

As Washington readies “reconstruction”

Iraqis riot over unemployment, corruption

Bill Vann

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Violent clashes between unemployed demonstrators and security forces erupted in both the center of Baghdad and Mosul, northern Iraq’s largest city Wednesday, underscoring the extreme social tensions that are generating increasing resistance to the US occupation.

The largest of the demonstrations took place in Mosul, a city of nearly 700,000 people 240 miles north of Baghdad. Several thousand jobless Iraqis gathered outside an employment office near the city hall. The crowd began throwing stones at the office out of frustration over the lack of any employment. Police and security guards opened fire to disperse the demonstrators.

“I need a salary now—I’ve been out of work since the war,” Ayid Khalid, 24, a former construction worker told the Reuters news agency.

Gunfire also erupted in Baghdad after job seekers rioted outside the offices of a US-backed security agency that supplies guards for some civilian installations. The protesters charged that the agency was demanding bribes of up to \$100—an amount beyond the reach of most Iraqis—to be considered for a job.

The protest turned violent as job seekers stoned the building and set cars ablaze and security guards and police responded with automatic weapons fire. At least two of the job seekers were wounded by gunfire.

A number of those participating in the demonstrations were ex-soldiers. Washington’s colonial proconsul in Baghdad, Paul Bremer, disbanded the 350,000-member Iraqi army without pay as one of his first acts after arriving in the country last May. The measure swelled the ranks of the unemployed, now estimated at 60 percent of the country’s workforce.

The desperate situation facing the Iraqi people six months after the US invaded and occupied their country was further exposed in a report issued September 23 by the United Nations Food and Agriculture Organization (FAO) and the World Food Program (WFP), which found that nearly half of the 26.3 million Iraqis are living in extreme poverty, unable to afford adequate nutrition.

While starvation has been averted, largely through the continuation of the oil-for-food program initiated under the deposed regime of Saddam Hussein, several million people are suffering chronic malnutrition, according to the report, including some 100,000 refugees and around 200,000 internally displaced people.

The situation of mothers and children in central and southern Iraq is of particular concern, according to the UN agency.

“Acute malnutrition, an indicator of deficiencies in current food security, and chronic malnutrition, an indicator of chronic poverty, have been declining up until 2002,” the report states. “The damage and deterioration during the recent conflict sustained by the health

services, water/sanitation and electricity sectors; the halting of TNP [Targeted Nutrition Program—an Iraqi Health Ministry initiative to aid women and children]; and instability, insecurity and unemployment in postwar Iraq have put a stop to the trends of improvement.”

Against this backdrop of deepening social catastrophe, a collection of politically connected US corporations, Republican Party insiders and their Iraqi collaborators are preparing to reap super profits off of the so-called reconstruction effort in Iraq. The bribe scheme at the Baghdad security agency that sparked yesterday’s rioting is only a minute expression of the colossal corruption that is emerging in Washington’s plans for spending \$20.3 billion in reconstruction funds requested by the Bush administration as part of its \$87 billion package for the occupations of Iraq and Afghanistan.

The US war against Iraq and the subsequent occupation of the country constitute war crimes that are in blatant violation of international law. The purpose of this war was not to “liberate” the Iraqi people—tens of thousands of whom have been killed or wounded—or to spread democracy in the Middle East, as the administration and its apologists claim. It is a predatory use of military power to secure US control of the country’s oil wealth and further Washington’s drive for global hegemony.

That being said, the venality that characterizes the Bush administration and the layer of corporate criminals that constitute its principal base is so uncontrolled that they are incapable of organizing the occupation of Iraq as anything but a looting operation.

According to an article published in the October 1 issue of *Newsweek* titled “The Unbuilding of Iraq,” the civilian leadership of the Pentagon systematically excluded anyone but right-wing political allies of the administration from the occupation authority. Rumsfeld personally ordered the ouster of 15 of the 20 State Department officials sent to Iraq on suspicion that they were not sufficiently loyal to the Bush White House.

The magazine quoted one US official who was in Baghdad as saying that this political vetting process “got so bad that even doctors sent to restore medical services had to be anti-abortion.”

A “dissident Pentagon official” quoted in the same article voiced the growing consensus of contempt for the collection of Republican operatives and White House loyalists who make up the Coalition Provisional Authority: “So there they are, sitting in their palace: 800 people, 17 of whom speak Arabic, one is an expert on Iraq. Living in this cocoon. Writing papers. It’s absurd.”

There are definite reasons for this seemingly incongruous composition of the occupation authority, however. The White House is determined to have in Baghdad only those officials who can be relied upon to support the corrupt deals that are to be made for the

benefit of the administration's corporate allies.

The *Newsweek* article indicated that at least in some cases orders for the removal of State Department officials considered unreliable—or too knowledgeable about Iraq—came personally from Vice President Richard Cheney.

The principal beneficiary of reconstruction funds thus far has been the energy giant that Cheney headed for five years before being tapped as the Republican Party's vice presidential candidate in 2000—the Texas-based Halliburton Co.

