THE WAR ECONOMY OF IRAQ

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COVER  Money-changer counts out US dollars in Baghdad (Yuri
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COVER DESIGN  Geoff Hartman
Both political parties in Washington seem determined not to end the US occupation of Iraq until they are convinced the other party will get blamed for the consequences. It is charless political theater and grotesque public policy. The occupation cannot end too soon.

President George W. Bush’s “surge” has not made Iraq safer for anyone, not by anyone’s numbers. In the first seven weeks of the escalation, according to Pentagon statistics available through the Brookings Institution’s Iraq Index, 116 US and other occupying soldiers were killed, as opposed to 113 in the seven weeks beforehand. There were more guerrilla attacks in April 2007 than in any previous April of the war, and the dip in such incidents since January follows a seasonal pattern observable since 2004. Iraqi civilian casualties have fallen slightly, from 3,380 in the two months before the “surge” to 3,090 in the two months afterward. Most of the drop occurs in the Pentagon’s category of “sectarian violence,” probably reflecting the decision of Shi’i militias linked to Prime Minister Nouri al-Maliki’s government to suspend their activities while US troops intensify theirs. In every month since January, by the Index’s estimate, an additional 90,000 Iraqis have been made refugees by the fighting.

Bush has reacted to the bad news by trying on the blame-the-Iraqis sandwich board for size. The White House styles itself upset by the Maliki government’s languor in meeting such “benchmarks” as the adoption of a corporate-friendly oil law and the partial reversal of the aggressive debaathification overseen by former US proconsul L. Paul Bremer. In May, the White House began to hint that it might allow Congress to treat unmet benchmarks as reasons to remove “combat brigades” from Baghdad.

The most powerful Congressional Democrats have long since decided that blaming the Iraqis is the best fit for them, since, their Bush-bashing revelry aside, they still cannot bring themselves to denounce the premise of the Iraq caper itself. But, annoyingly, war-weary citizens keep demanding that the lawmakers act on their loudly proclaimed anti-Iraq war convictions.

The Democrats’ first gambit was to cajole and coerce their Out of Iraq Caucus into voting for a supplemental military appropriations bill that included a discretionary timeline for US withdrawal. Their argument to the skeptical was, in effect, that providing more money for the war is a more direct strategy for ending the war than defunding it. During the heated debate over this circumlocutory legislation, Democratic enforcer Rep. David Obey of Wisconsin harangued a Marine mother as an “idiot liberal” who thought he had a “magic wand in his pocket,” because she ventured to suggest the gambit wouldn’t fail.

Bush, indeed, vetoed the bill as promised because of the sort-of timetable. He had called the Democrats’ bluff on their bet about who would be seen as not “supporting the troops” if extra funds were not sent their way. The Democrats’ purported position is that supporting the troops is bringing them home, and Republicans retorted, as they had before, that the logical course for those so convinced would be refusing to pass the supplemental at all. So the stage was set for the war appropriations bill to pass without strings the president cannot pull.

If the US occupation is to end, regardless of who sits in the Oval Office, it will be necessary to have the debate—one and for all—about whether keeping US soldiers in Iraq can possibly bring that country closer to peace. The answer is no, both because occupation breeds resistance and because the US is backing one side in a civil war. Very regrettably, however, it appears that Iraqi ingratitude and incompetence will eventually be the official explanations for why the US has no choice but to leave. That deception will be as perilous for the future of US foreign policy as the lies told to justify this cataclysm of a war.
In April, Azmi Bishara, a contributing editor of this magazine, left Israel and did not return as planned. Toward the end of the month, Israel’s General Security Services (Shabak) announced charges against Bishara of “aiding the enemy” during Israel’s summer 2006 war against Hizballah and Lebanon. Shortly afterward, Bishara, who had been a member of the Knesset, submitted his resignation at the Israeli Embassy in Cairo. He maintains his innocence. This commentary by Amnon Raz-Krakotzkin, lecturer in Jewish history at Ben Gurion University in Beersheva, Israel, first appeared at Mahsom.com, a Hebrew-language website run by Palestinians from Israel. Raz-Krakotzkin’s article was translated from Hebrew by Robert Blecher.

They’re Hounding Bishara Because He’s Right

Amnon Raz-Krakotzkin

The accusations against Azmi Bishara, his resignation from the Knesset and his enforced departure from the country in order to escape imprisonment have provoked tremendous anxiety in Israel. The media hysteria reveals not only the fright that Bishara strikes into hearts, but also the great challenge posed by his exposure of Israel’s contradictions and limits. He arouses hatred precisely because he is right, especially regarding the issues over which he has been attacked, in the past and at present, when he is accused of no less than “aiding the enemy in times of war.”

The repeated distortion of Bishara’s words demonstrates just how relevant and challenging they are. Since the 1990s, through his academic writings as well as his political activities, he has subverted Israel’s self-image as a democracy, and at the same time proposed alternatives. Fear of him has recently grown, as it has become clear that he speaks not only for the constituents of his own party, but for the entire Arab public in Israel: Recent position papers and documents issued by Arab organizations, demanding the democratization of Israel and equality for its Palestinian citizens, were obviously inspired by concepts developed by Azmi Bishara. These documents led the Shabak to define the entire Arab minority as a “strategic threat.” In this context, it comes as no surprise that the Shabak decided to isolate Bishara’s party, the National Democratic Assembly (NDA), believing that taking Bishara down would eliminate a key source of ferment.

Yet even if the Shabak succeeds in eliminating Bishara from the political field, it will not be able to eliminate his spirit and ideas, which are increasingly assuming a central role in building the consciousness of the Palestinian citizens of Israel. Even Bishara’s opponents cannot deny his decisive contribution to this important process, to the creation of an infrastructure that will enable the Palestinian minority to cope with the open war that the state of Israel has recently declared on it. It is an illusion to think that eliminating Bishara from political life will kill the principles he has advanced, even if a regime of fear, in an early stage, silences those who promote them. Israeli society—drowning in deep crisis without a future, hope or dreams—has transferred the responsibility for its predicament to Bishara and the NDA. There has been no attempt to argue with the NDA, only a prolonged effort to delegitimize it. But in this dangerous moment, there is also hope that this dramatic crisis will bring Israeli society around to a different course, impelling it to
The antagonism from the right is no surprise, of course. Although not all details have been published, it is clear that Arab public writ large.

Hizballah’s response as resistance. This time, they argue that Members of Knesset such as Effi Eitam, Zevulun Orlev and waited for eight months to expose the “crime” is even more not automatically support the policy dictated by parties that received a huge amount of money. Together with the media, the Shabak has organized an unprecedented campaign of incitement describing Bishara as the most dangerous type of traitor, an extreme nationalist who belongs to the “powers of evil.”

Many Israelis do not believe these accusations, and are sure the Shabak is trying to stitch together a case against him because of his political statements and visits to Damascus and Lebanon after the war. More than 300 Israeli academics signed a petition entitled, “We believe Azmi Bishara.” Although not all details have been published, it is clear that the accusations are false. The very idea that Bishara collected military secrets is absurd, and the fact that the authorities waited for eight months to expose the “crime” is even more suspicious. For most Israelis, who believe that Bishara should be sentenced anyway for the opinions he has expressed, questions of evidence are irrelevant, however. After continuous incitement, it is not surprising that ordinary people perceive him as a treacherous foe.

The fear of Azmi Bishara is a clear manifestation of the deep crisis in which Israel has found itself after the war. Israel is casting about for a reason to explain its defeat, and instead of dealing with the real factor—its long-standing policies—it is going after an Arab intellectual who identified with “the enemy.” The only way for Israel to respond seriously to the crisis it brought upon itself is to address the challenge presented by Bishara in his numerous writings in Arabic, Hebrew and English.

Incitement

The antagonism from the right is no surprise, of course. Members of Knesset such as Effi Eitam, Zevulun Orlev and their fellow traffickers in a racist interpretation of Judaism believe that Arabs belong neither in the Knesset nor anywhere else in Israel. But it is worth remembering that incitement against Bishara originated not with the radical right, but rather in circles considered liberal and part of “the peace camp.” For years, these circles have presented Bishara as a radical nationalist. The incitement began following the election of Ehud Barak in 1999, when it became clear that, contrary to expectations, Bishara and his colleagues would not automatically support the policy dictated by parties that defined themselves as “the left,” that is to say, Labor and Meretz. So long as Bishara presented his ideas in his capacity as an intellectual, they seemed acceptable and even admirable; in the 1990s, he was even seen as one of Israel’s most prominent thinkers. Transferring his ideas into the political arena, however, brought home what the realization of democratic principles would mean, and this the Jewish public refused. The Israeli left could not forgive Bishara for laying bare the nationalism and chauvinism that constitute the base of its approach. He himself contributed through his arrogance, a trait forbidden for Arabs.

Representatives of the “peace camp” lose their equanimity every time the NDA (and others) refuse to accept their political dictates. Haaretz, for instance, turned the condemnation of Bishara and his party into a declared, systematic policy even as it published a few of his pieces. The newspaper repeatedly painted the line between Hadash [the Communist Party and allies] and the NDA, especially in one editorial, as the line between the legitimate and the illegitimate. Hadash was presented as espousing a stance of civic values and coexistence, as opposed to the nationalist and divisive NDA. In this respect, the position of Haaretz accords completely with that of the Shabak, even if there may be differences between them regarding their ultimate conclusions. While the Shabak suggests rendering NDA positions illegal, Haaretz adopts a position of tolerance as a testimony to the special, democratic features of the State of Israel. Distinguishing between those defined as “nationalist” and those said to adhere to a “civic stance” conditions the participation of Arabs in Israeli society on relinquishing their identity as Palestinians and Arabs. While the consensual definition of the state as the “state of the Jewish People” distances Palestinian citizens from equal participation in any dimension of public life, and preserves their marginalization and the continuous discrimination against them, they are also not entitled to identify as Arab or Palestinian.

Drawing a sharp distinction between Hadash and the NDA is, of course, specious. And the positions taken by Hadash are different. The issue, rather, is that it is convenient for liberal Israelis to accept this superficial distinction. The NDA is not separatist, but rather poses a challenge to the communist perception of integration, that denies any significance to national identities. The NDA has mounted a struggle for equality based not on negating national identity, but rather on protecting and nurturing it. As the party’s election slogan puts it, “Full identity, full citizenship.” Moreover, the present hysteria developed after many Israeli Jews realized that the line between Hadash and the NDA is not as clearly marked as many had thought, and that the NDA’s basic positions had become widely accepted even among Hadash supporters. There remain fundamental differences and arguments among the Palestinian citizens of Israel, of course, but today there is also wide agreement, against which the Shabak has come out with the support, be it active or passive, of the so-called...
Opposition to the NDA in general, and Bishara in particular, developed against the backdrop of the political activities that he and his associates undertook since the end of the 1990s and especially since 2000. The NDA, of course, was not the only party to face continuous incitement; other Arab MKs also faced investigation and vulgar aggression from broadcasters and journalists. The emphasis, however, was always on Bishara, since it was impossible to deny the fundamental challenge that he presented. The fury his positions provoked was multiplied by the fact that he articulated them in Arab contexts, refused to present the Arab world as an enemy and insisted that the citizenship of a Palestinian in Israel ought not to be conditioned on negating his or her identity as an Arab with ties to the Arab world. These elements of his politics, which were received with great difficulty even among Israelis who do not think of themselves as racists, constituted the biggest challenge. Bishara said the same things in Hebrew that he said in Arabic, but unlike the speeches he gave in the Arab world, the words he spoke in Israel were ignored. Bishara does not speak as the Jews want him to: He speaks like an Arab and refuses the claim that his Israeli citizenship negates his right to speak like an Arab. In the past, his success stemmed from the fact that he spoke in parallel to both sides, but more recently he has been prevented from meaningful engagement with the Israeli public, since every journalist who interviews him sounds like a Shabak agent.

The hatred toward Bishara has grown precisely because his political approach has been proven correct. Consistent in his opposition to the “peace process” in its current configuration, he has cast doubt on the fundamental tenets of the “peace camp.” His reservations have been proven correct and pragmatic, and despite the fact that Israeli society has progressively marginalized him since 2000, he has continued to arouse interest. Incitement against him has become a basic ingredient of Israeliness, especially among those on the “left” who claim that he has “gone too far” and “crossed the line,” thereby delineating the boundaries of the permissible.

Bishara was right when he was the only Member of Knesset, apart from those on the right, who refused to support Ehud Barak’s plan for the Camp David summit in 2000. Issuing a Knesset speech that warned about the consequences of Barak’s arrogant and rejectionist policy, Bishara stood alone among the Arab MKs, the rest of whom joined the Zionist left. Today there is no longer any need to detail the consequences of Barak’s adventurist policies and Labor’s failure to mount any opposition from the left. Bishara’s stance demonstrated that the NDA would not automatically support the Israeli left regardless of the policies it advanced. The NDA again displayed its independence when its leadership boycotted the 2001 elections that pitted Barak against Sharon.

Bishara was right when, on the occasion of a speech memorializing the late Syrian president in 2001, he declared that Palestinian resistance to occupation could not succeed in the absence of a comprehensive Arab political strategy. Still today, various Israeli commentators distort the words he spoke there by broadcasting only selections from the speech.
They emphasize his use of the word “resistance”—and, indeed, he did not deny the right of Palestinians in the territories to resist the occupation—but they do so in total disregard for the context, which insisted that resistance must be set within a comprehensive political initiative. Anyone who is not in the thrall of [“Arabist” TV commentators] Ehud Yaari, Tzvi Yechezkiel and their like will recognize the historic importance of Bishara’s speech, which pointed out a deficiency that was later rectified by the Arab peace initiative.

Despite the attention the media has called to his use of the term “resistance,” and indeed his position that Palestinians have the right to resist oppressive occupation, it has taken pains to obscure his words against suicide bombing. A short report by Ha’aretz correspondent Amira Hass about Bishara’s comments on suicide bombing at a meeting in Ramallah disappeared without a trace from the Internet and has not been immortalized in the printed issue. When speaking in such tones, Bishara was not so interesting, perhaps because his detractors feared that his monstrous image would crack, or perhaps because they had no interest in investigating precisely which kinds of resistance to opposition are legitimate.

Bishara was certainly right in 2000 when he opposed the Israeli withdrawal from Lebanon in the absence of an accord with Syria. He supported the Syrian position, despite the criticism he absorbed from many quarters. The NDA indeed noted the Israeli withdrawal with satisfaction, as a precedent for the end of the Israeli occupation of the West Bank and Gaza Strip. While many in Israel shared Bishara’s attitude, they were bothered by the fact that Arab interests played a significant role in his calculations. It was part of his consistent argument that the end of occupation and the establishment of justice—and also recognition of an Israeli entity—can be achieved only within the framework of a comprehensive Arab policy.

The NDA’s opposition to the latest war in Lebanon was, of course, completely correct; Bishara’s party was not alone in its stance. What singled out Bishara in this case was that he refused to condemn Hizbollah and pointed to the overall context that produced the crisis: Israel’s continual violations and aggressive activities and the war’s place within the framework of an American-Israeli plan. Bishara never hesitated to see Hizbollah as a resistance organization and not a monster—even if, as is well-known, he has reservations about some of its positions. Bishara powerfully opposes the very distinction between “extremist” and “moderate,” warning against those considered as “moderate,” whose policy brings catastrophe and disorder.

Bishara was clearly right when he asserted, at the beginning of the war, that Hizbollah would not be defeated. This provoked the rancor of Israeli commentators, who were still salivating over the possibility that the air attack would smash “the brutal enemy.” This transgression was indeed hard for Israelis to forgive. The war that Israel undertook in the hope of purifying itself, a war that was presented as supremely justified, a war that was supposed to erase the daily horrors resulting from the occupation and the unilateral approach for dealing with it, wound up being a bitter disappointment.

Various investigative committees are looking for the reasons the war failed, but they are refraining from interrogating the idea that it was a “just war” against a monstrous enemy, that it was a war that attempted to free Israeli hostages. Not a single Israeli official has asked if there was any justification for the tremendous losses among the Lebanese civilian population during this period. Israelis are not turning the critical lens on themselves, but rather looking for someone to blame. The war severely undermined Israeli security, pointed up the limits of military superiority and provoked a general crisis for a society without direction, without security and without vision. The more clearly the war’s failures were revealed, the more the incitement increased.

In Israel today, the Shabak has been declared the authority over matters that concern democracy. Its declaration that Arab citizens constitute a “strategic enemy” did not elicit a response. Even representatives of the “left” like Yuli Tamir and Ran Cohen adopt the Shabak line completely. The campaign against Bishara not only targets him and the NDA, but also aims to set limits for the entire Arab public. Whoever claims that in this case Bishara “crossed the line” is in fact drawing a line, one which is growing more and more restrictive if not completely suffocating. Even those who criticize one or another of Bishara’s positions need to understand the nature of the danger that we confront today. Indeed, this investigation is happening precisely because the security forces have come to understand that the differences between the NDA and other Arab parties are shrinking. Even by the Shabak’s standards, this is a hysterical response, liable to cause enormous damage and lead to a regime of repression and fear. This, indeed, is the goal.

In this context, the choice that faces us, Israeli Jews, is between agreeing to the current state of Shabak control and opening a comprehensive dialogue about the expansive challenge mounted by Bishara and the many others who helped craft the documents [addressing the position of Palestinian citizens in the Israeli polity]. It is completely possible to understand why these documents provoked opposition among many Israelis; there is a need for a far-reaching discussion about the implications. This discussion must replace the current campaign of intimidation.

Azmi Bishara’s attitude contains the only option for a recognition of Israel. It is within Bishara’s national attitude that a genuine recognition of Israel, albeit not in its present structure, could be realized, based on recognition of Palestinian rights. Yet, paradoxically, this attitude is now classified as extreme and illegitimate. This is exactly why I find it extremely important to fight against this episode of oppression.

Endnote

On May 26, 2003, L. Paul Bremer declared Iraq “open for business.” Four years on, business is booming, albeit not as the former head of the Coalition Provisional Authority intended. Iraqis find themselves at the center of a regional political economy transformed by war. Instability has generated skyrocketing oil prices, and as US attitudes to Arab investment have hardened in the wake of the September 11 attacks, investors from the oil-producing Gulf countries are seeking opportunities closer to home. This money, together with the resources being pumped in to prop up the US occupation, is fueling an orgy of speculation and elite consumption in the countries surrounding Iraq. The sheer volume of loose change jingling around the Middle East would be potentially destabilizing even if fighting did not persist in Bremer’s erstwhile domain.

War and profit have always gone hand in hand. In Iraq, as well, a “war economy” is firmly rooted, yet it has gone largely unexamined in the stacks of books and articles dissecting Washington’s grandiose venture gone bad. Armed with ideological assumptions and economic quick fixes, US occupation officials pursued policies that, at a minimum, aggravated the severe social dislocation wrought by war, privatization and sanctions before 2003. Today, militias supporting or opposing the Iraq government—not the government itself—control import supply chains and, indeed, regulate whole sectors of the Iraqi economy. At the same time, the people who earned a living through the antecedent networks of the war economy are attacking the new US-sponsored political order. These insurgents include not only those “Iraqis who miss the privileged status they had under the regime of Saddam Hussein,” as President George W. Bush would have it, but also—indeed mostly—ordinary working people who are protecting livelihoods they built in the shadow of Baathist dictatorship. Countless other civilians are caught in the crossfire as the struggle to make ends meet has become deeply politicized.

