US FOREIGN POLICY AND ENERGY RESOURCES DURING THE GEORGE W. BUSH ADMINISTRATION

by

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ABSTRACT

Based on the Open Door Policy, the United States has pursued an informal empire based on spreading its economic influence by ensuring open access to vital goods and raw materials, and establishing military presence in areas of interest, as America’s corporate and strategic interests worked together in harmony. This approach has been especially evident in energy-producing regions, where the US seeks to establish economic and military dominance to support its global economic power.

George W. Bush, like all his predecessors, pursued the Open Door Empire, especially with respect to access to foreign energy resources, which took on an even higher priority because of his ties to the oil industry and the belief that the US was suffering from an energy crisis and relative economic decline. Energy procurement was linked to his other foreign policy priority as he took office; military advancement.

After the September 11 attacks, two other foreign policy priorities were established: the War on Terror, and global power projection. Bush used the War on Terror to implement the Open Door Policy and meld the four priorities. He used the military to solve America’s economic and energy problems by invading Afghanistan and Iraq to control vital energy routes and resources, both as an end in itself (due to the economic and corporate benefits to the US) and a means to other, greater ends (as control over global energy supplies strengthened America’s imperial status). The Bush Doctrine stipulated that in the War on Terror, the US should take the war to the enemy and spread democracy as a tool to combat terrorism. Invading Iraq was meant to
demonstrate US military power, fight terrorism (based on the false claims of Saddam Hussein’s ties to al Qaeda), secure Iraq’s oil resources and rebuild the country, using Iraq’s oil revenues. Thus Iraq would become a democratic model for the Middle East and a substitute for Saudi Arabia as America’s main strategic ally and source of oil.

Compared to the George H.W. Bush and Clinton Administrations, the George W. Bush Administration is unique in two ways. First, it put energy resources at the fore of its foreign policy goals during his first days in office. Second, unlike previous US administrations that preserved undemocratic regimes in the Middle East to stabilize the region’s oil resources, the Bush Administration tried to democratise the region, using Iraq’s oil to rebuild the country into a democratic model.

In pursuing these aims, the Bush Administration can be blamed for negligence, as it ignored warnings of post-war violence while planning for the Iraq war. The Bush Doctrine was too dependent on success in Iraq and on rebuilding the Iraqi oil sector. The post-war instability led to the failure of the Bush Doctrine’s plans for the region, meaning that the Bush Administration had to return to supporting undemocratic regimes in the Middle East. Despite endeavours to spread its global military power, promote global economic influence and diversify energy resources away from the Middle East, the US will continue to suffer from relative decline and will be less energy secure than ever.
To my parents
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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Chapter One: Foreign Energy Resources In The Post-Cold War Decade: The Democracy Conundrum, Regional Diversification, And An Ad Hoc Policy On Energy Resources</td>
<td>32</td>
</tr>
<tr>
<td>Chapter Two: The Unilateral Oilman: Energy Procurement In George W. Bush’s Foreign Policy (January-September 2001)</td>
<td>85</td>
</tr>
<tr>
<td>Chapter Three: Anti-Terrorism Melds With Energy Procurement: How The September 11 Attacks Affected The Quest For Foreign Oil</td>
<td>140</td>
</tr>
<tr>
<td>Conclusion</td>
<td>247</td>
</tr>
<tr>
<td>Bibliography</td>
<td>278</td>
</tr>
</tbody>
</table>
INTRODUCTION

“I think that in the modern world, if you don’t understand the relationship between economics and politics, you cannot be a great statesman. You cannot do it with foreign policy and security knowledge alone.”

Henry Kissinger, April 1986.¹

“The national policy of the United States should aim at securing for American nationals access to the world’s oil resources.”

Petroleum Industry War Council, December 1943.²

“Security and economic considerations are inevitably linked and energy cannot be separated from either.”

Richard Nixon, 1974.³

“America imports 50% of its oil, more than 10 million barrels per day. And the figure is rising. This is dependence on foreign oil. And this dependence is a challenge to our economic security, because dependence can lead to price shocks and fuel shortages. And this dependence on foreign oil is a matter of national security. To put it bluntly,

sometimes we rely upon energy sources from countries that don’t particularly like us.”

George W. Bush, February 25, 2002

With its control of the world’s most advanced military forces, nuclear arsenal, and with the US dollar as the global reserve currency, the United States emerged as the world’s strongest superpower after World War II. This position was reinforced with the fall of the Soviet Union in December 1991 making America, according to Zbigniew Brzezinski, “the first, only, and last truly global superpower,” as “never before in history has a single power been so paramount.”

This prompted authors to refer to the United States as an “informal empire.” Susan Strange, for instance, argued that the reach of the United States’ economic clout and global business corporations turned it into a “non-territorial empire”:

*It is that non-territorial empire that is really the flourishing economic base of US power... The United States is still the largest and richest (and mostly open) market for goods and services under one political authority...The world-wide reach of US controlled enterprises means that the capacity of the United States to exercise extraterritorial influence and authority is greater than that of any other government.*

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7 Brzezinski, Second Chance: 3.
In the words of Bill Emmott, the United States is “the mightiest colossus, in both absolute and relative terms, the world has ever seen,” adding that it is indeed an empire, although in the informal sense, i.e.: without having to occupy other countries like nineteenth-century Britain.9 Vassillis Fouskas and Bülent Gökay defined this American “neo-imperialism” in terms of global military bases and economic domination without the actual need to invade countries as much as in traditional colonialism.10

This thesis is not proposing a new definition or interpretation of hegemony, imperialism or power. Instead, after an initial consideration of the role of economic factors in US global power, this thesis focuses on the role of energy resources, in particular the role of oil resources and the procurement of foreign oil, within the context of the relation between economic, geopolitical, and strategic factors in US foreign policy. A special focus is given to the George W. Bush Administration (January 2001 - January 2009). With a president and vice president (George W. Bush and Dick Cheney) coming from the energy industry, and with an American military invasion in two energy-rich regions (Central Asia and the Middle East) as a reaction to the September 11 attacks, there has been lots of talk about the imperial designs of the Bush foreign policy and the significance of energy resources within this imperial design.

This thesis starts by arguing that in order to fully understand the role of foreign energy supplies in US foreign policy, a discussion of “American empire” is

incomplete if it does not engage with the role of economic factors in US power. Many analysts have written about the role of economic interests as a determinant of US foreign policy and a necessity for US imperialism. This thesis sets its historical analysis within the tradition of William Appleman Williams, Gabriel Kolko and others on the informal Open Door empire and the role of business corporations in US foreign policy and energy security. Based on this tradition, this thesis argues that American politicians, intellectuals and businessmen always sought the continued overseas expansion of the American marketplace as a solution to America’s domestic economic problems, believing that the system of entrepreneurial capitalism could function successfully only if the marketplace constantly expanded, thus creating America’s global (economic) empire without traditional colonialism.11

This global economic expansion was based on a marketplace conception, and on “the struggle for economic empire,” where the main strategy of American foreign policy became the Open Door Policy, which was introduced with the advent of the Open Door Notes of 1899 and 1900, written by US Secretary of State John Hay. His Open Door Notes were influenced by politicians and corporation directors who advocated an American empire based on the “corporation political economy,” or “the political economy of the large corporation,” and were based on the economic definition of the world (which assumed that overseas economic expansion was the solution for America’s social, political and economic problems). Thus, Hay wrote the Open Door

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Notes to define America’s competition for empire,\textsuperscript{12} turning it into America’s version of the liberal policy of “informal empire” or “free trade imperialism,” where the US relied upon its economic power to control weaker or less developed nations, without the burdens and responsibilities of a formal annexation.\textsuperscript{13} However, despite not being a formal empire, the Open Door Policy had repercussions on US military policy abroad, as the Open Door Notes resulted in Washington sending troops to troubled areas around the globe, such as Morocco, Congo, Pearl Harbour, Hawaii, Venezuela, Brazil, Cuba and China in the nineteenth and twentieth centuries, to ensure the security of America’s trade routes and economic interests\textsuperscript{14} and maintain America’s policy of “sustained expansion.”\textsuperscript{15} Thus, Williams argued that this “marketplace image or conception of the world… provided the dynamic causal force for a steady movement… towards an imperial foreign policy,” resulting in “the formulation of a grand strategy for such imperial expansion of the free American marketplace,”\textsuperscript{16} becoming “the central feature of American foreign policy in the twentieth century.”\textsuperscript{17}

Williams added that “the large corporations (and their leaders) dominated American...


\textsuperscript{13} Williams, \textit{The Tragedy of American Diplomacy}: 47, 96, 97 and Williams, \textit{The Contours of American History}: 369. More specifically, John Hay’s Open Door Notes were “designed to secure equal opportunities for American economic power in such areas as China, and to prevent other advanced nations from carving up such regions into new colonies and spheres of influence” (Williams, “The Large Corporation and American Foreign Policy”: 80-81). It was later extended to other parts of the world (ibid: 87).

\textsuperscript{14} Williams, \textit{The Roots of the Modern American Empire}: 246-247 and Williams, \textit{The Tragedy of American Diplomacy}: passim.

\textsuperscript{15} Williams, \textit{The Roots of the Modern American Empire}: xii.

\textsuperscript{16} Williams, \textit{The Roots of the Modern American Empire}: 450.

\textsuperscript{17} Williams, \textit{The Tragedy of American Diplomacy}: 59 and Williams, “The Large Corporation and American Foreign Policy”: 81.
history,” leading to America’s “overseas economic empire,”\textsuperscript{18} since the interests of businesses and US foreign policy overlapped.

Gabriel Kolko, a student of Williams’,\textsuperscript{19} extended this analysis, citing that politicians and entrepreneurs support a “Hullian” view of the world, named after Secretary of State Cordell Hull (whose view of the world was based on Hay’s Open Door Policy), as Hull saw that free trade was the solution to American and global problems, believing that wars and economic crisis (like the Great Depression and World War II) have arisen from the lack of free trade and access to markets.\textsuperscript{20}

“In this fashion,” wrote Williams,

\begin{quote}
[E]conomic expansion became both a means and an end for American policy-makers. Defined as a goal because of its vital importance to the continued success of the domestic economic system, it was also considered a means to build the empire of peace and prosperity which would secure the world for continued expansion in the years to come.\textsuperscript{21}
\end{quote}

Kolko paid special attention to America’s increasing dependence on imports of raw materials to support its economy. America’s ability to procure such raw materials as it needed, and at prices it could afford, was “one of the keystones of its economic power” and maintaining these materials was “vital to the future of its mastery of the international economy.”\textsuperscript{22}

\textsuperscript{18} Williams, \textit{The Contours of American History}: 346, 347.
\textsuperscript{21} Williams, \textit{The Tragedy of American Diplomacy}: 129.
Paul Kennedy, too, cited William’s thoughts on the Open Door in his book *The Rise and Fall of the Great Powers*, where he said that the Open Door Policy was used to gain access to global markets as US producers feared that the domestic market might not be able to absorb the “hyperproductivity of American factories and farms.” So did Andrew Bacevich, saying that the “grand strategy” of the Open Door empire continued during the Cold War, and even after the Cold War as US presidents continued to push for global “openness” to spread America’s economic reach.

Naomi Klein and Stephen Kinzer agreed on Williams and Kolko’s general arguments, but they focused on violent change as a tool for promoting US economic/business interests. Klein argued that US foreign policy aimed to promote a policy of maximum privatisation through “shock treatment” and “disaster capitalism”: using violent regime change and other similar “disasters” to force change on target regions to impose US business interests, citing Chile in 1973 and Iraq in 2003 as examples. Similarly, Stephen Kinzer, following Williams’ argument that the US needs economic expansion to foreign markets to survive, argued that “most [US-backed] regime change operations fit within the larger category of resource wars.”

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Therefore, US foreign policy was based on expanding America’s free trade empire, where the interests of politicians went hand in hand with business interests, in what Williams calls the “political economy of the large corporation,”28 or what Kolko and David Painter called “corporatism”; a “public-private partnership” where people from large US corporations would temporarily leave their posts to work at the US Government, where they would continue to promote policies that would serve their previous industries (where there is usually no conflict of interest between government goals and business interests), then they would return to the US business sector once they leave government office.29 This was “a reflection as well as the cause” of US foreign policy, which expressed the common ideologies and interests of “the ruling class of American capitalism” which served as the “fount” of US foreign policy.30

This thesis extends all of the above analysis on US empire, the Open Door policy, public-private partnership and “disaster capitalism” to US foreign policy on energy resources, specifically during the George W. Bush Administration, under which oil considerations reached a level never seen before. To protect the interests of US business, the US Government intervened in foreign regions where there was no real or immediate threat to US national security, except that US business interests were threatened. I also argue that when the US Government intervened in such regions, it would use (over-exaggerated) threats (whether terrorism, weapons of mass destruction or any other threat), in order to rally the public opinion behind the intervention. Kolko

argued that, in order to protect access to raw materials, the United States “intervened continuously in numerous, diverse ways in regions where [internal political developments were] irrelevant to American security, save as they threaten United States economic interests.” Klein and Kinzer agreed that the US cloaked its interventions abroad in the rhetoric of fighting a threat to US national security, even though the real aim was to promote US business interests abroad by overthrowing uncooperative foreign leaders. I also argue that Iraq was a case study for this phenomenon due to its oil resources.

Oil lies at an intersection of politics and economics, due to the strategic importance of oil in the military and economic organization of society, the place of oil as the largest single component of world trade, the role of state-owned companies in the market, and the industry’s periodic instability. Oil historian Daniel Yergin argued that oil, as a commodity, is “intimately intertwined with national strategies and global politics and power,” and “has provided the point at which foreign policy, international economic considerations, national security and corporate interests would all converge.” Therefore, an attempt to argue for the relation between oil resources and US hegemony, argued Simon Bromley, “requires a high degree of cross-fertilization among the social sciences” of US foreign policy, security studies, and energy studies. As Susan Strange said, the political economy of the world energy system “seems to be a classic case of the no man’s land lying between the social sciences, an

32 Kolko, *The Roots of American Foreign Policy*: xvi.
area unexplored and unoccupied by any of the major theoretical disciplines.” There is a body of literature on the global energy system, but economic and international relations theories are ill-adapted to this field. Economists who attempt to apply economic theory to the energy market are challenged by the fact that energy markets are highly susceptible to strong forces that are essentially political in nature, while theorists in political science and international relations are unaccustomed to take account of the powerful market forces associated with the global oil market, and political theorists who work on security matters still tend to think of strategy as something related mainly to military security and defence policy, and not to energy policy.

Nevertheless, the limitations facing the studying of energy resources as a theoretical gap in social science is not the main argument of this thesis, which is more concerned with the historical question of how the procurement of foreign oil supplies was addressed in US foreign policy, especially under George W. Bush, with special focus on the invasion of Afghanistan and Iraq, and the negative impact of the Bush policy on the future of the American empire and its energy security.

THE SIGNIFICANCE OF ENERGY RESOURCES FOR US EMPIRE:

Throughout the Cold War, and even after the Cold War was over, the significance of energy control influenced US policy initiatives. The prominent role of energy

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40 Strange, *States and Markets (second edition)*: 194.

resources in the American economic position has affected America’s geopolitical priorities, as many of the world’s largest reserves of oil are located in areas that are unstable or rife with internal divisions and destabilizing factors. Three major wars in recent US history, the Gulf War (1991), the war in Afghanistan (2001), and the invasion of Iraq (2003) were in oil producing regions and/or areas vital for energy distribution and transport routes.

Some historians incorporated energy procurement in their narratives. William Appleman Williams included Middle East oil in his interpretation of American empire, with “the Open-Door expansion in the Middle East.” “Oil was the major objective of American policy” in the Middle East, reflecting “a successful example of corporate capitalism in action,” wrote Williams. Kolko, too, argued that oil, in particular, reflected America’s economic aims in relation to the Hullian theory of US economic objectives and the Open Door Policy.

This thesis argues that America’s (economic/informal) empire is based on controlling the global oil order. Bromley argued that, after World War II, the United States formed an “informal empire of American hegemony,” based on controlling the international oil order which was at the centre of American hegemony, displacing Great Britain as the dominant power over the Middle East and its oil reserves, with the help of the US major oil corporations who “played a central role in this

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strategy.”  Similarly, Svante Karlsson’s *Oil and the World Order: American Foreign Oil Policy*, agreed that “the American-controlled world economic order was to a large extent built on the control of oil,” as United States control over the international oil market was:

> intimately interconnected with the control of the world economic order, which was established after the Second World War. Oil is and has been the most important single commodity in the present world order. It became the very vehicle on which the unprecedented economic expansion of the postwar world has been riding. Thus, the control of the international oil market was one of the most important keys to the control of the world order.  

In addition to its importance for US power, energy is not just a goal in US foreign policy, it is also “a powerful tool of US foreign policy.”  For instance, the United States used energy “as a weapon, by sanctions that deny US investors and markets to countries that threaten America.”  Oil sanctions were used against the oil sectors of the “rogue states” like Iraq, Iran, Sudan, Libya and others. Also, the US interest in controlling oil is not limited to America’s own consumption, but also to denying it to others in order to use its control over energy resources to control the economic destinies of others. For instance, Noam Chomsky argued that the US has to control vital energy regions around the world, not necessarily for US consumption, but to

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control the supplies of other great powers in Europe and Asia. Similarly, Ian Rutledge argued that the US did not always aim to “steal the oil”, but to “control” it without having to own it. I therefore argue that control over oil resources in US foreign policy is both an end and a means for other ends. An end because it is necessary for US economic performance and US business profit. A means to other ends, because control over energy resources paves the way to US imperial influence, whether by controlling the supplies to other great powers, or (as in the case of Iraq) using oil revenues to rebuild Iraq into a pro-American model country in the Middle East to reshape the region, as we will see.

LINK BETWEEN OIL INDUSTRY AND US GOVERNMENT:

This thesis argues that the link between the US Government and the oil business is necessary to maintain control over the global oil system, maintain US empire, secure America’s oil interests and promote foreign policy decisions which advance the interests of the oil industry. Energy considerations and the need to control the global oil system affected the foreign oil policy of the United States during World War II and the Cold War, as the US Government and the US oil industry cooperated in what Painter called a “public-private partnership”, or a “symbiosis between public and private interests that safeguarded and advanced the private interests of the oil companies while furthering US efforts to control world oil reserves, combat economic


50 Rutledge, *Addicted to Oil*: xi. He also adds the intersection of the Bush Administration and the oil business interests (Rutledge, *Addicted to Oil*: xii, xiii). Rutledge argues that the US oil companies would not seek to own oil reserves in Iraq, but just to manage them through Production Sharing Agreements. US attempts to diversify outside the Middle East would not work, as other regions outside the Middle East, like the Caspian region and Latin America, do not have sufficient oil to satisfy the US economy. (Rutledge, *Addicted to Oil*: 104-119).
nationalism, and contain the Soviet Union,” in accordance with US ideological
aims. Based on his argument that the “ruling class of American capitalism” is the
“fount” of US foreign policy, Kolko argued that since World War II, the US State
Department

completely identified the national interest with that of
American oil firms operating abroad, not merely
because numerous former oil industry executives
occupied key posts in the department, but primarily due
to traditional synthesis of private and public interest
which had been the functional basis of American
foreign economic policy for decades.

Attempting to extend its influence over Middle East oil, the United States invoked the
Open Door policy to abrogate agreements with Britain to limit US oil companies’
access to Middle East oil in the 1930s and 1940s, allowing the US companies to
extend to oilfields traditionally managed by Britain. Also, both Painter and Kolko
cited the Marshall Plan of 1947 as an evident example where the interests of the US
government and the US oil companies intersected.

51 Painter, Oil and the American Century: 1.
54 Kolko, The Politics of War: 294-313, Kolko, Main Currents in Modern American History: 202-203
and Kolko and Kolko, The Limits of Power: 70-72, Painter, Oil and the American Century: 59, 199,
202.
55 Kolko and Kolko, The Limits of Power: 444, 447, Painter, Oil and the American Century: 155-156,
and Karlsson, Oil and the World Order: 91. Without the Marshall Plan, “the American oil business in
Europe would… have been shot to pieces” said Walter Levy, head of the Marshall Plan’s oil division,
as the Marshall Plan purchased Middle East oil from American firms at the price of $2.65 a barrel,
while Middle East oil cost only fifty cents per barrel (ibid). Levy used to work for Socony-Vacuum
(the company later known as Mobil), but he resigned in July 1948 (Kolko and Kolko, The Limits of
Power: 447). Oil was the largest single item on the dollar budget of most of the Marshall Plan
countries, Due to the dominant position of the United States in petroleum equipment, technology, and
shipping, and due to the dominant position of the US oil companies and the US dollar, Europe needed
dollars to pay for its energy needs with imported oil. Thus, oil became one of the key commodities in
the European Recovery Program (ERP). More than 10 percent of the total aid extended under the ERP
was spent on oil, more than any other single commodity. This aid not only helped provide Europe with
the energy it needed for recovery; it also served to maintain markets for US oil companies at a time
when potential customers would otherwise have been unable to obtain the necessary dollars. This aid
was especially important to the US oil companies operating in the Middle East, since most of their
potential markets were in Western Europe.” (Painter, Oil and the American Century: 155-156).
Anthony Sampson’s classic book on US oil corporations, *The Seven Sisters*, extended this argument to the 1970s, arguing that besides invoking the Open Door policy to protect US oil business on several occasions during the first half of the 20th Century, the US Government provided diplomatic protection to the US oil business after World War II, where the US State Department would delegate diplomacy in the oil-producing countries, as far as possible, to the American oil corporations (due to the contradiction between Washington’s support for Israel and the need to woo the oil-producing Arabs.) However, the oil companies started to get weaker in 1970 due to the Arab-Israeli conflict (and the power of the Israeli lobby in Washington), and the rising power of the oil-producing states. After the 1973 oil boycott, it became clear that oil was too important to be left to the companies as the Western governments tried to come up with serious oil policies following the oil crisis. The US considered invading Saudi Arabia’s oilfields in 1975, but rejected the idea due to the risks entailed. Energy conservation and regional diversification of foreign oil resources would not decrease dependence on Middle East oil as desired. The best option, according to John Morrissey, was emphasizing military protection of Persian Gulf oil,
as seen in the Carter Doctrine of 1980, and its applications in the 1991 Gulf War and
the 2003 invasion of Iraq. 64

OIL AFTER THE COLD WAR:

With the end of the Cold War, competition over raw materials, especially oil and
energy resources, rose to a new level as ideological conflicts ceased. Yergin argued
that “in the Cold War years, the battle for control of oil between international
companies and developing countries was a major part of the great drama of
decolonisation and emergent nationalism… With the end of the Cold War, a new
world order [was] taking shape [where] economic competition, regional struggles and
ethnic rivalries may replace ideology as the focus of international – and national –
conflict.” 65 Along the same lines, Michael Klare’s Resource Wars argued that conflict
over resources would be a conspicuous feature of international security in the post-
Cold War world. 66 Among the US objectives after the Cold War, “none has so
profoundly influenced American military policy as the determination to ensure US
access to overseas supplies of vital resources,” 67 and none of these natural resources

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67 Klare, Resource Wars: 3.
was more likely to provoke conflict in the 21st Century than oil. George H. W. Bush used the 1991 Gulf War to protect the Gulf’s oil and assert the US position in the post-Cold War world. William J. Clinton’s policy on foreign energy was not very different from his predecessor’s, and he also used his wars in the Balkans to secure the region’s energy routes and to secure the Albanian-Macedonian-Bulgarian Oil (AMBO) pipeline, an investment by BP and Halliburton. According to Bacevich, both presidents were applying the Open Door Policy. However, George W. Bush took this to a new level as he prioritised energy during his first days in office, and he had greater use for the military in oil-rich regions.

OIL, EMPIRE, THE INDUSTRY AND THE GEORGE W. BUSH ADMINISTRATION:

Most importantly, the importance of oil in maintaining the US empire, and the importance of the public-private partnership in the oil industry, rose to a new height during the George W. Bush Administration. Bush has brought oil to the fore in US foreign policy making, raising the place of energy procurement in US foreign policy to a level never seen before. Bush introduced oil as a part of a strategic approach, for example, through the National Energy Policy of May 2001 (on which his administration started working only a few days after he took office), and through the

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68 Klare, Resource Wars: 27.
invasion of Iraq, controlling its oil supplies and the role that Iraq’s oil revenues were meant to play in rebuilding Iraq and thus the whole Middle East into a pro-American region.

Furthermore, energy’s central role in the Bush Administration was linked to other foreign policy goals, such as promoting US hegemony and preponderance of power (which was stated as a goal in the Quadrennial Defence Review of 2001), and military advancement, which was also a major goal of the Bush Administration as seen in promoting the National Missile Defence (NMD) system, with the War on Terror used as a justification to advance US energy interests. Because of the place of energy in that pursuit for power, certain cases became central to the Bush approach (most notably Iraq), acting as what I call “points of intersection” where all of these goals were meant to be achieved.

Bush had more ties to the energy industry than any other American administration in history, as he used to be an oil executive himself (albeit not a very successful one), having established Arbusto, merged it with Spectrum 7, and worked at Harken Energy. Furthermore, the Bush family had strong ties to the oil industry. His vice president, Dick Cheney, used to be the CEO of Halliburton, and he had a great role in devising the foreign and energy policies of the Bush Administration as he headed several important committees which devised these policies. Also, Bush’s government-oil industry ties were affecting his foreign policy decisions. Many authors, including Ian Rutledge, argued that the Bush Administration was the most oil-dominated US administration in the history of the United States. This had put “oil capitalism” at the very heart of US power and high on the agenda of the Bush Administration, especially
that Bush was elected at a time when the interests of the US oil companies and the oil consumers were rapidly moving closer together, leading to a relentless drive for “American Imperium” and “Energy Security” in the Middle East, due to the increasing dependence on imports from the Persian Gulf.70

Antonia Juhasz, too, focused on the Bush-energy industry relations,71 where she linked the Bush Administration to US empire and oil, as she extended the combination of imperialism, corporatism and oil interests in what she called a “Bush Agenda,” or “corporate globalisation,” which she defined as global economic policies designed to support key US multinational corporations by using military force, aiming for an American empire driven forward by US multinationals and military power,72 whose main pillars are war, oil, imperialism and corporate globalisation.73 This policy was not new, since it has been a part of US policy for decades. But Bush was unique in his use of military power to advance economic interests, taking it to a new, radical level,74 as he thought that he could build a new American empire by invading Iraq and having US bases in the oil-rich region. Juhasz’s main failure, however, was that she did not mention the invasion of Afghanistan or the US plans for Central Asian oil as a part of Bush’s global economic agenda.

This thesis argues that Bush was aware that, as the United States was in a phase of relative economic decline, and due to the fact that in 1998 the US imported more than

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70 Rutledge, *Addicted to Oil*: 7. For information on increasing US dependence on Middle East oil, see Rutledge, *Addicted to Oil*: 9, 93, 94, 131, 197. Rutledge mentioned the drive for the “American Imperium” in the Middle East in Rutledge, *Addicted to Oil*: xiii and 11.
50% of its oil\textsuperscript{75} (and it is forecasted that the US will import 100% of its oil by 2050),\textsuperscript{76} it became more necessary to expand American economic reach and promote the Open Door policy for American business through military expansion.\textsuperscript{77} Paul Kennedy famously argued that US power is declining, as its relative economic strength is declining,\textsuperscript{78} and that the US is now suffering from what he calls “imperial overstretch,” where the sum total of the United States’ global interests and obligations is nowadays far larger than the country’s power to defend them all simultaneously.\textsuperscript{79} He also defined “imperial overstretch” in the context of “relative” economic change, compared to other nations.\textsuperscript{80}

The perception of the inevitable relative economic decline of the United States made it even more necessary to transform the rest of the world in America’s image.\textsuperscript{81} This was why, after Iraq, Bush wanted to extend his agenda to the Middle East region, in order to expand the American empire,\textsuperscript{82} as seen in his plans to democratise the whole region, and establish a Middle East Free Trade Agreement (MEFTA). Fouskas and Gökay argued that the relative decline in US economic power led to promoting the role of the US military to reshape the world (as seen in Central Asia and the Middle East after the September 11 attacks to control vital oil routes in Eurasia).\textsuperscript{83} Chomsky and Chalmers Johnson argued that the invasion of Afghanistan was meant to establish US bases close to Central Asia’s oil-rich region and help secure the region to build the

\textsuperscript{76} Rutledge, \textit{Addicted to Oil}: 130.
\textsuperscript{77} Fouskas and Gökay, \textit{The New American Imperialism}: 71.
\textsuperscript{78} Kennedy, \textit{The Rise and Fall of the Great Powers}: 316.
\textsuperscript{79} Kennedy, \textit{The Rise and Fall of the Great Powers}: 665-666.
\textsuperscript{80} Kennedy, \textit{The Rise and Fall of the Great Powers}: xv.
\textsuperscript{81} Bromley, \textit{American Power}: 2.
\textsuperscript{82} Juhasz, \textit{The Bush Agenda}: 8, 9.
Turkmenistan-Afghanistan-Pakistan (TAP) pipeline and other important pipeline projects. Similarly, Michael Klare, Fouskas and Gökay, and Lutz Kleveman argued that the invasion of Afghanistan, and the establishment of US bases in the region for the first time, were beneficial for America’s energy interests in the Caspian region. Ahmed Rashid and Jean-Charles Brisard and Guillaume Dasquié argue that the Clinton and George W. Bush Administrations initially negotiated with the Taliban over Osama bin Laden and over the TAP pipeline.

Beyond the invasion of Afghanistan, the September 11 attacks had their influence on Bush’s foreign policy agenda. When Bush first came to office, argued Klare, his foreign policy agenda sought two foreign policy goals, or strands; military power preponderance, (as seen in the NMD system), and foreign energy procurement. After September 11, argued Klare, a third strand was added, which is the war on terror. Based on Klare’s analysis, however, I add a fourth strand, which is global power projection as seen in the Quadrennial Defence Review (QDR) of September 2001. There were “points of intersection” where the four strands met, such as the invasion of Afghanistan and Iraq.

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85 Klare, Blood and Oil: 152-179.
Furthermore, after the September 11 attacks and the invasion of Afghanistan, Bush introduced the Bush Doctrine, which was America’s first attempt at a grand strategy since the end of the Cold War. The four strands of the Bush Administration’s foreign policy (energy procurement, military advancement, anti-terrorism and global power projection)\(^92\) were reflected in the Bush Doctrine.

The Bush Doctrine was divided into several main elements or ideas. First, America was at war with global terrorism. Second, offence is the best defence, thus the United States should take the war to the enemy using pre-emptive strikes. Third, the doctrine gave the United States the freedom to act alone, so as not to be tied with multilateral commitments. Fourth, the US was committed to maintaining its position as the world’s sole superpower. Finally, the Doctrine stated that the United States should spread democracy in the Middle East as a means to fight terrorism.\(^93\) The foreign policy goals (or strands) of anti-terrorism, military preponderance and global power projection were clear in this definition of the Bush Doctrine. In an unprecedented manner, this thesis argues that the oil strand is also present in the Bush Doctrine (despite denials by the Bush Administration) because, first, US global influence depends on control of global oil resources, and, second, the neo-conservative plans for democracy in the Middle East were unattainable without Iraq’s oil revenues to rebuild Iraq into a model democratic country for the Arabs to follow (as the Iraqi economy


was too dependent on oil revenues, and a strong democracy could not be built in Iraq without the oil revenues). Furthermore, this thesis aims to provide an alternative framework for thinking about US foreign policy and neo-imperialism in relation to global oil resources, and to analyse the link between energy resources and other US foreign policy strands of military preponderance, global power projection and anti-terrorism in the foreign policy approach of the Bush Administration and the Bush Doctrine.

THE INVASION OF IRAQ:

This thesis argues that the invasion of Iraq was not for anti-terrorist goals or alleged weapons of mass destruction (as the Bush administration claimed), as Iraq did not actually pose any immediate or real threat to US security. Rather, the Bush Administration used these claims to cover up for its real aims; controlling Iraq’s oil resources (although not necessary for US consumption, but to control oil supplies to other great powers), and build military bases in the region to protect oil interests. The invasion also aimed to rebuild Iraq, using its oil resources and revenues, to turn it into a strong and stable pro-American country to act as a model for the rest of the region, thus decrease US dependence on Saudi Arabia for oil and strategic assistance, and also secure Israel. Bromley argued that the war aimed to stabilize the “arc of instability” (the region which runs from the Middle East through Central Asia to Northeast Asia), and use military power to provide for open, liberal international

economic order and open oil industry. \textsuperscript{95} Ian Rutledge argued, within the context of the reasons mentioned above, \textsuperscript{96} that oil was the “most important factor” for the invasion of Iraq, although not to “steal the oil”, but to “control” it without having to own it, \textsuperscript{97} in addition to the neo-conservative desire remake the Middle East and establish a “new American Imperium in the Middle East: one in which American-selected local rulers would invite American oil companies to make super-profits for American investors under the protective shield of the American military, while at the same time satisfying the voracious demands of the motorized American oil consumer.” \textsuperscript{98}

Rutledge’s weakness was that he did not analyse Bush’s National Energy Policy (NEP), the plan devised by oil industry executives and Bush Administration officials in May 2001 to advise Bush on domestic and foreign energy policy, as much as Michael Klare did. \textsuperscript{99} Also, Rutledge did not link the different strands of Bush’s foreign policy as deeply as Klare did. However, Rutledge’s analysis of Washington’s plans for Iraq’s oil focused on “Production Sharing Agreement” contracts, \textsuperscript{100} which Klare missed out, (the significance of which will be discussed in detail).

Noam Chomsky, Chalmers Johnson and Stephen Pelletière argued that the war aimed to strengthen the system of US control over the region’s oil resources, and to strengthen what Johnson calls an “empire of bases” near vital oil routes and

\textsuperscript{95} Bromley, \textit{American Power}: 142.
\textsuperscript{96} Rutledge, \textit{Addicted to Oil}: xii, 11, 155-157, 198.
\textsuperscript{97} Rutledge, \textit{Addicted to Oil}: xi. He also added the intersection of the Bush Adminsitration and the oil business interests (Rutledge, \textit{Addicted to Oil}: xii, xiii). Rutledge argued that the US oil companies would not seek to own oil reserves in Iraq, but just to manage them through Production Sharing Agreements. US attempts to diversify outside the Middle East would not work, as other regions outside the Middle East, like the Caspian region and Latin America, do not have sufficient oil to satisfy the US economy. (Rutledge, \textit{Addicted to Oil}: 104-119).
\textsuperscript{98} Rutledge, \textit{Addicted to Oil}: xiii, 11.
\textsuperscript{99} Klare, \textit{Blood and Oil}: 59-73.
\textsuperscript{100} Rutledge, \textit{Addicted to Oil}: 184-185.
resources. Similarly, Roger Burbach and Jim Tarbell argued that Bush’s wars aimed to advance the interests of a “petro-military complex” and to advance the Open Door policy in the 21st Century. Klein argued that Iraq fitted the “shock doctrine” formula, as Washington was concerned over Saddam’s oil contracts with Russian, French and Chinese oil companies. Linking “disaster capitalism” and the war on Iraq to American neo-imperialism, she claimed that the Washington “hawks” and neo-conservatives, in addition to a “disaster capitalism complex,” (all of whom were allied on a US imperial/military/neo-conservative project), were “committed to an imperial role for the United States in the world and for Israel in the Middle East.” She added that “nowhere has the merger of these political and profit-making goals been clearer than [in] Iraq.” She cited an interview that right-wing economist Milton Friedman, the father of the “shock doctrine,” had with German magazine Focus in April 2003, where he said that the war would “undoubtedly stimulate the [US] economy,” that “US President Bush only wanted war because anything else would have threatened the freedom and prosperity of the US,” that Bush “didn’t even have to consult the UN at all” regarding the war because “the end justifies the means,” and that the cost of the war would be “only marginal.” However, both Klein and Kinzer

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briefly discussed the role of oil in invading Iraq, but they do not tackle it in the detail which this thesis intends.

Ron Suskind’s account of Paul O’Neill’s time in the Bush Administration was an important insider’s account of Bush’s first days in office and his initial focus on Iraq, as “Iraq might be the key to reshaping the entire [Middle East].”107 Maps of Iraq’s oilfields which, according to O’Neill, were used by Secretary of Defence Donald Rumsfeld108 were the same maps used by Vice President Dick Cheney as he laid out the National Energy Policy (NEP) of May 2001 (as revealed by court order, as shall be discussed), showing that energy procurement had a military dimension. O’Neill’s accounts were supported by Greg Palast’s BBC Newsnight interviews with oil executives.109

Apart from invading Afghanistan and Iraq to establish military presence in oil-rich regions, this thesis argues that the invasion of Iraq also meant to protect the petrodollar system form the euro threat. US influence over the global oil order is supported by two factors on which the US position in the world economy depended. The first factor is the interdependence between the oil industry and US hegemony in ensuring US energy security, US global power based on control of oil resources, and the interests of the corporations,110 (reflecting Williams and Kolko’s business-government relations). Second, the dominant role of the US dollar in international financial and monetary relations is linked to the fact that, since the end of World War

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II, the US dollar became the primary currency used in the international oil trade. (This was further facilitated by the agreement between the US and Saudi Arabia in 1974-1975, which stipulated that OPEC would price oil exclusively in US dollars; the so-called “petrodollar agreement”).\textsuperscript{111} This helped create a global demand for the US dollar,\textsuperscript{112} as every nation sought to maximize its dollar holdings (by buying dollar-based assets from the “issuer” of the dollar; the United States), thus preserving the dollar’s high liquidity value and America’s strong economy,\textsuperscript{113} and allowing the US to create credit\textsuperscript{114} to finance its huge deficit while other countries accept the dollar as the global medium of exchange.\textsuperscript{115} Thus, the US dollar as a dominant global currency gets its power from the oil system.

Vassilis Fouskas and Bülent Gökay linked US neo-imperialism to control over global oil resources, the role of the US dollar and petrodollar, military preponderance and the threat from the euro as an alternative currency in the international oil trade (the so-called “petroeuro”) to the dollar’s status as the global reserve currency.\textsuperscript{116} William Clark wrote along the same lines.\textsuperscript{117} They argued that America’s dominant position as the sole superpower rests upon two pillars; first, its overwhelming military

\textsuperscript{111} Clark, \textit{Petrodollar Warfare}: 20, 21, 30 and Fouskas and Gökay, \textit{The New American Imperialism}: 17-18. The 1974-75 was necessary as there were fears that OPEC was discussing the pricing of oil in a basket of currencies, as the dollar was falling in value due to the financial strains of the Vietnam War (Clark, \textit{Petrodollar Warfare}: 20, 30).
\textsuperscript{112} Fouskas and Gökay, \textit{The New American Imperialism}: 18. Also see Bromley, \textit{American Hegemony and World Oil}: 241.
\textsuperscript{113} Clark, \textit{Petrodollar Warfare}: 22. Petrodollar recycling works because every nation around the world needs to maximize its dollar holdings to import oil (Clark, \textit{Petrodollar Warfare}: 32). As nations seek to maximize their dollar holdings, “they do not just stack all these dollars in their vaults”, they purchase dollar-assets from “the issuer”: the United States, who “controls the dollar and prints it at fiat” (Clark, \textit{Petrodollar Warfare}: 32).
\textsuperscript{114} Clark, \textit{Petrodollar Warfare}: 22.
\textsuperscript{115} Clark, \textit{Petrodollar Warfare}: 28. 70% of global trade is conducted in dollars (Clark, \textit{Petrodollar Warfare}: 32).
superiority and, second, its influence over the global economic system through the unique role of the dollar as the world’s reserve currency,\textsuperscript{118} where America’s entire monetary supremacy depends on dollar “recycling”,\textsuperscript{119} the operation by which oil exporting countries receive payments for petroleum exports in US dollars, then invest these petrodollars in US and European banks.\textsuperscript{120}

This thesis argues that Saddam’s decision in November 2000 to switch the payment for Iraqi oil exports from US dollars to euros was one of the reasons for the US invasion of Iraq, which aimed, among other things, to return Iraq’s oil exports to the dollar system.\textsuperscript{121} However, while Clark and Fouskas and Gökay briefly mentioned the neo-conservative dream to use Iraq as a model for the rest of the region to weaken OPEC, secure Israel, fight terrorism and impose a pro-US agenda, they gave only little attention to these neo-conservative goals.

Finally, I believe that the Open Door Policy and the thoughts of William Appleman Williams were still relevant under the George W. Bush Administration. This was seen in the increased American military involvement in the world after the September 11 attacks to make up for economic decline, especially with the wars in Afghanistan and Iraq, and as Washington (especially under the Bush Administration) replaced access

\begin{footnotesize}
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\item[\textsuperscript{120}] Clark, \textit{Petrodollar Warfare}: 21-31 and Fouskas and Gökay, \textit{The New American Imperialism}: 19, 30-31. According to Clark, Japan, for instance, would export goods to the US, receive payment in dollars, then use these dollars to buy oil from the Gulf States who would invest these dollars back in the US, and this is why it is called “petrodollar recycling”. He added that “70% of Saudi Arabia’s entire wealth is in one account; the Federal Reserve in New York” One commentator says that as long as oil is traded in dollars, and the US can print them on fiat, then the US has its own “money tree” (Simon Reeve, “Conspiracy Theories: Iraq”, \textit{Sky1}, January 10, 2007, 22:00 GMT)
\item[\textsuperscript{121}] Clark, \textit{Petrodollar Warfare}: passim and Fouskas and Gökay, \textit{The New American Imperialism}: 25-27.
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to Asian (and Chinese) markets with access to Persian Gulf oil through building military bases in and around Afghanistan and Iraq. Some authors did link the Open Door to Bush’s oil policies. For instance, former CIA analyst Stephen Pelletière argued that Bush’s War on Terror was a “variant” of the Open Door Policy to expand the US empire, but he did not go into the details of the origins of the Open Door, and he only mentioned it briefly. Similarly, Burbach and Tarbell argued that Bush’s wars aimed to advance the interests of a “petro-military complex” and to advance the Open Door policy in the 21st Century, but their analysis did not focus on energy and oil resources like I do.

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Chapter One focuses on the role of oil and energy resources in the New World Order of George H. W. Bush, and in the Engagement and Enlargement policy of William J. Clinton, where I argue that both administrations proceeded with the Open Door policy, that oil did increase in significance after the end of the Cold War, but that, in both policies, oil did not rise to the level it did with the George W. Bush agenda. This was also the period where the US paid more attention to Caspian oil as an alternative to diversify away from Middle East oil.

Chapter Two focuses on the George W. Bush Administration before September 11, where I argue that oil and Iraq were among Bush’s highest priorities since his first days in office. This was due to more ties to the oil industry than any other US

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123 Pelletière, America’s Oil Wars: 137.
administration, America’s increased dependence on oil imports and pressure from the military hawks and neo-conservatives for more focus on Iraq. I also argue that the two foreign policy aims of energy procurement and military advancement were “melded” under Bush, as seen in official documents.

Chapter Three focuses on the effect of 9/11 and the addition of the war on terror as a primary goal of the Bush Administration, in addition to global power projection which was mentioned in the QDR of September 30, 2001. I argue that the invasion of Afghanistan was a point of intersection of all foreign policy strands of oil procurement, military advancement, anti-terrorism and global power projection, although the Bush Administration did not have plans to remake Central Asia, like it did with the Middle East. I also argue that the Bush Administration used 9/11 as an “opportunity” to promote an invasion of Iraq, which would also serve as a point of intersection of all strands, in addition to the neo-conservative goal of reshaping the Middle East into a pro-American mould to secure Israel, fight terrorism and open markets for US business.

Chapter Four focuses on the invasion of Iraq, where I argue that the Bush Administration secured its grip on the Iraqi economy (and its oil) to open exceptional opportunities for US business. However, the plan for Iraq failed due to the Bush Administration’s failure to plan properly for post-invasion Iraq.

Finally, I argue that, due to failure in Iraq, and due to the financial strain of the war, the US got weaker in terms of global clout and in terms of energy security. Furthermore, the diversification of US energy supplies away from the Middle East
will fail, as all other regions have less resources than the Middle East, and are not necessarily very stable or friendly towards the US. I also argue that the US is facing strong competition over energy resources from rising powers like China and Russia (in fact, China was the first country to sign an energy deal with Iraq after the invasion), and that the Bush Administration still followed an ad-hoc, case-by-case approach in foreign policy towards the Middle East and other oil producing regions, as Iraq failed to provide the US with the strategic and energy security that it aimed for (with a coda on the Obama Administration, to further explain the consequences and legacy of Bush’s policies).
“‘I put it this way. They got a president of the United States that came out of the oil and gas industry, that knows it and knows it well.’”

*George H. W. Bush, on the eve of his inauguration as President.*¹

“‘Prosperity at home depends on stability in key regions with which we trade or from which we import critical commodities, such as oil and natural gas.’”

*William J. Clinton, December 1999.*²

During his State of the Union speech in February 1989, President George H. W. Bush expressed optimism that “we meet at a time of extraordinary hope... And it's a time of great change in the world.”³ Despite this optimism, however, there were authors who thought that the new world was rife with instability. Charles Krauthammer challenged

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¹ Yergin, *The Prize*: 753.
the conventional wisdom which said that the threat of war would decrease after the 
fall of the Soviet Union, arguing that Saddam Hussein’s invasion of Kuwait and 
plans to develop weapons of mass destruction using his oil wealth were proof that the 
threat of war did not decrease, and that weapons of mass destruction were 
increasingly a global threat. Moreover, said Krauthammer, Iraq was not the only state 
seeking weapons of mass destruction; so were Syria, North Korea, Libya and Iran, 
arguing that the post-Cold war era could be called the era of weapons of mass 
destruction. Michael Cox agreed that the end of the Cold War made the world more 
complicated, due to the great shifts in the balance of global power, politically as well 
as economically, which made it more difficult for policymakers to come up with 
solutions to global problems. Bush himself would say during his State of the Union 
speech in January 1992: “As we seek to build a new world order in the aftermath of 
the Cold War… the enemy we face is… instability itself.” Moreover, William J. 
Clinton added during his presidential campaign that the factors which could make the 
new era a time of peace were the same factors which could make it a time of 
uncertainty and increased danger.

On the other hand, the end of the Cold War, despite ushering in a more complex 
world, has also ushered in the Age of Globalisation, where doors were open for the 
free movement of US capital, trade, principles and culture. The two American 
administrations which presided during the post-Cold War decade (the George H. W. 

4 Charles Krauthammer, “The Unipolar Moment”, Foreign Affairs, Volume 70 Number 1, 1991: 23, 
24.
6 Michael Cox, US Foreign Policy After the Cold War: Superpower Without A Mission? (London: 
7 George H. W. Bush, “Address Before a Joint Session of the Congress on the State of the Union”, The 
Bush and William J. Clinton Administrations) were similar in that they both pursued a policy of global economic openness. Thus, an American policy of global economic openness replaced the policy of Containment, (although, as seen in the writings of William Appleman Williams, Bush and Clinton did not invent openness; they just revived a strategy that predated the Cold War by several decades.)

Even though George H. W. Bush failed to come up with a foreign policy “vision” and failed to uphold the New World Order, he did adhere to the patterns identified by William Appleman Williams. Similarly, Clinton’s doctrine of Engagement and Enlargement followed Bush’s footsteps on emphasizing global openness and free trade and investment as prerequisites for prosperity at home, as Bush pushed for NAFTA and APEC, and Clinton continued on this path, again building on Williams’ views. Openness was also a matter of national security, as Larry Summers, Clinton’s Treasury Secretary, argued that trade promoted peace among nations, and that the American market was saturated and the American economy could not grow without the international market.

This shows that both Bush and Clinton followed on with a global Open Door imperialism, based on corporatism, or the political economy of the large corporation, or a corporate globalisation policy. In both administrations, the US military had a great role in supporting the American policy of openness in regions critical to the strategy of openness, like the Persian Gulf and Asia-Pacific, as Secretary of Defence

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9 Bacevich, American Empire: 36, 38-39, 88, 90 and passim.
10 Bacevich, American Empire: 71, 73, 85, 86.
William Cohen said that “economists and soldiers share the same interest in stability.”

While Bush and Clinton tried to come up with global doctrines - Bush’s New World Order and Clinton’s Engagement and Enlargement - which promoted American global leadership, a policy of democratisation and promotion of market openness, both doctrines failed to promote democracy in the Middle East, due to the Democracy Conundrum, which is the fear that attempts on democratisation or political reform would threaten the stability of the pro-American, oil-producing Gulf regimes.

Another name for this phenomenon is the “Arab despotic exception”, where America opposes democracy in the Middle East due to fears over oil supplies, and the fear that anti-American parties might win elections. Thus, Bush and Clinton’s strategy of openness did not apply to the Middle East, where Washington’s aim was to maintain the status quo, fearing that attempts to change the region would threaten the flow of oil. Also, both had a policy of regional diversification of energy resources away from the Middle East. For example, NAFTA, which gave much attention to North American energy cooperation, started in the Bush era, and US energy companies were in the Caspian region since 1991, and Clinton followed through with this diversification policy.

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11 Bacevich, American Empire: 126, 127, 128.
14 Bacevich, American Empire: 106.
Also, both initially supported an anti-democratic regime which was vital for America’s oil supplies, which later turned out to be anti-American, as Bush initially supported Saddam Hussein in order to promote the interests of American oil corporations, before the invasion of Kuwait, and urged Iran to stop its anti-American and anti-Iraq behaviour in the region. Similarly, Clinton supported the Taliban, in order to promote the TAP gas pipeline which American corporations were building in the region,¹⁷ before the 1998 bombings in Kenya and Tanzania. They both maintained oil sanctions on other rogue states. Thus, both administrations had an ad hoc policy on foreign energy resources. They also both followed what David Painter called the “public-private partnership” in the field of energy, where the US Government promotes and protects the aims of the oil industry, in order to secure America’s national and energy security.

With the end of the Cold War, and as George H. W. Bush succeeded Ronald Reagan as President of the United States, Yergin argued that “the confrontations of the future would surely become global competitions for money and markets”¹⁸:

*The competition among nations in the years ahead, some predicted, would no longer be ideological but instead primarily economic... If that would be the case, oil as a fuel would certainly remain a vital commodity in the economies of both the industrialized and the developing nations of the world. As a bargaining chip among the producers and consumers of oil, it would also remain of paramount importance in the politics of world power.*¹⁹

¹⁷ Rashid, *Taliban*: 154, 163 and 176.
¹⁹ Yergin, *The Prize*: 768.
Similarly, Michael Mandelbaum wrote that “as security issues lose some of their previous significance, economic questions will assume a new international importance… Promoting capitalism, then, is a plausible goal for American foreign policy in the post-Cold War world.”

A leading author who agreed that conflicts after the Cold War were mainly over resources, especially oil, was Michael Klare. He wrote in *Resource Wars* (2002) that resources were always critical to US foreign policy, but during the Cold War, their emphasis in US foreign policy diminished as attention to Europe and Asia increased. After the end of the Cold War, the issue of resources reassumed their central role in US military planning. Among the US objectives after the Cold War, “none has so profoundly influenced American military policy as the determination to ensure US access to overseas supplies of vital resources,” especially Persian Gulf oil, on which US dependence is growing, where US presence in the region is dictated by its need to control its oil supplies.

