not sufficient to bolster the investment rate or the principal component in the growth mechanism, which fell from 31 percent in the late seventies to 16 percent in 2001. The investment rate, principally dependent on policy and risk considerations, decreased on average by two and half percentage points over the nineties and the bulk of investment was channelled away less and less towards the plant and equipment component. In contrast to this, in the seventies when macro policies locked in the circuit of capital, export earnings (namely oil revenues) increased at a much higher rate of 8 percent with more resources spilling over into economic investment activity and, hence a much higher investment and growth rates.<sup>40</sup>

Although at a global level, the economic consequences of the war varied between those who will wield control over oil resources or literally imperial rent, and those who do not, the developing world as a whole and the Arab World will altogether reap the negative consequences of yet another episode in a traumatic political cycle. An increasing level of tensions arising from another war in the Gulf and exceeding that of the last war could have ominous economic consequences. More to the point, back in 1991, even when the global economy was recovering, there was a 14 percent loss in the Arab Mashriq output (GDP) in

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<sup>39</sup> Op.cit, Tim Koechlin, "The limits of globalization: an assessment of the extent and consequences of the mobility of productive capital,"

<sup>40</sup> The stylized relationship showed that for every one-percentage point of growth there needed be three percentage points of investments. Thus, irrespective of a substantial consumption or resource leakage, the growth rate in the seventies responded favourably to the built up of public savings and the ensuing investment/growth outcome.



the immediate aftermath of the first Gulf war. This was equivalent to about 50 Billion US\$ in 1990 prices, forty billion of which was in Iraq alone. Iraq is a country whose per-capita GDP fell from an average of about nominal 5000US\$ in the eighties to about 1000US\$ in the nineties. The average salary was less than thirty dollars a month, the loss to capital stock was estimated at about 450 billion US\$, and apart from the death toll, around four million people escaped. If oil prices were to fall now, under the present uncertainty conditions, the region would suffer from a bust like situation because more capital is held by the private sector and reverse flows of short term capital will gravely accentuate the fall.

In the most conservative estimates, that is, had the war not occurred and had the growth rate in the region continued to rise at the modest of 3 percent since 1990, the cumulative losses in constant 1990 prices from 1990 to 2002 are estimated at around six hundred Billion US\$. This meant that each person in this Arab World, over the past 10 to 12 years lost on average about 3,500 US\$, in constant 1990 dollars. Worse yet, Arab Near Eastern economies also lost millions of potential employment positions that could have otherwise, or under more secure conditions, reduced its high unemployment rates (highest world wide according to ILO, KILM 2004).

It may be relevant to dispel the notion that some countries may incur economic losses from the war while others will not. Initially, some countries in the GCC may earn windfall rents from the extra pumping of oil at war time prices, and others may enjoy cash injections to stay on the sidelines while Iraq incurs social and economic losses. But these will remain onetime gains that will not suffice to cover the rising security spending and the buttressed hegemony of the US over a key region of the globe. This said in reference to the experience of the nineties where some states in the region had sizeable debt write-offs, yet their developmental performance, as evidenced by the ongoing revolutions were dismal afterwards. The losses to the entire developing world, resulting from the higher risk premium, the fluctuating oil price and, most importantly, the enacted model by which the US strips peoples of their will and sovereignty before it strips them of their resources, which does wonders for the ideological reinforcement of capital.

## 5. Closing comment

Prior to the invasion of Iraq, there was in the choreography of war a meeting of the absurd, pedantic and ludicrous. I will illustrate all three instances in that order.

- *The Absurd*: The Project for the New American Century recommends building US defences to the point where it will be capable of conducting multiple warfares, probably involving tactical nuclear weapons. 'The United States must retain sufficient forces able to rapidly deploy and win multiple simultaneous large-scale wars and also to be able to respond to unanticipated contingencies in regions where it does not maintain forward-based forces. This resembles the "two-war" standard that has been the basis of U.S. force planning over the past decade. Yet this standard needs to be updated to account for new realities and potential new conflicts.'<sup>41</sup> It may be safe to presume that if armed resistance to the US forces in Iraq lasts and intensifies in the South, in line with the absurdity of this, a country like Grenada may be able to militarily shake off the dust of US imperialism.
- *The pedantic*: Lee Harris, a little know journalist, wants the Arabs not to look the US in the eye, because had it not been for the US, that oil would be useless. The Arabs cannot grab US dollars, buy weapons and fight the US

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<sup>41</sup> A Report of 'The Project for the New American Century, September 2000.' Rebuilding America's Defenses: Strategy, Forces and Resources for a New Century.  
<http://www.newamericancentury.org/RebuildingAmericasDefenses.pdf>

with those weapons. The pedantry appears in his 'Our world historical gamble,' where a war is necessary for the betterment of the human spirit *a la Hegel*: "The war with Iraq will constitute one of those momentous turning points of history in which one nation under the guidance of a strong-willed, self-confident leader undertakes to alter the fundamental state of the world. It is, to use the language of Hegel, an event that is world-historical in its significance and scope. And it will be world-historical, no matter what the outcome may be. Such world-historical events, according to Hegel, are inherently *sui generis* - they break the mold and shatter tradition."<sup>42</sup> A tragicomic mix of tragedy and farce. However, it is difficult to distinguish which is which.