Evidence of Iraq’s war economy is fragmentary. Amman—arguably the city where the business of occupied Baghdad is really done—is a veritable rumor mill. Leads are difficult to

Christopher Parker is assistant professor of political and social science at Ghent University in Belgium. Pete W. Moore is associate professor of political science at Case Western Reserve University.
follow and confirm, as the individuals involved are wary of admitting to war profiteering and economic data are uneven. But the fragments start to form a recognizable pattern when set in a comparative frame. The Iraqi case fits well within the large scholarly literature on the economics of civil war. Not all civil conflicts are the same, of course; some end quickly, while others endure. When available evidence on Iraq is compared with the lengthy civil wars in Lebanon from 1975–1991 and in Algeria in the 1990s, ominous parallels come into view. During those civil wars, much of the money to fund militias and state-sanctioned violence alike came from the control of external trade and the taxation of regions under militia or state control. These dynamics did not simply emerge in the chaos of war, but were grounded in longer trajectories of international involvement, state atrophy and grassroots political economy.

The US project in Iraq, nothing less than a forced revolution, was more radical in its means than in its way of viewing the political world. And while today’s deepening war economy certainly owes a great deal to the early zeal with which US officials sought to remake Iraq as a free marketeer’s paradise, any eventual autopsy of the Bush administration’s imperial fiasco needs to cut deeper than the blunders of Bremer and his subordinates to reveal the fundamental failures of political imagination that lay beneath.

**Iraq Beyond Saddam**

“In Iraq, the US fights an enemy it hardly knows,” wrote the International Crisis Group in the executive summary of a 2006 report. “Its descriptions have relied on gross approximations and crude categories (Saddamists, Islamo-fascists and the like) that bear only passing resemblance to reality.” Over a year later, US and British officials from Bush and Prime Minister Tony Blair on down continue to speak in stereotypes when describing the guerrillas’ motivations. Washing their hands of any responsibility for the violence that plagues Iraq, they present the insurgency as springing from a yearning for lost domination on the part of groups linked to the Saddam-era state. This is the statist narrative—the idea that Saddam’s regime controlled everything worth controlling before it was overthrown. More amorphously, mainstream analysts trace the insurgency’s origins to the aggrieved “thought world” of Iraq’s Sunni Arab community. Suggesting that the insurgency is rooted in the “majoritarian mindset” of Iraq’s Sunni Arabs, Fouad Ajami further notices a Sunni Arab susceptibility to the “dark appeal” of revived histories that dredge up anti-Shi’i prejudices and “the panic of a community that fears it could be left with a ‘realm of gravel and sand.’”

To be sure, sectarian fears and religious extremism—as well as foreign occupation—are powerful causes of the ongoing violence, but the sectarian narrative renders invisible the everyday concerns and struggles of people trying to survive in conditions of war. It makes more sense to locate the roots of resistance and intra-Iraqi violence in structures of collective action and social regulation that took shape over the course of the 1980–1988 Iran-Iraq war, and were consolidated during the state’s economic opening in the 1980s and the early years of the UN sanctions. Clearly, and contrary to the assumptions of the statist narrative, the state retreated considerably from the economy over the last two decades of Baathist rule, a period that also witnessed plummeting standards of living for ordinary Iraqis. Yet the social reverberations of these economic upheavals are rarely considered.

Mainstream accounts of the 1980s and 1990s preserve the centrality of the state by charting the rise of what Charles Tripp has referred to as the “shadow state”—a web of informally regulated networks that leveraged statist agency (e.g., the ability to make and enforce internationally binding contracts or employ nominally legitimate coercion) to create domestic enclaves for the private accumulation of capital and power. Even as the state’s formal regulatory powers began to shrink during the 1980s, the social impressions left by a legacy of rent-fueled state centralization and militarization remained to preserve the essence of Saddam’s power. This narrative is certainly persuasive as far as it goes. But the tendency to present the regime, however formally weakened, as the programmer of economic and social activity elides the agency of the Iraq—some 25 million Iraqis, in fact—beyond Saddam. As statist agency receded, it was replaced by conditions of multiple jurisdiction and sovereignty: Localized social structures, transnational trade networks and a globalized sanctions regime came together to create new economic opportunities and impose new constraints. Nevertheless, even if “the regime” as such controlled less than conventional analysis would suggest, central regime figures were elevated by their ability to mobilize the state’s remaining powers and control oil resources. In other words, the regime was able to dominate, but not necessarily in ways of its own choosing. Understanding the relationship between conflict and economy in contemporary Iraq requires a recounting of the rapid economic decline in the 1980s and 1990s.

In 1980, Iraq was a net creditor and considered home to one of the region’s most advanced economies. By early March 2003, as US and British forces amassed on its southern border, it had become one of the world’s poorest and most underdeveloped countries. Average annual income had fallen from between $3,600 and $4,000 in 1980 to between $500 and $600 by the end of 2003. On the eve of the invasion, Time reported: “Industry has ceased to exist and unemployment may be as high as 40 percent. The agricultural sector is in complete disarray, leaving more than 60 percent of the population to rely on the UN Oil for Food program [for basic needs]. About 40 percent of the nation’s children are suffering from malnutrition.”

This dramatic decline in living standards coincided with a long deterioration of Iraq’s major industries. In the first year of the Iran-Iraq war, oil production fell from 3.4 million barrels per day to just under a million. Oil revenues continued to drop off for the duration of the conflict—totaling $21 billion, less than half the pre-war amount, in 1988—while military spending
remained high. The result was the increase of foreign debt to over $80 billion by 1988, the draining of foreign reserves and the abandonment of development projects. The war also led to a wider militarization of Iraq's economy, draining human and financial resources away from manufacturing and agriculture. By the time the war with Iran ended, more than 20 percent of the labor force—over one million people—were employed in Iraq's armed forces. While Saddam claimed victory in the war, his adventure had left a heavily indebted state with a physical infrastructure in great need of repair.

Saddam responded to the crisis of state accumulation by implementing a sweeping program of economic liberalization (infitah). The program had its origins in efforts at reforming the agricultural sector in the early to mid-1980s, but its scope and intensity increased dramatically by late 1987 and into 1988. All industries deemed non-essential to the health of state coffers and military preparedness were jettisoned in a frenzy of privatization. As Kiren Chaudhry notes, “Whereas Egypt's widely publicized infitah policy resulted in the privatization of exactly two factories over a period of 15 years, in a single year the Iraqi government sold 70 large factories in construction materials and mineral extraction, food processing and light manufacturing to the private sector.”

The selloff was, if anything, more sudden in agriculture. By 1989, 99 percent of Iraq's agricultural land—half of which had been state-owned since the 1960s—was either privately owned or leased from the government by private investors on favorable terms. The main beneficiaries of Saddam’s infitah were by and large the same people who, by virtue of their connections to government power brokers, had profited from the massive amounts of government spending on construction during the oil boom of the 1970s. Laws were changed to allow for large-scale, cross-sectoral investment, and the tax on corporate profits was reduced to 40 percent. In the end, most of the new captains of industry and agribusiness sacked 40–80 percent simply left to the vagaries of petty market action and struggle. Meanwhile, inflation began to skyrocket.

The international response to Saddam’s invasion of Kuwait—a devastating military campaign during the early months of 1991 and draconian sanctions in place for the next 13 years—pushed Iraq’s economy from bad to worse. More of Iraq’s economic infrastructure was destroyed in six weeks of allied bombing than in the eight years of war with Iran. Sanctions further eroded the gross domestic product and wrought havoc upon the personal finances and life chances of untold numbers of Iraqis. Following the freezing of Iraqi banks’ foreign assets and the subsequent devaluation of the dinar, “savings of 2,000 dinars that once would have paid out $6,000 were suddenly worth only $2.” Experienced technicians and professionals working in Iraq’s crumbling hospitals, laboratories and universities found themselves forced to emigrate or seek income-generating opportunities in the informal sector to make ends meet. The precipitous decline in the number of children attending school in the sanctions years may have caused the adult literacy rate to drop from 80 to 50 percent. In 1996, the World Health Organization concluded that sanctions had set back Iraq’s health care system by 20 years.

Inevitably, as the ability and willingness of state officials to govern economic life through formal channels dissipated, new configurations of regulatory power arose to take their place. These configurations were not necessarily congruent with, or contained within, Iraq’s borders. Transnational tribal allegiances were mobilized to facilitate and regulate trade across international borders. Businessmen-politicians in neighboring countries cultivated links with members of Iraq’s Republican Guard (among others) in order to facilitate and protect networks of transport and distribution. And small-time trade networks emerged to profit from differentials between countries in prices for petroleum and other products. Major multinational
corporations also took advantage of the multiple jurisdictions. Consider the case of RJ Reynolds, whose involvement in cigarette smuggling to Iraq was the subject of European Union legal action in 2002. Coordinating operations from Switzerland, home to congenial bank secrecy and business privacy laws, the company sent master cases containing 10,000 cigarettes each for loading and unloading at ports in Spain, from whence they were shipped onward through holding companies in Cyprus, before being redistributed through the free zone in Mersin, Turkey. They were then transported over the mountains between Turkey and Iraq via Silopi Pass, moving through the hands of agents operating in Kurdish-controlled regions of northern Iraq before ending up at one of the many smoke stands located along Iraq’s roads and highways.14

Cats of the Embargo

It is difficult to imagine any regime surviving intact—much less retaining statist agency in the economy—through turmoil such as that experienced by Iraq over the past three decades. Nevertheless, observers have been remarkably consistent in presenting capital formation and livelihood in Saddam’s Iraq as variables strongly determined by state intervention. As late as 2003, observers could note that the state sector accounted for 80 percent of Iraq’s GDP, a figure which hardly measures state power or economic centralization. Nevertheless, it is typical for an author writing on the present day to first assert that transforming “a centrally planned economy to a market economy” is a primary challenge facing the engineers of change in Iraq, only to later note that “the United States found [in Iraq] an economy that essentially needed to be rebuilt from scratch, crushed by decades of wars, sanctions and atrophy due to Saddam’s neglect of the population’s needs.”16 The contradiction apparent in these statements reflects the degree to which emphasis on the passivity, even emptiness, of the Iraq that lay beyond his extended circles.

Claims regarding state control over the economy tend to brush over key facts. For example, while over 60 percent of Iraq’s labor force remained employed in the public sector on the eve of the March 2003 invasion, the average salary of a civil servant was only $6 per month.17 Similarly, while more than half of the population was dependent upon government-controlled food rationing during the early 1990s, these rations accounted for only 30 percent of per capita caloric intake in the pre-sanctions era.18 Inadequate diets and purchasing power placed a premium upon plots of arable land and their crops. Local tribal sheikhs were given considerable scope in the regulation of the rural economy, and used their position and networks to expand and diversify their economic activities. In short, the kind of formal accounting upon which claims about the nature of economic transition in Iraq are made obscures the importance of gray and black markets to the simple tasks of eating and earning a living over the past two decades.

In a very real sense, the conditions that obtained in Iraq from the late 1980s onward resembled conditions of war. People accustomed to “a culture of laziness” sustained by enormous oil revenues were forced to take extraordinary measures to make ends meet.19 Hyperinflation, massive public-sector layoffs and food shortages shaped Iraqi society as it moved from the dislocations of the inbārah to the devastation of war to the ruin of sanctions.

Highly profitable transnational alliances between elite businessmen cum regime figures emerged in the 1980s and 1990s. But smaller-scale networks of trade flourished as well. In her 1999 study of sanctions-era Iraq, Sarah Graham-Brown noted:

The people who run the black market in both petrol and basic foodstuffs, and luxury items like whiskey and Western cigarettes, are actually members of the lower middle strata of Iraqi society, hardened war profiteers who managed to survive as soldiers and smugglers during the Iran-Iraq war as well as the Gulf war which followed. Many of these “new elements” in society have links with Iraq’s large and once powerful rural clans. Coming mostly from the lower echelons of these clans, the new merchants are both Shiites and Sunnis. The goods they handle are mostly smuggled from Syria, Turkey and Iran.20

Proprietors of small retail businesses came to rely on the smugglers’ “taxi service” to stock their shelves. One Baghdad repair shop owner told Joseph Braude: “My supplier sends me products via Jordan in trucks. The driver charges you $60—but you are not paying any tax. As for the border guards, just give them a pack of cigarettes and a can of Coke—that’s more than enough. They will leave you alone.”21 Even petroleum smuggling—typically seen as an activity requiring the resources of big players operating within the purview of the regime—was a source of livelihood for thousands of Iraqis operating beyond the control and surveillance of the state. Drivers equipped their cars and trucks with extra tanks that were filled with subsidized diesel and gasoline at filling stations on Iraq’s border with Jordan, and then simply driven over and sold to middlemen in Zarqa or Amman.

In between, one could find the qiitat al-hisar—the “cats of the embargo.” “Unlike high-ranking Baath Party hacks who lived mainly by leveraging their government influence,” writes Braude, “the cats engaged each other in rough-and-tumble competition in what became an underworld’s dark meritocracy. They spanned Iraq’s ethnic and sectarian rainbow, including many Shi’a and Kurds. Cats hailing from disenfranchised communities maintained a businesslike rapport with the country’s political bosses, paying them with the bribes they demanded in exchange for autonomy in the black market.”22 But outside this “dark meritocracy,” the system relied on regular working people to drive the trucks carrying oil and other goods, walk through the mountains from Turkey with backpacks full of cigarettes and look the other way as some aspect of state regulatory control was subverted. These activities were not simply individual acts of opportunism, but practices within a grassroots political economy of meaning.
Today, many of these same people—people who can hardly be
described as beneficiaries of the Baathist regime—ply their trade
under threat from new agencies, technologies and infrastructures
that have been introduced with US-sponsored “reconstruction.”
While presented in the neutral language of development and
modernization, these agents and infrastructures are hardly
politically neutral. Those whose livelihood depended on the oil
tanker trucks, for example, are now threatened by the repair and
restoration of Iraq’s pipelines. Thus even resistance to foreign
control over Iraqi oil is often motivated by something other
than nationalism.

To date, observers have not fully taken into account how the
project of reconstituting a market in Iraq has selectively crimi-
nalized certain socioeconomic actors and empowered others.23
The imposition of new rules through the barrel of a gun has
abruptly rendered petty trade networks constructed over decades
untenable or even illegal. Moreover, sovereignty in Iraq is now
even more fragmented than in the 1990s. The new Iraqi constitu-
tion allows for de jure autonomy for geographic regions—the
majority-Kurdish provinces and several provinces in the south—
that are already autonomous de facto. The current government’s
would-be monopoly on coercive violence is distributed among
US forces, Iraqi security forces and private security contractors
who are becoming an increasingly institutionalized feature of
the post-Saddam landscape. Furthermore, Iraqi security forces
have clear and overlapping ties with local militias: Insofar as
security force elements were active in the informal economy
under sanctions, army decommissioning may have simply led
to a privatization of coercive violence from below that ironically
mirrors the Bush administration’s subcontracting of war- and
occupation-related services to US firms.

On the Road

Whether cats of the embargo or regime fat cats involved in
sanctions busting on a grander scale, informal traders were but
one node in wider networks that were regional, even global in
scope. It stands to reason that these networks survived the 2003
invasion, but the question of how the evolving war economy
of Iraq is connected to regional political economies is a tricky
one. By their very nature, such linkages are not well-advertised.
Who is making the money? Who is deciding who makes the
money? In many cases the complete answer lies outside Iraq, so
one place to start is on the road.

In Iraq today, there are three major trade routes that are the
loci of struggle between competing militias and the various
agents of occupation as they seek to shape and regulate economic
exchange. The first follows Highway 1, heading north from Baghdad through the oil refining and industrial
town of Bayji. From Bayji, the route continues to Mosul and
on toward the Syrian border. The second route is Highway 10,
which heads west from Baghdad to Amman, passing through
Falluja and Ramadi—the “Sunni heartland” of al-Anbar
province—before traversing the vast desert. Highway 6 is the
main road from Baghdad to Basra, with way stations in Kut
and ‘Amara—strongholds of Muqtada al-Sadr’s Mahdi Army.
Highway 8 offers a western passage to the south, leaving
Baghdad and running through the town of Hilla—skirting
the Shi’i shrine cities of Najaf and Karbala—before heading
to Basra, where it meets up with Highway 6, which continues
down to Umm Qasr and Kuwait. These towns are all note-
worthy locales, as either frontier outposts along long-distance
trade routes or nodes of oil infrastructure or centers of the rise
of the Shi’a. Bayji is also located close to the de facto border
between central Iraq and the Kurdish-regulated areas, while
Hilla and Kut are the gateways to southern Iraq. Not coinci-
dentially, all of these cities have been flashpoints of conflict
over the past four years.

The importance of these trade routes cannot be overstated.
Like most Gulf countries, Iraq has been highly dependent
on a full range of consumer and industrial imports since the
1980s. Control of those supply chains and roads facilitated the
selective privatization begun in the late 1980s, and re-exporting
neighbors utilized those same links for their own political ends.
All of this trade was organized through bilateral protocols
ensuring the political control to reward allies and punish
rivals. Of course, these arrangements were not foolproof, and
so smuggling networks concentrated in border areas thrived,
especially as war and sanctions began to take their toll and
Baathist officials lost control over whole sections of the country.
In tandem—formal, state-regulated trade on top and tolerated
local smuggling at the bottom—these arrangements tied Iraq
to its neighbors in politically consequential ways. Powerful
Baathist bureaucrats leveraged their political positions to
cement connections to traders in neighboring states. Lower-
level smuggling also involved cross-border connections, though
these were more based on tribe and kinship than political
power. Following Highway 10 to Jordan illuminates how these

Though fears of Iranian influence, Turkish invasion and
Syrian complicity seem to dominate discussion of the external
players in Iraq’s violence, by far the most important country in
political economy terms, to the Sunni insurgency (responsible
for the vast majority of American causalities) is the Hashemite
Kingdom of Jordan. The political and social histories of modern
Iraq and Jordan are bound tightly together. The deep ties between
families, tribes, political movements and economic actors across
the borders of these two countries have a history that, by and
large, has yet to be written. While far from transparent, link-
ages between the Jordanian establishment and the constituent
elements of Baathist power—together with connections to the
Sunni tribes of al-Anbar—are less obscure.

The war with Iran ended operations of Iraq’s only port, Umm
Qasr. By 1982, Jordan’s port of Aqaba became the primary location
receiving imports destined for Iraq and shipped by sea. A number
of Iraqi-Jordanian trade agreements followed, to expand Aqaba’s
capacity, widen Highway 10 and establish a trucking firm to move
goods from Aqaba to Baghdad. Iraq quickly became Jordan’s
largest trading partner. Officials agreed to a protocol whereby oil priced significantly below market value was supplied to the Jordanian government in order to fund exports back to Iraq. Estimates of that fund vary, but reasonable estimates suggest a value in the hundreds of millions of dollars each year. Wild stories about side deals and the general graft of the protocol decades still make the rounds in Amman today.

Like their Baathist counterparts, Hashemite officials in Jordan chose the recipients of these lucrative deals. These cronies and their supporters helped keep the Hashemite regime afloat during its own financial storms in the 1980s and 1990s. This form of direct political patronage coexisted alongside extra-legal forms of trade that were also winked at. Over-invoicing of exports, false bills of lading at the port of Aqaba and substandard goods were among the ways Jordanian and Iraqi traders increased their profits. In addition, the trade networks supported an increasingly important labor market in Jordan. Thus did gilded trade linkages within and between Iraq and Jordan tie the political future of each regime to the other.