Due to the importance of energy, a major concern for the George H. W. Bush Administration when it took office in 1989 was Persian Gulf security through cooperation with Iraq. Before the Iraqi invasion of Kuwait, the Bush administration remained committed to a policy of engagement with Iraq, as it thought that continued engagement would lead to the moderation of Iraqi behaviour. As the Iraqis emerged

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21 Klare, *Resource Wars*: 6-7. Klare added that resources will not be the “One Big Thing” that lies at the heart of international relations, but it will help explain. Resource conflict will not be the only source of conflict in the 21st Century, but it will increasingly rise as a factor. (Klare, *Resource Wars*: 14 and 25).
22 Klare, *Resource Wars*: xi, 3 and 27.
with the upper hand from the Iraq-Iran war, US policymakers saw Baghdad as a potential ally against Iran. Furthermore, in a show of corporatism, a secret policy review towards Iraq was performed shortly after Bush took office, promoting US business interests, saying that Iraq’s “vast oil reserves [promised] a lucrative market for US goods,” adding that US oil imports from Iraq skyrocketed after Iraq began offering American oil companies “large incentives.”24 This led to National Security Directive 26; “US Policy Toward the Persian Gulf”, dated October 2, 1989. The first paragraph of the directive emphasized the importance of Persian Gulf oil:

Access to Persian Gulf oil and the security of key friendly states in the area are vital to US national security. The United States remains committed to defend its vital interests in the region, if necessary and appropriate through the use of US military force, against the Soviet Union or any other regional power with interests inimical to our own.25

The directive also encouraged normal relations with Saddam Hussein and Iraq, linking Baghdad to the wider issues of the Middle East, such as Arab-Israeli peace, Lebanon, Iran, WMDs and human rights:

Normal relations between the United States and Iraq would serve our longer-term interests and promote stability in both the Gulf and the Middle East. The United States Government should propose economic and political incentives for Iraq to moderate its behaviour and to increase our influence with Iraq. At the same time, the Iraqi leadership must understand that any illegal use of chemical and/or biological weapons will lead to economic and political sanctions... Human rights considerations should continue to be an important element in our policy

toward Iraq. In addition, Iraq should be urged to cease its meddling in external affairs, such as in Lebanon, and be encouraged to play a constructive role in negotiating a settlement with Iran and cooperate in the Middle East peace process.  

On Iran, NSD 26 recognized the opportunities presented by the death of Khomeini in June 1989, and held the possibility of normalized relations with Iran if the latter stopped its anti-American behaviour and signed a peace treaty with Iraq:

_The United States should continue to be prepared for a normal relationship with Iran on the basis of strict reciprocity. A process of normalization must begin with Iranian action to cease its support for international terrorism and help obtain the release of all American hostages, which will not be a matter for bargaining or blackmail. Other criteria Iran must meet before full normalization of US-Iranian relations include halting its subversive activities and improving relations with its neighbours, making a good faith effort toward a peace treaty with Iraq, and improving its human rights practices._

However, the document was vague on what US policy would be if Tehran did not change its behaviour. Also, Washington failed to obtain Baghdad’s cooperation on the Arab-Israeli peace process, as Iraqi foreign minister Tariq Aziz refused James Baker’s offer of an aid package of $1.2 billion in return for Iraq’s assistance in Arab-Israeli negotiations.

Nevertheless, despite the lack of progress on these issues, American business interests in Iraq, especially in the field of energy and reconstruction, were encouraged:

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26 Ibid.
27 Ibid.
Oil was a significant factor in the Bush Administration’s relationship with Baghdad. From only 80,000 barrels a day in 1987, US imports of Iraqi oil jumped to 675,000 barrels in 1990, and the figures kept rising rapidly from month to month. By July 1990, the figure had leapt to 1.1 million barrels a day – more than a quarter of Iraq’s total oil exports.\(^{30}\) Bush, an old oilman himself, (having founded Zapata Offshore Drilling in the 1950s, with James Baker as his lawyer,)\(^{31}\) understood the needs and importance of oil considerations, and Baker admitted in his memoirs, *The Politics of Diplomacy*, that policy toward Iraq was “not immune from domestic economic considerations.”\(^{32}\) (“When you look at NSD 26, you find out that it was the Administration’s sole desire and policy to aid and abet Saddam Hussein,” said Congressman Sam Gejdenson, a Connecticut Democrat and one of Bush’s harshest critics.\(^{33}\)

Naturally, American businessmen supported doing business with Iraq. The US-Iraq Business Forum, an American trade association which represented sixty US

\(^{30}\) Friedman, *Spider’s Web*: 163.
\(^{32}\) James Mann, *Rise of the Vulcans: The History of Bush’s War Cabinet.* (London: Penguin Books, 2004): 183. Another example of Bush’s support for Iraq was that he voided a prohibition that Congress has imposed on any new financing for Iraq by the Export-Import Bank, due to Saddam’s human rights violations. On January 17, 1990, Bush signed a waiver which determined that the prohibition was “not in the national interest of the United States,” making Saddam once again eligible for US taxpayer-backed loan guarantees worth about $200 million (Friedman, *Spider’s Web*: 157). The State Department said that lifting the ban was necessary to achieve the “goal of increasing US exports and put us in a better position to deal with Iraq regarding its human rights record” (Noam Chomsky, *Hegemony or Survival: America’s Quest for Global Dominance* (London: Penguin Books, 2004): 114)
\(^{33}\) Friedman, *Spider’s Web*: 134.
companies (including Bechtel, Lockheed, Texaco, Exxon and Mobil) was established by Marshall Wiley, a lifelong US foreign service officer. Arguing that the United States should not prosecute Saddam Hussein for his human rights violations, since Iraq was important as a trading partner and as a guardian of US business interests and energy resources in the Gulf region, Wiley said in 1989 that:

> *Iraq plays an important role now in bringing about stability in the Gulf region as an offset to Iran. This balance of power is important to us because of our interest further down the Gulf in the countries that are friendly to us and where we have substantial energy reserves that must be protected. So Iraq plays an important political and geopolitical role in addition to being an important trading partner for us, and we can’t push all these considerations to the side and shut our eyes to them because of some perceived human rights violations.*

Moreover, military cooperation with Iraq was encouraged in NSD 26, which said that “as a means of developing access to and influence with the Iraqi defence establishment, the United States should consider sales of non-lethal forms of military assistance, e.g., training courses and medical exchanges.”

As late as April 1990, four months before the Iraqi invasion of Kuwait, Assistant Secretary of State for Near Eastern and South Asian Affairs, John Kelly, explained that the US policy on Iraq was based on an attempt to gradually develop a mutually

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35 According to Christopher Simpson, author of National Security Directives of the Reagan and Bush Administrations, this military cooperation was expanded to the extent that the CIA provided “unusually detailed military intelligence to Iraq that Iraqi security agencies put to use in a genocide campaign against Iraq’s Kurdish minority group”. (Interestingly, Simpson also said that US financial relations with Iraq and CIA operations in the country also became entangled in the complex Bank of Credit and Commerce International (BCCI) scandal (Simpson, National Security Directives of the Reagan and Bush Administrations: 897)).
beneficial relationship that would strengthen the positive trends in Iraq’s foreign and domestic policies. He also said that the principal American interest in the region was energy, and that the importance of Iraq and the Persian Gulf to the United States was likely to increase in the coming decade, due to the increased dependence of the United States on oil from the region.36 However, Saddam invasion of Kuwait on August 2, 1990, caused the first post-Cold War crisis and exposed the weakness of depending on Iraq for securing the Persian Gulf and its energy supplies.

The crisis was partly explained in economic terms. If successful in holding on to Kuwait, Saddam would directly control Iraq and Kuwait’s oil resources, which together add up to 20% of OPEC production and 20% of world oil reserves. He would also be in a position to threaten his oil-producing neighbours, because if he captured Saudi Arabia as well, the sum of world oil under his control would rise to about 45%, and he would wield unprecedented influence over the world oil market and have the economic freedom to take even larger steps, raising the price of oil to unprecedented levels. Secretary of Defence Dick Cheney, Deputy Secretary of State Lawrence Eagleburger and National Security Adviser Brent Scowcroft argued to Bush that

36 Reuven Hollo, Oil and American Foreign policy in the Persian Gulf 1947-1991, PhD, University of Texas, May 1995; 331. Even during his days as Vice-President (under Ronald Reagan), Bush “made it clear he wanted to help Iraq,” said a former White House official. A gleaming example is the oil pipeline which Bechtel and Brown & Root planned to build from the Iraqi oilfields at Kirkuk to the Jordanian port of Aqaba, as Vice President Bush has lobbied the Export-Import Bank so hard to extend financing to Iraq for this project. Also, Brown & Root have been working for the Baath Party since the 1973 to build and develop the Mina al-Bakr and Khor al-Amaya oil terminals in Iraq (Bryce, Cronies: 124, 127-128, 129, 130, Friedman, Spider’s Web; 117, 156-157 and Unger, House of Bush, House of Saud: 70). Reagan’s Secretary of State George Shultz, who had business ties with Bechtel, lobbied hard for the Aqaba pipeline. After he left government, he went back to work for Bechtel (Juhasz, The Bush Agenda: 165). Also, Reagan has sent his special envoy, Donald Rumsfeld, to meet Saddam in November 1983 to discuss the Aqaba pipeline (Bryce, Cronies: 127-128, Juhasz, The Bush Agenda: 103, 165-167, Dilip Hiro. Secrets and Lies: The True Story of the Iraq War. (London: Politico’s, 2005): 372). At first, Saddam was not interested in the Aqaba pipeline, fearing that Israel would attack it, but he later approved it when he saw that the US Government and US companies were serious about it (Juhasz, The Bush Agenda: 166). However, in November 1985, Saddam rejected the Aqaba pipeline deal, again citing concerns over the pipeline’s security as it passed through Israel (Juhasz, The Bush Agenda: 167).
Saddam’s invasion was a far more important issue than Kuwait, as it was about oil. Even if Saddam was not to invade Saudi Arabia, there was still a risk of oil being denied to the US and its allies.\(^{37}\)

In response to the invasion, Bush released National Security Directive 45, titled “US Policy in Response to the Iraqi Invasion of Kuwait”, on August 20, 1990. The first paragraph of NSD 45 was very similar to that of NSD 26 of October 1989 as it emphasized the importance of securing Persian Gulf oil:

\[
\text{U.S. interests in the Persian Gulf are vital to the national security. These interests include access to oil and the security and stability of key friendly states in the region. The United States will defend its vital interests in the area, through the use of U.S. military force if necessary and appropriate, against any power with interests inimical to our own.}\(^{38}\)
\]

NSD 45 then listed the “four principles” that would “guide US policy during this crisis”; the immediate, complete, and unconditional withdrawal of all Iraqi forces from Kuwait; the restoration of Kuwait's legitimate government to replace the puppet


regime installed by Iraq; a commitment to the security and stability of the Persian
Gulf; and the protection of the lives of American citizens abroad.39

NSD 45 also allocated a whole paragraph to the procedures that the United States
would take to protect its energy supplies, calling on oil-producing countries to raise
oil production:

_The United States now imports nearly half the oil it consumes and, as a result of the current crisis, could face a major threat to its economy. Much of the world is even more dependent on imported oil and more vulnerable to Iraqi threats. To minimize any impact that oil flow reductions from Iraq and Kuwait will have on the world's economies, it will be our policy to ask oil-producing nations to do what they can to increase production to offset these losses._40

Thus, Saudi Arabia raised its production of oil in order to offset the rise in prices that resulted from the crisis. Due to the sanctions on Iraq, which pulled Iraqi oil out of the global market (thus decreasing the global supply of oil), plus Saddam’s threats to destroy the Saudi oil supply system, oil prices jumped to $40/barrel, approximately double what they were before the invasion.41 This sharp rise in oil prices led to an increase in prices at the pump and for home heating.42 However, the Saudis quickly raised production to push the prices back down to around $20 / barrel.43

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40 Ibid.
43 F. Gregory Gause, “Saudi Arabia over a barrel,” Foreign Affairs, May/June 2000: 87. Saudi Arabia raised its production to make up for three quarters of the lost supply. (Venezuela and the United Arab Emirates also increased their production of oil.) This Saudi action was not just a bow to US desires, but in the interest of the Saudis, since Saudi interest is that oil prices are not too high or too low, since very
Bush continued to emphasize the importance of the oil factor in this crisis, as he said on August 8, 1990 that “our nation now imports nearly half the oil it consumes and could face a major threat to its economic independence… The sovereign independence of Saudi Arabia is of vital interest to the United States.”\textsuperscript{44} He also said in a speech on August 15, 1990, to gather US public support for the upcoming Gulf War that “our jobs, our way of life, our own freedom and the freedom of friendly countries around the world would all suffer if control of the world’s greatest oil reserves fell in the hands of Saddam Hussein.”\textsuperscript{45} Secretary of Defence Dick Cheney highlighted the threat of oil on his first major statement on the crisis, on September 11, 1990, before the Senate Armed Services Committee, saying that once Saddam acquired Kuwait and deployed an army as large as the one he possesses, he would be “in a position to be able to dictate the future of worldwide energy policy, and that [would give] him a stranglehold on our economy.”\textsuperscript{46}

On the other hand, some analysts believed that oil was not the number one reason for American involvement in the 1991 Gulf War, although they did not deny oil’s importance. Apart from oil, the United States had to use the military option against Saddam in order to maintain and expand American influence on the global arena. Bush himself acknowledged that preserving the global system of US influence was a main factor in the war, as he said in the January 1991 State of the Union address:

“What is at stake is more than one small country; it is a big idea: a new world order,

low prices would decrease the oil exporter’s revenues, and very high prices would lead to a decrease in demand for oil and the shift to other sources of energy and energy conservation measures (Yergin, \textit{The Prize}: 774 and Gause, “Saudi Arabia over a barrel”: 87).

\textsuperscript{44} Klare, \textit{Resource Wars}: 34 and Klare, \textit{Blood and Oil}: 5 and 50.
\textsuperscript{45} Yergin, \textit{The Prize}: 773 and Rutledge, \textit{Addicted to Oil}: 52.
where diverse nations are drawn together in common cause to achieve the universal aspirations of mankind -- peace and security, freedom, and the rule of law."\textsuperscript{47}

According to Graham E. Fuller and Ian O. Lesser, oil was not the main reason for the war, as US global leadership was more important:

\begin{quote}
Seizure of one Gulf state by another à la Saddam is, of course, unacceptable, but that has less to do with energy security than with preventing a grab for power by hostile states in a strategic region. “Oil” may have been part of the early rationale for US intervention after Iraq invaded Kuwait... but the real stakes were larger: US leadership and global order.\textsuperscript{48}
\end{quote}

Moreover, Fuller and Lesser emphasized that preventing the rise of a regional hegemonic power and preserving US hegemony in the Gulf were more vital factors:

\begin{quote}
Some US strategists suggest that America has a broader interest in preventing the rise of any regional hegemonic power anywhere, especially one capable of threatening global stability through the use of force. Implicit in this formulation is retention of the US role as the primary security arbiter in the Gulf and maintenance of the US presence there as a symbol of a global American security commitment. In some respects it would be more accurate to describe this objective as preserving US hegemony in the Gulf.\textsuperscript{49}
\end{quote}


\textsuperscript{49} Fuller and Lesser, “Persian Gulf myths”: 44.
Thomas McCormick considered both the oil factor and the global US leadership factor, as he acknowledged that “short-term concern over the American and global economies” has prompted the United States to intervene to liberate Kuwait, since “Iraq’s conquest of Kuwait’s oil production, and its threat to Saudi Arabia’s, left [Iraq] in a position to profoundly alter the structure of world oil prices.” Iraq was in a position to raise oil prices, causing a new oil shock that would deepen the US and global recession.50 (He also mentioned Bush’s political need to wage a quick and victorious war in order to improve his re-election chances in 1992 and overcome the so-called “wimp” factor.)51 Having said that, McCormick acknowledged that longer-term goals regarding the preservation of US hegemony were more important,52 as US hegemony was required to protect “global capitalism”:

> While... short-term political and economic factors were undoubtedly important in promoting American military action, they pale in significance alongside the [Bush] administration’s long-term desire to perpetuate the credibility of American hegemony and to continue with its ongoing hegemonic project. Notwithstanding the end of the Cold War, the American government believed that the structural imperatives of global capitalism required a hegemonic centre to make and enforce the international rules of liberal capitalism.53

Similarly, Zbigniew Brzezinski thought that Saddam’s invasion of Kuwait was a challenge to America’s global power, which was “more important” than just oil, saying that

52 McCormick, America’s Half-Century: 246.
Saddam’s action was not only a challenge to the traditional US position in the Persian Gulf (especially to America’s oil interests in Saudi Arabia and the United Arab Emirates) but – perhaps even more important – to America’s new dominance in the world and Bush’s new global status. Whatever the legitimacy of Iraq’s historic claims to Kuwait, the invasion was an act of defiance.54

Thus, according to William Hyland, the Iraqi invasion of Kuwait was also an important opportunity for the United States, as “the United States was essentially free to intervene abroad without fear of confrontation with Moscow. This was a new and important dimension in foreign policy.”55 Therefore, the economic and energy considerations were indeed an important factor in deciding to wage war on Iraq. However, the more important factor was emphasizing a post-Cold War global system based on US leadership and interests.

On January 15, 1991, National Security Directive 54, titled “Responding to Iraqi Aggression in the Gulf” was adopted to implement the US policy on the crisis within the context of the New World Order and coalition building. NSD 54 set itself out as an extension of NSD 26 and NSD 45, again stressing the importance of Persian Gulf oil:

54 Brzezinski, Second Chance: 69.
55 William G. Hyland, Clinton’s World: Remaking American Foreign Policy (London: Praeger, 1999): 4-5. According to McCrisken, “it is clear that almost from the outset the administration preferred the resort of force over the cooperative settlement” (Mccrisken, American Exceptionalism and the Legacy of Vietnam: 156). This is reiterated by John Morrissey, who argues that Washington had an “emphasis on military force, rather than diplomacy, in dealing with the Middle East”, especially that official documents say that Centcom’s “main mission” was “guarding Gulf oil” as evident in the 1991 Gulf War (John Morrissey, “The Geoeconomic Pivot of the Global War on Terror: US Central Command and the War in Iraq”, in David Ryan and Patrick Kiely (eds), America and Iraq: Policy-Making, Intervention and Regional Politics (Oxon: Routledge, 2009): 108-111). Pelletière argues that Saddam indicated several times that he only wanted to use Kuwait as a bargaining chip to relieve his debts, and had Bush listened to him, Iraq would have withdrew, but the US wanted war (Pelletière, America’s Oil Wars: 105). In fact, the Americans showed Saudi King Fahd satellite images of the Kuwaiti-Saudi borders which, they alleged, contained images of Iraqi troops amassing near the Saudi border in attack formations, even though the pictures showed no evidence of that (Hiro, Secrets and Lies (2003): 48, Hiro, Secrets and Lies (2005): 48 and Unger, House of Bush, House of Saud: 139-140).
Access to Persian Gulf oil and the security of key friendly states in the area are vital to U.S. national security. Consistent with NSD 26 of October 2, 1989, and NSD 45 of August 20, 1990, and as a matter of long-standing policy, the United States remains committed to defending its vital interests in the region, if necessary through the use of military force, against any power with interests inimical to our own.  

In order to protect the US interest, Bush authorized US military action: “I hereby authorize military actions designed to bring about Iraq's withdrawal from Kuwait.”

The directive also said that the United States would change the Iraqi regime if it was to use weapons of mass destruction or destroy Kuwait’s oilfields:

*Should Iraq resort to using chemical, biological, or nuclear weapons, be found supporting terrorist acts against U.S. or coalition partners anywhere in the world, or destroy Kuwait's oil fields, it shall become an explicit objective of the United States to replace the current leadership of Iraq.*

Saddam did burn 700 of Kuwait’s oilfields, causing $20 billion in damage.

However, the US military did not follow through with the regime change threat in NSD 54, refraining from entering Baghdad after the liberation of Kuwait. In his memoirs, General Norman H. Schwarzkopf, Centcom Commander-in-Chief during Operation Desert Storm, explained the reasons for not entering Baghdad. UN resolutions, he said, only called for liberating Kuwait from the Iraqi invasion and this gave the United States the authority to “take whatever actions were necessary to

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57 Ibid.
58 Ibid
accomplish that mission, including attacks into Iraq”. The Americans, therefore, had no authority to invade Iraq for the purpose of capturing the entire country or its capital, and breaching UN resolutions would have caused the collapse of the coalition that the US has built on the basis on UN legitimacy, and this would have cost the United States a lot in terms of increased financial burden and loss of American troops. Citing the defeat in Vietnam as an example, he said that lack of international legitimacy would have caused a defeat to the US military if they would have invaded Iraq.61

Furthermore, Bush and Scowcroft admitted in their joint book *A World Transformed* that they preferred to leave Saddam in power, as removing him would have led to the division of Iraq, or, as they called it, to a “Lebanonization of Iraq,” thus destabilizing the region. Colin Powell made a similar assessment in *My American Journey*: “It would not contribute to the stability we want in the Middle East to have Iraq fragmented into separate Sunni, Shia and Kurd political entities.” Powell added that “our practical intention was to leave Baghdad enough power to survive as a threat to an Iran that remained bitterly hostile to the United States.” What the Bush team wanted was Iraqi and Persian Gulf stability, even it had been enforced by keeping Saddam in power, thus Washington allowed Saddam to crush the Shiite and Kurdish uprisings following the war.62 Also, the Bush Administration wanted to work on the

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62 Lawrence Kaplan and William Kristol, *The War Over Iraq: Saddam’s Tyranny and America’s Mission* (California: Encounter Books: 2003): 44, 45, 68 and McCriskern, *American Exceptionalism and the Legacy of Vietnam*: 151. Saddam was the only one strong enough to keep Iraq united. If Iraq was divided, it would be divided into a Kurdish north (which can threaten the security of Turkey, a NATO member and a vital ally to the United States), and a Shiite south (which can join Iran and strengthen it and Washington would not like that to happen as it considered Iran a rogue state). The Shiites make up 60% of Iraq’s population, 45% of Kuwait’s, 25% of Saudi Arabia’s, 70% of Bahrain’s and 90% of Iran’s. If Iraq was divided and the Shiites in the south of Iraq gained independence, then this would encourage the Shiites in other Arab Gulf States to do likewise. This might have an adverse
Arab-Israeli peace process, and feared that a US military invasion of Iraq would not help Arab-Israeli peace.\(^63\)

**US POLICY ON THE MIDDLE EAST AFTER THE WAR:**

“I cannot believe the lift that this crisis and our response to it have given our country. This is the way the world’s only remaining superpower is supposed to behave.”

_Colin Powell, Chairman of the Joint Chiefs of Staff, during a personal conversation with Norman Schwarzkopf in February 1991._\(^64\)

The Gulf War showed the mutual need for cooperation between the Arab oil exporters and the Western importers, as the importers needed oil, and the exporters needed...
military protection.\textsuperscript{65} The war also provided Washington with enhanced influence in the Middle East. It enabled the United States to deploy its forces in the Gulf Arab states and to strengthen its ties and/or sign bilateral defence agreements with the region’s major powers: Egypt, Israel, Kuwait, Qatar, Turkey and Saudi Arabia. Following the end of the 1991 Gulf War, 25,000 US troops remained in the region, 5,000 of whom were deployed in Saudi Arabia.\textsuperscript{66}

Furthermore, Bush used the liberation of Kuwait to promote the idea of a New World Order, where he said that “What is at stake is more than one small country; it is a big idea: a new world order, where diverse nations are drawn together in common cause to achieve the universal aspirations of mankind -- peace and security, freedom, and the rule of law.”\textsuperscript{67} Shortly after the war, Bush said before the US Congress on March 6\textsuperscript{th}, 1991:

\begin{quotation}
We can see a new world coming into view, a world in which there is the very real prospect of a new world order ... a world where the United Nations – freed from Cold War stalemate – is poised to fulfil the historic vision of its founders; a world in which freedom and respect for human rights find a home among all nations.\textsuperscript{68}
\end{quotation}

However, he stressed that the United States should be the nation to dictate the form of the New World Order, saying in his 1991 State of the Union speech that “American leadership is indispensable” and that “we must step forward and accept our

\textsuperscript{65} Joseph Stanislaw and Daniel Yergin, “Oil: reopening the door,” \textit{Foreign Affairs}, September/October 1993: 82.
\textsuperscript{68} Hyland, \textit{Clinton's World}: 5.
responsibility to lead the world” because “we’re the only nation on earth that could assemble the forces of peace [and] freedom.”

In tandem with this vision, his March 6, 1991 speech outlined the challenges that faced the Persian Gulf following the war. First, he cited the need to create shared security arrangements in the region, where the US would maintain strong military presence in the region. Second, he wanted to prevent a nuclear arms race from developing in the region, meaning that the Iraqi nuclear arsenal had to be dismantled. Third, Bush said that the Gulf War presented new opportunities for a comprehensive Arab-Israeli peace agreement. Finally, the United States would foster economic development in the Middle East using the region’s oil resources.

These concerns were also outlined in the National Security Strategy of August 1991, in the context of the Gulf War and the promise of the New World Order, including oil supplies, Arab-Israeli peace, fighting terrorism and weapons of mass destruction:

*Promoting stability and the security of our friends, maintaining a free flow of oil, curbing the proliferation of weapons of mass destruction and ballistic missiles, discouraging destabilizing conventional arms sales, countering terrorism and encouraging a peace process that brings about reconciliation between Israel and the Arab states as well as between Palestinians and Israel in a manner consonant with our enduring commitment to Israel’s security.*

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70 Actually, Iraq did not have any real nuclear power since the bombing of Ozirak in 1981 (Pelletière, *America’s Oil Wars*: 176).
In the State of the Union speech of January 1992, Bush recognized that the United States should not withdraw from international issues just because the Soviet Union has disintegrated, as the Soviet threat was replaced by the threat of “instability itself”:

"As the war in the Gulf made clear, the easing of the Soviet threat does not mean an end to all hazards. As we seek to build a new world order in the aftermath of the Cold War, we will likely discover that the enemy we face is less an expansionist communism than it is instability itself. And, in the face of multiple and varied threats to stability, we will increasingly find our military strength a source of reassurance and a foundation for security, regionally and globally."73

New World Order rhetoric and promises were included, in the form of a promise for “a stable and secure world, where political and economic freedom, human rights and democratic institutions flourish”, since “our interests are best served in a world in which democracy and its ideals are widespread and secure.”74

The Gulf War had also shown the Bush Administration the importance of Arab-Israeli peace, since Saddam has used the Palestinian cause as a tool to rally supporters around him and this enabled him to win the Palestinians to his side against the United States. This showed that the Arab-Israeli conflict was linked to any cause of instability in the region, which could be hazardous to the American interests in the region, especially access to oil. Thus, Washington saw that fixing the Arab-Israeli

problem would help secure vital US interests, easing the challenges to Israel’s survival and to vital energy supplies.\textsuperscript{75}

The NSS 1991 also renewed the US pledge to protect energy resources using military means and ties to the oil industry:

\begin{center}
Security of oil supplies is enhanced by a supportive foreign policy and appropriate military capabilities. We will work to improve understanding among key participants in the oil industry of the basic fundamentals of the oil market. We will also maintain our capability to respond to requests to protect vital oil facilities, on land or at sea, while working to resolve the underlying political, social and economic tensions that could threaten the free flow of oil.\textsuperscript{76}
\end{center}

Special attention was paid to the protection of the energy resources in the Persian Gulf region, since it “contains two-thirds of the world's known oil reserves”, and thus the region “is of fundamental concern to us”. It was also recognized that events in the region would affect US interests, as “political and military turbulence in the region has a direct impact on our economy, largely through higher oil prices and potential supply disruptions.”\textsuperscript{77}

The 1991 Gulf War did not fundamentally change the US policy on the Middle East, (as it was actually an application of the Carter Doctrine). The US policy in the Middle East remained committed to Arab-Israeli peace, and the protection of oil resources, both of which became easier to advance after the end of the Cold War, the collapse of


the Soviet Union and the defeat of Saddam Hussein. However, there was no real follow up on the Arab-Israeli front after the Madrid Conference which Bush organized in October 1991, as the conference did not result in an agreement between the Arabs and the Israelis on steps towards a peace deal.

In his frequent references to a New World Order, Bush seemed to be on the verge of setting a new doctrine for US policy. However, Bush did not establish a new doctrine, and a rare moment of opportunity had passed. Bush’s ambition of realizing a New World Order failed to get off the ground, due to the lack of a clear enemy in the wake of the Cold War, and the inward-looking American public opinion which was increasingly unwilling to interfere in other peoples’ affairs. Furthermore, Bush’s vision for global coalition building based on a New World Order was mainly focused on the events of the Persian Gulf rather than on the international system as a whole. The New World Order reflected the conduct of American foreign policy in the Gulf but did not necessarily reflect the general changes in international politics, and Bush’s skilful coalition building was not achievable under different conditions in the future where the world’s energy resources were not at an immediate or direct risk.

Furthermore, Bush showed little interest in promoting the moral values enshrined in the New World Order such as spreading human rights, democracy, free market

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82 Cormier, Pierre Raymond Joseph, Understanding Bush’s New World Order: Three Perspectives, MA thesis submitted to the University of Manitoba, May 1995: 15, 16.
economies and other similar values. This was especially true in the Middle East, as Washington feared of producing potentially unfriendly regimes (the symptom known as the Democracy Conundrum; the contradiction between American democracy and American support of non-democratic regimes, where the United States cannot avoid calling for democratic values abroad and yet it cannot allow its non-democratic allies to be undermined.)\textsuperscript{84} Thus, the New World Order failed to materialize, due to concerns about the security and price of Persian Gulf oil supplies.\textsuperscript{85} So the concern for oil stability, and thus the stability of the Gulf’s non-democratic regimes, was a reason for the failure of the New World Order to promote human rights and democratisation in the Middle East.

Bush generally followed a policy of global economic openness, based on maintaining US preponderance in order to protect the Open Door empire. This was evident in his initial support of Saddam, especially in the field of energy where the political economy of the large corporation was seen in the use of corporate interests to promote America’s energy security. The 1991 Gulf War was a war to protect energy supplies, and to maintain American preponderance in a system of global openness. Echoing William Appleman Williams and Gabriel Kolko, Noam Chomsky said that the Bush administration needed the 1991 Gulf War to deal with domestic economic problems in the US, by “selling protection” and acting “like mercenary states” in order to protect the petrodollar recycling process necessary to “prop up” the American economy which was suffering recession,\textsuperscript{86} and to protect America’s “imperial settlement” based

\textsuperscript{84} Pinto, \textit{Political Islam and the United States}: x.
\textsuperscript{85} Hunter, “Starting at Zero”: 13-14.
\textsuperscript{86} Noam Chomsky, “After the Cold War: US Middle East Policy”, in Phyllis Bennis and Michel Moushabeck (eds) \textit{Beyond the Storm: A Gulf Crisis Reader} (New York: Olive Branch Press, 1991): 79 - 80, 87. The 1991 Gulf War cost $60 billion, wherein the US allies paid $50 billion of this $60 billion
on control of oil resources, especially in the Middle East. This was the situation which President Bill Clinton inherited, where Clinton followed in the footsteps of Open Door imperialism.

Clinton did raise the importance of economic issues in US national security, and the slogan of his 1992 campaign was “It’s the economy, stupid!” During a speech in December 1991 at Georgetown University, Clinton called for the integration of US foreign policy and domestic economic concerns, to enable productive US economic competition and a stable international system:

> We face two foreign policy challenges today. First, we must define a new national security policy that builds on freedom’s victory in the Cold War... And second, we must forge a new economic policy to serve ordinary Americans by launching a new era of global growth. We must tear down the wall in our thinking between domestic and foreign policy.90

Furthermore, “in a throw back to the Open Door policy, Clinton declared that it was time ‘to make trade a priority element of American security.’”91 As he took office in January 1993, Clinton saw that with the fall of the Soviet Union, the United States was able to expand global democracy while prioritising economic affairs in US national security.92 Clinton thus introduced the Engagement and Enlargement policy, which called for America to remain “engaged” in world affairs while “enlarging” and

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87 Chomsky, “After the Cold War”: 79 - 80.
88 Klare, Resource Wars: 7.
spreading market democracy worldwide, leading to the promotion of market
capitalism and a policy of global economic openness and American trade, thus sustain
the US economy. The Clinton Administration did set out clear objectives in the
Engagement and Enlargement policy, linking democratisation to security and
economic objectives,\textsuperscript{93} where the US would “support the consolidation of market
democracy where it is taking new root.” However, he added limitations, saying that “I
do not mean to announce some crusade to force our way of life and doing things on
others.”\textsuperscript{94} National Security Advisor Anthony Lake agreed that it would not be a
democratic crusade, or a one-size-fits-all policy, saying that “this is not a democratic
 crusade; it is a pragmatic commitment to see freedom take hold where that will help
us most.”\textsuperscript{95}

Therefore, Engagement and Enlargement did not apply to the Middle East. As the
administration made it clear that the democratisation drive would apply only where it
would benefit US interests, what took priority in the Middle East was not economic
and political reform, but the search for an Arab-Israeli settlement\textsuperscript{96} which would
stabilize the region and its oil resources. In the words of former Assistant Secretary of
State for Near Eastern Affairs, Martin Indyk, “the engine for change in the region was

\begin{flushleft}
\textsuperscript{93} Boys, An Evaluation of Engagement and Enlargement: 267.
\textsuperscript{94} William J. Clinton “Remarks to the 48th session of the United Nations General Assembly, New York,
27 September 1993.” The American Presidency Project, September 27, 1993 [accessed March 28,
Nations simply cannot become engaged in every one of the world’s conflicts. If the American people
are to agree yes to UN peacekeeping, the United Nations must know when to say no.” The purpose
of imposing such limitations on UN actions was to ensure the US Congress that there would be a
\textsuperscript{95} Anthony Lake, “From containment to enlargement”, Address at the School of Advanced
\textsuperscript{96} Bronson, Thicker Than Oil: 206, from Martin Indyk “Back to the Bazaar”, Foreign Affairs,
\end{flushleft}
not democratisation, but peace.” Indyk added that the United States did not want to call for democratisation in the Middle East lest it would destabilize the oil producing regimes:

The United States could not afford the destabilizing impact that pressure for reform would generate in deeply traditional and repressed societies. Pushing hard for political change might not only disrupt the effort to promote peace but could also work against vital US interests: stability in the oil-rich Persian Gulf and in strategically critical Egypt.  

Thus, instead of democratisation, Arab-Israeli peace was seen as a realistic option that would ensure unimpeded access to the oilfields of the Persian Gulf, again reflecting the Democracy Conundrum. And since the threat to this peace came from Iraq and Iran, Clinton tried to link the policy on both countries to a new approach on the Persian Gulf. On May 18, 1993, Indyk spoke at the Washington Institute of Near East Policy and introduced the policy of Dual Containment on Iraq and Iran, where instead of supporting one nation against the other, the Clinton Administration would seek to rein in both countries, which were both viewed as “re-arming… fervently anti-Western… potential threats to Persian Gulf oil supplies.” Lake said that the Clinton Administration saw that Iraq and Iran could disrupt regional and global stability, thus the US needed to contain them, and according to Indyk, “our strategy for the whole

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98 Indyk, “Back to the Bazaar.”
region was based on pursuing a comprehensive Middle East peace at the same time as containing Iraq and Iran.”\textsuperscript{102}

However, the Clinton Administration would not yet support regime change in either country,\textsuperscript{103} since, first, the US was still committed to the territorial integrity of Iraq,\textsuperscript{104} and, second, regime change in Iraq or Iran would require an armed conflict that had little or no backing from the Congress, the American people or the White House itself. Dual Containment would not provide a long-term solution, but it would keep Saddam “in his box” for the rest of the decade, even though the policy failed to obtain support from America’s allies.\textsuperscript{105} (Furthermore, Dual Containment also aimed to protect Saudi oil from competition from Iranian and Iraqi oil and keep supplies at a level that would maintain moderate oil prices.)\textsuperscript{106}

Beyond Dual Containment, US relations with Saudi Arabia, the world’s largest oil producer, deteriorated under Clinton. The tension started with problems over Saudi payments for weapons imported from the US.\textsuperscript{107} But the main point of dispute was that the United States no longer coordinated oil policy with Saudi Arabia partly because of the attacks on US bases in November 1995 (the Saudi Arabian National

\begin{thebibliography}{10}
\bibitem{103} Boys, \textit{An Evaluation of Engagement and Enlargement}: 98.
\bibitem{104} Gause, “The illogic of Dual Containment”: 57.
\bibitem{105} Boys, \textit{An Evaluation of Engagement and Enlargement}: 97, 100, 101.
\bibitem{106} Pelletière, \textit{America’s Oil Wars}: 119-120. A 1995 UN report stated that the sanctions on Iraq were not aimed at bringing down Saddam Hussein or deterring from building “some mythical nuclear bomb [sic],” but at preventing the market competition of Iraqi oil from forcing down the price of oil produced by Saudi Arabia (Pilger, \textit{Hidden Agendas}: 2-3 and 56, and Phyllis Bennis, \textit{Calling the Shots: How Washington dominates today’s UN} (New York: Olive Branch Press, 2000): 166 and 169).
\bibitem{107} Bronson, \textit{Thicker Than Oil}: 208-209.
\end{thebibliography}
Guard, SANG) and June 1996 (Khobar), and partly because of Saddam’s propaganda war against the United States which prompted the Saudis to withdraw some basing rights and over-flight privileges. US-Saudi relations were strained further after the transfer of power from the ailing King Fahd to his half-brother, Crown Prince Abdullah, who was not as pro-American. For example, under King Fahd, Saudi Arabia sold oil at a discounted rate to the United States in order to maintain a strategic relationship, a concession that was stopped under Abdullah. Furthermore, when George H. W. Bush left the White House in 1993, the bulk of American imports of oil were from the Gulf. Under Clinton, however, the United States moved to getting the bulk of its oil from Venezuela, Mexico, and Canada. By 1997 the Gulf States, including Saudi Arabia, were selling only 19% of their production to the Americans.

The preference of stabilization over democratisation in the Middle East shows that the Middle East did not fit into the policies of engagement and democratic enlargement, as the United States would only pursue Engagement and Enlargement where possible and where desirable. But this Middle East policy started to crack, as it became clear in the mid-1990s that Dual Containment was coming under strain because it lacked international support, as French, Russian, Chinese and other firms were still dealing with the Iraqi regime. Thus, by November 1998, the Clinton Administration replaced its policy of Dual Containment towards Iraq and Iran with, in the case of

108 Pelletière, America’s Oil Wars: 125, 128.
109 Pelletière, America’s Oil Wars: 125, 126.
110 Bronson, Thicker Than Oil: 216.
111 Bronson, Thicker Than Oil: 215.
112 Pelletière, America’s Oil Wars: 127.
113 The UN Oil-For-Food program was established by the United Nations in 1996 as an exemption to sanctions against Iraq allowing Iraq to export $2 billion worth of oil every six months. Nevertheless, the monies coming from this program were controlled by Saddam and his loyalists who distributed them as they wished. (John Pilger, Hidden Agendas (London: Vintage, 1998): 54 and Ofra Bengio, “How does Saddam hold on”, Foreign Affairs, July/August 2000: 93-94).
Iraq, a policy of “containment combined with regime change” and, in the case of Iran, a policy of “containment until the Iranians are ready for engagement.” According to Indyk, the reason for this change in policy was that it became more difficult to contain Iraq, while, in Iran, the election of the moderate Mohammad Khatami as president gave new hope to change in Iranian policy. 114

The defining moment in the Clinton Administration’s policy on regime change in Iraq came with the authorization of the Iraqi Liberation Act on October 31, 1998. Clinton officially stated:

*Today I am signing into law H.R. 4655, the “Iraq Liberation Act of 1998.” This Act makes clear that it is the sense of the Congress that the United States should support those elements of the Iraqi opposition that advocate a very different future for Iraq than the bitter reality of internal repression and external aggression that the current regime in Baghdad now offers... The United States wants Iraq to rejoin the family of nations as a freedom-loving and law-abiding member. This is in our interest and that of our allies within the region.* 115

Regarding Iran, “Dual Containment” never meant that the policy was the same for Iran and Iraq. Iran posed a different challenge for the Clinton Administration. In contrast to domestic pressure to work on regime change in Baghdad, focus on Iran did not aim for regime change. Instead, the Dual Containment policy towards Iran focused more on economic sanctions, 116 especially in the energy field. This was evident in US policy on pipelines in the region. In January 1994, Iran, Turkmenistan

and Turkey signed an agreement to construct a pipeline between Turkmenistan to Turkey passing through Iran, but US opposition delayed the project by blocking its finance.\textsuperscript{117} However, in July 1997, amidst growing scepticism in Washington that Pakistan and the Taliban would actually help unite Afghanistan (as the Clinton Administration hoped),\textsuperscript{118} the United States announced that the pipeline would not violate the American embargo on Iran, but, in an apparent U-turn, subsequent American opposition dashed hopes for early implementation.\textsuperscript{119}

Despite the US sanctions imposed on Iran in 1980, Iran had continued to export oil to the United States as much as $1.6 billion worth in 1987, until the “tanker war” in that year (an American military operation which involved the re-flagging of Kuwaiti oil tankers to protect them from Iranian attacks) ended the import of Iranian oil.\textsuperscript{120} With the measures by the George H. W. Bush Administration to scale back the sanctions on Iran, the United States became the largest single buyer of Iranian oil, through the overseas subsidiaries of American companies, and became Iran’s third largest trading partner.\textsuperscript{121} In 1995, however, Clinton issued an executive order to ban all trade with Iran, including oil deals involving the Iranian energy sector, citing Hezbollah’s attacks on Israel and on Israeli and Jewish interests in Argentina.\textsuperscript{122} Executive Order 12957 prohibited of “the entry into or performance by a United States person, or the approval by a United States person of the entry into or performance by an entity

\textsuperscript{119} Dekmejian, \textit{Troubled Waters}: 38.
\textsuperscript{120} Richard Clarke, \textit{Against All Enemies: Inside America’s War on Terror} (New York: Free Press, 2004): 102.
\textsuperscript{121} Pollack, \textit{The Persian Puzzle}: 263 and 270. Bush was trying to reach out to Iran (Pollack, \textit{The Persian Puzzle}: 239, 246, 248, 251), as evident in NSD 26, which saw an opportunity in the death of Khomeini, saying that “the United States should continue to be prepared for a normal relationship with Iran on the basis of strict reciprocity” (Bush, “National Security Directive 26”).
\textsuperscript{122} Clarke, \textit{Against All Enemies}: 103.
owned or controlled by a United States person” of a contract that would include the supervision, management or financing of “the development of petroleum resources located in Iran” or “a guarantee of another person's performance under such a contract.”123 Among the deals suspended was a billion-dollar agreement between Iran and Conoco.124

Clinton’s order was complemented with the presentation of the Iran And Libya Sanctions Act Of 1996 (H.R. 3107) was represented to the House of Representatives to “punish both states for supporting terrorism and aiming to acquire weapons of mass destruction,”125 including sanctions on the Iranian petroleum sector:

(a) Policy With Respect to Iran: The Congress declares that it is the policy of the United States to deny Iran the ability to support acts of international terrorism and to fund the development and acquisition of weapons of mass destruction and the means to deliver them by limiting the development of Iran's ability to explore for, extract, refine, or transport by pipeline petroleum resources of Iran.

(b) Policy With Respect to Libya: The Congress further declares that it is the policy of the United States to seek full compliance by Libya with its obligations under Resolutions 731, 748, and 883 of the Security Council of the United Nations, including ending all support for acts of international terrorism and efforts to develop or acquire weapons of mass destruction.126

124 Clarke, Against All Enemies: 103 and Pollack, The Persian Puzzle: 271-272. Dick Cheney, then CEO of Halliburton, opposed these sanctions. So Clinton ordered Al Gore to coordinate efforts to build an oil pipeline to tap the resources of Central Asia and use routes that did not pass through Iranian territory (Clarke, Against All Enemies: 103).
126 Ibid.
The Iran and Libya Sanctions Act (ILSA) imposed severe penalties on non-US firms that invested more than $40 million in Iran’s oil industry. Nevertheless, the Act had a loophole, since it did not ban foreign subsidiaries of US corporations of working with Iran, as long as the subsidiaries did not employ US citizens and were not a front for the parent company. For example, the US Department of Justice, a federal grand jury in Texas, and the Securities and Exchange Commission subsequently launched formal investigations to determine if Halliburton’s use of subsidiaries in Iran was in conflict with the Act. Halliburton responded in early 2005, saying that it would not seek new contracts in Iran, but would maintain the “existing contracts and commitments which the subsidiaries have previously undertaken” there.

The significance of Iran is that it is not just situated on the Persian Gulf; it is also situated on the Caspian Sea, which was a major part of Clinton’s policy for regional diversification of energy resources away from the Middle East.

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128 Juhasz, The Bush Agenda: 126-127. CBS News estimated that Halliburton sold about $40 million a year worth of oil field services to Iran through its subsidiary, Halliburton Products and Services, which is registered in the Cayman Islands (Juhasz, The Bush Agenda: 126-127). Also, in May 1998, the United States and the European Union agreed that Washington would provide ILSA waivers to European corporations doing business in Iran, in return for the EU’s commitments to increase its cooperation with the United States on non-proliferation and counter-terrorism (Pollack, The Persian Puzzle: 288-289, 321). This waiver particularly concerned a consortium led by France’s Total (Pollack, The Persian Puzzle: 289). US Energy Secretary Federico Peña defended the sanctions waivers, saying that US opposition to building energy pipelines through Iran has not changed, and that “it was important to the national interest of the United States to waive the imposition of sanctions” against the firms involved, in order to increase cooperation with the European Union and Russia (“Text: Pena announces Caspian Sea Initiative at Conference: Speech at Crossroads of the Worlds Conference May 27”, US Embassy in Israel, June 1, 1998 [accessed July 23, 2009] http://www.usembassy-israel.org.il/publish/press/energy/archive/1998/june/de1602.htm.)
REGIONAL DIVERSIFICATION OF
US FOREIGN ENERGY SOURCES

“In a world of growing energy demand, our nation cannot afford to rely on any single region for our energy supplies.”

William J. Clinton, August 1997.\textsuperscript{129}

“I cannot think of a time when we have had a region emerge as suddenly to become as strategically significant as the Caspian.”

Richard Cheney, CEO, Halliburton, 1998.\textsuperscript{130}

The long-term stability of the Gulf region is elusive, due to the Iranian threat, terrorist attacks on US interests, instability caused by declining living standards, disputes within the ruling families of the Gulf States and border disputes among the Gulf States.\textsuperscript{131} Therefore, the United States is trying to diversify its foreign energy sources, in order to decrease the risks of supply disruptions. The United States sees the oil-rich Caspian region as an alternative to the Gulf.\textsuperscript{132} In describing the current geopolitics of the Caspian and Central Asian region, it has become customary to make some reference to the “Great Game” – the nineteenth century struggle between Great

\textsuperscript{129} Klare, Resource Wars: 4 and Klare, Blood and Oil: 133.
\textsuperscript{130} Rutledge, Addicted to Oil: 103 and George Monbiot, “America’s pipe dream”, Guardian, October 23, 2001 [accessed August 10, 2009]
http://www.guardian.co.uk/world/2001/oct/23/afghanistan.terrorism11
\textsuperscript{131} Klare, Resource Wars: 72-79.
\textsuperscript{132} Klare, Resource Wars: 3 and 83 and Rutledge, Addicted to Oil: 104.
Britain and Tsarist Russia for control over Central Asia.\textsuperscript{133} In Central Asia today, “big powers such as Russia, China, the United States, Iran, Pakistan, Afghanistan, Turkey, the Central Asian states themselves and the most powerful players of all, the oil companies, compete in… the New Great Game”\textsuperscript{134} over the energy resources of the region. However, the Caspian region suffered from the same problems as the Persian Gulf, and US involvement in the Caspian region would increase problems with Moscow, as the US and Russia compete over the region’s resources in the “New Great Game” which would involve competing pipeline routes and proxies.\textsuperscript{135}

The policy of regional diversification was not clearly defined in a formal policy document, but Energy Secretary Bill Richardson spoke in 1998 about “America’s energy security which depends on diversifying our sources of oil and gas worldwide,” adding that regional diversification was “also about preventing strategic inroads by those who don’t share our values.”\textsuperscript{136} Thus, diversification of energy resources became a matter of national security, especially that America’s oil imports increased by more than 50% during the Clinton era\textsuperscript{137} (where the US imported more than 50% of its oil in 1998.)\textsuperscript{138}

US policymakers started to pay more attention to the Caspian region due to oil contracts between US oil firms and Kazakhstan and Azerbaijan in 1993-1994,\textsuperscript{139} in a

\begin{thebibliography}{9}
\bibitem{133} Rutledge, \textit{Addicted to Oil}: 112.
\bibitem{134} Rashid, \textit{Taliban}: 145.
\bibitem{135} Klare, \textit{Resource Wars}: 81-91.
\bibitem{136} Klare, \textit{Resource Wars}: 90 and Klare, \textit{Blood and Oil}: 155.
\bibitem{139} Rutledge, \textit{Addicted to Oil}: 104.
\end{thebibliography}
It was not until major oil contracts were signed between U.S. oil companies and the governments of Kazakhstan and Azerbaijan in 1993-1994 that the region really began to register on the radar screens of the American public. The commercial interests of U.S. oil companies in exploiting new energy reserves gave U.S. policymakers a specific interest to protect in the Caucasus and Central Asia. The U.S. has come to see Caspian resources as one of the few prospects for diversifying world energy supply away from the Middle East.\textsuperscript{140}

In an April 1997 report to Congress, the Department of State explained the strategic importance of the Caspian region, and US policy began to “promote rapid deployment of Caspian energy resources” to “reinforce Western energy security.”\textsuperscript{141} Clinton was a vigorous advocate of American companies which sought drilling rights in the Caspian basin, and he explicitly designated the area’s energy resources a matter of national security. He said to President Heydar Aliyev of Azerbaijan in the White House in August 1997: “In a world of growing energy demand, our nation cannot afford to rely on any single region for our energy supplies”. By helping Azerbaijan to develop its untapped oil reserves, “we not only help Azerbaijan to prosper, we also help diversify our energy supplies and strengthen our nation’s security.” Clinton repeated this view in conversations with other presidents from the region, including Nursultan Nazarbayev of Kazakhstan and Saparmurad Niyazov of Turkmenistan.\textsuperscript{142} Citing the US-Russian competition over the region’s energy resources and routes, Sheila Heslin


\textsuperscript{141} Klare, \textit{Resource Wars}: 3.

\textsuperscript{142} Klare, \textit{Resource Wars}: 4 and Klare, \textit{Blood and Oil}: 133.
of the US National Security Council told a Senate committee on September 17, 1997, that the goal of American policy in the Caspian is “in essence to break Russia’s monopoly of control over the transportation of oil from the region.”

