Petroimperialism: US Oil Interests and the Iraq War

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It hardly needs to be added that if Saddam does acquire the capability to deliver weapons of mass destruction … a significant portion of the world’s supply of oil will all be put at hazard … The only acceptable strategy is … to undertake military action as diplomacy is clearly failing. In the long term, it means removing Saddam Hussein and his regime from power. That now needs to become the aim of American foreign policy. (1998 letter from Donald Rumsfeld, Paul Wolfowitz and Richard Perle (prior to their becoming the Secretary of Defense, Deputy Secretary of Defense and Chairman of the Defense Policy Board) among others sent to President Clinton 26, January 1998, published in the Washington Times 8 March 2001)

This document is revealing in its clear statement of the more predatory objectives that underlie the justifications for the Iraq war as primarily a preemptive strike to disarm Saddam Hussein of his weapons of mass destruction. If there was one single dimension of this war that unified popular opinion in the varied countries of the Middle East region, it was that the real motive behind removing Hussein was in order to control Iraq’s oil. Indeed, during the invasion, a poll showed that 83% of Jordanian people were convinced that oil was central to the US agenda (Banerjee 2003). In the Middle Eastern press, some of the most sardonic cartoons have made the same point. For example, Al Akhbar (an Egyptian daily) depicted two Iraqi women whispering a rumor that whenever a coalition soldier feels dizzy in the desert, they make him sniff some oil. This perspective strongly resonated with the very popular slogan seen in the massive anti-war marches throughout the world, namely “No Blood for Oil”. Therefore, the intuitive connection between oil and the Iraq war has been quite widespread. Yet, as the well-known British journalist Robert Fisk has pointed out, analysis of the relationship between the war and oil interests has been a distinctly invisible element of mainstream war coverage. If anything, the Bush administration has been unmistakably tightlipped about its oil interests in determining war policy.
Nonetheless, control over the bountiful Middle Eastern oil endowment has been one of the central goals of the Project for a New American Century whose members are the real masterminds behind the Iraq war. Much has been written about the bombastic imperialistic goals of this group that was founded in 1997 for the promotion of American interests in the new century (see, for example, Ali 2003). Since its inception, PNAC has been agitating for a war with Iraq and to that end had formed the “Committee for the Liberation of Iraq”. The letter sent in January 1998 by some of its key members to President Clinton makes it explicitly clear that they believe that control over Iraqi oil should lie not in Hussein’s hands, but in those of the United States. For these hawks, long frustrated with Clinton’s lack of military global assertiveness, the 9/11 attacks were a timely geopolitical gift for muscling into place their bellicose enterprise. The difficulty is that although we now have a good grasp of the imperial ambitions of the Bush administration, I think we still lack a systematic analysis of why oil was a driving force behind this war.¹ What kind of ecoliquidity would be provided to the United States by controlling Iraqi oil at this particular political conjunction? By ecoliquidity, I mean the dual and fluid circulation of oil both as an asset to be interchanged with money, as well as creating physical power, that collectively furnish capitalism with its dynamic energy. If a strategic and sustained alter-globalization movement is to be viable then we must bring to intelligibility the specific ways in which oil, as a geoeconomic form of power, enables the pursuit of geoeconomics in creating the emergent architecture of this post-Cold War imperial enterprise that the hawks have been seeking.²