Many but not all of the traders and industrialists connected to Iraq, then and now, are East Bank Jordanians (as opposed to Palestinians). Additionally, the transportation labor dependent upon Iraq trade is composed of lower-income, rural East Bankers located in the southern part of the country. The economic and political rationales that linked the Jordanian transportation labor, the Amman-based exporters and the Sunni importers in Iraq also overlapped with and animated tribal and religious sympathies. That some of the truckers and small-time traders might moonlight for the black market was to be expected. The imposition of sanctions after the invasion of Kuwait only forced this network to craft more durable and clandestine mechanisms of operation. Thus, it was hardly a secret that the failure of the 1990s sanctions to impoverish Baathist elites was due primarily to sanctions-busting trade routed through Jordan.

On the eve of the 2003 invasion, Highway 10 was both sinew and symbol. It was a mainstay of the Iraqi regime’s political economy of survival, yet also emblematic of how much its power had dissipated and been disfigured since the 1980s. If Highway 10 is the path to understanding Iraq before 2003, then Highway 8 heads south into the post-2003 period.

Same Truck, Different Driver

In 2003, Highway 8 from Kuwait carried US troops and the bureaucrats of the Coalition Provisional Authority (CPA) northward to Baghdad. It also served as the spinal cord of the political economy of Shi’i militias and parties freed from Baathist control. CPA officials came primed to supply Iraq with “the most liberal investment regime in the entire region.” What they provided instead was a regulatory vacuum in which local networks of trade found themselves arrayed against politically favored, well-armed agents of corporate America, backed by the US military.

While presenting their project as introducing universal values of free markets and good governance to Iraq, US policymakers, CPA officials and American firms were themselves deeply implicated in selecting the winners and losers of the new order, revealing the deep politicization of the supposedly neutral occupation regime. In any case, promise of access to the Iraqi market and reconstruction projects was central to Bush administration efforts to build a domestic and international coalition in advance of the war. By luring into Iraq commercial actors whose interests coincided with dominant perceptions of the
US interest, policymakers no doubt sought to erect an edifice of indirect rule without the undue burden of direct US military, financial and diplomatic input. Indeed, in predicting $50–100 billion in oil revenues in the first two to three years after Saddam’s fall, ex-Deputy Defense Secretary Paul Wolfowitz drew a picture of a self-financing (and market-regulated) transformation, thus freeing US strategists to advance wider goals in the region.26

Bremer used this new mandate to justify implementation of a wide-ranging agenda of neo-liberal economic reforms. In the June 20, 2003 Wall Street Journal, he announced a “wholesale reallocation of resources and people from state control to private enterprise.” The makeover list included: revamping the banking system, modernizing the stock exchange, privatizing some 120 state-owned enterprises, tax reform and removal of all restrictions on foreign investment through suspension of all customs duties and tariffs. The idea that free trucking and bartering generate stable liberal politics has a spotty record in the developing world and is a uniform failure in the Middle East,27 but this did not deter Bremer and his staff of experts. The viceroy himself was no stranger to political risk in the name of profit, having set up Crisis Consulting Practice in 2001, under the umbrella of insurance company Marsh and McLennan, to advise major corporations on investing in trouble spots. Anecdotes about how the CPA’s neat ideological ordering of the world eventually yielded to reality are now numerous.28 US economic consultants arrived to find that “street-corner money-changers, some of whom the US suspects are linked to organized crime,” were setting the currency exchange rates. With “no data available to crunch,” experts found themselves reduced to “figuring out how best to stack money inside a truck.”29 By the time of the handover in June 2004, CPA economic and development teams were doing little more than claiming progress on granting commerce licenses and visiting business delegations.

Given the pre-2003 roots of the war economy, how much responsibility do CPA policies shoulder for its maturation? The blunders of the CPA have become lore, allowing criticism of the project to focus on failures of execution. It is not hard to pick up the refrain that if only the US had done this or that, the US could have succeeded.

The failure was not in execution, however, but in the delivery itself. Occupation plans and security contingencies, good or bad, simply added to the maelstrom of political, social and economic dislocations that had already had most Iraqis feeling the pinch. Big cats and small cats, together with American corporations and the would-be empire builders among returning Iraqis, all saw CPA policies for what they were, ideological fantasies, and none were squeamish about using violence to shape the market in their favor. Just consider the words of an Iraqi businessman quoted in internal CPA documents: “It is nothing personal. I like you and believe you could be bringing us a better future, but I still...
sympathize with those who attack the coalition because it is not right for Iraq to be occupied by foreign military forces.”

After the dissolution of the CPA, militias appear to have carved out or coopted their own areas of economic control and regulation. If the Algerian and Lebanese experiences are a guide, then these militias and underground economies are likely interdependent. Also, far from representing forces that are somehow excluded from or antithetical to globalization or market forces, they are firmly linked to big players in the global economy via connections in neighboring countries. Their trade was not simply in oil and alcohol, but also in food and consumer goods, and with the arrival of the CPA, they found themselves suddenly in competition with well-positioned big traders surfing atop a tidal wave of duty-free consumer goods and packaged meals.

Down Highway 10, the main Shi‘i militias and parties—under the nose of the occupying powers—have monopolistically carved up the economy in ways that resemble the practices of their Baathist predecessors. Media reports depict southern cities overrun with goods coming over the border from Iran and re-exported from Gulf ports, primarily Dubai. Control over the transportation and lodging of Shi‘i pilgrims has reportedly been centralized by ‘Ammar al-Hakim, son of the powerful leader of the Supreme Islamic Iraqi Council, ‘Abd al-‘Aziz al-Hakim. Al-Da‘wa and Sadrist elements can logically be assumed to be in the game as well. Below the major players, minor smugglers shuttle smaller amounts of goods across the Iranian border. Marshland oil smugglers amount to thousands of pinpricks that have cut southern Iraq’s oil production in half. More sophisticated pipeline attacks underscore the links between post-2003 acts of sabotage and the legacy of a grassroots political economy beyond the state. For most of the past four years, such attacks have been interpreted as a tactic for undermining the occupation. More recently, however, observers have become aware of the economic motives for these attacks. Throughout the 1990s, most of Iraq’s oil was transported in relatively small tanker trucks—to Jordan and Turkey—with dispensation from Washington and undercover to Syria and the Gulf. As the pipelines to Turkey and the Gulf were turned back on in 2003, most of these truckers—many of whom had close ties with, and indeed colleagues in, neighboring countries—were out of a job. Hence, it is not surprising to learn that pipeline attacks “are now orchestrated by [insurgents and criminal gangs] to force the government to import and distribute as much fuel as possible using thousands of tanker trucks.” The same news story continues: “‘Ibrahim Bahr al-‘Uloum, a former oil minister, said it was obvious that crude oil pipelines connecting the northern wells with refineries and power plants farther south, in the Baghdad area, had been repeatedly struck to force trucks to move the crude. Oil employees trying to fix the pipelines had sometimes been kidnapped and killed. Both the trucking companies and groups in the protection rackets were probably complicit in some way, he said. ‘This is a business for the people who are working in the trucks.’”

Headed west on Highway 10, the same themes vary slightly. Thousands of Iraqi trading companies have relocated to Amman, drastically inflating real estate prices in the upscale neighborhoods of the Jordanian capital. The families and finances of former Baathist officials have followed. Re-exports from ‘Aqaba are up, as is cross-border truck traffic to Iraq. Jordan’s massive trade deficit is driven in large part by the increase in imports, which are re-exported to Iraq. Today, Amman is a bizarre menagerie of war profiteers, not so secret agents, gloomy security consultants and former Baathists all rubbing elbows in the same upscale bars and hotels. Interviews with businessmen in Jordan suggest that, after initial chaos along Highway 10 from Jordan, rural insurgent groups now protect and manage the trade through internal agreements and with the cooperation of their Jordanian counterparts. The city of Falluja is a notorious example of these arrangements.

Strategically located on Highway 10, Falluja is home to many people who have strong links with their tribal kin across the border in Jordan and Saudi Arabia. Also, the proportion of Fallujans in the Iraqi intelligence services is reported to have been the highest in the country. This combination made Falluja a key node for underground trade during the 1990s, and a focal point for efforts to control trade in the post-2003 order. Against this backdrop, it is no coincidence that the overwhelming majority of foreigners kidnapped and held in Iraq have been truck drivers, mostly from Turkey, Egypt and the Philippines.

It seems most plausible that these various sources of revenue support the insurgents and local militias as much or more than the foreign funding vaguely claimed to exist by the US. Recently, US forces have nodded to the possibility that economic variables are behind some of the violence in Iraq, going so far as to present this as the basis for a tactical alliance with erstwhile insurgents. Following a recent visit to Iraq, Gen. James T. Conway, commandant of the Marine Corps, reported that Sunni tribal sheikhs in Anbar had decided to start cooperating in operations against al-Qaeda jihadis. “Some commanders say the extremists’ key misstep was to interfere with the locals’ black market trading, which al-Qaeda coopted in order to finance itself…. Cooperation by the sheiks also has quickly created a Sunni police force in areas where none existed before.” On the surface, this would seem to be a practical application of the “Sunni buy-in” that was much discussed by US Embassy officials in late 2003 and early 2006. But this surprising acknowledgement of a war economy raises some important questions. One regards the link between jihadi involvement in trade and connections in neighboring countries: The largely unreported visit of around 200 tribal elders from the town of Ma’an in southern Jordan—a town whose population is historically invested in long-distance overland trade between Jordan and Iraq—to pay condolences to the family of slain jihadi leader Abu Mus‘ab al-Zarqawi takes on a different significance if we view it in this light. Second, one might conclude that al-Qaeda coopting local economic assets signals an increase, not a decrease, in the strength of America’s number one enemy in Iraq. Attacks on infrastructure and roads that were high in the first year and a half after the US invasion
are generally down, not because the insurgents have retreated, but because they now control access to these assets. Taking sides among the actors in the war economy is unlikely to produce stability that will last beyond the departure of US forces.

There is no US military or even diplomatic solution to the problem of a war economy in Iraq. The reconstruction and development plans that have accompanied the “surge” resemble warmed-over CPA policies. Political economy changes do figure in civil conflict resolution, but the recent historical examples are not heartening. Luis Martinez has shown how a strong Algerian state selectively liberalized investment in the oil sector as a means of enticing business elements backing the Islamists to the government side. In Lebanon, intra-Christian fighting, combined with the rise of Shi‘i and Sunni business interests in the 1990s, financially squeezed militias’ business interests, paving the path to the Ta‘if agreement in 1989. In Iraq, by contrast, the strong state died in the early 1990s, and signs of militia financial fatigue do not appear.

In the first two years after the US invasion, business interests, groups and individuals who might have comprised a professional middle class on which to build a different Iraq fled. Some of the initial violence—the road attacks, assassinations and bombings of civilians—was designed precisely to push out those potential rivals to the war economy. Unintended effects of more mundane activity in protection rackets, monopolies and weapons smuggling probably propelled others to exit. Most of those without the means to leave lay low and do what it takes to get by. Much of what may be rebuilt by a weak Iraqi government or a weak US military, therefore, will eventually fall back into the hands of the guys with the guns and the money.

The Sorcerer’s Apprentice

Queried about the chaos that reigned immediately after the fall of Baghdad, then Defense Secretary Donald Rumsfeld rejoined, “Freedom is untidy. People have to make mistakes.” Four years on, there is little evidence that Bush administration officials have learned from theirs.

Faith in the capitalist firm as an agent of transition brought with it unprecedented levels of graft, plunder and incompetence. Nevertheless, in the spring of 2007 US officials helped to fashion a new draft law that, if passed, would go a long way toward privatizing Iraq’s oil sector. The specter of sectarian logic—encouraged by US officials as they sought to manage the residual passions of a political world beyond the market through intermediaries of their own choosing—now haunts Iraqi political life with violent consequence. And yet, walls are being built around Baghdad neighborhoods cleansed of Sunnis or Shi‘a, partially imprisoning the remaining residents within sectarian cages. Recent “troop surges” correspond with an intensified campaign of bombings in civilian areas. As of mid-2007, more than two million Iraqis have left their country, one million have been internally displaced and one million have been killed or wounded. Many Iraqis who might have had the resources to resist the control of violent groups have departed. Like Goethe’s sorcerer’s apprentice, the architects of Iraq’s forced revolution find themselves flailing to contain the ghosts that they themselves called into existence.

To paraphrase de Certeau, tactics are for the poor, while strategy is for those who make and control boundaries.
of the predicament faced by policymakers lies in the very categories of analysis that made the project of forced revolution thinkable in the first place. By dividing the political world into dichotomous spheres of state and society, regime and market, endogenous and exogenous, and so on, transitions theory (and the invasion of Iraq was essentially transitions theory by other means) provided categories that only remotely corresponded with the lived experience of the Iraqis themselves. By designating the Iraqi state, the Iraqi economy and Iraqi society as discrete objects of transition, mainstream analysis obscured the extent to which state, economy and society were in fact linked to broader complexes of production and exchange that extended far beyond Iraq’s borders. For strategists in Washington and London, war was an instrument of reform: Actors, objects and meanings would be detached and isolated with the lived experience of the Iraqis themselves. By designing Saddam’s Iraq made possible by a long history of engagement regional and global networks of authority and exchange. And themselves with reference to alternative political and economic in terms of a clash of worldviews. In the face of the “creative ideological visions, thereby projecting the frontiers of conflict the violence that underpins the wider project of neoliberalism, they arrived to find that they were already there. Not only was neoconservative worldview, the frontier that they projected to the “laws of the market.” Yet unlike the frontiers in the newness, and they saw their project as one of opening those that extended far beyond Iraq’s borders. For strategists in the extent to which state, economy and society were in fact thinkable in the first place. By dividing the political world into means) provided categories that only remotely corresponded from their milieux, making it possible to establish new relations of power and value between them. Strategists imagined Iraq as an entity that defined the frontiers of global transition and newness, and they saw their project as one of opening those frontiers to the agents of a political world remade according to the “laws of the market.” Yet unlike the frontiers in the neatly staged Hollywood westerns that seemingly formed the neoconservative worldview, the frontier that they projected to contain their strategic vision did not hold, not least because they arrived to find that they were already there. Not only was Saddam’s Iraq made possible by a long history of engagement by great powers and global institutions, but the Iraq beyond Saddam was also shaped by complex entanglements with regional and global networks of authority and exchange. And corporate America itself proved ambivalent about the revolutionary role assigned to it by Pentagon planners, and did not hesitate to use US military force, political connections and graft in the pursuit of profit.

Nevertheless, supporters of the forced revolution project continue to present Anglo-American violence as a facilitator of historically inevitable transformations. The violence of the insurgent, by contrast, is presented as emanating from the recesses of a pre-market culture. Yet the war economy in Iraq does not pit the dark, essentialist world of the tribal smuggling networks against the agents of an enlightened and transparent global capitalism, nor can it be reduced to a conflict between local and global. Rather—heightened by a peculiarly American sense of manifest destiny—it provides an extreme example of the violence that underpins the wider project of neoliberalism, a project that actively seeks to transform the world in ways that make its assumptions appear as true. Resistance to such a project is thus likely to express itself through alternative ideological visions, thereby projecting the frontiers of conflict in terms of a clash of worldviews. In the face of the “creative destruction” wrought by invading forces, regular people articulate alternative paths of “creative destruction” that may express themselves with reference to alternative political and economic projects, or simply arise in the struggle to get by. Absent clear boundaries, strategy is reduced to tactics. The agents of a war economy thus do not necessarily fight to win as such: They are engaged within and act so as to reproduce an emergent, constantly shifting tactical environment. Meanwhile, there will be no single declaration of victory, no event signaling the end of one order and the beginning of a new one. Sadly, the one thing we can be sure of is that Bremer’s cohorts in the political risk business will be there to profit from his mistakes.

Endnotes
1 International Crisis Group, In Our Own Words: Reading the Iraqi Insurgency (Brussels: Amman, February 2006).
7 Alnasrawi, p. 206.
8 Tripp, p. 24.
11 Tripp, p. 261.
12 Braude, p. 106.
18 Food and Agriculture Organization statistics cited in Alnasrawi, p. 209.
19 Braude, p. 112.
21 Braude, p. 119.
22 Braude, pp. 120–121.
28 See, for instance, Rajiv Chandrasekaran’s Imperial Life in the Emerald City (New York: Random House, 2006), which follows the few CPA officials who quickly realized the senselessness of US privatization programs.
34 Army Times, April 9, 2000.
35 Our knowledge of this visit comes from André Bank, personal communication to Parker, November 2006.
Iraqi Unions vs. Big Oil

Shawna Bader-Blau
On February 26, 2007, the Iraqi cabinet passed and recommended for parliamentary approval a new law governing the country’s immense and largely untapped supplies of oil and natural gas. Grasping at straws for any sign of success in Iraq, the law’s international sponsors hailed a major accomplishment for Iraq’s fledgling government. White House spokesman Tony Snow celebrated the oil law’s passage toward Parliament, one of four “benchmarks” the Bush administration has set for the Iraqi government, as a “key linchpin” in Iraq’s recovery. Three months later, the oil law is still awaiting parliamentary debate, its ultimate fate in doubt. The bill faces opposition not just from politicians representing communal and regional interests, but also from Iraqis—key among them the major trade union federations—concerned that the law puts the country’s patrimony on the auction block.

“Behind Closed Doors”

In the months preceding the cabinet vote, disagreements among cabinet members and lower-level officials centered on revenue sharing—how Iraq would divide the profits from lucrative oil sales among governorates—and the role of the regions, versus that of the central state, in determining and signing contracts with international oil companies. The Iraqi government had pledged to the International Monetary Fund, overseeing a massive debt relief and economic reform regime for Iraq, that it would develop an oil law by the end of 2006, but the disputes caused the government to miss the initial deadline by two months.1

Cabinet approval did not originally appear forthcoming. For months, tension among Iraq’s major ethnic and sectarian-based ruling parties kept the oil law bogged down in debates that mirrored the country’s overall crisis. Kurdish parties representing the Kurdistan Regional Government fought for the right to negotiate and sign contracts—with benefit from oil profits—with the utmost autonomy. Shi’i partisan politicians likewise argued for autonomy for the heavily Shi’i Arab south. Sunni Arab politicians worried openly that most of Iraq’s oil reserves are in Kurdish- and Shi’i Arab-dominated governorates of Iraq and that such autonomy schemes would leave Sunni Arabs (disproportionately living in the oil-poor center) at a disadvantage. In the end, the draft that emerged from the cabinet represented a compromise among these political tendencies. For the autonomy-anxious, regional governments will be allowed under the law to negotiate directly with foreign oil companies, but for those worried about equitable distribution among the regions, the law creates a centralized Federal Oil and Gas Council, which will have final say over all contracts. Revenue is to be distributed to governorates on a per capita basis.2

Shawna Bader-Blau is senior program officer in the Middle East and North Africa Department at the Solidarity Center.

