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Chapter 10
Oil, Power & Empire

The U.S. government has mustered a dizzying and often shifting assortment of "reasons" for invading and occupying Iraq. At one time or another—sometimes in the next breath—it cited weapons of mass destruction and imminent threats to America, links to terrorism and al Qaeda, liberating the Iraqi people, and transforming the entire Middle East. Yet, as it was going on *ad nauseam* about such nonexistent threats, phantom connections, and hollow promises, there was one *real* issue that the Bush team adamantly refused to discuss at all: oil. Before the war, Rumsfeld even told CBS News that the U.S. conflict with Iraq "has nothing to do with oil, literally nothing to do with oil."[1]

Bush II officials studiously avoided even mentioning the "o-word." At one White House briefing on October 9, 2002, a reporter asked press spokesman Ari Fleischer, "how much does oil have to do with the assessment of the threat from Saddam Hussein? President Bush didn't mention it." Fleischer first claimed not to "follow" the question, then said it was "not a factor." He wouldn't even utter the word "oil" in the back-and-forth. Two days later, the *New York Times* reported that the Pentagon had plans to occupy Iraq and take control of its oil fields.[2]

Behind closed doors, Bush was giving top U.S. corporate heads and financiers a different message: according to Bob Woodward's recent book Bush At War, in October 2001, on the eve of war with Afghanistan and as planning was beginning for invading Iraq, he told a private New York meeting of business leaders, "I truly believe that out of this will come more order in the world—real progress to peace in the Middle East, stability with oil-producing regions." In his paean to his former boss, Bush speech writer David Frum laid it out more directly: America's new global "war on terror," he wrote, was designed to "bring new freedom and new stability to the most vicious and violent quadrant of the earth—and new prosperity to us all, by securing the world's largest pool of oil."[3]

Overthrowing Saddam Hussein, creating a client state in Iraq, and opening up Iraq's economy are key components of a much larger, multi-faceted global agenda in which energy resources play a crucial role. The point is not that the Bush inner circle waged war simply to secure Iraq's oil for American profit or consumption. Yet petroleum *was* a central and major objective—if understood in the larger context of global empire. Most broadly, the 2003 invasion and occupation were designed to solidify American political/military domination of the energy heart of world—the Middle East/Central Asian region, and are part of broader efforts to secure control of global energy sources and use that control to ensure the smooth functioning of U.S. capitalism, strengthen its competitive position in world markets, and increase U.S. leverage against potential rivals. In short, oil is a powerful instrument of hegemony, which is what the new Bush II National Security Strategy is all about.

Controlling Persian Gulf oil and dominating world energy markets has been a prime U.S. strategic objective for over 60 years, as examined in previous chapters. However, the global energy picture does not remain constant: the tension between supply and demand evolves, and new dynamics and problems arise. Two trends stand out today: the precarious nature of the global economy and the possibility that growing energy demand will outstrip the global capacity to meet it.

A look at these concerns and how the capitalist political elite is approaching them opens a window on some of the deep compulsions and potential opportunities that drove the 2003 war on Iraq and continue to drive the Bush II global agenda.

U.S. Strategists Declare: "It's the Oil, Stupid!"

A key element of the new Bush doctrine is leveraging current U.S. military supremacy into economic supremacy and dealing with various difficulties confronting the global economy. Oil and natural gas play an important part in this grand design.[4]

The 1991 collapse of the Soviet Union was a geopolitical earthquake, but it did not lead to U.S. economic dominance. In his 1995 brief for global supremacy, current Bush II official Zalmay Khalilzad worried that rivals were gaining ground: "economic growth under way in Asia...will produce important changes in relative economic power—with important potential geopolitical and military implications" and "intensified international economic competition."[5]

Nor did the fall of the Soviet empire usher in an era of sustained economic growth; instead, the global economy has remained fragile. "The world economy is in trouble," wrote Jeffrey Garten, a former government official and now dean of the Yale School of Management, in early 2003. "Corporate investment and trade are slowing, factories are producing more than they can sell, and deflation is threatening many regions. The two potential economic engines besides the United States—Germany and Japan—are stagnating. Big emerging markets, from Indonesia to Brazil, are in deep trouble."[6]

The new National Security Strategy promises to ignite "a new era of global economic growth through free markets and free trade," and to use American preeminence to promote an "efficient allocation of resources, and regional integration." In other words, the U.S. seeks to use its military power to secure favored access to markets, raw materials, and human labor across the planet.

Joseph Nye, dean of the Kennedy School of Government at Harvard, compares the Bush II strategy to a three-dimensional chessboard: "The top board is the military and we can do pretty much what we want. The middle board is economics, and is not a world America controls." Cheney and Rumsfeld are focusing on the "top board," he argues, in order to parlay U.S. military power into greater economic and political power. Nye's "bottom level" consists of factors beyond Washington's control—anti-U.S. movements, weapons proliferation, the spread of infectious disease, etc. He warns, "The Cheney-Rumsfeld focus on the top board may win in the short run, but will cause lots of problems in the long run."[7]

This is where oil ties in: global capitalism remains dependent on a steady flow of low-priced petroleum, making oil both vital to the health of the world economy and key to the competitive position of rival nations. "The single best cyclical indicator for the world economy is the price of oil," one economist told the *New York Times*, "Nothing moves in the world economy without oil in there some where."[8]

Despite a shift from manufacturing to services and increases in energy efficiency, the U.S. still relies on petroleum products for 40 percent of its energy needs and remains the world's biggest energy glutton, devouring 19 million barrels of oil a day. With a mere three percent of the world's population, it consumes over 25 percent of the global output of crude.[9] "The price shocks from a serious disruption in oil supplies would course through every quarter of the United States economy," the *New York Times* notes. "The drain on people's incomes and companies' revenue would further sap a weakened economy." One Goldman-Sachs analyst told *Forbes* magazine, "Any [oil] price increase has devastating effects on the U.S. economy."[10]

On the other hand, in 1991 economics lecturer Alan Freeman estimated that each $1 fall in the price of a barrel of oil transferred roughly $5 billion a year from Third World producing countries to North America, and the difference between oil at $20 and oil at $25 a barrel meant the transfer of $70 to $100 billion from the impoverished south to the industrialized north.[11] Today, these figures are no doubt even more staggering given the rise in world oil consumption.

Former Clinton official Kenneth Pollack, echoing Kissinger's words from two decades earlier, is blunt about the oil connection:

> It's the Oil, Stupid—The reason the United States has a legitimate and critical interest in seeing that Persian Gulf oil continues to flow copiously and relatively cheaply is simply that

> the global economy built over the last 50 years rests on a foundation of inexpensive, plentiful oil, and if that foundation were removed, the global economy would collapse.[12]

Supply versus Demand

World oil markets have become increasingly tight and volatile, and this has become a major potential problem.[13] Several trends are responsible: global supplies have not been growing as fast as demand, key energy-producing regions are highly unstable, and there is heated competition for control of oil and natural gas sources.

