

US-UK conflict over the spoils of war

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A conflict has started to develop between British and American interests over how the resources of a post-conflict Iraq are to be exploited.

Last week the US Agency for International Development (USAID) announced that it had handed out its second lucrative contract—a deal worth \$4.8 million under which the Seattle-based Stevedoring Services of America (SSA) will operate the barely-secured port of Umm Qasr.

SSA, which oversees cargo administration at the Port of Seattle and 150 other locations around the world, is well pleased with its latest venture which it won against the UK operator P&O.

“It is a nice piece of business, and we are excited about it,” Bob Watters, the vice president of the company’s Asian operations told the *Seattle Post-Intelligencer*. “But the real thrill for us to be able to bring aid cargo into Iraq and supporting our military people.”

No wonder the SSA chief was pleased. One could hardly imagine a better business outcome in which profits are combined with patriotism and humanitarianism.

USAID’s decision to award the Umm Qasr contract to SSA follows an earlier decision to give a contract to put out oil fires and repair facilities to Kellogg, Brown & Root, part of the Haliburton group formerly headed by US Vice president Dick Cheney. This decision has given rise to fears in non-US companies that they are going to miss out on some rich pickings.

Earlier this month USAID invited five US firms to submit bids for reconstruction work in Iraq worth up to \$900 million with UK construction firms reported to be furious about being excluded. According to a BBC report, British companies have now pressed for government intervention to ensure that they get a cut. So far the best they seem to be able to hope for is to secure some sub-contracting work from the US

firms—an economic relationship that might well be regarded as symbolic of the political situation.

A statement issued by the British Consultants and Construction Bureau following a meeting with government officials pointed to the concerns of the British firms.

“Our concerns were strongly expressed in the meeting with the government that we did not want to see a rerun of the Kuwait liberation in the early 1990s when the US sewed up the majority of the contracts through their Corps of Engineers,” the statement said.

British Trade and Industry Secretary Patricia Hewitt telephoned USAID to lobby for British firms. Hewitt has emphasised that while Britain is not involved in the war for “commercial gain” there has to be a “level playing field” in the awarding of contracts for the “reconstruction” of Iraq.

Hewitt’s remarks point to some of the commercial interests at work in the differences between the US and Britain over the role of the United Nations in a “post-conflict” Iraq. Hewitt told the BBC it was “essential” that authority for reconstruction be handed over to a civil administration backed by the UN.

“Once we move into a UN mandate for a civilian-led administration then I hope we will all want to see a level playing field in which the best companies—and I am quite confident those will include a number of British companies—are all in there working with Iraqi companies and above all with the Iraqi people to ensure their economy can finally get the investment and development it needs.”

And looking further afield to the future involvement of British banks and financial institutions, she added that UN involvement was needed not only for “humanitarian aid” but also to ensure that “the international financial institutions can come in and help to support and provide the investment.”

It has been said that in the colonisation of the South

Pacific, when trade was so often accompanied by campaigns to convert the island populations to Christianity, the missionaries came to do good and ended up doing well. However, the activities of the 19th century traders and colonisers are put into the shade by the modern day humanitarians.

There is much profit to be extracted from the “reconstruction” program but the really big money is in the exploitation of oil resources. Here, however, there is a political problem. It is rather difficult to square the declarations of Bush and Powell that Iraq’s oil “belongs to the Iraqi people” with a handover to the giant oil corporations.

It is a problem that the “spinmeisters” in the mass media, fresh from their efforts at presenting the war on Iraq as the “liberation” of its people, are already starting to work on. The general line of their argument, which we can expect to see repeated *ad nauseum* in the coming months, was set out last Tuesday by *Financial Times* columnist Amity Shlaes, one of that newspaper’s most fervent advocates of the “free market”.

According to Shlaes, the problem with oil belonging to the people is that it tends to translate into oil belonging to the government.

“And the assumption that government-controlled oil can benefit the Iraqis is tricky. Indeed, one can argue that state ownership of oil has cursed Iraq. And that, come reconstruction time, the single most important thing that the US and Britain can do to facilitate stability is to privatise Iraq’s reserves—even if that means cutting deserving Kurdish leaders out of the bounty. And even if it means being accused of creating a ‘Texas on the Tigris.’”

Shlaes insists that “control of the oil bounty could corrupt any new Iraqi political leader within a few years.” Accordingly a “measure of the legitimacy of any would-be leader should be his willingness to promise to separate a new government from oil.”

In other words, a “legitimate” government in post-war Iraq—one recognised by the US and Britain—would have to agree that Iraq should hand over the control of oil to the international oil conglomerates, in the recognition that this was for good of the Iraqi people.

It surely speaks volumes for the nature of this war that while not a single “weapon of mass destruction” has been discovered, less than two weeks after its commencement there is a desperate scramble by its

perpetrators to carve up the anticipated spoils.



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