Behind the scenes, several key stakeholders in the Iraqi oil industry saw more than just the ethno-sectarian balance of power at stake in the shape of this new law. From the start of the war, US government and oil company experts were advising Iraqi technocrats and politicians on oil law and policy. In 2003 and 2004, the US awarded two contracts to an American company, Bearing Point, to “provide economic rehabilitation and reform for Iraq to stimulate the country’s international trade engagement, employment and broad-based prosperity,” which included an expert consultant to Iraq on its oil industry. A State Department spokesman told American Lawyer in April that “our guys are helping the Iraqis write their law and pass their law.” Toward the end of 2006, when information about the content of the draft law became public, few people outside a small circle of Iraqi politicians and foreign advisers had seen the drafts. To be sure, in Iraq, where public institutions are still developing and the government itself struggles to survive, few policy issues are debated openly or receive public input. But certain other key stakeholders had no problem gaining access to discussions of the future of what experts call the second-largest oilfields in the world. Nine multinational oil companies had a chance to review and comment on the draft oil law as early as July 2006.3

The Iraqi government, increasingly under fire domestically and reliant on its overseas supporters, is under enormous and mounting pressure to see the oil law through Parliament. During his April stopover in Baghdad, Defense Secretary Robert Gates pressed Iraqi Prime Minister Nouri al-Maliki to make progress as soon as possible—telling him “the clock is ticking” and tying this benchmark to US willingness to keep soldiers in Iraq. In May, Vice President Dick Cheney, furious at reports of Iraqi lawmakers’ intention to take their summer vacations before debating the oil law, also turned the screws on Maliki. The Democrats, too, included “passage of an oil revenue sharing law” in their emergency war supplemental bill as a requirement for continuing US military engagement. The 2006 Iraq Study Group report included extensive recommendations for the Iraqi and US governments aimed at passing an oil law and establishing conditions that would encourage investment in Iraq’s oil sector by the international community and international energy companies. Underscoring Big Oil’s interest, Iraq’s minister of oil, Hussein al-Shahristani, claimed in March 2008 “already” to have memorandums of understanding with “almost all the major oil companies,” which for their part have made it clear that passage of the oil law, along with improved security, are the only obstacles in the way of their heavy investment in the oil sector.4 One could be forgiven for thinking there is a broad consensus that this law or something like it needs to be passed and soon, for the sake of Iraq and all Iraqis.

At a December 2006 meeting in Amman, Jordan, organized to discuss oil policy and its impact on labor, the Iraqi
The Iraqi labor movement offered an entirely different analysis. The labor leaders’ harsh criticism of the draft oil law, issued at the meeting’s conclusion, had nothing to do with the sectarian and regional power struggles making the headlines. Rather, the joint statement of three union federations, the Federation of Workers’ Councils and Unions in Iraq, the General Federation of Iraqi Workers and the Iraqi Federation of Oil Unions, reflected the view that Iraq is for all Iraqis and that major public institutions of the oil industry should be impervious to parochial political interests.

The unions demanded that this important new bill, only fragments of which had been viewed outside the Green Zone, be exposed to public scrutiny: “And whereas oil and gas are greatly important for the Iraqi economy, and whereas the building of the state and its institutions are dependent on it, as the main source of the national income, it is therefore the right of the Iraqi people to read the draft oil law under consideration. The Iraqi people refuse that the destiny of their oil be decided behind closed doors.”

Iraqi Unions Rebel

The Iraqi trade union movement has its origins in the late 1920s, when nationalist sentiment against the British was on the rise. During the 1930s, unions emerged in British-controlled state-run sectors, such as electricity and power, ports and, eventually, oil, where estimates of union density ranged from 30 to 60 percent. These secular and diverse institutions used strikes and job actions to fight for legal recognition, better wages and independence for all Iraqis. The Iraqi labor movement would eventually make up the working-class base of the struggle against the British. In 1946 some 3,000 workers marched on Baghdad, carrying signs and shouting, “We the oil workers have come to claim our violated rights.”

But the increasingly authoritarian governments that controlled Iraq in the post-colonial period slowly squeezed the trade unions, undermining their independence and exiling and imprisoning their leaders. By the time Saddam Hussein’s regime banned almost all workers from joining even the official Baath Party-run General Federation of Trade Unions in 1987, the labor movement had already been crushed.

Iraqi trade unionists in exile kept the memory of the movement alive through such organizations as the Workers’ Democratic Trade Union Movement, which, through contacts inside Iraq, brought stories of repression of trade unionists inside Iraq to labor-friendly audiences throughout Europe. Other loose-knit groups of activists inside Iraq, including some affiliated with the underground Workers’ Communist Party, spoke cautiously and surreptitiously about trade union and worker rights, often at great peril.

When the Iraqi government disintegrated with the US-led invasion, Iraqi workers began to organize again. For the first time in decades, unions free from government control emerged across the country. Prominent trade unionists returned to Iraq from exile to join a new federation, headquartered in Baghdad, called the Iraqi Federation of Trade Unions. Mid-level officials from the old Baathist-run federation held union elections and regrouped under new leadership. The Federation of Workers’ Councils and Unions in Iraq built a network of union affiliates from the north to the south. In Basra and Umm Qasr, workers started to organize unaffiliated unions in the oil and port sectors as they confronted British and American employers for the first time. Trade union federations in Kurdistan had already been developing free from Iraqi central government control in the semi-independent period of the 1990s, and other independently incorporated unions organized by economic sector were forming as recently as April 2006. Together, these unions represent hundreds of thousands of Iraqi workers.

Iraqi unions support a diverse range of political parties and their leaders and rank-and-file members come from all of Iraq’s ethnic and religious communities. Yet at a time when most of Iraq seems to have fallen into communal civil war, Iraq’s trade unions have not divided along these lines (with the exception of disagreements over the proper extent of Kurdish autonomy). With remarkable unity, they continue to defend core rights such as the right to form and join unions. They promote the need for a new labor law that protects Iraqi workers from exploitation, and also for a new oil law that treats the Iraqi whole as greater than the interests of its parts.

A Raw Deal

While politicians in the ruling parties engaged in horse trading over sectarian and regional interests, even as they maintained support for the draft’s basic architecture and fundamental economic terms, trade unions saw a much more nefarious threat to their nation’s most important source of income. Oil accounts for 90 percent of the Iraqi gross domestic product and 90 percent of government revenues. For Iraqi unionists, watching as poverty and unemployment skyrocket and violence, war and exile decimate the middle and working classes who would make up their rank and file, Iraq’s national oil wealth represents the hope of starting over. Unions saw this hope dwindling because of a law they were shocked to see give Iraq a raw deal. According to the joint union statement of December 2006: “Iraqi public opinion strictly opposes the handing of authority and control over the oil to foreign companies that aim to make big profits at the expense of the people and to rob Iraq’s national wealth by virtue of unfair, long-term oil contracts that undermine the sovereignty of the state and the dignity of the Iraqi people.”

Iraqi unions believe the Iraqi government is weak in comparison to savvy and powerfully connected international oil companies. At a time when the country’s basic sovereignty
is compromised by the presence of an occupying military, the unions see in the oil law reminders of an earlier colonialism.

Iraq’s oil has been central to its struggle for independence and national identity throughout its modern history. As early as 1912, when Iraq was still part of the Ottoman Empire, the British-, Dutch- and German-owned Turkish Petroleum Company began prospecting for oil in central Iraq. It continued operations throughout the British Mandate and colonial period (later under the name Iraqi Petroleum Company). By the late 1920s, the British-installed King Faysal signed Iraq’s first concession agreement with a foreign firm. The agreement turned over oil rights to the Iraqi Petroleum Company, by then British-dominated, on fixed terms that assigned minimal royalties to the Iraqi state. Through concession agreements all over the country, the company gained control of Iraq’s oil from exploration to development to export. With the rise of Iraqi nationalism in the succeeding decades, the Iraqi government fought for an increased share of oil wealth beyond the royalties allowed by the concession contracts. The foreign company resisted, until, in 1982, the Iraqi government nationalized it. Since then, all decisions about Iraqi oil have remained in the hands of the Iraqi state. Iraq’s major oil-producing neighbors, such as Kuwait, Saudi Arabia and Iran, maintain state oil companies that oversee all aspects of their countries’ energy resources, while smaller countries such as Oman, Qatar and the United Arab Emirates have only partially privatized aspects of their oil operations. Ultimately, control in all cases remains in the hands of the state, with foreign oil companies brought in for technical expertise, under service contracts and other arrangements.

The version of the oil law made public at the end of 2006 deviated sharply from this model. The draft law presented different commercial frameworks for contracts negotiated between Iraq and foreign oil companies that could allow those companies far more say in determining the future of Iraqi oil than at any time since the British Mandate. Among these frameworks were controversial “production sharing agreements” (PSAs). As investment terms, PSAs are preferred in the industry, and since the fall of 2004, oil majors have openly advocated them as the model for investment in Iraq.9 But though state-owned oil and gas companies in Qatar, Jordan and Algeria have signed PSAs in recent years, so far they are not the norm in the oil-rich Middle East. PSAs allow oil companies to recoup their costs during exploration and lock in favorable contract terms for decades to ensure potential for long-term profits. Industry analysts and critics of PSAs, including Iraqi oil unions, claim that the agreements cede too much control to foreign companies. In possible scenarios, they say, PSAs signed as 20- to 30-year contracts could drain Iraq of tens of billions of dollars in net revenue over the life of contracts, compared to keeping oil production in the state’s hands.9

The version of the oil law that the Iraqi cabinet eventually approved in February 2007 dropped the term PSAs in favor of the ill-defined “exploration risk contract” and “development and production contract,” terms not commonly used in the industry.10 A January 2007 Dow Jones report claimed that the neologisms were used to avoid “media fuss.” Oil Minister al-Shahristani has said that specific “model contracts” will not appear in the appendices of the oil law before the Iraqi parliament. Instead, the Federal Oil and Gas Council will decide on model contracts later, leaving the precise nature of these two contract types unknown and most possible contract terms conceivably on the table.11

Whether or not PSAs are eventually allowed, Iraq’s oil law goes further than any other in the region in allowing contract terms that open the door to foreign control of Iraqi oil. Under the draft law, the Iraqi National Oil Company (INOC) will become an independent holding company with affiliated regional operating companies, but it will not maintain a monopoly on the industry. INOC will control dozens of currently producing oilfields. But the vast expanse of Iraq’s oil reserves fall into the category of “yet to be discovered or exploited,” and INOC will be just one of three entities, along with the Ministry of Oil and the regions, allowed to negotiate contracts with foreign companies to develop those fields. The exact number of fields open to each of the three entities is still a subject of debate.12

While Article 111 of Iraq’s constitution maintains that natural resources belong to the people of Iraq, Iraqi unions and other critics of the oil law consider such generous contract options to be privatization in all but name.

High Stakes for Labor

At the December 2006 meeting in Amman, the oil unions made it clear that their concerns about the oil law stemmed from more than nationalistic pride. Oil workers, and Iraqi workers in general, have a lot riding on the oil industry. At 95 percent of government revenue, oil industry revenue could fund the national pension plan and national health insurance scheme envisioned in the constitution, and provide the capital for true reconstruction of dilapidated hospitals and schools. Every dollar that leaves the country by virtue of a generous contract with a foreign company is a dollar that could have been invested in Iraq.

At the meeting, Iraqi trade unionists discussed their concerns that a foreign, privately owned and publicly traded company with a controlling interest in an oilfield would of necessity be more loyal and responsive to its shareholders than to the Iraqi government or people. A state institution, on the other hand, would be committed first to the state and its people. Unions and other critics of the law worry that its dispute resolution provisions provide another example of how far it goes in relinquishing Iraqi authority over the oil sector. If any intractable dispute were to arise between a foreign company and the Iraqi government during the life of a contract, Article 39 of the draft oil law makes the
dispute subject to international arbitration, not adjudication in Iraqi courts.

Iraqi labor’s skepticism about relinquishing control of the oil industry to foreign companies comes from recent experience as much as from colonial history. As early as August 2003, Iraqi oil unions were confronting companies that undermined oil workers’ wage and work standards. Kellogg Brown and Root, a division of Halliburton, had been awarded a contract to repair and assess oil facilities to the south of Basra. The Iraqi Federation of Oil Unions staged a strike that ultimately kept KBR from replacing Iraqi workers with imported labor and secured raises for union members.13

Wary of global economic trends toward outsourcing and temporary contracts, Iraqi unions worry about working in a privatized industry where labor is seen as a cost to be minimized. Their joint statement warned against the introduction of measures to replace full-time employment: “We demand that this law include an explicit reference emphasizing the role of all workers in matters of oil wealth and investment, to protect them and build their technical capacity, both inside and outside Iraq.” At a time when unemployment and underemployment are near 60 percent, the draft oil law does not specify that contracts should include minimum Iraqi employment levels or criteria for training Iraqi staff.14 Nor does it explicitly protect Iraqi workers’ right to unionize in the oil sector.

Underscoring all of these concerns is the harsh reality that Iraqi unions are trying to organize and represent workers in an extremely hostile, even violent, political and regulatory environment. Technically, all of Iraq’s oil sector unions today are illegal. The Iraqi government has yet to replace labor laws from the Saddam Hussein era that allow employers to quash union activity. Among these laws is the notorious Law 150, passed in 1987, that bars union organizing in Iraq’s privatized industry where labor is seen as a cost to be minimized. Their joint statement warned against the introduction of measures to replace full-time employment: “We demand that this law include an explicit reference emphasizing the role of all workers in matters of oil wealth and investment, to protect them and build their technical capacity, both inside and outside Iraq.” At a time when unemployment and underemployment are near 60 percent, the draft oil law does not specify that contracts should include minimum Iraqi employment levels or criteria for training Iraqi staff.14 Nor does it explicitly protect Iraqi workers’ right to unionize in the oil sector.

In the meantime, Iraqi unions have more to worry about than legacy laws. Since the 2003 establishment of the Iraqi Governing Council, successive Iraqi governments, both before and after the “handover of sovereignty,” have issued decrees that have severely restricted unions’ room to maneuver. The most egregious was Decree 2006, issued in August 2006, which gives the government the right “to take control of all monies belonging to trade unions and prevent them from dispensing any such monies”—a clear violation of International Labor Organization conventions.15 Unions have reported that, pursuant to this edict, they have lost access to bank accounts and been prohibited from opening new ones in the union’s name. One such incident occurred in August 2006, on the eve of a major conference organized by the Iraqi Federation of Oil Unions to oppose government oil policy. The government seized the federation’s bank account.

The most ominous challenge Iraqi unions face is the threat of kidnapping and murder that hangs over all Iraqis. In January 2008, attackers invaded the home of prominent labor leader Hadi Salih, torturing and killing him in front of his wife. In a November 2006 survey of five major Iraqi labor federations, unions reported that 34 leaders had been killed since April 2003. Many of these trade unionists were probably targeted for assassination.16 Since that survey was conducted, three more trade unionists have been killed. The president of the Iraqi Federation of Oil Unions believes he, too, will be a victim: “An attack on myself will take place, but I’m not afraid. I expect the terrorists will strike everywhere.”17 The nominal enforcers of law and order in Iraq have also targeted unionists. In February 2008, US and Iraqi forces raided the Baghdad headquarters of the Iraqi Journalists Syndicate and the General Federation of Iraqi Workers, ransacking offices and terrorizing union staff, without ever providing an explanation.

Organizing Against the Law

Despite these overwhelming obstacles, unions are not backing down. Throughout early 2008, weeks after the December meeting in Amman, Iraqi unions began to mobilize across the country, working to educate Iraqi citizens and parliamentarians about the law, as they forged ties with international organizations to mount a strong challenge to its key provisions. On January 15, a delegation from the General Federation of Iraqi Workers met with Deputy Prime Minister Barham Salih, a known architect of the draft law, to express the grievances recorded in the joint union statement. They followed up with a February 8 letter to President Jalal Talabani.

Other unions are speaking out to the media about the law, sometimes at considerable personal risk. Among the most active is the Federation of Workers’ Councils and Unions in Iraq. On January 11, militia gunmen abducted eight Oil Ministry engineers, all Federation members, who were en route to a press conference the federation had organized to discuss rising fuel prices and criticize the oil law. Four of the engineers were later found dead.

The Iraqi Federation of Oil Unions established a committee to study and comment on the law and planned grassroots civil society and worker education sessions in Basra, Nasiriyah and ‘Amara. Union leaders also met with Basra-based MPs, as well as representatives of various parties, to explain their concerns. In February, the oil unions held a conference on the oil law in Basra, in cooperation with Basra University’s Center for Arab Gulf Studies. More than...
200 people attended the conference, which received wide Western media coverage.18

There is evidence that this union activism is having an impact both inside and outside Iraq. Recently, a group of Iraqi parliamentarians who oppose the draft oil law met in Amman with other opposition figures. They urged the parliament to reject the law on the grounds that it had been negotiated in an opaque manner while Iraq is under foreign occupation and that it gives too much away to foreign oil companies. During the debate, these politicians cited Iraqi labor’s opposition.19 Outside Iraq, organizations like Hands Off Iraqi Oil in Great Britain and US Labor Against the Occupation coalition have promoted the law’s passage. The Kurdistan Regional Government made clear in late April that it disagrees with a key provision of the oil law, namely, that INOC control existing fields, some of which are in the Kurdistan region where the Kurdistan Regional Government had already signed contracts.20 Iraqi labor continues to promote its main message—that the law is disadvantageous for Iraq and that it could hurt Iraqi workers. These labor organizations are new and evolving. Their combined political weight does not yet rival that of the ruling coalition or the sectarian militia leaders. Yet the fact that Iraqi labor has reemerged and is coalescing around an alternative, non-sectarian political vision reminds any observer of Iraqi politics that another world is possible.

Endnotes

1. The Iraqi government agreed to allow the IMF to monitor three oil-related matters: metering of oil production, restructuring of the few fully commercialized enterprises, and drafting of a new petroleum law establishing a framework for private investment. On the last point, the Iraqi government agreed to draft a law by the end of 2006 and asked for IMF legal expertise in addition to the assistance they were receiving from the US and the World Bank. See the IMF agreement at http://www.imf.org/external/pubs/ft/area/2006/06/cairo6.pdf.


5. The author was present at the meeting, held from December 10–14, 2006. Unless otherwise noted, information in this article about Iraqi trade unionists is drawn from her observations, notes and personal conversations with Iraqi union leaders from that occasion, or her interactions with those leaders and other activists from 2003 to the present.

6. The Erbil-based General Union of Workers Syndicates in Kurdistan and the Suleimania-based Iraqi Kurdistan Workers and Syndicates Union were present at the discussions, but did not endorse the statement. The original Arabic text, as well as an English translation, can be found at: http://www.carbonweb.org/showitem.asp?article=222&parent=4.


14. Laws and regulations mandating employment of nationals are common in the Arab Gulf region. Article 26 of Saudi Arabia’s 2002 labor law stipulates that all enterprises must make efforts to employ 80 percent Saudi Arabian staff. Labor laws governing private-sector employment in Oman and Bahrain require the employment of citizens at specified levels.

15. The Kurdistan Regional Government has not put this law into practice, according to Kurdistan trade union leaders.

16. Telephone survey conducted by the AFL-CIO Solidarity Center in November 2006. These numbers do not include rank-and-file union members killed on the job or on the way to work. In the general lawlessness and chaos in Iraq, it is difficult to ascertain exactly what happened in each instance of kidnapping or murder of a trade union leader. Several reported kidnappings and murders were apparently to be direct targeting of trade unionists for their union activity. Others may have been ransom projects that ended in murder, or the byproduct of civil war and other ambient violence.


20. Personal communication with Kurdish labor leader in December 2006.

Dubai in a Jagged World

Ahmed Kanna

The Gulf states, stereotyped as countries without a past, are places where one is tempted to forget about history—the clashes of nation-states, the costs of unsentimental economic calculations and the conflicts of the powerful with the less powerful. The tendency to portray the Gulf states as blank slates lives on in contemporary accounts of their staggering prosperity. There is no better example of this than Dubai.
Surprisingly, what first strikes one upon landing in Dubai is not the skyscrapers going up at a dizzying pace. It is the sheer bustle of humanity.

