Top US firms vie for post-war Iraq contracts

Billions in profits seen from seizing oil fields

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With war against Iraq only days away, a small group of giant American construction firms are furiously competing for a $900 million US government contract for the initial rebuilding of infrastructure that will be shattered by US bombs and missiles.

The battle for the first reconstruction contract is only a foretaste of a vast plundering of the oil-rich country by US-based multinationals. This unseemly "scramble for Iraq" even before the invasion has begun is the clearest indication that the impending war is not about "weapons of mass destruction," terrorism or Saddam Hussein's regime, but rather about oil, profits and US economic hegemony in the Middle East and beyond.

The US Agency for International Development (USAID), which is awarding the contract, invoked a clause in government procurement procedures allowing it to bypass the normal competitive bidding process on the grounds of "urgent circumstances".

Requests for proposals on the huge contract were handed out to only five companies. Among them are Kellog Brown & Root, a subsidiary of Halliburton Co., where Vice President Richard Cheney was chief executive from 1995 until the 2000 election campaign. The company has already been awarded a wide array of military contracts, including reconstruction projects in Afghanistan.

Another politically connected firm allowed to bid on the deal is Bechtel Corp., where prominent Reagan administration officials, including former Defense Secretary Caspar Weinberger and former Secretary of State George Shultz, have held top positions. The company was the fifth-largest contributor during the 2000 presidential election, giving two-thirds of its money to the Republicans. Also asked to submit bids were the Louis Berger Group, which is also involved in Afghanistan, and the Fluor Corporation and Parsons Corporation, both of California.

The restriction of the bidding to the five US corporations—USAID officials said that one prerequisite for winning the contract was a Pentagon security clearance—has sharpened already significant tensions between Washington and London, the Bush administration's single major ally in the impending war.

The British trade union bureaucracy, among the most jealous defenders of British national interests, was the first to respond to the arrangement. "Why should Britain have to share the blood in a war but British companies not be allowed to share in the economic upturn afterwards," Richard O'Brien, a spokesman for Amicus, the British industrial engineering union, told the *Guardian* newspaper.

The scope of the contract was spelled out in a 13-page USAID document entitled "Vision for Post-Conflict Iraq." The plan, first leaked to the *Wall Street Journal*, calls for rebuilding 1,500 miles of "economically important roads and bridges," the reconstruction of thousands of war-damaged ports, airports, hospitals and schools, and the delivery of 550 emergency power generators to restore electricity.

According to some estimates, the $900 million allocated will be eaten up in the space of six months, given the scope of the proposed contracts. Moreover, the actual scale of destruction in Iraq will likely render the allotted funds wholly inadequate to meet the stated goals. The Pentagon war plan calls for an aerial blitzkrieg involving some 3,000 bombs and missiles in the first 48 hours of the attack.

Industry insiders have openly acknowledged that they see this contract as a foot in the door. Far bigger stakes lie ahead, particularly in contracts to repair and develop Iraq's oil industry. Restoring the country's oil facilities to their 1990 pre-Persian Gulf War level would cost around $5 billion, according to a recent study by the Council on Foreign Relations. Doubling the 2.8 billion barrels a day—paltry by OPEC standards—that Iraqi wells are now pumping out could cost another $40 billion.

Press leaks of the planned USAID contract sparked protests from Congress over the extreme secrecy that the administration has imposed on all of its plans for the Iraq war and its aftermath. The Bush administration has yet to provide any estimate of the costs of the war, which have been projected at anywhere between $50 billion and $200 billion. It is estimated that after the war is over, the first year of a US occupation will cost at least another $20 billion.

Jay Garner, the retired general tapped by the Bush administration to head the Pentagon's new Office of Reconstruction and Humanitarian Assistance, failed to show up at a Senate Foreign Relations Committee hearing on post-war plans for Iraq, where he was scheduled to be the main witness. His staff claimed a “scheduling conflict”.