Clinton also ordered the establishment of a Caspian task force headed by Deputy Secretary of State Strobe Talbott, and composed of officials from the State, Energy and Commerce Departments, the National Security Council, and the CIA. On July 21, 1997, Talbott announced that the United States wanted economic and political reform to fight terrorism and to make the region a valuable trade route and a stable energy supplier.

*If economic and political reform in the countries of the Caucasus and Central Asia does not succeed—if internal and cross-border conflicts simmer and flare—the region could become a breeding ground of terrorism, a hotbed of religious and political extremism, and a battleground for outright war. It would matter profoundly to the United States if that were to happen in an area that sits on as much as 200 billion barrels of oil. That is yet another reason why conflict resolution must be job one for U.S. policy in the region: It is both the prerequisite for and an accompaniment to energy development.*

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America’s support to the states of the region would “have four dimensions: the promotion of democracy, the creation of free market economies, the sponsorship of peace and cooperation within and among the countries of the region, and their integration with the larger international community.”

American interest in the region was seen in visits by First Lady Hillary Clinton to the region, and CENTRAZBAT military exercises in September 1997 between the United States and the Central Asian region. In May 1998, during the “Crossroads of the World” conference in Istanbul, Energy Secretary Federico Peña announced the Caspian Sea Initiative “that brings together, for the first time, the heads of the US Government’s three independent trade and investment agencies – EXIM [Export-Import Bank], OPIC [Overseas Private Investment Corporation] and TDA [Trade and Development Agency] - to coordinate the development and support of project opportunities in the Caspian.” Peña said that the Initiative emphasised the role of US private investment in promoting Caspian energy resources and transport routes:

Through these agencies, the United States will dedicate and coordinate the diplomatic and financial resources needed to promote the rapid and effective development of Caspian energy resources and multiple export routes. This focus will help to mobilize and leverage private sector capital from the United States and other counties, as well as government participation from the

146 Talbott, “A Farewell to Flashman.”

147 Dekmejian, Troubled Waters: 135-136 and Klare, Resource Wars: 1. Talbott also presented the actions of the US in promoting political and economic reform in the region, including supporting pro-democratic NGOs, pledging more than $2.2 billion in overall assistance to the eight states of the Caucasus and Central Asian region since 1992, working through international financial institutions to promote reform in the region, employing Euro-American cooperation for that purpose, and encouraging these states to join the World Trade Organization in the future (Talbott, “A Farewell to Flashman”).

In March 1999, Ambassador Richard L. Morningstar, Special Advisor to the President and Secretary of State for Caspian Basin Energy Diplomacy, testified before the Senate Subcommittee on International Economic Policy, Exports and Trade Promotion and said that, “in general”, the American “Caspian energy policy [addressed] four strategic objectives in the Caspian region”: strengthening the independence, sovereignty, and prosperity of the new Caspian states and encouraging political and economic reform; mitigating regional conflicts by building economic linkages between the new states of region; bolstering the energy security of the U.S. and our allies and the energy independence of the Caspian region by ensuring the free flow of oil and gas to the world market place, and; enhancing commercial opportunities for U.S. companies, where the US Government’s role was to facilitate discussions between US firms and Central Asian governments.

With this linkage of geo-politics, competition with Moscow, and the need to secure Caspian energy supplies and routes, the US government became more involved in the deals which the US oil companies signed with the region’s countries, such as the “Contract of the Century”; a Production Sharing Agreement (PSA) signed in

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149 “Text: Pena announces Caspian Sea Initiative at Conference”
September 1994 between Azerbaijan and a consortium of eight oil companies, including three US oil multinationals: Amoco, Pennzoil and Unocal.\(^\text{151}\)

Another major project in the region was the Baku-Tbilisi-Ceyhan (BTC) pipeline to carry Caspian oil and gas, passing through the Azeri capital, Baku, then Georgian capital Tbilisi, to the Turkish port of Ceyhan, avoiding Russian and Iranian controlled territory. Energy Secretary Bill Richardson said in 1998 that the BTC pipeline was vital for American national security: “This is about America’s energy security, which depends on diversifying our sources of oil and gas… It is also about preventing strategic inroads by those who don’t share our values.”\(^\text{152}\) He added in 1999 that “this is not just another oil and gas deal… It is a strategic framework that advances America’s national security interests.”\(^\text{153}\)

The BTC pipeline was not the only pipeline planned by US oil corporations and supported by the US Government. Argentina’s Bridas and USA’s Unocal planned to build two pipelines from Turkmenistan, through Afghanistan, to Pakistan (the

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\(^{151}\) Dekmejian, *Troubled Waters*: 29, and Rutledge, *Addicted to Oil*: 107. The agreement was signed with Azerbaijan’s state-owned oil company, the Azerbaijan International Operating Company (AIOC) to exploit 4.3 billion barrels of estimated oil reserves in the Azeri-Chirag-Gunashli fields, at a cost of $13 billion. Presiding over the assembled dignitaries from Azerbaijan and the world of multinational oil at the contract-signing ceremony was US Deputy Energy Secretary Bill White and UK Energy Minister Tim Eggar. The deal included the three US oil multinationals, Amoco, Pennzoil, Unocal, US energy services company McDermott, and the US-Saudi partnership Delta Hess, in addition to Britain’s BP, Norway’s Statoil, Russia’s Lukoil and the Turkish State Oil Company (Rutledge, *Addicted to Oil*: 107-108). The United States intervened decisively to exclude Iran from the Contract of the Century (Dekemejian, *Troubled Waters*: 134). Production Sharing Agreements will be discussed in more details in this thesis in the chapter on the American invasion of Iraq.


\(^{153}\) Klare, *Resource Wars*: 102. Zbigniew Brzezinski, former National Security Advisor to President Jimmy Carter, and consultant to US oil company Amoco, was a major supporter of the BTC pipeline, and was a key figure who played an influential role in directing the Clinton Administration’s attention towards the Caspian and Central Asia, and has made extensive visits to the region in the early 1990s as a consultant to Amoco. He was asked by Clinton in October 1995 to deliver a personal letter from Clinton to President Heydar Aliyev of Azerbaijan to engage Aliyev in a dialogue regarding the prospects of the BTC pipeline, which, according to Brzezinski, was “an initiative that subsequently has become an obstacle to a resurgence of Russian imperialism.” (Brzezinski, *Second Chance*: 121 and Rutledge, *Addicted to Oil*: 104-105). Israel, too, supported the BTC pipeline which would carry Caspian oil to the port of Haifa (Rashid, *Taliban*: 154). Israel also supported the BTC pipeline since it would enhance Turkey’s position in the region, given the alliances between Turkey and Israel.

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Turkmenistan-Afghanistan-Pakistan Pipeline, or TAP Line). Pakistan’s Prime Minister Benazir Bhutto supported this idea. On October 21, 1995, Turkmen President Saparmurad Niyazov signed an agreement with Unocal in New York, where Henry Kissinger was present, acting as an adviser to Unocal, and the US government supported the deal.\footnote{Kleveman, *The New Great Game*: 160 and Rashid, *Taliban*: 160.} The pipeline project had an impact on Washington’s policy towards the Taliban who were in control of Kabul.

The strategy over pipelines was “the driving force behind Washington’s interest in the Taliban.”\footnote{Rashid, *Taliban*: 161.} The US policy on the Taliban in Afghanistan went through several phases “attempting quick-fix solutions rather than a strategic policy.” Initially, from 1994 to 1998, the United States supported the Taliban, believing that they had anti-Iranian and pro-US business inclinations which would help the Unocal pipeline. However, the US still “had no strategic plan towards accessing Central Asian energy and thought that pipelines could be built without resolutions to regional civil wars,”\footnote{Rashid, *Taliban*: 154, 163 and 176.} especially the civil war in Afghanistan.

Furthermore, Zalmay Khalilzad, as a senior strategist at the RAND Corporation, expressed his support to the Taliban in the *Washington Post* in October 1996: “Based on recent conversations with Afghans, including various Taliban factions, and

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\footnote{Kleveman, *The New Great Game*: 160 and Rashid, *Taliban*: 160. Argentine’s oil company Bridas was competing with Unocal over the construction of this pipeline (ibid). Actually, the Taliban and Pakistani Prime Minister Benazir Bhutto preferred to deal with Argentine’s Bridas, not USA’s Unocal, since Bridas did not need loans from international financial institutions whose first requirement was international recognition of the Taliban regime. In March 1996, US ambassador to Pakistan, Tom Simmons, had a major row with heated arguments with Bhutto as he lobbied for Unocal. In 1996, the Pakistani President sacked Bhutto government on charges of corruption, which many believe was a result of US pressure. The new government of Nawaz Sharif turned its back to Bridas and instead supported Unocal (Kleveman, *The New Great Game*: 243 and Rashid, *Taliban*: 165).}

\footnote{Rashid, *Taliban*: 163.}

\footnote{Rashid, *Taliban*: 154, 163 and 176. The Saudis supported the Taliban in order to limit Iranian power, spread Wahhabism and help the American agenda in the region. Furthermore, Israel initially supported the Taliban, seeing that it was an anti-Iranian force. (Rashid, *Taliban*: 154).}
Pakistanis, I am confident that they would welcome American reengagement. The Taliban does not practice the anti-US style of fundamentalism practiced by Iran – it is closer to the Saudi model."¹⁵⁷ (Khalilizad also worked as an adviser for Unocal.)¹⁵⁸ Similarly, Robin Raphel, assistant Secretary of State for Southeast Asian Affairs, told the UN that the Taliban did provide “a measure of peace and security.”¹⁵⁹ She was a supporter of the Turkmenistan-Afghanistan-Pakistan pipeline, saying at a press conference in Pakistan in April 1996 that “we have an American company which is interested in building a pipeline from Turkmenistan through to Pakistan [via Afghanistan]… The pipeline project will be very good for Turkmenistan, for Pakistan, and for Afghanistan as it will not only offer job opportunities but also energy for Afghanistan.”¹⁶⁰

Moreover, John J. Maresca, Vice President of International Relations, Unocal Corporation, testified to the Committee on International Relations of the House of Representatives in February 1998, that Afghanistan was the most practical and economic path for the pipeline between Turkmenistan and Pakistan (the Turkmenistan-Afghanistan-Pakistan pipeline, or TAP pipeline), but since the country is not stable, then the United States should work on stabilizing it. His testimony focused on three issues: first, the need for multiple pipeline routes for Central Asian oil and gas resources; second, the need for US support for international and regional efforts to achieve balanced and lasting political settlements to the conflicts in the region, including Afghanistan; third, the need for structured assistance to encourage

¹⁵⁸ Rutledge, Addicted to Oil: 61.
¹⁵⁹ Rashid, Taliban: 178. However, Raphel did tell the US Senate in May 1996 that “Afghanistan has become a conduit for drugs, crime and terrorism” (Rashid, Taliban: 178).
¹⁶⁰ Rashid, Taliban: 166.
economic reforms and the development of appropriate investment climates in the region.161

Thus, said Steve Coll, author of *Ghost Wars*, “American policy had been captured by the language of corporate deal making” as the State Department took up Unocal’s agenda as its own, and “American tolerance of the Taliban was… linked to the financial goals of an oil corporation.”162

Both the Taliban and the Northern Alliance (the loose group of Afghan warlords who were fighting the Taliban) were interested in the TAP pipeline project. The Taliban were offered $250 million/year in transit fees, and both were told that the pipeline would give them money, jobs and gas, but it would not be feasible as long as the civil war went on. Also, as long as the Taliban were not recognized by the West as a legitimate government, Unocal was unable to secure loans from international financial institutions. But the Northern Alliance was not ready to make peace with the Taliban just for the pipeline.163

However, after the attacks on the American embassies in Nairobi and Tanzania, and the American bombing of Afghanistan (and Sudan) in August 1998, the US-Taliban


163 Kleveman, *The New Great Game*: 161, 162. Russia, India and Iran supported the Northern Alliance on this position, as all three countries had a reason to prevent the Unocal pipeline from going through Afghanistan. Moscow did not want the Turkmen to have alternative pipelines to the Russian pipelines, India did not want Pakistan’s influence in the region to develop, and Iran is working on exporting gas to Pakistan itself (ibid).
negotiations did stop, but for only six months,\textsuperscript{164} as the United States still needed a strong government in Afghanistan (which could only be provided by the Taliban) to preserve stability for US energy investment. Thus, even after the August 1998 bombings, negotiations between the US and the Taliban continued.\textsuperscript{165} Senior American officials were dispatched to meet senior Taliban officials in Islamabad in February 1999. But the Americans did pressurize the UN every now and then to impose sanctions on the Taliban, to pressurize the Taliban into giving up Osama bin Laden.\textsuperscript{166} In July 1999, Clinton cut off commercial ties with the Taliban and froze all of their US assets to press them to hand in Osama bin Laden,\textsuperscript{167} but secret meetings with Taliban officials continued nevertheless.\textsuperscript{168}

To facilitate the passage of oil and gas pipelines from the Caspian region to the West, and to secure America’s oil interests in Eurasia, it was essential to ensure US influence in the Balkan region. During Operation Allied force, the US-led NATO war on Yugoslavia in 1999, critics of NATO alleged that the United States was in fact seeking to secure a passage for oil and gas from the Caspian region. In 1997, BP and Halliburton proposed the Albanian-Macedonian-Bulgarian Oil (AMBO) pipeline that would transport oil from Burgas in Bulgaria, through Skopje in Macedonia to Vlorë, a port in Albania on the Adriatic Sea, where supertankers would load the oil from Vlorë

\textsuperscript{164} Brisard, \textit{Forbidden Truth}: 27.
\textsuperscript{165} Brisard, \textit{Forbidden Truth}: 9.
\textsuperscript{166} Brisard, \textit{Forbidden Truth}: 29.
\textsuperscript{167} Brisard, \textit{Forbidden Truth}: 6 and 31.
\textsuperscript{168} Brisard, \textit{Forbidden Truth}: 8 and 33. For instance, in January 2000, US Assistant Secretary of State Karl Inderfurth met Taliban officials in Pakistan (ibid). After the bombings, the United States urged Saudi Arabia to use its influence on the Taliban to help capture bin Laden. Saudi Arabia suspended diplomatic relations with the Taliban and ceased all aid to them as a result of the insults to Prince Turki al Faisal during a visit to Mullah Omar in September 1998, where he tried to convince them to give in bin Laden, but they ended up exchanging insults (Abdel Bari Atwan, \textit{The Secret History of Al-Qaida} (London: Abacus, 2007): 48–49, Bronson, \textit{Thicker Than Oil}: 227 and Rashid, \textit{Taliban}: 138–139 and 202.). But the Saudis did not withdraw recognition of the Taliban government, despite this incident (Rashid, \textit{Taliban}: 139).
and ship it to the West. After the NATO bombing campaign ended, the US built Camp Bondsteel in southern Kosovo, the largest American foreign military base constructed since Vietnam. Camp Bondsteel was built by Brown & Root, a division of Halliburton, and is located close to vital oil pipelines and energy corridors, such as the AMBO pipeline.\textsuperscript{169} In a demonstration of what may be dubbed the “military-petroleum complex,” Brown & Root performed the initial feasibility study of the AMBO pipeline,\textsuperscript{170} where the link between AMBO and Camp Bondsteel was a part of what Chalmers Johnson considered an American empire of military bases, where the US is building military bases in the oil-rich region of southern Eurasia, including the Middle East and Central Asia, in order to control oil supplies going to other countries.\textsuperscript{171} Thus, Operation Allied Force was necessary to preserve US primacy in Europe, and to preserve openness and economic integration.\textsuperscript{172}

Despite all of these efforts, however, the Clinton Administration failed to establish an alternative source of energy in the Caspian region. A major reason for this failure was the overoptimistic estimations of Caspian energy resources, leading to unrealistic expectations that dependence on Middle East oil can decrease significantly. An Energy Information Administration report in 1998 described Central Asia as a “new


\textsuperscript{170} Briody: The Halliburton Agenda: 199 and Johnson, The Sorrows of Empire: 145-146, 155.

\textsuperscript{171} Johnson, The Sorrows of Empire: 145, 215.

\textsuperscript{172} Bacevich, American Empire: 196-197.
Middle East” with overoptimistic estimates forecasting reserves as large as Kuwait’s or even the Persian Gulf’s. Another reason for the failure to provide an alternative to the Middle East in the Caspian was Washington’s lack of coherent strategy towards the region, which led to the rise of anti-American Islamic militancy. As Ahmed Rashid noted, Washington was never serious about developing a new strategic framework or vision for Central Asia after the end of the Cold War. The United States dealt with issues as they came up in a haphazard, piecemeal fashion, pursuing constantly changing single-issue agendas that were driven more by American politics than the goal of ending the civil war in Afghanistan. Rashid added that:

_Had the United States been serious about its strategic vision for Central Asia, policymakers should not only have talked about conflict resolution; they should have insisted that it be the number one priority. In particular, the United States should have lent political_ 

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173 Rutledge, _Addicted to Oil_: 104, 118, 119, 197.
174 Dekemjian, _Troubled Waters_: 29, Klare, _Resource Wars_: 85 and Rutledge, _Addicted to Oil_: 118, 119. Comparing the figures published by the US Energy Information Administration (EIA) on Caspian oil reserves for the four years of 1998, 2001, 2002 and 2003, we observe that the data for ‘total’ oil reserves have fluctuated as follows: 218 billion barrels in 1998, 262 billion in 2001, 243 in 2002, but down to 211 billion in 2003. And the figures for ‘proven’ reserves – those whose existence is known with a probability of more than 90% - have fluctuated even more: 32.5 billion barrels in 1998, but reduced to 25.8 billion in 2001, then down even further to 10 billion in 2002, but then reviving to 25 billion in 2003 but still well down the 1998 figure (Rutledge, _Addicted to Oil_: 118, 119). Or, according to a Department of Energy report released in February 2002, the Caspian has “proven” reserves of 17-33 billion barrels of oil and “possible” reserves (of 50% probability) of 233 billion barrels (Michael Klare, “Bush-Cheney energy strategy: Procuring the rest of the world’s oil”, _Foreign Policy in Focus_, November/December 1999). Citing the overoptimistic initial estimates of Caspian energy reserves, Jaffe said that the Caspian region had less energy sources “than met the geological eye,” forecasting that by 2015, it will produce only 3-4% of the world’s oil supply (Amy Myers Jaffe and Robert A. Manning, “Shocks of a world of cheap oil”, _Foreign Affairs_, January/February 2000: 24). The New York Times mentioned that the region has more than 6 percent of the world’s proven oil reserves and almost 40 percent of its gas reserves. These figures were based on initial over-optimistic estimates of the energy reserves in Central Asia, which turned out to be exaggerated (Fouskas and Gökay, _The New American Imperialism_: 157).

muscle to the UN attempts to end the civil war in Afghanistan, which was posing the key threat to Central Asia.” 176

Fiona Hill added in February 2001 that “United States policy towards the Caucasus and Central Asia over the last ten years has been marked by a distinct lack of direction. The US stumbled into the region.” Like Rashid, she believed that decisions on the region were “ad hoc,” saying that “all of these policy decisions [on pipelines in the region] were ad hoc responses to increasing U.S. engagement in Caspian oil development. They were not part of a grander strategy for the Caucasus and Central Asian states.” 177

Like the Middle East, Central Asia would not fit in Clinton’s Engagement and Enlargement, where Washington continued to support non-democratic regimes as long as they provide a stable supply of oil and gas for Western economies. In this sense, there was no difference between US policy in the Middle East, and the Caspian.

The Caspian was not the only region which Washington saw as an alternative source to the Middle East. There were other regions, including the Western Hemisphere and Africa. With the Free Trade Agreement (FTA) of 1989 and the North American Free Trade Agreement (NAFTA) of 1994, the United States ensured the integration of Canada in a continental energy market. 178 Things were not as successful with Mexico, however, as the United States failed to pressurize Mexico to open its energy sector for

176 Rashid, Jihad: 190.
177 Hill, “A not-so-grand strategy.”
178 Rutledge, Addicted to Oil: 82.
US investment during NAFTA negotiations. The failure with Mexico foretold the failure with other potential hemispheric partners such as Venezuela, and by 2001, the hemispheric solution was not successful in Mexico or in Hugo Chavez’s Venezuela. ¹⁷⁹

As for Africa, America’s other option for regional diversification, there was no unified agreement that would link countries in the same way that NAFTA had tied the US to Canada and Venezuela, ¹⁸⁰ although the US Government did turn its attention to the continent and its energy resources. ¹⁸¹

“We have substantially changed the way the US government is structured to deal with Africa” said the Assistant Secretary of State for African Affairs in 1999. “There was a time not long ago when Africa was the exclusive domain of one understaffed bureau at Foggy Bottom”, but now, he said, “virtually every government agency is building the capacity to implement new programs that support our policy of comprehensive engagement with Africa… We have important strategic interests in Africa… Africa is the source of over 16% of our nation’s imported oil… Within the

¹⁷⁹ Rutledge, Addicted to Oil: 100. This is despite the fact that the National Security Council reported in 1998 that “we are undergoing a fundamental shift away from reliance on Middle East oil… Venezuela [has become] our number one foreign oil supplier and Africa supplies 15% of our imported oil.” (Klare, Resource Wars: 46).

¹⁸⁰ The Africa Growth and Opportunity Act (AGOA) is not as central to US foreign policy as the NAFTA. It also does not focus on energy trade as intensely as the NAFTA does. Generally speaking, AGOA was at best a promissory note, not exactly an agreement, especially that Africa accounts for only 1% of total US trade (Bacevich, American Empire: 108).

¹⁸¹ For example, oil and uranium ores may have been a reason for the American military intervention in Somalia between 1992 and 1994, as American oil giants like Conoco held exploratory rights in large areas of land in Somalia, and were hoping that the American military intervention would put an end to the civil war and instability in Somalia, which threatened their highly expensive investments. Furthermore, the civil war in Somalia could have threatened the oil supply from the Middle East, since Somalia is located in the Horn of Africa, on the entrance of the Bab El Mandib Strait, which overlooks the Arabian Peninsula. Furthermore, Brown & Root took part in the US military operation, building the base camps, supplying the troops with food, water, fuel, cleaning the latrines and even washing the clothes, making $109.7 million in Somalia, again showing that companies make profit out of US military interventions (Bennis, Calling the Shots: 122, William Blum, Rogue State: A Guide to the World’s Only Superpower, (London: Zed Books, 2001): 158, Briody, The Halliburton Agenda: 186).
next decade, oil imports from Africa are expected to surpass those from the Persian Gulf." In April 1999, Secretary of Energy Bill Richardson visited Africa, to discuss Western energy investments, and during Clinton’s second visit to Africa in August 2000, there was a major focus on energy concerns. In Nigeria, Clinton appealed to the Nigerian leaders to increase their production of oil in order to alleviate the worldwide shortage of petroleum.

CONCLUSION:

THE US OPEN DOOR EMPIRE CONTINUES DEPENDING ON OIL, BUT DEMOCRATISATION FAILS AND AN AD HOC POLICY CONTINUES

It may not be surprising that the Iraqi invasion of Kuwait, “the first post-Cold War crisis turned out to be a geopolitical oil crisis.” The US reaction to the crisis was meant to secure access to the region’s oil, and to maintain US prestige in order to protect the global system of Open Door imperialism.

George H. W. Bush and William J. Clinton worked on sustaining America’s Open Door empire based on the political economy of the large corporation, and the control of energy resources using a public-private partnership between the US Government and the US oil corporations, the role of which was vital in maintaining the international oil system on which the US empire is based, and in ensuring US energy security.

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182 Klare, *Resource Wars*: 219-220. Indeed, 2005, the United States imported more oil from Africa than from the Middle East, and it imported more oil from the Gulf of Guinea than it did from Saudi Arabia and Kuwait combined (Nicholas Shaxson, *Poisoned Wells: The Dirty Politics of African Oil*. (New York: Palgrave Macmillan, 2007): 2.) But this does not mean that Africa would replace the Middle East, as I will argue later in this thesis.


The Middle East and the Caspian region did not fit in the democratising efforts of the New World Order, nor in Clinton’s Engagement and Enlargement, as the Democracy Conundrum hindered a real effort to reshape the Middle East, for fear of any instability which might threaten the pro-US regimes and the Middle East’s energy resources. Instead, Bush and Clinton preferred to support undemocratic regimes like the Gulf States, the Caspian states and the Taliban, and limiting themselves to a case-by-case approach to deal with specific issues such as securing energy resources, the Arab-Israeli conflict, containing Iraq and Iran, and the rise of al Qaeda, failing to come up with a comprehensive policy to link securing energy resources to democratisation and Arab-Israeli peace.

As the United States attempted to diversify America’s foreign energy resources away from the troublesome Middle East, it faced problems in the alternative regions of the Caspian, the Western Hemisphere and Africa. However, the US did not have a real comprehensive policy on these regions, and would thus fail to make them suitable enough as alternatives to the Middle East. Clinton bequeathed these problems to George W. Bush, a new president who had foreign energy procurement high on his agenda since the early days in office. This would be evident in the formation of the Energy Task Force only a few days after he took office, and the subsequent National Energy Policy (NEP) of May 2001.
CHAPTER TWO

THE UNILATERAL OILMAN

ENERGY PROCUREMENT IN GEORGE W. BUSH’S FOREIGN POLICY
(JANUARY-SEPTEMBER 2001)

In his memoirs, Bill Clinton wrote about a visit from President-elect George W. Bush in the White House on December 19, 2000. According to Clinton, Bush’s foreign policy team “believed that the biggest security issues were the need for national missile defence and [action against] Iraq.” In reaction, Clinton wrote:

I told him [Bush] that based on the last eight years, I thought his biggest security problems, in order, would be Osama bin Laden; the absence of peace in the Middle East; the standoff between nuclear powers India and Pakistan and the ties of Pakistanis to the Taliban and al Qaeda; North Korea; and then Iraq. I said that my biggest disappointment was not getting bin Laden, that we still might achieve an agreement in the Middle East, and that we had almost reached a deal with North Korea to end its missile program, but that he would probably have to go there to close the deal.

He listened to what I had to say without much comment, then changed the subject to how I did the job.1

Beyond Iraq and the NMD program, it is more accurate to say that the Bush Administration had two “strategic priorities”, or two foreign policy strands, upon taking office in 2001: the modernization of US military capabilities, and the

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procurement of additional oil from foreign sources. Anti-terrorism was added as a third major strand after the September 11 attacks, and there was also a fourth strand after September 11; the global power projection envisaged by the Quadrennial Defence Review of September 2001. Bush’s focus on Iraq aimed to serve all foreign policy strands simultaneously.

The United States did not have an energy policy since the days of Jimmy Carter, during the years of soaring oil prices. There were two main reasons why the Bush Administration wanted a return to an energy policy; the increased US dependence on foreign oil as US oil imports exceeded the psychological 50% threshold, and the increased clout of the US energy industry in the Bush Administration. No other candidate in federal office received as much money from the oil industry as Bush did in 2000, (making Bush “the candidate of Big Oil” and “the ultimate insider.”) Bush’s links to the energy lobby were evident early in his administration, as nine days before he was inaugurated, energy lobbyists gathered at the American Petroleum Institute (API) offices on K Street in Washington. Key leaders from the American

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3 Klare, *Blood and Oil*: 13, 56 and Rutledge, *Addicted to Oil*: 9, 66. It is worth mentioning that domestic US oil production peaked in 1970, according to King Hubbert, who introduced Hubbert’s Peak theory in 1956, which predicted that US oil production would peak between 1966 and 1972 (Clark, *Petrodollar Warfare*: 76). It is forecasted that the US will import 100% of its oil by 2050 (Rutledge, *Addicted to Oil*: 130).


Petroleum Institute were appointed to pivotal position in Bush’s administration. “Not since the rise of the railroads more than a century ago has an industry placed so many foot soldiers at the top of the new administration” wrote Newsweek.Industry leaders, who donated $22.5 million to the Republicans in the 2000 election, enjoyed constant contact with the Energy Task Force, a committee headed by Cheney to come up with an energy plan for the Bush Administration. Controversially, no one has enjoyed better access than Enron CEO Ken Lay, who was a good friend of Bush. Moreover, as soon as he was in office as Vice-President, Cheney began a series of meetings with the chief executives of major oil companies who supported the Republicans in 2000, showing the clout of the US energy corporations in the working of the Energy Task Force. Furthermore, Energy Secretary Spencer Abraham hosted 109 representatives of energy firms between January and May 2001, including ChevronTexaco, ExxonMobil and Enron, who were lavish contributors to the Bush campaign in 2000. Cheney defended these meetings, saying that “just because somebody makes a campaign contribution doesn’t mean that they should be denied the opportunity to express their view to government officials.” Nevertheless, the influence of business interests on the Bush Administration’s energy plans, devised by a task force headed by Cheney, would be evident.

These ties to the oil industry date back to the earlier careers of Bush and Cheney before they took office. Bush, who aspired to be an oilman like his father, established

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10 Rutledge, *Addicted to Oil*: 66.
his first energy company, Arbusto (Spanish for “Bush”) in Texas in 1977. However, the company was struggling, as it drilled one dry hole after another. In 1984, in need of more financing, Bush sold Arbusto to another oil company, Spectrum 7, where he was given the job of CEO with a salary of $75,000 and 16.3% of the company’s stocks. To many, the Spectrum-Arbusto transaction was seen as a bail-out of the younger Bush by his father’s friends. But Spectrum 7, too, was suffering as global oil prices were as low as $10 in the mid-1980s, and oil companies were suffering from layoffs and losses. In 1986, Harken, an oil and gas company based in Texas and partially owned by George Soros and Harvard University, bought Bush’s failing company for $2.25 million in stock. Bush got roughly $600,000 out of the deal, a seat on the board, and a consultancy paying between $50,000 and $120,000 annually. Harken’s motivation to bail Bush out was its eagerness to develop ties with the son of the US vice president. But Harken, too, was suffering from dry wells and financial problems. However, governments of the Gulf states, eager to foster their ties with the son of the US president, started to invest in Harken and grant it drilling rights.  

Similarly, Dick Cheney has a background in the oil sector. As Secretary of Defence in 1990, he argued to Bush that Saddam’s invasion was a far more important issue than Kuwait, as it was about oil. On leaving office in 1993, Cheney became a senior fellow at the American Enterprise Institute (AEI), a conservative Washington-based think tank. In 1994, thanks to the global relations which he developed as Secretary

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of Defence, he was appointed by Kazakh President Nursultan Nazarbayev to the
twelve-member Kazakhstan Oil Advisory Board, where Cheney helped broker the
deal which set up the Caspian Pipeline Consortium (CPC), a 1,580-km pipeline to
transport oil from Kazakhstan’s Tengiz oilfield (operated by Chevron) to the Russian
Black Sea port of Novorossiysk. Cheney also became one of the seven-member
Honorary Council of Advisors for the Azerbaijan-US Chamber of Commerce, which
focused on promoting the interests of US oil corporations in Azerbaijan. He then
took the job of CEO at Halliburton from October 1995 to August 2000. Halliburton
appointed him CEO because, during his days as Secretary of Defence, he developed
good relations with the Saudis and considerable leverage in Washington which
Halliburton could use. According to the Washington Post: “soon he was on first
name basis with oil ministers all over the world, building on the ties he had developed
in the Middle East during the Pentagon days.” Between 1994 and 2001, Halliburton’s
revenues increased by 127%.

As he took his vice presidential post in 2001, Cheney asserted that there would be no
conflict of interest on his part because “since I left Halliburton to become George
Bush’s vice president, I’ve severed all my ties with the company, gotten rid of all my
financial assets.” Indeed, two days before the inauguration, Dick Cheney and his wife
gave away an estimated $8 million in stock options from Halliburton and six other

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16 Rutledge, Addicted to Oil: 62, 110, 116. Tengiz is the sixth largest oil bubble in the world, containing
about 25 billion barrels of oil, discovered in 1979. When Chevron bought a drilling concession for
Tengiz in 1993, forming the 50-50 joint venture Tengizchevroil with Kazakhstan’s state-owned oil
company, it became the first Western oil company to massively invest on post-Soviet territory
(Kleveman, The New Great Game: 80 and Rutledge, Addicted to Oil: 61).
17 Rutledge, Addicted to Oil: 62.
18 Briody, The Halliburton Agenda: 198, Bruce P. Montgomery, The Bush-Cheney Administration’s
19 Briody, The Halliburton Agenda: 197-198, Rutledge, Addicted to Oil: 62 and Unger, House of Bush,
20 Rutledge, Addicted to Oil: 63.
companies. (Although he neglected to say that he was still due approximately
$500,000 in deferred compensation from Halliburton and could potentially profit from
his $433,333 shares of unexercised Halliburton stock options. A Congressional
Research Service report said that unexercised options in a private corporation, as well
as deferred salary received from a private corporation, were “retained ties” or
“linkages” and should be reported as “financial interest.”)21 Nevertheless, Halliburton
and its subsidiaries would benefit greatly during the George W. Bush Administration
from non-bidding contracts following the Iraq war, as Cheney’s role was vital in
providing for the no-bid contracts awarded to KBR, a subsidiary of Halliburton, in
Iraq.22 Cheney’s role was also vital in devising the administration’s global energy
policy, as he headed the Energy Task Force responsible for devising this policy,
resulting in a global energy policy which reflected his worldview,23 his belief in the
vital role of energy in US national security, and his belief that the US Government
should ease the restrictions on the work of the energy sector.24

As President (and Vice President), the older Bush perfected “access capitalism” and
the so-called “revolving door” in Washington, where individuals move between the
government sector and the business sector, especially the oil and defence industries.25
The younger Bush would take business-government relations to a new level, as never
before had the highest level of an administration so nakedly represented the oil

22 “Memorandum for Commander US Army Corps of Engineers: Subject: Justification and Approval
(J&A) for other than full and open competition for the execution of the Contingency Support Plan”,
February 28, 2003, (Declassified April 22, 2004), [accessed January 11, 2008]
23 Gellman, Angler: 90.
24 Gellman, Angler: 94.
industry,\textsuperscript{26} leading to an extraordinary confluence of power in the public and private sector.\textsuperscript{27}

THE UNILATERAL OILMAN:
A GENERAL INTRODUCTION TO BUSH’S FOREIGN POLICY
AGENDA

Beyond the foreign policy goal of energy procurement, Bush had an existing set of goals even before the September 11 attacks. The Bush Administration believed that the advancement of its military capabilities, namely through the introduction and development of the NMD system, would give it protection against rogue states with weapons of mass destruction, and, presumably, preserve the American freedom of military action in a conflict including any state armed with weapons of mass destruction, by backing up an American first strike against, for example, North Korea or any other enemy state. Iraq was the one rogue state which attracted most attention during the early days of the Bush Administration. Iraq could be regarded as a point of intersection between the two strands of energy procurement and military advancement. That was evident in Bush’s desire to install a NMD system to face threats from rogue states, including Iraq, and evident in Secretary of Defence Donald Rumsfeld’s recommendation to pursue a military action against Iraq that would demonstrate the American intention to face the threats against US interests, and, at the

\textsuperscript{26} Unger, \textit{House of Bush, House of Saud}: 222, 284.
\textsuperscript{27} Unger, \textit{House of Bush, House of Saud}: 223.
same time, secure Iraq’s oil resources for foreign companies which looked forward to
invest in it. Because of this intersection of foreign policy goals, Iraq became Bush’s
number one concern in the Middle East, instead of the Arab-Israeli peace process.

Despite having the goals of energy procurement and military advancement, the Bush
team did not produce any clear policy documents or statements of “grand strategy” or
“national security strategy” (like George H. W. Bush’s New World Order or Clinton’s
Engagement and Enlargement) before September 11, 2001. According to Zbigniew
Brzezinski, “there had been little reason to expect… grand historical swings from the
new president” when he first took office in January 2001, 28 as he “initially focused on
unfinished business: missile defence, military transformation, big power politics.” 29
The Bush Administration thus lacked a grand foreign policy vision, limiting itself to
promoting the NMD, devising a National Energy Policy (with domestic and foreign
elements for energy procurement), and focusing on the Iraqi question and big power
politics.

During the 2000 presidential campaign, Bush emphasized the need for America to
conduct a humble foreign policy, promoting what Halper and Clarke call an “interest-
driven foreign policy”, as he withdrew from commitments such as peacekeeping and
nation-building. 30 As Bush ran for president, he argued that the focus of American
efforts should shift away from Clinton-era preoccupations with nation building,
international social work, and the incoherent use of force, and toward cultivating

28 Zbigniew Brzezinski, Second Chance: Three Presidents and the Crisis of American Superpower
29 Brzezinski, Second Chance, 139.
30 Halper and Clarke, America Alone: 133.
great-power relations and rebuilding the nations’ military, as he said that he “would be very careful about using [US] troops as nation builders” and that “we can’t allow ourselves to get overextended.” (He was therefore eager to extract the US military from its nation-building efforts in the Balkans.) In the words of Jacob Weisberg, Bush was a “Unipolar Realist” who dismissed peacekeeping and nation-building not driven by the American interest, had little use for the “smiles and scowls of diplomacy” and sought to abrogate the ABM treaty in favour of deploying the NMD (as he thought that the ABM treaty was a relic of the past.) The United States has previously resorted to unilateralism at many points in history, but Bush took it to a new level, not just as an ad hoc policy, but a new and wider strategic orientation, in what Charles Krauthammer called a “new unilateralism,” praising the Bush Administration for “willing to assert American freedom of action and the primacy of American national interests… rather than contain American power within a vast web of constraining international agreements.”

Nevertheless, Bush acknowledged that “America must be involved in the world,” setting out his foreign policy priorities in a speech on November 19, 1999, focusing on relations with rising powers such as Russia, China and India, and discussing the

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expansion of NATO and weapons proliferation. He stopped short of declaring a
grand vision of his own, preferring instead to focus on these unfinished issues. He
also rejected the notion of an American empire, and called for a humble foreign
policy: “Let us reject the blinders of isolationism, just as we refuse the crown of
empire. Let us not dominate others with our power… And let us have an American
foreign policy that reflects American character. The modesty of true strength. The
humility of real greatness.”

Contrary to popular belief, and despite the fact that many of Bush’s initial unipolar
policies coincided with the beliefs of the neo-conservatives, his administration was
not simply “neo-conservatives came to office.” “When campaigning, Bush did not
articulate a foreign policy that reflected the neo-conservative view of America’s role

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Simi Valley, California, November 19, 1999 [accessed October 10, 2008]
http://www.mtholyoke.edu/acad/intrel/wspeech.htm and “Bush backs NATO expansion”, BBC
According to Michael Meacher, The principal objective for the continued existence and expansion of
NATO is the encirclement of Russia and the pre-emption of China dominating access to oil and gas in
the Caspian Sea and Middle East regions ( Michael Meacher, “The era of oil wars”, Guardian, June 29,
2008 [accessed June 20, 2009]
40 Bush, “A Distinctly American Internationalism”. Nevertheless, Bush’s main agenda as he entered
office was not foreign policy, but his tax cuts program (James Mann, Rise of the Vulcans: The History
campaigned for a 10-year, $1.6 trillion tax cuts program, as his fiscal initiative to stimulate consumer
spending and “kick-start” the US economy out of the recession from which it suffered in 2000-2001.
However, the program was criticized by the Democrats who said that it disproportionately favoured the
rich, and that such a huge tax cut would return the federal government to deficit (“President Bush’s tax
http://news.bbc.co.uk/1/hi/business/1162709.stm) and thus have a negative impact on social programs
(“President Bush’s tax cure” and “Democrats declare war on Bush cuts”, BBC News, March 1, 2001,
26, 2001, the House of Representatives approved Bush’s tax cuts program by a vote of 240-154. Hours
later, the Senate approved it by a vote of 58-33. The Economic Growth Tax Relief and Reconciliation
Act (EGTRRA) thus became law, after reaching a compromise on the 11-year, $1.35 trillion tax cut
package, which is smaller than what Bush initially proposed (“US Congress passes tax cuts”, BBC
41 Halper and Clarke, America Alone: 14, 129, 130, and Ivo Daalder and James Lindsay, America
“in the world,” said Halper and Clarke.⁴² Bush himself was not a neo-conservative, as David Frum said that Bush “was not at all an ideological man.”⁴³ Vice President Dick Cheney, Secretary of Defence Donald Rumsfeld, Republican Senators, various interest groups and Bush’s personal beliefs all had an influence on Bush’s position on Kyoto, the ICC and the ABM treaty.⁴⁴

FOREIGN ENERGY, ENERGY CRISIS AND NATIONAL SECURITY

The perceived relationship between energy sufficiency and US national security had emerged as a significant issue during the 2000 presidential campaign,⁴⁵ due to soaring petrol prices in the summer of 2000 and the spectre of heating oil shortage in the

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⁴⁴ Halper and Clarke, *America Alone*: 129. There were different visions among the members of the Bush Administration. Vice President Dick Cheney was focused on the promotion of a national energy strategy (as evident in his meetings with energy executives days after Bush’s inauguration), and on the Iraqi problem, as seen during the first NSC meeting on January 30, 2001, as Cheney was “uncharacteristically excited” during the meeting as CIA Director George Tenet was showing photos of what he said was Iraqi WMD factories (Suskind, *The Price of Loyalty*: 72). This was also evident in Cheney’s quest to outgoing Secretary of Defence William Cohen to arrange a security briefing for the president elect, with a focus on Iraq. (Gordon, *Cobra II*: 13, and George Tenet, *At the Centre of the Storm: My Years at the CIA*. (London: Harper Press, 2007): 301). Secretary of State Colin Powell’s priorities were multilateral agreements and using diplomacy “to repair rips in the status quo rather than chart a bold course” for US foreign policy (Ivo Daalder and James Lindsay, *America Unbound: The Bush Revolution in Foreign Policy (first edition)*. (Washington, D.C., Brookings Institution Press, 2003): 46). Secretary of Defence Donald Rumsfeld was promoting military preponderance through the National Missile Defence system, in order to deter against threats from rogue states, and in taking action against what he perceived as the Iraqi threat. National Security Advisor Condoleezza Rice was interested mainly in China and Russia, as she wrote that “for America and our allies, the most daunting task is to find the right balance in our policy toward Russia and China. Both are equally important to the future of international peace.” (Condoleezza Rice, “Promoting the National Interest”, *Foreign Affairs*, January/February 2000: 55). She did note, however, that “the challenges they pose are very different”, as China is “a rising power” while, in the case of Russia, America’s security is more threatened by Russia’s weakness and incoherence than by its strength (Rice, “Promoting the National Interest”: 55, 58-59.)
winter. During the presidential campaign, Dick Cheney accused Bill Clinton and Al Gore of leaving the United States without an energy policy. Senate Majority Leader Trent Lott also emphasized the energy theme, promising that Bush and Cheney would establish a clear approach to energy issues.\(^{46}\) In part, the Bush Administration’s claim that America was suffering from an “energy crisis” was due to the electricity cut-offs in California, promoting Bush and Cheney to say that they were “deeply concerned” about a broader energy shortage: “It’s becoming very clear in our country that demand is outstripping supply.”\(^{47}\)

On March 14, 2001, during a visit to the Youth Entertainment Academy in New Jersey, Bush repeatedly declared that the United States was suffering from an “energy crisis”, adding that “the reality is, the nation has got a problem when it comes to energy. We need more sources of energy.”\(^{48}\) A few days later, on March 19, Bush once again provoked the prospect of an energy crisis after meeting the National Energy Policy Development Group (the group responsible for devising a national energy plan, headed by Cheney), saying that “demand for energy in the United States is increasing, much more so than production is, and, as a result, we’re finding in certain parts of the country that we’re short on energy”, and adding that “one thing is for certain, there are no short-term fixes; that the solution for our energy shortage requires long-term thinking and a plan that we’ll implement that will take time to

bring to fruition.” Furthermore, Energy Secretary Spencer Abraham warned the US Chamber of Commerce in March 2001 that the US was facing the most serious energy shortage since the 1970s, citing the energy crisis as a threat to US national security. Without a solution, he said, the energy crisis will threaten prosperity and national security and change the way Americans live.

In April, the report of an independent task force cosponsored by the James A. Baker III Institute and The Council on Foreign Relations (CFR), titled Strategic Energy Policy: Challenges for the 21st Century was submitted to Vice-President Cheney. It echoed Bush’s apocalyptic language, citing the energy crisis as a threat to US national security effects on US foreign policy:

> As the 21st century opens, the energy sector is in critical condition. A crisis could erupt at any time from any number of factors and would inevitably affect every country in today’s globalized world. While the origins of a crisis are hard to pinpoint, it is clear that energy disruptions could have a potentially enormous impact on the US and the world economy and would affect US national security and foreign policy in dramatic ways.

The Strategic Energy Policy report made it clear that the most serious threat came from the oil sector, and that it is the most serious oil crisis since the 1970s, saying that:

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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. These limits mean that America can no longer assume that oil-producing states will provide more oil. Nor is it strategically and politically desirable to remedy our present tenuous situation by simply increasing our dependence on a few foreign sources.\footnote{Morse and Jaffe, “Strategic Energy Policy: Challenges for the 21st Century”: vi.}

The CFR report also emphasized the mission of Cheney’s Energy Task Force to work out “how best to cope with high energy prices and how best to cope with reliance on foreign oil.”\footnote{“Alaska or bust”: 21.} Eventually, Cheney’s efforts with the Energy Task Force led to the \textit{National Energy Policy: Report of the National Energy Policy Development Group}, released in May 2001, with the warning that dwindling supplies of oil and gas, an antiquated power grid and burdensome regulation threatened to drag the United States into the worst energy supply crisis since the 1970s. Taking the interests of the energy industry into consideration, the \textit{National Energy Policy} (NEP) also “promised something for everyone in the world of energy business.”\footnote{Rutledge, \textit{Addicted to Oil}: 66.}

Bush’s public introduction of the NEP came on May 17, 2001, after visiting a high-tech energy generation plan, as he gave a speech at the River Centre Convention Centre in St. Paul, Minnesota, promoting his energy plan and stressing the link between foreign oil procurement and national security:

\begin{quote}
My administration has developed a sane national energy plan to help meet our energy needs this year and every year. If we fail to act on this plan, energy prices will continue to rise... If we fail to act, Americans will face more and more widespread blackouts. If we fail to act, our country will become more reliant on foreign crude oil, putting our national 
\end{quote}
energy security into the hands of foreign nations, some of whom do not share our interests.  

He added that, to protect national energy security from foreign threats and energy blackmail, the National Energy Policy aimed to:

*Expand and diversify our nation’s energy supplies.*  
Diversity is important not only for energy security, but also for national security. Over-dependence on any one source of energy, especially a foreign source, leaves us vulnerable to price shocks, supply interruptions, and in the worst case, blackmail.  

Bush also supported drilling for oil in the Arctic National Wildlife Refuge (ANWR) as a means to decrease America’s dependence on foreign oil, saying that “America today imports 52 percent of all our oil… we should produce more of it at home”, adding that “ANWR can produce 600,000 barrels of oil a day for the next 40 years. What difference does 600,000 barrels a day make? Well, that happens to be exactly the amount we import from Saddam Hussein’s Iraq” under the UN’s Oil For Food program. Similarly, the NEP stated that “ANWR production could equal 46 years of current oil imports from Iraq,” and recommended the development of ANWR energy resources:

*The NEPD Group recommends that the President direct the Secretary of the Interior to work with Congress to authorize exploration and, if resources are discovered, development of... ANWR. Congress should require the use of the best available technology and should require that activities will result in no significant adverse impact to the surrounding environment.*

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http://www.whitehouse.gov/news/releases/2001/05/20010517-2.html  
57 Bush, “Remarks by the President to Capital City Partnership”.  
58 Bush, “Remarks by the President to Capital City Partnership”.  
60 *National Energy Policy*: 5-10.
Justifying the need for a national energy strategy and the need for action on the energy procurement front, the NEP started with a grim picture of America’s energy situation:

*America in the year 2001 faces the most serious energy shortage since the oil embargos of the 1970s. The effects are already being felt nationwide. Many families face energy bills two or three times higher than they were a year ago. Millions of Americans find themselves dealing with… blackouts… Drivers across America are paying higher and higher gasoline prices. Californians have felt these problems more acutely.*

The NEP acknowledged the importance of oil, since it is “the largest source of primary energy, serving almost 40 percent of US energy needs,” forecasting that, in 2020, oil would “account for roughly the same share of US energy consumption as it does today.” It also warned that “estimates indicate that over the next 20 years, US oil consumption will increase by 33 percent, natural gas consumption by well over 50 percent, and demand for electricity will rise by 45 percent.” The NEP also warned that the impact of increasing demand and decreasing domestic production would lead to increased need for energy imports, with negative repercussions on America’s foreign policy:

*We produce 39 percent less oil today than we did in 1970, leaving us ever more reliant on foreign suppliers. On our present course, America 20 years from now will import nearly two of every three barrels of oil – a condition of increased dependency on foreign powers that do not always have America’s interests at heart.*

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61 National Energy Policy: viii
64 National Energy Policy: x.
65 National Energy Policy: x.
The first seven chapters of the NEP focused on boosting domestic energy output, particularly by removing the legal barriers on greater exploitation of domestic oil, gas and coal, and by increasing dependence on nuclear energy. In the eighth and final chapter, however, the NEP shifted emphasis from conservation and energy efficiency to the need for foreign oil. Chapter Eight, titled *Strengthening Global Alliance: Enhancing National Energy Security and International Relationships*, started by saying that “US national energy security depends on sufficient energy supplies to support US and global economic growth”. The NEP pointed out to the grim fact that “US oil consumption will continue to exceed production”:

*Over the next 20 years, US oil consumption will grow by over 6 mbpd [million barrels per day]. If US oil production follows the same historical pattern of the last 10 years, it will decline by 1.5 mbpd. To meet US oil demand, oil and [oil] product imports would have to grow by a continued 7.5 mbpd. In 2020, US oil production would supply less than 30% of US oil needs.*

Between 2000 and 2020, US imports of foreign oil would rise by 68%, from 11 mbpd to 18.5 mbpd, (and it is forecasted that the US will import 100% of its oil by 2050.) Therefore, the first recommendation in Chapter Eight was that “the NEPD Group recommends that the President make energy security a priority in our trade and foreign policy.” The fact that the NEP made 35 foreign policy recommendations (a third of its total recommendations) regarding oil imports, calling for stronger ties

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66 *National Energy Policy*: 8-1  
67 One barrel of oil is about 159 litres.  
70 Rutledge, *Addicted to Oil*: 130.  
between the United States and oil rich countries,\textsuperscript{72} and the overcoming of obstacles to US investments in these countries,\textsuperscript{73} showed the extent of the attention which the NEP paid to foreign energy sources and its impact on US foreign policy.