Even in the wee hours of the morning, when larger airports like Heathrow would be fairly empty, Dubai International, or DXB as it is known to admiring locals, is thronged with thousands of tourists, businesspeople and migrant workers, a diverse array of people with equally diverse agendas, all knocking at the doors to the most famously booming city-state in the Persian Gulf. Travelers arriving at the main terminal usually meander for the better part of ten minutes through its convoluted bowels before being deposited in one of two processing organs. The first and literally higher of these is an elegant atrium organized into about 40 orderly queues leading to passport control counters manned by men and women wearing the Emirati national dress. Holders of Gulf Cooperation Council (GCC) passports, as well as Americans, Canadians, Europeans and citizens of a few other affluent nations, proceed directly there. At the bottom of an escalator a short distance before the atrium is a grimmer, tighter reservoir for passengers who had to apply for a visa before flying to Dubai. Here, citizens of South Asian, African and non-GCC Arab countries, as well as China and the former Soviet Union, contend with an unchanneled crowd for the privilege of receiving an entry stamp and being permitted to wait above, with the beautiful people, for final recognition of their right to enter the United Arab Emirates.

The mundane experience of Dubai passport control is instructive at a time when many are bedazzled by the speed at which capital, commodities and people whoosh around the globe, making it seem, as Thomas Friedman believes, that “the world is flat.” For all the triumphalist fixation on flows and mobility, the jagged edges of a more archaic order, which capital, commodities and people whoosh around, have long been places where the powerful have forgotten about history’s vexing tendency to bind them into an ethical and political relationship with the less powerful. This tendency to forget history—the legacies of the twin blights of the Great Depression and the collapse of the pearling economy owing to the invention of Japanese cultured pearls caused mass starvation and nearly wiped out the village. With a combination of cynicism and foresight, in 1938 Dubai’s ruler Sa’id bin Maktoum allied himself with, and fused the state to, the merchant class.

The stakes became much higher in the 1960s, as a number of events of global consequence began to integrate the UAE more thoroughly into the world economy. Oil was discovered in Abu Dhabi in 1958 and in Dubai in 1969. By 1966, Zayid bin Sultan Al Nahayan, who had deposed his brother Shakhbout as president of the UAE in 1966, had nationalized the UAE oil industry. The Dubai economy expanded sevenfold between 1966 and 1973. The 1973 OPEC embargo initiated a boom across the Gulf, and brought a windfall of revenues into Iraq and Iran as well. Two years later, the civil war in Lebanon began, sending that country into a precipitous decline as a center of banking, high finance and tourism in the Middle East. Islamist politics shook the region, toppling the Shah and nearly doing the same to the Al Saud in 1979. The Soviet Union entered a protracted and catastrophic engagement in Afghanistan in the same year, and then Iraq and Iran went to war in 1980.

These events were behind the great reversal of Dubai’s fortunes. Before the 1970s, trade in the village was largely limited to re-export of petty commodities like watches, house appliances and gold. After the oil boom and the ensuing events, Dubai became a veritable island of stability in an

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ocean of political turmoil. By the 1990s, the collapse of the
Soviet Union and neoliberal restructuring in India and various
African nations was guiding the capital “freed” from these
countries, increasingly, to Dubai.5 More capital—financial
and human—arrived by way of Iraq, owing to that country’s
hideous experiences since 1991.

It was not a coincidence, therefore, that Dubai commenced
an ambitious campaign to revolutionize the cityscape under
Sheikh Muhammad bin Rashid Al Maktoum in the early
1990s. Cash unmoored and trying to conceal itself from
collapsing or restructuring states tends to go in the direc-
tion of real estate. The city was like a tabula rasa onto which
massive buildings, wild, themed architecture and clusters of
free trade zones could be etched, creating the visible city of
business-friendly Dubai. Speculation and money laundering,
as well as legitimate rent, fueled the boom.6 Capital and the
state reaffirmed the agreement of 1938—non-interference of
the latter in the movement and workings of the former. The
agreement was made easier by the fact that the state itself,
in the person of Sheikh Muhammad, became an enormous
stakeholder in the private sector.

The Invisible City

If capital is illegible in Dubai, other migrants to the city—the
ones who build the visible city—are all too “legible” and all too
manipulated. With the construction boom of the 1990s came
hundreds of thousands of migrants from Bangladesh, India,
Pakistan, Sri Lanka and further afield in Southeast Asia.7 All
these migrants, clearly visualized and regulated by the state as
“guest workers,” are restricted in their off hours to the invisible
parts of the city. This might be neoliberalism’s central irony:
Categorical simplification and visibility for the purposes of
control result in invisibility in the moral sense.

The Sonapoor labor camp, where most of the migrant
workers are housed, lies outside the main city limits, about
a ten-minute drive from Dayra, in the eastern part of the
city. The landmark at the outer edge of the visible city is the
Workers make phone calls in one of the several labor camps near Dubai. JULIEN WARNAND

al-Mulla center, which, having been built in 1989, is the city’s oldest shopping mall. Al-Mulla is now considered a gateway of sorts, past which no respectable European or local Arab person would venture. Perhaps aware of this, the workers have given the camp an unrespectable name. “Sonapoor is a very bad word,” said my guide, adding that it is Malayalam (the language commonly spoken in the Indian state of Kerala) for a woman’s sexual organ. In fact, the camp’s name is a Hindi term meaning “city of gold.” My guide, who is not from Kerala, may have been honestly mistaken. Yet his belief about this word’s meaning, as well as its real meaning, encompasses the range of sentiments that workers feel for Dubai. For many Pakistanis and other South Asians preparing to emigrate to Dubai, the place is very much a dream city where fortunes can be made instantly, ending years of penury in the home country. And yet, it is also undeniable that the actual experience of the city can be painful and darkly ironic.

Squat buildings mark the spot where we turned off the main, paved road and drove along unpaved roads crowded with men in the uniforms of different companies, returning from or going to their shifts. Large buses emptied their human contents and were refilled. We passed a couple of camps. “That one is al-Habtour,” said my guide, naming a Dubai construction firm. “That one is al-Abbar.” These are both large companies, with uncooperative security personnel and, presumably, stricter surveillance of workers. They are too dangerous to attempt entry. We turned off and reached our destination. The guard was not even at the security kiosk. We proceeded into a walled compound, past communal toilets. There were six or seven bedrooms on either side of the compound, a communal kitchen and a TV area with easy chairs and sofas.

The bedroom we entered, which has two single and two bunk beds, is about 40 square feet. It has its own kitchen and toilet, a relative luxury at labor camps, as well as a TV connected to a satellite dish and a stereo box. We were greeted heartily by an Arab worker, who offered us tea. “This is a very good room, relative to other worker accommodations” both at this company and at others, said my guide. Usually,
Two workers in their quarters in the camp of Sonapoor.

a room like this houses 20 workers, but this one houses only four. Our host, Ma’moun, has been in Dubai a little over three years. He found out about the job from an agent in his home country. For approximately $300, he obtained a visa and paid his airfare, with the company paying for the remaining expenses. Every three years, he is required to renew the visa, at a rate of about $260. Every two years, he gets two months’ paid vacation, and the company allows trips home for emergencies. The company took his passport, but gives it back to him when he needs to travel. His monthly salary is $300, paid always in cash. Sometimes he does not get paid for one or two months, sometimes longer.

In the UAE, the employer, who is always Emirati, is called the kafili (sponsor), in Ma’moun’s case a small construction company with 20 or 30 workers. Ma’moun and my guide described it as a relatively “good” company. Normally, however, working for such a small employer would put the worker at a relative disadvantage. When it comes to non-payment of workers and substandard accommodations, smaller companies, as opposed to the ‘Abbars and the Habtours, are disproportionately the worst offenders. What does Ma’moun want to get out of Dubai? “I don’t have a big, definite goal. I dream step by step (ahlam daraja fi daraja).” He doesn’t know how long he wants to stay in Dubai. He is here indefinitely.

The second worker, Hamid, is from Pakistan. Unlike Ma’moun, who is a site supervisor, Hamid works in construction. He himself paid the labor agent in Islamabad
for travel and visa, at a total of 130,000 Pakistani rupees (2,138). When he arrived in Dubai, the company took his passport and a deposit. In Arabic, the deposit is called tamin, or insurance, for it insures that Hamid does not “abscond.” Absconding was a big problem, especially in emirates such as Sharja, “where the accommodations are much worse, because they are not under the scrutiny from international organizations the same way that Dubai is,” as someone else familiar with the workers' movement told me. Hamid’s monthly salary is 63 per month, and he works about 48 hours a week plus about 2-3 hours overtime every week, which increases his income to about 218. Whereas the government requires that the sponsor pay for accommodations and electricity (and this company does seem to follow the rules), workers are required to pay for food and cooking gas. In Hamid’s case, this leaves him with a net monthly income of 136, all of which goes to his family in Pakistan.

There is a canteen at the camp, or “company accommodation,” to use the sponsors' euphemism, “but it is very expensive,” said Ma’moun. It is pricier than Spinney’s or Carrefour, two European chains that can be found in the stylish shopping malls on the other side of the city. “If a carton of milk costs three dirhams at Spinney’s, it will cost three and a half here,” said my guide. “But the workers have no choice. The canteen has a monopoly.”

“There is a much worse company,” he continued, naming a firm in nearby Sharja, where the workers—all of them illegal—are sleeping on the roofs for the heat. There is no plumbing, no electricity, no food and no work. The partners in the company were an Emirati sheikh and a Lebanese-Canadian. They dumped the company when it went bankrupt, and left the workers hanging out to dry. The sponsor has not returned their passports for two years and owes them about 68,075. About ten workers went to their embassies to get replacement papers, and have left the UAE.

The third worker, Ahmad, an elderly Pakistani, has been with the company for 10 years. He told the same story about how he found the job in Dubai. “Work in Pakistan was too little, and the government does not care about its people. I used to make less than 100 per month. How can you live on that? How can you support a family?” His working conditions are the same as those of the other workers, though, since they are younger and newer here, they might be shocked to discover that building a nest egg in the Gulf might take a good deal longer than they expected. How many of them comprehend that being a migrant can last longer than settlement in their home country? “The agencies lie,” said Ahmad of the labor recruiters in Pakistan. “They say, ‘Go to Dubai. The work is easy; the life is easy. You will do light work like lifting crates. Small work, little work.’” The workers, illiterate in Arabic and English, sign contracts that they cannot read, he claimed. The companies, added my guide, use this as a pretext to escape responsibility when workers make complaints. “The Dubai government is good, better than the Pakistani government,” says Ahmad. “It cares more about workers. But the companies are not good.”

Below the Surface

On the one hand, workers such as Ma’moun, Hamid and Ahmad live in a remote part of the city, which until only recently consisted of far humbler, often improvised dwellings. To most Emiratis and wealthier expatriates, these workers do not exist, either physically or in the moral sense. One need only note the similar position of domestic servants in the UAE, also predominantly South and Southeast Asian. Domestics are permitted into intimate parts of locals’ houses—bedrooms and kitchens—that are not open to other outsiders. The reason is that exposure of private areas within the household only matters when social equals or superiors are involved. Social subordinates, such as children and domestics, are not to be feared because their opinions are not socially admissible. This social position is reflected, as well, in the local (and expatriate) practice of referring to domestics, who are always adults, as “tea boy” or “house girl.”

Construction workers are similarly invisible. Such invisibility may explain why the denial of workers' human rights, as recorded in meticulous detail by a 2006 Human Rights Watch report, is routinely minimized, if even acknowledged,
by Emiratis. Abuses, which the local English-language press also covers pretty well, are for locals merely “a few isolated incidents,” as one Emirati told me. Organizations like Human Rights Watch are also often considered part of a US plot to shame and subdue the Arab world. As another Emirati told me: “When you look at the Arab world, who is the only one doing anything [forward-looking and modern]? Only Dubai! The Americans can’t stand an Arab country [succeeding].” Better, then, to focus on the aesthetically pleasing aspects of the city and look away from, as Thomas Friedman puts it, “the warts.”

Looked at from another perspective, however, workers such as Ma’moun, Ahmad and Hamid are all too visible, if visibility is a condition for the merchant-state’s ability to control workers. Their passports are expropriated the moment a company hires them. After this, they are warehoused in closely watched camps, sorted into wage categories that seem to parallel their nationalities and shipped from these “company accommodations” to their work sites in cramped company buses, their only means of transportation outside the camps. The merchant-state’s knowledge of them—their country of origin, their health, their capacity for work, the extent of their geographical mobility...
within the boundaries of the state—is thorough and sufficient to the task of control.

None of this is to say that Dubai or the UAE are peculiar in their exploitation of migrant workers or in the use of nationality, ethnicity and even race to categorize and manipulate the workers. One sees exactly the same arbitrary discrimination and selective imposition of “legibility” on various groups in the supposedly advanced countries of Europe and North America, including in the backlash among many Americans against “illegal immigrants” from Latin America. And much worse than Dubai as either a beacon for the Arab world, or, alternatively, a Marxist narratives, the power of capital pours forth unencumbered from the center to the periphery, either dragging the latter along the road of progress, or utterly flattening it and concealing their sources of financing are all logical elaborations on the original pact of 1930. They also represent the fruits of a rather prescient strategic choice that has situated Dubai as banker, developer and launderer for the wealth of the restructuring and collapsing world surrounding it.

The point is simply that the world is not flat. Accounts of Dubai as either a beacon for the Arab world, or, alternatively, a laboratory of capitalist phantasmagoria ignore the persistence of national identity and boundaries, and their intersection with exploitation and class, as a means of rendering the world quite jagged. These accounts neglect how nationality and class continue to determine the level of mobility that a group or an individual has in the global economy. In both liberal and Marxist narratives, the power of capital pours forth unencumbered from the center to the periphery, either dragging the latter along the road of progress, or utterly flattening it and imposing the center’s civilization. Both stories are insensitive to the concrete ways in which the local and the global interact.

Accounts of Dubai should scratch below the surface of the literally visible city to hit the less obvious but, from the state’s perspective, equally visible parts of the city. The organization of labor and the expropriation of standardized workers’ rights, the contraband coursing through the ports and the astounding buildings that present a futuristic vision while concealing their sources of financing are all logical elaborations on the original pact of 1930. They also represent the fruits of a rather prescient strategic choice that has situated Dubai as banker, developer and launderer for the wealth of the restructuring and collapsing world surrounding it.

Author’s Note: Thanks to the International Programs at the University of Iowa and the Stanley Foundation for funding part of a research trip to Dubai in December 2006 and January 2007. Thanks also to members of the Department of Anthropology at Yale University, especially Kamari Clark and Annie Harper, for a stimulating discussion which inspired much of this paper.

Endnotes
8 Thanks to Annie Harper and Smriti Srinivas for an illuminating discussion.
9 All workers’ names are pseudonyms.
The work of legendary Palestinian cartoonist Naji al-Ali remains powerful and poignantly relevant twenty years after his assassination. An equal opportunity critic of Israeli aggression, US hegemony, Arab regime fecklessness and PLO corruption, al-Ali kept drawing what he saw despite job dismissals, death threats and exile. His murder on a London street in 1987 is unsolved. In the summer of 2007, family and friends have organized a series of memorial exhibitions of al-Ali’s always outspoken cartoons. Here his famous character, Handhala, contemplates the Lebanese flag as seen by the artist.
The Second Time as Farce
Stories of Another Lebanese Reconstruction

Jim Quilty and Lysandra Ohrstrom

Following Israel’s intense bombardment in the summer of 2006, Lebanon had to undertake a new reconstruction effort before it had made a dent in paying for rebuilding damage done by the 1975–1990 civil war. The government swore to pursue reconstruction policies that would strengthen the state—an open swipe at the “state within a state” led by Hizballah. Yet Hizballah is carrying out its own rebuilding, and consolidating its political strength as a result.

On August 14, 2006, Francoise Basil told the press he intended to rebuild the Fidar Bridge in Jubayl, historic Byblos, on Lebanon’s northern coast. The bridge was destroyed by Israeli bombing during the summer’s 34-day war, and Basil’s announcement came directly after the cessation of hostilities. Chairman of Byblos Bank and head of the Lebanese Bankers Association, Basil quickly received the blessing of Lebanon’s Council for Development and Reconstruction (CDR), and commissioned Dar al-Handasa, a high-profile engineering firm that cut its teeth on Lebanon’s post-civil war reconstruction drive, for the project. Work was set to begin on September 9 and expected to cost $4 million.

Then, on August 31, at a conference of donors to Lebanese reconstruction assembled in Stockholm, the US government also pledged to repair the Fidar Bridge. During a well-orchestrated press tour of the site, officials reiterated Washington’s unconditional support for Lebanon, as evinced by its pledge of $30 million in early recovery assistance. Some $10-15 million had been earmarked for reconstruction, part of which would be used to fix the Fidar. Informed that Byblos Bank had already been cleared to do this, a US diplomat replied that the bank was only paying for a $2 million feasibility study and that Washington would sink “ten times the amount they are [investing].” Yes, he insisted, the embassy was coordinating with both the Lebanese government and Byblos Bank. Told later that Byblos Bank had no knowledge of US involvement in the Fidar project, the diplomat later remarked, “Listen, we appreciate the involvement of the Lebanese private sector, but they just don’t have the capabilities of an American military construction convoy.” No one at any state body could clarify matters.

Byblos Bank commenced work on the Fidar on September 11. The US Embassy quickly declared that the Mudayrij Bridge, linking Mount Lebanon to the Bekaa Valley, would be the recipient of its beneficence. With its cast of characters—a prominent Lebanese capitalist, an aggressively uninformed, but big-spending foreign donor and ineffectual Lebanese state institutions—the Fidar episode is a microcosm of the chaos that has characterized efforts to rebuild Lebanon after the summer war. Regrettably, few other reconstruction stories are as comical.

A Lost Wager on Peace

Lebanon’s present reconstruction effort is its second in 17 years. The architect of the first, launched after the 1975-1990 civil war, was former Prime Minister Rafiq al-Hariri. Hariri hoped to return Lebanon, and particularly downtown Beirut, to its mythic glory. After a full-scale Israeli invasion sandwiched between 15 years of sporadic civil war, the challenge was considerable. Hariri borrowed heavily, capitalizing on his close ties in the Arab Gulf, especially Saudi Arabia, and in the West, particularly France—and gambled that a regional peace settlement would come soon.

In strictly infrastructural terms, Hariri’s reconstruction was a remarkable success. Boasting state-of-the-art amenities, downtown Beirut—recast as “the ancient city of the future”—compared favorably to many cities of its size on the northern shore of the Mediterranean. Beneath the graceful façade, though, the country was not reconstructed. By persisting in the pre-war practice of concentrating investment in Greater Beirut at the expense of outlying regions, the Hariri regime reproduced the social disparities that were a component of the sectarian tensions unleashed during the civil war. Social tensions were alleviated by voluntary emigration and regulated by profligate corruption, while the attendant sectarian animosities were repressed by the Lebanese and Syrian intelligence services.

The assassinated former premier lost his wager on peace. Though Israel’s summer battle plan was careful to leave downtown
Beirut unbruised, other Hariri-era landmarks—particularly roads and bridges—were bombed with abandon. In the ten months since the cessation of hostilities, many Lebanese have wondered at this rebuilding effort, simply because it is so unlike the previous one. After staring at its disparate, diffuse, confused components—made worse by the lack of verifiable, concrete information from state and parastatal actors—the pertinent questions become who is rebuilding and what exactly is being rebuilt.