Susan Buck-Morss (2000) sets out that the end of the Cold War was marked not so much by the power of the enemy “other”, but by the need to rectify the fundamentally materialist contradictions constituent of the mass utopia dreamworlds of both East and West. Thus, geoeconomics came to replace geopolitics, that is, as its key promulgator Edward Luttwak (1999) says, war by other means. Now, the new and arguably the first global ideological form is consumerism in its hyperreal, differentiated, and constantly morphing forms. In propelling this latest dreamworld, the Clinton administration successfully engaged in aggressive policies for economic restructuring that furthered geoeconomic interests. However, as Michael Klare (2001) explains, when neoliberalizing restructuring alone is unable to sweep aside the obstructions to easy resource access for ensuring geoeconomic goals, it is inevitable that armed conflict again becomes the order of the day.³ Often taken for granted, and yet central to capitalism’s fluidity, given the requirements of today’s techno-infrastructure, is the ecoliquidity of that strategic commodity, oil, which has entered dangerous waters in recent years. After all, geoeconomics was, strictly speaking, born from the shock waves of the 1970s OPEC oil crisis geographically epicentered in the
Middle East (Achcar 2002; Bromley 1991; Little 2002). These shocks not only reconfigured the global oil regime but they were also intimately connected to the massive post-Bretton Woods transformation of the global financial order (Gilpin 2000; Keohane 1984). As Keohane explained, the development of an open and nondiscriminatory monetary and trade system sought by the United States needed a readily available supply of reasonably priced oil. Oil, therefore, was “at the center of the redistributive system of American hegemony” (Keohane 1984: 140). And the Middle East was what Caspar Weinberger, Secretary of Defence, called in 1981 “the umbilical cord of the free industrialized world”. The Carter Doctrine of 1980 states “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”.

Although the international oil market has undergone considerable change since the 1970s, the Middle East’s oil base tangibly remains the center of economic gravity in the long term given the brute fact that the region still holds two-thirds of global oil reserves. Right now, outside this region, producers are being forced to venture into less productive and more difficult localities. So, projections show that in the long term, OPEC and the Arab Gulf producers will become ever more important (Amirahmadi 1998). While Saudi Arabia possesses the largest reserves globally standing at 262 billion barrels, Iraq’s proven reserves rank second at 113 billion barrels (Alkadiri 2001; Research Unit for Political Economy 2003). Moreover, the US Energy Department estimates that Iraq has as much as 220 billion barrels in undiscovered reserves that would bring the Iraqi total to the equivalent of 98 years of current US annual oil imports. As Raad Alkadiri (2001), senior analyst at the Petroleum Finance Company in Washington, DC, has recently said, “the international oil industry regards Iraq as one of the ultimate prizes on offer in the world today”, and it will be the “Klondike” of the 21st century. Of its 70-odd discovered fields where oil is easy to access, only 15 have been developed so far.

Therefore, given these realities, it is easy to chalk this war up to a particularly hawkish US administration (in which oil interests seem pervasive) bullishly extending its 70-year history of petropolitical intervention in the region (Painter 1986; Little 2002). However, a closer look at the dynamics of oil politics over the last few years will reveal that a more specific and complex set of oil supply conditions resulted in the US decision to attack Iraq at this particular time. Given the sequence of events, coupled with the rhetoric of the Bush administration, we might begin by asking whether the 9/11 attacks, in fact, have anything to do with this US ambition to reconstruct the Iraqi oil regime. It is well known that 15 of the 19 suicide bombers were Saudi,
and that, in the aftermath of the attack, the Saudis were not particularly cooperative with the US administration’s investigations. For the United States, this raised the question of whether Saudi Arabia, its largest supplier of oil, would in practice continue to be a reliable ally.

What was the evidence that these political developments would actually impinge on the Saudi supply of reasonably priced oil to the United States? We can begin by situating the recent developments within a chronological analysis of the factors affecting the relationship between Saudi Arabia and the United States. The United States has developed an intimate relationship with Saudi Arabia that spans some 70 years since the time oil was first discovered in the Gulf (Yergin 1991). The alliance with the Saudi royal family, first established by the Roosevelt administration, has continued to bring privileged access to oil in return for military protection. In particular, since the oil embargoes of the 1970s, the United States boosted its sales of highly sophisticated military armaments to the Saudis. After the oil-motivated first Gulf War, the United States extended its network of military bases and arms provision from Saudi Arabia to include Kuwait, Bahrain and Qatar in order to secure regional oil control. Up until today, Saudi oil supply is centrally important to the United States. In 2002, the Saudi national oil company, Aramco, was the United States’ largest oil supplier, providing some 16.8% of total crude imports.