Beyond national energy security, however, there were the interests of the powerful lobby of economic interests and oil companies, to which Bush, Cheney, Rice and others in the administration were closely linked.\textsuperscript{74} The NEP advocated the effort of foreign energy procurement, in cooperation with major oil firms:

\begin{quote}
American energy firms remain world leaders, and their investments in energy-producing countries enhance efficiencies and market linkages while increasing environmental protections. Expanded trade and investment between oil importing and exporting nations can increase shared interests while enhancing global energy and economic security. Promoting such investments will be a core element of our engagement with major foreign oil producers.\textsuperscript{75}
\end{quote}

It thus recommended opening international markets to energy firms, (in a language similar to William Appleman Williams’s references to an Open Door policy, Milton Friedman’s call for a large role for American corporations, or Kolko’s writings on corporatism):

\begin{quote}
The NEPD group recommends that the President direct the Secretaries of State, Commerce and Energy to continue supporting American energy firms competing in markets abroad, and use our membership in multilateral organizations…to level the playing field for US companies overseas, and to reduce barriers to trade and investment.\textsuperscript{76}
\end{quote}

\textsuperscript{72} Klare, Blood and Oil: 62.
\textsuperscript{73} Klare, Blood and Oil: 62-63.
\textsuperscript{74} Rutledge, Addicted to Oil: 66.
\textsuperscript{75} National Energy Policy: 8-6.
\textsuperscript{76} National Energy Policy: 8-6.
Thus, the Energy Task Force and the NEP were “creatures of Cheney’s worldview” which sought to redefine the relation between regulation and the marketplace,\(^{77}\) where he was a true believer that national security and economic health required a boost in energy production, and this, in turn, required a rollback of stifling rules and greater government cooperation with the energy industry.\(^{78}\) He also resisted legal action to release the documents of the energy executives and NEPDG meetings, citing his belief that such revelations would limit the powers of the executive and of the President of the United States, preventing the privacy and flexibility necessary to do the job.\(^{79}\)

Experts disagree, nevertheless, on whether the United States was indeed suffering from an energy crisis in early 2001. Some government experts doubted that a crisis existed. *The Economist* magazine said that Bush “has insisted, on absolutely no evidence whatsoever, from his first days in office, that America was mired in a serious energy supply crisis.”\(^{80}\) Furthermore, the National Energy Policy suggested drilling on ANWR to solve California’s power cuts, even though California did not burn oil in its power plants.\(^{81}\) Moreover, Paul Krugman wrote on May 20, 2001, that Cheney has “fabricated an energy crisis.”\(^{82}\) Also, Judy Pasternak wrote in the *Los Angeles Times* in August 2001 that the basic assumptions in the National Energy Policy were “tailored to the [energy] industry’s measures” citing that a briefing paper prepared for a March 19 task force meeting with Bush said that “on the whole, US

\(^{77}\) Gellman, *Angler*: 81, 90.
\(^{78}\) Gellman, *Angler*: 94.
\(^{80}\) “Hot air rising”, *The Economist*, September 20, 2003: 52. He “invoked crisis once again to justify his policies” in a speech after the blackout of August 2003, and said “Lights went out… you know that.” Yet the lights did not go out because of any scarcity of power-generation capacity or of fossil-fuel supply (ibid).
energy markets are working well, allocating resources and preventing shortages” which is different from the NEP invocation of the worst energy crisis since the 1970s. Pasternak adds that one staffer recalled seeing a memo that discussed “utilizing” California’s blackouts and the summer 2000 high prices of gasoline to press for more drilling for gas and oil.83

One of the obvious regions affected by Bush’s energy plan for America’s foreign policy was the Middle East, especially Saudi Arabia; a friend in the region, who also happened to be the on-off number one supplier of America’s foreign oil. During a meeting with the National Energy Policy Development Group on March 19, 2001, Bush commended the Saudi efforts to maintain oil prices within a reasonable range, saying that “the Saudi [oil] minister made it clear that he and his friends would not allow the price of oil, crude oil to exceed $28 a barrel. That’s very comforting to the American consumer, and I appreciate that gesture. I thought that was a very strong statement of understanding, that high prices of crude oil will affect our economy.”84

Also, Baker’s Strategic Energy Policy report praised Saudi Arabia’s role in acting as a swing producer when Saddam Hussein cut oil supplies, especially given Saddam’s attempts to use of the oil weapon and become a “swing producer”, and the domestic pressure on the Gulf Cooperation Council states not to increase oil production:

Over the past year, Iraq has effectively become a swing producer, turning its taps on and off when it has felt such action was in its strategic interest to do so. Saudi Arabia has proven willing to provide replacement supplies to the market when Iraqi exports have been reduced. This role has been extremely important in avoiding greater market volatility and in countering Iraq’s effort to take advantage of the oil market’s structure.85

However, troubles in US-Saudi relations started just before the September 11 attacks, as the United States and Saudi Arabia clashed over the Arab-Israeli conflict and global oil prices.86 In late August 2001, Crown Prince Abdullah bin Abdul Aziz (then the de-facto ruler of Saudi Arabia due to King Fahd’s ailing health) dispatched Prince Bandar bin Sultan, the Saudi ambassador to the United States87 to give the Americans a harsh message: “If the United States continued to permit Israel to wage war on Palestine, Saudi Arabia would have to heed Arab public opinion,”88 adding that “it is time for the United States and Saudi Arabia to look at their separate interests,”89 and that the relations between the two nations “were at a crossroads, and Saudi Arabia will now look after its own interests.”90

Thus, Bush discovered during his first months in office that he could be challenged by his regional allies, not only due to disagreements with Saudi Arabia but also due to the Gulf States’ refusal to subdue to America’s energy demands. Furthermore, Baker’s Strategic Energy Policy report warned that there were dangers in taking the

88 Thomas, “The Saudi Game”: 34.
co-operation of Gulf Arab oil producers for granted, saying that “Saudi Arabia’s role in this needs to be preserved, and should not be taken for granted. There is domestic pressure on the GCC leaders to reject cooperation to cool oil markets during times of a shortfall in Iraqi oil production.” The Strategic Energy Policy report added the “possibility that Saddam Hussein may remove Iraqi oil from the market for an extended period of time and that Saudi Arabia will not or cannot replace all of the barrels”, saying that this “is a contingency that continues to hang over the market.”

Thus, the NEPD Group recommended the President to “support initiatives by Saudi Arabia, Kuwait, Algeria, Qatar, the UAE and other suppliers to open up areas of their energy sectors to foreign investors.”

At the same time that the NEPD Group recognised the central importance of the Middle East for global energy supplies, it devoted attention to exploring ways in which US dependence on the region could be reduced. According to a report issued by EMAP Business International Ltd on July 1st, 2001:

The United States now imports about 10 million barrels a day (b/d) of oil, compared with just 4.3 million b/d in 1985. Imports account for 51.6 per cent of total oil consumption, compared with 34.8 per cent in 1973. The Middle East supplies 24 per cent of US oil imports, with Saudi Arabia and Iraq the leading suppliers, at 1.6 million barrels per day and 600,000 barrels per day respectively in 2000.

95 “Regional: US energy review sidesteps sanctions issue”.
Furthermore, the NEP noted that Middle East oil resources will always be vital to the United States:

By 2020, Gulf oil producers are projected to supply between 54% and 67% of the world's oil. Thus, the global economy will almost certainly continue to depend on the supply of oil from Organization of Petroleum Exporting Countries (OPEC) members, particularly in the Gulf. The region will remain vital to US interests. Saudi Arabia, the world’s largest oil exporter, has been a linchpin of supply and reliability to world oil markets. Saudi Arabia has pursued a policy of investing in spare oil production capacity, diversifying export routes to both of its coasts, and providing effective assurances that it will use its capacity to mitigate the impact of oil supply disruptions in any region.96

Due to the importance of Middle East oil, the NEP called on Bush to urge the Gulf States to open their energy sectors for foreign investment, as “the NEPD Group recommends that the President support initiatives by Saudi Arabia, Kuwait, Algeria, Qatar, the UAE and other suppliers to open up areas of their energy sectors to foreign investment.”97 Similarly, Strategic Energy Policy report recommended that “the Department of State, together with the National Security Council, the Department of Energy and the Department of Commerce should develop a strategic plan to encourage the reopening of foreign investment in… important states of the Middle East Gulf.”98 Furthermore, said the Strategic Energy Policy report, the United States should “initiate efforts to spur the reopening of countries that have nationalized and monopolized their upstream sectors,”99 because “if political factors were to block the

96 National Energy Policy: 8-4, 8-5.
development of new oil fields in the Gulf, the ramifications for world oil markets could be quite severe.”¹⁰⁰

What made matters worse for the West was that Persian Gulf States would not want to invest heavily in increasing their oil production, since, according to the International Energy Agency (IEA) the Persian Gulf producers would have to spend $523 billion on new equipment and technology between 2001 and 2030 to increase their output as required.¹⁰¹ They were not willing to spend such a huge sum,¹⁰² and, despite being rich and being attractive candidates to loans from international banks, it was unlikely that they would be able to assemble such a huge sum of money without foreign investment in their state-controlled oil industry, which would contradict their policies of full control over their nationalized energy sectors.¹⁰³ Furthermore, the Gulf States did not have the desire to increase oil production, since an increase in supply would decrease the price of oil, and this was simply not in their self-interest.¹⁰⁴ Saudi Arabia was reluctant to increase production, and the Kuwaiti constitution prohibited foreign ownership of petroleum reserves while the government limited the participation of foreign firms in other activities. Qatar and the UAE were more open to foreign investment but legal and technical obstacles stood in the way of increased production.¹⁰⁵

However, the country which really attracted the attention of Bush and the administration hawks during the first few months in office was Iraq, due to the fact

¹⁰¹ Klare, Blood and Oil: 79.
¹⁰² Rutledge, Addicted to Oil: 143.
¹⁰³ Klare, Blood and Oil: 79-80.
¹⁰⁴ Rutledge, Addicted to Oil: 142, 143.
¹⁰⁵ Klare, Blood and Oil: 80.
that it was a rogue state, and due to the importance of its energy resources. Even before taking office, Cheney requested the outgoing Secretary of Defence William Cohen to arrange a security briefing for the president elect, with a focus on Iraq.  

During the first NSC meeting, on January 30, 2001, Bush’s policy on rogue states came down to one: Iraq, with the main topic as the Middle East, as Bush opened the meeting with a reference to the region. Bush wanted to disengage from the Arab-Israeli conflict and let both sides work it out themselves. “We’re going to tilt back toward Israel and we’re going to be consistent. Clinton overreached, and it all fell apart,” he said. Secretary of State Colin Powell said that this was hasty since it would unleash Israeli Prime Minister Ariel Sharon and the Israeli army, with dire consequences to the Palestinians. Bush replied: “Maybe it’s the best way to get things back in balance… Sometimes a show of strength by one side can really clarify things.”

The Arab-Israeli peace process was not the only commitment from which Bush withdrew. During the first eight months in office, Bush withdrew from foreign policy commitments that he inherited from Clinton. He withdrew the US from its commitments to the Arab-Israeli conflict, the Kyoto agreement, the International Criminal Court, the Korean Sunshine Policy, and peacemaking in the Colombian civil war.

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Bush, supported by others like Secretary of Defence Donald Rumsfeld, saw that it would be more feasible to start with Iraq. As Secretary of the Treasury Paul O’Neill noted, a “major shift” was under way in US foreign policy. After more than 30 years of intense engagement, from Nixon to Clinton, America was now washing its hands of the Arab-Israeli conflict, and focusing on Iraq. Rice showed a report titled “How Iraq is destabilizing the region,” where she noted that “Iraq might be the key to reshaping the entire region.” To support Rice’s argument, CIA Director George Tenet produced a picture of what he said was a chemical or biological weapons factory.

After the January 30 meeting, the National Security Council assigned members to different approaches to the Iraqi issue. Powell would work on sanctions, Rumsfeld would examine military options which included rebuilding the military coalition of the 1991 Gulf War, examining the use of US ground forces in the north and south of Iraq and studying how the armed forces could support groups inside the country who could help challenge Saddam. Tenet would work on improving intelligence and covert operations. Treasury Secretary Paul O’Neill would investigate how to squeeze Saddam’s regime financially.

In the NSC Principals meeting on February 1st, 2001, Rumsfeld said that a regime change in Iraq would set an example to the rest of the region. He said “Imagine what the region would look like without Saddam and with a regime that is aligned with US interests. It would change everything in the region and beyond it. It would demonstrate what US policy is all about.” The hanging question was not “why should Iraq be targeted”, but “how.” Condoleezza Rice, Donald Rumsfeld and JCS Chairman

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Henry Shelton discussed rebuilding the 1991 Gulf War coalition, though an invasion was never specifically mentioned. Rumsfeld added: “It is not my specific objective to get rid of Saddam… I am after the weapons of mass destruction. Regime change is not my prime concern.” Rumsfeld believed that universally available technologies enabled small or medium sized states to perform dangerous asymmetrical attacks on US forces around the globe. His military ideology thus included the need to “dissuade” others from creating asymmetrical threats and to “demonstrate” America’s unilateral resolve, as he wrote in January 2001. He recommended increasing the US ability to deter the use of WMD and long-range missiles against US interests, i.e.: the promotion of the National Missile Defence (NMD) system. O’Neill thought that Rumsfeld’s ambitions on Iraq were a part of Rumsfeld’s broader ideology: the need to dissuade others from creating asymmetrical threats in order to demonstrate America’s unilateral resolve. Rumsfeld was also working on a new strategy to enforce the No-Fly-Zones as a means of weakening Saddam’s regime. Thus, the Pentagon started working on developing military options for Iraq, months before the September 11 attacks.

Furthermore, insiders interviewed by Greg Palast for BBC Newsnight added that Bush’s secret planning for Iraq’s oil started “within weeks” after the Bush


114 Gordon and Trainor, Cobra II: 15.

115 Woodward, Bush at War: 49. Also, according to testimony by head of MI6 Sir John Sawers (who was British Prime Minister Tony Blair’s private secretary for foreign affairs in the run-up to the Iraq war of 2003) discussions took place in January 2001 between Bush and Blair on how to change the regime in Iraq. “There was no discussion of military invasion or anything like that,” said Sawers, but preferred tactics were similar to those used to oust the former Serbian Leader Slobodan Milosevic (Michael Savage, “UK and US talked of toppling Saddam in 2001”, Independent, December 11, 2009: 25).
administration took office, long before the September 11 attacks.\textsuperscript{116} Moreover, linked to Rumsfeld’s plans for Iraq were the Secretary of Defence’s specific intentions towards Iraq and its oil:

Documents were being prepared by Defence Intelligence Agency, Rumsfeld’s intelligence arm, mapping Iraq’s oilfields and exploration areas and listing companies that might be interested in leveraging the precious asset. One document, headed “Foreign Suitors for Iraqi Oilfields Contracts” lists companies from thirty countries – including France, Germany, Russia, and the United Kingdom- their specialities, bidding histories, and in some cases their particular areas of interest. An attached document maps Iraq with markings for “supergiant oilfields”, “other oilfields” and “earmarked for production sharing” while demarking the largely undeveloped southwest of the country into nine “blocks” to designate areas for future exploration.\textsuperscript{117}

The link between the energy strand and other national security strands was evident in a top-secret document, dated February 3, 2001, where a high NSC official directed the NSC staff to cooperate with the National Energy Policy Development Group to assess the military implications of the Bush Administration’s energy plan. Jane Mayer of The New Yorker said that this document showed the “melding” of two seemingly unrelated top priorities: “the review of operational policies towards rogue states”, such as Iraq, and “actions regarding the capture of new and existing oil and gas fields.”\textsuperscript{118} Mark Medish, who served as a senior NSC director during the Clinton

\textsuperscript{117} Suskind, The Price of Loyalty: 96.
Administration, told Mayer in response to this document that “if this little group was discussing geostrategic plans for oil, it puts the issue in the context of the captains of the oil industry sitting down with Cheney and laying grand, global plans.”

Another sign of the link between energy and other foreign policy strands was that Dick Cheney headed the committee that oversaw energy, as well as installing himself as overseer of defence and foreign policy portfolios and sitting in on the weekly lunches held by Rice, Rumsfeld and Powell even before the September 11 attacks.

Moreover, in May 2001, Bush asked Cheney to create a new office within Federal Emergency Management Agency (FEMA) to prevent terrorist acts and/or weapons of mass destruction attacks within the United States, and to oversee these defence preparations himself. The task force was just getting underway when the September 11 attacks occurred. Furthermore, Cheney’s interest in the Iraqi problem was seen during the first NSC meeting on January 30, 2001, and in his quest to outgoing Secretary of Defence William Cohen to arrange a security briefing for the president elect, with a focus on Iraq. Thus by mid-2001, Cheney was in a position to oversee discussions of policy on Iraq, discussions of policy on energy, and discussions of policy on counter-terrorism, indicating that the strands of military preponderance, energy procurement and anti-terrorism (and possibly the fourth strand of overall

122 Cheney was “uncharacteristically excited” during the meeting as CIA Director George Tenet was showing photos of what he said was Iraqi WMD factories (Ron Suskind. The Price of Loyalty. (London: Free Press, 2004): 72).
global power projection, as seen in the QDR of September 2001) were related even before September 11. (The Cheney vice-presidency was unique in American history, as all foreign policy issues went through Cheney.\textsuperscript{124} Despite not being the only source of foreign policy strategy, he was nevertheless the “vortex” of foreign policy,\textsuperscript{125} the “tie-breaker” in foreign policy making disputes.)\textsuperscript{126}

Also, the fact that the same maps and lists were used by Secretary of Defence Rumsfeld and by the National Energy Policy Development Group shows the linkage between the strands of military preponderance and foreign energy procurement.\textsuperscript{127} Furthermore, Rumsfeld’s interest in Iraq’s oilfields was linked to his support for pre-emptive strikes and to his policy to use military force to “dissuade” and “demonstrate”:

\textit{The desire to “dissuade” countries from engaging in “asymmetrical challenges” to the United States – as Rumsfeld said in his January [2001] articulation of the demonstrative value of a pre-emptive attack – matched with plans of how the world’s second largest oil reserve might be divided among the world’s contractors made for an irresistible combination, O’Neill said.}\textsuperscript{128}

\textsuperscript{124} Halper and Clarke, \textit{America Alone}: 120.
\textsuperscript{125} Halper and Clarke, \textit{America Alone}: 120.
\textsuperscript{126} Michael Hirsh and Daniel Klaidman, “Condi’s clout offensive”, \textit{Newsweek}, March 14, 2005: 31.
\textsuperscript{128} Suskind, \textit{The Price of Loyalty}: 96.
The Bush administration’s concern over Gulf oil supplies resulted in an increased focus on Iraq, as Strategic Energy Policy report recommended that, in order to reduce Saddam’s oil threat, the United States should:

Review policies towards Iraq with the aim to lowering anti-Americanism in the Middle East and elsewhere, and set the ground to eventually ease Iraqi oilfields investment restrictions. Iraq remains a destabilizing influence to US allies in the Middle East, as well as to regional and global order, and 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 program to manipulate oil markets. This would display his personal power, enhance his image as a “Pan Arab” leader supporting the Palestinians against Israel, and pressure others for a lifting of economic sanctions against his regime.129

Furthermore, said the Strategic Energy Policy report, the US should review its policy on Iraq, taking into consideration military, economic, energy and diplomatic factors, especially that, the report implied, sanctions were not always effective:

The United States should conduct an immediate policy review toward Iraq, including military, energy, economic and political/diplomatic assessments... Sanctions that are not effective should be phased out and replaced with highly focused and enforced sanctions that target the regime’s ability to maintain and acquire weapons of mass destruction.130

The Strategic Energy Policy report also recommended the resumption of investment in the Iraqi oil sector when the time is right (especially that sanctions on oil were actually strengthening Saddam’s grip on his country, and that he still had sources of

revenue despite the sanctions) while putting into consideration the risks that lifting the sanctions would entail, like encouraging Saddam to use his oil to challenge the US interests, and offending the Gulf States who did not want to face competition from an Iraqi oil production increase. However, said the report, action on Iraq’s oil was necessary, especially given the global importance of Iraq’s oil reserves:

Once an arms-control program is in place, the United States could consider reducing restrictions on oil investments inside Iraq. Like it or not, Iraqi reserves represent a major asset that can quickly add capacity to world oil markets and inject a more competitive tenor to oil trade. However, such a policy will be quite costly as this trade-off will encourage Saddam Hussein to boast his “victory” against the United States, fuel his ambitions, and potentially strengthen his regime. Once so encouraged and if his access to oil revenues were to be increased by adjustments in oil sanctions, Saddam Hussein could be a greater security threat to US allies in the region if weapons of mass destruction (WMD) sanctions, weapons regimes, and the coalition against him are not strengthened. Still, the maintenance of the continued oil sanctions is becoming increasingly difficult to implement. Moreover, Saddam Hussein has many means of gaining revenues, and the sanctions regime helps perpetuate his lock on the country’s economy. Another problem with easing restrictions on the Iraqi oil industry to allow greater investment is that GCC allies of the United States will not like to see Iraq gain larger market share in international oil markets… These issues will have to be discussed in bilateral exchanges.\textsuperscript{131}

Despite the Strategic Energy Policy report’s focus on Iraq, the National Energy Policy did not recommend any policies specifically for Iraq. “It is unbelievable how little attention was paid to Iraq,” said Amy Myers Jaffe, senior energy adviser at the

\textsuperscript{131} Morse and Myers, “Strategic Energy Policy: Challenges for the 21st Century”: 47.
Baker Institute and one of the authors of the *Strategic Energy Policy* report, adding that “the problem of Iraq is the major underlying problem in the oil market.”

Nevertheless, between January and September 2001, the Bush Administration was still undecided on how to deal with Saddam, as it had three options on the table; enforcing the No-Fly-Zones to protect the Kurds in the north and the Shiites in the south, regime change through an armed coup by Iraqi opposition groups, and enforcing the UN economic sanctions. Bush empowered three working groups to study each of these three options.

One of the first things that George W. Bush did when he took office was to launch air strikes against Iraq in February in areas outside the No Fly Zones. Speaking during his first presidential visit abroad, to Mexico, Bush stressed that the raids were just a “routine” enforcement of the NFZs, and that they were a “part of a strategy” towards Iraq. But while the Americans talked down the significance of the raid, analysts said that it looked like a warning to the government in Baghdad.

Parallel to enforcing the NFZs, the administration worked on the new package of “smart sanctions” in the hope of restoring international solidarity against Iraq’s acquiring military equipment or materials for weapons of mass destruction. On May 22, 2001, the United States and Britain formally presented the new Iraq

132 “Regional: US energy review sidesteps sanctions issue”.
sanctions proposal to the U.N. Security Council. The “smart sanctions” aimed to increase the amount of legal trade with Baghdad while also cutting smuggling routes. They would ease restrictions on civilian goods but retain bans on military hardware, reviewing a list of “dual use” supplies that could be used for both military and civilian purposes, and dropping embargoes on all non-military imports to Iraq. Iraq's neighbours, Jordan, Turkey and Syria, would be allowed to import 150,000 barrels of oil a day under the US-British plan. China and France agreed that Iraq would not be allowed to import a core list of goods which could potentially help Iraq in building weapons of mass destruction. France, who was sympathetic to Iraq, tried to persuade Baghdad to agree to the plan. Iraq, who produced nearly 5% of world exports at the time, halted its oil exports on June 4, 2001, to protest against the US-backed British proposal, triggering a wave of panic buying. In early June, Brent crude futures for July delivery rose by 43 cents to reach $29.5/barrel on the International Petroleum Exchange in London. On July 3, however, Britain and America dropped

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140 “Iraq sanctions in balance”


their proposal after Russia threatened to veto the idea at the UN, ending the immediate possibility of smart sanctions as proposed by Powell. So Iraq announced on July 6, 2001, that it would resume oil exports after a month-long standoff.

A third approach was advocated by the administration hawks, like Rumsfeld and his deputy Paul Wolfowitz, who preferred to depend on more support of the Iraqi opposition groups in order to change the regime in Baghdad. (Wolfowitz was the greatest supporter of removing Saddam. He believed that it was possible to send in the military to overrun and seize Iraq’s southern oil fields (about 1,000 wells, two thirds of Iraq’s oil production) which were 60 miles from Kuwait’s borders. He thought that if this happened, the Iraqi people would be encouraged to remove Saddam. Powell, on the other hand, thought that this was an absurd and unsound plan, and a “lunacy.”) Another hawk was Richard Perle, a self-described advocate of “regime change” in Iraq, who said at the American Enterprise Institute (API) in April 2001 that there was “an obvious alternative to sanctions and that is to support the internal opposition to Saddam” and that “German intelligence has estimated that by 2003, Saddam Hussein will have two or three nuclear weapons.” Perle reflected the


146 However, during confirmation hearings, Wolfowitz was asked if there was a feasible way to remove Saddam from power, and he replied “I haven’t seen it yet” (Bacevich, American Empire, 207).
149 “Bush seen backing Iraqi opposition against Saddam.”
hawks’ rejection of sanctions, saying that “the sanctions policy has failed and will be even less effective in the future”, and adding that “we probably can’t police the current sanctions, much less the so-called smart ones.”¹⁵⁰ Both Wolfowitz and Perle were “democratic imperialists”, calling for the active deployment of overwhelming American military, economic and political strength to remake the world in its image, not just by toppling tyrants but also by creating democracies in their wake.¹⁵¹ Cheney, too, favoured military action, as evident in his quest to outgoing Secretary of Defence William Cohen to arrange a security briefing for the president elect, with a focus on Iraq, before Bush took office.¹⁵²

However, the strategy was still in development stage, and on April 25, 2001, in a deputies meeting which included Wolfowitz, Deputy Secretary of State Richard Armitage, and Cheney’s national security adviser Lewis Libby, a draft for a military coup was set down for further revisions.¹⁵³ On June 1, 2001, Rice chaired a meeting of the Principals Committee, where four options were on the table: continuing the current containment strategy, continuing containment while actively supporting Saddam’s opponents, setting up a safe haven for insurgents in southern Iraq, and planning a US invasion. On August 1, the deputies presented the principals with a secret document, “A Liberation Strategy”, which envisioned heavy reliance on the Iraqi opposition to pressure Saddam’s regime. However, a formal policy recommendation for attacking Iraq was never forwarded to Bush, no policy was set,

¹⁵⁰ “Bush seen backing Iraqi opposition against Saddam”.

¹⁵³ “US considers Iraqi coup”.

120
and administration officials continued to pursue their separate agendas. Bush himself was reluctant to define a course of action. A White House official stated that “faced with a dilemma, [Bush] has this favourite phrase he uses all the time: Protect my flexibility.” To preserve this flexibility, the NSC authorized the three working groups to consider covert action to topple Saddam, to consider enforcing the NFZs and to evaluate smart sanctions.

Nevertheless, even though Bush considered Saddam a threat to be kept in check, and even though he told Clinton that Iraq, along with the missile defence system, were the two largest external threats that America faced, it seemed that the Bush Administration did not yet consider the Iraqi weapons of mass destruction an immediate threat. Colin Powell said in a press conference in Cairo in February 2001 that Saddam “has not developed any significant capability with respect to weapons of mass destruction. He is unable to project conventional power against his neighbours.” He also said “We kept him contained, kept him in his box.” When asked by *Time* magazine in late August 2001 “Do you see Saddam as a threat?” Powell replied “I do not lose a lot of sleep about him late at night.” Moreover, Condoleezza Rice, despite her NSC presentation of January 2001, said in a press conference in July 2001 “We are able to keep arms from him [Saddam]. His military

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156 Lucas and Ryan, “Against Everyone and No-One”: 163.
157 Bush said that Saddam was “still a menace, and we need to keep him in check, and will” (Christopher Dickey, “Why not Saddam?” *Newsweek*, August 20, 2001: 28).
forces have not been rebuilt.”

Tenet, too, said that during the spring and summer of 2001, the topic of Iraq “faded into the background” of his priorities as he paid more attention to “plenty of other issues.”

This shows that there was no coherent or unified policy on Iraq among the members of the Bush Administration before the September 11 attacks. Thus, the attention given to Iraq did not result in a clear or precise decision on what was to be done. Rather, its immediate significance was the marginalizing of the Arab-Israeli peace process. In a sharp break with Clinton, who was personally involved in negotiations between Israelis and Palestinians, Bush declined even to send an envoy to the last-ditch Israeli-Palestinian peace talks at Taba, Egypt, in late January 2001. The White House eventually eliminated the post which Dennis Ross had held for eight years, and three months into the administration the NSC still did not have a senior director for Middle East affairs. In late February, Colin Powell went on his first trip abroad since taking office; a six-nation tour of the Middle East, including Egypt, Saudi Arabia and Syria, but Iraq was the main issue of the trip, discussing the sanctions on Iraq and the American raid on Iraq in February 2001. The Bush Administration did not give up on containing Saddam, but they were still undecided on how exactly to get rid of him.

161 Moore, The Official Fahrenheit 9/11 Reader: 79. Furthermore, in December 2000, the CIA and other intelligence agencies produced a National Intelligence Estimate carrying the headline “Iraq: Steadily Pursuing WMD Capabilities” but the text was more cautious, stating that “Iraq did not appear to have taken significant steps toward the reconstruction” of WMDs (Gordon, Cobra II: 125 and Lucas and Ryan, “Against Everyone and No-One”: 161).


Iraq was not the only rogue state with oil reserves against which the Bush administration had plans. Libya and Iran, too, were rogue states whose significant oil reserves played a role in the Bush foreign policy. US policy on rogue states was intertwined with the National Missile Defence system. The Bush Administration had motives, other than defence, for building the missile shield. The National Missile Defence (NMD) system would back up an American first strike against a state armed with ballistic missiles and/or weapons of mass destruction. This would “preserve freedom of action” in a regional conflict involving North Korea or any other potential state armed with weapons of mass destruction.165 (This was linked to the Nuclear Posture Review (NPR), which was “unveiled at the end of 2001 in the highly charged post-September 11 political climate, [which represented] an abrupt departure from the policies of prior post-Cold War administrations, Republican and Democratic alike.”)166 This “integrated, significantly expanded planning of doctrine for using nuclear weapons against a wide range of potential adversaries… reverse[d] an almost two-decades-long trend of relegating nuclear weapons to the category of weapons of last resort,”167 and was explicitly directed at China, Iran, Iraq, Libya, North Korea, Russia and Syria. Indeed, Laurence Kaplan wrote in March 2001 that “missile defence [wassn’t] really meant to protect America,”, and that it was “a tool for global dominance.”168

Beyond the specific issue of missile defence, the United States did not significantly shift its position towards rogue states under the Bush Administration, as Bush’s policy on rogue states was essentially the same as his predecessor Clinton, apart from Iraq to

168 Bacevich, American Empire: 223.
which Bush gave much more attention than Clinton. 169 (Indeed, seven rogue states
were mentioned in the 2000 campaign: Iran, Iran, Sudan, Syria, Libya, North Korea
and Cuba.) 170 Focused mainly on Iraq, the Bush Administration wanted to soften its
line on Iran and Libya, (as seen, for example, in Bush’s initial desire to extend the
Iran-Libya Sanctions Act for only two years instead of five). 171

Vice President Cheney expressed his opposition to the sanctions on Iran, a position
complementing that of the US oil companies during his tenure as CEO of
Halliburton. 172 There were also signs that the Bush Administration was ready to
initiate dialogue if Iran took steps to change its behaviour. 173 Despite these initial
signs, however, it was evident from the first days in office that Iran policy sunk
quickly to the bottom of the administration’s lists of priorities. 174 There was a policy
review on Iran, but it was never concluded, and by September 11, 2001, Iran policy
was officially “still being studied.” 175

On Libya, Bush was very much following the Clinton policy. 176 He was anxious not
to be seen as soft on rogue states in his first term in office, but he was also under two

169 Litwak, “Iraq and Iran: From Dual to Differentiated Containment”: 189, 193 and Michael Nacht,
“Weapons Proliferation and Missile Defence: New Patterns, Tough Choices”, In Robert Lieber (ed.)
Eagle Rules? Foreign Policy and American Primacy in the Twenty-First Century (New Jersey, Prentice
Hall, 2002): 284. North Korea, Iran and Iraq were cited as “rogue states” until the US State Department
announced in June 2000 that it would stop using the term “rogue states” and replace it with the more
diplomatic “states of concern.” However, the “rogue states” rubric was revived by the George W. Bush
Administration to mobilize domestic political support for the ballistic missile defence system (ibid).
170 Frances Fitzgerald, “The black comedy of missile defence”, Foreign Policy in Focus, December 21,
172 Kenneth M. Pollack, The Persian Puzzle: The Conflict Between Iran and America, (New York:
173 Litwak, “Iraq and Iran: From Dual to Differentiated Containment”: 193.
conflicting sets of pressure from the relatives of the American victims of the Pam Am flight which was bombed over Lockerbie in 1988 on the one hand, and oil companies who were anxious to secure lucrative contracts in Libya on the other hand. The Washington-based lobby group USA-Engage suggests that the sanctions cost American companies billions of dollars in lost exports every year. Pro-trade groups such as USA-Engage and other business groups depended on Cheney as their ally on the issue of the Iran and Libya Sanctions Act, for his work against unilateral US sanctions when he was CEO of Halliburton.

The NEP called for a general reviewing US sanctions on oil-producing states, but no specific example was offered. Neither Iraq, Iran or Libya were mentioned by name in the 21-page chapter on “National Energy Security and International Relationships.” Instead, there was only a vague reference to reviewing overall sanctions policy, stating that:

Sanctions should be periodically reviewed to ensure their continued effectiveness and to minimize their costs on US citizens and interests... The NEPD Group recommends that the President direct the Secretaries of State, Treasury and Commerce to initiate a

177 “When will sanctions be lifted?” BBC News, February 1, 2001, [accessed February 1, 2001]
http://news.bbc.co.uk/1/hi/world/1148057.stm
http://web.lexis-nexis.com/executive/form?_index=exec_en.html&_lang=en&ut=3311241244. (The oil lobby would be disappointed to see that the NEP of May 2001 did not lift the sanctions against Iran and Libya). In early 2001, a Scottish court at Camp Zeist in the Netherlands convicted Libyan Abdel Basset Ali Al Megrahi of murder in the 1988 Lockerbie airline bombing in which 270 people died. The second defendant, Al Amin Khalifa Fhimah, was acquitted. In late January 2001, Bush said that Libya must accept its responsibility for the Lockerbie bombing and compensate the families of the victims. The White House said that sanctions on Libya (which included restrictions on trade and travel and a ban on US oil companies from operating there, and were suspended after Libya surrendered the two Lockerbie suspects for trial in 1999) should remain in place until the relatives had been compensated. The White House also said that the US and British governments had made it clear to Libya “that the delivery of a verdict against the suspects... does not in itself signify an end to UN sanctions against Libya”. The statement added that the relevant UN Security Council Resolution called on Libya to provide “compensation to the victims' families” and to accept “responsibility for this act of terrorism, before UN sanctions will be removed.” (“Bush: Libya must accept responsibility”, BBC News, January 31, 2001 [accessed January 31, 2001], http://news.bbc.co.uk/1/hi/world/1145992.stm).
179 Lake, “Analysis: Energy report hedges on Iran”
The Bush Administration did review the sanctions on Iran, but indicated that it would make no decisions until after their elections, scheduled in June 2001. The pro-Israel lobby in Congress pressed for reauthorisation of the Iran-Libya Sanctions Act, which in theory had prohibited foreign companies from making new investments in Iran of more than $40 million but it had never been enforced in practice. The call for renewal caused a political battle between the pro-Israeli groups, who were in favour of renewal, and the US oil industry who argued that the law had been bad for business and was a political failure. In July 2001, the US Senate extended the sanctions for a further five years, but the Bush Administration argued for only two years, as this would give the US some flexibility to change its policy towards Libya and Iran when necessary. The extension of the law was also opposed by many European countries which have companies involved in the energy sector in Iran and Libya. The new law was criticised by the European Commission. External Relations Commissioner Chris Patten said that such measures threatened the open international trading system, and that the EU would take measures against the US through the World Trade Organisation if any action was taken against European companies operating in Iran.

181 Lake, “Analysis: Energy report hedges on Iran”
and Libya. Nevertheless, Bush signed the five-year extension into law in August 2001.\textsuperscript{184}

Due to the problems of relying on Middle East oil, an alternative was diversification. The NEP added that, despite the Persian Gulf’s importance, the United States had to continue to diversify its resources away from the Middle East, through global engagement in other regions:

\begin{quote}
\textit{Middle East oil production will remain central to world oil security. The Gulf will be a primary focus of US international energy policy, but our engagement will be global, spotlighting existing and emerging regions that will have a major impact on the global energy balance.}\textsuperscript{185}
\end{quote}

In an effort to achieve diversification, one of the solutions that Bush proposed was a hemispheric solution to the energy problem, involving cooperation with countries of the Western Hemisphere. During the first presidential candidates’ debate in October 2000, Bush called for “a hemispheric energy policy where Canada and Mexico and the United States come together.” He restated this during the California energy crisis in January 2001; “The quickest way to have impact on the energy situation is for us to work with Mexico, and a certain extent Canada, to build a policy for the hemisphere.” Furthermore, prior to his visit to Mexico in February 2001, he announced his hopes that energy cooperation between the United States and Mexico could help decrease the impact of debacles like the California burnout and liberate the United States from

\textsuperscript{185} \textit{National Energy Policy}: 8-5.
its addiction to Persian Gulf oil. Similarly, the National Energy Policy recommended steps towards a Hemispheric solution on energy cooperation:

The NEPD Group recommends that the President direct the Secretaries of State, Commerce and Energy to engage in a dialogue through the North American Energy Working Group to develop closer energy integration among Canada, Mexico and the United States to identify areas of cooperation, fully consistent with the countries’ respective sovereignties.

Bush, at least initially, paid more attention to Latin America than to USA’s traditional European allies. Indeed, Bush’s first foreign trip after taking office was a one-day visit to Mexico in February 2001, where Bush held talks with the Mexican president, Vicente Fox, discussing illegal drug-trafficking and immigration, and reaffirmed their common desire to boost the Mexican economy, bilateral trade, and Mexican energy exports to the United States. Bush and Fox spoke of a “shared prosperity” between the US and Mexico, but stopped short of specific commitments.

Regarding Venezuela, the NEP acknowledged that “the United States, with Venezuela, [was] a coordinator of the Hemispheric Energy Initiative Process”, and that Venezuela was “the third largest oil supplier to the United States. Its energy

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189 Klare, Blood and Oil: 118.
industry is increasingly integrated into the US marketplace. Venezuela’s downstream investments in the United States make it a leading refiner and gasoline marketer here”. It also acknowledged the increasing US and international investment in Venezuelan energy resources, and said that Venezuela was “also moving to liberalize its natural gas sector.” Thus, the NEPD Group recommended “that the President direct the Secretaries of Trade and Commerce to conclude negotiations with Venezuela on a Bilateral Investment Treaty.” It also gave similar recommendations regarding Brazil and its energy cooperation with the United States.

To a lesser extent, the United States also had hopes for Africa, with the NEP noting that “Sub-Saharan Africa holds 7 percent of world oil reserves and comprises 11 percent of world oil production. Along with Latin America, West Africa is expected to be one of the fastest growing sources of oil and gas for the American market.” Bush did not have a policy on Africa, as he indicated in during his 2000 presidential campaign that Africa was not a priority, remarking during the campaign that “while Africa may be important, it does not fit into the national strategic interest, as far as I can see them.” Nevertheless, there was indeed increased military interest in the continent, as Deputy Commander in Chief of Eurcom (European Command, whose area of responsibility included West Africa) visited the small island-state São Tomé e Principe in July 2001 to look for possible US military base locations, since the island

was close to the major West-African oil producing countries and yet had largely escaped the violence and conflict that have plagued mainland Africa.\textsuperscript{197}

One problem with the regional diversification of energy resources, however, was that it would not work, as regions outside the Middle East did not have enough supplies to break the reliance on Middle East oil. Of all the oil-producing regions in the world, the Persian Gulf alone had enough untapped reserves to satisfy American and global demand for oil, and none of the other regions would ever produce enough to reverse, or even slow down, dependence on Persian Gulf producers.\textsuperscript{198}

To fully understand the challenges facing regional diversification, one has to take a look at the data available to the authors of the NEP in 2001, the year the plan was devised. According to the data provided by the US Department of Energy in 2001, total world oil production would have to grow by 60\% between 1999 and 2020 to meet anticipated world consumption of 119 mbpd. But because of flat or declining production in many other regions of the world, output in the Gulf would have to climb by 85\% to satisfy the enormous rise in demand. This meant that combined Persian Gulf production would have to increase from 24 mbpd in 1999 to 44.5 mbpd in 2020.\textsuperscript{199}

\textsuperscript{197} Klare, \textit{Blood and Oil}: 144.  
\textsuperscript{198} Klare \textit{Blood and Oil}: 74.  
The Bush Administration concluded that since the Gulf States were unable or unwilling to raise production, and since US interests in the region were facing dangers from Iraq, Iran, and terrorist attacks on US installations, then the United States would have to be the dominant power in the region, overseeing the politics, security and oil output of the region, assuming responsibility for overseeing the politics, security and oil output of the key producing countries. The build-up of American power and influence in the region had begun with Presidents Roosevelt, Truman and Eisenhower. It took a new level under Jimmy Carter, who said in December 1979 following the Soviet invasion of Afghanistan: “The Soviet effort to dominate Afghanistan has brought Soviet military forces within 300 miles of the Indian Ocean and close to the Strait of Hormuz, a waterway though which most of the world’s oil must flow”. He then announced the Carter Doctrine of January 1980, where he said:

The Soviet Union is now attempting to consolidate a strategic position that poses a grave threat to the free movement of Middle East oil... Let our position be absolutely clear: an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force.200

Since then, American foreign policy was a continuation of the Carter Doctrine to secure control over Middle East oil by any means necessary.\textsuperscript{201}

The Carter Doctrine was applied in the 1991 Gulf War and the subsequent deployment of 25,000 US troops in the region after the war. But if the Bush Administration was to secure the oil supplies of the region, and also follow its military preponderance agenda, this build-up was to be taken to an entirely new level\textsuperscript{202} never seen before (which would happen in 2003, through the military invasion of a major Arab oil-producing state; Iraq). The Bush Administration, therefore, aimed to solve this energy dilemma through

\begin{quote}
The establishment of a new American Imperium in the Middle East: one in which American-selected local rulers would invite American oil companies to make super-profits for American investors under the protective shield of the American military, while at the same time satisfying the voracious demands of the motorized American oil consumer.\textsuperscript{203}
\end{quote}

However, given the fact that there was no justification for a further military build-up or increase of US influence in the Middle East, the United States had to pay more attention to the so-called “new Middle East”; i.e.: the Caspian region.\textsuperscript{204}

In the Caspian basin, Bush’s initial strategy was to be more openly friendly with the Taliban than Clinton, wooing them to establish the pipeline from Turkmenistan to the Indian Ocean, to put pressure on Iran and to open negotiations on Osama bin Laden. Bush invited a Taliban representative, Sayed Rahmatullah Hashemi, to the United

\textsuperscript{201} Richard Seymour, “The Real Cost of the Iraq War”, \textit{The Middle East}, May 2009: 49.
\textsuperscript{202} Klare, \textit{Blood and Oil}: 82.
\textsuperscript{203} Rutledge, \textit{Addicted to Oil}: 11.
\textsuperscript{204} Rutledge, \textit{Addicted to Oil}: 104, 118, 119.
States in March 2001. He resumed talks on peace with the Northern Alliance, the establishment of the Turkmenistan-Afghanistan-Pakistan (TAP) pipeline, and the handing in of bin Laden.

CSIS analyst Doug Blum wrote in March 2001 that there was “no indication of any major change in America’s Caspian policy under the Bush Administration.” Thus, wrote Blum, “it appears likely that the Caspian region will remain a distinctly secondary concern for American policymakers, one whose significance is determined largely by the role of the strategically important regional actors (Russia and Iran) [i.e.: keeping these two actors in check] as well as by prevailing perceptions of national security [i.e.: energy and perhaps militant Islamic threats].”

It seemed, wrote Blum in March 2001, that the key goals of US policy remained intact:

1. Energy diversification;
2. Increasing economic opportunities for US firms;
3. Containing Russian and Iranian influence;
4. Promoting the independence, democracy and development of the Newly Independent States (NIS).

Bush also “remained committed to the BTC pipeline” which would “solidify relations with Turkey, sideline Iran, prevent Russia’s monopoly on transportation, and promote the independence of the NIS.” Thus, the Bush Administration continued to pressure

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US oil companies to participate by contributing finances and/or projected oil volumes, and also continued to exert pressure against routes which might pass through Iran or Russia.\textsuperscript{207}

This fitted with the recommendations of the National Energy Policy. Describing the Caspian Sea region as “a rapidly growing new area of supply,”\textsuperscript{208} the NEP recommended “that the President direct the Secretaries of State, Commerce and Energy to support the BTC oil pipeline as it demonstrates its commercial viability.”\textsuperscript{209}

Moreover, the NEP recommended strengthening the ties with countries in the Caspian region:

\textit{The NEPD Group recommends that the President direct the Secretaries of Commerce, Energy and State to deepen their commercial dialogue with...Caspian states to provide a strong, transparent, and stable business climate for energy and related infrastructure projects.}\textsuperscript{210}

To this end, US State Department spokesman Richard Boucher said on August 29, 2001, that the Bush Administration was supporting the BTC pipeline and wider relations with Central Asian countries as recommended by the NEP:

\textit{Georgia and Azerbaijan are negotiating the terms for the intergovernmental agreement that allows the construction of a gas pipeline through Georgia to}

\textsuperscript{207} Blum, “America’s Caspian Policy Under the Bush Administration”. The companies thought that the BTC pipeline was too long and too expensive (Kleveman, \textit{The New Great Game}: 27). Even though Cheney was previously sceptical about the economics of the BTC, he became an advocate of the pipeline once he became vice president. Other former sceptic, BP’s CEO John Browne, became a supporter. It is not clear what made Browne change his mind. One reason might have been that BP would receive a US government subsidy if it agreed to the pipeline. Another reason might have been that one of the conditions for the US government approval of BP’s 1999 merger with Amoco was that BP ‘came on board’ for the BTC project (Rutledge, \textit{Addicted to Oil}: 116-117).

\textsuperscript{208} National Energy Policy: 8-7.

\textsuperscript{209} National Energy Policy: 8-13

\textsuperscript{210} National Energy Policy: 8-13.
Turkey [i.e.: the BTC pipeline]... We do support the development of the pipeline on commercially viable basis, as part of a broader energy policy which fits with the national energy policy [NEP] that we have, that we released this spring.\textsuperscript{211}

In balancing oil diplomacy and anti-terrorism necessities, Bush used a two-track policy on the Taliban where, on one hand, he used diplomacy and negotiations, and on the other hand he used pressure and coercive measures. In March 2001, for instance, the United States supported UN sanctions on Afghanistan due to the Taliban’s refusal to extradite bin Laden.\textsuperscript{212} Additionally, in the summer of 2001, the United Nations (with the consent of the United States) imposed two sets of sanctions over Afghanistan for providing sanctuary to terrorists and refusing to surrender bin Laden.\textsuperscript{213} Furthermore, the Taliban were promised billions of dollars in commissions if they formed a national unity government with the anti-Taliban Northern Alliance, extradite Osama bin Laden and protect the TAP pipeline,\textsuperscript{214} as Washington still saw the Taliban as a source of stability in Afghanistan who can help the TAP pipeline.\textsuperscript{215} Also, US ambassador to the UN, Nancy Soderberg, said on February 12, 2001, that the United States would “find a way to have a continuing dialogue on humanitarian issues with the Taliban.”\textsuperscript{216}

\textsuperscript{215} Michael Meacher, “This war on terrorism is bogus”, \textit{Guardian}, September 6, 2003 [accessed November 1, 2009] http://www.guardian.co.uk/politics/2003/sep/06/IRAQ
\textsuperscript{216} Brisard, \textit{Forbidden Truth}: 42, 236. Bush also gave the Taliban $43 million in aid when they promised to ban poppy cultivation. In year 2000, Afghanistan was the world’s largest opium producer, with 75% of global production. In July 2000, however, the Taliban’s leader, Mullah Mohammad Omar, issued an edict banning poppy cultivation, calling drug production un-Islamic. In May 2001, delegates from the United Nations Drug Control Program visited Afghanistan, and found no evidence of poppy crops anywhere in the survey area, in what may be the most successful drug moratorium in modern history. However, the ban on poppy cultivation was as much about self-interest as Islamic jurisdiction.
However, by the summer of 2001, the limited results of negotiations with the Taliban frustrated the Americans. In July 2001, at a UN-sponsored meeting in Berlin, the Taliban were invited to attend the meeting, but they declined to send a delegate,\(^{217}\) saying that the West was too biased towards the Northern Alliance.\(^{218}\) The Bush Administration did explore policy options on Afghanistan, including the option of supporting regime change.\(^{219}\) A draft presidential directive circulated in June 2001 directed Rumsfeld to “develop contingency plans” to attack both al Qaeda and Taliban targets in Afghanistan. However, Rumsfeld did not order his subordinates to begin preparing any new plans against either al Qaeda or the Taliban before the September 11 attacks.\(^{220}\) In July 2001, the deputies committee recommended a comprehensive plan not just to roll back al Qaeda but to eliminate it, by going on the offensive to destabilize the Taliban. On September 4, the principals approved and recommended a plan that would give the CIA $125 million to $200 million a year to arm the Northern Alliance.\(^{221}\)

By September 10, the deputies formally agreed on a three-phase strategy. First, an envoy would give the Taliban a last chance. If that failed, continued diplomatic pressure would combine with a covert action program encouraging anti-Taliban


\(^{218}\) Brisard, Forbidden Truth: 42.


\(^{221}\) Woodward, Bush at War: 35-36.
groups in Afghanistan to attack Taliban and al Qaeda targets. In phase three, if the
Taliban’s still did not change their policies, the deputies agreed that the United States
would try covert action to topple the Taliban’s leadership from within.\textsuperscript{222}

As in Iraq, there was no clear-cut decision on what to do with Afghanistan, as energy
interests, which required the Taliban’s cooperation on the TAP pipeline, conflicted
with the need to convince the Taliban into handing in bin Laden, whether through
negotiations or coercion, and the need to defeat al Qaeda. There was also a conflict
between negotiations, economic sanctions and military plans (including Rumsfeld’s
contingency plans, plans on an offensive to destabilize Afghanistan and plans to arm
the Northern Alliance). Washington therefore decided on a two-track policy where
negotiations and the threat of sanctions (and perhaps military action) went hand in
hand.

CONCLUSION:
BUSH AND FOREIGN ENERGY BEFORE SEPTEMBER 11

The Bush Administration did not enter office with a comprehensive foreign policy
agenda or “grand strategy” on foreign policy. It focused on specific cases like the
challenge from rogue states and foreign energy procurement. It was also concerned
with the unilateral drive to free America from its foreign commitments like the ABM
treaty, the Kyoto agreement on climate change, the Middle East peace process, and
peace in Colombia, as it thought that freedom from these international constraints
would give America the freedom of action to move unilaterally on the foreign arena.
Anti-terrorism was also a concern, but not a high-level priority.

\textsuperscript{222} Kean et al. \textit{The 9/11 Commission Report}: 206.
During the months between taking office and the September 11 attacks, there were specific cases which symbolized the quest for American global power in the Bush Administration. For instance, the NMD system was seen as a symbol of military power, foreign energy procurement was seen as a symbol of economic power, while focusing on the Iraqi question and reshaping the Middle East were seen as a symbol of Rumsfeld’s vision of global geo-political power, or global power preponderance. This was especially true after the embarrassing EP-3 incident with China, where the Bush Administration felt the need to assert military power through the pursuit of NMD, and geopolitical power through the Iraq question. But the Bush Administration was unsuccessful in tying these factors together, until September 11.