At the Stockholm donors’ conference, the Lebanese government swore to pursue policies that would strengthen the state. The era of states within the state, a reference to the Shi’i Islamist party Hizballah, was over. Many in Lebanon greeted this pledge with enthusiasm. But at its heart there is a contradiction: The government’s backers in the international community want to marginalize Hizballah for its ties to Iran. Yet, Tehran’s ideological and financial support aside, the party’s local strength stems from it being a product of the post-civil war Lebanese confessional system, one pillar of which is the practice of muhasasa (allotment). Weak by design, the muhasasa state cedes many of its responsibilities—paving roads, social services and the like—to interested politicians, who dole out contracts to developers and services to constituents as patronage. Unable and unwilling to dismantle the muhasasa state, the government does not have the means to undermine Hizballah’s influence with its Shi’i constituency.

This contradiction is reflected in government policy, arguably since the 34-day war started. On one hand, the government has attempted to freeze out Hizballah, deploying slogans about state building. On the other hand, the reconstruction strategy devised by the government and its international donors reproduces the muhasasa state. The rhetoric of helplessness—poor, indebted, battered Lebanon—has been central to the government’s policy since before the war began, and has now granted an unprecedented degree of responsibility for relief and rebuilding to international donors and agencies. By design or circumstance, “state reconstruction” has facilitated a wholesale dereliction of state duty to Lebanon’s citizenry. Though it is widely perceived to be apart from the Lebanese state, Hizballah’s strategy to shore up its centrality within a broad swath of the Shi’i community suggests otherwise. Rather than challenging the muhasasa system, there are signs to suggest that Hizballah will take a leading place within it.

From One Reconstruction to Another

Today’s reconstruction differs radically from Hariri’s, but comparisons are informative. Hariri paid for his reconstruction largely through loans taken out from domestic banks. As a result, today Lebanon’s public debt sits at $40.4 billion, nearly twice the country’s gross domestic product. Once his most
ambitious infrastructure schemes were completed, the late ex-premier spent much of his energy—and that of economic advisers like current Prime Minister Fuad Siniora—on devising ways to reschedule the debt and forestall economic crisis. The most high-profile weapons in his arsenal were the Paris donors’ conferences, held under the aegis of then-President and Hariri family friend Jacques Chirac, in which the government promised state-slashing administrative reforms in return for pledges of grants and soft loans.

Hariri’s heirs had to undertake a new rebuilding program before they had even made a dent in paying for the first one. Siniora has yoked the 2006–2007 reconstruction to Hariri’s debt relief strategy, and the international community was happy to oblige. Unwilling to stop the war until it became untenable for the Israelis to continue, Western and Arab donors rallied around the Siniora government to help pick up the pieces. The Stockholm conference drummed up pledges worth $940 million. Siniora’s government also got a sympathetic mention, if no explicit promises of aid, at the International Monetary Fund and World Bank Summit in Singapore in September. On January 28, Paris III—Chirac’s parting gift to the Hariri family—netted pledges of $6.6 billion. All these monies, however, have been fiendishly difficult to track.

There has been some confusion, for instance, about whether the Stockholm and Paris pledges overlap or not. One government source, speaking off the record, remarked that as of March Finance Minister Jihad ‘Azour was unsure about what portion of the Stockholm pledges had been rolled into those from Paris III. An economic consultant with close ties to the CDR and contacts with the Ministries of Economy, Trade and Finance said ‘Azour had formally assured him the monies pledged in the two conferences were separate. He admitted, though, that these funds were taking longer to be delivered than expected. He attributed the delay to both state and donor hesitancy amidst Lebanon’s severe political crisis. In November, six ministers aligned with Hizballah left the cabinet over Siniora’s refusal to form a “national unity” government with more representation for Hizballah and friends, who are now styled Lebanon’s political opposition. Since December, the opposition has been calling for entirely new elections, a demand Siniora also resists on the grounds that his March 14 coalition—so named after the huge “Syria out!” demonstration on March 14, 2005—won a parliamentary majority in the 2005 elections.

“For most of the verbal commitments and unofficial commitments made in Paris, there should be direct negotiations on the conditions for the donations or the loans,” said the consultant. “I think most of this is frozen because of the political imbroglio.” He could offer no comprehensive accounting of funds already received and spent. Many international donors have been skittish about giving money directly to the state. As no alternative
funding mechanism has been provided, the Ministry of Finance allowed aid from international and private-sector donors to be channeled directly to recipients, meaning the state has little oversight over how funds are spent.

By and large, European and Asian donors prefer in-kind assistance, whereas Arab countries like to donate cash. State spokesmen say Saudi Arabia’s lump sum donation was deposited directly into the Central Bank in the kingdom’s name. These monies were to be shuffled to other accounts according to specific needs. The Ministry of Finance reported that at least eight countries are channeling funds through various UN agencies.

Saudi Arabia has directed most of its in-kind humanitarian donations through international NGOs, such as a $2 million agreement with UNICEF for education and health programs. Kuwait signed a memorandum of understanding with the CDR for the allotment of its $300 million in cash donations, some of which was meant to go to the Central Bank, the rest to be spent by the Kuwaitis directly. Oman plans to follow a similar regime. Qatar sidestepped the state altogether. Rather than opening an account at the Central Bank, the emirate says it has spent $67.1 million on the four southern villages it has “adopted”—much of it in housing indemnities and the rehabilitation, reconstruction and re-equipping of schools. Delivered through USAID, $86.5 million of Washington’s donation has been earmarked for “humanitarian” aid, highlighting school rehabilitation and oil spill clearance. Almost $30 million is going into repairing the Mudayrij Bridge. Of the World Bank’s $30 million grant, $10 million went to municipalities, and $20 million toward paying the interest on existing International Finance Corporation loans to the private sector. Like the United Arab Emirates, the Iranians have not set the exact size of their donation, though the sum is presumably substantial.

All these donations seem to spring from promises made in 2006. The finance minister was still negotiating with donors in March, and by mid-May no one was able to confirm the total sum of donations received.

Disbursement

Boutros Labaki, a senior vice president of Hariri’s Council for Development and Reconstruction for a decade before resigning in 2000, is baffled at the slow pace of state reconstruction since the summer war. “This government’s reconstruction strategy,” he says, “if you can call it a strategy, is far less interventionist than it was in the 1990s…. We had greater financial means then than we do now, but today I don’t think there’s a problem with financial means.” State spokesmen consistently blame Lebanon’s political paralysis for the sluggishness, the implication being that, since it was opposition ministers who resigned from the cabinet, it is the opposition’s fault that the country is not being rebuilt more quickly. Obviously, the standoff has played a role. Nevertheless, the Siniora government has made choices that favor delay over action.
The Higher Relief Council (HRC), the organ of the prime minister’s office entrusted with caring for the internally displaced during the summer war, is now administering the post-war reconstruction. At the time of the war, the HRC was headed by Nabil Jisr, a loyalist of the Future movement led by Hariri’s son Saad. Shortly after the cessation of hostilities, Jisr was moved over to the CDR, following the resignation of its long-time director Fadl Shalaq. Shalaq’s resignation, the first press scandal of the post-war period, was covered in the daily Al-Akhbar, launched during the war by the late Joseph Samaha. Al-Akhbar, whose editorial line tends to be sympathetic to the opposition and critical of US policy, reported that Siniora and his allies had been trying to replace Shalaq since the onset of the fighting.

Shalaq accused Siniora of sideling the CDR, and said the prime minister refused to meet with him to discuss his proposals for rapid reconstruction of the dahiya—the heavily Shi’i southern suburbs of Beirut that took the brunt of the bombing in the capital. The engineer overseeing Hizballah’s dahiya reconstruction project corroborates this story, saying that he met with Shalaq during the war to discuss joint rebuilding plans only to find them later vetoed from the top. In the Al-Akhbar narrative, Shalaq emerged as leader of a faction within the Future movement that criticized incitement of opposition to Hizballah as a betrayal of Hariri’s ideals. Along with a number of old Hariri allies, Shalaq argued that the late premier would have encouraged Future to take a vocal, united stance in support of the Islamic Resistance during the war. Members of Shalaq’s camp, Al-Akhbar reported, were detained by Lebanese security forces while attempting to put up posters denouncing America, signed “friends of the Martyr Rafiq al-Hariri.”

But the rift in Future need not be reduced to the partisan differences depicted by the media. Glancing at the reform paper the Siniora government presented at Paris III, it would be easy to conclude that the government does not want to channel international donations through the state—as it did in the 1990s—because it does not want to strengthen those institutions at a time when the conditions of debt relief call for stripping them down. The paper described the CDR, for example, as “overloaded.”

Meanwhile, seasoned analysts question the capacity of the HRC to fulfill its designated role. Unlike the CDR, which has the professional expertise for reconstruction tasks, the HRC is basically an executive body, and observers profess innocence of how the operation actually runs. “The HRC,” one economist laughs. “It’s like God. It’s everywhere. I don’t know if they have the people or the skills.” According to an HRC spokesperson, rebuilding major bridges and roads lies in the purview of the CDR, while the Public Works and Transport Ministry is assigned secondary roads and bridges. If a cash donation is available for infrastructure work, the HRC turns the money over to these other agencies, which in turn tender the contracts. There is an accounting department consulted by the prime minister, but no third party oversight.

Measures that might have been taken to ensure transparency include a comprehensive damage assessment, a reconstruction master plan and an accountable mechanism for channeling funding. Observers, both more and less sympathetic with the Siniora government, say Lebanon’s current reconstruction regime lacks all three.

Shalaq’s resignation ensured that the state’s damage assessments were immediately mired in political controversy. After the erstwhile CDR chief told the Associated Press the total property damage was $3.6 billion—the number the government took to Stockholm—Hariri-owned Future TV claimed Israeli bombardment had inflicted $9.6 billion in material damage. “The numbers [the government] presented at Stockholm were bullshit,” said Shalaq in an interview. “This kind of government only cares about servicing the debt and views infrastructure projects as a drain on the budget. [The reconstruction] will happen haphazardly because the private sector will eventually just go out and rebuild bridges themselves.” Shalaq contends the government pressured him to inflate preliminary damage estimates during the war, so that some of the reconstruction assistance could go toward paying Lebanon’s public debt. Labaki says Shalaq’s accusations are plausible, though the sums in question are “peanuts compared to the debt—six months interest, nothing more.”

In south Lebanon and the western Bekaa Valley, the state’s damage assessments were carried out by the Council of the South, a quasi-state institution established in the wake of the civil war and nominally dedicated to the development of south Lebanon, but widely recognized to be a patronage vehicle for Amal boss and Speaker of Parliament Nabih Berri. Elsewhere, the appraisals were done by the (equally corrupt) Fund for the Displaced and the Ministry of the Displaced. The government hired the engineering firm of Khatib and ‘Alami to make assessments of government retrofits to damaged (not destroyed) buildings in the dahiya and to audit the national assessments. Though the firm officially made no estimates of its own, people in the south tend to refer to the “Khatib and ‘Alami assessment” or else use the Council and Khatib and ‘Alami interchangeably.

As “consultant-auditors,” Khatib and ‘Alami are presented as the third-party oversight in the state’s assessment process. Yet the firewall between the assessing state institution and the objective third party is hazy. In the late 1990s, for instance, concerned architects lobbied the Hariri government to legislate the preservation of Beirut’s historic architecture. The government commissioned a survey, compiled throughout 1998 by the Directorate-General of Urban Planning and the lobbying architects. When influential developers complained that the survey restricted their opportunities, the government tasked Khatib and ‘Alami with making another assessment. The firm conjured up a study in two months, one that drastically reduced the number of buildings of “historic value,” thereby opening up the field for developers. Such ambiguity in the division of public and private spheres is not uncommon in Lebanon, but it generates recurrent distrust of the integrity of both.
"I was in the south for four months," recalled Basim Chit, Beirut operations coordinator of the ad hoc civil refugee relief agency Samidoun during the war. After the war, he coordinated relief to 100 villages within the sub-district of the southern town of Sur. "I did not see [Khatib and 'Alami] in a single village." Chit regards the Council of the South/Khatib and 'Alami assessments with great skepticism. "Khatib and 'Alami’s was a superficial assessment that didn’t go into the individual specifications of each house.… Some buildings have a crack and will be put in the total reconstruction category for compensation. Some have no roof and they get compensation for minor repairs."

"All the estimates were too high, overestimated," shrugged Labaki. "It’s classic, this inflation of figures," under the terms of the *muhasasa* state. A spokesman for the Lebanese Order of Engineers and Architects praised Khatib and 'Alami’s work, defending its indemnity payments as accurate, "plus or minus.” “You know the employees in the Council of the South do favors for their brother, neighbor, sister, cousin, whoever,” he continued. "It’s normal. A house has minor damage, but it’s an old house. So they put it down as completely destroyed so they can do renovations.” The Order’s spokesman said he had received complaints from people who thought their assessment was too low, proving Khatib and 'Alami’s honesty, but of course recipients of Council of the South largesse are unlikely to complain about receiving too much compensation.

Chit reckoned that the most reliable damage assessments have been generated by Jihad al-Bina’, the development wing of Hizballah. According to its general manager, Jihad al-Bina’ made four separate assessments, three of which were completed before the government had finished its first. The 20-year old agency, which, like its parent party, is on Washington’s list of banned terrorist organizations, is Hizballah’s answer to the “NGO wings” of Lebanon’s other political parties. It has provided electricity and collected garbage, as well as building schools, hospitals, cultural associations, clubs and mosques. In peacetime, Jihad al-Bina’ employs 80–100 engineers, but nowadays it fields over 1,000 volunteer engineers to repair the damage from Israeli attacks in south Lebanon and the western Bekaa Valley.

No one has questioned the accuracy of the Jihad al-Bina’ assessments because Hizballah represents itself as being above the graft of the *muhasasa* state. In any case, the agency has not made its assessments available to the public. One economist interviewed for this story, a consultant with close ties to the CDR, produced a Jihad al-Bina’ report on direct damage to the *dahiya*, one that excluded real estate considerations. As he flipped through its pages, he expressed frank admiration at how thorough it was.

In lieu of an authoritative damage assessment or reconstruction master plan, sources said, foreign donors and international NGOs have made estimates of their own, a tremendous and wasteful duplication of effort. Shalaq’s prophecy of a haphazard reconstruction has come to surreal fruition.

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Public Infrastructure

The most visible rebuilding has occurred in public infrastructure, particularly bridges, most via the generosity of foreign countries and the local private sector—not unlike Byblos Bank’s adoption of the Fidar. In its most recent report, the Lebanese government tallies 91 bridges felled and damaged by attacks during the 34-day war. An accompanying table spells out that 46 of these bridges fall within the Public Works and Transport Ministry’s jurisdiction, while the CDR oversees 44.

All 91 bridges have been “donated”—adopted by a donor. Of these, 37 are being rebuilt through HRC agency—30 by the Public Works and Transport Ministry, 43 by the CDR. There is no accounting for the remaining 24 bridges. Looking through the donors’ list, it becomes clear that, between them, the HRC and the Ministry are “donating” funds to rebuild 30 bridges (not 37), and they are cooperating on 13 projects, while two are labeled “ongoing Ministry projects” and two more are HRC solo efforts—presumably doled out to some developer with connections to the March 14 forces. The CDR is directly involved in only three projects (not 43). Several government figures just do not add up.

The capital of local politicians is also playing a prominent role. Sunni businessman-politician Najib Miqati—whose family has business interests in Syria and is usually labeled “pro-Syrian”—adopted the Madfoun Bridge in northern Lebanon. Based on the state’s figures, members of the Hariri family—brothers Saad and Baha’—have adopted 22 bridges in the south, north and Mount Lebanon. Most of these are listed as completed or nearing completion. All are apparently in-house jobs, done by Genco or other subsidiaries of Saudi Oger, the construction company founded by Rafiq al-Hariri.

Nine months after the end of the war, the completed projects are all the more notable for how many are yet to be undertaken. The government of Iran, for instance, is listed as having adopted 20 bridges, most in south Lebanon and Nabatiyya, but the government reports that most of the work was either in its early stages or had yet to commence by the end of February.

The most consistent obstacle to rebuilding has been simple inaction. In some cases, donor requirements are incompatible with state strategy and political realities—the want of a trustworthy damage assessment, master plan and transparent system for disbursement. In other cases, the state looks to be deliberately stalling. Under Lebanese law, the cabinet must issue a decree saying they have accepted aid and defining its implementation strategy. Critics of the 2006–2008 reconstruction say that donations have arrived, but that the cabinet has not taken these preliminary steps to activate them. Since the vast majority of the material damage was sustained in regions inhabited by poor and middle-class Shi’a, Shalaq, among others, has charged the government with purposely obstructing the distribution of aid to prove that Hizballah is incapable of rebuilding on its own, thereby alienating the party from its constituency.

State officials have defended their performance from a position of state incompetence. Minister of Economy and Trade Sami Haddad, for instance, has said the government was doing the best it could, given its “limited financial means and modest operational capacity.” They have also, of course, pointed the finger at the political deadlock. Labaki, for one, has his doubts. “Even before the [six ministers’] resignations there was inaction,” he said. “Even the legal steps to accept the grants haven’t been taken…. Perhaps they don’t want to rebuild because they’re expecting another war. But what is the political advantage?”

Private Property

South Lebanon withstood the heaviest of Israel’s summer bombardments by far. The numbing violence was also selective: Villages populated by Shi’i Muslims were targeted, while Christian villages were relatively unscathed. According to early estimates from Jihad al-Bina’, 15,000 homes in southern villages and the dahieh were leveled. A second survey found some 60,000 additional housing units need restoration. Some 150 public organizations were destroyed. Hizballah’s Center for Consultative Studies had yet to complete the survey of damage to commercial enterprises when the interview was conducted.

The displaced began flooding south on August 14, the day the bombing stopped. There they were met by international humanitarian organizations and local NGOs, prominent among them Jihad al-Bina’, which was allotting compensation of $10,000 to anyone who had lost a home. Critics have noted shortcomings in the math. “Hizballah gave compensation to people to rent houses,” says Basim Chit. “Take a family in south Lebanon of, say, a farmer, his wife and three children. The eldest child is married and lives at home. The two daughters study at school or university. During the war they had to pay to stay in a place in Beirut. When they returned, they had to pay school fees and transportation from their village to a school in Saida, about $6 a day. The $10,000 soon disappears.”

Municipalities retained the lion’s share of discretion over the distribution of reconstruction aid, since many donors have channeled funds to them via the local muhafazah (district governor)—either directly, through the Council of the South and, to a lesser extent, the CDR, or through international NGOs and their local affiliates. Some international NGOs have expressed anxiety at this arrangement, since many municipalities are Hizballah-controlled.

The most spectacular rebuilding interventions in south Lebanon have come from the Arab Gulf states—principally Qatar and the United Arab Emirates—who sidestepped the Lebanese state. Four days after the ceasefire, Qatar decided to rebuild civil and residential infrastructure independently. The emirate’s embassy made arrangements with Hizballah to “adopt” the southern villages of Bint Jubayl, ‘Ayn ‘Ata, Khiyam and Aita al-Sha’a. The embassy distributed up to $2,000 in compensation to residents, and set about repairing reservoirs. The Qataris
are also rebuilding churches, mosques and huseiniyyas—Shi’i community centers that often double as prayer houses. The Emirati embassy is rebuilding all the south’s destroyed and damaged schools. Keen to highlight the Lebanese state presence on the ground, an HRC spokesperson remarked, “At one school the Emiratis rebuilt, they did not install toilets. We told them to add toilets and they did.” But the HRC freely admits that neither Qatar nor the UAE consulted the government’s reconstruction czars before selecting the targets of their munificence. Since the Siniora government wanted the school year to begin on schedule, they did not stand in the way.