The demand for energy has been rising by some 2.5 percent a year as industrialization spreads around the world. In 2003, global consumption stood at 77 million barrels of oil a day; by 2010, if these trends continue, it could rise to over 90 million barrels a day, a 17 percent increase.

However, petroleum output—and especially production capacity—are not growing nearly as fast. (Of course, immediate demand for petroleum oscillates with the ups and downs of the global economy; here we are focusing on longer-term trends in capacity and demand.) An April 2001 report by the U.S. Council on Foreign Relations and the Baker Institute for Public Policy, two high profile establishment think-tanks run by former government officials, was commissioned by Vice President Dick Cheney to help shape a new U.S. energy strategy. Their report, "Strategic Energy Policy Challenges For The 21st Century" (hereafter the "Baker Report"), singled out the lack of spare production capacity as a key concern:

> Perhaps the most significant difference between now and a decade ago is the extraordinarily rapid erosion of spare capacities at critical segments of energy chains. Today, shortfalls appear to be endemic. Among the most extraordinary of these losses in spare capacity is in the oil arena.[14]

The Baker Report noted that in 1985, OPEC spare production capacity stood at 25 percent of global demand, but in 1990 it had fallen to eight percent, and by 2001 was a mere two percent. Without an adequate cushion of spare capacity, shortages could occur and prices could spike:

> the world is currently precariously close to utilizing all of its available global oil production capacity, raising the chances of an oil supply crisis with more substantial consequences than seen in three decades.[15]

A related problem is that energy sources are concentrated in some of the most tumultuous areas in the world. According to energy forecasts, by 2050 the Persian Gulf/Caspian Sea region will account for more than 80 percent of world oil and natural gas production. The region's reserves are estimated to be 800 billion barrels of oil and an energy equivalent amount in natural gas. Meanwhile, total oil reserves in the Americas and Europe are less than 160 billion barrels and will be exhausted in the next 25 years.[16]

Former Carter official Zbigniew Brzezinski calls the Persian Gulf/Central Asian region "the global zone of percolating violence" and warns that it will likely be "a major battlefield, both for wars among nation-states and, more likely, for protracted ethnic and religious violence." In his book *Jihad vs.* Me World, Benjamin Barber calculates that 69 percent of the total world production of oil and 92 percent of the world's proven oil reserves are "in nations that are at a high and moderate risk for current or future ethnic conflicts"— located mainly in this same region.[17] Pentagon officials talk of an "arc of instability" running from the Andes in South America through North Africa, the Middle East, into Southeast Asia.[18]

This volatility, which results from many factors including resistance to oppressive U.S.-backed regimes, presents a number of challenges to U.S. power. First, America faces difficulties maintaining its hold on the Middle East, which remains the world's premiere oil-producing region. Second, another center of world energy production has opened up in the former Soviet Republics of Central Asia. The region's geopolitical "tectonic plates" are in motion and its future economic and political orientation is now being fought out. Third, these and other developments have impeded investment in oil and natural gas production and hindered their expansion. The Baker Report points to political difficulties and under-investment in oil-producing countries as prime culprits in a crisis of energy production growth:

> [T]he US government has operated under the assumption that the national oil companies of these countries would make the investments needed to maintain enough surplus capacity to form a cushion against disruptions elsewhere. For several years, these assumptions appeared justified.
>
> But recently, things have changed. These Gulf allies are finding their domestic and foreign policy interests increasingly at odds with US strategic considerations, especially as Arab-Israeli tensions flare. They have become less inclined to lower oil prices in exchange for security of markets, and evidence suggests that investment is not being made in a timely enough manner to increase production capacity in line with growing global needs. A trend toward anti-Americanism could affect regional leaders' ability to cooperate with the United States in the energy area.[19]

The Baker Report argued that these problems "highlight the concentration of resources in the Middle East Gulf region and the vulnerability of the global economy to domestic conditions in the key producer countries."[20] The U.S. agenda includes reshaping these "domestic conditions"—by force if need be.

The world's major energy multinationals are blocked from investing in many of the world's richest producing countries—mainly by the nationally-owned oil companies which were a product of the anti-colonial upsurges of the 1950s and 1960s. In February 2003, the chairman of ExxonMobil stated that his company's output was not keeping up with demand: "When we consider, that as demand increases, our existing base production declines, we come squarely to the magnitude of the task before us. About half the oil and gas volume needed to meet demand 10 years from now is not in production today." The *New York Times* concluded that ExxonMobil's problems stem from "flat" production, the decline of its existing fields in North America and the North Sea, and the fact that "more than 90 percent of the world's proven oil reserves are owned by countries, national oil companies and the Russian oil companies"—many of which are closed to direct foreign investment. "As competition in the oil industry gets tighter, the challenge is accessing the reserves in the.new areas, and every issue counts," one energy company executive commented.[21]

In Iraq, non-Arab foreign investment was outlawed by the Ba'ath regime, and in 2000, investment in the Middle East accounted for only 70 cents of every $100 spent by U.S. companies for oil and gas exploration and development.[22]

Feeding America's Petro-Dependence

The U.S. government has made clear that it is incapable of dealing with these mounting problems through conservation, ending the petro-dependence of the U.S. economy, or energy self-reliance. In May 2001, the Bush administration issued a "National Energy Policy," often referred to as the Cheney report, which emphatically declared that the U.S. economy would continue to consume a grossly disproportionate share of the planet's natural resources: "Our prosperity and way of life are sustained by energy -use."[23]

A year later, the Environmental Protection Agency reported that average fuel economy for U.S. cars and trucks fell to its lowest level in 22 years.[24]

The Cheney report made no bones about the fact that domestic oil production won't come close to meeting U.S. consumption, even if the Arctic wilderness was exploited. The same will soon be true for natural gas, so the U.S. will have to import more and more of each. "Over the next twenty years, U.S. oil consumption will increase by 33 percent, natural gas consumption by well over 50 percent, and demand for electricity will rise by 45 percent. If America's energy production grows at the same rate as it did in the 1990s, we will face an ever-increasing gap," the report states, noting that the U.S. produces "39 percent less oil today than we did in 1970." It concludes that if current trends continue, the U.S. will be importing two-thirds of its oil within 20 years—up from 37 percent in I960.[25]