There was convergence in Iraq as a point of intersection, or as a point of “melding” the issues of oil, rogue states and the NMD. Since taking office, Bush has been seeking ways to undermine Saddam Hussein.223 The fact that Bush gave everyone assignments on January 31, 2001, showed that there was no clear policy towards Iraq, yet. No real policy was made on Iraq due to divisions among the administration’s members.224 Beyond Iraq, there was no clear, unified policy on how to implement the American ambition for unipolar dominance. Instead, before September 11, Bush was unsuccessful in moving on key issues. The Americans were unable to establish these symbols of global unipolar dominance, as there was no clear policy on rogue states (especially on Iraq, where there were three working groups, none of whom emerged with the triumphant approach), no clear policy on the Middle East, and they were not clear on how to implement the recommendations of the NEP (an energy policy which

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clearly adopted the Open Door approach as it called for the openness of global energy markets and for a large role for US energy corporations).

There was also no clear policy on the oil-rich Caspian basin, and no clear, unified direction on Afghanistan. There was a contradiction in the US approach to the Taliban, as the Bush Administration (like the Clinton Administration before it) depended on imposing sanctions on the Taliban from one side, and from the other side they were trying to woo them in order to approve the TAP pipeline, and to hand in Osama bin Laden. Also in oil-rich Colombia, the Bush Administration withdrew itself from the peace process, instead of finding a solution to the continuous bombing of American pipelines in the country. The Bush Administration withdrew from the ABM treaty in December 2001, but they were no closer to having a viable NMD system. Before the September 11 attacks, the Bush Administration was successful in unilaterally freeing itself from global constraints and commitments, but not successful in taking affirmative action.

Nevertheless, after the September 11 attacks, the Bush Administration saw an opportunity on which it sought to capitalize. The September 11 attacks provided an opportunity to declare a war on terror; a war which was used to link all foreign policy strands of anti-terrorism, military preponderance and energy procurement together, with points of intersection seen in the invasion of Afghanistan, followed by the eventual invasion of Iraq.

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CHAPTER THREE:
ANTI-TERRORISM MELDS WITH ENERGY PROCUREMENT

HOW THE SEPTEMBER 11 ATTACKS AFFECTED THE QUEST FOR FOREIGN OIL

“Strategically, the ‘war on terror’... reflected traditional imperial concerns over control of Persian Gulf resources.”

Zbigniew Brzezinski. 1

“What [American policymakers] care about is running the world. You lose the major oil resources of the world, and it’s finished. And you’re not just losing them; you’re losing them to... rising, competing power[s].”

Noam Chomsky. 2

The September 11 attacks did not decrease the American commitment to an open global economy, as the Bush Administration promoted the global Open Door policy as a means of defeating terrorism. 3 Like George H. W. Bush and William J. Clinton, George W. Bush has adhered to the policy of openness, as Bacevich argued that a part of the reason for the War on Terror was that “terrorism is a threat to openness –

1 Brzezinski, Second Chance: 136. He added “as well as neo-conservative desires to enhance Israel’s security by eliminating Iraq as a threat” (ibid).
2 Chomsky, Perilous Power: 59.
essential for American economic expansion and, for that reason, the principle according to which the United States intended to organize the international order.\textsuperscript{4}

After the September 11 attacks, Bush Administration officials linked a strong American economy to defeating the terrorists, as US trade representative Robert Zoellick wrote nine days after the September 11 attacks:

\begin{quote}
Economic strength - at home and abroad – is the foundation of America’s hard and soft power. Earlier enemies learned that America is the arsenal of democracy; today’s enemies will learn that America is the economic engine for freedom, opportunity and development. To that end, US leadership in promoting the international economic and trading system is vital. Trade is about more than economic efficiency. It promotes the values at the heart of this protracted struggle.\textsuperscript{5}
\end{quote}

Therefore, Bush’s War on Terror was at the heart of the project for creating an open and integrated world. “Terrorists want to turn the openness of the global economy against itself,” he told Asian leaders gathered in Shanghai in October 2001. “We must not let them.” An open economic order, wrote Secretary of State Colin Powell, “reinforces democracy, growth, and the free flow of ideas” in the world at large. In the war on terror, trade in itself is a weapon. “We will defeat them, by expanding and encouraging world trade” Bush said.\textsuperscript{6} The National Security Strategy of 2002 echoed that free trade helps fight terrorism:

The United States will use this moment of opportunity to extend the benefits of freedom across the globe. We will actively work to bring the hope of democracy, development, free market and free trade to every corner of the world... Poverty does not make poor people into terrorists and murderers. Yet poverty, weak institutions, and corruption can make weak states vulnerable to terrorist networks and drug cartels within their borders... Free trade and free markets have proven their ability to lift whole societies out of poverty.\(^7\)

Beside the continuation of the Open Door policy, the Bush Administration’s foreign policy saw some amendments after the September 11 attacks. Before 9/11, the two foreign policy strands of the Bush foreign policy had been military advancement, (as symbolized by the pursuit of a National Missile Defence System) and the procurement of energy from foreign sources. Iraq seemed to be the point of intersection between all of these factors: it is a rogue state with ample oil sources, where the Bush Administration was considering a form of military action (albeit not yet a full-scale invasion). Anti-terrorism was added as a main strand after the September 11 attacks, and the terrorist threat happened to emanate from countries which were rich in energy sources and/or constituted vital routes to energy pipelines and transportation, namely in Central Asia. Thus, as Michael Klare has argued, the three strands merged together in one grand strategy with a unified design that governed US foreign policy.\(^8\)

In addition to the three strands, there was a fourth strand highlighted as the main theme of the Quadrennial Defence Review (QDR), released on September 30, 2001: the prevention of the rise of a rival power able to compete with the United States and the promotion of the American “ability to project power worldwide,” especially in “critical points around the globe.” It was therefore vital, said the QDR, to prevent

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“regional powers” from developing “sufficient capabilities to threaten stability in
regions critical to U.S. interests.” The QDR mentioned a region of special interest to
the United States; the “arc of instability that stretches from the Middle East to
Northeast Asia,” a region which “contains a volatile mix of rising and declining
regional powers,” where “the governments of some of these states are vulnerable to
overthrow by radical or extremist internal political forces or movements.”9 It was
obvious that oil-producing regions were included in the expression “critical points,”10
and that energy resources were among the interests which the United States needed to
protect in the “arc of instability” region. Thus, all four strands of Bush’s foreign
policy, global power projection, military preponderance, anti-terrorism and energy
procurement, were brought together in the QDR:

The United States and its allies and friends will continue to depend on the energy resources of the
Middle East, a region in which several states pose conventional military challenges and many seek to
acquire -- or have acquired -- chemical, biological, radiological, nuclear, and enhanced high explosive
(CBRNE) weapons. These states are developing ballistic missile capabilities, supporting international
terrorism, and expanding their military means to coerce states friendly to the United States and to deny
U.S. military forces access to the region.11

Based on the passage above, which links oil resources to US military access, Klare
argued that the NEP was reflected in the QDR and its call for global power
projection.12 To preserve US power, the QDR also called for “preserving for the

10 Klare, Blood and Oil: 71. Bromley mentioned this “arc of instability” and its link to oil resources in
12 Klare, Blood and Oil: 71. Klare argues that “the principle thrust of the [Bush] administration’s
military policy” is not the NMD system, but the enhancement of America’s “power projection” forces,
meaning that US forces be able to be transported to distant combat zones, especially in energy-vital
regions. This was evident in Bush’s citadel speech where he said that “our forces in the next century
President the option to call for a decisive victory in one of these conflicts – *including the possibility of regime change or occupation* [emphasis added].”13 Regime change and occupation would be applied in the cases of Iraq and Afghanistan, and with major links to US control over global energy resources.

Taking the QDR’s military direction even further, Bush introduced the doctrine of pre-emption in the State of the Union Speech of January 2002, saying: “I will not wait on events, while dangers gather. I will not stand by, as peril draws closer and closer.”14 He reiterated his point in his West Point Speech on June 1, 2002, stating that “containment is not possible when unbalanced dictators with weapons of mass destruction can deliver those weapons on missiles or secretly provide them to terrorist allies” and that “we must take the battle to the enemy, disrupt his plans, and confront the worst threat before they emerge.”15 The introduction of pre-emption as a doctrine was also mentioned in the National Security Strategy of September 17, 2002. Stating that deterrence would not work “against leaders of rogue states,” it declared that the United States would undertake pre-emptive military action, would not allow its global

must be agile, lethal, readily deployable”. Bush gave top priority to US power projection while at the same time endorsing an NEP that entails increased US dependence on oil from areas of crisis and conflict. This shows that oil and military power were “merged” into a single, integrated design for American world dominance (Michael T. Klare, “The Bush/Cheney energy strategy: Implications for US foreign and military policy”, *Information Clearing House*, May 26-27, 2003 [accessed January 25, 2010] [http://www.informationclearinghouse.info/article4458.htm](http://www.informationclearinghouse.info/article4458.htm).

15 George W. Bush, “President Bush Delivers Graduation Speech at West Point, United States Military Academy, West Point, New York”, *White House*, June 1, 2002, [accessed June 30, 2007] [http://www.whitehouse.gov/news/releases/2002/06/20020601-3.html](http://www.whitehouse.gov/news/releases/2002/06/20020601-3.html), also quoted in Daalder, *America Unbound (first edition)*: 121-122. Rice downplayed the significance of Bush’s speech by saying that he only meant “and early action of some kind” (Daalder America Unbound (first edition) 122). Bush hinted in the West Point Speech that a display of military capabilities would prompt the Middle East to follow America’s political and economic agendas (Lucas and Ryan, “Against Everyone and No-One”: 169), as he said that “the peoples of the Islamic nations want and deserve the same freedoms and opportunities as people in every nation... An advancing nation will pursue economic reform” (Bush, “President Bush Delivers Graduation Speech at West Point”). Again, this shows the military-economic link in US foreign policy.
military strength to be challenged, was committed to multilateral international cooperation but would act alone if necessary, and that the United States would spread democracy and human rights globally, especially in the Muslim world.16 (Indeed, much of the world’s energy resources lie in the Muslim world,17 which the US wanted to reshape).

Showing the link between military security and energy security, the National Security Strategy of 2002 also called for the United States to focus on the control of energy resources. The document summarized:

"We will strengthen our own energy security and the shared prosperity of the global economy by working with our allies, trading partners, and energy producers to expand the sources and types of global energy supplied, especially in the Western Hemisphere, Africa, Central Asia, and the Caspian region. We will also continue to work with our partners to develop cleaner and more energy efficient technologies. Economic growth should be accompanied by global efforts to stabilize greenhouse gas concentrations associated with this growth, containing them at a level that prevents dangerous human interference with the global climate. Our overall objective is to reduce America’s greenhouse gas emissions relative to the size of our economy, cutting such emissions per unit of economic activity by 18 percent over the next 10 years, by the year 2012. Our strategies for attaining this goal will be to:

remain committed to the basic U.N. Framework Convention for international cooperation;

obtain agreements with key industries to cut emissions of some of the most potent greenhouse gases and give transferable credits to companies that can show real cuts;

develop improved standards for measuring and registering emission reductions;

promote renewable energy production and clean coal technology, as well as nuclear power—which produces no greenhouse gas emissions, while also improving fuel economy for U.S. cars and trucks;

increase spending on research and new conservation technologies, to a total of $4.5 billion—the largest sum being spent on climate change by any country in the world and a $700 million increase over last year’s budget; and

assist developing countries, especially the major greenhouse gas emitters such as China and India, so that they will have the tools and resources to join this effort and be able to grow along a cleaner and better path.  

Furthermore, Bush hinted to his energy policy and his desire to decrease dependence on foreign oil, urging Congress to “act to encourage conservation, promote technology, build infrastructure, and… increase energy production at home so America is less dependent on foreign oil.”

Even though energy has always been linked to national security early in American history, the September 11 attacks highlighted the importance of energy and its links to national security. In October 2001, Energy Secretary Spencer Abraham argued that energy security rests on three pillars: diversification, domestic sources and energy.

18 George W. Bush, “The National Security Strategy of the United States of America”, White House, September 2002 [accessed April 3, 2006] http://www.whitehouse.gov/nsc/nss/html (emphasis added). Interestingly, the focus on Middle East oil was absent from the list of geographic energy regions in the NSS 2002. As seen above, the Western Hemisphere, Africa, Central Asia and the Caspian region were mentioned, but not the Middle East. It seems that Bush did not want to mention Middle East oil, due to the talk of the upcoming war on Iraq in the late summer of 2002 (Juhasz, The Bush Agenda: 47-48).

infrastructure. He repeated the calls for regional/geographic diversification of America’s foreign energy resources:

Our administration is looking beyond the Persian Gulf. We are expanding our relationships with other energy producers, and building new partnerships to strengthen our overall energy security. This means working with Canada and Mexico and other nations in the hemisphere to develop regional energy cooperation. This means encouraging development of resources in areas as varied such as Africa, and the Caspian region.

Abraham also called for diversity in the use of fuels, as “dependence on one type of fuel... leaves us vulnerable to price spikes, while excessive dependence on one supplier, or one group of suppliers, leaves us vulnerable to reductions or cut-offs.”

He reiterated this argument in a statement before the House International Relations Committee in June 2002, as he said that “energy security is national security.”

With the elevation of the link of energy to security and US foreign policy tools (such as military action) after September 11, Iraq was reinforced as a fundamental case. There were other countries where anti-terrorism was linked to military deployment, for instance the Philippines and Colombia, but Iraq was a more demanding case because of energy procurement and resources. Saudi Crown Prince Abdullah was not as pro-American as the ailing King Fahd, and US-Saudi relations were strained due to

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21 Abraham, “Secretary of Energy Spencer Abraham’s keynote address to the Hoover Institution’s Conference on California’s electricity problem”.
22 Abraham, “Secretary of Energy Spencer Abraham’s keynote address to the Hoover Institution’s Conference on California’s electricity problem”.
disagreements over oil prices and the Arab-Israeli conflict. The neo-conservatives were also worried that the US military presence in Saudi Arabia was a factor for instability in the kingdom. However, if the US could topple Saddam, Bush could pull American troops out of Saudi Arabia and decrease America’s strategic dependence on Saudi Arabia. Beyond the specific security concern was the belief in spreading democratic values as a means to decrease the potential of instability and anti-American terrorism in the region (threats which could spread from the Middle East to a wider global scale), as neo-conservatives believe that US interests were best served by “the aggressive promotion and spread of democracy throughout the globe” and that only by restructuring the “Arab tyrannies” of the region could US energy supplies and regional security be ensured. Moreover, democracy would stabilize the region (and its oil resources), according to neo-conservative thought. A final geo-strategic goal was that Israel’s security would be enhanced, as Bush thought, wrongfully, that the road to Jerusalem went through Baghdad, and that awed Arabs would be threatened into peace with Israel.

In order to achieve these goals, Iraq had to be rebuilt into a stable, pro-US market democracy, and this could not be achieved without a strong Iraqi economy, which is very dependent on the oil sector. Thus, if Iraq’s oil was an end in itself, (in order to control this vital oil supply for the consumption of America and the West) then it was also a means for other ends. Iraq could not be a stable pro-American, democratic model without a stable economy, and a strong Iraqi economy is not possible without

24 Clarke, Against All Enemies: 283.
26 Halper and Clarke, America Alone: 308.
THE FOUR STRANDS MEET IN THE INVASION OF AFGHANISTAN

“Afghanistan’s significance from an energy standpoint stems from its geographical position as a potential transit route for oil and natural gas exports from Central Asia to the Arabian Sea. This potential includes the possible construction of oil and natural gas export pipelines through Afghanistan.”

An Energy Information Administration report (affiliated to the US Department of Energy), released a few days before September 11, 2001.28

“[Central Asia offers] opportunities for investment in discovery, production, transport and refining of enormous quantities of oil and gas resources. Central Asia

is rich in hydrocarbons, with gas being the predominant energy fuel. Turkmenistan and Uzbekistan, especially, are noted for gas resources, while Kazakhstan is the primary oil producer”.

An Oil and Gas Journal report, published on September 10, 2001.29

“How do you capitalize on these opportunities?” That was the question which Condoleezza Rice asked her National Security Council staff after the September 11 attacks. She wanted to use the attacks to change the fundamentals of American foreign policy doctrine and thus change the world, as she told journalist Nicholas Lemann in the spring of 2002:

I really think this period is analogous to 1945-1947, [the period when Containment doctrine took shape], in that events so clearly demonstrated that there is a big threat, and that it’s a big global threat to a lot of countries that you would not have normally thought of as being in the coalition. That has started shifting the tectonic plates in international politics. And it’s important to try to seize on that and position American interests and institutions and all of that before they harden again.30

Rice re-emphasized the “opportunity” during a speech at the John Hopkins School of Advanced International Studies in April 2002, saying that “this is a period not just of grave danger but of enormous opportunity.”31

29 As quoted in Fouskas and Gökay, The New American Imperialism: 156.
One could read Rice’s statements as an indication that the Bush Administration would use the September 11 attacks to promote US power on the global level. She was not the only one who saw an opportunity in the attacks. On the day of the attacks, Bush himself said that this was a “great opportunity” to improve relations with big powers such as Russia and China. “We have to think of this as an opportunity”, he said. Powell, too, agreed that the attacks were an opportunity to reshape relationships throughout the world. Rumsfeld told the *New York Times* in October 2001 that the attacks created “the kind of opportunities that World War II offered, to refashion the world.” In fact, on the night of the attacks, and in front of live television, Rumsfeld said to Senator Carl Levin, then Chairman of the Senate Armed Services Committee that the attacks should convince the Democrats to reverse their opposition to increased military spending, especially on the NMD system. Moreover, the NSS of 2002 stated that “the events of September 11, 2001, fundamentally changed the context for relations between the United States and other main centres of global power, and opened vast, new opportunities.” Linking these “opportunities” to the US interests in Middle East oil, Bush told business executives in New York on October 3, 2001: “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.”

Among these “opportunities” was the American invasion of Afghanistan. Not only did the War on Terror provide the reason for invading Kabul and ousting the Taliban, but

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also US global power preponderance, foreign energy procurement and control over
global energy supplies would be aided by the invasion of Afghanistan. Zbigniew
Brzezinski, the architect of the Carter Doctrine of 1980 which called for securing
Middle East oil,\(^{38}\) (in addition to being a consultant to US oil company Amoco and a
major supporter of the BTC pipeline who played a major role in pipeline diplomacy in
Central Asia)\(^ {39}\) wrote in 1997 that, “in a volatile Eurasia, the immediate task is to
ensure that no state or combination of states gain the ability to expel the United States
or even diminish its decisive role… A benign American hegemony must still
discourage others from posing a challenge [in Eurasia].”\(^ {40}\) Adding that “a country
dominant in Eurasia would almost automatically control the Middle East and
Africa,”\(^ {41}\) he also stated the set of goals which the American “imperial geostrategy”
in Eurasia should achieve:

\[T]he twin interests of America in the short-term
preservation of its unique global power and the long-
term transformation of it into increasingly
institutionalised global cooperation. To put it in a
terminology that hearkens back to the more brutal age
of ancient empires, the three grand imperatives of
imperial geostrategy are to prevent collusion and
maintain security dependence among the vassals, to
keep tributaries pliant and protected, and to keep the
barbarians from coming together.”\(^ {42}\)

This international hegemonic position of the United States rested on its ability to
control the sources and transport routes for crucial energy and other strategic material
supplies needed by other leading industrial states, necessitating the United States to

\(^{39}\) Brzezinski, Second Chance: 121 and Rutledge, Addicted to Oil: 104-105.
\(^{40}\) Zbigniew Brzezinski, “A geostrategy for Eurasia”, Foreign Affairs, September/October 1997: 52,
\(^{41}\) Brzezinski, “A geostrategy for Eurasia”: 50-51.
\(^{42}\) Brzezinski, The Grand Chessboard: 40.
pursue a superior role in Eurasia, and to act to ensure that no other state gained the ability to challenge the US in this vital region. Developing its military presence in Central Asia, the United States could challenge the Russians and the Chinese and protect the Baku-Tbilisi-Ceyhan (BTC) project. The energy resources of the Caspian region also fitted into the strategy of regional diversification of oil resources, providing “non-OPEC oil”, meaning that energy supplies from Central Asia were less likely to be affected by OPEC price and supply policies, eroding OPEC’s ability to maintain high oil prices and use oil as a political tool, thus decreasing OPEC’s clout. Furthermore, Brzezinski added that large-scale international investment in Central Asian resources would increase stability, prevent the resurgence of an imperial Russia, and help post-imperial Russia democratise and integrate in the international economy.

The BTC pipeline was the main US energy project in the region, supported by the United States government for five main reasons. First, it would benefit Turkey’s economy. Second, it would not pass through Russia or Iran. Third, at an expected construction cost of $3.6 billion, the BTC would provide a profitable contract for US construction companies. Fourth, with Turkey’s Ceyhan port only 483 kilometres away from Haifa port in Israel, the BTC would secure oil supplies to Israel. Finally, the

44 Zalmay Khalilzad, former US ambassador to Afghanistan, was an ex-UNOCAL official (Fouskas and Gökay, *The New American Imperialism*: 157 and Rutledge, *Addicted to Oil*: 61). So was Hamid Karzai, the Afghan interim president. This shows Kolko’s writings on corporatism, and the business-government career cycle. Also, Karzai’s personal security detail is from Dyncorp, and Guantanamo Bay prison was built by Brown and Root, again showing the corporate link with the US military (Burbach and Tarbell, *Imperial Overstretch*: 200, 201). This is “a convergence of political and economic interests under the rubric of Operation Enduring Freedom” (Fouskas and Gökay, *The New American Imperialism*: 157).
pipeline would provide a platform for further political and economic influence in the east,\textsuperscript{47} including the Caspian region.

The United States continued to support the BTC pipeline after the September 11 attacks and the invasion of Afghanistan. During a visit to Kazakhstan in December 2001, US Secretary of State Powell said: “I see nothing in the post-September 11 environment that leads me to think we should change the US policy on the routing of pipelines from Central Asia.”\textsuperscript{48} On December 15, 2001, the \textit{New York Times} reported that “the State Department is exploring the potential for post-Taliban energy projects in the region.”\textsuperscript{49}

The September 11 attacks fostered the militarisation of the BTC project, linking it to US military aid to the countries of the region and to plans to integrate the United States’ Caucasian, Caspian and Central Asian dependencies (or, as Brzezinski called them, “tributaries”) into a unified military alliance in the War on Terror. Early in October 2001 Bush promised military assistance to Georgia, and by late February 27, 2002, Washington was announcing that it would provide Georgia with $64 million in military aid and send 180 military advisers to train 2,000 Georgian troops. Ostensibly, this was to fight al Qaeda troops in the Pankrisi Gorge bordering Chechnya, but a Georgian Defence Ministry official announced that the US was training their rapid reaction force to guard strategic sites, “particularly oil pipelines.” On March 28, 2002, US Deputy Assistant Defence Secretary Mira Ricardel announced that the US would provide military aid to Azerbaijan’s navy as part of a $4.4 million aid package “to

\begin{footnotes}
\item[\textsuperscript{47}] Rutledge, \textit{Addicted to Oil}: 115
\item[\textsuperscript{49}] Fouskas and Gökay, \textit{The New American Imperialism}: 157. The \textit{New York Times} mentioned that the region has more than 6 percent of the world’s proven oil reserves and almost 40 percent of its gas reserves. These figures were based on initial over-optimistic estimates of the energy reserves in Central Asia, which turned out to be exaggerated (ibid).
\end{footnotes}
counter threats such as terrorism… and to develop trade and transport corridors.” The United States also reversed an earlier decision that it would not intervene militarily to halt incursions by “Islamic terrorists” such as the Islamic Movement of Uzbekistan.50 The US also increased economic and military aid to Uzbekistan from $50 million to $173 million and offered aid of $125 million to Tajikstan.51

Moreover, while proposing grants of $51.2 million to Azerbaijan for Fiscal Year 2005, the State Department said that “US national interests in Azerbaijan centre on our strong bilateral security and counterterrorism cooperation, the advancement of US energy security, [and] progress in free market and democratic reforms.” The State Department emphasized the role of private US firms in securing US energy needs, saying that “the involvement of US firms in the development and export of Azerbaijani oil is key to our objectives of diversifying world oil supplies, providing a solid base for the regional economy, and promoting US energy security.” Likewise, in requesting $108.1 million for Georgia, the State Department noted that by housing the BTC pipeline, the country would “become a key conduit through which Caspian Basin energy resources will flow to the West, facilitating diversification of energy sources for the United States and Europe.”52

Based on this military-petroleum-private sector link, or what may be called a “military-petroleum complex,” or “petro-military complex”53 Klare wrote that it was “clear from government documents that the war against terrorism intertwined with [America’s] Caspian oil policy,” not just in Afghanistan, but in the whole Caspian region.54 “In fact,” he wrote, “It is getting harder to distinguish US military operations designed to fight terrorism from those designed to protect energy assets. And the [Bush] Administration’s tendency to conflate the two is obvious.” Klare also wrote that “the American military is increasingly being converted into a global oil-protection service.”55 Furthermore, Anthony Sampson, author of the *The Seven Sisters*, said that “Western oil interests closely influence military and diplomatic policies, and it is no accident that while American companies are competing for access to oil in Central Asia, the US is building up military bases across the region.”56 Similarly, Chomsky said in 2002 that establishing US military bases in Central Asia after 9/11 was necessary to protect US corporate interests, to ensure US control energy resources of the Caspian and to encircle the Middle East’s oil resources:

*The United States, for the first time, has major military bases in Central Asia. These are important to position US multinationals favourably in the current “Great Game” to control the considerable resources of the region, but also to complete the encirclement of the world’s major energy resources, in the Gulf region. The US base system targeting the Gulf extends from the Pacific to the Azores, but the closest reliable base before the Afghan war [in 2001] was Diego Garcia. Now the situation is much improved, and forceful*

54 Klare, *Blood and Oil*: 137.
intervention, if deemed appropriate, will be greatly facilitated.57

The invasion of Afghanistan thus supported global power projection not only against individual countries but also against larger potential rivals. For example, the Shanghai Cooperation Organization (SCO) influence decreased due to the bases that the US established in the region.58 The individual member countries have reacted individually to the war in Afghanistan and established independent roles in the U.S. coalition in Afghanistan, rather than acting as a group, and China’s influence in the group decreased, as the Central Asian states sought to deepen their relations with the US.59

Beside the challenge for China, the US invasion of Afghanistan also posed a challenge for Russia, within the context of the “New Great Game.” The public rhetoric of the United States and Russia continued to announce that they would cooperate in the War on Terror, but American military presence was a challenge for the traditional Russian sphere of influence in the Caspian and Central Asia. For example, the US initially angered Russia by sending US military support and advisers to Georgia in February 2002. After an American explanation that the aid would help Georgia defend pipelines and borders, Russian president Vladimir Putin said that he would accept the US deployment, as long as it was limited to counter-terrorism.60

58 Rashid, “Central Asia”: 122.
60 Klare, Blood and Oil: 156 and 157.
However, empowered by its new military position, the US continued to gain access to the regions’ energy resources. A breakthrough to US energy interests in the Caspian region took place on May 15, 2002, as Hamid Karzai, the interim president of Afghanistan, signed the deal to construct the TAP (Turkmenistan-Afghanistan-Pakistan) pipeline, breaking the deadlock on the pipeline negotiations which existed during the days of the Taliban.\textsuperscript{61} Despite this energy breakthrough, however, the United States and the West still lacked a clear strategic vision for Central Asia after the September 11 attacks, avoiding the articulation of a more coherent strategic vision for Central Asia, and avoiding getting involved in the domestic politics of the countries.\textsuperscript{62} Far from having a plan to redraw the map of the Caspian region (like its ambitions for the Middle East), the Bush Administration showed a lack of interest in Afghanistan as preparations for actions against Iraq distracted it from Kabul.

\section*{BUSH AND SAUDI ARABIA: OIL, ISLAMIC FUNDAMENTALISM AND THE DEMOCRATIC EXCEPTION}

The link between anti-terrorism and the procurement of energy resources cannot be discussed away from the complex American relation with Saudi Arabia. Allegations of a link between Saudi Arabia and the September 11 attacks caused controversy in Washington. This controversy was addressed in the findings of \textit{The 9/11 Commission Report} of July 2004, which said that it found no evidence of a link between the September 11 attacks and the Saudi government:

\textsuperscript{61} Brisard, \textit{Forbidden Truth}: 145.
\textsuperscript{62} Rashid, “Central Asia”: 118, 127.
Saudi Arabia has long been considered the primary source of al Qaeda funding, but we have found no evidence that the Saudi government as an institution or senior Saudi officials individually funded the organization. (This conclusion does not exclude the likelihood that charities with significant Saudi government sponsorship diverted funds to al Qaeda).63

Despite these controversies and complexities, the Saudis were traditional allies of the US. They financed American military operations, supplied the United States with oil and provided strategic support for the US. One immediate cause for the gentle US line with Saudi Arabia after the September 11 attacks was the need to stabilize the price of oil. The price of oil increased immediately after the attacks,64 but it later fell because of a drop in demand for oil65 and, more importantly, an increase in supply started by the Saudis on the day after the attacks. The Saudis ignored the quotas they had agreed with fellow producers, and for the next two weeks they shipped an extra 0.5 mbpd (million barrels per day) to the United States.66 The price of oil declined from $28 before the attacks to less than $20 a few weeks after.67

Despite the friendly Saudi gesture with respect to oil supplies after the September 11 attacks, tensions persisted between the United States and the Saudi royal family, especially regarding Arab-Israeli tension and Islamic fundamentalism which might

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65 “OPEC fails to halt slide”, *CNN*, November 15, 2001, [accessed November 15, 2001] http://europe.cnn.com/2001/business/11/15/opec/index.html. The demand for oil decreased because the collapse of the World Trade Centres of New York, one of the nerve centres of the global economy where a large share of world trade occurred had an effect of decreasing global investment, so the demand for oil decreased and the price decreased. Actually, the world economy was already weak and suffering from a recession before September 11th, but the attacks exacerbated the global economic slowdown (ibid).
lead to terrorism. Not just were 15 of the 19 hijackers Saudi nationals, but there were claims that the Saudi government was not fully cooperating on anti-terrorism issues, and claims that Washington was tolerating Riyadh’s lack of cooperation in order to protect the oil ties between the two countries.  

Ties were further strained by Saudi anger with the lack of sufficient American focus on the Arab-Israeli conflict. Crown Prince Abdullah introduced an initiative in the spring of 2002 which called for the Arab recognition of Israel and normalization of relations with the Jewish state, in return for an Israeli withdrawal to the June 4, 1967 borders, the establishment of a Palestinian state with East Jerusalem as its capital, and a solution to the refugee problem. Bush paid lip service to the Prince Abdullah initiative, saying on April 4:

_The recent Arab League’s support of Crown Prince Abdullah’s initiative is promising, is hopeful, because it acknowledges Israel’s right to exist. And it raises the hope of sustained, constructive Arab involvement in the search for peace. This builds on a tradition of visionary leadership, begun by President Sadat and King Hussein, and carried forward by President Mubarak and King Abdullah [of Jordan]._

Despite the verbal support, however, the Bush Administration was not actually supportive to the Saudi initiative. Cheney’s trip to the Middle East in March 2002,

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which sought Arab support for an upcoming war on Iraq, largely failed, because it
took no heed of the wishes of Arab leaders who were more interested in a solution to
the Arab-Israeli clashes,\(^70\) and a meeting between Bush and Abdullah in April 2002 at
the ranch in Crawford, Texas, did not overcome these differences. Bush wanted to
discuss terrorism while Abdullah wanted to discuss the Arab-Israeli conflict.
According to one American who was present at the meeting, the meeting was “very
rocky and tense.”\(^71\)

The Americans also believed that the Saudis might not be a reliable ally when it came
to military action on Iraq. Saudi Arabia feared that an American invasion of Iraq
would lead to the exploration of more Iraqi oilfields, promoting a higher supply and
increased competition against Saudi oil.\(^72\) With the kingdom struggling with soaring
unemployment and falling standards of living, the gush of oil likely to spew from
Iraq, the only country whose reserves could rival Saudi Arabia’s, could have proved
devastating to the Saudi economy.\(^73\)

The second reason for the initial Saudi opposition to the invasion of Iraq was fear of
the strong Islamic institutions in the kingdom, which opposed the American-led war
on Iraq. The Saudi regime’s legitimacy is based on an alliance with the Islamist

\(^{70}\) Bronson, *Thicker Than Oil*: 239.
\(^{71}\) Bronson, *Thicker Than Oil*: 238.
\(^{72}\) Oil exploration in Iraq significantly slowed down since the 1980s, due to the war against Iran, the
1991 Gulf War, and the sanctions imposed on Iraq. When analysts say that Iraq possesses 12 or 13% of
the global oil reserves, this figure does not include the oilfields that are probably not explored yet.
Analysts estimate that the amount of unknown, unexplored oil underneath Iraqi soil is probably double
the known amount explored today, as as Iraq’s oil reserves are officially estimated at 112 or 115 billion
barrels, but more optimistic estimates put the figure at possibly 350 billion barrels (“Iraq forecasts oil
reserves would reach 350 billion barrels”, *Al Jazeera*, April 29, 2008 [accessed April 29, 2008]
\(^{73}\) “Saudi Arabia’s blinking yellow light”, *The Economist*, November 9, 2002: 41
movements and extremely conservative Sunni sects in Saudi Arabia, and such institutions would not be happy if the royal family showed support to the American invasion of a neighbouring Muslim country. A third reason was the destabilizing effect that the removal of Saddam would have on the region.

On July 10, a report written by the RAND organization was presented to the Pentagon’s Defence Policy Board describing Saudi Arabia as the “kernel of evil” in the region, citing that fifteen of the September 11 hijackers were Saudi citizens, and that Saudi money was financing the spread of a highly intolerant strain of Islam around the world. The RAND report added that the Saudis were “active at every level of the terror chain… from planners to financiers, from cadres to foot soldiers, from ideologists to cheerleaders.” The report recommended that Washington give the House of Saud an ultimatum; either the Saudis would stop backing terrorism or face a seizure of the Saudi oilfields and financial assets in America. The administration balked at going that far, as the State Department assured Saudi Arabia that the Bush Administration’s views were not reflected in this independent briefing. Colin Powell and Donald Rumsfeld told the Saudis that this report was written by an independent

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75 There were fears that the removal of Saddam might lead to dismantling the unity of Iraq and the chaos that would follow, due to the Sunni-Shiite-Kurdish conflict which might result. If Iraq was divided, it would be divided into a Kurdish north, and a Shiite south (which can join Iran and strengthen it and Washington would not like that to happen as it considered Iran a rogue state). The Shiites make up 60% of Iraq’s population, 45% of Kuwait’s, 25% of Saudi Arabia’s, 70% of Bahrain’s and 90% of Iran’s. If Iraq is divided and the Shiites in the south of Iraq gain independence, then this would encourage the Shiites in other Arab Gulf States to do likewise and would give them hope that they can achieve independence too. Of course, this would have an adverse effect on the Arab Gulf States. It would also destabilize the region and this would raise the prices of oil, or cut the supplies of oil from the region to the West and this would have a negative effect on the global economy. Moreover, the Gulf’s Arab Shiites might join Iran whom the Saudis do not trust very much. (Kissinger, *Does America need a foreign policy?:* 190 and Wheeler, *Saving Strangers:* 147-148.)
76 “Friend or foe”, *The Economist*, August 10, 2002: 43. Similarly, Irwin Stelzer of the *Weekly Standard* said that the United States must make clear that “in the event of an upheaval in Saudi Arabia, we will take control of, protect, and run the kingdom’s oilfields.” (Rutlege, *Addicted to Oil:* 173).
think-tank, and that it did not represent the official stance of the American administration.78

Similarly, the Saudis pulled back from a showdown.79 In September 2002, Saudi Arabia declared that it would agree to provide bases to the US military if action against Iraq was supported by the United Nations,80 offering the use of the Prince Sultan Air Base (P-SAB) for any such operation.81 Also, Riyadh agreed to give its full (although secret) support to an invasion if Saudi Arabia was to play a major role in shaping the post-invasion regime in Baghdad, and if Washington promised to genuinely commit to an equitable and lasting Arab-Israeli peace process.82

IRAQI OIL: AN END IN ITSELF… AND A MEANS FOR OTHER ENDS
(OIL MAKES IRAQ A POINT OF INTERSECTION OF THE FOUR FOREIGN POLICY STRANDS)

“The strategic logic for invasion is compelling. It would eliminate the possibility that Saddam might rebuild his military or acquire nuclear weapons and thus threaten the security of the world’s supply of oil. It would allow the United States to redeploy most of its forces away from the region afterward.”

78 “Friend or foe”: 43.
79 On August 7, 2002, the Saudi Foreign Minister, Prince Saud Al Faisal, publicly confirmed that his country would not allow the Americans to use Saudi military bases to attack Iraq “Friend or foe”: 43.
82 Rutledge, Addicted to Oil: 174. See Bob Woodward, Plan of Attack, for discreet communication between the Saudis and Washington over the invasion of Iraq.
William Appleman Williams has said that economic expansion to foreign markets was “both a means and an end for American policy-makers,” (an end due to its importance to US economy, and a means to build US empire). In a similar fashion, this thesis, too, argues that invading Iraq and seizing oil was both a means and end for invading Iraq. Seizing Iraqi oil was an end in itself, since it would achieve the economic interests of US oil companies (and, by extension, US economic interests). But seizing Iraq’s oil was also a means towards other ends, since controlling the region’s oil resources would give the US imperial leverage over the oil supplies of other great powers like Europe, Russia and Asia, and since Iraq’s oil revenues were necessary to rebuild Iraq in a pro-American model, reshape the region, and secure Israel, thus expand America’s neo-imperial influence.

The US invasion of Iraq, although driven by a number of factors, can be seen as part of a long-term drive to perpetuate America’s dominance in the Persian Gulf and Caspian region; it can also be read as a demonstration of America’s determination to retain control over the spigot of the Persian Gulf oil stream. Indeed, the invasion of Iraq was an extension of the Carter Doctrine of 1980, which stated that the US would use military power to protect the oil resources of the Persian Gulf. However, this aim was concealed by the official presentation of what Paul Wolfowitz called “the

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84 Williams, The Tragedy of American Diplomacy: 129.  
85 Klare, Blood and Oil: 175.  
one issue that everyone could agree on, which was weapons of mass destruction as the core reason.”

THE FALLACY OF THE WMD AND AL QAEDA LINK CLAIMS:

Events show that the Bush Administration built a case for Iraqi weapons of mass destruction despite a clear lack of evidence. For instance, CIA Director George Tenet was pressurized by Cheney, the Pentagon’s Office of Special Plans and other members of the Bush administration to produce intelligence reports giving evidence of Iraqi WMD, despite the lack of strong evidence or credible intelligence information. Rumsfeld insisted that Iraq possessed a WMD program despite the lack of solid evidence to support this claim, saying that “the absence of evidence is not an evidence of absence.” Furthermore, retired ambassador Joseph Wilson was sent by the Bush Administration to Niger in 2002 to investigate whether Saddam purchased uranium (yellow cake) from that country. Wilson found that no such transaction ever occurred. However, Bush claimed in his State of the Union speech of 2003 that “the British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa.” Wilson assailed the White House credibility in a New York Times article. Shortly afterwards, his wife’s CIA identity was illegally leaked by members of the Bush Administration. Hans Blix, head of the UN

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Monitoring, Verification and Inspection Commission (UNMOVIC) said on August 25, 2002 that there was “no clear-cut evidence” that Iraq possessed weapons of mass destruction, and that the biological weapons which Saddam possessed in the past may have expired, since they have an average shelf life of five years.\(^{91}\) Moreover, opposition to this propaganda over Iraq’s WMD came from the US intelligence community itself.\(^{92}\) For instance, Bob Woodward cited various US officials and sources who admitted “confidentially that the intelligence on WMD was not as conclusive as the CIA and the administration had suggested” and that the evidence was “pretty thin.”\(^{93}\)

Furthermore, in a testimony before the Senate Armed Services Committee in late January 2004, David Kay, the former senior US weapons inspector in Iraq, said that claims that Iraq possessed WMD were false, saying that “it turns out we were all wrong.”\(^{94}\) Furthermore, in late March 2005, a report by the Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, chaired by Laurence Silberman, said that “the intelligence community was dead wrong in almost all its pre-war judgements about Iraq’s weapons of mass destruction.”\(^{95}\)

\(^{91}\) Hiro, Secrets and Lies (2004): 36.
\(^{92}\) Pelletière, America’s Oil Wars: 142.
\(^{93}\) Woodward, Plan of Attack: 354-356. Also see Trevor B. McCrisken, “George W. Bush, American exceptionalism and the Iraq war”, in David Ryan and Patrick Kiely (eds), America and Iraq: Policy-Making, Intervention and Regional Politics (Oxon: Routledge, 2009): 191. Former CIA analyst Stephen Pelletière said that the whole propaganda over Iraq’s WMD was “founded on lies” (Pelletière, America’s Oil Wars: 141).
Bush’s argument for war was not just based on WMD, but also on claims of Saddam’s alleged ties to al Qaeda, as Bush claimed in his State of the Union speech in January 2003, that the war on Iraq was a necessary step for the elimination of weapons of mass destruction, and a vital part of the global War on Terror due to Saddam’s WMD and alleged links to al Qaeda:

> With nuclear arms or a full arsenal of chemical and biological weapons, Saddam Hussein could resume his ambitions of conquest in the Middle East and create deadly havoc in that region. And this Congress and the American people must recognize another threat. Evidence from intelligence sources, secret communications, and statements by people now in custody reveal that Saddam Hussein aids and protects terrorists, including members of al Qaeda. Secretly, and without fingerprints, he could provide one of his hidden weapons to terrorists, or help them develop their own.96

Powell reiterated this argument during his presentation to the UN Security Council in February 2003, where he said that “we’ve learned that Iraq has trained al Qaeda members in bomb-making and poisons and deadly gases.”97 However, there was no evidence that Saddam actually had ties to al Qaeda. Shortly after the September 11 attacks, Counter-Terrorism Coordinator Richard Clarke confirmed that there was no

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link between the September 11 attacks and Saddam.\(^98\) Also, FBI director Robert Mueller said in April 2002 that there was also no evidence that Mohamed Atta, the chief hijacker, met an Iraqi agent in Prague in April 2001.\(^99\) On October 7, 2002, Tenet testified before the Senate Intelligence Committee that the CIA could not find any evidence linking Saddam to al Qaeda, (which is the opposite of what he said before the same committee on February 11, 2003).\(^100\) In September 2003, Bush admitted that there was no evidence linking Saddam to the September 11 attacks, saying that “we have no evidence that Saddam Hussein was involved with the 11 September attacks.”\(^101\) A 2005 CIA report said that the CIA was aware of several contacts between al Qaeda and Saddam Hussein’s regime in the 1990s, but that these contacts never resulted in a serious relationship, as Saddam was “distrustful of al Qaeda and viewed Islamic extremists as a threat to his regime, refusing all requests from al Qaeda to provide material or operational support.”\(^102\)

Therefore, CIA counter-terrorism expert Michael Scheuer said that “the US invasion of Iraq was not pre-emption; it was… an avaricious, premeditated, unprovoked war against a foe who posed no immediate threat but whose defeat did offer economic advantage.”\(^103\) These economic advantages were the control of the global oil supplies (not necessarily for American consumption, but to have influence over rival

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\(^{100}\) Johnson, *The Sorrows of Empire*: 305.


economies), promoting the interests of US oil companies, and maintaining the US
dollar as the main currency for pricing oil.

CONTROL OF IRAQ’S OIL:

In November 2002, Rumsfeld said in a CBS interview that the invasion of Iraq was
not about oil. “It has nothing to do with oil, literally nothing to do with oil,” he
said. ¹⁰⁴ He reiterated these statements in an interview with Al Jazeera in February
2003:

*The United States is not interested in the oil in that region from Iraq. That’s just utter nonsense. It is not interested in occupying any country... We don’t take our forces and go around the world and try to take other people’s real estate or other people’s resources, their oil. That’s not what the United States does. We never have and we never will. That’s not how democracies operate.* ¹⁰⁵

However, other US officials confirmed the role of oil in the invasion of Iraq. For
instance, former Federal Reserve Chairman Alan Greenspan said that “I am saddened
that it is politically inconvenient to acknowledge what everyone knows: the Iraq war
is largely about oil.” ¹⁰⁶ General John Abizaid, retired head of Centcom and military
operations in Iraq, said in 2007 about the Iraq war: “Of course it’s about oil, we can’t

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really deny that.”

Lawrence Lindsey, Bush’s White House economic adviser, said in September 2002 that “Under every plausible scenario, the negative effect [of invading Iraq] is quite small relative to the economic benefits that would come from a successful prosecution of the war. The key issue is oil, and a regime change in Iraq would facilitate an increase in world oil.”

Like Ian Rutledge (who said that the invasion did not aim to “steal” Iraq’s oil but to “control” it), Noam Chomsky said that the Iraq war aimed primarily to seize Iraq’s oilfields, stressing that the purpose is not just ensuring American “access” to Iraqi oil for US consumption, but rather, more importantly, US “control” of Iraqi and global oil supplies. He agreed with Chalmers Johnson on the importance of having military bases at the heart of the world’s largest oil producing region, as the United States needed to control the world’s oil supplies. Since the 1940s the US used control of oil as a strategic leverage against its rivals, and today, three global economic centres are facing off: the United States, Europe and Asia. Japan is a partner whose allegiance to the United States is guaranteed by, among other factors, US control over its oil supplies from the Middle East, and China is a potential threat to US global hegemony, which is also checked by US control of Middle East oil supplies. Control over Iraq’s oil would enormously strengthen US control of global energy resources, a

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109 Rutledge, *Addicted to Oil*: xi.
crucial lever of world control and establishing an imperial grand strategy.\textsuperscript{112} If Washington loses control of Middle East oil supplies, the United States would descend to second-class power status.\textsuperscript{113} Clark agreed that access to oil and gas for American consumption was not the ultimate aim of the US invasion of Iraq. Rather, the more ultimate aim was US control over the sources of energy of its economic rivals – Europe, Japan, China and other nations aspiring to be more independent.\textsuperscript{114}

“Not only does America benefit economically from the relatively low costs of Middle Eastern oil,” wrote Zbigniew Brzezinski, “but America’s security role in the region gives it indirect but politically critical leverage on the European and Asian economies that are also dependent on energy exports from the region.”\textsuperscript{115} Chomsky cited Brzezinski’s statement as proof that the invasion of Iraq was about maintaining America’s firm hand on the oil spigot to give America “critical leverage” over Europe and Asia’s oil supplies.\textsuperscript{116} Brzezinski emphasized the importance of “domination” in the oil and gas producing regions of the Persian Gulf and the Caspian Basin region, in order to have a “hegemonic asset” over Europe and Asia: “Since reliable access to reasonably priced energy is vitally important to the world’s three economically most dynamic regions – North America, Europe and East Asia – strategic domination over the area, even if cloaked by cooperative agreements, would be a globally decisive hegemonic asset.”\textsuperscript{117} David Harvey agreed that control over oil resources and strengthening America’s position in Eurasia was an aim of the Iraq war:

\textsuperscript{112} Chomsky, \textit{Interventions}: 88, 162 and Chomsky, \textit{Hegemony or Survival}: 125.
\textsuperscript{113} Chomsky, \textit{Perilous Power}: 58.
\textsuperscript{114} Clark, \textit{Petrodollar Warfare}: 39.
\textsuperscript{117} Brzezinski, \textit{The Choice}: 71-72.
Not only does the invasion of Iraq constitute an attempt to control the global oil spigot and hence the global economy through domination over the Middle East. It also constitutes a powerful US military bridgehead on the Eurasian land mass which, when taken together with its gathering alliances from Poland down through the Balkans [for example, NATO], yields it a powerful geostrategic position in Eurasia with at least the potentiality to disrupt any consolidation of a [rival] Eurasian power.  

Arguing that Washington was establishing an “empire of bases” near oil-rich regions, Chalmers Johnson agreed that the invasion of Iraq was a part of a US strategy of building military outposts in oil-rich southeast Eurasia, including Kosovo, Afghanistan, Central Asia and the Persian Gulf, in order to bring the region’s oil supplies under US hegemony. The reason for invading Iraq, said Johnson, was not counter-terrorism, or democratisation, but control of oil supplies to nations which pose a threat to US power like Europe or China, ensuring US oil corporations’ interests, securing Israel, and fulfilling America’s imperialist ambitions, where Iraq would be the “jewel in the crown” of this grand strategy. Arguing that Bush’s War on Terror was a “variant” of the Open Door Policy to expand the US empire, and describing the invasion of Iraq as an “imperialist power grab,” former CIA analyst Stephen Pelletière agrees that the Bush Administration saw the invasion of Afghanistan, followed by Iraq, as a plan to establish US bases in an oil-rich region, because in order for the US to maintain its imperial status, it must control oil resources, and thus it was necessary to invade Iraq. By remaining the dominant power in the Persian Gulf and Central Asia, the United States could achieve more

121 Pelletière, *America’s Oil Wars*: 137.
122 Pelletière, *America’s Oil Wars*: 151.
123 Pelletière, *America’s Oil Wars*: 133-134.
124 Pelletière, *America’s Oil Wars*: 144.
than just the safety of future oil supply; it could also exercise a degree of control over the energy supply of other oil-importing countries. Control of oil is “the centre of gravity of US economic hegemony,” and the United States aimed to control the destination of Iraq’s oil exports, thus providing the United States with a potential stranglehold over the economies of potential rivals. Similarly, John Morrissey argued that the Persian Gulf region, a “geoeconomic pivot vital to US and global economic health,” required “a strong US military presence in key producing areas and in the sea lanes that carry foreign oil to American shores.” The American invasion of Iraq fitted into this US military-geoeconomic agenda for Persian Gulf oil, which aimed for “an overt geoeconomic project” where the US military was used for “maintaining the conditions for a US-centred global economy, defined by neoliberal political economic doctrine” and “defending global capitalism, free markets and [the] neoliberal order.”

In short, US global dominance required the US military to patrol the major sea lanes used by the world’s 3,500 oil tankers, and also to “physically control the regions with the world’s largest remaining hydrocarbons.”