Garner, whose office is to oversee post-war reconstruction projects in Iraq, was plucked from the presidency of a major defense contractor, California-based SY Coleman, which produces missile systems that will be used to lay waste to the country in the course of the coming invasion.

It is becoming increasingly apparent that the Bush administration intends to seize control of Iraq’s oil wealth to pay for both the war and its aftermath. “What bothers people is that some of these contracts may not be real aid, but may obligate the Iraqis to pay for the work,” said Anthony Cordesman, a Middle East expert with the Center for Strategic and International Studies.

White House spokesman Ari Fleischer made it clear last month that this is precisely the administration’s proposal. “Iraq, unlike Afghanistan, is a rather wealthy country,” he said. “Iraq has tremendous resources that belong to the Iraqi people. And so there are a variety of means that Iraq has to be able to shoulder much of the burden for their own reconstruction.”

Joseph Collins, US deputy assistant secretary of defense for stability operations and a key planner for the US occupation of Iraq, echoed this view in a recent press briefing. “Iraq, first and foremost, is economically way above the level of where Afghanistan is,” he said. “Iraq is also an oil-rich country, and that would certainly allow them to have some kind of reconstruction that would be self-financing.”

Collins is a member of an administration working group on post-war “humanitarian affairs” headed by Elliott Abrams, the National Security Council’s director of Near East Affairs. Abrams, a former Reagan administration official who was convicted of a felony for lying to Congress during the Iran-contra affair investigations, and then pardoned by George Bush senior, has proposed that the US assert de facto control over the Iraqi oil fields once the country is conquered.

The administration’s aim is to transfer what Fleischer calls the “tremendous resources that belong to the Iraqi people” into the hands of the US-based energy monopolies.

Seizing control of Iraq’s oil reserves, the second largest in the world, would give the US an enormous lever in dictating terms to its economic rivals. This is a decisive issue underlying the sharp split between Europe and America on US war plans.

In the immediate term, it would put an end to what US oil companies and financial circles have seen as an intolerable situation flowing from the last Persian Gulf war. US firms have been frozen out of Iraq and forced to buy Iraqi oil—more than one-third of what the country now produces—through foreign middlemen. At the same time, French and Russian companies have been able to sign multi-billion-dollar contracts that would grant them access to Iraqi reserves once sanctions were lifted.

Washington officials attribute French and Russian opposition to “regime change” to base financial considerations, while indignantly denying that the US has any designs on Iraqi oil. This is just one of the many lies promulgated by the government to conceal its predatory war aims.

A recent report entitled “Privatization and the Oil Industry: A Strategy for Postwar Iraqi Reconstruction” has been widely circulated within the administration and Republican-oriented think tanks. It provides a blueprint for what Washington aims to accomplish.

This document states: “The way out of the economic morass for the Iraqi economy lies through privatization of its abundant oil assets, not bureaucratic mismanagement, as some have advocated. If successful, Iraq’s privatization of its oil sector, refining capacity and pipeline infrastructure could serve as a model for privatizations by other OPEC members, thereby weakening the cartel’s domination of the energy markets.” And, it should be added, strengthening the vise-like grip of US imperialism over the world’s oil supplies.

“The road to economic prosperity in Iraq will not be easily paved,” the report continues, “but the Bush administration can help the future Iraqi government achieve fundamental structural reform with massive, orderly and transparent privatization of various sectors of the economy, including the oil industry.”

What will be the character of such a “future Iraqi government?” Bush and other administration officials insist that their aim is to “liberate” the Iraqi people and bring them “democracy”.

But forcing the Iraqi people to pay for the military occupation of their country and accept the transfer of the nation’s oil wealth to Chevron, Exxon and Occidental cannot be accomplished democratically. The strategic aims that Washington is pursuing will require a neo-colonial puppet dictatorship, backed by hundreds of thousands of American troops. The imposition of such a regime will inevitably bring the US face to face with revolutionary convulsions throughout the region.