The U.S. Energy Information Administration (EIA) predicts that natural gas imports will more than double between 2001 and 2025, and imports of liquefied natural gas, much of it from Third World countries, will increase more than tenfold. Shortly after the 2003 war, the director of Rice University's energy program told the *New York Times,* "We're on the verge of discovering that natural gas is almost as important as oil for our energy supplies.... Once we wake up to this, we'll have to deal with the geopolitical implications of importing natural gas from some of the more unsavory parts of the world."[26]

The Cheney report's solution is to gain access, leverage, and control of energy sources across the planet, from Colombia and Venezuela—where the U.S. has been maneuvering against guerrilla insurgents and a nationalist-oriented government—to the Middle East, the Caspian Basin and east Asia. The report argues that "energy security must be a priority of U.S. trade and foreign policy."[27]

The new National Security Strategy echoes this orientation. It calls enhancing "energy security" a major goal and commits the U.S. to "expand the sources and types of global energy supplied, especially in the Western Hemisphere, Africa, Central Asia, and the Caspian region."[28]

Energy and Hegemony

When U.S. officials discuss energy issues publicly, they speak in terms of domestic consumption or "energy independence," as Bush put it in his 2003 State of the Union address.

But U.S. strategy is not being guided simply by filling the tanks of the nation's growing fleet of SUVs. It is guided by the needs of global dominance and empire, which entails having its hand on the world's energy spigot in order to control others and to successfully compete in the global economy. These facets of energy politics are rarely discussed, but central to U.S. calculations.

There are many aspects to the global struggle for energy supremacy, including its impact on the economic strength of competing nations. Oil analyst Daniel Yergin has criticized the notion that the Iraq war was simply fought to obtain petroleum contracts for U.S. firms, but does acknowledge this larger oil connection:

> By the year 2010, world oil demand, driven by countries such as China and India, could be almost 90 million barrels a day.... And where will that oil come from?.... One can already see the beginning of a larger contest. On one side are Russia and the Caspian countries, primarily Kazakhstan and Azerbaijan; on the other side, the Middle East, including Iraq—the prize of this larger race to meet growing world demand is very tangible—by 2010, an additional $100 billion or more a year in oil revenues flowing into national treasuries.[29]

National income is not the only thing at stake—so is the global balance of power and leverage over those who depend on imported oil. Vice President Dick Cheney once remarked that the country that controls Middle East oil can exercise a "stranglehold" over the global economy.[30]

Pollack bluntly spells out these larger calculations of empire:

> [T]he United States is not simply concerned with keeping oil flowing out of the Persian Gulf; it also has an interest in preventing any potentially hostile state from gaining control over the region and its resources and *using such control to amass vast power or blackmail the world."* [emphasis added][31]

U.S. blackmail, it seems, is fine with Pollack and the rest of the political elite. As detailed in previous chapters, the U.S. has wielded its control over Persian Gulf oil to maintain its "leadership"—i.e., dominance—of its Western allies for some 60 years, as well as in its Cold War rivalry with the former Soviet Union. Although Japan and Europe have attempted to diversify their sources of petroleum, Persian Gulf oil remains critical to both. In 1983, 60 percent of Japan's oil came from the Persian Gulf; by 2000 this dependence had risen to 73 percent. And roughly 22 percent of Western Europe's oil still comes from the Gulf, a dependence which will probably increase as production from Britain's North Sea oil fields declines over time. (In contrast, while American imports of Gulf oil have increased—from 2.9 percent of consumption in 1983 to 12.5 percent in 2000—the U.S. remains less directly dependent on the region than its rivals—a situation Washington is striving to preserve.)[32]

With energy markets tightening, new potential sources of petroleum and natural gas opening up, Russia rising as an oil power, and turmoil deepening across the Middle East and Central Asia, a contest is underway for energy advantage and dominance. After detailing this growing competition, the Baker Report makes clear that the U.S. bourgeoisie has no intention of relinquishing its energy supremacy: "unless the United States assumes a leadership role in the formation of new rules of the game, it will not simply forfeit such a role, which others will assume. It will rather become reactive to initiatives put forth by other governments which, if agreed by others, could leave U.S. firms, U.S. consumers, and the U.S. government in a weaker position than is warranted." The conclusion within this framework is inescapable: as the Baker Report puts it, the U.S. must seize the "strategic initiative."[33]

The 2003 Iraq war was—in part—*a* high stakes move to strengthen America's global energy position for the coming decades by strengthening its political-military control of the Persian Gulf and Central Asian regions, undercutting the influence of rivals and further opening these areas up to new U.S. energy investment. Iraq and its oil are important components of this broader power play.

Eyeing Iraqi Oil—Months Before War

The U.S. has bent over backward to assure the world, the Arab world in particular, that its war has not been motivated by controlling Iraq's oil, which Bush officials say is the "patrimony of the Iraqi people." U.S. actions before and after the war, however, make clear that this disclaimer is no more credible than the other now-discredited pretexts Bush II and company marshaled to justify conquering Iraq.

The post-Hussein structure of Iraq's industry is in formation, yet there is much evidence that the Bush administration intends to reshape Iraq's petroleum sector to America's advantage—even if Iraq's oil is formally owned and controlled by Iraqis—and planning for this began well before "Operation Iraqi Freedom."

The Bush leadership has vigorously resisted releasing any information about the Energy Task Force headed by Vice President Cheney that formulated the new U.S. energy policy in May 2001. After two years of legal action via the Freedom of Information Act and when the 2003 war was over, the government watchdog organization Judicial Watch was finally able to obtain some of these documents. They included maps of Middle East and Iraqi oilfields, pipelines, refineries and terminals, and charts of Iraq's dealings with foreign petroleum concerns.[34]

In October 2002, six months before the war, Oil *and Gas International* reported that U.S. planning was already underway to reorganize Iraq's oil and business relationships:

> The Bush administration wants to have a working group of 12 to 20 people focused on Iraqi oil and gas to be able to recommend to an interim government ways of restoring the petroleum sector following a military attack in order to increase oil exports to partially pay for a possible U.S. military occupation government...the working group will not only prepare recommendations for the rehabilitation of the Iraqi petroleum sector post-Hussein, but will address questions regarding the country's continued membership in OPEC [Organization of Petroleum Exporting Countries] and whether it should be allowed to produce as much as possible or be limited by an OPEC quota, and it will consider whether to honor contracts made between the Hussein government and foreign oil companies, including the $3.5 billion project to be carried out by Russian interests to redevelop Iraq's oilfields.[35]

A month later, London's *Observer* stated that "planning for Iraq's post-Saddam oil industry is being driven by a coalition of neo-conservatives in Washington think-tanks with close links to the

Bush administration"—the same neo-conservatives pushing for war on Iraq and greater U.S. global hegemony.[36]