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125 Klare, Blood and Oil: 152.
126 Bromley, American Power: 105.
127 Clark, Petrodollar Warfare: 68.
128 Bromley, American Power: 105.
130 Clark, Petrodollar Warfare: 92. Similarly, Lord John Browne, CEO of BP, publicly warned Tony Blair that British oil companies would lose out against their American competitors if London did not participate in the war on Iraq (Kleveman, The New Great Game: 262, from Guardian, October 30, 2002). Similarly, Polish foreign minister Wlodzimierz Cimoszewicz said that “we have never hidden our desire for Polish oil companies to finally have access” to Iraq’s oilfields, which are “our ultimate objective” (“Poland seeks Iraqi oil stake”, BBC News, July 3, 2003 [accessed April 12, 2006] http://news.bbc.co.uk/1/hi/world/europe/3043330.stm). Similarly, Australian Defence Minister Brendan Nelson admitted that securing oil supplies was a key factor behind deploying Australian troops in Iraq, and that maintaining “resource security” in the Middle East was a priority. “Obviously, the Middle East itself, not only Iraq but the entire region, is an important supplier of energy, oil in particular, to the rest of the world. Australians and all of us need to think what would happen if there
Ahmed Chalabi, leader of the Iraqi national council, famously said that “American companies will have a big shot at Iraqi oil.” The major US energy companies are the indispensable means by which the government achieves its energy policy needs, and in pursuit of diversified and expanded oil resources in Iraq, the US could promote the interests of its own oil companies. Iraq could become a leading oil suppliers in the decades ahead, if a stable Iraqi government, willing to open oil reserves for exploitation by US oil companies, was put in power. Thus, Washington needed to install a puppet regime in Baghdad that would align itself with US corporate interests, mainly to award Iraq’s oil contracts only to US and UK companies, thus nullifying Saddam Hussein’s contracts with French, Russian and Chinese firms, which were revealed by Cheney and Rumsfeld in the “Foreign Suitors of Iraq’s Oil” document. According to Klein, this showed that Iraq fitted the historical pattern of overthrowing regimes, under the claims of over-exaggerated security threats, in order to maintain America’s corporate interests. Moreover, if a new regime in Baghdad rolled out the red carpet for the oil multinationals to return, it were a premature withdrawal from Iraq, It’s in our interests, our security interests, to make sure that we leave the Middle East, and leave Iraq in particular, in a position of sustainable security.” However, Prime Minister John Howard downplayed Nelson’s statements: “We didn’t go there because of oil and we don’t remain there because of oil… The reason we remain there is because we want to give the people of Iraq a possibility of embracing democracy” said Howard (“Australia ‘has Iraq oil interest’”, BBC News, July 5, 2007 [accessed July 6, 2007] http://news.bbc.co.uk/1/hi/world/asia_pacific/6272168.stm and Nick Bryant, “Howard’s steadfast resolve on Iraq”, BBC News, July 5, 2007 [accessed July 6, 2007] http://news.bbc.co.uk/1/hi/world/asia_pacific/6274544.stm). 

131 Clark, Petrodollar Warfare: 98 and Rutledge, Addicted to Oil: 179.
132 Bromley, American Power: 102.
133 Bromley, American Power: 103.
135 Clark, Petrodollar Warfare: 119.
would be possible that a broader wave of de-nationalization could sweep through the global oil industry, reversing the historic changes of the early 1970s, including oil price shocks and nationalization of oil assets.

PROTECTING THE PETRODOLLAR SYSTEM FROM THE PETROEURO THREAT:

Stressing the role of the US dollar as a main factor in US hegemony, a former UK government official says that “there were only two credible reasons for invading Iraq: control over oil and preservation of the dollar as the world’s reserve currency… Oil and the dollar were the real reasons for the attack on Iraq, with WMD as the public reason now exposed as woefully inadequate.” Furthermore, one financial expert said that:

In the real world... the one factor underpinning American prosperity is keeping the dollar the world reserve currency. This can only be done if the oil producing states keep oil priced in dollars, and all their currency reserves in dollars assets. If anything put the final nail in Saddam Hussein's coffin, it was his move to start selling oil for euros.

In November 2000, Saddam decided to sell oil only in contracts denominated in euros, marking the first time an OPEC country attempted to challenge the petrodollar

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hegemony,\textsuperscript{140} threatening to suspend all oil exports (about 5\% of the world’s total) if the UN’s Oil For Food program turned down his request. Shortly thereafter, Iraq’s oil proceeds went into a special UN account for the Oil For Food program, and were then deposited at Baghdad’s euro-based account at BNP Paribas. The move did not make economic sense, since the euro was at record lows against the dollar, thus the move was seen as a largely symbolic political message.\textsuperscript{141} However, Saddam’s switch to the euro resulted in Baghdad making profit when the value of the euro later appreciated against the dollar.\textsuperscript{142}

Although Iraq’s switch to the euro, in itself, did not have a huge impact, the ramifications regarding further OPEC movement towards a “petroeuro” system were quite profound. If invoicing oil in euros were to spread, it would create a panic sell-off of dollars by foreign central banks and OPEC oil producers. In the months before the Iraq war, hints in this direction were heard from Russia, Iran, Indonesia and Venezuela.\textsuperscript{143} Moreover, OPEC members were considering moving away from the dollar to the euro, as they considered using the euro, as well as the US dollar, when


\textsuperscript{141} Charles Recknagel, “Iraq: Baghdad moves to euro”, \textit{RFERL}, November 1, 2000 [accessed August 9, 2009] http://www.rferl.org/content/article/1095057.html. Even the US companies which purchased around 65\% of Iraq’s oil exports under the Oil-For-Food program paid in euros (Clark, \textit{Petrodollar Warfare}: 117-118).


\textsuperscript{143} F. William Engdahl, “A New American Century? Iraq and the hidden euro-dollar wars”, \textit{Current Concerns}, April 2003 [accessed August 10, 2009] http://www.currentconcerns.ch/archive/2003/04/20030409.php. “I think that the decision by Saddam Hussein to go for a petroeuro was the last straw [for the United States]. They had to move,” said global energy consultant Alan Simpson (Simon Reeve, “Conspiracy Theories: Iraq”, \textit{Sky1}, January 10, 2007, 22:00 GMT). One senior London banker said in an interview after the invasion of Baghdad that “Iraq’s move was a declaration of war against the dollar... As soon as it was clear that Britain and the US had taken Iraq, a great sigh of relief was heard in the London City banks. They said privately ‘now we don’t have to worry about that damn euro threat’ ” (Engdahl, “A New American Century?”).
determining price targets for crude.\textsuperscript{144} The US dollar was weakened in 2002 due to the economic strain caused by the bursting of the dot-com bubble, and the corporate scandals of Arthur Andersen, Enron, Worldcom and other similar scandals. This caused the euro to appreciate in value in 2002 relative to the dollar, aggravating the fears that OPEC might follow Iraq and move towards a petroeuro.\textsuperscript{145} Also, the fear of assets being frozen by the US Patriot Act caused Middle Eastern investors to sell dollar assets.\textsuperscript{146} In fact, one former US government employee said that “One of the dirty little secrets of today’s international order is that the rest of the globe could topple the United States from its hegemonic state whenever they so choose with a concerted abandonment of the dollar standard.”\textsuperscript{147} (It is unlikely, however, that industrialized countries or OPEC would risk the complete abandonment of the dollar,\textsuperscript{148} as such a massive sell-out of dollar assets would cause a sharp decline in the value of the US dollar, and their dollars assets would lose value).

Therefore, regime change in Baghdad aimed to prevent further movement within OPEC toward the euro as an alternative oil transaction currency. In order to pre-empt OPEC, the US government needed to gain control of Iraq and its oil reserves, and the currency to price it, in order to preserve the petrodollar system.\textsuperscript{149}

\textsuperscript{145} Clark, \textit{Petrodollar Warfare}: 38.
\textsuperscript{147} Clark, \textit{Petrodollar Warfare}: 145.
\textsuperscript{148} Clark, \textit{Petrodollar Warfare}: 159.
\textsuperscript{149} Clark, \textit{Petrodollar Warfare}: 4, 68, 119, 122.
WEAKENING OPEC’S INFLUENCE IN THE GLOBAL OIL MARKET:

The conventional wisdom on the relation between OPEC and the Iraq invasion was that invading Iraq would help roll back OPEC, which was a major objective for the US government.\(^{150}\) The neo-conservatives wanted to cripple OPEC which they considered “evil.”\(^{151}\) For instance, Claudia Rosett, influential journalist at the *Wall Street Journal* and member of the neo-conservative think-tank, The Foundation for the Defence of Democracy (FDD), famously called OPEC a “purely evil cartel… a gang of price-fixing, oil-rich thug regimes that meet and reinforce assorted terrorist-sponsoring tyrants and gouge consumers.”\(^{152}\) The neo-conservatives favoured a sell-out of Iraq’s oilfields, in order to use Iraq’s oil to destroy OPEC through massive overproduction above OPEC quotas. The US oil industry, on the other hand, favoured state control of Iraq’s oil reserves, according to Amy Jaffè (one of the authors of the April 2001 *Strategic Energy Policy* report), since the industry feared that overproduction would decrease the oil prices to hazardous levels\(^{153}\) (as in the 1980s). Former Saudi Petroleum Minister Zaki Yamani agreed that Washington would not actually want to see the end of OPEC.\(^{154}\) So did Rutledge, who said that since the 1980s, the US never actually wanted to “bust OPEC,” since the American oil industry depended on prices within an optimum level, high enough for the US oil industry to

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\(^{151}\) Peter Beaumont and Faisal Islam. “Carve-up of oil riches begin”, *The Observer*, November 3, 2002, [accessed November 3, 2002] [http://observer.guardian.co.uk/Iraq/story/0,12239,825105,00.html](http://observer.guardian.co.uk/Iraq/story/0,12239,825105,00.html).


make profit, and low enough not to hurt the US economy.\textsuperscript{155} America’s objective, instead, was to “control” OPEC.\textsuperscript{156} Yergin, too, did not believe that the new Iraqi government would want to bust OPEC by flooding the market in oil, since Baghdad’s need for money would make it more interested to sell oil at $20 or $25 per barrel\textsuperscript{157} (which was within the optimum oil price range in March 2003).\textsuperscript{158}

The Bush Administration resisted a US Congress resolution to sue OPEC for anti-trust practices and price manipulation. OPEC member states enjoy immunity from prosecution under US law, which states that “courts of one country will not sit in judgment on the acts of the government of another, done within its own territory.” In early 2005, a group of senators led by Senator Mike DeWine (R-Ohio) introduced the "No Oil Producing and Exporting Cartels Act,” or NOPEC, to amend US law to allow

\begin{itemize}
\item[\textsuperscript{155}] Pelletière, \textit{America’s Oil Wars}: 86 and Rutledge, \textit{Addicted to Oil}: 186-187. Rutledge argues that the US depends on OPEC to keep prices higher than free-market level (ibid)
\item[\textsuperscript{156}] Pelletière, \textit{America’s Oil Wars}: 134, Rutledge, \textit{Addicted to Oil}: 187 and Greg Palast, “Secret US plans for Iraq’s oil.” Rutledge argues that the US wants OPEC to put an upper limit on prices, so that it would not get too high (ibid)
\item[\textsuperscript{157}] Daniel Yergin, “The fight over Iraq’s oil”, \textit{BBC News}, March 14, 2003, [accessed March 14, 2003] http://news.bbc.co.uk/1/hi/business/2847905.stm. Yergin added that Iraq would not have the capacity to flood the market even if it wanted to (ibid). But I disagree with him, because some forecasts say that Iraq’s has unexplored oil wells which, if explored, would make it equal to Saudi Arabia in terms of amount of oil reserves (although that would obviously take years, since the Iraqi oil sector is seriously underdeveloped due to years of sanctions, and it would take several years and tens of billions of dollars to reconstruct the Iraqi oil sector).
\end{itemize}
the US Department of Justice and the Federal Trade Commission to bring suits against OPEC for monopolistic practices. In April and May 2007, committees in both the Senate and House of Representatives voted to approve versions of the “NOPEC.” In May 2008, the House of Representatives passed NOPEC in a 324-84 vote, enough to override a presidential veto. However, the White House opposed the bill, saying that targeting OPEC investments in the United States as a source for damage awards “would likely spur retaliatory action against American interests in those countries and lead to a reduction in oil available to US refiners.” The White House always maintained that it would veto the bill, arguing that it could stimulate retaliatory action from OPEC governments to limit US access to global oil supply, thus push crude oil and gasoline prices higher and damage American business interests abroad.

159 Ariel Cohen and William Schirano, “Why should OPEC be immune from lawsuits”, The Heritage Foundation, August 18, 2005 [accessed February 24, 2009]
http://www.nytimes.com/2008/06/19/opinion/19evans.html?ex=1371528000&en=a65de029c28fd1c&ei=5124&partner=permalink&exprod=permalink
http://www.reuters.com/article/politicsNews/idUSN2242484120070522?feedType=RSS
161 Tom Doggett, “House passes bill to sue OPEC over oil prices”, Reuters, May 20, 2008 [accessed February 24, 2009]
http://www.reuters.com/article/topNews/idUSWAT00953020080520?feedType=RSS&feedName=top News&rpc=22&sp=true
http://www.aljazeera.net/News/archive/archive/?Archiveld=1058769, and “House of Representatives approves draft law to sue OPEC”, Al Jazeera, May 23, 2007 [access June 21, 2008]
http://www.aljazeera.net/News/archive/archive/?Archiveld=1058798)
While Bush wanted to increase US control over global oil supplies, and weaken any power that might challenge the US, including OPEC, he saw that the NOPEC bill was not the correct way to weaken OPEC. Rather, his way of weakening OPEC was to invade an OPEC member, namely Iraq, and use its vast oil resources to gain global influence.

DECREASING DEPENDENCE ON SAUDI ARABIA FOR STRATEGIC AND ECONOMIC NEEDS:

Former Saudi Petroleum Minister Sheikh Zaki Yamani said that oil was the major objective for the United States in seeking to occupy Iraq, because the US was aiming to secure its oil supplies by reducing dependence on oil from Saudi Arabia, adding that the September 11 attacks accelerated the American direction on the regional diversification of oil resources. Indeed, Lawrence Kaplan and William Kristol said that invading Iraq could make it “replace Saudi Arabia as the key American ally and source of oil in the region.” Kristol specifically called for invading Iraq to decrease dependence on Saudi oil, saying that removing Saddam would “reduce the Saudis’ leverage” and that “returning Iraqi oil fully to market can only reduce the Saudi ability to set oil prices, and make the US bases there superfluous.” Kristol reiterated this argument in a testimony to the House of Representatives in May 2002, saying that Riyadh could use the oil weapon against the US, that removing Saddam would be “a tremendous step towards reducing Saudi leverage,” and that “bringing

Iraqi oil fully into world market would improve energy economics. From a military and strategic perspective, Iraq is more important than Saudi Arabia. And building a representative government in Baghdad would demonstrate that democracy could work in the Arab world. This, too, would be a useful challenge to the current Saudi regime.  

With Saddam gone, Bush would pull American troops out of Saudi Arabia and decrease Washington’s dependence on Riyadh for oil and for strategic assistance.  

Iraq’s oil might provide both a major addition to world reserves and (therefore) a means of reducing Saudi Arabia’s central role as the sole effective swing producer. Also, the presence of US military bases in Saudi Arabia, the land of Mecca and Medina, was a main cause of al-Qaeda’s attacks inside and outside Saudi Arabia.  

In an interview with Vanity Fair in May 2003, Wolfowitz said that the US military deployment in Saudi Arabia “over the last 12 years has been a source of enormous difficulty” for Riyadh, and “a huge recruiting device for al Qaeda. In fact if you look at bin Laden, one of his principle grievances was the presence of so-called crusader forces on the holy land, Mecca and Medina. I think just lifting that burden from the Saudis is itself going to open the door to other positive things.” Thus, Cary Fraser argued that seeing that Saudi Arabia was willing to distance itself from the US (as seen in the exchanges between King Abdullah and Bush before September 11), that 15 of the 19 September 11 hijackers were Saudis and that the US military presence in

167 Clarke, Against All Enemies: 283.  
Saudi Arabia did not secure US interests, the Bush Administration decided to invade Iraq where one of the aims was to replace US military presence in Saudi Arabia with US military presence in Iraq. There was also a fear of Islamist extremists taking over control of Riyadh and of Saudi oil supplies, which would blackmail the West by cutting off its energy supplies.

The Saudis were initially against the war on Iraq, fearing that removing Saddam would open Iraq’s oilfields as a competitor to Saudi oil, that removing Saddam would cause disturbance in the region by encouraging the Kurds and the Shiites to have their own states, and that the strong Islamist current in the Kingdom would cause trouble if the Saudi royal family supported the war. However, following the RAND report of July 2002, which described Saudi Arabia as the “kernel of evil” in the region, the Saudis felt compelled to cooperate in the war on Iraq, albeit secretly.

REBUILDING THE IRAQI ECONOMY AND DEMOCRATISING IRAQ:

In implementing the Bush Doctrine’s call for spreading democracy in the Middle East as a means to fight terrorism, and redrawing the region’s political map to Israel’s favour, Bush saw Iraq as a potential model for democratisation, as it had an educated population and a strong economic and strategic potential that could set an example for

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172 Rutledge, Addicted to Oil: 156, 157 and Klare, Blood and Oil: 89-90.

173 See Bob Woodward, Plan of Attack: passim, for the discreet communications between the Saudis and Washington over the invasion of Iraq.
democratisation. Richard Perle thought that Iraq provided the best hope for the
democratic experiment in an Arab country. “I think there is a potential civic culture in
the Arab countries that can lead to democratic institutions, and I think Iraq is probably
the best place to put that proposition to the test because it’s a sophisticated educated
population that has suffered horribly under totalitarian rule.” Similarly, Wolfowitz
said that Iraq was the best place to test democracy. The Bush Administration
believed that democratization would help fight terrorism and stabilize the region.
Richard Haass, the State Department director of policy planning, said in December
2002:

By failing to help gradual paths to democratisation in
many of our important relationships – by creating what
might be called a “democratic exception” – we missed
an opportunity to help these countries become more
stable, more prosperous, more peaceful, and more
adaptable to the stresses of a globalizing world. It is
not in our interest - or that of the people living in the
Muslim world – for the United States to continue the
exception. US policy will be more actively engaged in
supporting democratic trends in the Muslim world than
ever before.

For decades, however, democratisation in the Middle East was complicated by the
Democracy Conundrum; the need to maintain despotic but pro-American regimes to
stabilize the region and its oil resources. The United States did not want to take the
risk of full democratisation, lest it brought to power a regime that would not be as
lenient towards the US interests. Charles Krauthammer acknowledged that
Washington ignored Middle East democratisation, due to fear of disrupting oil
supplies: “Oil is why America kept its distance from the region for so long. Ever since

174 Halper and Clarke, America Alone: 148.
175 Halper and Clarke, America Alone: 155-156.
176 Bronson, Thicker Than Oil: 240.
177 Pinto, Political Islam and the United States: x.
Franklin Roosevelt made alliance with Saudi Arabia, the US chose to leave the Arab world to its own political and social devices so long as it remained a reasonably friendly petrol station. The arrangement lasted a very long time.”  

In other words, the two regions that remained exempt from democratising impulse of the United States were Africa and the Middle East, “because of oil and apparent benignity.” The reason for the war on Iraq was that, after September 11, the United States realized that “the old offshore, hands-off, over the horizon policy” towards the Middle East would not work, that it needed to get more involved in the Middle East, and that “Iraq [was] the beckoning door” to this hands-on approach. The neo-conservative rationale was that only by restructuring the “Arab tyrannies” of the region could US energy supplies and regional security be ensured, in addition to the fact that democracies would be more willing to fight terrorism and secure Israel.

After the removal of the Saddam regime in Iraq, next on the neo-conservative list of regime change were Syria, Iran, Libya, Sudan, Yemen, Saudi Arabia, the Gulf States, and perhaps even Egypt. Richard Perle said that “if a tyrant like Saddam is brought down, the others will start to think.” Similarly, Kaplan and Kristol argued that democratisation in the Middle East became a matter of national security after September 11, since “Arab repression [fueled] Islamist terror and anti-American sentiments.”

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179 Krauthammer, “Coming ashore”: 27.
180 Halper and Clarke, *America Alone*: 308.
182 Halper and Clarke, *America Alone*: 156.
183 Kaplan and Kristol, *The War Over Iraq*: 101. They dismiss the “war for oil theory”, insisting that the real reason is imposing democracy to fight terrorism: “Characterizing the US effort to oust Saddam as a war for oil, critics of the Bush Doctrine at home and abroad try to portray the United States as a bully state intoxicated by the arrogance of power” (ibid: 104).
To achieve a stable, strong and democratic Iraq, Iraq’s oil exports, as they help rebuild Iraq’s economy, would also help build Iraq’s market democracy and fulfil America’s objectives. Paul Wolfowitz testified before the House of Representatives on March 27, 2003:

*There’s a lot of money to pay for this, that doesn’t have to be US taxpayer money, and it starts with the assets of the Iraqi people... and on a rough recollection, the oil revenues of that country could bring between $50 and $100 billion over the course of the next two or three years... We’re dealing with a country that can really finance its own reconstruction, and relatively soon.*

Thus, Iraq’s oil became more than just a resource to be controlled; oil exports were seen as the “cash lifeline” or the “cash crop” that would provide funds for economic and political development in Iraq, thus trigger a democratic dominoes effect in the region. (However, a February 2003 report by the US State Department’s Bureau of Intelligence and Research, titled *Iraq, the Middle East and Change: No Dominoes*, said that the invasion of Iraq would not likely lead to democracy in Iraq or the Middle East, as Iraq was made of several ethnic groups deeply hostile to one another. Even if some form of democracy took place in Iraq, said the report, it would probably be manipulated by anti-American Islamic groups, and it would not lead to the spread of democracy throughout the Middle East. The US State Department declined to comment on the report, saying that it did not reflect the Department’s opinion.) Also, George Tenet was sceptic about a democratic dominoes effect, saying at a hearing in...
Capitol Hill: “I don't want to be expansive in, you know, a big domino theory about what happens in the rest of the Arab world.”\textsuperscript{186}

In any case, democratization continued to be an official justification for the war, as the neo-conservatives argued that democratization would stabilize the region, and that democratic governments would be more willing to cooperate on the War on Terror and make peace with America’s ally in the region: Israel. Given that Bush and the neo-conservatives had staunch pro-Israel views, the security of Israel and scaring the Arabs into peace with Tel Aviv was part of the justification for invading Iraq.

ADVANCING THE ARAB-ISRAELI PEACE PROCESS, AND SECURING ISRAEL:

Bush said in June 2002 that, by removing Saddam, “our ability to advance the Israeli-Palestinian peace process would be advanced.”\textsuperscript{187} Kaplan and Kristol argued that removing Saddam and installing a pro-American regime would improve Baghdad’s relations with Israel.\textsuperscript{188} Bush thought, wrongfully, that the road to Jerusalem went through Baghdad, and that awed Arabs would be threatened into peace with Israel,\textsuperscript{189} where it would be easier to impose on the Palestinians a peace agreement acceptable to the neo-conservatives’ Israeli allies, Ariel Sharon and the Likud. Thus, remaking

\begin{footnotesize}
\begin{enumerate}
\item[187] Brzezinski, \textit{Second Chance}: 143.
\item[188] Kaplan and Kristol: \textit{The War Over Iraq}: 100.
\item[189] “Does he know where it’s leading?” \textit{The Economist}, July 30, 2005: 23-25.
\end{enumerate}
\end{footnotesize}
the whole region on a pro-American model would strengthen Israel. Furthermore, Israel hoped that the invasion of Iraq would next lead them to Iran and Syria. “The war in Iraq is just the beginning,” former Prime Minister Shimon Peres said in February 2003.

Therefore, US control over Iraq’s oil was an end in itself (due to the economic and business benefits to the US) and a means for other greater ends (first, advance US imperial grip on global oil supplies, and, second, Iraq’s oil revenues would help rebuild Iraq according to Washington’s mould, serve as a model for the Arabs, secure Israel and help fight terrorism). All four of the Bush foreign policy priorities (energy procurement, military advancement, War on Terror and global power projection) were seen in the arguments for the invasions of Iraq (although, obviously, the War on Terror as a motive to invade Iraq was only false rhetoric, since there were no links between Saddam and al Qaeda, and since he had no WMDs). Therefore, it was Iraq’s oil which made Iraq the point of intersection of the four strands of foreign policy, as military advancement and global power projection were linked to Iraq’s oil, and War on Terror rhetoric was used to justify the invasion.

IRAQ POLICY AFTER SEPTEMBER 11

Before September 11, the Bush Administration was still undecided on how to pressurize or overthrow Saddam, considering the three options of regime change through an armed coup by Iraqi opposition groups, enforcement of the UN economic

sanctions, and enforcement of the No-Fly-Zones to protect the Kurds in the north and the Shiites in the south. Bush empowered three working groups to study each of these options. However, the smart sanctions approach, favoured by Secretary of State Colin Powell, faded away in July 2001, amidst UN Security Council disagreement.

It took 24 hours for the proponents of regime change to cite 9/11 as the foundation for military action. During the NSC meeting on September 12, Rumsfeld said that Afghanistan did not have decent targets for bombing, but Iraq did, so the United States should bomb Iraq. Richard Clarke, US Counter-Terrorism Coordinator, thought that Rumsfeld was joking, but was surprised to see that he was actually serious. Bush replied that the Americans had to change the government in Iraq, not just hit it with missiles. Rumsfeld pressed ahead, instructing Chairman of the Joint Chiefs of Staff General Richard Myers to find out as much as he could about Saddam Hussein’s possible responsibility for the attacks.

Bush repeated the wider possibilities of a post-9/11 response to his advisors. On September 16, Bush told Rice that the focus would be on Afghanistan, although he still wanted plans for Iraq, in case Iraq somehow took advantage of the September 11

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192 Hoagland “Now an Iraqi war in Washington”, and “US considers Iraqi coup”.
193 Clarke, Against All Enemies: 31. After the meeting, Bush asked Clarke to “see if Iraq was involved.” Clarke replied that his department has “checked and there were no state sponsors.” But Bush insisted upon the request, so Clarke repeated the investigation and confirmed that Iraq was not linked to the September 11 attacks (Clarke, Against All Enemies: 32-33 and Kean et al. The 9/11 Commission Report: 334). Furthermore, on September 15, Bush spoke privately with JCS Chairman Henry Shelton, asking him if he was making a mistake by focusing on al Qaeda instead of Iraq. Shelton reassured Bush that they were making the right choice, and that attacking Iraq without a clear reason would destabilize the Middle East and hamper the coalition-building efforts, especially that there was no reason to link Iraq to the September 11 attacks. “That’s what I think,” Bush told Shelton, adding that “we will get this guy [Saddam] but at a time and place of our choosing.” (Michael Gordon and Bernard Trainor. Cobra II: The Inside Story of the Invasion and Occupation of Iraq. (London: Atlantic Books, 2006): 17).
attacks, or in case it turned out that it was involved in the attacks. During an NSC meeting on September 17, he said: “I believe that Iraq was involved, but I’m not going to strike them now. I don’t have the evidence at this point” adding that he wanted the NSC to keep working on plans for military action in Iraq but indicating that there would be plenty of time to do so. He thus ordered the Pentagon to be ready to deal with Iraq if Baghdad acted against US interests, with plans to include possibly occupying Iraqi oilfields, while working on Afghanistan. On September 20, Bush told British Prime Minister Tony Blair that, although Iraq was not the immediate problem at the time, he was seriously considering attacking Iraq, saying: “Iraq, we keep for another day.”

“There must be a Phase Two”, wrote Richard Perle head of the Defence Policy Board in November 2001. “At the top of the list for Phase Two is Iraq.” Eventually, Iraq was marketed to the public as “Phase Two” of the War on Terror. Other possible targets were eliminated. Somalia, Sudan, Yemen, Georgia, and the Philippines were often mentioned, and in some instances Washington dispatched Special Forces

200 Interestingly, Wesley Clark, the commander of the NATO-led Operation Allied Force in the Balkans in 1999, wrote in his memoirs, A Time To Lead, that, two weeks after the September 11 attacks, a ”senior general” at the Joint Staff told him that “We’re going to attack Iraq. The decision has basically been made”. Six weeks later, the same general showed Clark an official memo “from the Office of the Secretary of Defence outlining the strategy”, which stated that the US was planning ”to take out seven countries in five years”, including Iraq, Iran and Syria, Lebanon, Libya, Somalia and Sudan. During an interview with CNN anchor Wolf Blitzer, Clark backed off slightly, saying that the memo “wasn’t [necessarily] a plan,” and that it might have been just a list of possibilities and ideas. (Wesley Clark, A Time to Lead: For Duty, Honor and Country (Hampshire: Palgrave Macmillan, 2007): 230-231 and Joe Conason “Seven countries in five years”, Salon.com, October 12, 2007, [accessed October 20, 2007] http://www.salon.com/opinion/conason/2007/10/12/wesley_clark/)
201 Daalder, America Unbound (first edition): 131.
to help train local armies in anti-terror campaigns. On November 16, Bush privately asked Rumsfeld to create a secret plan for Iraq. On November 21, Bush ordered Rumsfeld to update the war plans for Iraq. Then, in January 2002, Bush gave his Axis of Evil speech, where he falsely accused Saddam of supporting terrorism and seeking weapons of mass destruction, claiming that “the Iraqi regime has plotted to develop anthrax, and nerve gas, and nuclear weapons for over a decade,” in order to justify the neo-conservative plans to invade Iraq, reshape the Middle East and protect oil supplies. “F**k Saddam! We’re taking him out!” Bush reportedly told Rice in early March 2002.

However, Bush could not attack Iraq in the spring of 2002, due to political and military obstacles. First, Osama bin Laden was not captured yet, (even though Bush said in March 2002 that he was “truly… not that concerned about him.”)

Furthermore, military action against Iraq would have been a large-scale operation, so Bush needed time to mobilize the military and move troops and equipment to the region and obtain international support. Moreover, there was a major conflict going on in the Middle East in the spring of 2002: the Arab-Israeli military clashes, and these needed to be calmed down in order to ensure Arab support to an American invasion of Iraq. (Cheney’s trip to the region in the spring of 2002 failed to reach such agreement, as the Arab rulers were more interested in solving the ongoing Arab-Israeli problem than in a military action against Iraq). Finally, there was another global conflict in the spring of 2002: the Indian-Pakistani military clashes which

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203 Daalder, America Unbound (first edition): 118.
204 Clark, Petrodollar Warfare: 102.
almost led to a nuclear war between the two countries. Bush was hoping to invade Iraq in the autumn of 2002, but he decided to delay to March 2003 in order to build up America’s petroleum reserves to counter the expected oil price shock, and to re-stock the hi-tech weapons which were used up in the Afghanistan war.209

Despite these obstacles, the Bush Administration’s focus remained upon Iraq. Richard Haass, director of policy planning at the State Department, met with Rice in July 2002 in one of their regular meetings, and asked her whether Iraq really should be front and centre in the administration’s foreign policy, given the War on Terror and other issues. Haass recalls Rice saying “That decision’s been made, don’t waste your breath.”210 The signal for the renewed American campaign against Iraq came in late August 2002, when Dick Cheney delivered a speech saying that if Saddam built a nuclear weapon, the Iraqis would “seek domination of the entire Middle East” and the world’s oil supplies. Cheney also opposed the inspectors’ return to Iraq, saying that it “would provide false comfort that Saddam was somehow back in the box”. He also warned that Saddam could use control over oil to threaten US interests, as he could “take control of a great portion of the world’s energy supplies, directly threatening America’s friends throughout the region, and subjecting the United States or any other nation to nuclear blackmail” if he was not stopped, and that Saddam would continue to develop WMD using his oil wealth.211


211 Daalder, America Unbound (first edition): 138. Cheney also said that inspections of Iraqi facilities “may not be as crucial if you’ve got other measures in place” (Lucas and Ryan, “Against everyone and no-one”: 163).
By the end of August 2002, the final and irrevocable decision to attack Iraq was made, with the signing of the necessary documents on August 29, 2002. In an attempt to expand the coalition for the Iraq war, he told the UN General Assembly on September 12, 2002, that the UN should pass a resolution authorizing the American war on Iraq, saying that “We will work with the UN Security Council for the necessary resolutions”, but hinting that the United States would go alone if it had to, asking “will the United Nations serve the purpose of its founding, or will it be irrelevant?” clearly stating that the United States was ready to act unilaterally if necessary.

Saddam initially forestalled military action by suddenly allowing the inspections into Iraq in mid-September. But the UN Security Council adopted Resolution 1441 anonymously on November 8, 2002, which specified “serious consequences” if Iraq was found in material breach of the UN terms. The first inspections started on November 27, under the supervision of the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC) and the International Atomic Energy Agency (IAEA). Both agencies reported in early 2003 that they found no “smoking
gun” or evidence for Iraq’s WMD program, and that they needed six more months to complete their investigation.

Thus, the die was cast, as the US rejected the pursuit of a second UN resolution, and on March 19, 2003, the United States started its invasion of Iraq.

CONCLUSION

US commitment to the Open Door policy of informal imperialism did not wane after the 9/11 attacks, as the Bush Administration promoted trade and global economic openness as a means to fight terrorism. In fact, the practice of using the military to protect US corporate and economic interests has increased after the attacks, as the US increasingly used its armed forces to spread military bases close to the world’s energy regions. The wars in Iraq and Afghanistan were part of a global strategy to reassert US dominance in the international system and maintain the Open Door empire, (except replacing China and the Far East with Central Asia and the Persian Gulf, and the fact that Karzai and Khalilzad were former Unocal employees was a sign of corporatism). After the September 11 attacks, the Bush Doctrine, based on the idea that America was in a War on Terror, called for taking the war to the enemy, preemptive strikes, and spreading democracy as a way to fight terror. The Bush

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219 Bromley, American Power: 105.

Administration saw Iraq as an optimum starting point for its democratisation program. It saw Iraq as a key point of intersection that linked the four strands of US foreign policy, bringing together US military power, the control of oil supplies and the prospect of democratisation with the extension of US presence in the Persian Gulf, making Iraq (rather than other rogue states) the focal point of US foreign policy. Iraq’s oil had become an end in itself, and a means for the wider ends; rebuilding Iraq as a democratic model for the Middle East, securing Israel, substituting Saudi Arabia as a strategic ally and main oil supplier, fighting terrorism, and extending US empire.

Nevertheless, there were differences between Iraq as a point of intersection of the four strands, and the Caspian region as another point of intersection. A first difference was that, in the case of Iraq, it was Iraqi oil which made Iraq a point of intersection, while in the case of the Caspian, it was not oil, but rather the War on Terror, which brought all the strands together after the September 11 attacks. (The War on Terror did exist in the Iraq case, but only as rhetoric, or as a false claim, if not an outright lie). A second difference was that, in the case of the Caspian, the Bush Administration did not seem to have a vision to redraw the map of the Caspian region, as was the case with Iraq and the Middle East region (where the US intervention was meant to be a demonstration to establish and confirm US power, and extend it to the rest of the region, in effect redrawing the map of the entire Middle East). On the global level, it was the War on Terror, not oil procurement, which brought all strands together. The September 11 attacks were the catalyst which linked the four US foreign policy strands of military preponderance, energy procurement, anti-terrorism and global power projection, under the rhetorical umbrella of the War on Terror. The attacks also facilitated the conversion of the Bush Administration’s ambitions into actions, as the
US invaded Afghanistan, established bases in Central Asia and prepared for regime change in Iraq. Subsequently, success or failure in Iraq was not only significant for the fulfilment of the four strands in that country. Rather, it would mark whether the US would be able to defend and extend its influence elsewhere because, at that point, the Bush Administration made US foreign policy too dependent on success in Iraq.

Following the invasion of Afghanistan, the Caspian region was ignored, in favour of the Persian Gulf. Even after 9-11, the United States and the West still lacked a clear strategic vision for Central Asia.\textsuperscript{221} The American foreign policy refocused on the Persian Gulf, and by the spring of 2002, the four strands of US foreign policy came together in the Persian Gulf, where invading Iraq would help all four strands (the link between Saddam and terrorists being false, of course). Iraq’s oil (being an end in itself and a means for other ends) was the factor which turned the country into the point of intersection of all foreign policy strands, as oil would help the economic reconstruction, and thus democratisation, of Iraq, turning Iraq into a model after which the whole region should be reshaped in accordance to US interests.

However, the US invasion of Iraq failed to exploit Iraq’s oil resources as it planned, and failed to come up with a reliable Phase IV plan for a stable political and economic structure for Iraq,\textsuperscript{222} and thus failed to redraw the Middle East as desired. And as Iraq moved after April 2003 not towards democracy and order, but towards instability, it would put not only US control of energy, but also its pursuit of preponderance of power into doubt.

\textsuperscript{221} Rashid, “Central Asia”: 118.
CHAPTER FOUR:
“A BIG SHOT” AND “A LOT OF MONEY”: OPERATION IRAQI FREEDOM AND US FOREIGN ENERGY POLICY

“American oil companies will have a big shot at Iraqi oil.”

*Ahmed Chalabi, leader of the Iraqi National Council.*¹

If oil was one of the main reasons for the invasion of Iraq, then it was both an end in itself and a means to other ends. Iraq’s vast resources made it a candidate to be a starting point for the neo-conservative plan to trickle down democracy to the Middle East. Democracy would lead to more stability and thus more security for the region’s energy supplies, while decreasing the threat of global terrorism. This would not be possible without Iraq’s oil, as Iraq cannot be a stable, pro-American democratic model without a strong and stable economy, and a stable Iraqi economy is not possible without Iraqi oil.

Donald Rumsfeld said in an interview with *Fortune* magazine in November 2002 that the cost of Iraq’s reconstruction would be “a very different situation from Afghanistan” since “Iraq has oil.”² He said in testimony before the Senate

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Appropriations hearing on March 27, 2003 that he did not believe that the United States had the responsibility for reconstruction, since reconstruction funds could come from “various sources”, including “frozen assets, oil revenues, and a variety of other things including the Oil for Food program.”3 His deputy, Paul Wolfowitz, had overoptimistic expectations for Iraq oil revenues, as he testified before a House of Representatives committee on the same day that “there’s a lot of money to pay for this” from the Iraqi oil revenues, not American taxpayers’ money.4 Also on the same day, Deputy Secretary of State Richard Armitage testified to a House of Representatives committee: “This is not Afghanistan. When we approach the question of Iraq, we realize here is a country which has a resource. And it’s obvious, it’s oil. And it can bring in and does bring in a certain amount of revenue each year… $10, $15 or even $18 billion… this is not a broke country.”5 State Department official Alan Larson added in a Senate Foreign Relations hearing on April 6, 2003: “On the resource side, Iraq itself will rightly share much of the responsibilities. Among the sources of revenue available are $1.7 billion in invested Iraqi assets, the found assets in Iraq… and unallocated Oil For Food money that will be deposited in the development fund.”6 Andrew Natsios, administrator for the Agency for International Development, repeated the $1.7 billion figure in an interview with Ted Koppel on April 23, 2003, saying that the cost for the US of rebuilding Iraq would be only $1.7

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6 Ibid. Furthermore, Press Secretary Ari Fleischer said at a White House press briefing on February 18, 2003: “The reconstruction costs remain... an issue for the future. And Iraq, unlike Afghanistan, is a rather wealthy country. Iraq has tremendous resources that belong to the Iraqi people. And so there are a variety of means that Iraq has to be able to shoulder much of the burden for their own reconstruction” (Ibid.)
billion, and that the rest of the cost would be paid by international pledges and by

Iraqi oil revenues:

The rest of the rebuilding of Iraq will be done by other
countries who have already made pledges, Britain,
Germany, Norway, Japan, Canada, and Iraqi oil
revenues, eventually in several years, when it’s up and
running and there’s a new government that’s been
democratically elected, will finish the job with their
own revenues. They’re going to get $20 billion a year
in oil revenues. But the American part of this will be
$1.7 billion. We have no plans for any further... funding
of this.7

When further asked by Koppel “As far as the reconstruction goes, the American
taxpayer will not be hit for more than $1.7 billion no matter how long the process
takes?” Natsios replied “That is our plan and that is our intention.”8

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7 Halper and Clarke, America Alone: 223, Joseph Stiglitz and Linda Blimes, The Three Trillion Dollar
8 Stiglitz and Blimes, The Three Trillion Dollar War: 7-8 and “Nightline: Project Iraq”, Foundation of
American Scientists, April 23, 2003 [accessed February 22, 2008],
http://www.fas.org/sgp/temp/natsios042303.html. Interestingly, Lawrence Lindsey was fired from the
Bush Administration for saying in September 2002 that the cost of the war might reach $200 billion
(Stiglitz and Blimes, The Three Trillion Dollar War: 7, Linda Blimes and Joseph Stiglitz, “Is this any
way to rebuild Iraq?”, Los Angeles Times, August 15, 2008 [accessed May 10, 2010]
http://www.latimes.com/news/opinion/la-oe-bilmes15-2008aug15,0,4432303.story, Linda Blimes and
Joseph Stiglitz, “The Iraq war will cost us $3 trillion, and much more”, Washington Post, March 9,
trillion may be too low”, Guardian, April 6, 2008 [accessed May 10, 2010]
http://www.guardian.co.uk/commentisfree/2008/apr/06/3trillionmaybetoolow, Joseph Stiglitz and
Linda Blimes, “Ask a question: The Three Trillion Dollar War”, McClatchy, April 15, 2008 [accessed
http://www2.gsb.columbia.edu/faculty/jstiglitz/download/opeds/Economy_Stupid.pdf, Joseph Stiglitz,
http://www.project-syndicate.org/commentary/stiglitz97?English, Joseph Stiglitz and Linda Blimes,
http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article3419840.ece, Joseph
These aspirations were evident in the fact that the Iraqi oil ministry was the only government building heavily guarded by US troops during the looting which took place after the occupation. The relation between Iraqi oil and US foreign policy was thus more than just a war to seize Iraq’s oil resources. Oil was an end in itself, and a means for other ends.

These statements by US officials were based on ambitions which went back to the start of the administration in 2001, as seen in the documents used by the Energy Task Force with detailed descriptions of Iraq’s “super giant oilfields”, oil pipelines, refineries, and tanker terminals. Tom Fitton, President of Judicial Watch (a public interest law firm that investigates government corruption) said that the presence of such maps and lists on Iraq’s oil projects showed that “Iraq was on the minds of at least some of the members of the [Energy] Task Force long before the war [on Iraq]” and that one could not talk about the Middle East oil situation without talking about Iraq. The declassified documents also included maps of Saudi and UAE oilfields, refineries, pipelines and tanker terminals, with supporting charts detailing major oil


The importance of Iraq’s oil was revealed in surprising detail by one of the key participants only a few weeks after the invasion of Iraq, as Wolfowitz said at an Asian security summit in Singapore: “The most important difference between North Korea and Iraq is that, economically, we just had no choice in Iraq. The country swims on a sea of oil.”\footnote{Halper and Clarke, America Alone: 155, (from “Wolfowitz: Iraq war was about oil”, Guardian, June 4, 2003).} Wolfowitz added to Vanity Fair in May 2003 that Saddam’s “criminal treatment of the Iraqi people” was, “by itself… a reason to help the Iraqis but… not a reason to put American kids’ [i.e.: American soldiers’] lives at risk, certainly not at the scale we [the Bush Administration] did.” As for Saddam’s imminent threat, Wolfowitz confessed to Vanity Fair that “the truth is that, for reasons that have a lot to do with the US government bureaucracy, we settled on the one issue that everyone could agree on, which was weapons of mass destruction as the core reason.”\footnote{Paul Wolfowitz, “Deputy Secretary Wolfowitz interview with Sam Tannenhaus, Vanity Fair”, U.S. Department of Defence, May 9, 2003 [accessed August 10, 2009] http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=2594}
On May 22, 2003, the UN Security Council adopted Resolution 1483, which recognized USA and UK as occupying powers and ended UN sanctions on Iraq. The Resolution approved transferring 95% of revenues on Iraqi oil to the Development Fund for Iraq (DFI, which was controlled by the United States until authority for the fund was transferred to the Iraqi government on June 28, 2004), adding that the money be spent in the interest of the Iraqi people and that all accounts related to the oil revenues should be independently audited. UNSCR 1483, adopted by 14 votes to zero, with Syria abstaining, provided the legal framework for Iraqi oil exports to resume.

On the same day, May 22, the Bush Administration issued Executive Order 13303, which gave oil contractors lifelong exemption from lawsuits and legal proceedings in the US. The order applied to Iraqi oil products that are “in the United States, hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons.” According to Jim Vallette, an analysts with the Sustainable Energy & Economy Network of the Institute of Policy Studies in Washington, the Executive Order “reveals the true motivation for the occupation: absolute power for US interests in Iraqi oil,” adding that the Executive Order gave US companies complete immunity from legal accountability:

Anything that happened before with US oil companies around the world – a massive tanker accident, an

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16 Bainerman, “How much will the war on Iraq cost the US taxpayer?”: 17. It took until April 2004 to appoint an auditor to the DFI (ibid).
19 Rutledge, *Addicted to Oil*: 190.
explosion at an oil refinery, the employment of slave labour to build a pipeline, murder of locals to corporate security, the release of billions of tons of carbon dioxide into the atmosphere, or lawsuits by Iraq’s current creditors or the... Iraqi government demanding compensation – anything at all, is immune from judicial accountability.20

UNCR 1483 and Executive Order 13303 were complemented by Order 39, the official order concerned with foreign investment, issued by Paul Bremer, head of the Coalition Provisional Authority (CPA) on September 19, 2003. The Order included the following provisions:

1) Privatisation of Iraq’s state-owned enterprises (except the oil reserves);
2) 100% foreign ownership of Iraqi business;
3) “National Treatment”, which meant that it was not necessary to require giving Iraqis preference over foreigners;
4) Unrestricted, tax-free remittance of all profits and other funds, authorizing investors to transfer abroad all funds associated with their investment, including shares, profits, dividends, proceeds… etc, thus giving no obligation to re-invest in Iraq;
5) 40-year ownership licenses: Baghdad could deny foreign investors the right to own real property (land, buildings… etc). However, it granted foreigners 40-year licenses with unlimited renewal options to lease Iraqi real estate;
6) Dispute settlement: Foreign companies have the right to reject Iraq’s domestic courts and turn to international tribunals instead.21

21 Juhasz, *The Bush Agenda*: 211-221 and Richard Seymour, “The Real Cost of the Iraq War”, *The Middle East*, May 2009: 50. The transformation of the laws of an occupied country is illegal under the Geneva Conventions and US Army rules, Therefore, too, are the contracts signed based on these
Order 39 was a practical application of neo-conservative theories which believed in the elimination of the state-run economic sector and “shock therapy” economic revolution according to Milton Friedman’s teachings. However, Order 39 had important exclusions, namely in Iraq’s energy sector, as it stated that extraction and initial processing of oil in Iraq were excluded from the provisions of Order 39:

*Foreign investment may take place with respect to all economic sectors in Iraq, except... the natural resources sector involving primary extracting and initial processing remains prohibited. In addition, this Order does not apply to banks and insurance companies.*

Thus, Bremer changed Iraq’s laws to implement an economic model preferred by the Bush Administration that, according to its “corporate globalisation” agenda, could ensure increased profits for the corporations without consideration to the welfare of the Iraqi economy and people. Vital to this agenda was getting rid of the Baathists in order to eliminate the opponents of the liberalization of Iraq’s national economy and remove all remnants of state economic control, implementing privatisation to open Iraq for foreign investment, and bringing in foreign companies and an Iraqi

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changes in Iraq’s law in favour of the US companies (Juhasz, *The Bush Agenda*: 318-320). Thomas C. Foley, an investment banker, a major Republican donor and Bush’s former classmate at Harvard Business School, was the CPA official in charge of Iraq’s privatisation. When he was told that international law prevents the sale of assets by an occupation government, he said “I don’t give a sh*t about international law. I made a commitment to the president that I’d privatise Iraq’s business” (Rajiv Chandrasekaran, *Imperial Life in the Emerald City: Inside Baghdad’s Green Zone*, (London: Bloomsbury Publishins Plc, 2008): 106, 140).


24 Juhasz, *The Bush Agenda*: 197. In fact, before the invasion, Bremer used to work for Kissinger Associates, and was chairman and CEO of insurance company Marsh and McLennan’s Crisis Consulting Practice, specializing in risk assessment and services for multinational corporations. In a November 2001 report which he wrote, he said that privatisation would be hazardous to locals, but beneficial to the multinational corporations (Juhasz, *The Bush Agenda*, 191, 192).
bourgeoisie whose prosperity would inspire Syrians, Iranians and others to seek the same. Thus, Coalition Provisional Authority Order No. 1, “De-Baathification of Iraqi Society,” signed by Bremer on May 16, 2003, was necessary for this economic agenda. De-Baathification also aimed to eliminate the political opponents of Ahmed Chalabi\textsuperscript{25} who was a main supporter of American business in Iraq. The provisions of Order 39 were emphasized on September 21, 2003, when Iraq’s Finance Minister Kamil al-Kilani confirmed during an IMF-World Bank meeting in Dubai that Order 39 had opened up all non-oil sectors in Iraq to foreign investors who could own 100% of any enterprise.\textsuperscript{26}

The awarding of new contracts was not a new strategy. It followed months of discussion on the economic model for the oil industry after the invasion, where the US Government, the Iraqis in exile and the US companies all agreed, in principle, that Production Sharing Agreements (PSA) would be the contract type used instead of full privatisation of Iraqi oil resources. US officials decided to keep the Iraqi oil sector under state control, since privatisation would give an impression of imperialism, would cause widespread opposition among the Iraqi people, and would sharpen opposition to the occupation.\textsuperscript{27} Furthermore, Iraqi advisers warned that any move to privatisate the state oil company or to lay claim to untapped reserves before an Iraqi


\textsuperscript{26} Dilip Hiro, *Secrets and Lies: The True Story of the Iraq War* (London: Politico’s, 2005): 419. At the same meeting, Ali Allawi, the Iraqi trade minister, said that 100% ownership of Iraqi enterprises would be allowed, but oil and natural resources would be excluded. However, he added that foreign ownership of Iraq’s oil industry was not ruled out. (Andrew Walker, “Iraq oil assets up for sale”, *BBC News*, September 22, 2003 [accessed September 23, 2003], http://news.bbc.co.uk/1/hi/business/3130776.stm)

government was in place would be seen as an act of war. Thamer Ghadban, an Iraqi oil expert who worked with the US-controlled Office of Reconstruction and Humanitarian Assistance (ORHA), was sceptical about privatisation of the state oil company, saying during the World Economic Forum meetings in June 2003 that “privatisation does not ring a bell inside of Iraq. The economy and people’s livelihood revolve around the oil industry. Privatisation is not only premature, it is unacceptable.” Furthermore, Philip Carroll, former Shell executive who was appointed by the Bush Administration to run Iraq’s oil industry, opposed privatisation, telling Bremer: “There was to be no privatisation of Iraqi oil resources or facilities while I was involved.” Bremer’s Order 39 also avoided the privatisation of oil resources or facilities because Grand Ayatollah Ali Sistani held that minerals belonged to the “community”, meaning the state.

Production Sharing Agreements differ from privatisation because of two distinctive features. The first feature of a PSA is that privatisation is not necessary; the foreign company would not actually own the oilfields, or the oil reserves. This is a crucial political feature of the PSA, which enables the host country to maintain the principle of national sovereignty over its petroleum resources. However, accounting principles and regulations allow the company to book the oil reserves of the host country, to which they will eventually become entitled as they extract the oil, in the company’s accounts, even though the company do not actually own these reserves. This feature is

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28 Klein, *The Shock Doctrine*: 345. Nevertheless, the occupation authority did take possession of $20 billion worth of revenues from Iraq’s national oil company to spend as it wished (ibid).
29 Rutledge, *Addicted to Oil*: 188.
particularly important to the company, since stock markets have the propensity to value the company according to the size of its proven reserves.32

The second distinctive feature of PSAs is that oil is divided into “cost oil” and “profit oil” as follows; the company is compensated for its costs by the “cost oil” which it takes and sells in the international market, or perhaps back to the state oil company. When the sales recover the company’s costs, the amount of oil left in the field, which is the “profit oil”, is divided between the company and the country according to an agreed proportion, for instance 40% to the company and 60% to the country.33

Thus, foreign firms would not be able to purchase existing fields but would be allowed to collaborate with the state-owned oil company to joint rehabilitation and development projects,34 i.e.: they could participate in upstream activities without actually owning the fields.