- *The ludicrous*: In October 2002, the former commander of US military operations in the Middle East, General Anthony Zinni, explored some of the possible scenarios of a war on Iraq. He listed ten conditions that when realised will represent the best possible outcome. These ten conditions are: 'first, the coalition is on board; second, the war is short; third, destruction is light; fourth, Israel stays out of it; fifth, the street is quiet; sixth, order is kept; seventh, the burden is shared; eighth, the change is orderly; ninth, the military is not stuck; and last, other commitments are met.' 'That is an easy list' he added, '[i]f we design our strategy and tactics based on this, everything will work out.'<sup>43</sup> Everything worked out indeed.

Not all the war party was that obtuse. The best example of American shrewd but un-sagacious pragmatism stands out in the many occasions the word 'process' pierces through the avalanche of media drivel. In one of the best illustrative examples of sober posturing, a prolocutor for the CIA in an answer to what he thought of the 'peace process' in the Near East, he commented: 'let us not get hung up on the word peace, all we want going is a process.' The process by which the stature of empire is reasserted through war and the flow of resources from around the world at cheapened prices is requisitioned are underlain by the promulgation of the model of dislocation. A process of war and insecurity in the Gulf is in itself, apart from the oil, a boon for US-led capital. The present war phenomenon corresponds to a logical outgrowth of US history.<sup>44</sup>

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<sup>42</sup> The author quotes Hegel's philosophy of right extensively. '[Conflict with another sovereign state] is the moment wherein the substance of the state--i.e. its absolute power against everything individual and particular, against life, property, and their rights, even against societies and associations--makes the nullity of these finite things an accomplished fact and brings it home to consciousness. (PR:323). And, "War is the state of affairs which deals in earnest with the vanity of temporal goods and concerns...War has the higher significance that by its agency, as I have remarked elsewhere, "the ethical health of peoples is preserved in their indifference to the stabilization of finite institutions; just as the blowing of the winds preserves the sea from the foulness which would be the result of a prolonged calm, so also corruption in nations would be the product of prolonged, let alone 'perpetual,' peace." (PR:324R). Upon closer review of the original text, the context in which these paragraphs appear meant to appease the Prussian court, but also to deter it against war. From the Tech Central station: where free markets meet technologywebsite. <http://www.techcentralstation.com/>

<sup>43</sup> MEES, *Strategic Implications of a War on Iraq: Best and Worse case Outcomes*, 4 November 2002.

<sup>44</sup> In 'America Right or Wrong,' Oxford university Press, 2004, Anatol Lieven makes the point that by tracing America's war history, it becomes clear that George W Bush is no aberration. A similar argument is made by Michael Parenti wherein the war is class interest and not Bush's insanity. See: to Kill Iraq, <http://www.michaelparenti.org/IRAQGeorge2.htm>

When B. Netanyahu drummed up support for the Iraq campaign at the behest of the neocons, his message was 'if beaten the Arabs surrender.' As it turns out, as in every society there are social classes that surrender and others that do not. This particular notion of a social class in the Near East that proves ever elusive to deal with as the dividing line between social classes is as complex as the Near eastern social structure is. Simplifying matters to Shiite/Sunni is really sinking language to the taste of the emperor. The standard notation in respect to class is too structural to capture the contours of a fluid condition. Social classes as the mediation of being in consciousness are an inevitable outcome under capitalism as the recent Arab revolutions have shown. The rupture between social condition and identity, as experienced in societies inflicted with sectarianism, will inevitably be bridged in the course of anti imperialist struggle. The signals of resistance in the South of Iraq point in that direction. Bogus elections, flag drawing and constitution writing stand as media fanfares that will not undercut the perception of the US as a force of occupation. The recent revolts have shown that the doctrine of 'dead Arab people' unable to resist is dead itself.

The magnified prospect of future conflicts further setting back Arab development looms large. The resistance to military occupation in Iraq might re-escalate and, all too likely, cause relative degradation to US imperial standing. If 'No people can be ruled by a foreign power against their will,' as per the lessons of the twentieth century, then what has been construed as war booty for some, principally, US-led capital, may turn out to be war loss for one and all.<sup>45</sup> That is to say, in a war where the US has positioned itself to win the big prize *qua*, a regional arrangement that further buttresses the oil/dollar nexus, Internationalist resistance will only diminish that drive. For it is principally a higher level of conflict in the Gulf, which is, on its own, more than a guarantee of continued US-led imperial supremacy.

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<sup>45</sup> Eric Hobsbawm, *The Age of Extremes: A History of the World, 1914-1991*, Vintage Books, 1994.