For Saudi Arabia, as with most Gulf states, it is often said that it would be impossible to use oil as a political weapon because that income enables these states (primarily sustained by oil rents) to maintain social stability through the financing of extensive patronage systems and public welfare systems (Mohamedi 1997). Indeed, even after the 9/11 attacks, the Saudis have always stepped up their production of what can be called “political oil” to deal with turbulence in oil supply from events such as the Venezuelan oil strikes in late 2002 (Petroleum Intelligence Weekly 2003a). Saudi Arabia is, after all, a “swing producer” being the only country in the world with the excess production capacity to achieve this role at any given time. While this role works to maintain supply balance and prices, it involves both gaining from lucrative profits and having to absorb losses. For Saudi Arabia, retaining this power to sustain elevated prices and prevent market volatility is of uppermost importance because dependable oil profit is the basis of its stability as a domestic and regional political power.

Although Saudi Arabia’s share of the global oil market substantially grew for a brief period after the oil shocks of the 1970s, significant changes in the global oil production system started undermining its centrality soon thereafter. From the late 1970s onwards, Saudi Arabia has not been one of the primary beneficiaries of the slowly increasing global demand in oil. This growth was taken up by the smaller producers in OPEC (Venezuela and Algeria) as well as non-OPEC producers
from the North Sea that offered better oil extraction technology and terms (Philip 1994; Mohamedi 1997). These producers flooded the oil market that created the 1986 oil crash in which the Gulf producers lost the market battle from which they have never fully recovered. Between 1988 and 1996, the Gulf region only took up one-third of incremental demand growth. Ironically, the new and more expensive non-OPEC operations were only able to exist because of the elevated prices sustained by OPEC. Faced with declining revenues, Saudi Arabia has sought to move downstream in the commodity chain to secure growing Asian markets (in the way the Venezuelans did in North America) but with very limited success so far (Bromley 1998; Mohamedi 1997). As Simon Bromley (1998) has underscored, what this demonstrates is that Saudi Arabia, as the key producer within OPEC, does not possess the supreme power to rig prices. In sum, the Saudi state has increasingly struggled to uphold its revenue base for fulfilling domestic functions. The Saudi government, like other Gulf states, lacking the capital with which to develop new oil facilities, has increasingly turned to private investors to develop natural gas that holds much promise for most oil majors. Politically, the Saudis cannot afford to privatize oil because of its nationally strategic role in the economy.

When things worsened financially after the first Gulf War, there were significant negative repercussions for Saudi Arabia’s relationship with the United States. That conflict left Saudi Arabia in a state of deficit after it both paid for the war costs and purchased more US arms (Mohamedi and Sadowski 2001). In forging a response to this growing crisis, we start to see the beginnings of an intriguing new grand strategy that is at the heart of a substantial political reconfiguration in the Middle East. The Saudis started to diversify their network of global and regional political-economic alliances (often called new “polygamous” relations). Of these, the most notable new alliance was with its neighbor, Iran, in ways that the United States evidently did not appreciate. In addition, when Crown Prince Abdullah took control after the debilitating stroke of King Fahd in 1995, he reduced US arms purchases thereby reducing their reliance on its protection. By conjoining the power of two of the most populous and oil-rich nations in the Gulf, they succeeded (through OPEC) at abating the 1997 slide in oil prices. Moreover, Prince Abdullah has stood out as a new political voice openly critical of the US sanctions against Iraq and an advocate of the Palestinian cause. He has also attempted to build a base of support for the introduction of some democratic reforms while reining in some of the conservative clergy. His is a progressive voice on many counts. After 9/11, this tension with the United States was destined to intensify. Shockwaves went through Saudi Arabia when a classified Pentagon briefing was leaked out describing it as “the kernel of evil” backing Islamic terrorism (Bradley 2003). Then, late last year, Prince Abdullah himself flew to the United
States to caution Bush that unless he reduced his support for Israel, oil sales and military cooperation could be in jeopardy.