Nevertheless, the broad arrangement to link private enterprise to Iraq’s oil industry was fundamentally flawed. Numerous Iraqi commentators and oil experts, like Fouad 32 Rutledge, *Addicted to Oil*: 184.

33 Rutledge, *Addicted to Oil*: 184. There is usually a cap on the annual amount of “cost oil” that can be recovered, for example 40% of total production. If such a cap exists, and the amount of oil extracted does not cover the company’s costs, then the difference is carried over into the next financial year and added to that year’s costs (Rutledge, *Addicted to Oil*: 235). PSAs are highly unusual in the Middle East, where the oil industry in Saudi Arabia and Iran is state controlled (Danny Forston, Andrew Murray-Watson and Tim Webb, “Future of Iraq: The spoils of war”, *Independent*, January 7, 2007 [accessed January 11, 2007] http://news.independent.co.uk/world/middle_east/article2132569.ece). Nevertheless, PSAs are not new to Iraq, as PSAs, or Production and Developments Contracts which are very similar to PSAs, have been used in Iraq in 1997 with Russian, Chinese and Brazilian companies, although for reasons which were more political than commercial, to try to convince these countries to break the embargo on Iraq. However, these contracts failed to break the embargo on Iraq (Al-Amir, Fouad. “Discussion on the Iraq law” [accessed Mach 1, 2007] http://www.al-ghad.org/2007/02/20/discussion-on-the-iraq-oil-law/ and “Effect of production sharing agreements on Iraqi revenues”, *Al Jazeera*, October 8, 2007 [accessed January 13, 2008] http://www.aljazeera.net/NR/exeres/80E3E78-A0F4-412E-89547-3D4D89D0E930.htm and “Future of Iraq: Oil and Energy Working Group: Considerations relevant to an oil policy for a liberated Iraq”, January 27, 2003: 6). 34 Klare, *Blood and Oil*: 103-104.
Qassem al Amir, Tariq Shafiq and others, criticized Production Sharing Agreements, saying that they would give much leverage to the foreign oil companies vis-à-vis the national Iraqi oil company. They argued that such agreements were useful only for countries where the extraction of oil is very costly and/or difficult, or where the state did not have the monies necessary for the extraction operations, given that extraction cost in Iraqi oilfields did not exceed $2/barrel. Furthermore, they argued that Iraq did not actually need foreign investment to develop its oil resources, and that it could obtain the monies necessary to do these investments through international loans, without the need for foreigners. Essam al Jalabi, Iraqi oil minister under Saddam Hussein, argued that it was all right to bring in foreign investment if it could provide technology, know-how and other services, but not for production sharing. Experts also noted that Saudi Arabia, Iran, Kuwait, and the UAE never used Production Sharing Agreements, and that Venezuela and Russia were gradually getting rid of their own PSA deals. Moreover, Production Sharing Agreements favour private companies at the expense of the exporting government, therefore only 12% of world oil reserves are subject to Production Sharing Agreements, compared to 67% developed solely or primarily by national oil companies.

PSAs would provide Iraq with higher revenues than the concessions provided to foreigners during the first half of the twentieth century. However, these PSAs did not

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35 “Effect of production sharing agreements on Iraq revenues”.  
36 Al-Amir, “Discussion on the Iraq law” and “Effect of production sharing agreements on Iraq revenues”.  
39 Juhasz, The Bush Agenda: 325, from Greg Muttitt, “Crude Designs”. Juhasz argued that it is not obvious that Iraq needed foreign investments, since the end of the American occupation in itself would bring the stability necessary for Iraq investment, and Iraqis had the expertise and skills necessary to invest on their own (Juhasz, The Bush Agenda: 325).
provide Iraq with as much revenue as the technical services contracts which were
used following the nationalization of Iraq’s oil in 1972. Furthermore, using PSAs with
American companies could lead to contractual conditions which would not be
beneficial to Iraq’s interests. Companies could force the Iraqi government to
guarantee very high compensations to the foreign companies for their costs and high
risks, thus decreasing the sum allocated to the state, and the more unstable the security
situation became, the more the companies would pressurize the state for a higher ratio
of profits to compensate for risks and costs.

These criticisms did not prevent the advent of PSAs. Before the invasion, the US State
Department organized a number of meetings known as the Future of Iraq Project,
involving Iraqi exiles, administration officials and corporate executives and
consultants. The project was supervised by Thomas Warrick of the department’s
Office of Northern Gulf Affairs, with the help of the Working Group on Oil and
Energy which was filled with expatriate Iraqi oil officials sympathetic with
Washington’s war aims. In September 2002, a State Department official said that oil
was not on the agenda of the Future of Iraq meetings, while, in fact, State
Department and Vice President Cheney convened two “Oil and Energy Working
Group Meetings”; the first in December 2002 and the second in January-February
2003. In the first meeting the State Department convened the Iraqi opposition

40 Al-Amir, “Discussion on the Iraq law” and “Effect of production sharing agreements on Iraq
revenues” and “Evaluation of new Iraqi oil law”
41 “Effect of production sharing agreements on Iraq revenues” and Greg Muttitt, “Crude designs: The
rip off of Iraq’s oil wealth”, Global Policy Forum, November 2005 [accessed May 28, 2008]
42 Rutledge, Addicted to Oil: 178.
43 Klare, Blood and Oil: 99, from David Rieff “Blueprint for a mess”, New York Times Magazine,
November 2, 2003
44 Rutledge, Addicted to Oil: 178.
leaders to discuss the future of Iraqi oil “to meet the needs of the Iraqi people.”\textsuperscript{46} State Department officials also said that Iraq “should be opened to international oil companies as quickly as possible after the war.”\textsuperscript{47}

The \textit{Future of Iraq Oil and Energy Working Group}'s report, \textit{Considerations Relevant To An Oil Policy For A Liberated Iraq}, dated January 27, 2003, stated that “the political, social and economic well-being of a liberated Iraq depend on Iraq rapidly and substantially increasing its volume of oil production.”\textsuperscript{48} Arguing for the decentralization of Iraq’s oil industry, the document said that “war and sanctions are not the reason that Iraq’s oil industry has chronically failed to achieve its potential output,”\textsuperscript{49} and that “we can reject any suggestion that Iraq’s low level of oil production is due primarily to war and sanctions,”\textsuperscript{50} stating that war and sanctions have reduced Iraq’s oil production only by a “modest” amount, as war and sanctions have reduced Iraq’s oil production from an average of 3.5 mbpd (in 1979) to an average of 2.4 mbpd, while the real potential for Iraq is around 8 mbpd.\textsuperscript{51} Rather, said the document, the reason why Iraq did not reach its potential of 8 mbpd was because Iraq was using the wrong policy; the monopoly of a national oil company instead of decentralization:

\begin{quote}
\textit{It may be relevant to note that, five of the six countries with the highest production yields have highly decentralized oil industries. By contrast, five of the six countries with the lowest production yields have highly centralized oil industries dominated by politically}
\end{quote}

\textsuperscript{46} Rutledge, \textit{Addicted to Oil}: 179-180, from US Department of State, Press Release, December 19, 2002.
\textsuperscript{47} Juhasz, \textit{The Bush Agenda}: 253.
\textsuperscript{49} ibid: 1.
\textsuperscript{50} Ibid: 2.
\textsuperscript{51} Ibid: 2.
controlled, monopolized, nationalized oil industries. Formulation of an oil policy that has as its goal the delivery of the full benefits of Iraq’s enormous oil reserves to the Iraqi people, must involve a critical analysis of the role, consequences of and alternatives to the monopoly rights of the centralized national oil company (NOC).  

(This statement was not true, however, as Saudi Arabia, for instance, does not allow foreign investment in upstream activities. Aramco, which was nationalized in 1976, performs all upstream activities, and it produces 8 or 9 mbpd. The same applies to all Gulf States)

It was this “monopoly status,” argued the document, which resulted in “underproduction”, and it was necessary to increase production to alleviate Iraq’s economic impoverishment, especially as it was “inconceivable” that the non-oil sector in Iraq could generate the economic growth necessary to alleviate Iraq’s poverty within a politically acceptable timeframe. The oil industry was “the one industry in Iraq that has the possibility of inducing the enormous amount of foreign direct investment that is necessary to alleviate the impoverishment of the Iraqi people”, and it was thus necessary to “restructure” the oil industry in order to raise production above 3.4 mbpd. “The regime change provides the opportunity to liberate not only the country but also the economy,” added the report.

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52 Ibid: 2-3, and 5.
53 Ibid: 3
54 Ibid: 5
55 Ibid: 9
IRAQI OIL AND THE
AMERICAN BUSINESS CORPORATIONS

“We know where the best reserves are [and] we covet the opportunity to get those some day.”

Chairman of ConocoPhillips, referring to Iraqi oil,
February 2003.56

“I think this is very promising to the American investors and to American enterprise, certainly to oil companies.”

Adel Abdul Mahdi, Interim Finance Minister,
Washington, D.C., December 2004.57

As with Central Asia, the US government had encouraged US private companies to invest in Iraq and its oil to help reconstruct the Iraqi economy, leading to the realization of the US agenda for Iraq and the region. On December 10, 2003, Wolfowitz said that companies from countries opposed to the war on Iraq would not be allowed to bid for new Iraq rebuilding contracts worth $18.6 billion, and that this step was necessary to protect America’s “essential security interests.” (The Bush administration hinted, even before the war, that countries opposed to the war would pay a price during post-war reconstruction.)58 But on January 13, 2004, during a

56 Rutledge, Addicted to Oil: 179.
57 Juhasz, The Bush Agenda: 255-256. He added that adding that foreign companies may be allowed in “downstream” and “maybe even upstream” oil investment in Iraq (ibid).
meeting with Canadian Prime Minister Paul Martin in Mexico (during negotiations over an Americas summit over trade and a proposed Free Trade Area for the Americas FTAA), Bush said that Canada would be “eligible to bid” for reconstruction projects in Iraq, even though Canada opposed the war.59

Philip Carroll (former head of Shell’s US operations, appointed by the Bush administration to head a team of experts to run Iraq’s oil industry)60 hired more American oil executives to devise an “American-style” corporate management structure that would oversee the Iraqi oil industry.61 (Carroll quit his post in September 2003, due to the chaos in Iraq, and was replaced by Robert McKee III, Chairman of Enventure Global Technology, a company owned jointly by Halliburton and Shell).62 Working closely with US defence contractors like Halliburton, these executives established Team RIO (Restore Iraqi Oil) to undertake the rehabilitation of Iraq’s infrastructure.63 The RIO program had two goals. The first, the re-opening of old refineries and facilities, has been accomplished. The second goal, which is to increase Iraq’s ability to export fuel,64 would be harder to achieve given the security situation in Iraq.
The RIO program was complemented by the *The Logistics Civil Augmentation Program* (LOGCAP) program where, in December 2001, anticipating the coming invasion, Kellogg, Brown and Root (KBR), a subsidiary of Halliburton, signed the LOGCAP contract with the Department of Defence to repair the oilfields. The contract stipulated that KBR would “put out well fires and assess the facilities, clean up oil spills or other environmental dangers at the sites, repair or reconstruct damaged infrastructure and operate facilities and distribute products.” According to California Democrat Representative Henry Waxman, the terms of the vague and open-ended LOGCAP contract “would allow Halliburton to profit from virtually every phase of the war.”

The RIO and LOGCAP programs were not competitively bid; they were given to Halliburton “out of convenience” because they already had plans to distinguish oil fires. Bob Faletti, spokesperson of the US Army Corps of Engineers (USACE), the department of the army overseeing RIO, said that “it made sense” to award the contract to KBR, since awarding without competition helped “save time and money.”

But this has led to accusations of favouritism in the Bush administration towards certain companies. An iconic case was that Halliburton, (the US oil services company whose CEO was Dick Cheney between 1995 and 2000, and in which the Bush family has business interests,) and Bechtel (who had business connections to some

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65 Rutledge, *Addicted to Oil*: 181.
67 Briody, *The Halliburton Agenda*: 221.
members of the Bush Administration,\textsuperscript{69} benefited from the war and won non-bid contracts. Many company officials who benefited from postwar Iraq contracts were also members of the Committee for the Liberation of Iraq (CLI), which was founded in 2002 as an extension of the Project for the New American Century (PNAC) and supported the Iraq invasion, whose members included George Shultz of Bechtel\textsuperscript{70} (who was Secretary of State under Ronald Reagan). The CLI disbanded after the invasion.\textsuperscript{71} (Democrat Henry Waxman was the leader of the Democratic opposition to Halliburton, as he was concerned about the government issuing non-bid contracts to a company that had clear ties to Cheney.)\textsuperscript{72}

For the US Army Corps of Engineers (USACE), KBR was “the only source capable of developing a contingency support plan” to extinguish oil well fires in case the Iraqi army sets them on fire, in addition to the fact that “KBR, by virtue of its familiarity with the Centcom operational plans, related Logistics Support Plans\textsuperscript{73}… is the only contractor that can satisfy a requirement for immediate execution of the contingency support plan.” A USACE memo also mentioned the time factor to justify the no-bid contract to KBR. “Because the Iraqi economy depends on oil revenue, the well-being of the Iraqi people depends on continuity of oil production and distribution. Any delays in providing support required by US Centcom will result in significant negative international repercussions,” stated the USACE memo. Thus, explained the memo,

\textsuperscript{70} Juhasz, \textit{The Bush Agenda}: 181. Shultz wrote an article in the \textit{Washington Post} in September 2002, saying that Saddam had weapons of mass destruction, and that, by removing Saddam, “a model can emerge that other Arab societies may look to and emulate for their own transformation and that of the entire region.” (Juhasz, \textit{The Bush Agenda}: 183).
\textsuperscript{71} Juhasz, \textit{The Bush Agenda}: 183.
\textsuperscript{72} Briody, \textit{The Halliburton Agenda}: 231.
\textsuperscript{73} KBR has had a role in devising the LOGCAP program in 1992, and has worked under its umbrella in several locations around the world. See Dan Briody, \textit{The Halliburton Agenda: The politics of oil and money}. (New Jersey: Wiley, 2004): 177-189, Juhasz, \textit{The Bush Agenda}: 226 and Kolko, \textit{The Age of War}: 156.
“no delay can be tolerated”, since “these specialized services can be available only from KBR in the time available.” Furthermore, the USACE was instructed to “plan for competition for the execution effort at the earliest reasonable opportunity consistent with the needs of the mission.” The memo also said that this decision was agreed “w vp” i.e.: with the Vice President’s office.74 Similarly, Wolfowitz defended the no-bid procedures, saying that “it is necessary in the public interest to use other than competitive procedures” for the contracts awarded by the Department of Defence for the rebuilding of Iraq.75

74 “Memorandum for Commander US Army Corps of Engineers: Subject: Justification and Approval (J&A) for other than full and open competition for the execution of the Contingency Support Plan”, February 28, 2003, (Declassified April 22, 2004), [accessed January 11, 2008]
http://www.juancole.com/2006/05/critique-of-us-policy-in-iraq-bush.html). In October 2004, Bunmatine Greenhouse, the chief contracting officer at the USACE, went public with allegations that the USACE unfairly awarded KBR with the no-bid contract. This led to an investigation by the FBI into the legality of the no-bid contract to KBR, and why the deal was not open to competition (“FBI studying Halliburton deals” BBC News, October 29, 2004 [accessed October 1, 2007]
news.bbc.co.uk/1/hi/business/3963967.stm). In the end, however, Saddam did not order the torching of the oil wells (Hiro, Secrets and Lies (second edition): 393). He never actually planned to torch the Iraqi oil wells, as his miscalculations were so great that he never expected to lose the war (Gordon, Cobra II: 505). This showed that there were great flaws in planning on the American side, as well as on the Iraqi side (Gordon, Cobra II: 504-506). However, US troops claim that Iraqi troops did set some oilwells in Rumelia on fire, and tried to set other oil facilities on fire but did not have the time (Hiro, Secrets and Lies (2005 edition): 186 and 195).

75 “Wolfowitz declares non-competitive bids in Iraq to be in the public interest”, US Foreign Aid Watch, December 9, 2003 [accessed February 18, 2009]
Halliburton, KBR’s parent company who contributed $1,146,248 to the Republican Party between 1998 and 2003, received at least $19.3 billion in Iraq’s single-source contracts, and Halliburton’s stock price increased by 229% since the war began.\footnote{Joseph Stiglitz and Linda Blimes, \textit{The Three Trillion Dollar War: The True Cost of the Iraq Conflict.} (London: Allen Lane, 2008): 15.} Furthermore, in late October 2003, a report by the Centre for Public Integrity (CPI) said that many of the US firms which won Iraqi reconstruction contracts were major donors to George W. Bush’s political campaigns, especially the 2000 campaign. However, the US Army Corps of Engineers and the USAID, the bodies jointly responsible for allocating the contracts, rejected any suggestions of favouritism. “We have made sure that it is not politically motivated,” a USAID spokesperson said.\footnote{“Iraq contracts won by Bush donors”, \textit{BBC News}, October 31, 2003 [accessed November 1, 2003] http://news.bbc.co.uk/1/hi/business/3231345.stm.}

Naomi Klein argued that “the lack of competition on awarding contracts has been one of the distinguishing features of the Bush years,”\footnote{Klein, \textit{The Shock Doctrine}: 298.} (not just in Iraq, but also in US domestic security contracts).\footnote{For more information on how private US corporations are profiting from US domestic security contracts, read Klein, \textit{The Shock Doctrine}, chapters 14 and 15.} This leads us back to Klein’s analysis of Milton Friedman’s economic “shock treatment,”\footnote{Klein, \textit{The Shock Doctrine}: 7.} and “disaster capitalism,”\footnote{Klein, \textit{The Shock Doctrine}: 6.} where crisis was needed to promote his fundamentalist form of capitalism,\footnote{Klein, \textit{The Shock Doctrine}: 9.} showing the convergence of national and corporate interests.\footnote{Klein, The Shock Doctrine: 309. She wrote, sarcastically: “What role did the benefits to contractors such as Halliburton, Bechtel and oil companies such as ExxonMobil play in the Bush team’s enthusiasm for invading Iraq? These questions of motivation are impossible to answer with any precision, because the people involved are notorious for conflating corporate interests with the national interest, to the extent that they themselves are seemingly incapable of drawing distinctions.” (ibid).}

\textbf{DEMOCRATIC DEVELOPMENTS IN IRAQ}
Despite the agreement between the State Department and the Department of Defence on PSA, there was tension between the development of the oil industry and the establishment of a post-invasion political system. Jay Garner, the first US administrator in post-war Iraq, said in a *BBC* interview in April 2004 that he was sacked partly because he wanted to hold elections whereas his superiors wanted first to privatise Iraq’s oil. Garner stated: “My preference was to put the Iraqis in charge as soon as we can, and do it with some form of elections… I just thought it was necessary to rapidly get the Iraqis in charge of their destiny.” Garner also disagreed with many of the Bush Administration’s economic proposals, such as full privatisation of Iraq’s 192 state-owned enterprises, arguing that the Iraqis should be in charge of determining their own economic fate.

So there was a contradiction, or a gap, in the Bush Administration’s political and economic strategy. It held that Iraq should be democratised but, despite calling for democracy, the administration was initially against elections and paid little attention to political development in Iraq. The calls for elections by Ayatollah Ali al-Sistani, Iraq’s most respected Shiite cleric, was a serious challenge to Bush’s vision for Iraq, as they could lead to an Iraqi constitution based on Islamic Shari’a law and so threaten the secularisation of Iraqi governance. In addition, the United States was...
worried that Islamic Shiite leaders in Iraq might form an anti-American partnership with the Mullahs in Iran,\textsuperscript{87} and undermine US plans for controlling Iraqi oil.\textsuperscript{88} Bremer was also opposed to holding elections, fearing that elected Iraqis would produce a constitution that would not separate the mosque from the state, might not provide equal rights to women, or might not follow any of the other principles supported by the White House which wanted Iraq to be a model for democracy in the Arab world.\textsuperscript{89} The United States wanted an orderly political transition to the Iraqis that it could control; a system that would be a model to the Arab world.\textsuperscript{90} Moreover, polls showed that if Iraqis were allowed to vote, they would vote for candidates who would limit the powers of US troops and the US multinationals.\textsuperscript{91}

On June 28, 2003 Sistani issued a fatwa calling for elections, saying that the constitution should be written by officials elected by the Iraqi people, not a council

\textsuperscript{87} Phillips, \textit{Losing Iraq}: 179. A document entitled “Should Islam be the religion of the New Iraqi State?” was circulated among the staff of the civilian administration in Baghdad in May 2003. Having stated that “our liberation of Iraq gives us the opportunity to revolutionize Muslim thinking on the role of Islam in the state,” the document sets out two options; either “agree that Islam be declared the state religion” or “ensure that Islam is not declared the state religion”. The document said that the advantage of the first option was “denying the Wahhabis, Iranian Mullahs and other fundamentalists the opportunity of claiming the US is trying to make Muslims into non-believers”. But the disadvantage of that option was that it raised the question of “what type of Islam” should the state support: Sunni or Shiite? Thus, the document concluded that “only as a last resort should we agree that Islam should be the religion of the state”. The document was sent to Wolfowitz, Perle, Bernard Lewis, Feith, Paul Bremer (not then US Administrator in Baghdad) and others (Halper and Clarke, \textit{America Alone}: 21).

Article 2(A) of the Iraqi constitution says that Islam would be the “basic source of legislation”, but balances this with article 2(B) which says that no law can contradict the “principles of democracy” (“Full Text of Iraqi Constitution”, MSNBC, October 16, 2005 [accessed June 16, 2008] http://www.msnbc.msn.com/id/9719734/). Furthermore, in October 2004, Bush said that he would accept an Islamic government in Iraq as a result of free elections. “I will be disappointed, but democracy is democracy”, he said. This contradicted earlier remarks from his administration which rejected calls, soon after the fall of Saddam’s regime, for the creation of an Islamic state similar to that of Iran (“Bush: I would accept Islamic Iraq” BBC News, October 19, 2004 [accessed October 20, 2004], http://news.bbc.co.uk/1/hi/world/americas/3755850.stm).

\textsuperscript{88} Rutledge, \textit{Addicted to Oil}: 195.

\textsuperscript{89} Chandrasekaran, \textit{Imperial Life in the Emerald City}: 207.

\textsuperscript{90} Phillips, \textit{Losing Iraq}: 178-179.

\textsuperscript{91} Klein, \textit{The Shock Doctrine}: 364.
appointed by the US occupation as Paul Bremer planned. Sistani also questioned the legitimacy of a security agreement between an un-elected Iraqi government and the United States. However, the Bush Administration had decided that early elections would be a recipe for civil war. If elections were held before political parties had time to establish themselves, well-organized Baathists and Islamic parties with ties to Iran would dominate the outcome. Sistani’s demands were thus seen as impractical, as Iraq lacked a population census and an electoral law, and it would take months to lay the infrastructure for a nationwide ballot.

Justifying his opposition to early elections, Bremer explained why he was more concerned with privatisation than with elections:

> We’re not going to rush into elections because Iraq simply has none of the mechanisms needed for elections – no census, no electoral laws, no political parties, and all the related structure we take for granted. We’ve also got to get this economy moving and that’s going to be a helluva challenge. A stable Iraq will need a vigorous private sector.

Bremer said elsewhere that he was “not opposed” to elections, but that he wanted the elections to be held “in a way that takes care of our concerns. Elections that are held too early can be destructive. It’s got to be done very carefully. In a situation like this, if you start holding elections, the people who are rejectionists tend to win.” In late September 2003, he argued against early elections during his testimony before the

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news.bbc.co.uk/1/hi/world/middle_east/3032988.stm
Senate Armed Forces Committee, saying that elections should come after the constitution was ratified, not vice versa:

Some, including members of the Iraqi Governing Council, suggest we should give full sovereignty to an Iraqi government immediately or very soon. I firmly believe that such haste would be a mistake. No appointed government... can have the legitimacy necessary to take on the difficult issues the Iraqis face as they write their constitution, elect a government and, I might add, undertake a major economic reconstruction effort. The only path to true Iraqi sovereignty is through a written constitution, ratified and followed by free democratic elections.96

By the fall of 2003, however, the Bush Administration was forced to reconsider. With Iraqi support for the occupation decreasing, the transition of power to the Iraqis had to be speeded up,97 especially as scores of angry Iraqis were joining the insurgency in opposition to the occupying American forces on Iraqi territory and anger over the lack of security, jobs, and electricity. Mindful of the growing anti-American sentiment, the members of the Governing Council called for the end of the American occupation, saying that the council should assume sovereignty and administer the country until elections could be held.98

Robert Blackwill, a senior member of the National Security Council and a policy planning coordinator for Iraq, decided that Bremer’s seven-step plan for the

restoration of Iraqi sovereignty was untenable. Blackwill told Rice that the White House needed to take more control, and they both told Bremer that his plan seemed no longer viable, telling him to think of a way to speed up the handover process and wondering if the open-ended occupation was fuelling the insurgency. Bush agreed, as he did not want the American forces to be involved in a bloody guerrilla war as the American people voted in the presidential elections of November 2004. The State Department and the Pentagon also pressed Bremer to speed up the handover process, as the Pentagon told Bremer to hand over sovereignty to an expanded version of the Governing Council by the following spring. However, Bremer resisted, telling Rumsfeld: “I don’t think it would be responsible to turn over sovereignty to a non-elected Iraqi body with no constitution in place. We’d risk Iraq falling into disorder or civil war, with no constitution to shape Iraq’s political structure and to guarantee individual and minority rights.” However, by mid November, Bremer, under pressure from both the White House and Ayatollah Sistani, abandoned his seven-step plan.  

Bush decided on November 12, 2003, that the United States should pursue early sovereignty in Iraq. The November 15 agreement, which the CPA wrote and then obliged the Governing Council to sign, set June 30, 2004 as the day when sovereignty would return. Both the CPA and the council, which most Iraqis correctly saw as unrepresentative and ineffective, would then dissolve. An interim assembly, chosen

99 Chandrasekaran, *Imperial Life in the Emerald City*: 213. Bremer’s seven-step plan to Iraqi sovereignty was 1- the formation of a Governing Council; 2- the establishment of a committee to determine how to write a constitution; 3- the Governing Council’s assumption of more day-to-day tasks; 4- the writing of a constitution, and this is where the plan stalled as Sistani called for writing the constitution by elected representatives (ibid: 206, 207).


through a complex process of nationwide caucuses, would govern Iraq until elections in early 2005. The elected government would then write the new constitution.¹⁰³

Even with this adjustment in US policy, Bush’s hopes that democracy in Iraq would reshape the region failed to materialize, neither at the Iraqi level nor on the regional level. The root failure lay in post-invasion planning and operations.¹⁰⁴ According to Major Isaiah Wilson III, former war planner in Iraq, “there was no Phase IV plan”, with no one producing a strategy to deal with the situation after major combat operations ended.¹⁰⁵

Bush and his team began to focus on the post-war phase only shortly before the war started in March 2003, and only with little attention compared to the attention given to the invasion plan.¹⁰⁶ Jack Keane, one of the top US military commanders in Iraq, said that the Americans failed to plan for the insurgency, and admitted that this was not just an intelligence failure, but also a failure of senior military leaders, including himself.¹⁰⁷ The primary cause of this haphazard planning was the Bush Administration’s disdain for nation building.¹⁰⁸

¹⁰³ Packer, The Assassins’ Gate: 316.
¹⁰⁵ Ricks, “Army historian cites lack of postwar plan”. Phase I is the preparation for combat. Phase II consists of initial operations. Phase III is the main combat stage, and Phase IV is concerned with post-combat operations (ibid). Some in the US military had insisted say that a formal Phase IV plan did exist, while others disagreed. General Tommy Franks, head of Central Command (Centcom) at the time of invading Iraq, said that he “was confident in the Phase IV plan.” However, Larry Diamond, ex-CPA advisor, later wrote that the Bush Administration lacked an effective post-war strategy in Iraq. These differing views can be reconciled through the recognition that a Phase IV plan existed, but it was rushed and haphazard. (Ricks, “Army historian cites lack of postwar plan”, and Larry Diamond, “What Went Wrong in Iraq”, Foreign Affairs, September/October 2004 [accessed June 16, 2008] http://www.foreignaffairs.org/20040901faessay83505/larry-diamond/what-went-wrong-in-iraq.html).
¹⁰⁶ Gordon, Cobra II: 160.
¹⁰⁷ Gordon, Cobra II: 495-496.
security expert who lead the CIA effort to investigate Iraq’s missing weapons of mass destruction) said that “there was a reluctance to divert resources to post-conflict maintenance of law and order” in Iraq.\textsuperscript{109} Rumsfeld did not want the Iraqis to develop a “culture of dependency”, where they would rely upon the United States to take care of their security, as had allegedly happened in Kosovo. Therefore, the focus of postwar planning was not how to build a democratic Iraq, but how to get the US troops out of Iraq as soon as possible,\textsuperscript{110} since, according to a senior Pentagon planner, Rumsfeld wanted to “do war on the cheap” where a small, lightly armed force could take over Iraq.\textsuperscript{111} Moreover, the Pentagon saw postwar planning as a block standing in the way of war, since it attracted attention to costs and potential problems, which might have weakened the case for launching the war.\textsuperscript{112} In fact, the CIA conducted several war games in late spring 2002, concluding that civil disorder would likely occur after Saddam’s removal, but the Pentagon was not pleased with these results and ignored them.\textsuperscript{113}

Secretary of State Colin Powell did raise the issue of insufficient troops and the difficulties that would face the Americans in the post-war phase. If these concerns were taken more seriously, then perhaps a more efficient post-war planning would have taken place.\textsuperscript{114} Instead, a small group of Pentagon planners took over the planning and ignored the State Department’s \textit{Future of Iraq Project}.\textsuperscript{115} Another sign of departmental strife was that Rumsfeld wanted the DoD to overtake the

\begin{itemize}
\item \textsuperscript{109} Gordon, \textit{Cobra II}: 158.
\item \textsuperscript{110} Daalder, \textit{America Unbound (second edition)}: 166 and Gordon, \textit{Cobra II}: 495-501.
\item \textsuperscript{112} Daalder, \textit{America Unbound (second edition)}: 164.
\item \textsuperscript{113} Daalder, \textit{America Unbound (Second Edition)}: 163-164.
\item \textsuperscript{114} Gordon, \textit{Cobra II}: 502.
\item \textsuperscript{115} Diamond, “What Went Wrong in Iraq”.
\end{itemize}
reconstruction process, in part, it appears, in order to spite Powell. Rumsfeld rejected the State Department’s *Future of Iraq Project* because he wanted the DoD, not the State Department, to lead Phase IV. (The State Department was working with one group of Iraqis, and Wolfowitz with another.) The situation was compounded by the absence of healthy debate between the State Department and the Department of Defence. Rumsfeld and Franks dominated planning, marginalizing JCS Chairman Richard Myers and keeping away those who differed.

Failure to rely on the *Future of Iraq Study* had deprived Jay Garner and his team of a vital blueprint at a critical moment. David L. Phillips, former senior adviser to the US State Department who worked on the Future of Iraq Project, wrote that “the *Future of Iraq Project* did not have all the answers. However, its findings, had they been heeded, could have provided useful guidance enabling the US to fulfil its promise of liberation. Ignoring it was just the first in a series of mistakes.”

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117 Gordon, *Cobra II*: 159 and Halper and Clarke, *America Alone*: 225. Jay Garner was so impressed by Tom Warrick, the head of the *Future of Iraq Project*, that he asked Warrick to join the Office of Reconstruction and Humanitarian Assistance (ORHA) and go to Iraq. However, Warrick was dismissed due to the feud between the State Department and the Department of Defence, as Rumsfeld asked Garner to take Warrick off the team. Rumsfeld later told Powell that the decision to block Warrick came from Dick Cheney, who despised Warrick (Gordon, *Cobra II*: 159 and Packer, *The Assassins’ Gate*: 124.)

118 Gordon, *Cobra II*: 502. Eric Shinseki, the US Army Chief of Staff, told the Senate Armed Service Committee on February 25, 2003, that several hundred thousand troops would be needed to sustain security in Iraq in the period after the war. But Rumsfeld and Wolfowitz criticized Shinseki, saying that he was “widely off the mark”, as Rumsfeld and the neo-conservatives wanted to demonstrate that the invasion could be done with minimum cost and with high levels of technology (Halper and Clarke, *America Alone*: 222). The Pentagon replaced Shinseki a year before his term expired (Diamond, “What went wrong in Iraq.”)

119 Phillips, *Losing Iraq*: 11. The *Future of Iraq Project* did offer a useful way of bringing Iraqi exiles together to discuss the problems of Iraq, and proposed some good ideas, but it was far short of a viable plan. David Kay, a senior member of the Garner team (who would later lead the CIA effort to investigate Iraq’s missing WMDs) has read the *Future of Iraq Study*, and summed it up: “It was unimplementable. It was a series of essays to describe what the future could be. It was not a plan to hand to a task force and say “go implement”. If it had been carried out it would not have made a difference.” Similarly, Colonel Paul Hughes who was also a senior member of Jay Garner’s staff, said that there was “a real lack of planning capacity at the Department of State, hence, just about any study gets labelled as...
The Bush Administration did have a Phase IV plan, but it was neither practical nor realistic enough:

_The violent chaos that followed Saddam’s defeat was not a matter of not having a plan, but of adhering too rigidly to the wrong one. From the start, American political objectives were bold and extraordinarily ambitious. The military operation was intended to strike a blow at terrorism by ousting a long-standing adversary, eliminating Iraq’s weapons of mass destruction, and implanting a moderate and pro-American state in the heart of the Arab world. It was also to be a powerful demonstration of American power and an objective lesson (for Iran, Syria and other would-be foes) of the potential consequences of supporting terrorist groups and pursuing nuclear, biological and chemical arms. The United States would not just defeat a dictator. It would transform a region and send the message that the American intervention in Afghanistan [in 2001] was not the end but just the beginning of Washington’s global war on terror._

In order to achieve these goals, Washington had to rebuild a strong and democratic Iraq, using Iraq’s oil revenues to rebuild the country. However, Paul Bremer later wrote that the development of the Iraqi oil sector suffered from problems like sabotage, Washington’s contradicting bureaucracy, the slow Iraqi bureaucracy, and smuggling, adding that Iraq had 4,000 miles of pipelines, and it was impossible to protect them all. Furthermore, the civilian leadership at the Pentagon had been made well aware before the war that Iraqi oil was not a ready source for reconstruction, despite the opposite impression given by Congress testimonies. Amy Myers, one of the authors of the April 2001 _Strategic Energy Policy_ report, was

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plan… While [the Future of Iraq Project] produced some useful background information, it had no chance of really influencing the post-Saddam phase of the war.” (Gordon, _Cobra II_: 150, 158, 159.)

_120_ Gordon, _Cobra II_: 497.

_121_ Bremer, _My Year in Iraq_: 109-112.
consulted by the government before the war, and she and her group concluded in December 2002 that oil revenues would certainly not be sufficient to cover the cost of reconstruction, due to years of deterioration and sanctions.¹²²

Bremer wrote that “reality on the ground made a fantasy of the rosy pre-war scenario under which Iraq would be paying for its own reconstruction through oil exports within weeks or months of ‘liberation’.”¹²³ Generally speaking, the CPA lacked the resources necessary to perform good post-war management, and it also lacked the understanding of the Iraqi social/political apparatus.¹²⁴ This failure in Iraq had repercussions on Bush’s plan to remake the Middle East.

THE MIDDLE EAST IN MAY 2003:
A NARROW WINDOW OF OPPORTUNITY

After the removal of Saddam Hussein under the guise of democratization and the free entry of US business corporations into Iraq, Bush was hoping to spread the democratization and free enterprise program to the rest of the region. Bush called for democratization in Iraq and the Middle East in a major speech at the American Enterprise Institute (AEI) on February 26, 2003,¹²⁵ arguing that the “liberation”,

¹²² Halper and Clarke, America Alone: 223.
¹²³ Bremer, My Year in Iraq: 112.
¹²⁴ Diamond, “What Went Wrong in Iraq”.
¹²⁵ The AEI, which had a leading role in calling for the invasion of Iraq, was among the conservative think tanks financed by the American corporate right to promote free enterprise, free market principles, limited government intervention and a strong US military to protect America’s business interests around the world. (Burbach and Tarbell, Imperial Overstretch: 78-84, 91-92, 207 and Harper and Clarke, America Alone: 48). For more on the funding network of neo-conservative think tanks, see Halper and Clarke, America Alone: 108-109.
rebuilding and democratisation of Iraq would lead to the democratisation of the whole region:

A liberated Iraq can show the power of freedom to transform that vital region, by bringing hope and progress into the lives of millions. America's interests in security, and America's belief in liberty, both lead in the same direction: to a free and peaceful Iraq...Iraq, with its proud heritage, abundant resources and skilled and educated people, is fully capable of moving toward democracy and living in freedom... There are hopeful signs of a desire for freedom in the Middle East. Arab intellectuals have called on Arab governments to address the "freedom gap" so their peoples can fully share in the progress of our times. Leaders in the region speak of a new Arab charter that champions internal reform, greater politics participation, economic openness, and free trade... A new regime in Iraq would serve as a dramatic and inspiring example of freedom for other nations in the region.126

On November 6, 2003, Bush reiterated these ideas at the National Endowment for Democracy (NED), where he announced that accepting dictatorship in the Middle East had not yielded any positive results, and that his administration had “adopted a new policy, a forward strategy of freedom in the Middle East” which cited the lack of democracy as a cause for the spread of weapons of mass destruction and to terrorism:

Sixty years of Western nations excusing and accommodating the lack of freedom in the Middle East did nothing to make us safe because in the long run, stability cannot be purchased at the expense of liberty. As long as the Middle East remains a place where freedom does not flourish, it will remain a place of stagnation, resentment, and violence ready for export. And with the spread of weapons that can bring catastrophic harm to our country and to our friends, it would be reckless to accept the status quo. Therefore,

the United States has adopted a new policy, a forward strategy of freedom in the Middle East... We believe that liberty is the design of nature; we believe that liberty is the direction of history.\textsuperscript{127}

The fact that he gave this speech before the US Chamber of Commerce (a major participant in the NED programmes) and that the event was sponsored by AT&T and AIG, showed that US business interests backed the type of democracy that Bush and his administration were promoting.\textsuperscript{128} Of course, this drive for democratization and openness for business started with Iraq, as Bremer said in late May 2003 that Iraq was “open for business.” Arguing for the imposition of the free market formula in Iraq, he said that “history tells us that… resources protected by private property [and] private rights are the best protection of political freedom. Building such prosperity in Iraq will be a key measure of our success here.”\textsuperscript{129} This would start with Iraq’s oil sector, as the link between Iraq’s oil and the corporate agenda for Iraq was evident in Bremer’s statement to the US Department of Defence in June 2003, where he said that “Now that [our] sanctions have been lifted, it’s important for Iraq to re-enter the world economy. The most obvious example of that is the sale of Iraqi oil.”\textsuperscript{130}


\textsuperscript{128} Burbach and Tarbell, \textit{Imperial Overstretch}: 188. AT&T was awarded an exclusive contract by the US Department of Defence to provide pre-paid calling cards for military personnel stationed in Iraq. However, the soldiers were complaining about the high prices which they had to pay to make calls to their loved ones in the United States, causing allegations of over-charging, especially that AT&T was the only card that could be used by US troops in Iraq. (“Report: AT&T contract under fire”, \textit{CNN Money}, March 7, 2005 [accessed May 27, 2010] http://money.cnn.com/2005/03/07/news/international/iraq_att/ and Gene Retske, “American legion acts on AT&T/Iraq issue”, \textit{The Prepaid Press}, February 14, 2006 [accessed May 27, 2010] http://www.prepaid-press.com/news_detail.php?i=paper&id=1132). AIG offers insurance to American contractors working in Iraq, but there were allegations that AIG was overcharging them (T. Christian Miller, “Army and insurer at odds”, \textit{Los Angeles Times}, June 13, 2005 [accessed May 20, 2010] http://www.corpwatch.org/article.php?id=12377).

\textsuperscript{129} Burbach and Tarbell, \textit{Imperial Overstretch}: 177.

course, the sale of Iraqi oil was switched back to the US dollar shortly after the invasion.)\textsuperscript{131}

Furthermore, Bush wanted to spread his “model of imperial-style corporate globalisation” from Iraq to the rest of the Middle East,\textsuperscript{132} since Bush’s speeches associated democracy in the Middle East with the elimination of trade barriers and promoting the Open Door Policy, free trade, and the corporate globalisation policy. On May 9, 2003, he announced that he would work on establishing a US-Middle East Free Trade Area “within a decade,” putting Cheney’s daughter Liz in charge of that project.\textsuperscript{133} Robert Zoellick, the main architect of MEFTA,\textsuperscript{134} wrote in the \textit{Wall Street Journal} in October 2004 that trade would help spread democracy and fight terrorism:

\begin{quote}
America has been attacked by those who want us to retreat from world leadership. Let there be no misunderstanding: the United States will continue to advance the values that define this nation – openness, opportunity, democracy and compassion. Trade reinforces these values, serving as an engine of growth and a source of hope for workers and families in the United States and the world.\textsuperscript{135}
\end{quote}

Nevertheless, Robert Lawrence (international trade expert and former economic adviser to Bill Clinton) pointed out that there is no solid evidence that links poverty to terrorism, arguing instead that terrorism arises from “political conditions and long standing feelings of indignity and frustration.” However, he added that “even if

\textsuperscript{132} Juhasz, \textit{The Bush Agenda}: 259.
\textsuperscript{133} Juhasz, \textit{The Bush Agenda}: 262, 263, Klein, \textit{The Shock Doctrine}: 329.
\textsuperscript{134} Juhasz, \textit{The Bush Agenda}: 269.
\textsuperscript{135} Juhasz, \textit{The Bush Agenda}: 274-275. The US also signed Free Trade Agreements with key Gulf States, like Bahrain in 2004 and Oman in 2005, with negotiations over similar FTAs with UAE, Kuwait and Qatar underway. These agreements have already opened up the market for a host of foreign oil and gas companies, including ExxonMobil, Total and Royal Dutch/Shell (Morrissey, “The Geoeconomic Pivot of the Global War on Terror”: 114.)
reducing poverty does not automatically reduces terrorism,” he maintained that a
“lack of opportunity,” in combination with a lack of political expression, could
“surely breed frustration and provide a fertile breeding ground” for terrorism. More
importantly, Lawrence presented the Bush Administration’s argument that trade could
stabilize the economically vital Middle East and its oil resources:

US interest in the MEFTA reflects geopolitical and security considerations based on concerns about the Middle East’s central role in global oil markets, the Arab-Israeli conflict, and violent clashes between the West and militant Islamic fundamentalists. The United States has an interest in a stable and friendly Middle East because the American economy is highly dependent on imported oil. It is vulnerable to high prices and disruptions caused by political turmoil, wars and terrorist attacks... The MEFTA initiative reflects that US interests cannot be advanced through purely military or political initiatives. To be effective in the battle for hearts and minds in the region, the policy needs an economic component. 137

He stressed that these goals would not be achieved if the US resorted to mercantilist policies, or did not adhere to lifting trade barriers as stipulated by the MEFTA.138 However, there is no guarantee that the US will not resort to mercantilist policies, (as it has repeatedly resorted to such tools with its other free trade agreements with other regions).139

US business coalitions showed interest in the MEFTA, like the National Foreign Trade Council (NFTC), arguably the most powerful US corporate lobbying

association on international trade, whose members include Bechtel, Chevron, Halliburton and others. Another business coalition interested in the MEFTA was the Business Council for International Understanding (BCIU). Charles Dittrich of the NFTC said that “the [Bush] administration looks at the MEFTA as a key component of its Middle East policy.” Thus, democratisation was Bush’s method of promoting the Open Door.

There was indeed a brief wave of democracy in the Middle East in early 2005. In February, Egyptian president Mohammad Husni Mubarak announced that he would allow multi-candidate presidential elections in September. In Saudi Arabia, elections for local councils were held for the first time. In Kuwait, the parliament passed a law to allow women the same political rights as men. In Palestine, presidential elections took place, (claimed to be free elections despite Israeli pressure on candidates other than Abbas). In Lebanon, the Cedar Revolution, following the assassination of Rafiq Harriri, led to the withdrawal of the Syrian forces from Lebanon. Finally, in Iraq, free parliamentary elections took place in January. It was, according to analysts, the “Arab Spring.” The Bush Administration claimed that its policies, especially the invasion of Iraq, were behind this “Arab spring.” Bush mentioned that in his Inauguration Address in January 2005, where he argued for his new policy, the Freedom Agenda, saying that “it is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world.” He said that the United States “will encourage reform in other governments by making clear that success in our relations will require

\[141\] Juhasz, The Bush Agenda: 268.
the decent treatment of their own people. America’s belief in human dignity will
guide our policies”, citing that “America’s vital interests and our deepest beliefs are
now one.” The idea which he wanted to communicate was that the future of
America and the security of America depend on the spread of liberty. He
reaffirmed these ideas in his State of the Union address in February 2005, as he
argued that democratisation in the Middle East would help eliminate the causes of
global terrorism:

In the long-term, the peace we seek will only be achieved by eliminating the conditions that feed radicalism and ideologies of murder. If whole regions of the world remain in despair and grow in hatred, they will be the recruiting grounds for terror, and that terror will stalk America and other free nations for decades. The only force powerful enough to stop the rise of tyranny and terror, and replace hatred with hope, is the force of human freedom. Our enemies know this, and that is why terrorist Zarqawi recently declared war on what he called the “evil principle” of democracy.

American pressure was indeed a factor in the wave of democracy which took place in
the Middle East in early 2005. However, the connection between the invasion of Iraq
and the steps towards democracy in parts of the region was tenuous at best, as the
“Arab Spring” was caused by internal factors in Saudi Arabia, Egypt, Kuwait,
Palestine, and Lebanon, not by the invasion of Iraq. Furthermore, this “Arab Spring”
did not provide any real change in the region, nor did it substantially help fight
terrorism or promote US business interests in the region. Bush had no coherent policy

146 “Don’t be fooled: Middle East democracy has only the most tenuous link with war in Iraq”, Independent, March 8, 2005: 28.
to use the narrow window of opportunity, which the Arab Spring provided, to promote US interests in the region.

On the Arab-Israeli peace process, too, a narrow window of opportunity came to the Bush Administration in the form of Arafat’s death on November 11, 2004 (only a few days after Bush’s re-election) which, thought Bush, would pave the way for a new Palestinian leadership, and a new hope for peace.\footnote{In January 2005, Abbas won presidential elections in Palestine, and the Bush Administration boasted, falsely, that this democracy was due to Bush’s policies in the region. What made the elections possible was the simple fact that Arafat, the biggest political heavyweight in the Palestinian arena, was dead, thus the elections became necessary to elect a successor. Arafat had the habit of surrounding himself with lightweights like Abu Mazen, and it was the death of the heavyweight that allowed the United States to put the lightweight in power.} However, even after Arafat’s death in November 2004 and the election of Abbas as president, Bush did not offer any real plan to promote Arab-Israeli peace (beyond the Annapolis conference of 2007, which did not lead to any real progress).

CONCLUSION:

IRAQI OIL AND THE ARAB SPRING:
THE COLLAPSE OF THE BUSH VISION

If the Bush Administration managed to impress the world with the easy victory over Iraq, it squandered the narrow window of opportunity to devise a realistic policy to remake the Middle East. Iraq had held the four US foreign policy strands together, with the country seen as a model for a transformed Middle East, and Iraq’s oil sector was central to rebuilding Iraq into a model for the region. When Iraq collapsed, the ambitions of the Bush Administration collapsed with it, as it was too dependent on
success in Iraq, and the failure in Iraq made the Bush Administration more dependent on Saudi oil and strategic assistance. 148

In Iraq, US control of Iraq’s oil resources was not absolute. Foreign oil companies could not obtain the PSAs they were hoping for, as the Iraqi parliament preferred the technical services contracts which are not as profitable for the companies. 149 Oil production remains at about 2.4 mbpd, which is not much different from the pre-invasion level. 150 Also, Russian, 151 Chinese 152 and French 153 companies are investing

in Iraq’s oil sector, even though Washington aimed to prevent their investments because they opposed the war. The Iraqi oil sector is hampered by years of military clashes (and sabotage of oil installations), corruption, and smuggling of Iraq’s oil. The oil sector is also suffering from brain drain; under Saddam’s regime, many oil-sector employees who held technical jobs were members of the Baath Party, and many of them fled abroad, were arrested or were killed after the American invasion, leaving the ranks severely depleted. The insurgency also had its toll on Iraq’s security and oil sector, as the insurgency is financed by revenues from oil smuggling. Security has improved after the US troop surge in 2007, but these gains are described by US officials as “fragile” and “reversible”, especially that the collapse in oil prices in late 2008-early 2009 has decreased Baghdad’s revenues. Tehran’s influence is evident in Iraq, through the Shiite government and pro-Iranian

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154 For more details on the losses suffered by the Iraqi oil sector due to these factors, please see “Bleeding Iraq Dry” by Ed Blanche, The Middle East, April 2006: 18-23.
militants. Similarly, Arab-Kurdish tensions over the oil-rich Kirkuk province (and over production sharing agreements which Irbil signs with international oil companies without Baghdad’s permission) resulted in military clashes between predominantly Arab Iraqi army units and the Kurdish Peshmerga forces. Iraqi oil, as the “cash lifeline” or the “cash crop,” did not help democratising the region, due to the failures in post-war planning. (The Bush

162 The elections of 2005 obviously would not have taken place without the American invasion. However, elections in themselves are not democracy. In order to become a genuine democracy, argues Zakaria, major ethnic or religious strife has to be avoided, or else elections would exacerbate group tensions. Second, an oil-based economy has to be avoided, because easy oil money would make the
administration assumed that Iraq’s physical and administrative infrastructure would be largely intact after the war.) Iraq thus failed as a demonstration case to become a stable, democratic, pro-American country, and the Bush vision was so reliant on success in Iraq, that it had no back-up plan on what to do in case Iraq failed.

Despite the setbacks in the Iraqi oil sector, many US companies have made huge profit in Iraq, particularly those working in the security field and in the reconstruction field. The corporatist political economy was clear in the pre-war planning phase, and in the dependence on private corporations to run Iraq in the post-invasion phase. According to Rutledge, “US policymakers and oil executives seemed to be working as closely together… as they had sixty years earlier.”