Council of the South head Qabalan Qabalan says residents prefer that donors adopt the “traditional mechanism” and distribute reconstruction aid directly to recipients. “After Israel’s withdrawal in 2000,” he claimed, “Kuwaiti compensation was given directly to residents. This is the best way because donors know where their money is being spent, and if they give money directly to people they get to see how grateful they are.”

As far as the Siniora government is concerned, the most opaque foreign intervention in south Lebanon is that of Iran. Iran is donating an undefined sum that, like Siniora’s allies in the Arab Gulf, they have chosen not to deposit in Lebanon’s Central Bank. Some is dedicated to rebuilding bridges, though Lebanon’s most recent reconstruction report suggests the Iranians are also rehabilitating schools, hospitals and places of worship. At a May press conference, Siniora called on Hizballah and Tehran to be transparent regarding what funds were coming into the country and the purposes to which they were being put.

The Siniora government is clearly anxious about southerners’ attitudes toward Hizballah. Discreet changes may be evident in these attitudes since the reconstruction began. “Some people are frustrated with Hizballah,” acknowledged Chit, “but not at the political level. If you ask people, ‘Are you frustrated with Hizballah?’ they will say ‘Yes.’ If you ask them, ‘Do you support the government?’ they will say ‘No.’ People in the south live with the threat of Israel every day, and Hizballah protects them. A lot of them hate March 14 more than Israel, because they…feel like the government punished them during the war for resisting Israel.”

Mona Harb of the American University of Beirut, widely recognized for her intimate knowledge of the dahiya, said that some people in the south are very critical of the priority assigned to rebuilding Harat Hurayk, the dahiya quarter that is home to Hizballah’s political and administrative headquarters and, it is widely assumed, its military nerve center. The southerners, Harb related, resent that “Hizballah is not caring for the villages and towns in the south because they’re investing everything in Harat Hurayk. It’s not voiced very publicly, but you feel it.” The notion that some southerners are alienated by Hizballah’s reconstruction plan is intriguing—not because it suggests the government’s strategy is working, but because Hizballah may be seen as reproducing an innate state bias that privileges Beirut over the rest of the country.
Breaking Ground

Siniora’s challenge to Hizballah and Iran came one day after Iranian TV aired an interview with Sayyid Hasan Nasrallah. Among the issues the secretary-general of Hizballah discussed was the party’s decision to rebuild the dahiya on its own, without state support. Nine months after the end of the war, with few indemnities disbursed to dahiya residents and no reconstruction on the horizon, Nasrallah accused the Siniora government of politically motivated delays in the rebuilding process. He further announced that the Solemn Promise Project (Mashru’ al-Wa’d al-Sadiq), founded in November by Jihad al-Bina’ to oversee dahiya reconstruction, had nearly completed its urban plan and would break ground on May 20.

Prior to Nasrallah’s announcement, the dahiya was the area where the state’s reconstruction efforts were most conspicuously absent. These are not polite subdivisions with white picket fences, but congested urban quarters where migrants from the Bekaa, south Lebanon (many refugees from decades of conflict with Israel) and points beyond settled during the civil war. The population of the dahiya is overwhelmingly Shi’i and disproportionately poor, and it is they, along with the southerners, who suffered most during the solid month of punishment from Israeli bombers and gunboats.

The dahiya’s reconstruction languished for the same reason that its destruction was so massive—its close association with Hizballah. The southern suburbs of Beirut, and Harat Huryak in particular, are the one area where the party must control the reconstruction. There were several reasons Hizballah wanted to rebuild the dahiya immediately. An integral part of its image is no-nonsense efficiency. After the pouncing its constituents had sustained, it was vital for the party to represent itself as intact and fully operational. Thus, Jihad al-Bina’ matter-of-factly announced that at 9 pm on August 14, three hours after the ceasefire, it had dispatched teams of engineers to the dahiya and south Lebanon to begin damage assessments.

Jihad al-Bina’ began distributing sums of up to $2,000 in cash to Lebanese whose homes were destroyed in the war—Suni and Christian families from around the country as well as Shi’a. As of mid-November 2006, Hizballah reported it had disbursed some $300 million in emergency relief aid to those with razed or damaged homes. Disbursement was made directly by the party, not through state or government agencies, because, the party said, it wanted the process completed quickly in order to get people back into their homes before winter. Skeptics suggested the party just wanted dahiya residents to know who was in charge. Rubble was cleared, but the dahiya was not rebuilt.

The state’s response in the dahiya has been painfully measured, restricted to retrofitting partially destroyed buildings that would likely have collapsed otherwise—based on damage assessments audited, again, by Khatib and ‘Alami. Rather than rebuilding completely destroyed buildings, the state elected to pay indemnities to people so that they could rebuild on their own.6

Local real estate irregularities—connected with the dahiya being so long beyond the pale—compounded by Lebanese inheritance laws and the relative poverty of most residents make the indemnities a procedure rife with difficulty. Many residents rented. Others hold complicated titles to their property, a problem throughout Beirut, where many individuals (sometimes from different branches of the same extended family, sometimes not) can own shares of the same flat, and where flats may have been put up as collateral for loans. This complication is accentuated in the dahiya, where the population became denser during and immediately after the civil war, when forced population movement was commonplace and the influence of the minimalist Lebanese state was at a low ebb. Buildings in the dahiya were sometimes erected without permits on squatted property. Over time, unregulated development has seen some structures expand well beyond legal zoning regulations, with what were originally four-story buildings growing into towers of eight stories and more.

An HRC spokeswoman said the state was paying indemnities in the dahiya and south Lebanon, working through the Ministry of the Displaced and the National Fund for the Displaced in the dahiya, and the Council of the South in the south. Indemnities were negotiated on a case-by-case basis. “If you have papers you have to apply,” she said, “and file with the Ministry of the Displaced. We have nothing to do with Hizballah.”

Until Nasrallah’s announcement, the party has carefully worked to ensure that this reconstruction be done according to the letter of Lebanese law. Since the end of the civil war, Hizballah has worked to distance itself from the lawlessness of war and the corruption associated with Lebanese politics generally. In fact, party rhetoric has intelligently instrumentalized the shortcomings of Lebanon’s sectarian state to protect its interests, which arguably derive from its status as the state of the art in Lebanese confessional politics. When, in the wake of the summer war, pro-government politicians called upon Hizballah to surrender its arms—in the interest of realizing the holy grail of Lebanese state building—Nasrallah replied that the Islamic Resistance would hand its weapons over to the state as soon as the state proved itself able to defend Lebanese soil against Israeli aggression.

The Promise project is the only plan put forward to rebuild the dahiya. Promise would rebuild the suburb precisely as it was before the war, with a few changes to improve the quality of life for residents: Buildings would be provided with matching facades, generators and wheelchair ramps, and green spaces would be introduced to common areas.

The legal framework for the project is elegantly simple and builds upon the broad consensus the party enjoys among its constituency, as well as their modest means. After organizing some town hall-style meetings to inform residents of its plans, it constituted committees to represent the residents of destroyed buildings. Promise asked residents to sign over their compensation payments for flats and common areas to the committee president via a power of attorney contract,
which was then signed over to Promise. The residents retain title over their property, and if a family wishes to rebuild individually, they are told it is free to do so—though that is technically impossible in a block of flats. Jihad al-Bina' defends the plan as the most efficient and speedy manner to get dahiya residents back in their homes. Politically speaking, Promise also has the virtue of maintaining, and legitimizing, the geographical integrity of Hizballah's power base, while reinforcing Hizballah's prestige—it being a Hizballah plan implemented by the party's development wing. The power of attorney documents are perfectly legal under Lebanese law, and technically the government must honor them. The disbursement of compensations in the dahiya has been fitful since the Promise plan was floated, however, and eventually the state simply refused to fulfil them, telling residents they had to pick up their indemnity personally. Hence Nasrallah's announcement that Promise would break ground independent of the Siniora government.

The state proposed no alternative strategy for rebuilding the dahiya. There were, however, two prominent civil interventions to influence the dahiya reconstruction—one from the Lebanese Order of Engineers and Architects (OEA), and the other from the Architecture and Design Department at the American University of Beirut. Soon after the war the OEA formed a committee—comprised of Order members and representatives of Hizballah and Amal—to hammer out a master plan for the region. The Order wanted a plan that would fix problems arising from the dahiya's unregulated, often illegal, urban development. It would also transform the fabric of the suburb so that it would be more integrated into greater Beirut, rather than looking in on itself as it did before the war.

The OEA says that for the reconstruction to be legal, the residents have to wait for Parliament to approve modifications to existing zoning regulations in the area. In the dahiya, apartment buildings average ten stories, though they are legally zoned to be no more than four. The Order's requirement that all new buildings adhere to zoning regulations means existing laws must be amended by Parliament to change height restrictions, thereby legalizing some of the errant apartment complexes. “That's why we need to modify this decree,” the OEA man said. “Who should modify this decree? Parliament. But Parliament is closed.”

The OEA proposed its dahiya reconstruction strategy to Siniora in November. OEA President Pierre Doumit depicted its provisions as the minimum basic components of any urban planning scheme. The blueprint must ban rebuilding on streets or other public property and must comply with zoning regulations. It must allow for the free circulation of traffic, incorporate basic utilities and public services, provide for schools, electricity infrastructure and irrigation networks, and incorporate measures to reduce traffic congestion by creating public green spaces with underground parking. Basically, said OEA Treasurer
Muhammad Fatha in a later interview, the Order’s proposed master plan would conform to the guidelines laid down by the Elyssar Project. This offhand reference immediately grounded the standoff within an older debate over the development of the dahiya.

Elyssar was conceived in the early 1990s by then-premier Hariri as a real estate company on the model of Solidere, which knocked down many buildings, retooled some more and made downtown Beirut look the way it does today. Solidere provoked a groundswell of civil society opposition for several reasons—its odd position in the ether between public and private institution, its vast powers of land expropriation and the high-handed manner in which these were seen to be exercised. Given the patchwork of property ownership in the old central Beirut, Solidere argued, it would be impossible to rebuild in a timely and uniform manner without expropriations. With Hariri’s backing, Solidere shrugged off civil opposition.

Elyssar could not be imposed upon the dahiya, though, because its residents were Amal and Hizballah constituents, and these parties could not be ignored. In response to this pressure, Elyssar was reinvented as a public institution—a model that allowed local residents to retain title over their properties. The project languished for years for lack of adequate funding.9 Fiscally neglected by a regime willing to spend lavishly on reconstruction projects more in line with its political leanings (and, it was argued, its business interests), Elyssar became a model of why Lebanon’s public administration doesn’t work. In 2004, Hariri made it known he wanted to retrofit Elyssar as a real estate company or companies. Then, in April 2006, rumors surfaced that Siniora was floating the same model.10

Mona Harb calculated that such public musings on the part of Hariri and Siniora would have been impossible without the participation of Amal and Hizballah. “Elyssar is a place where you strike certain deals in exchange for others,” she said. The dahiya, in addition to its residential areas, is also home to a district featuring a golf club and a Marriott Hotel, a district where Hizballah and wealthy Shi’i businessmen in the diaspora are investing hefty sums. Harb speculated that Hizballah is interested in the Elyssar model as a way to ensure that “the seashore is liberated” for lucrative real estate development, which will benefit the class of bourgeois developers in its constituency. Promise, given the priorities driving it, is not Elyssar. It is one solution to the problem of how to mend a shredded urban fabric, but one that may be informed by Elyssar’s prerogatives and that eventually could look like a Hizballah version of Solidere. The week before Nasrallah’s May 6 announcement, Harb remarked that Hizballah had commissioned private firms to do the execution drawings of each building according to a master plan they had conceived with a group of commissioned consultants and private urban designers. Asked what companies the project would take bids

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John Mearsheimer and Stephen Walt’s 82-page paper “The Israel Lobby and US Foreign Policy” has entered the canon of contemporary political culture in the United States. So much, positive and negative, has been written about the March 2006 essay that the phrase “the Mearsheimer-Walt argument” is now shorthand for the idea that pro-Israel advocates exert a heavy—and malign—influence upon the formulation of US Middle East policy. To veteran students of Middle East affairs, this idea is hardly new, of course. But the fact that two top international relations scholars affiliated with the University of Chicago and Harvard University’s Kennedy School of Government, respectively, have espoused this analysis has lent it unprecedented currency. Farrar, Straus and Giroux will publish a book-length version of the professors’ argument in late 2007. Along with President Jimmy Carter’s volume Palestine: Peace Not Apartheid, “The Israel Lobby” (as the paper is commonly known) has opened up a debate that many members of the lobby have long sought to suppress.

Like Carter, Mearsheimer and Walt have faced ugly and unsubstantiated allegations of racism for drawing attention to the imbalance in US Middle East policy and the lobby’s clout. Walt’s Harvard colleague Alan Dershowitz labeled them “bigots” and “liars,” and the Anti-Defamation League accused them of promulgating “a classical conspiratorial anti-Semitic analysis invoking the canards of Jewish power and Jewish control.” Reams of angry newsprint later, these kneejerk cries of anti-Semitism have not registered, and for good reason. Plainly, a lobby that is universally recognized by Washington insiders—and even promotes itself—as one of the few most powerful in the country is influential. Saying so cannot be inherently anti-Semitic.

The related allegation of sloppy research is also silly. In December 2006, Mearsheimer and Walt released a point-by-point rebuttal, perhaps not coincidentally also 82 pages long, of the charges of poor scholarship leveled by Benny Morris, Martin Kramer and others. Almost every charge was a misreading of the original paper. Nor is “The Israel Lobby” “piss-poor, monocausal social science,” as political scientist and blogger Daniel Drezner would have it. On the contrary, the text is full of caveats and qualifiers.

The essential flaw in the Mearsheimer-Walt argument is not, as many critics have said, the authors’ exaggeration of the pro-Israel lobby’s power, for although the authors do this in some instances, the thrust of their argument remains sound. It is not even their inattention to the other factors that have historically defined the US interest in the Middle East for the bipartisan foreign policy establishment. Rather, the most serious fault lies in the professors’ conclusion—soothing in this day and age—that US Middle East policy would become “more temperate” were the influence of the Israel lobby to be curtailed. This conclusion is undercut by the remarkable continuities in US Middle East policy since the Truman administration, including in times when the pro-Israel lobby was weak. And other factors—chiefly the drive for hegemony in the Persian Gulf—have also embroiled the US in plenty of trouble.

The Cold War Prism

Mearsheimer and Walt issue a broad indictment of their subject. “No lobby,” they write, “has managed to divert US foreign policy as far from what the American national interest would otherwise suggest, while simultaneously convincing Americans that US and Israeli interests are essentially identical.” Has the lobby’s influence always explained US policy toward Israel? This question is crucial because it helps to define the extent to which that influence explains US policy toward Israel today.

From the day in 1948 that President Harry Truman announced his support for the creation of a Jewish state in Palestine, Israel has held a special place in the hearts and minds of many Americans, Jewish and otherwise. The fledgling state was more European than Middle Eastern in orientation, providing common cultural ground. The mythos surrounding the creation of Israel and the sympathy generated by the horrifying tragedy of the Holocaust played major roles in

Mitchell Plitnick is director of education and policy at Jewish Voice for Peace. Chris Toensing is editor of Middle East Report.
shaping popular American sympathy in the 1960s and 1970s, when the “special relationship” between Israel and the US was cemented. Christians, including many African-Americans, responded warmly to the narrative wherein a plucky people, fleeing horrific persecution and age-old prejudice, made the desert bloom in the Holy Land and stoutly defended their new polity against all comers.

On the official level, Israel found its early sources of support elsewhere, while working tirelessly to build support in the United States. After Israel’s decisive victory over neighboring Arab states in 1967, the US committed itself more and more to what might be called “the Israel track.” The reason, however, was neither a domestic lobby nor a sentimental soft spot among policymakers for the Jewish state. The reason was that policymakers saw the Middle East through the prism of the Cold War.

Concern about Soviet backing for Egypt had led Lyndon Johnson, while a Congressman, to oppose President Dwight Eisenhower’s determination to force Israel to pull out of the Sinai and away from the Suez Canal in 1956, without some move toward changing the status quo. The outcome of the 1967 war, entailing the humiliation of Soviet-allied Egypt and Syria, strengthened President Johnson’s conviction that Israel was a useful Cold War asset. After the war, an anonymous State Department official told the press: “Israel has probably done more for the United States in the Middle East in relation to money and effort than any of our so-called allies elsewhere around the globe since the end of the Second World War. In the Far East we can get almost no one to help us in Vietnam. Here the Israelis won the war singlehandedly, have taken us off the hook and have served our interests as well as theirs.”

Aspiring chief executive Richard Nixon—who also sought to please the Jewish state—supported Israel vigorously on the 1968 campaign trail, pursuant to a visit to Israel the previous June, when, as a wounded soldier in an Israeli hospital. There he wrote down an Egyptian tank commander’s complaint: “Russia is to blame. They furnished the arms. We did the dying.”

Under the quintessential Cold Warrior Nixon and his foreign policy doyen Henry Kissinger, US material aid to Israel rose precipitously, and diplomatic support was vastly strengthened. By the Nixon Doctrine of 1969, developed in reaction to the Vietnam quagmire, the US would project its power abroad through regional proxies rather than American troops. Israel, Saudi Arabia, and the Shah’s Iran were chosen in the Middle East. Israel promptly proved its worth by helping King Hussein of Jordan in brutally stamping out a Palestinian rebellion in 1970, stabilizing a key Western ally in the region at the expense of the PLO, seen in Washington as a Soviet proxy. In 1973, Nixon and Kissinger agreed to a major airlift of
munitions to Israel toward the tail end of that year's Arab-Israeli war. Though the US paid dearly for that decision with the Arab oil embargo, the next year, aid to Israel topped $8 billion. As in subsequent years, much of this aid was pumped back into the US economy in the form of arms purchases, giving the American arms industry a strong interest in the US-Israeli strategic alliance. Nixon’s was a path born of Cold War strategy and opposition to Arab nationalism—perceived as a threat to oil-rich Saudi Arabia—not the efforts of a lobby.9

Mearsheimer and Walt acknowledge that Israel “may have been a strategic asset during the Cold War,” but they insist on counting the costs, like the expense of the aid and the economic damage wrought by the 1973 embargo. These costs are viewed as penalties of supporting Israel rather than the expected price to pay in the Cold War calculus of Nixon and Kissinger. Israel attained its place in US Cold War strategy by its 1967 victory and its ability to stand against Soviet Arab proxies in a way Arab countries could not have done. However questionable the strategy might have been, the support of Israel did not come about due to the actions of a lobby.