In January 2003, the *Wall Street Journal* reported:

> Executives of U.S. oil companies are conferring with officials from the White House, the Department of Defense and the State Department to figure out how best to jump-start Iraq's oil industry following a war, industry officials say. With oil reserves second only to Saudi Arabia's, Iraq would offer the oil industry enormous opportunity should a war topple Saddam Hussein.... Industry experts say that with...serious in vestment,... [Iraq] could be producing six million barrels a day within five years.... The Bush administration is eager to secure Iraq's oil fields and rehabilitate them, industry officials say. They say Mr. Cheney's staff hosted an informational meeting with industry executives in October, with Exxon Mobil Corp., ChevronTexaco Corp., ConocoPhillips and Halliburton among the companies represented.[37]

The *Wall Street Journal* noted that Bush officials and the oil companies both denied that such a meeting took place, yet seizing and protecting Iraq's oil fields was a top U.S. war aim, even while other ministries were being looted and sacked: before the fighting had ended, Halliburton subsidiary Kellogg Brown & Root was on the ground in Iraq shutting down and securing its oil fields.[38]

Exploiting Iraq's Untapped Wealth

The conquest of Iraq was designed to open up new avenues for the U.S. to economically, politically and strategically exploit the country's petroleum wealth—although the ongoing guerrilla resistance could turn these schemes to ashes. Washington hoped to use Iraqi oil revenues to pay for the cost of rebuilding its oil and economic infrastructure, which had been devastated by two U.S. wars and 13 years of sanctions, and to make their new client state economically viable, without the need for infusions of aid from Washington. Soon after the war, Bremer stated that Iraq's first post-Saddam budget will depend "almost exclusively on oil revenues," which he hoped would rise to $13 to $14 billion annually by the end of2004.[39]

Before the war, some U.S. officials, including one former Energy Department official went further, arguing that under international law, "The actual costs of supporting the occupying army could also be paid."[40] In other words, Iraq's wealth would be used to pay for its conquest and subordination. By the summer of 2003, however, Iraq was not yet selling enough oil to pay for occupation and reconstruction—and may not for some time to come.

Overthrowing Saddam Hussein's Ba'ath Party also removed a regime that had used its oil as a political tool (to generate international pressure for lifting sanctions or for a more pro-Arab stance on Israel-Palestine, for instance), which sometimes disrupted global oil markets. The Baker Report complained about Hussein's oil leverage:

> [T]ight markets have increased US and global vulnerability to disruption and provided adversaries undue potential influence over the price of oil. Iraq has become a key 'swing' producer, posing a difficult situation for the US government..... Iraq remains a de-stabilizing influence to...the flow of oil to international markets from the Middle East. Saddam Hussein has also demonstrated a willingness to threaten to use the oil weapon and to use his own export programme to manipulate oil markets.[41]

This leverage is one reason, among many, that the U.S. government was never willing to simply lift sanctions and allow an increase in Iraqi oil production with Hussein still in power. Significantly, the Baker Report concluded that the U.S. should immediately review its Iraq policy, including its military options.

Most importantly, the U.S. hopes to ramp up Iraqi oil production in order to increase global supplies and help alleviate disruptions, spare capacity shortages and possible price spikes. This would be enormously beneficial to U.S. capital even if no Iraqi oil is imported (although the Bush team may hope Iraq could become a secure long-term supplier to the U.S. itself). As that reliable barometer of Bush II thinking, the *Wall Street Journal,* enthused in September 2002: "If war with Iraq comes, President Bush's goal will be to change the regime in Baghdad. But the war would also change the economics of the oil world. And oil could get cheaper and more plentiful."[42]

Overthrowing the Hussein regime paved the way for the May 2003 lifting of UN sanctions, which the Baker report noted "had a severe effect on potential Iraqi production." The report estimated that Iraq's production had declined by 20 percent during the 1990s and contributed to global "spare capacity dips."[43] Washington hopes that regime change and the ending of sanctions could open Iraq up to U.S.-led foreign investment to raise its petroleum output.

Iraq may have more oil potential than any other place on earth. Thanks to the policy of holding down Iraq's oil production pursued for nearly 50 years by the British and U.S.-owned Iraq Petroleum Company, and then a decade of war and sanctions in the 1990s, Iraq has not had access to the latest advances in oil technology, and it remains relatively unexplored and untapped. There are varying estimates of Iraq's oil reserves, but by all counts they are enormous. The El A estimates that in addition to its 112 billion in proven reserves— which are five times U.S. reserves—it probably has another 100 (and possibly as much as 220) billion barrels in unexplored areas. One Iraqi oil official told the Guardian that his country's oil reserves would "exceed 300 billion barrels when all Iraq's regions are explored"—equal to one-quarter of total world reserves.[44]

In comparison, the U.S., Mexico, and Canada have a mere 64 billion barrels between them, oil giants Venezuela and Russia have 78 billion and 65 billion barrels respectively, all of Africa contains 77 billion barrels, and the entire Asia-Pacific region only 44 billion.[45]

Iraq also contains 110 trillion cubic feet (Tcf) of proven natural gas reserves, along with roughly 150 Tcf in probable reserves— enough to supply the entire U.S. for ten years.[46]

Iraq may be one place where oil production can most quickly be boosted. In early 2002, only 15 of 73 Iraqi oil fields were operating, producing some 2.65 million barrels a day (mbd). While there is considerable debate about how far and how fast Iraqi production can be increased, some analysts feel it could rise to 3.5 mbd, and ultimately reach 6 mbd. Former Iraqi oil minister Issam Chalabi claims, "Iraq has the potential to produce 4.7 million barrels a day more oil from discovered fields that are ready to be developed," and with further investment, Iraq could produce six million barrels a day by 2010.[47] Other analysts argue that Iraq could be pumping 10 mbd within five years.[48] Of course all these projections are contingent on the political situation on the ground.

So, the global economy remains fragile, and the potential for a new "energy crisis" remains real should energy demand outstrip production capacity. Meanwhile, the United States is attempting to take control of a vast sea of oil in Iraq. The facts are not unconnected. Control of Iraq's energy resources is designed to give the U.S. greater power to control these worrisome trends. Given this context, it's small wonder that Washington went after Iraq. That Hussein's regime had neither weapons of mass destruction nor links to Osama bin Laden was irrelevant to those in charge of the empire. For them, global power and greater hegemony were in play.