Former senior official at the US departments of defence, state and energy Anthony Cordesman criticised the contracting system in Iraq, as he reported to Congress in November 2004, “US economic aid has lagged behind the need for urgent action, has wasted vast resources on an impractical contracting effort.” One example of that “impractical contracting effort” was what Stuart Bowen Jr., the US Special Inspector General for Iraq Reconstruction (SIGIR), said in October 2007; there were long-standing contract administration problems within the US State Department bureau that awarded contracts, since there was a “lack of controls” and “serious contract government too lazy to create a real economy, and would result in a government detached from the real needs of the people. Thirdly, rule of law has to be established, which is absent in Iraq given the security situation (Fareed Zakaria. “Elections are not democracy”, Newsweek, February 7, 2005: 13.)

164 Rutledge, Addicted to Oil: 190.
management issues.” Similarly, in November 2007, an independent panel strongly criticised the US Army’s management of contracts to supply its troops in Iraq and Afghanistan, saying that there were high levels of fraud and waste in relation to contracts worth $4 billion a year, that only about half the army's contracting staff were properly qualified, and blaming the fraud and waste on a lack of oversight. Furthermore, wrote Cordesman, US economic aid was “made worse by an almost completely dysfunctional reporting system within the US government that does not tie plans to realistic requirements.”

After the failure in Iraq, the Bush Administration thought that Iran (the next member of the Axis of Evil) would replace Iraq as the next terror-sponsoring state, as it linked Tehran to the major threats in the Middle East; Tehran’s nuclear program, terrorism (due to Iran’s support to Hamas and Hezbollah) and regional influence in Iraq, Afghanistan, Lebanon, Syria and the Palestinian Territories. Condoleezza Rice described Iran as “the single most important, single-country challenge… to US interests in the Middle East and to the kind of Middle East that we want to see.” But Bush had limited options on Iran. He could not use the military option due to fear of Iran’s retaliation by closing the Strait of Hormuz, as Iran had the ability to

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166 “US-Iraqi contract in disarray” October 23, 2007. Bowen was specifically discussing the contract awarded by the US Bureau for International Narcotics Law Enforcement Affairs (INL) to US private security company Dyncorp to train Iraqi police. But this may be generalized to the contract awarding system as a whole. For more information, see Iraq, Inc. by Pratap Chatterjee (2004) and Iraq: Operation Corporate Takeover by Sean Michael Wilson and Lee O’Connor for examples of the poor workmanship of US companies which were awarded reconstruction contracts in Iraq.
168 Cordesman, “Playing the course.”
impede shipping through the vital Strait of Hormuz, through which 14 million barrels of oil (a fifth of total global production, or 43% of total global exports) pass every day, making it “the world’s most important oil checkpoint” according to the US Department of Energy. Regime change was not a realistic option, either, as there was no substantial opposition group in Tehran to receive Washington’s support. On the diplomatic side, Bush needed Tehran’s cooperation to stabilize Iraq, where Tehran’s influence in Baghdad has increased after the invasion. On a wider global level, Iran used its energy resources to spread its influence and gain the friendship of US rivals like Russia and China, and US allies like India, Pakistan, Turkey.

Jonathan Steele, “Israel asked US for green light to bomb nuclear sites in Iran”, Guardian, September 25, 2008 [accessed September 25, 2008] http://www.guardian.co.uk/world/2008/sep/25/iran.israelandthepalestinians. Israeli Prime Minister Ehud Olmert asked Bush in May 2008 to give him a green light to attack Iran, but Bush refused the request. Bush’s refusal, according to the European diplomatic sources, was based on two fears; the first was Washington’s concern over Iran’s likely retaliation, which would probably include a wave of attacks on US military and other personnel in Iraq and Afghanistan, as well as on shipping in the Persian Gulf. The second was anxiety that Israel would not succeed in disabling Iran’s nuclear facilities in a single assault even with the use of dozens of aircrafts, and it could not mount a series of attacks over several days without risking full-scale war, so the costs would outweigh the benefits. American officials later confirmed this story, adding that Secretary of Defence Robert Gates was against an airstrike on Iran’s nuclear facilities (ibid).


240
Malaysia, and some European countries. Had Washington’s power not been consumed by Iraq, the Bush Administration could have had more influence over Iran. (Similarly, Sudan, another state on Washington’s terror list, is using Chinese investments in Sudan’s oil sector to evade Washington’s sanctions and influence).

Another consequence of the failure in Iraq was the Bush Administration’s increased dependence Saudi energy and strategic support. Saudi Arabia is no longer the number one supplier of US oil imports, but it is still the most important ally in the


Gulf region (due to strategic assistance and its role as oil’s “swing producer”). But again, Russian and Chinese influence in Saudi Arabia was rising, as Moscow was increasingly selling arms to Riyadh, and as Saudi Arabia was supplying China with 17% of its imported oil needs, making it China’s largest foreign oil supplier. Even after the invasion of Iraq and the US troop withdrawal from the kingdom, Saudi Arabia still has a potential for instability. In May 2003, a terrorist bomb struck a foreign workers compound in Riyadh, killing many. The US completed the withdrawal of its troops from Saudi Arabia in August 2003, but this did not ease the situation, as another bomb struck Riyadh in November 2003. In late May 2004, a group affiliated to al-Qaeda attacked the Al-Waha business compound in Khobar, killing 22 people, wounding 25, and taking hostages. The hostages were released after a Saudi security offensive. Furthermore, several terrorist attacks on oil facilities in the Kingdom were foiled in 2005 and 2006, causing more concern about the safety of Saudi Arabia and its oil resources. Moreover, Riyadh was not very eager to raise oil production as much as the Bush Administration wanted in January and May 2008

when global oil prices were escalating to record highs, and Riyadh continued to reject foreign investment in the Saudi upstream oil sector. During the period between 1999 and 2009, total oil production in the Persian Gulf states still averaged around 20 mbpd, showing no sign of rising to 44.5 mbpd by 2020, as the NEP of May 2001 desired. Had Bush succeeded in reshaping Iraq to replace Saudi Arabia as the main ally and oil source in the region, he would not have faced these difficulties in Riyadh.

The Bush Administration tried to use the Arab-Israeli peace process as a way to rally Arab support to counter Iran (in addition to arms sales to the Gulf states in 2007).

Again, Bush depended mainly on Saudi (not Iraqi) support in the Arab-Israeli peace process. The Annapolis summit of November 2007 promised Arab-Israeli peace and a
Palestinian state before Bush left office, but such promises were not met, as the Bush Administration had no serious policy to follow-up on these promises.

THE TRAGEDY OF THE BUSH DOCTRINE:

Bush was a follower of the Open Door Policy, where he used over-exaggerated threats to justify military intervention in Iraq to promote America’s strategic, economic and corporate interests. According to Williams, an American foreign policy based on the Open Door Policy could have hazardous effects on US interests, causing a “tragedy of American diplomacy,” where America’s policies in the quest for economic openness, (policies which are usually made by an elite few without accountability, and which usually involve the betrayal of America’s own democratic and human rights values) could lead to the rise of nationalist, anti-American movements frustrated with America’s interference in their national affairs and economic benefit.\footnote{Williams, \textit{The Tragedy of American Diplomacy}: passim.} Kolko agreed, arguing that by dragging the US into such dangerous conflicts, US foreign policy would always be in “perpetual crisis”, as the “traditional US solutions to global problems will be increasingly futile” in the face of “the uncontrollable nature of the international situation.”\footnote{Kolko, \textit{Main Currents in Modern American History}: 243-244, 349.} (Indeed, Ikenberry argued that Bush’s neo-imperial agenda to invade Iraq would lead to imperial overstretch,\footnote{G. John Ikenberry, “America’s Imperial Ambition”, \textit{Foreign Affairs}, September/October 2002.} which would be discussed in the conclusion of this thesis). Such was the tragedy of the Bush Doctrine. Bush’s invasion of Iraq was planned by elite neo-conservative groups and oil industry members, who presented the public with false information on an over-exaggerated Iraqi threat without accountability, thus betraying the US principles of transparency at home, and
international law and human rights abroad. The invasion therefore led to more anti-American feelings and the rise of more anti-American militant groups. The cost of the war and its financial strain was also a factor in the decline of US power.

The Bush Doctrine was different from George H. W. Bush’s New World Order and from William J. Clinton’s Engagement and Enlargement because while the democratisation goals of the New World Order and Engagement and Enlargement were limited and restrained by the need for Middle East oil, the Bush Doctrine stated that democratisation would take place despite the need for Middle East oil, and that democratisation would actually stabilise the region. In other words, the New World Order and Engagement and Enlargement were limited by what could be called the “Democracy Conundrum”; the contradiction between American calls for democratisation and American support of the non-democratic regimes of its allies.¹⁹³ Unlike the New World Order and Engagement and Enlargement doctrines, the Bush Doctrine tried to surpass and defeat the Democracy Conundrum by invading Iraq and imposing democracy on it, thus hoping to start a democratic dominos effect in the region and reshape the region in America’s favour.

However, the Bush Doctrine has failed in several ways. First, it depended too much on success in Iraq. When intervention in Iraq failed, the Bush Doctrine (and its plans for democratisation) collapsed with it. Second, the Bush Doctrine could not defeat the Democracy Conundrum, as the failure in Iraq forced the Bush Administration to continue supporting undemocratic regimes in the Middle East in return for oil and

¹⁹³ Pinto, Political Islam and the United States: x. The matter is often resolved by arguing that Islamic societies are resistant to democratization either because of antagonistic values or because they have not attained the kind of economic and social development that allowed democracy to emerge in the West (ibid).
strategic cooperation. Third, Iraq’s oil became one of the financial sources of different anti-American Iraqi militias, whether Sunnis, Shiites or groups affiliated to al Qaeda. The threat of global terrorism has increased after the war on Iraq, due to the failure of democratisation, the establishment of the invasion of Iraq as a *cause celebre* for terrorists, and the effect of the Iraq war in diverting Western efforts away from fighting terrorism.¹⁹⁴ William Appleman Williams would have called this increase in anti-Americanism as a result of the invasion of Iraq a “tragedy.”

Due to the lack of political stability, rule of law, and basic security in Iraq, the US oil companies are struggling to get the “big shot” that they expected. And, even in 2010, we are still waiting for the “lots of money” from the Iraqi oil sector to pay for the reconstruction of Iraq, which would, according to neo-conservative hopes, give it the strong economy needed to turn it into a stable, pro-American democratic model, as advocated by the Bush Doctrine’s democratisation drive to fight terrorism. In fact, by the time of the Republican losses in the Congressional elections of November 2006, Bush effectively abandoned the “freedom agenda,” had no functioning foreign policy doctrine, and followed a haphazard foreign policy.¹⁹⁵ This haphazard, ad hoc policy would be reflected in the decline of US power and the Bush Administration’s lack of real solutions to this decline.

CONCLUSION:
OVERSTRETCH, DECLINE OF ENERGY SECURITY AND
THE FALL OF THE AMERICAN EMPIRE

BUSH, THE OPEN DOOR AND OIL CAPITALISM:

“You and your predecessors in the oil and gas industry played a large role in making
the twentieth century the ‘American Century’.”

Secretary of Energy Spencer Abraham, remarks before
the American Petroleum Institute, Texas, June 2002.1

The concept of US imperialism is far from new. But the policies of the Bush
Administration confirmed Williams’ and Kolko’s writings on an informal American
empire based on the Open Door policy, deploying the US military to protect
America’s economic and corporate interests, maintain open global business for the
advancement of the political economy of the large corporation, and protect US access
to global energy resources.2 This has been seen as America’s military involvement in
the world increased after the September 11 attacks to make up for relative economic
decline, to pursue the renewed Open Door policy, and to protect oil-rich regions in the

1 Klare, Blood and Oil: 10.
2 Bacevich, American Empire: 11-31, Bacevich, “Tragedy renewed” and Thomas McCormick “What
would William Appleman Williams say now?”
Middle East and Central Asia, and as Washington (especially under the Bush Administration) replaced access to Asian (and Chinese) markets with access to Persian Gulf oil through building military bases in and around Afghanistan and Iraq:

Call it variations on a theme. Instead of access to Asian markets, access to Persian Gulf oil had become the main issue. The Open Door Notes of 1899-1900 found their functional equivalent in the Carter Doctrine [of] 1980. In place of China, US policymakers [under George W. Bush] were soon to fixate on Iraq.

George W. Bush distinguished himself from previous administrations by giving special attention to energy resources from his first days in office. Bush sought the foreign policy strands of US military enhancement and global power projection at the same time that he endorsed the energy strand, with a strategy that sought increased US dependence on oil from unstable regions. Although arising from different sets of concerns - one energy-driven, the other security/military driven – “these two strategic principles have merged into a single, integrated design for American world dominance in the 21st Century” (or, as the NSC document discussed by Jane Mayer would say, these two priorities were “melded.”)

Bush used the September 11 attacks (which raised the strand of anti-terrorism) as an “opportunity” to advance this agenda and take the Carter Doctrine to another level; invading Afghanistan (thus establishing US bases in Central Asia for the first time) and Iraq (hoping to strengthen US position in the Gulf) to secure energy routes and supplies. The September 11 attacks thus

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4 Bacevich, “Tragedy renewed.”

5 Bromley, American Power: 101-102.

facilitated Bush’s geopolitical, corporate, military, and economic agendas.7 Had William Appleman Williams been alive, he would have stressed the centrality of US control of global oil resources (especially Middle East oil) to maintain US global domination over supplies to Europe and Asia, citing Iraq as an example of deploying US military in order to secure the Open Door for US participation in Iraq’s oil and banking enterprises as a form of “pell-mell privatisation,” in addition to citing the importance of the dollar-euro competition in the international oil market.8

Bush was indeed committed to the Open Door model, which “found a new lease on life in the Long War [the War on Terror]” as it pursued the interests of US corporations,9 especially the “petro-military complex,” which is particularly powerful under George W. Bush, as it sought to expand with the US imperial order.10 The no-bid contracts to favoured corporations showed that “crony capitalism” went hand in hand with US empire-building under the Bush Administration,11 and the Bush Agenda of promoting corporate globalisation (especially in the field of oil) through war showed that military and economic interests went hand in hand to further America’s interests, especially in expanding US corporate access to the Middle East.12 US military dominance is thus linked to “oil capitalism”:

The United States is using its military power to fashion a geopolitical order that provides the political underpinning for its preferred model of the world economy: that is, a relatively open, liberal international order. US policy has aimed at creating an oil industry

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7 Burbach and Tarbell, *Imperial Overstretch* : 15.
8 McCormick, “What would William Appleman Williams say now?”
in which markets, dominated by large multinational firms, allocate capital and commodities. State power is deployed not just to protect present and future consumption needs of the United States and the profits of US ‘oil capitalism’, but also to guarantee the general preconditions for a world oil market. So, to the [considerable] extent that the openness and stability of the international oil market are premised on American geopolitical and military commitments... the military power and geopolitical influence of the United States provide the necessary and sufficient conditions for the stable operation of the international oil market. This system has, of course, been designed for US interests.13

The role of the military in maintaining US control of global energy resources was especially evident under the Bush Administration and its plans for Iraq. However, Bush failed to shape Iraq in America’s image. This failure had consequences beyond the Middle East, according to Zbigniew Brzezinski: “Beyond destabilizing the Middle East, the Iraq war had a further, much more important consequence. It made the success or failure of US policy in the Middle East the test case of American global leadership.”14 This “test case” failed to bring democracy to Iraq or to the region, and the main aim of Washington in Iraq now is stability, which now looks fragile and sensitive to any disturbance or violence in the country.

Nevertheless, in pursuing the energy strand, Bush prioritised preponderance and empire over economic and energy interests in cases where both goals conflicted. This was evident in the fact that Bush never allowed US oil investments in anti-American rogue states like Iran, Sudan, Libya (before 2003-4) and Cuba15 despite pressures

13 Bromley, American Power: 142.
14 Brzezinski, Second Chance: 159.
15 A US Geological Survey report published in 2005 estimated that 4.6 billion barrels of oil and 9.8 trillion cubic feet of natural gas could lie within that zone. Canadian firm Sherritt, India’s ONGC and Norway’s Norsk Hydro already have investments in this region. In the summer of 2006, Republicans
from the oil lobby. Thus, (despite the strong link between the national interest, economic interests and energy interests), the national interest had priority over economic interests in case of conflict, showing that Bush’s priority was a preponderance of power.

Beyond Iraq, Bush’s quest for a global empire was primarily centred on redrawing the map of the vast region extending from the Caucasus of Europe to central and southwestern Asia, including the Persian Gulf, North Africa and the Middle East, projecting massive military power in this region.\textsuperscript{16} He also endeavoured to remake the societies and politics of Muslim states in America’s image, in order to spread the neoliberal model and promote the Open Door for US investments.\textsuperscript{17} Bush believed that he had the mission of spreading freedom and democracy in “the darkest corners of our world,” and, according to Bacevich, “the world’s darkest corners coincided with the furthest reaches of the Islamic world, which, not coincidentally, contained the world’s most significant reserves of fossil fuels.”\textsuperscript{18}

The democratization project failed. Due to the instability and corruption in Iraq, Iraq’s oil sector failed to help Iraq develop economically or democratically, to act as a model for other Islamic states to reshape their democratic systems and liberalize their economies for US investment. Bush’s implementation of the Open Door policy by

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Jeff Flake and Larry Craig introduced bills to the US House of Representatives to exempt US oil firms from the sanctions on Cuba and allow investment in the region, saying that “Our policy does not serve our energy needs, environmental concerns, or economic principles.” Two Florida Democrats, Senator Bill Nelson and Congressman Jim Davis, opposed this call to exempt US oil firms, citing environmental concerns over possible deep-water oil spills, and the threat to the tourism industry in Florida. The Cuban-American lobby also pressed to maintain the sanctions on Cuba (Laura Smith-Spark, “Cuba oil prospects cloud US horizon”, \textit{BBC News}, September 11, 2006 [accessed September 12, 2006] http://news.bbc.co.uk/1/hi/world/Americas/5321594.stm)

\textsuperscript{16} Burbach and Tarbell, \textit{Imperial Overstretch}: 201.
\textsuperscript{17} Burbach and Tarbell, \textit{Imperial Overstretch}: 202.
\textsuperscript{18} Bacevich, “Tragedy renewed.”
invading Iraq went wrong, as his administration presented false justifications for the war to the American public and neglected putting a sound postwar plan for the management of Iraq, leading to the loss of hearts and minds of the Iraqi people (and the Arab and Islamic world). He ignored serious warnings that the invasion would not result in democratization, and that the invasion might result in chaos and ethnic violence. He also ignored the needs of the Iraqi people and focused on the needs of the US corporations. Bush’s corporate globalization agenda was hazardous for the Iraqi people. First, Iraqi companies were excluded from the rebuilding operation, even though they had the necessary skills, in favour of foreign companies. Iraqi companies were hired by US companies, but only as subcontractors, and for short-term projects, thus making very little money compared to US companies. Furthermore, US contractors did not hire Iraqis in reconstruction jobs; instead, they import workers from India, Nepal, Indonesia, since they were cheaper, and the Iraqis were considered a security threat. The reconstruction process is not succeeding, because, first, the US companies are putting their profits in mind, not the immediate needs of the Iraqi people, and, second, the insurgency caused by hatred towards the invaders.¹⁹

Unemployment among Iraqis reached 25-40%.²⁰ This led to more violence and the deterioration of the security situation, making international oil companies hesitant to invest in Iraq at times, despite their eagerness to invest in Iraq’s oil.²¹

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The deteriorating situation in Baghdad absorbed the Bush Administration’s effort and made the job of implementing the American agenda in Iraq and the region even harder, making Washington less powerful vis-a-vis its challengers (Iran, Russia, and China) who were trying to expand their influence in the region.

Furthermore, the United States today is less secure regarding its energy resources. As Iraq’s oil resources are still underdeveloped, the Middle East is in turmoil, the War on Terror is more difficult to win due to the invasion of Iraq, energy facilities in the Middle East and elsewhere are under the constant threat of militant attacks from al Qaeda and other groups (or even threatened by war, as in the 2008 war in Georgia), and the US is facing tough competition over energy from China and Russia.

FAILURE IN IRAQ LEADS BACK TO AD HOC POLICY

“As a nation, America has accepted for too long an ad hoc approach to energy and foreign policy.”

Former Secretary of Energy Bill Richardson, 2005.22

“For the first time in three decades, energy has become a central problem in foreign policy... A foreign policy weakened by oil dependence is a national security problem.”

“For too long our nation has been dependent on foreign oil. And this dependence leaves us more vulnerable to hostile regimes, and to terrorists – who could cause huge disruptions of oil shipments, and to raise the price of oil, and do great harm to our economy.”

George W. Bush, State of the Union speech, January 23, 2007

Due to the failure to reshape Iraq, and due to the military quagmire in Iraq, the Bush Administration failed to use the invasion as a platform to link the four strands of US foreign policy together, or to reshape the region in America’s image. Global terrorism has increased due to the invasion of Iraq, and the oil sector in Iraq was not reshaped according to Washington’s wishes. The quagmire in Iraq also took its economic and military toll on Washington, leading to the decline of Washington’s regional and global influence, and the empowerment of actors rival to the United States, namely Iran, Russia, China and (in the Latin American region) Venezuela.

Bush’s foreign policy meant to secure America’s vital oil supplies, not only in the Middle East, but also on a global level through the regional diversification of oil

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resources away from the Persian Gulf. One of the alternative regions was Central Asia, where the West is unable to make a serious start on the TAP pipeline project, due to the swelling insecurity in Afghanistan, where the Taliban are still posing a serious threat against pro-American interests. The Bush Administration could not pay the necessary attention to Afghanistan or Central Asia, as Iraq consumed most of the administration’s efforts and attention, and due to the lack of a clear foreign policy direction in the Bush Administration. (Ahmad Rashid said that the United States and the West still lacked a clear strategic vision for Central Asia, even after the American invasion of Afghanistan. Former EU envoy to Afghanistan Francesc Vendrell agreed, saying in September 2008 that the Bush Administration (and the West in general) did not have a coherent plan to stabilize Afghanistan.) Even the BTC pipeline, inaugurated on May 25, 2005, was not without risk, as it runs through the volatile Caucasus and will require constant surveillance to protect it from attack, due to the Chechnyan conflict and the ethnic conflict in the breakaway regions of Georgia, as seen during the war in Georgia in 2008. So far, the BTC is the only pipeline which the United States has built to cut the Russian monopoly on transporting Caspian energy resources. Moreover, Caspian oil will not last like Middle East oil, since the Caspian contains only 4-5% of global oil reserves, compared to 65% in the Middle East. Wood Mackenzie forecasted that Caspian oil

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27 Rashid, “Central Asia”: 118.
32 Blum, “America’s Caspian policy under the Bush Administration”.

255
production might reach a peak of around 2.5-2.8 mbpd by 2015, then decline.\textsuperscript{33} Caspian oil is also three or four times more expensive to extract than Middle Eastern oil.\textsuperscript{34} Nor was Washington assured of cooperation from Central Asian states like Uzbekistan, Kazakhstan and Kyrgyzstan, whose loyalty tend to swing between Washington and Moscow.\textsuperscript{35}

Also, with the US military mired in Afghanistan and Iraq, and unwilling to enter a military conflict with Russia on its border, the Bush Administration had little options to deal with the Russian offensive on Georgia in August 2008, apart from sending Condoleezza Rice to Georgia and promising aid.\textsuperscript{36} This war had repercussions over the region’s energy routes, as Georgia was a main transport route for several major oil and gas pipelines, including the BTC pipeline, the Baku-Supsa pipeline and the Baku-Erzurum pipeline (all managed by BP). Before the war, Georgia was championed as a reliable country through which pipelines could avoid both Russia and Iran.\textsuperscript{37} Even though the pipelines themselves were not attacked, the claim of Georgia’s reliability as an energy transport route was put into doubt by the Russian offensive, since the BTC pipeline is only 35 miles from the South Ossetian border. The conflict also called into question America’s efforts to diversify its oil supplies away from the

\begin{thebibliography}{9}
\bibitem{33} Rutledge, \textit{Addicted to Oil}: 119.
\bibitem{34} Rutledge, \textit{Addicted to Oil}: 119, 197 and Joseph Stanislaw and Daniel Yergin, “Oil: Reopening the door”, \textit{Foreign Affairs}, September/October 1993: 85. Caspian oil is
\bibitem{37} “The dangers of the safe route”, \textit{The Economist}, August 16, 2008: 25.
\end{thebibliography}
Middle East or gain access to more Central Asian energy resources. The offensive was seen as a part of Russia’s pipeline competition with the West, where Washington is promoting oil routes which do not pass through Iran or Russia, like the BTC or Nabucco, while Moscow is promoting other pipelines which pass through Russian-friendly territories, like Nord Stream and South Stream.

In Latin America, another energy-rich region alternative to the Middle East, Bush’s efforts were marked by the failure of the April 2002 coup in Venezuela, (a coup partially caused by fears over oil boycotts, fears that Chavez might price his oil in euros, and opposition to a new hydrocarbon law which imposed higher royalties on US oil companies). Chavez used his oil money to improve relations with China.

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Russia, and Iran, and spread his socialist, anti-Washington agenda in Latin America, and has imposed partial nationalization on US oil firms in Venezuela.

And even though the Venezuelan economy is heavily dependent on oil exports to the US, (where Venezuela supplies between 12-14% of US oil imports, or 1.5 mbpd, which amounts to approximately 50% of Venezuela’s oil, to the United States), the Bush Administration did consider adding Venezuela to the list of terror-sponsoring states in September 2008 (accusing Caracas of supporting FARC in Colombia), but decided against it, fearing that it might affect oil imports from Venezuela.

supplied China with oil”, Al Jazeera, March 27, 2007, [accessed June 21, 2008]


“Chavez in talks with Iranian ally”, BBC News, July 1, 2007 [accessed July 1, 2007]


Shifter, “In search of Hugo Chavez”, and “Chavez: Washington is free to stop purchasing oil from Caracas”.

Even cases like Canada show the limits of US foreign policy, as Canada’s tar sands cannot replace Middle East oil, due to the expenses of extracting oil from tar sands, and its low EROEI (Energy Return on Energy Invested, which is the ratio of the energy spent on extracting a barrel of oil, compared to the energy provided by that barrel of oil). The EROEI of Canada’s tar sands is only 1.5 or 3, which is very low compared to the average EROEI of Middle East oil, which is 30. According to a Council on Foreign Relations report on Canadian oil sands in May 2009, Canadian tar sands cannot free the United States from its dependence on Middle East oil. Therefore, Canada’s tar sands, despite the billions of barrels in reserves, will never be a panacea for US energy needs.

There were small success stories in Bush’s foreign policy. One example was Libya, who possesses the largest oil reserves in Africa (the ninth largest in the world), close to 39 billion barrels, or 3% of the world’s oil reserves. It is Africa’s third largest oil producer (after Nigeria and Angola) where the oil and gas industry contributes to 70%...
of Libya’s GDP,52 where Libyan oil has a production cost of only $1 a barrel.
Moreover, most Libyan oil is low sulphur, sweet crude, making it easy to refine.
Libya’s coming in from the Cold in December 2003, and allowing in US energy
investments after decades of sanctions,53 was a rare and small success for Bush, but it
was mostly due to the decade of economic sanctions, not due to the invasion of Iraq.54
Also, Bush’s relatively successful visit to Africa in March 2008 managed to improve
relations with oil-rich African regions.55 However, despite providing as much foreign
oil to the US as the Persian Gulf, (indeed, 2005, the United States imported more oil
from Africa than from the Middle East, and it imported more oil from the Gulf of
Guinea than it did from Saudi Arabia and Kuwait combined56), Africa would not be a
reliable oil supplier in the long run, as it suffers from instability and corruption, and
its resources are not as massive as the Persian Gulf’s.57

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“it is unlikely that Africa or West Africa will ever take the place of the Middle East in its importance to
Based on these experiences, the US discovered that energy resources outside the Middle East were neither sufficient in amount, nor cheap to extract and transport.\textsuperscript{58} Even if the non-Middle East regions raised production as the NEP hoped, they would still be vulnerable to instability and conflict, just like the Persian Gulf.\textsuperscript{59} None of these alternative regions are safe from instability.\textsuperscript{60} Thus, regional diversification would not avoid dangers and would not decrease dependence on the Persian Gulf,\textsuperscript{61} forcing Washington to return to the Middle East as its main test case for the success of US foreign policy, and as its main source of energy supplies. As Cheney said as CEO of Halliburton in the fall of 1999, “While many regions of the world offer great oil opportunities, the Middle East with two thirds of the world’s oil and the lowest cost, is still where the prize ultimately lies.”\textsuperscript{62} Also, Sarah Emerson of Energy Security Analysis Inc., said in 2002 that “the trouble with diversifying outside the Middle East… is that this is not where the oil is.”\textsuperscript{63}

As seen with Iran, Sudan, Canada, Central Asian states and the Gulf States, oil producers are using their oil wealth to acquire the friendship of great powers other than the United States, most importantly Russia and China, who are competing with the US over control of global energy supplies. This has decreased Washington’s influence over these oil-producing countries. Also, rising global oil prices in 2007-

\textsuperscript{58} Rutledge, \textit{Addicted to Oil}: 4-6.
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\textsuperscript{63} Rutledge, \textit{Addicted to Oil}: 102, 119. She said that as an argument to invade Iraq, adding that “one of the best things for our supply security would be to liberate Iraq” (ibid).
2008 has increased the incomes and the clout of oil-rich countries with anti-American agendas, like Venezuela, Iran and Russia, enforcing them to crack down on opposition and/or spend their oil money on anti-American policies.64

Bush has tried to use the War on Terror as a pretext to advance the Bush Agenda of global power preponderance and economic/energy preponderance. However, Bush’s policies, based on the rhetoric of the War on Terror, failed to advance America’s economic/energy preponderance or to enhance Washington’s global influence.

DECLINE OF US EMPIRE AND ENERGY SECURITY:

“During the past eight years, our energy policy has been directed by the two oil men in the White House [Bush and Cheney]. Their failed policy has increased our dependence on foreign oil, damaged our economy, and left consumers paying record prices at the pump.”

Nancy Pelosi, August 2008.65

“This might be the beginning of the end of the American empire.”

Nouriel Roubini, economist, New York University, August 2008.66


Beside the failure in Iraq, US power declined due to the recent global financial crisis as well. Like Paul Kennedy, Chalmers Johnson has forecasted that the “overstretched American empire” will probably first begin to unravel in the economic sphere.\(^67\) The 2008 financial crisis proved them correct. The financial meltdown and the financial drain caused by the Iraq and Afghan wars have decreased the pre-eminence of US power, costing the US much of its unipolar advantage.\(^68\) John Gray wrote that the 2008 global financial crisis was “more than a financial crisis”; it was a sign of “historic, geopolitical shift,” resulting from the financial strain of the Iraq war and an American ideology of financial deregulation.\(^69\) Like Paul Kennedy, Gray linked the fall of empires to a combination of wars and financial problems:

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\text{The fate of empires is very often sealed by the interaction of war and debt. That was true of the British Empire, whose finances deteriorated from the First World War onwards, and of the Soviet Union. Defeat in Afghanistan and the economic burden of trying to respond to Reagan's technically flawed but politically extremely effective Star Wars programme were vital factors in triggering the Soviet collapse. Despite its insistent exceptionalism, America is no different. The Iraq War and the credit bubble have fatally undermined America's economic primacy. The US will continue to be the world's largest economy for a while longer, but it will be the new rising powers that, once the crisis is over, buy up what remains intact in the wreckage of America's financial system.}\(^70\)
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\(^{67}\) Johnson, The Sorrows of Empire: 257.


\(^{70}\) Gray, “A shattering moment in America’s fall from power.”
Economists Joseph Stiglitz and Linda Blimes agreed that the Iraq war, despite not causing the Great Recession of 2008-2009, did contribute to the recession by exacerbating the US deficit and helping raise the global oil price. They argued that the Iraq war, which, according to their calculations, cost the US economy at least $3 trillion dollars and helped erode the global leadership of the United States, was the most expensive war for the United States since World War II. Since the Iraq war was entirely financed by borrowing, mostly from abroad (mainly from China and the Gulf states), it helped raise the national deficit and the national debt, (both of which were further exacerbated by Bush’s tax cuts). Thus, the Iraq war strained the US economy, weakened the US dollar, and diverted money away from domestic projects which may have stimulated the US economy (refuting the argument that war is good for the economy). Pointing out that global oil prices rose from $25/barrel before the war to more than $100/barrel in early 2008, they “conservatively” assumed that the war has contributed to this rise in global oil prices by $5 or $10 dollars (although, they said, the actual figure may be closer to $35). This raised the cost of US oil imports, and helped divert money away from the US economy.71 Analyzing the role of rising oil prices in the Great Recession, Stiglitz wrote that:

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The burden on monetary policy was increased when oil prices started to soar after the invasion of Iraq in 2003. The United States spent hundreds of billions of dollars on importing oil – money otherwise would have gone to support the US economy. Oil price rose from $32 a barrel in March 2003 when the Iraq war began to $137 per barrel in July 2008. This meant that Americans were spending $1.4 billion per day on imported oil (up from $292 million per day before the war started), instead of spending the money at home.72

Similarly, financial expert Loretta Napoleoni agreed that the costs of the wars of Afghanistan and Iraq, and the fact that they were both funded by external debt (through the sale of US treasury bonds to China, Japan and the Gulf states), raised US debt and deficit, contributing to the credit crunch and the Great Recession. The fact that Greenspan’s Federal Reserve followed a policy of cutting interest rates, partially to make treasury bonds (necessary for war funding) more attractive to foreigners, encouraged the irresponsible wave of loans and mortgages. The rise in oil prices, too, played a role in the credit crunch, as a 1 rise in the price of fuel wipes $1 billion from the pockets of US consumers, depriving the nation of extra liquidity that could be spent on necessary investments.73 Economist James D. Hamilton focused on the effect of oil prices on the Great Recession. As oil prices doubled between June 2007 and June 2008, he argued that “in addition to housing... oil prices were an important

73 Loretta Napoleoni, Terrorism and the Economy: How the War on Terror is bankrupting the world. (New York: Seven Stories Press, 2010): passim.
factor in turning that slowdown into a recession.” In fact, “had there been no increase in oil prices between 2007:Q3 and 2008:Q2, the US economy would not have been in a recession over the period 2007:Q4 through 2008:Q3.” Due to “an interactive effect between the oil price shock and the problems in housing... oil prices indisputably made an important contribution to both the initial downturn and the magnitude of the problem.” Thus, “the economic downturn of 2007-08 should be added to the list of recessions to which oil prices appear to have made a material contribution.”

Due to the Great Recession, the United States lost its role as the sole engine of growth in the global economy, due to the rise of new growth engines, particularly in Asia.75

Paul Kennedy agreed that “the real threat to US power in the future... is the steady rise of Asia and, in particular, China.”76 Economist Nouriel Roubini agreed that “recent economic, financial and geopolitical events suggest that the decline of the American Empire has started,” citing three factors which “suggest that the US has

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75 *Newsweek*, March 6, 2006: 5. The American economy is no longer the strong engine of global economic growth that it used to be, as India and China are now able to sustain their high growth rates based on their strong domestic demand for goods and services, even if the US economy is going through difficult times (Daniel Gross, “Why it’s worse than you think”, *Newsweek*, June 16, 2008: 25). Jeffrey Garten of the Yale School of Management agrees that economic recovery in the US cannot be strong enough to be the locomotive for global recovery, and that if any country can accomplish that, it would have to be China where growth is more than 7% (Jeffrey E. Garten, “America still rules: Why the United States will come out of the crisis on top”, *Newsweek*, August 3, 2009: 28.) This is especially true, as Asian economies are not as tied to US economic performance as they once were, as their economies are more driven by domestic factors such as manufacturing, and their global trade has declined. (“An astonishing rebound”, *The Economist*, August 15, 2009: 10, “On the rebound”, *The Economist*, August 15, 2009: 557 - 59). Indeed, Patrick Low, head of the Development and Economic Research Division of the WTO, forecasted that Asia would emerge stronger from the global economic crisis, and that the crisis has “changed the world.” (“The crisis plays in Asia’s favour”, *Al Jazeera*, August 10, 2009 [accessed August 10, 2009] http://www.aljazeera.net/NR/exeres/50D16133-CB60-49C7-9CDF-B1E7C0864557.htm). Indeed, the crisis has reinforced the shift of economic power from east to west, as Asia’s emerging economies lead the global economic recovery since they grew at an average of 10% in 2009 while the US GDP fell by 1%. (“On the rebound”: 57, 59, and Jonathan Lynn and Kazunori Takada, “World trade to shrink 10 percent, Asia leads recovery: WTO”, *Reuters*, July 22, 2009 [accessed August 17, 2009] http://www.reuters.com/article/businessNews/idUSSP48113720090722?feedType=RSS&feedName=businesNews&sp=true)

76 Paul Kennedy, “Georgia is important. But what it tells us about global politics is far more so”, *Guardian*, August 16, 2008: 34.
squandered its unipolar moment”; excessive reliance on hard military power in Iraq and Afghanistan, the rise of the BRIC countries, the EU, South Africa and Iran as economic rivals and/or regional powers, and most importantly, the fact that “the US squandered its economic and financial power by running reckless economic policies, especially in its twin fiscal and current account deficits.” This twin deficit, financed by strategic rivals like Russia and China, or “unstable petro-states” like Saudi Arabia and Gulf States,\(^77\) led to a “balance of financial terror,” since these creditors could “pull the plug” and sell US debts in mass, leading to the collapse of the US dollar.

And even though it was unlikely that these creditors would “pull the plug” (since they themselves would suffer huge losses by such a move), it would still be risky for Washington to depend on them to finance its twin deficit.\(^78\)

George Soros agreed that the invasion of Iraq and Bush’s policies have decreased US global power and contributed to the rise in oil prices and the weakness of the US dollar in 2008-2009:


The United States during the Bush Administration failed to exercise proper political leadership. As a result the United States has suffered a precipitous decline in its power and influence in the world. The invasion of Iraq has much to do with the rise in the price of oil and the unwillingness of the rest of the world to hold dollars. A recession in the United States and the resilience of China, India and the oil-producing countries will reinforce the decline in the power and influence of the United States... The decline of the dollar as the generally accepted reserve currency will have far-reaching political consequences and raise the spectre of a breakdown in the prevailing world order.\(^79\)

On the global level, Paul Kennedy agreed that Krauthammer’s “unipolar moment” was over, as US power declined due to “inconsiderate and sometimes arrogant diplomacy, an obsession with the War on Terror, and reckless fiscal policies,” (This decline was evident in Washington’s passive reaction to the Russian offensive on Georgia in August 2008).\(^80\) Richard Haass, President of the Council on Foreign Relations, agreed that “what some dubbed the ‘unipolar moment’ is history.”\(^81\) Therefore, argued Charles Kupchan, managing the competition with rising powers will be a greater challenge than terrorism,\(^82\) as Asia and the EU rise, challenging US


\(^80\) Paul Kennedy, “Georgia is important. But what it tells us about global politics is far more so”, *Guardian*, August 16, 2008: 34.


unilateralism and turning the world to multilateralism,\textsuperscript{83} (in addition to the emergence of the euro as a rival to the US dollar.)\textsuperscript{84}

“The US will remain the pre-eminent power, but… American dominance will be much diminished,” forecasted Thomas Fingar, the US intelligence community’s top analyst, in September 2008. America’s influence was diminishing as economic powerhouses such as China assert themselves on the global stage. Washington would no longer be in a position to dictate what the global structures would look like. Nor would any other country, but the world would shift to a less US-centric system.\textsuperscript{85}

According to Global Trends 2025, a report prepared by the National Intelligence Council (NIC) in November 2008, the US would suffer “relative” decline in economic and military power over the next period:

\textit{The United States will have greater impact on how the international system evolves over the next 15-20 years than any other international actor, but it will have less power in a multipolar world than it has enjoyed for many decades. Owing to the relative decline of its economic, and to a lesser extent, military power, the US will no longer have the same flexibility in choosing among as many policy options. We believe that US interest and willingness to play a leadership role also may be constrained as the economic, military and opportunity costs of being the world’s leader are reassessed by American voters. Economic and opportunity costs in particular may cause the US public to favour new tradeoffs.}\textsuperscript{86}

\textsuperscript{83} Kupchan,\textit{ The End of the American Era}: 28, 29, 61 - 67, 111, 112, 158, 159.
\textsuperscript{84} Kupchan,\textit{ The End of the American Era}: 63, 297.
The *Global Trends 2025* report paid special attention to energy supplies and other raw material, as it considered “energy scarcity as a driving factor in geopolitics,”\(^87\) since “continued global growth – coupled with 1.2 billion more people by 2025 – will put pressure on energy, food and water resources”:\(^88\)

> Resource issues will gain prominence on the international agenda. Unprecedented global economic growth — positive in so many other regards — will continue to put pressure on a number of **highly strategic resources**, including energy, food, and water, and demand is projected to outstrip easily available supplies over the next decade or so. For example, non-OPEC liquid hydrocarbon production — crude oil, natural gas liquids, and unconventional such as tar sands — will not grow commensurate with demand.\(^89\)

Energy security would also become a major issue as India, China and other countries join the United States in seeking oil, gas and other energy sources. And since China and Europe receive a large portion of their energy supplies from Iran, US options on Iran would be limited. “So the turn-the-spigot-off kind of thing, even if we could do it, would be counter-productive,” said Fingar.\(^90\) Also, Russia would continue to use energy as a tool of coercion and influence, al Qaeda and other terrorist groups would continue to target Persian Gulf oil facilities, and ethnic conflict in oil producing regions would continue,\(^91\) especially that oil countries currently host about a third of the world’s civil wars, up from one fifth in 1992.\(^92\) Therefore, market forces would not be the only solution to the energy situation:

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\(^87\) “Global Trends 2025”: 2.
\(^88\) “Global Trends 2025”: iv.
\(^89\) “Global Trends 2025”: viii
\(^91\) “Global Trends 2025”: 66.
Unlike earlier periods when resource scarcities loomed large, the significant growth in demand from emerging markets, combined with constraints on new production - such as the control exerted now by state-run companies in the global energy market – limits the likelihood that market forces alone will rectify the supply-and-demand imbalance.\textsuperscript{93}

On the other hand, the current talk about the replacement of US power by Asian power may be premature. Roubini acknowledged that the erosion of the US empire would not occur overnight, and that it would take “a couple of decades.”\textsuperscript{94}

Furthermore, despite its economic rise, Asia is not ready yet to assume economic leadership.\textsuperscript{95} Therefore, it would be too simplistic and premature to assume that the US will lose its power in the short-term, since, despite the signs that the “unipolar moment” is over, and signs that other powers will rise to challenge US power, the US

\textsuperscript{93} “Global Trends 2025”; 41.

\textsuperscript{94} Roubini, “The decline of the American Empire”. Jeffrey Garten of the Yale School of Management argues that even if the US does not lead the global economic recovery by being the global engine of growth, Washington can still lead the global recovery using its political power, since “Washington acted quickly and decisively to save the global economy from collapse... without have to do all the heavy lifting economically” (Garten, “America still rules”; 28 – 31).

\textsuperscript{95} America’s obvious successor is China, which is expected to replace Japan as the world’s second largest economy by the end of 2009. (Pei, “Asia’s rise”; 35, Minxin Pei, “Why China won’t rule the world”, Newsweek Issues 2010: 17 and “Beijing soon to be second largest economic power”, Al Jazeera, June 19, 2009 [accessed June 19, 2009] http://www.aljazeera.net/NR/exeres/680B90F3-D7D8-44F8-826D-45DF1EF1DC50.htm). China has the world’s largest foreign currency reserve, estimated at $2 trillion (Michael Wines and Keith Bradsher, “China’s leader says he is ‘worried’ over US treasuries”, New York Times, March 13, 2009 [accessed March 14, 2009] http://www.nytimes.com/2009/03/14/world/asia/14china.html?_r=1&hp). But Beijing is not ready yet to assume the position of global leadership. Furthermore, China still has no option but to continue buying US treasury bonds in large amounts, or else the dollar would fall and the value of its existing treasury bonds would decline. (Martin Jacques, “No one rules the world”, New Statesman, March 30, 2009: 23). Also, China’s People’s Daily, the ruling Communist Party’s chief newspaper, said in August 2009 that “China has no choice but to increase its holdings of US government bonds” for now, since Beijing would need a long time to diversify away from US dollar assets. “It must be admitted that we are still not well-versed in the international rules of the game” said the paper. “In using capital, we are still elementary school students.” (China must keep buying US Treasuries for now – paper”, Reuters, August 19, 2009 [accessed August 20, 2009] http://www.reuters.com/article/companyNewsAndPR/idUSPEK16627420090820) This is evident in the fact that, despite concerns over the strength of the US dollar, China has recently pumped more money into US treasury bonds, as Chinese holdings of US treasury bonds jumped from $744.2 billion in March 2008 to $767.9 billion in March 2009, making China the largest holder of US treasury bonds. (“China pumps more money into US treasury bonds”, Al Jazeera, May 17, 2009 [accessed May 17, 2009] http://www.aljazeera.net/NR/exeres/2141CAAD-4C31-4F03-AB65-8303190F00AC.htm)
will remain the world’s most powerful nation for at least a few years to come, and the decline of the US empire will take a decade or two.

It would also be premature to think that the Bush’s corporate globalization agenda will simply disappear because Bush left office, since this agenda actually predates him, being the work of a group of powerful politicians supported by the world’s most powerful corporations.  

Under the Obama Administration, the United States is still seeking to maintain and expand its military bases in the Middle East, Central Asia, the Far East, Africa and Latin America. In 2009, US Army Chief of Staff General George Casey said that plans were drawn up in case American fighting forces had to remain in Iraq for another decade, despite the written agreement with Baghdad to pull all troops out by the end of 2011. Richard Haass said that in Iraq and Afghanistan, the US “is counting on Iraqis and Afghans to do more so that Americans can do less, but in neither country is it obvious, or even likely, that this will turn out to be the case,” making it likely that US troops would stay. Obama’s visit to Africa in July 2009 and his support to the Africom force (at a time when US imports from Africa are increasing) marked the expansion of the “empire of bases” near Africa’s oil riches.

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His deal with Bogotá to use Colombia’s military bases, too, show the expansion of the empire of bases near Latin America’s oil riches.101

Obama has repeatedly said that climate change and dependence on foreign oil were threats to America’s economic and national security, proposing alternative energy as a solution to these two threats. In a speech in August 2008, Obama pledged to decrease addiction to foreign oil, describing it as “one of the most dangerous and urgent threats this nation has ever faced” and pledging to eliminate the need for oil from the Middle East and Venezuela within 10 years by developing alternative sources of energy and encouraging conservation.102 During the 2008 presidential campaign, he initially opposed reversing a 27-year old ban on offshore drilling in the United States, (while President Bush and John McCain supported lifting the ban). But he later reversed his position saying that this shift in position was a necessary compromise with the Republicans to achieve his broader goals of energy independence and moderate...
prices. Like Bush, he addressed the problem of energy during his first week in office, linking it to national security and the threat of terrorism. Furthermore, renewable energy/green technology (along with other similarly strategic industrial sectors like health care, broadband and infrastructure) are the main focus of Obama’s strategy in dealing with the recent economic crisis and the decline in America’s global standing; a strategy which Obama calls the “new energy economy.” He repeatedly vowed to spend $150 billion on green technology to stimulate jobs and conserve energy. On February 17, 2009, Obama signed into law the American Recovery and


Reinvestment Act, a $790-billion stimulus bill which included $60 billion to be spent on clean energy, scientific research, setting new fuel efficiency standards, address greenhouse gas emissions. In June 2009, under Obama’s support, the House of Representatives passed the American Clean Energy and Security Act of 2009 to reduce gas emissions. Obama called it a “jobs bill” that would transform the US economy. However, critics argue that although the green technology sector does help create jobs, it would not be sufficient to create jobs and stimulate growth on the desired level. Furthermore, green technology is unlikely to significantly decrease dependence on oil, especially Middle East oil, any time soon. Therefore, Middle East oil will still remain America’s main source of energy for a long time.

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108 Matthew E. Kahn, “The green economy”, Foreign Policy, May/June 2009: 34. and Gross, “The recession is over”: 35, 37. Myron Ebell of the Competitive Enterprise Institute, a Washington group that opposes state mandates requiring that a certain percentage of power come from renewable sources, argues that creating green jobs often does not create jobs on a net basis. “If you create jobs in wind power or ethanol,” he said, “that will take away jobs in other industries,” like building and operating conventional gas turbine power plants (Greenhouse, ‘Millions of jobs of a different collar’.)

109 Biofuels can cause deforestation, food shortage and producing them is actually a polluting process. Also it does not produce much energy. Even if the US switched its entire grain crop to ethanol, it would only replace one fifth of US gasoline consumption (Michael Grunwald, “Seven myths about alternative energy”, Foreign Policy, September/October 2009: 130-133).
Bush brought oil to the fore along with other aspects of US foreign policy, and the failure to secure the oil resources of Iraq has led to unprecedented failure in Bush’s overall foreign policy. Before Bush came to office, energy has always been a vital part of the informal Open Door American empire, but Washington dealt with energy resources on an ad hoc basis. Bush elevated the level of energy in US foreign policy, as seen in the NEP of May 2001, and he tried to solve America’s energy problems, reshape the Middle East and establish a renewed American empire by invading Iraq. This was a part of the Open Door policy which Bush tried to implement. However, the application of the Open Door failed in Iraq, as Bush stuck to false claims over an Iraqi threat which did not exist, and to assumptions over an Iraq which would be intact after the invasion. He presented false claims over Saddam’s danger to the American public, and he rejected voices inside his own government which tried to warn him of his mistaken assumptions over the conduct of the invasion. When Bush failed to remake Iraq into a model for the Islamic world, his foreign policy vision collapsed as it was too dependent on Iraq. Also, the invasion (and the consequent violence and chaos in Iraq) led to the rise of more anti-Americanism, instead of turning the Middle East into a pro-American region, resulting in the rise of terrorism and militant assaults on American and Western interests in the region. The issue at stake was not just the security of oil resources, but also the stability of the US position in the Middle East, the Caspian, Latin America, Africa, and other regions in the world. Thus, the Bush Administration failed to advance its foreign policy agenda, failed to make the world a safer place for the United States, and failed to improve the energy security of the United States.
According to military historian Victor Davis Hanson, Bush had a “propensity to be idealistic and see that democracy is the innate right of mankind”, while Cheney, on the other hand, did not share this zeal for democratization, as his reasoning was more “Kissingerian”, weighing cost and benefit, balance of power, the marshalling of resources for national gain. McCrisken added that Bush suffered from solipsism; a belief that he was the world, or that nothing existed except the reality as he saw it. When combined with a high degree of self belief and moral superiority, this solipsism led to a degree of detachment from reality which prevented him from seeing things as they were. In the words of Jacob Weisberg, Bush suffered from a degree of “wilful self-delusion” which manifested itself when he insisted that his policy on Iraq was a success even as it was falling apart.

(Even after Bush left office, the US cannot walk away from the fact that it is less energy secure than it was when Bush took office, and Obama is not rejecting all of Bush’s policies, as he is still pursuing an empire of bases around energy-producing regions, although Obama is different in that he is paying more attention to green technology as an economic and security strategy).

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