The Rise of the Israel Lobby

The major institutions of the Israel lobby arose during the Reagan years to defend the US-Israeli strategic alliance forged in the wake of the 1967 war. The most prominent such institution is the American Israel Public Affairs Committee (AIPAC). According to its website, AIPAC boasts a $47 million annual budget and “100,000 members in all 50 states.” In 2001, Fortune ranked AIPAC fourth most powerful among all lobbying groups. It is routinely in the top five, and is usually the only foreign policy lobby on the entire list. Although AIPAC itself does not directly engage in campaign contributions, it sets the agenda for the many pro-Israel PACs that do, and it has further mounted well-documented campaigns against members of Congress it judges insufficiently supportive of Israel. The Reagan administration was also intimately connected to the Christian Coalition, and many figures from that administration, both Christian and Jewish, have resurfaced in the administration of George W. Bush. From the 1980s on, there can be no doubt that these two major players in lobbying on behalf of hardline Israeli policies have been highly influential, especially in Congress.10

Arguably, as Mearsheimer and Walt contend, the likes of AIPAC and the Christian right have been necessary for keeping the special relationship intact, for the end of the Cold War threw Israel’s usefulness into a different light. There was no Soviet Union to compete with, and pan-Arab nationalism was largely a lost cause. But concern remained that nationalist or Islamist forces might win control of oil-producing Arab states. The role Israel played in smashing Arab nationalists was and is still valued in Washington. Israeli military and intelligence assistance has been well-documented in Latin America and other parts of the world.11 In the Middle East, where US intelligence weaknesses are glaring, Israel plays a virtually irreplaceable role, with its population of native speakers of Arabic. Additionally, support for Israel, while somewhat diminished by the invasion of Lebanon in 1982, the 1988–1993 Palestinian intifada and the 2006 Lebanon war, remains quite strong among Americans to this day. Americans generally do not support blind backing of whatever Israel does, but the positive disposition toward Israel is a factor in the minds of decision-makers.12 While it is perhaps impossible to separate that positive disposition from the activities of the Israel lobby, the fact that Mearsheimer and Walt themselves speak of their concern for Israel demonstrates that there is much more to it than mere promotion and advocacy.

It is also important that resolving the issues of Israeli occupation and Palestinian statelessness has never been an end in itself for Washington, but simply a means toward other policy goals. Peace initiatives are thus much more vulnerable to derailment by domestic forces.

Finally, one should note that US responses to Israeli demands are not always absolutely positive. From Reagan’s sale of AWACS planes to Saudi Arabia to the first Bush administration’s threat to withhold loan guarantees from Israel, there are scattered examples of Israel and the pro-Israel lobby proving unable to veto executive branch decisions. Ongoing disputes over Israeli arms sales to China (and previously to India), the current Bush administration’s quiet non-response to Israeli requests for financial compensation for its Gaza “withdrawal” and its message to the Olmert government that it should not ask for funding for its “convergence plan” are additional examples. Pro-Israel lobbyists bitterly opposed many of these US moves, as they do any hint of US “pressure” on Israel to resolve its conflict with the Palestinians.

Palestine in Global Strategy

To what extent does the Israel lobby shape US Middle East policy today? Mearsheimer and Walt’s argument is strongest when it comes to the Israeli-Palestinian conflict. During the Cold War, when Nixon and Reagan were implacably hostile to the PLO as overly friendly to the Soviets, support for Israel against the Palestinians fit into a broader US strategy. Since the Soviet Union’s demise, however, Washington has derived scant benefit from its pro-Israel leanings to balance the undoubted cost, especially in anger at the US among Arabs and Muslims. For this reason, the administrations of Presidents George H. W. Bush and Bill Clinton exerted considerable diplomatic energy to broker an Israeli-Palestinian settlement. To the extent that the failure of this diplomacy was caused by systemic favoritism shown to Israeli negotiating positions, the Israel lobby and US officials linked to the pro-Israel Washington Institute for Near East Policy must bear a great deal of the blame. The lobby was also an important factor weakening—or eviscerating—US opposition to Israeli “facts on the ground” that prejudiced the outcome of a future final status settlement in Israel’s favor.
George W. Bush's foreign policy team assumed office with a different mindset than its predecessors. The passions aroused by occupation and Palestinian suffering in the Arab and Muslim world were not a strategic factor in the Bush team's worldview, for they had exacted no pound of flesh from the US since the 1973 embargo, an experiment the Bush team rightly calculated the oil-producing Arab states were loath to repeat. The Bush White House's default position was to ignore the simmering intifada, leaving Israel a free hand in its harsh military measures, just as pro-Israel Republicans on the Christian right demanded.

Mearsheimer and Walt actually give the Bush administration too much credit, when they write: “It is now largely forgotten, but in the fall of 2001, and especially in the spring of 2002, the Bush administration tried to reduce anti-American sentiment in the Arab world and undermine support for al-Qaeda, by halting Israel's expansionist policies in the Occupied Territories and advocating the creation of a Palestinian state.” What they are describing was a short-lived revival of Clinton-era thinking, as personified by Secretary of State Colin Powell, after the September 11, 2001 attacks required the US to seek greater Arab cooperation in the “war on terror.” Prior to September 11, the Bush administration had scarcely budged from Israeli Prime Minister Ariel Sharon's position that any resumption of substantive Israeli-Palestinian talks would have to wait until there was utter “calm”—as defined by Israel—in Israel-Palestine. Afterward, to rally Arab support, Powell began stating forgotten US commitments to achieve a “settlement freeze,” and even mentioned the term “peace plan.” The US never followed through, however, Mearsheimer and Walt argue that this is because the Israel lobby had “swung into action” to re-equate Palestinian leader Yasser Arafat with Osama bin Laden. Another, more plausible explanation, given the Bush administration's predilections, is that Arab states freely cooperated in rounding up radical Islamists even without the semblance of a “peace process” in Israel-Palestine. There was no cost to untying Sharon's hands once more that would outweigh the benefit of pleasing Bush's pro-Israel supporters.

There is universal agreement that the policy debate initially held between Powell, on the one hand, and Vice President Dick Cheney and former Defense Secretary Donald Rumsfeld, on the other, ended in victory for the Cheney-Rumsfeld camp. And all the evidence suggests that Cheney and Rumsfeld are motivated by their own ideology, not by the lobby's pressure.

At any rate, by 2002 the White House's commitment to renewing Israeli-Palestinian talks was long gone. Bush waited several days after the beginning of Operation Defensive Shield, the massive Israeli tank invasion of the West Bank in March-April 2002 that targeted numerous Palestinian Authority installations, before dispatching Powell to the region. Mearsheimer and Walt cite the Powell mission as evidence of a commitment to evenhandedness, but they do not mention that Powell took “the slow boat to Tel Aviv,” stopping first in Rabat and Cairo. With encouragement from other US officials, Israel interpreted the delay in Powell's arrival as carte blanche to escalate its offensive. These events, as well as subsequent Bush administration neglect of the Israeli-Palestinian portfolio, bespeak a White House that does not need lobbying to let Israel drive events, so long as this does not complicate other, more pressing US interests.

The Attack-Iraq Caucus

The Bush administration's real interest in 2001 was the Persian Gulf, specifically Saddam Hussein's Iraq. In their most explosive argument, Mearsheimer and Walt state that "the war [in Iraq] was due in large part to the Lobby's influence, especially the neo-conservatives within it." They then follow the trail of statements from neo-conservatives advocating the forcible removal of Saddam Hussein's regime, and tie this advocacy to devotion to Israel.

Here they run into problems of direct evidence. It is easy to show the neo-conservatives' affinity for Israel—actually, the Israeli right—but the professors have not made the case that this affinity was a “necessary, if not sufficient cause” of the 2003 invasion. Nor is it even clear that love for Israel motivated the pro-war impulses of the neo-conservatives themselves. For instance, the professors adduce the so-called “Clean Break Paper” of 1996, which was put together by a “study group” featuring key Bush administration hawks David Wurmser and Douglas Feith, and saw removing Saddam Hussein as a key Israeli goal, to bolster their theory. The central theme of this paper, however, is promoting Israel as a regional hegemon independent of the US. Far from encouraging US action in the service of Israeli interests, this paper was entirely rooted in the idea that Israel must quickly wean itself off US support and exert its proven ability to dominate the region militarily on its own.14

Mearsheimer and Walt are not the first to point to the activities of the Project for a New American Century (PNAC) as especially revelatory. The genealogy of PNAC's ideas, however, suggests a much broader set of motivations than loyalty to Israel. PNAC made its debut in 1997 by issuing a statement of principles decrying drift in US foreign and defense policy and calling instead for "a Reaganite policy of military strength and moral clarity." The statement was signed by six hawkish politicians, most notably Cheney and Rumsfeld. Among the signatories who were soon to be household names were I. Lewis "Scooter" Libby and Paul Wolfowitz.15

Next came two letters, one addressed to Bill Clinton and the second posted to the House and Senate majority leaders. The occasion for the PNAC letters was the pending failure of containment in ensuring that Iraq was not reconstituting its banned arsenal. In a speech in 1998, Secretary of State Madeleine Albright had made clear that regime change was containment's real agenda, saying that the US would back sanctions “as long as it takes” to usher in a “successor regime” that would comply with UN resolutions.16
PNAC’s concern was the fate of US Middle East policy goals, not the integrity of UN resolutions. “It hardly needs to be added,” they wrote to Clinton, “that if Saddam does acquire the capability to deliver weapons of mass destruction… the safety of American troops in the region, of our friends and allies like Israel and the moderate Arab states, and a significant portion of the world’s supply of oil will all be put at hazard.” Unless Saddam’s regime was taken out, “We will have suffered an incalculable blow to American leadership and credibility; we will have sustained a significant defeat in our worldwide efforts to limit the spread of weapons of mass destruction…. This could well make Saddam the driving force of Middle East politics.” The hawks gathered by PNAC did not fear Iraq’s putative weapons; they feared the potential of an “uncontained” Iraq to disrupt US hegemony in the region.

At one level, the PNAC letters did not diverge from previous articulations of US interests in the Middle East. A September 1978 Joint Chiefs of Staff memorandum listed three strategic goals for the US in the region: “to assure continuous access to petroleum resources, to prevent an inimical power or combination of powers from establishing hegemony and to assure the survival of Israel as an independent state in a stable relationship with contiguous Arab states.” Kenneth Pollack, who ran Iraq policy at Clinton’s National Security Council and then authored a book-length case for invading Iraq in 2002, writes that these goals “have guided US policy ever since.”

But the PNAC letters about Iraq sprung from a deeper ideological well. The introduction to PNAC’s full-length report, Rebuilding America’s Defenses, published in 2000, summarized the group’s agenda: “At present the United States faces no global rival. America’s grand strategy should aim to preserve and expand this advantageous position as far into the future as possible.” PNAC recommended adding 15–20 billion in defense spending annually, “restoring” the size of the active-duty military to 1.6 million personnel and “selectively” modernizing military hardware.

Most of the PNAC members are staunchly and vocally pro-Israel. What unites the neo-conservatives with their traditional Cold Warrior confrères Cheney and Rumsfeld is not Israel, however, but a common set of ideas about US power. The convergence of interests first appeared in the aborted Defense Policy Guidance of 1992. This document is the Pentagon’s classified internal assessment, made every two years, of comprehensive military strategy. In 1992, the task fell to Paul Wolfowitz, who set about conceiving a justification for maintaining the military at something approaching Cold War strength. He delegated the actual writing of the Defense Policy Guidance to his top aide Libby, who in turn passed it off to his colleague Zalmay Khalilzad. What Khalilzad came up with stunned Washington when the draft was leaked to the press: The US was uniquely qualified to be the sole superpower, and to maintain that status, the US should actively block the rise of any possible rival.

Khalilzad was specific: “In the Middle East and Southwest Asia, our overall objective is to remain the predominant...
outside power in the region and preserve US and Western access to the region’s oil.” The White House swiftly disowned the document, but it found an appreciative reader in Dick Cheney. “You’ve discovered a new rationale for our role in the world,” Khalilzad recalls being told by his boss. Rebuilding America’s Defense cites the 1992 Defense Policy Guidance as its primary intellectual inspiration. When the Cheney Defense Department was reunited in the administration of George W. Bush, much of this “inspiration” made its way into the 2002 National Security Strategy. Together with Washington’s long-standing interest in Persian Gulf oil, the genealogy of PNAC suggests that the decision to invade Iraq was determined by grand ambitions for US power—not a “desire to make Israel more secure,” as Mearsheimer and Walt assert.

**Wanted: A Counterweight**

In the months since the publication of “The Israel Lobby,” history has thrown up a series of Rorschach blots in which it is possible to see confirmation or refutation of the Mearsheimer-Walt thesis. While Israel bombarded and invaded Gaza in the summer of 2006, following the capture of a single Israeli soldier, the Bush administration sat on its hands. The White House continues to hew to Israel’s position that “there is no partner” on the Palestinian side as long as Hamas has ministers in the Palestinian Authority. Is this because the lobby will not permit otherwise, or because the Bush administration is bent on preventing any Islamist movement from exercising effective governance, lest movements elsewhere take heart? For 34 days in the summer of 2006, Israel bombed and shelled Lebanon while Washington actively blocked a ceasefire in the name of Israel’s “right to defend itself.” Certainly AIPAC and the Christian right were pushing the same line, but President Bush’s immediate casting of blame upon Iran and Syria for provoking the war suggested a deeper-seated agenda than solidarity with Israel. There is reason to believe that Bush green-lighted Israel’s assault to neutralize an Iranian ally in advance of eventual US strikes upon Iran’s nuclear facilities. Certainly, it appears that the US only dropped its resistance to a ceasefire when Israel proved incapable of defeating Hizballah quickly. In 2008, despite the belligerent clamor from AIPAC and other elements of the Israel lobby, the prospect of an attack on Iran seems to have faded. But the key factor here is the deepening disaster in Iraq and the constraints it imposes.

Mearsheimer and Walt have taken a courageous step, one that their professional positions certainly did not require and that opened them up to vociferous criticism—most of it hysterical and unfair. Others should take the professors up on their challenge to open up a debate that has not occurred broadly enough in the past (and this review is offered in that spirit).

The influence of the Israel lobby should neither be underestimated nor overstated. It is not some omnipotent force that can turn the world’s sole superpower against its own perceived interests. The lobby derives its strength, in some measure, from being largely unopposed in Washington. Israel will remain a strong US ally, for many reasons, for the foreseeable future. But that need not mean that the US cannot pressure Israel into the compromises required for a just peace with the Palestinians. This can happen if a counterweight to the Israel lobby is built. But such a counterweight is only effective if it understands what its opponent can and cannot accomplish. In this task, the Mearsheimer-Walt paper is a good foundation upon which rational discussion can build.

**Endnotes**


9 Interestingly, in this period, Kissinger helped to propagate in Arab capitals the notion that Jewish campaign donors were behind US assistance to Israel. During a December 1981 meeting with Saadoun Hammadi, then foreign minister of Iraq, he said: “[Our backing for Israel] originated in American domestic politics…. So it was not an American design to get a bastion of imperialism in the area. It was much less complicated. And I would say that until 1968, the Jewish community had enormous influence.” Memorandum of conversation between Kissinger and Hammadi, Paris, December 1981. Accessible through the National Security Archive.

10 For insights into how the lobby wields power in Congress, see Michael Masing, “The Storm Over the Israel Lobby,” *New York Review of Books*, June 8, 2006.


14 The full text of the paper can be found online at http://www.isps.org/strutz.htm.

15 The full list of signatories includes six politicians: Jeb Bush, governor of Florida and presidential brother, Cheney, 2000 Republican presidential candidate Steve Forbes, former Vice President Dan Quayle, Rumsfeld and former Rep. Vin Weber (R-MN), now an extremely well-connected Washington lobbyist. Three other signatories became senior officials in the Bush administration: Libby, Woffowitz and Elliott Abrams, now in charge of Middle East policy at the National Security Council. Lower-ranking Bush officials who signed the statement are State Department Counselor Elliott Cohen, Undersecretary of State for Democracy and Global Affairs Paula Dobriansky, Aaron Friedberg, a Princeton professor who served in Cheney’s office from 2005–2008 as deputy assistant for national security, ex-ambassador to Iraq Gamal Khalilzad and Peter Rodman, an assistant secretary of defense. Four signatories worked at the Pentagon or the NSC under Reagan or Bush the Elder: Frank Gaffney, Fred C. Iklé, Stephen F. Rosen and Henry Rowen. Neo-conservative intellectuals and academics who signed are Midge Decter, Francis Fukuyama, Donald Kagan and Norman Podhoretz. Rounding out the list are three conservative Catholic or evangelical culture warriors: Gary Bauer, William J. Bennett and Catholic theologian George Weigel.


20 Ibid., p. 211.

21 Rebuilding America’s Defense, p. ii.
continued from page 48

from, Promise’s director confirmed, “All companies are invited to bid—local and international—as long as they meet the requirements drafted by a group of engineers at Promise.”

It is difficult to be more than speculative about either the 2006 OEA master plan or the Elyssar upgrade, since both have been overtaken by political considerations. The OEA committee’s work was curtailed in November–December 2006, just as the political differences between the March 14 and Jisr were concerned, they are not going to meddle in Hizballah’s playground.” “After the war,” said Basim Chit, “the government said ‘We want to be one unified state. We want to build things. We don’t want any more states within states.’ If you’re going to make such claims, then you have responsibilities you must honor, work you must do. But they don’t want to do their job. Hizballah wants to be in charge of reconstruction for its own reasons: to gain political capital. The only people who are getting hurt are the people who lost their houses.”

Endnotes


2 Al-Akhbar, August 28, 2006.

3 Government of Lebanon, “Recovery, Reconstruction and Reform,” January 2, 2008. Leenders notes that under President Emile Lahoud, who reappointed Shalqi CDR president in 2000, and later Nabil Berri’s brother as CDR vice president, the CDR came to more closely resemble Lebanon’s corrupt state apparatus.

4 See Association pour la Protection des Sites et Anciennes Oneruestas, “Summary of the Problem Concerning Historic Buildings in Beirut” (Beirut, 2000).


6 According to figures from Lebanon’s Order of Engineers and Architects, most of the apartments in the dahiya were worth $50,000–$100,000. The Order’s President Pierre Doumit said the Siniora government paid some residents up to $38,000 for repairs. He said the inflated figure was agreed upon after fraught negotiations between the Siniora administration and Hizballah members, who wanted a $100,000 ceiling on compensation payments. Doumit claims Siniora was willing to pay these inflated prices—far exceeding the actual value of “no percent of units in the damaged areas”—so as to factor in the resident relocation necessary to implement a proper reconstruction master plan for the region.

7 Hizballah critics are fond of portraying the party’s relationship with its constituents as being closer to coercion than consensus. There is no shortage of tales of dahiya residents being intimidated into signing over their power of attorney. “One friend of mine said he was forced,” said Muhammad Fathi, treasurer of the Order of Engineers and Architects. “They said, ‘Sign here so your apartment is reconstructed as it was, or it won’t get rebuilt at all.’ Others distinguish between a process that consults residents about what they want and one that, like Promise, tells them what will be done on their behalf. Said Mona Harb: “I’ve seen people sign over their rights without second thoughts. For them, it was only natural to do that. I have a student working on that who tells me people simply have no other option. They say this is the only way out.”

8 Not surprisingly, accounts differ as to how well-received Promise has among dahiya residents. Farha estimated that of 1,200 apartments that were totally destroyed, the residents of about 1,000 had authorized someone in the municipality or Jihad al-Bina’ to rebuild on their behalf. A lawyer close to Hizballah, on the other hand, estimated that in about all percent of destroyed buildings, people have signed over power of attorney to Promise.


10 Namideh Khayat (for the Lebanon Center for Policy Studies), Elyssar Reconstructive Project (London: Tiri, 2008).
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