These new strategies are responding to the growing domestic turbulence resulting from the precarious nature of the Saudi state’s oil revenue base from the 1980s onwards. This is an area in which, as Timothy Mitchell (2002) has pointed out, very little research has been done. In Saudi Arabia, Anglo and American oil interests have had to negotiate with a national government that itself retains legitimating power through close alliances with the muwahhidun (whom outsiders call Wahhabists). It is oil money that has helped consolidate these ties. The muwahhidun first emerged in the era of British colonial expansion to transform and remoralize the community, but later worked hand-in-hand with the Saudi state. In the late 1970s, however, with declining state revenue, the muwahhidun came to oppose the corrupt ruling dynasty and the relationship started to become more disjunctive and engaged in what Michael Watts (2001) calls petroviolence. The cause of this disjunctive turn requires, as Robert Vitalis (2002) emphasizes, an examination of material encounters “on the ground”. Such studies can help us understand how the persistence of a significant US military presence on Saudi soil after the end of the first Gulf war led to deep resentment and the fueling of Islamic fundamentalisms. We know this was a primary motive behind bin Laden’s declaration of a Jihad against America, and why so many Saudis were among those carrying out the suicidal 9/11 attacks. The US media, instead of pursuing careful analyses of these disjunctive processes, has become saturated with perversely orientalist readings of how the House of Saud is breaking down because of a dysfunctional royal family (see Baer 2003), or circulates hardline denunciations of the Saudi kingdom’s austere brand of Islam, Wahhabism (see Dore Gold’s new book Hatred’s Kingdom). Inevitably, the Saudis are speculating they will be next in line after Iraq.

In sum, the changes in the global oil market as well as domestic political instabilities have made it increasingly difficult for the Saudi government to maintain a simple relationship of allegiance with the United States. The response by the Saudi leadership from the mid-1990s resulted in the emergence of a new power nexus in the region that began to circumscribe the capacity for US regional dominance. For the United States, however, it was clear that this was likely to lead to negative consequences because Saudi Arabia is not just a major US oil supplier but it continues to play a significant role as swing producer that substantially influences global oil prices. Seen in this light, the pressure to determine a way of undermining the power of the Saudi government in the oil market intensified. The tension created by the new Gulf political alliances was, at the same time, exacerbated in the United States by its ever-voracious appetite for oil that could only be met through further imports. After the Asian financial crisis in
1998, OPEC (supplying 40% of global oil) tried to bring prices back up by cutting production. In fact, through cooperation with non-OPEC producers it succeeded in containing price volatilities over time (Nkrumah 2002). This, however, led the United States in 2000 to turn to more heavy-handed methods for pressuring OPEC to increase production. It had to undergo the humiliation of lobbying OPEC in a fashion seldom seen in the 40-year history of the oil cartel (Andoni 2000). The tension led to many furious demands within the United States for breaking up OPEC, and Clinton came under intense criticism for dealing so timidly with oil-producing countries. A few even demanded the arrest of OPEC ministers for price fixing. Therefore, in the same year, the United States dropped its long-held objections to easing UN limits on the funds Iraq could use once Baghdad had agreed to release more oil (Andoni 2000). Around this time, studies on energy security cosponsored by the Council on Foreign Relations and the James Baker III Institute for Public Policy (2001, 2002) concluded that the growing role of Iraq as a new kind of swing producer posed difficulties for the US administration. According to the Energy Intelligence Group, when the Venezuelan oil strikes took place in December 2002, Iraq (along with other nations) helped compensate for the loss by increasing production by 140,000 b/d (Petroleum Intelligence Weekly 2003b).

Given this tangled conjunction of Gulf oil anxieties for the United States, the reformation of Iraqi oil control could not come soon enough, and hence the war on Iraq. The plans are to dismantle the nationalized Iraqi oil industry by privatizing it (Petroleum Intelligence Weekly 2003c) to create a new oil order that harks back to the glories of an earlier time when oil majors ruled the trade (see Sampson 1975). Thus, the enormous power of the governing elites will be disconnected from the profits supplied by state oil. At the same time, this move will counter OPEC’s centrality so that, in the end, a reasonably priced supply of oil to both the United States and global markets can be ensured. Iraq will be the frontier of a bonanza boom for the majors where oil is very cheap to extract (Barlett and Steele 2003). The most vexatious problem, though, is that it is highly doubtful that the Iraqi public would actually accept privatization of the oil sector, even if it is delivered as part of a package of democracy and prosperity. Without political stability, the oil majors will not invest irrespective of their desperation for access to such a cheap source of oil (Petroleum Intelligence Weekly 2003c). That time of stability, for the majors, is still a few years off.