Privatization, Expansion & Petroleum Leverage

Developments in Iraq's petroleum sector are also intended to reverberate among the region's oil producers and eventually increase their production as well. Washington is planning to use Iraq as a test run for privatization in the region and a lever to force other oil-producers to open up to greater foreign investment. The lack of access to oilfields, even in pro-Western states like Saudi Arabia and Kuwait, has become a sore point for U.S. business. The Baker Report blames it for declining Middle East crude oil production: "the Persian Gulf's output has grown only slightly, with the result that its output has declined to less than 30 percent of total world output."[49]

Echoing this theme, the *New York Times* notes:

> [D]espite years of negotiations, deals to develop natural gas fields in Saudi Arabia and oil fields in Kuwait remain distant. Such limited access to the world's best new fields has meant that the global oil giants find it harder every year to increase their production

> substantially.... For global oil companies, the true prize would be working on large new fields—and Iraq promises plenty of those.[50]

Robert Dreyfuss reports that this drumbeat for privatization and opening up the Middle East was a theme among the strategists shaping the Bush agenda prior to the war on Iraq:

> Today, a growing number of Washington strategists are advocating a direct U.S. challenge to state-owned petroleum industries in oil-producing countries, especially the Persian Gulf. Think tanks such as the American Enterprise Institute, the Heritage Foundation, and CSIS [Center for Strategic and International Studies] are conducting discussions about privatizing Iraq's oil industry. Some of them have put forward detailed plans outlining how Iraq, Saudi Arabia, and other nations could be forced to open up their oil and gas industries to foreign investment. The Bush administration itself has been careful not to say much about what might happen to Iraq's oil. But State Department officials have had preliminary talks about the oil industry with Iraqi exiles.... 'One of the major problems with the Persian Gulf is that the means of production are in the hands of the state,' Rob Sobhani, an oil-industry consultant, told an American Enterprise Institute conference last fall in Washington. Already, he noted, several U.S. oil companies are studying the possibility of privatization in the Gulf.[51]

After the 2003 war, both Rumsfeld and Bremer make clear that U.S. plans to privatize Iraq's economy and open it up to foreign investment, discussed in chapter 9, included its petroleum industry.

Iraqi Ownership and U.S. Control

U.S. officials have repeatedly claimed that they were not out to steal Iraq's oil, but according to *New York Times* columnist Paul Krugman, before the war—and behind closed doors—the Bush leadership was calling Iraq's oil the "spoils of war." The *Wall Street Journal* brashly called the 2003 invasion "one of the most audacious hostile takeovers ever: the seizure and rejuvenation of Iraq's huge but decrepit state-run petroleum industry" and admitted that "the U.S. will have unprecedented influence over the oil fields in the short term."[52]

Months before combat, both the Pentagon and the State Department set up working groups to study Iraq's oil industry and to make recommendations for "reviving" it in harmony with U.S. long-term interests. After the war, the Pentagon hand-picked the Iraqis it wanted to run the oil industry, many of whom had been working closely with these Pentagon and State Department teams.

The Pentagon also appointed an advisory board, made up largely of U.S. officials and oil industry veterans, to oversee the Iraqis formally in charge. Philip Carroll, previously the top executive at Shell Oil Co., the U.S. subsidiary of the global petroleum giant Royal Dutch/Shell, and Fluor Daniel, a U.S. construction multi-national, was chosen to head the board. It will mark the first time that foreigners are directly in charge of running Iraq's oil industry since the nationalization of 1972.[53]

The State Department's Future pf Iraq oil working group, which included both Iraqi exiles and U.S. officials, recommended that Iraqi production be increased by restructuring its National Oil Company along Western lines and by guaranteeing foreign multinationals a sizeable share of oil profits—well before any new Iraqi government was in place. According to the *Wall Street Journal,* the Iraqis the Pentagon has put in charge of oil have "embraced the idea of eventually seeking foreign help in exploration and development."[54] In August 2003, the U.S. occupation authorities announced they had abandoned plans to form an international corporate-style advisory board to run Iraq's oil industry, in part because of reluctance of Iraqis and foreign oil experts to join the board for fear of being branded "agents of a U.S.-orchestrated takeover of the Iraqi industry," as the *Los Angeles Times* reported, and souring future business dealings with Iraq. Iraq's oil sector would instead be run by Iraqis, albeit Iraqis hand-picked by the hand-picked U.S. Governing Council.[55]

There are a variety of ways to structure deals between global oil corporations and producing countries, but given the nature of the war and the recommendations coming out of the Pentagon and State Department, it is highly likely that the U.S. government and American oil multinationals will attempt to dominate Iraq's oil industry, including pricing, production, and development decisions, although the oil giants may move carefully to avoid the appearance of direct colonial-style control that could spark anger and protest, in Iraq as well as other Third World producing countries.[56]

On May 22, 2003, Bush secretly tried to accelerate U.S. corporate investment—and profiteering—in Iraq's oil sector by signing Executive Order 13303. This Order gave American petroleum giants blanket immunity from criminal prosecution or civil lawsuits for any actions they undertook in relation to exploiting or selling Iraqi oil—including bribery, damaging the environment, violating human rights, labor practices, or international treaties, or breaking business contracts.[57]

For instance, production-sharing agreements can give multinationals at least part ownership of oil fields or a share of the oil produced, as well as hefty tax breaks and concessions. These agreements, increasingly pushed by the global oil giants, are "among the most lucrative in the oil industry," the San Francisco Chronicle reports, adding that "Companies often take home 30 percent of the oil produced."[58]

Washington is using the vast debt, destruction, and war reparations that it helped visit upon Iraq as a club to force it to open up its petroleum sector to foreign exploitation. Iraq's external debt is an estimated $60 to $130 billion, and it faces compensation claims of over $200 billion, including from Iran and Kuwait. Since it will take an estimated $40 billion to restore Iraq's savaged oil sector, what choice does it have—the State Department/Pentagon/oil company argument goes—but to turn to foreign capital for help—petroleum potential and hat in hand.[59]

A plan was even in the works shortly after the war, backed by the U.S. Export-Import Bank and American corporations, to pledge a share of Iraq's future oil and natural gas production in return for post-war loans to rebuild Iraq—an approach Congressional Republicans also demanded following Bush's September 2003 demand for another $87 billion to police and reconstruct Iraq and Afghanistan. This would basically force Iraq into debt peonage and give global capital a whip hand over the country's economics and politics—again, stripping any new Iraqi government of sovereign decision-making before it has even been put into office.[60]

Another component of this imperialist approach is increasing Iraq's technological dependence on U.S. technology and know-how. Middle East Report's "Reconstruction Tracker" notes that, "The U.S. and Britain have created a reconstruction structure almost solely of foreign expertise, ignoring the Iraqis who rebuilt their oil industry with no international assistance under sanctions and the idea that local expertise may offer ingenious low-budget strategies to outside experts."[61]

Opting Out of OPEC?

