

The U.S. Invasion of Iraq: The Military Side of Globalization?

By Stephen Zunes | October 26, 2004

The major justifications for the U.S.-led invasion of Iraq—Saddam Hussein’s supposed possession of weapons of mass destruction and Iraqi ties to the terrorist al-Qaida network—are now widely discredited, and Washington’s claims that its efforts are creating a democratic Iraq are also highly dubious. Although economic factors did play an important role in prompting a U.S. invasion, the simplistic notion that Iraq’s makeover was undertaken simply for the sake of oil company profits ignores the fact that even optimistic projections of the financial costs of the invasion and occupation far exceeded anticipated financial benefits. Furthermore, Saddam Hussein was already selling his oil at a level satisfactory to Western buyers, and his standing among fellow OPEC members was low, so he could not have persuaded the cartel to adopt policies detrimental to U.S. interests. So what actually motivated the United States to take on the problematic task of conquering and rebuilding Iraq?

A Return to Direct Military Interventionism

Until the buildup to the U.S. invasion, many had projected that efforts by the United States to overthrow sovereign governments—either through covert action, direct military intervention, or the use of proxy armies—was a thing of the past. However, this apparent behavior change was not a result of greater respect for international law. In fact, as the world’s sole remaining superpower, the United States has stretched international legal norms further than ever. Nor was this transformation a result of the end of the “Soviet threat,” since many governments that had fallen victim to U.S. intervention were simply nationalist and nonaligned, not communist, and superpower rivalry was less the reason than it was the excuse for Washington’s aggressive behavior.

Rather, this shift in domination style was a reflection that with the neoliberal model dominating the global economy—enforced through international financial institutions such as the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank—such crude forms of hegemonic supremacy were no longer necessary. For example, if the FMLN in El Salvador or the

Sandinistas in Nicaragua had won their debt-ridden countries’ most recent elections, there is little doubt that they would have been unable to restructure their economies in the socialist direction to which they had aspired 20 years earlier.

And such limitations on the economic autonomy of contemporary national governments are not restricted to small agrarian states. Today’s socialist-led government of Ricardo Lagos in Chile bears little resemblance to the socialist-led government of Salvador Allende in the early 1970s, and the electoral triumphs of the Workers Party in Brazil and the African National Congress in South Africa have been disappointing to those who had hoped for a significant reduction in the staggering levels of poverty, social stratification, and economic injustice afflicting those countries.

The IMF—through its Structural Adjustment Programs—has been able to impose legally and openly what in previous decades had to be accomplished by the CIA, the Marines, or hired mercenaries. The hegemony of American capitalism and its industrialized allies has reached unprecedented levels without the messiness of direct military intervention.

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Neoliberal global economics can also explain the end of the left-leaning nationalism that was once common in the Arab world, with Egypt, Algeria, Sudan, Yemen, and—to a lesser extent—Syria and Libya abandoning their semi-socialist policies to embrace what are euphemistically referred to as “free market reforms.” These Arab states also exhibit a significant reduction in their anti-Western rhetoric, support for terrorists and radical insurgents, and other behaviors disturbing to Washington.

Baathist Iraq was the only Arab state to largely resist such trends. Combining a sizable educated population, large oil resources, and adequate water supplies, Iraq was able to maintain a truly independent foreign and domestic policy. Even 12 years of draconian sanctions could not overthrow the government or make it more cooperative with Washington’s strategic and economic agenda, prompting the United States to revert to cruder forms of intervention.

This is not to imply that Saddam Hussein’s rule was anything close to being a progressive model for Third World development. Indeed, his brand of Baathism was arguably closer to true fascism than any regime in the world in recent decades. Whatever his style, however, Saddam was clearly failing to adhere to Washington’s global script.

As a result, the Bush administration was determined to impose a new order whereby this important Middle Eastern country would have no choice but to play by U.S. rules. Since simply appending a conquered nation to its conqueror’s territory is not considered acceptable behavior anymore (U.S. allies Morocco and Israel notwithstanding), a less formal system of control needed to be established. So Washington adopted a plan for Iraq that bore a striking resemblance to the British strategy in the Middle East following the collapse of the Ottoman Empire. Rather than formally annexing Iraq, Britain occupied the country just long enough to establish a kind of suzerainty. Iraq was made nominally independent within a few years, but Britain could effectively veto the establishment of any unfriendly government and could dominate the economy.

The United States followed a similar pattern with Cuba in 1898 heralding the process as “liberation” from the Spaniards. After several years of occupation, Washington granted formal independence to the

island, retaining it as a de facto protectorate. This governing system lasted for more than five decades until it was overthrown in Fidel Castro’s 1959 revolution, less than a year after nationalist military officers in Baghdad ousted the monarchy established by the British. Even 45 years after the U.S.-backed dictator Fulgencio Batista fled Havana, Washington still cannot accept a truly independent Cuba and still withholds diplomatic recognition.

A Crusade for Neoliberalism?

Under Coalition Provisional Authority (CPA) chairman Paul Bremer, radical changes were imposed upon the Iraqi economy closely mimicking the infamous structural adjustment programs shackled to indebted nations by the International Monetary Fund. These include:

- the widespread privatization of public enterprises, which—combined with allowing for 100% foreign ownership of Iraqi companies—renders key sectors of the Iraqi economy prime targets of burgeoning American corporations,
- the imposition of a 15% flat tax, which primarily benefits the wealthy and places a disproportionate burden on the poor,
- the virtual elimination of import tariffs, resulting in a flood of foreign goods into the country; since smaller Iraqi companies—weakened by over a dozen years of sanctions—are unable to compete, hundreds of factories have recently shut down, adding to already-severe unemployment,
- 100% repatriation of profits, which severely limits reinvestment in the Iraqi economy,
- a lowering of the minimum wage, increasing already widespread poverty, and
- leases on contracts for as long as 40 years, making it impossible for even a truly sovereign government to legally make alternative arrangements.