The company's engineering subsidiary, Kellogg, Brown and Root, was awarded a no-bid contract worth up to \$7 billion over two years for the reconstruction and management of Iraq's oilfields. The contract is a "cost-plus" deal, with the government guaranteeing Halliburton all of its expenses plus a 7 percent profit, ensuring that the more the firm spends the more it makes.

In a September 14 appearance on NBC's "Meet the Press," Cheney insisted that he had severed connections with Halliburton. In fact, he received \$162,392 in deferred compensation from the company last year and a similar amount in 2001. In addition, he holds 433,333 Halliburton stock options. The Congressional Research Service, a nonpartisan arm of Congress, released a report last month stipulating the obvious: Cheney's deferred salary and stock options constitute a "financial interest" under federal ethics standards.

In an unmistakable signal that the \$20.3 billion the administration is requesting for reconstruction will be similarly awarded based on political connections, figures closely linked to the administration have set up a pair of consulting firms offering assistance in winning lucrative "reconstruction" contracts.

"The opportunities evolving in Iraq today are of such an unprecedented nature and scope that no other existing firm has the necessary skills and experience to be effective both in Washington, DC and on the ground in Iraq," reads the web site pitch made by New Bridge Strategies, LLC.

The firm's chairman and director is Joe Allbaugh, who left his post as director of the Federal Emergency Management Agency (FEMA) at the outset of the Iraq war. Before that, he was the national campaign manager of the Bush-Cheney presidential campaign in 2000 and the chief of staff to Bush when he was Texas governor.

The office of the company is located on the same floor of the same Washington office building as that of the lobbying firm Barbour Griffith & Rogers, headed by the former chairman of the Republican Party and current Republican nominee for Mississippi governor, Haley Barbour. Allbaugh's wife is listed as "of counsel" to the Barbour firm, while its vice chairman, Ed Rogers, is also the vice chairman and director of New Bridge Strategies.

A second firm, Iraqi International Law Group, offers to "provide foreign enterprise with the information and tools it needs to enter the emerging Iraq and succeed." The firm's founder is Salem Chalabi, the nephew of Ahmed Chalabi, the leader of the US-installed Iraqi Governing Council. Ahmed Chalabi, who was convicted of bank fraud and embezzlement in Jordan and sentenced to 22 years in prison, has been pressing for a more direct role in controlling the money that the Bush administration is seeking from Congress.

Chalabi, who spent more than 40 years in exile, won the backing of the right-wing civilian leadership in the Pentagon for his pretensions to emerge as the head of a US-backed regime in Baghdad. Among his closest supporters has been Douglas Feith, number-three man in the civilian hierarchy at the Pentagon.

Before taking his post at the Pentagon, Feith was a partner in Zell,

Goldberg & Co., a lobbying firm that specializes in Israeli military contracts. According to the British *Guardian* newspaper, the web site of Salem Chalabi's new firm is registered in the name of Marc Zell, Feith's former partner at the Israeli-connected firm, who is also described as the Iraqi International Group's "marketing consultant."

What is clearly emerging in Iraq is a massive criminal swindle involving all but open partnerships between top government officials and corporations. The goal of plundering Iraq's oil wealth and the rest of its economy is joined with that of stealing billions of dollars in public US funds. The cost-plus contracts to be awarded to the companies that are selected by outfits like Allbaugh's and that of Zell-Chalabi will be paid for by American working people through the further destruction of jobs and basic social conditions in the US itself.

That none of this is intended to aid the Iraqi people is clear. Indeed, attempts to ameliorate the conditions in Iraq are immediately squashed if they pose a potential challenge to the lucrative contracts that the administration is handing out to its corporate supporters. The result is growing hostility from the Iraqi population and, arguably, a growing number of dead American soldiers.

Efforts by Iraqi electrical engineers to repair and resuscitate the battered power grid that is presently supplying only intermittent electricity to the country's population have been stymied, so as not to cut across the \$5.7 billion deal that is expected to go principally to Bechtel for rebuilding the system.

Similarly, an attempt by a local company to set up cell phones in Baghdad, which has been plagued by lack of reliable communications, was promptly halted by the occupation authorities. No such service is allowed until the contract, worth several hundred million dollars, is awarded. MCI, which has no experience whatsoever in establishing cell phone systems, was brought in to set up service for the occupation officials and is rumored to be the administration's favorite for the contract.

Meanwhile, Democrats on Capitol Hill are attempting to force the Iraqi people to pay for this massive boondoggle by mortgaging their future oil wealth. A Democratic-sponsored amendment—defeated for now by a vote of 15-14 on the Senate Appropriations Committee—calls for the entire \$20.3 billion package to be financed by forming a new Iraqi financial authority that would guarantee future oil revenues as collateral for the money that will be paid out to Halliburton, Bechtel and other US corporations.

For the most part, the Democrats have remained silent on the shameless corruption that pervades the reconstruction scheme, dependent as they are on the same corporations that are seeking to profit off of Iraq.



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