Taking over Iraq could increase American political leverage in the Middle East, as well as its petroleum leverage in world energy markets. It could make the U.S. less reliant on Saudi oil, which accounted for 15 percent of U.S. imports in 2001, and thus better positioned to demand changes in Saudi policies. Control of Iraq could also provide a hedge against instability in the Kingdom. Some Saudi leaders are already nervous. Before the war, one Saudi oil executive worried, "If the United States takes over Iraq and Iraqi production rises dramatically, Saudi Arabia will lose position in the market and political influence with the United States."[62]

After the 2003 war, these fears apparently prompted the Saudi government to move quickly to increase its energy production by concluding long-stalled negotiations with two foreign oil giants, even guaranteeing them a 20 percent annual return. *Business Week* reported:

> If you want to see how" the overthrow of Saddam Hussein in Iraq may be changing the Middle East, you need look no further than the breakthrough gas deal signed by Royal Dutch/Shell Group and Total Group in Saudi Arabia. The accord is the first to allow foreign

companies to explore and produce gas since the industry was nationalized in the mid-1970s.[63]

Occupying Iraq could also give the U.S. enormous clout in OPEC, perhaps the ability to cripple it and drive down world oil prices. OPEC's share of world oil production has fallen from over 55 percent in 1973 to 35-40 percent in 2003, but will likely rise again as non-OPEC fields decline, potentially making it a greater impediment to U.S. energy interests.

Leon Feurth, Vice President Al Gore's former national security advisor, writes that by taking over Iraq, the U.S. has become "a virtual member of OPEC, and one of the most powerful at that. So immense military power will be united with an equally impressive form of economic power.[64] Both Carroll and the Iraqis picked by the U.S. to run Iraq's new oil industry have warned that Iraq may need to exceed its OPEC production quota and perhaps even leave the cartel.[65]

Such sweeping changes and radical restructuring—all in the interests of U.S. capital and global dominance—illustrate what is meant by the new National Security Strategy's call for the "efficient allocation of resources, and regional integration."[66]

A Crude Bonanza

Oil and reconstruction contracts for U.S. corporations were not the primary motivations for the 2003 war, but they were certainly part of the foul war-of-conquest mix.

Oil and energy companies began hovering over Iraq like so many vultures months before the war began, hashing over post-war rebuilding with the Pentagon, the State Department and various Iraqi exiles. One closed-door meeting of oilmen, imperialist strategists and pro-U.S. Iraqis was held in London in October 2002 and called "Invading Iraq: Dangers and Opportunities for the Energy Sector." The *Guardian* reported, "One delegate said the entire day could be summarized as: 'Who gets the oil?'" The paper concluded that once Hussein was overthrown, Iraq's 1972 oil nationalization could be reversed: "We could see three of the world's largest public companies—BP, Shell, and ExxonMobil—fighting for their old IPC [Iraq Petroleum Company] possessions."[67]

All this was done with encouragement from the Bush II administration, which has made handing out war spoils to U.S. multinationals a "core principal," as Rumsfeld put it, for the new Iraq: "Whenever possible, contracts for work in Iraq will go to those who will use Iraqi workers and to countries that supported the Iraqi people's liberation."[68]

The process of dividing spoils began weeks before the war started: between January 31 and March 4, 2003, according to *Middle East Report,* the Bush administration issued nine requests for reconstruction proposals, awarding its first contract two days after Colin Powell’s February 5, 2003 show-and-tell deception at the United Nations, which aimed to show that the U.S. would go the last mile for peace.[69]

On March 24, while fighting still raged, the Army Corps of Engineers awarded Haliburton subsidiary Kellogg Brown & Root a no-bid contract to put out oil fires and then basically run Iraqi's oil fields. This contract could be worth $7 billion over the next two years; between 1995 and 2000, Halliburton was run by now-Vice President Cheney. The U.S. Agency for International Development (USAID) next awarded Bechtel National, Inc. a contract worth as much as $680 million to restore and rebuild Iraq's infrastructure, roads, airports, sewage and irrigation systems, and power plants. In July 2003, Bechtel announced it would be hiring some 25,000 Iraqis to carry out these projects (which is over half as large as its entire worldwide staff), making it one of the biggest employers in Iraq. The *New York Times* noted, "The reconstruction effort could cost up to $100 billion and become one of the most lucrative building programs in decades."[70]

The oil payoff may be much larger, and Iraq could become, in the Washington Post's words, "a bonanza for American oil companies" and other U.S. firms.[71] Oil giants have been salivating over Iraq because, according to the EIA, "Iraq's oil production costs are among the lowest in the world," giving it a huge profit potential. Oil experts estimate that production costs could be as low as 97 cents a barrel. Britain's Guardian estimates that Iraq could be producing eight million barrels a day within a decade; at $30 a barrel that could generate over $87 billion a year.

One oil executive told the *New York Times,* "We estimate we will only have to spend between $2,200 and $2,700 for every barrel of capacity" (compared with $5,000 to $20,000 a barrel in other countries). 'That's why people are interested—it's the cheapest oil in the world."[72]

During the Vietnam War, one U.S. officer infamously remarked that his troops had to "destroy the village to save it." In Iraq, it seems that the U.S. has destroyed the country, in part, to rebuild and exploit it.

Oil Deals and Global Rivalries

Profits for U.S. corporations are not all that's at stake in awarding contracts in post-Hussein Iraq; hard-edged competition between rival nations is also being played out. The behind-the-scenes intrigue over Iraqi contracts and oil provides a glimpse into how this broader global competition factored into the 2003 Iraq war, as well as some of the Bush cabal's broader aims in the Middle East/Central Asia region.

During the 1990s, the former Ba'ath regime had held out the promise of lucrative oil contracts to industrialized countries which favored the easing or lifting of sanctions, particularly Russia and France. Most of the biggest such offerings never came to fruition due to sanctions and Baghdad's withdrawal of various offers (to Paris and Moscow) over what it felt was their half-hearted support for Iraq internationally. However, if the contracts signed by the Hussein regime were to be honored by a new Iraqi government, the French oil firm TotalFinaElf could end up with one of the largest positions in Iraq, with exclusive rights to develop fields in the Majnoon and Bin Umar regions. This deal was valued at some $7 billion and could double Total's global reserves and increase its production by an estimated 400,000 barrels a day.[73]

(French companies also exported some $3.5 billion worth of goods to Iraq between 1996 and 2002, including $650 million in 2001 alone. French firms supplied Iraq with an estimated $25 billion in arms during the 1980s and 1990s, and were still owed money on these transactions when the Hussein regime fell.[74])

