

# Former US diplomat Peter Galbraith grabs hundreds of millions in Iraqi oil money

**Alex Lantier****13 November 2009**

Yesterday the *New York Times* reported the Norwegian financial newspaper *Dagens Næringsliv*'s revelations that Peter Galbraith, a former US diplomat and advisor to the Kurdish regional government in northern Iraq, stands to make hundreds of millions of dollars in profit from Iraqi oil revenues.

Galbraith's profits would result from his cashing in on his links to the Kurdish regional leadership, and his role in drafting Iraq's Constitution, shortly after the 2003 US invasion of Iraq. In 2004, Galbraith helped the Kurds arrange deals with Norwegian oil firm DNO and prepare for negotiations on the Iraqi Constitution, including controversial provisions on how to divide Iraq's oil revenues. During the 2005 negotiations, the *Times* noted, Galbraith worked to ensure the draft included "clauses that he maintains will give the Kurds virtually complete control over all new oil finds on their territory."

Galbraith stood to benefit enormously from these clauses, *Dagens Næringsliv* revealed last month. On June 30, 2004—the day after the successful conclusion of the Kurd-DNO negotiations—the Kurdish regional leadership had given Galbraith a major stake in undiscovered oil fields on its territory. Oil analysts quoted by the *Times* estimate his five-percent stake in the newly-discovered Tawke oilfield alone would be worth at least \$115 million.

There are indications, moreover, that Galbraith may make even larger sums from the affair. After a falling-out with Galbraith in 2008, DNO sold a stake in the oil fields to the Kurdish regional government, apparently trying to cut Galbraith and a Yemeni business partner out of the deal. Galbraith and his partner sued DNO for compensation, which *Dagens Næringsliv* estimates at \$525 million. A ruling is expected early next year.

DNO attempted to recoup the money by charging it as "operating expenses" to the Kurds, who tried to pass the expense on to Baghdad.

The Iraqi central government in Baghdad refuses to recognize all the oil contracts signed by the Kurdish government prior to the ratification of the Constitution, maintaining they are illegal. Baghdad is therefore refusing to pay Galbraith, and insisting that the Kurds find the money from the 17 percent of Iraqi oil revenues allotted to them under Iraq's current revenue-sharing agreement.

The Iraqi Parliament's failure to pass an Iraqi oil law has made it impossible to settle this disagreement between Baghdad and the Kurdish authorities.

Galbraith's attempt to extort hundreds of millions of dollars from Iraq is unanswerable evidence of the neocolonial character of the US occupation of that unfortunate country. Far from being a war against al-Qaeda terrorists or Iraqi weapons of mass destruction—which were crude inventions of a US government determined to justify a war to a skeptical and hostile public—the 2003 invasion was an imperialist adventure offering well-connected operators the chance to make fortunes.

Moreover, it is ever clearer that a central element of the occupation was the theft of Iraq's oil resources. The *Times*' article on Galbraith comes only one week after the revelation that southern Iraq's huge West Qurna oil field has been divided between Exxon-Mobil and Royal Dutch Shell.

The *New York Times* itself described the Galbraith story's potential to "inflame" Iraqi public opinion. In a comment that demonstrates its own political complicity with the theft of Iraq's oil, it crudely described Iraqi sentiment that "the true reason for the American invasion of the country was to take its oil" as "a conspiracy theory." This is in the middle of a story describing the looting of hundreds of millions of dollars in Iraqi oil revenue!

The participation of Galbraith, a prominent former diplomat with Democratic sympathies, in the plundering

of Iraq testifies to American liberalism's complicity in the crimes of US imperialism—which finds perhaps its most finished expression in the Obama administration's continued occupation of Iraq.

Peter Galbraith, the son of prominent liberal economist John Kenneth Galbraith, was a professional staffer for the US Senate Committee on Foreign Relations from 1979 to 1993. In the late 1980s, during the Iran-Iraq war, he documented the massacre of Iraqi Kurds by Saddam Hussein, then a US ally.

From 1993 to 1995, during the dissolution of the former Yugoslavia, he served as US envoy to Croatia. He communicated to Croatian leader Franjo Tudjman the Clinton administration's approval for Operation Storm, Croatia's 1995 ethnic cleansing campaign that drove 200,000 Serbs from the Krajina area.

Appearing last year before the International Criminal Tribunal for the former Yugoslavia (ICTY), Galbraith stated that the US had an “understanding attitude” towards the operation. He claimed that he would not have asked Washington “to give it the green light” if he had believed Tudjman intended to remove Serbs. However, he had previously admitted that Tudjman and his associates were known to want an “ethnically clean country.”

After a stint at the National War College and working for the UN in East Timor, he resigned from US government service, going into business in the Middle East. He was also appointed—at the Obama administration's request—to the United Nations mission in Afghanistan, leading a campaign to denounce Afghan president Hamid Karzai's reelection as fraudulent and criticizing UN official Kai Eide.

A prominent aspect of Galbraith's work in the Middle East was his sympathy for Kurdish separatism, acquired during his work on Iraq as a Senate staffer. Contacted by the *New York Times*, Galbraith confirmed that he had an “ongoing business relationship” with DNO during Iraq's constitutional negotiations. He added: “I undertook business activities that were entirely consistent with my long-held policy views. I believe my work with DNO (and other companies) helped create the Kurdistan oil industry which helps provide Kurdistan an economic base for the autonomy its people almost unanimously desire.”

In fact, Galbraith's own actions are the clearest demonstration that the Kurdish separatists' alleged “autonomy” is nothing of the sort. Wedged between two larger, hostile powers—Turkey to the north, and the rest of Iraq to the south—they are generally at the mercy of shifts in broader regional politics, and their oil industry in

particular is the target of unscrupulous operators like Galbraith.

Galbraith's views played a significant role in the Democratic Party's fraudulent attempts to portray itself as a representative of popular antiwar sentiment, while it planned to continue occupying Iraq after the departure of President George W. Bush. Galbraith specialized in giving a moralistic, pseudo-democratic veneer to Democratic plans to reduce US troop commitments in Iraq by imposing a ruthless, Yugoslav-style ethnic partition on the country.

On this basis, he became a prominent advisor on foreign policy questions to Democratic politicians, including Senator (now Vice President) Joe Biden and the chairman of the Senate Foreign Relations Committee, John Kerry.

Thus, in a November 2005 *Washington Post* column titled “What Are We Holding Together,” he wrote: “As a moral matter, Iraq's Kurds are no less entitled to independence than are Lithuanians, Croatians, or Palestinians... The United States should focus now not on preserving the unity of Iraq but on avoiding a spreading civil war.” He concluded: “Iraq's political settlement can pave the way for a coalition exit” by US and allied forces from Iraq.

Ultimately, however, the Bush administration opted for a massive military rampage through Iraq, the so-called “surge,” in an attempt to crush opposition to the central government. It preferred not to risk inflaming the broader regional tensions that an ethno-religious partition and civil war threatened to trigger.

In this regard, the *Times*' timing in publishing this story—which has been circulating in the Scandinavian press for a month—is significant. It comes as the US attempts to manage growing ethnic tensions in northern Iraq, as politicians debate the status of ethnic minorities in key oil-rich regions such as Kirkuk in the run-up to January's national elections. US officials, including Vice President Biden, have reportedly pressured Kurdish politicians to allow more Arab and Turkmen residents onto the lists of approved voters.



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