Contrary to conventional interpretations, this war does not appear at present to be an imperial manoeuvre in the sense that the US government or private corporations obtain the direct gains from the Iraqi oil wealth for their own aggrandizement. Yahya Sadowski (2003) has pointed out that the Bush administration does not have strong ties to the oil supermajors, of which only one is American (Exxon). While
it is true that lucrative contracts have been handed out in closed-door sessions to US oil engineering and servicing companies such as Bechtel (Vallette et al 2003) and Halliburton (in some cases even before the war began), these are not the long-term deals that the oil majors are waiting for. Michael Watts (2001) has said that one of the eight natures of oil is an enduring character: petroimperialism. Here we see a form of petroimperialism that is true to the intentions of post-Cold War geoeconomics (Sparke and Lawson 2003) aimed at chaos management by implementing privatization structures (along the lines of Alain Joxe’s (2002) assertions). Given the fact that the US dreamworld continues to be, rather short-sightedly, anchored in the abundant oil bedrock of the Gulf region, it could be argued that they had no choice but the use of imperial strategems. Therefore, it is not unreasonable to claim that the Americans are the architects of their own violent embroilment with Islamic “terrorists” because of their own growing need to control the petropolitical order. The main problem, though, lies in the fact that this consumeristic dreamworld, produced by the smooth effects of oil, has effectively lulled the American public into a fundamentalist somnolent reverie.

Endnotes

1 There were, of course, other driving forces too, such as the potential to recast US power in the region directly through an Arab country, in addition to the display of US capacity for imperial power to major players in Europe and East Asia, especially China.

2 There are a number of specific NGO organizations and campaigns focused on the oil issue including Project Underground, Oilwatch, Global Witness, Stop Esso Campaign, and Greenpeace’s Esso campaign In addition, after the war, new reports were released such as Christian Aid’s “Fueling Poverty: Oil, War and Corruption” in May 2003.

3 This stands in distinct contrast to some of the assessments made just before the first Gulf War, which determined it was highly unlikely that US military conflict and foreign policy would be driven by problems of access to resources. For example, see Lipschutz and Holdren (1990).

4 Securing gas development has become so important that there is a strong likelihood that the extremely influential Saudi Minister for Oil, Ali Naimi, will be discharged because he is standing in the way of major gas contracts being signed with private Western corporations given his anti-Western nationalist proclivities (Economist 2003).

5 Within the field of political ecology, with the exception of a few outstanding and rare examples (see Coronil 1997; Noreng 1997; Sawyer 2001, 2002; Watts 1983, 1994, 2001) there has been little attention to the cultural politics of oil. Even in the various social science volumes responding to 9/11 (including those produced by geographers), there is no mention at all of oil politics that are clearly pertinent (Calhoun et al 2002; Cutter et al 2003). In this sense, social science is complicit in the knowledge creation process whereby, as Gavin Bridge’s insightful analysis sets out, “extractive spaces are constructed through a discursive dialectic which simultaneously erases the socioecological histories and reinscribes spaces in the image of the commodity” (2001:2149).

6 When Dick Cheney released his National Energy Policy in May 2001, it rejected controls on unfettered consumption, and anticipated that imports would increase from 53% in 2001 to 65% in 2020 (Klare 2003; Renner 2003). The oil majors had low reserve replacement levels (Petroleum Intelligence Weekly 2003c) and in any case, only controlled 4%
of world oil reserves. Cheney’s study therefore predicted that in 2020, 54–67% of world exports would come from the Persian Gulf.

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