Roughly 300 Russian companies also did business in Hussein's Iraq, which owed Moscow some $8 billion for their work. One of the biggest was a consortium led by LukOil, which signed deals to develop the massive West Qurna oilfields in southern Iraq. Calculations of their ultimate size vary, but the *New York Times* has reported that the contracts could come to more than 70 billion barrels of oil— over half of Iraq's reserves. One oil executive said the volume of these deals was "huge"—a "colossal amount."[75]

Russia and France insist their contracts remain valid, but in reality they've been thrown up for grabs by the U.S. conquest of Iraq. There will no doubt be intense negotiations and struggle between the world's industrialized countries over just which contracts get honored and which don't, and which "quids" are exchanged for which "pro quos," but Washington has long been concerned about the possibility of other countries gaining the upper hand in Iraq, as was discussed in chapter 8. Among documents from his Energy Task Force that Cheney sought to withhold from the public were two charts detailing various Iraqi oil and gas projects and a March 2001 list of "Foreign Suitors for Iraqi Oilfield Contracts," which includes the status of their efforts.[76]

There are many indications that Washington intended to ruthlessly use its military conquest to weaken French and Russian influence, as well as that of other rivals, in post-Hussein Iraq and more broadly. The Washington Post reported that Hussein's overthrow could lead to "scuttling oil deals between Baghdad and Russia, France and other countries, and reshuffling world petroleum markets." Pentagon acolyte Ahmad Chalabi warned that after the coming war he would favor American companies and that French and Russian contracts could be null and void. One oil analyst exuded: "If you turn up and it's your tanks that dislodged the regime and you have 50,000 troops in the country and they're in your tanks, then you're going to get the best deals."[77]

The Bush administration may have used this threat to secure French and Russian support for the November 2002 UN Resolution 1441 authorizing the resumption of intrusive UN weapons inspections. That month, the Washington Post reported that during negotiations over the resolution, Washington and Moscow reached a "gentleman's agreement" on Russian economic interests in post-Saddam Iraq and on an acceptable floor for world oil prices—$21 a barrel— in the event of a post-Saddam "Iraqi oil boom."[78] Russia was so concerned that its Iraqi interests would be quashed that it held secret talks with the Iraqi National Congress—the Pentagon's choice to rule Iraq—in the months before the war.[79]

However, now that the U.S. has inflicted "regime change" on Iraq, both Carroll and the Iraqis put in titular charge of their country's oil have stated that all contracts signed by the Hussein regime would be up for review and could either be voided or renegotiated.[80]

Should the U.S. succeed in invalidating Russia's contracts, increasing Iraqi oil output and driving down world oil prices, or crippling .OPEC, the damage to Russia's economy would be severe. Oil accounts directly and indirectly for 60 percent of Russia's state income and 40 percent of its export revenues, and oil profits are key to reviving the Russian economy. One study by the Center for Strategic and International Studies, a Washington think-tank, estimated that a $6 a barrel fall in oil prices would cut Russia's economic growth in half, and a $13 a barrel fall would render most Russian oil firms unprofitable. One official in Moscow stated flatly that if the prices of oil dropped significantly, "Our budget will collapse."[81]

At present, the U.S. seems to be playing a double game with Russia on the oil front. On one hand, the rise of Russian oil production has helped maintain global supplies and weaken prices, benefiting the U.S. So there has been talk of a U.S.-Russia energy "partnership."[82] On the other hand, Washington does not want Russia's energy leverage or oil income to grow so much that it could reemerge as a serious global challenger. In that struggle, Iraqi oil is a hammer over Moscow's head.

So beneath the surface of cordial relations, there are deep tensions between American and Russian imperial interests. During the war, the *Wall Street Journal* noted, "The rift between Russia and the U.S. over the war in Iraq has exposed the weak foundation underlying a much-ballyhooed friendship between George W. Bush and Vladimir Putin." One Russian official worried that if the U.S. attacked countries with whom his nation had extensive ties, such as Iran and North Korea, "the fragile Russian-American partnership will fall apart for good."[83]

As of May 2003, all post-war reconstruction contracts had been awarded—not by Iraq's interim "Governing Council," but by the U.S. Agency for International Development, the U.S. Army Corps of Engineers, or the State Department. All had gone to U.S. firms, often without competing bids. However, after being awarded its massive contract, Bechtel announced that "subcontracting" opportunities would be open to all.[84] In some ways, this is an apt metaphor for the new world Bush II hopes to create: other global powers will henceforth be reduced to "subcontractors" for the U.S. empire.

Water Power

Iraq's natural resources don't end with oil—it is also rich in water. Worldwide, water use has more than tripled since 1950 and may become even more precious—and contentious—than oil.[85] In the Middle East, water is a particularly scarce and valued resource. For instance, Israel's seizure and occupation of the Palestinian West Bank is aimed in part at seizing underground aquifers to supply Israeli water needs.[86]

Stephen Pelletiere, a CIA analyst during the Iran-Iraq War, calls Iraq's historic waterways key to U.S. regional dominance:

> We are constantly reminded that Iraq has perhaps the world's largest reserves of oil. But in a regional and perhaps even geopolitical sense, it may be more important that Iraq has the most extensive river system in the Middle East. In addition to the Tigris and Euphrates, there are the Greater Zab and Lesser Zab rivers in the north of the country. Thus America could alter the destiny of the Middle East in a way that probably could not be challenged for decades—not solely by controlling Iraq's oil, but by controlling its water.[87]

Strategic Positioning in the New "Great Game"

It is no accident that Afghanistan and Iraq were the first two stops in America's new global war. Both are strategically located in Eurasia, which Brzezinski argues is America's "chief geopolitical prize":

> Eurasia is the globe's largest continent and is geopolitical' ly axial. A power that dominates Eurasia would control two of the world's three most advanced and economically productive regions. A mere glance at the map also suggests that control over Eurasia would almost automatically entail Africa's subordination.... About 75 percent of the world's people live in Eurasia, and most of the world's physical wealth is there as well, both in its enterprises and underneath its soil. Eurasia accounts for about 60 percent of the world's GNP and about three-fourths of the world's known energy resources.[88]

Russia, France, Germany, and Japan, as well as rising regional powers like China, were not the immediate targets of the 2003 war on Iraq, and the U.S. is trying to enlist them one way or another in crusades against—and the exploitation of—the Third World. In Afghanistan, for example, French and German troops now make up the bulk of foreign military forces. Yet in many ways, the war on Iraq was directed at these rivals and potential rivals—indeed the rest of the world. Relegating other powers to a more subordinate status and preventing the emergence of any new challengers are key aspects of current U.S. grand strategy.