It is noteworthy that there was one Saddam-era law that U.S. authorities did not overturn: the ban on public sector unions. In fact, U.S. occupation forces have violently broken up peaceful demonstrations by trade union activists.

It is also important to note that the supposedly sovereign government of Iraq, which formally took

the reins of power on June 28, does not have the authority to overturn these laws. But simply attributing the U.S. invasion of Iraq to imposing militarily what the IMF could not impose itself, is an overstatement and constitutes only a partial explanation.

A New Mercantilism

Skeptics of claims that the Bush administration invaded Iraq simply for its oil correctly observe that the United States is less dependent on Persian Gulf oil than are European or East Asian countries. However, controlling Iraq—which is the largest Arab country in the gulf region, contains the world’s second-largest oil reserves, and borders three of the world’s five largest oil producers—gives the United States enormous leverage. In the coming decades, in the event of a trade war with the European Union or a military rivalry with an ascendant China, effective control over Persian Gulf oil is a trump card that Washington can play to its advantage. The invasion of Iraq, then, may represent not just a frightening repudiation of the post-World War II international system embodied in the United Nations Charter but also a return to the 19th century great-power politics of imperial conquest undertaken to control key economic resources.

In direct contravention of WTO regulations—which Washington insists upon rigorously enforcing against other nations—U.S. occupation forces have restricted investment and reconstruction efforts almost exclusively to countries that supported the U.S. invasion. Similarly, following the U.S. conquest in March 2003, American contractors and their employees were given preference over Iraqi companies and Iraqi nationals in procuring lucrative reconstruction assignments. From power stations to telecommunications, U.S. infrastructure designs are replacing Iraqi and European systems.

In the transition from the CPA to interim Iraqi control, Paul Bremer’s replacement, U.S. ambassador John Negroponte, is not—contrary to Bush administration claims—just like any other ambassador. Washington has assigned many of the more than 1,500 Americans attached to his “embassy” to prominent positions spanning virtually every Iraqi ministry, and his office controls much of the Iraqi government’s budget. (In the 1980s, Negroponte played a similar

role: as the U.S. ambassador in Tegucigalpa he was widely considered to be the second-most powerful man in Honduras as a result of the large numbers of U.S. troops in the country and the dependence of the military-dominated Honduran government on Washington’s military and economic backing.)

The U.S. conquest of Iraq can perhaps be seen as a rather blatant example of the subtle shifts in U.S. policy noted in recent international economic forums. Unlike the Clinton administration’s ambitious efforts to rewrite global trade rules in order to impose a kind of free market fundamentalism on the world, the Bush administration has been more inclined to advance the parochial interests of U.S.-based corporations.

Conclusion

If the invasion of Iraq was indeed a last-resort effort to impose U.S. hegemonic interests upon that oil-rich country, it may portend even more serious conflicts in the future. At least two other Third World countries—Iran and Venezuela—share with Iraq the combination of a large educated population, enormous oil reserves, and adequate water resources, thereby enabling their governments to embrace an independent foreign and domestic policy. Not surprisingly, these countries have also been on the receiving end of increasingly hostile rhetoric emanating from Washington. Fortunately, it is unlikely that either country has to fear a U.S. invasion any time soon, because Iraq is turning into a total disaster.

After years of state control under Saddam’s dictatorship, there is little question that some liberalization and restructuring of Iraq’s economy is necessary, but Iraqis resent such important issues being decided by an occupying power that clearly has a strong commercial interest in their country. Indeed, besides the continuing violence and a lack of basic services, the primary grievance of Iraqis toward the U.S. occupation is that the Americans are seemingly trying to rip them off.

Like many Arab governments, Iraq under Saddam Hussein squandered billions of dollars of the nation’s wealth through corruption and wasteful military spending. Nevertheless, prior to Saddam’s ill-fated invasion of Kuwait and the resulting war and

sanctions, Iraqis ranked near the top of Third World countries according to the Human Development Index, which measures nutrition, health care, housing, education, and other human needs.

Not only has the U.S. occupation failed to restore Iraqis to their pre-1991 standard of living, but most of them are poorer now than they were during more than a decade of sanctions following the devastating U.S.-led bombing campaign of the Gulf War. After all the enormous suffering that the United States and its allies inflicted upon the Iraqi people during the final dozen years of Saddam's rule, the failure to improve conditions since his ouster has understandably led to widespread resentment. Since Iraq's highly skilled work force is more than 50% unemployed, it is no surprise that overpaid foreign contractors—most of them performing jobs that Iraqis could do—have become targets of the resistance.

Saddam Hussein may have been to Baathism what Josef Stalin was to Marxism. But that does not mean that most Iraqis reject the anti-imperialist and semi-socialist orientation embraced by every Iraqi government between the 1958 overthrow of the British-installed Hashemite monarchy and the 2003 U.S. invasion. A poll this past spring revealed that 65% of Iraqis preferred a largely state-controlled economy featuring government subsidies of basic services,

while only 6.6% supported a free-market system where private entrepreneurs have unrestricted access to the economy.

Tragically, the widespread feeling that the United States is after Iraq's wealth and is putting the profits of well-connected American companies ahead of the livelihoods of ordinary Iraqis has fueled the very armed resistance that has rendered attempts at rebuilding—by any economic model—virtually impossible. As a result, Washington may have no more success in imposing its free market utopia on the Iraqis than Moscow had in imposing its socialist utopia on the Afghans.

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