This is the key reason that France, Germany, and Russia would not go along with a UN resolution authorizing a U.S. war, despite Washington's intense arm-twisting, and why deep divisions remain over how political power is apportioned in post-Hussein Iraq. The depth of these tensions was reflected in a September 2003 column by the pro-war New York Times columnist Thomas Friedman entitled "Our War With France." Friedman complained, "France is not just our annoying ally. It is not just our jealous rival. France is becoming our enemy.... France wants America to fail in Iraq."[89]

Washington's posture toward Russia and China also illustrate these larger objectives, which were an integral part of the strategic calculus for the 2003 Iraq war. There has been much talk that the U.S. and Russia have "moved from confrontation to cooperation" as the NSS put it, but one of Washington's main objectives, dating back to the 1992 Defense Planning Guidance, has been "preventing...the reemergence of a new rival, either on the territory of the former Soviet Union or elsewhere."[90]

China's emergence as a regional power has also drawn the attention of Bush II strategists. Khalilzad called it "the most likely candidate" to become America's main global rival. Washington perceives potential danger, not so much from China alone, but in combination with others. Khalilzad argued: "Over the longer term—the next twenty years—there is a real possibility of efforts by China or Russia or a coalition of states to balance the power of the United States and its allies." The Project for a New American Century's "Rebuilding America's Defenses" focused heavily on "coping with the rise of China to great-power status" by increasing the U.S. military presence in Asia.[91]

The strategic interests of the world's global powers and many regional players clash sharply in the Middle East/Central Asia region—over energy, trade, markets, and overall political and military dominance. For example, two-thirds of the Gulf's oil is now exported to Western industrial nations. By 2015, according to a CIA study, three-quarters will go to Asia, mainly China; by 2030 China may be forced to import as much petroleum as the U.S. did in 2003. This growing dependence on foreign energy has prompted China to seek contracts to secure oil and gas in the Persian Gulf and Central Asia—including with the former Hussein regime in Iraq. "They have different political interests in the Gulf than we do," one U.S. analyst said. "Is it to our advantage to have another competitor for oil in the Persian Gulf?"[92]

The U.S. seeks to gain the upper hand by expanding its military presence and increasing its control of the region's oil and natural gas, while Russia, China and others are pursuing their own counter strategies. Michael Klare writes:

> Russia, which once dominated the Caspian area through its central role in the former Soviet Union, has continuing aspirations to control the region and its massive energy supplies. And China, which is running out of domestic oil and fears Islamic unrest in its extreme western provinces, is determined to become a major Caspian and Central Asian power.[93]

Over the past decade, a contest has developed over building and controlling the oil and gas pipelines that link newly developed Caspian Sea energy fields to the world market. The 2001 war on Afghanistan, and the establishment of bases in Uzbekistan, Tajikistan and Kyrgyzstan to support the war, could give the U.S. greater freedom to construct a pipeline from Turkmenistan across Afghanistan to Pakistan and the Arabian Sea, a route some oil strategists favor in order to bypass both Iran and Russia and link Central Asia directly to Western corporations and markets.[94] These new Central Asian bases are also intended to put American forces in close proximity to the new Baku-Ceyhan pipeline, running from the Caspian Sea through Georgia and Turkey to the Mediterranean, which oil analyst Yergin calls "one of the linchpins of world supply and energy security in the years ahead."[95]

"The most radical redeployment of American forces since the end of the Cold War"

The 2003 Iraq war took place against the backdrop of a dramatic leap in direct American military presence across an arc stretching from North Africa to China's western borders. The *Wall Street Journal* called this buildup, in conjunction with the reduction of U.S. forces in Europe, "the most radical redeployment of American forces since the end of the Cold War."[96]

The *New York Times* described these efforts—and the Pentagon's decision to seek four permanent bases in post-Hussein Iraq—as part of "a strategic revolution now playing out across the Middle East and Southwest Asia, from the Mediterranean to the Indian Ocean." This aggressive military deployment, underway since the late 1990s, accelerated following Sept. 11, in what the *New York Times* called "a concerted diplomatic and military effort to win permission for United States forces to operate from the formerly Communist nations of Eastern Europe, across the Mediterranean, throughout the Middle East and the Horn of Africa, and across Central Asia, from the periphery of Russia to Pakistan's ports on the Indian Ocean."[97]

In recent years, the Pentagon has sought or established bases in this arc of countries and beyond, including in Afghanistan, Azerbaijan, Qatar, Oman, Djibouti, Kenya, Singapore, Philippines, Mali, Bulgaria, Romania, and Hungary. Military officials explain that often, "permanent access is all that is required, not permanent basing." This orientation flows from Rumsfeld's goal of transforming the military into what he has called an "agile, flexible and adaptable" force, not tied down but ready for rapid deployment to theaters around the world.[98]

As of July 2003, the Pentagon had 370,000 Army troops deployed in 120 countries, including some 150,000 in Iraq (out of a total active-duty force of 491,000), prompting worries in Washington that U.S. forces were stretched thin and calls in Congress for building an even larger military.[99]

These steps have placed U.S. military forces near the world's largest oil and gas fields, at the major naval chokepoints for global oil traffic, and surrounding the flanks of Russia and China. The *Wall Street Journal* acknowledged that Pentagon moves are being "driven by the increasing importance that the U.S. is placing on protecting key oil reserves in Africa and the Caucasus region near the Caspian Sea, as well as addressing concerns about combating terrorism." General Charles Wald, deputy commander of U.S. European Command, candidly admitted, "In the Caspian Sea you have large mineral reserves.... We want to be able to assure the long-term viability of those resources." Pentagon strategic assessments emphasize that "in the coming years, energy and resource issues will continue to shape international security."[100]

One think-tank study concluded, "the U.S. military presence will help ensure that a majority of oil and gas from the Caspian basin will go westward," bypassing Russia and China. And a recent Brookings Institution paper noted that, "U.S. strategic domination over the entire region, including the whole lane of sea communications from the Strait of Hormuz, will be perceived as the primary vulnerability of China's energy supply."[101]

Big Lies and Bigger Lies

In July 2003, polls reportedly showed that more and more Britons and Americans were waking up to the fact that their governments lied about the threat from Iraq to drag them to war. According to columnist Krugman, most apparently still didn't believe their governments did so "knowingly." [102]

However, dissecting their real war aims and agenda—that heady combination of subduing a troublesome regime, solidifying the U.S. hold on world energy sources, reducing the power of rivals and potential rivals, and reigning supreme for decades to come— demonstrates that it was a knowing lie. Indeed, the claim that the war was fought to "liberate" Iraq is as big a lie as anything said about Baghdad's purported weapons of mass destruction or ties to al Qaeda. The 2003 conquest of Iraq was an opening salvo in this grand agenda, and the ongoing war planned to realize it could make the Iraq war pale in scope, violence, and human suffering.

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